



# MSU SCHOLARS FIND \$21 TRILLION IN UNAUTHORIZED GOVERNMENT SPENDING; DEFENSE DEPARTMENT TO CONDUCT FIRST-EVER AUDIT

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Earlier this year, a Michigan State University economist, working with graduate students and a former government official, found \$21 trillion in unauthorized spending in the departments of Defense and Housing and Urban Development for the years 1998-2015.

The work of Mark Skidmore and his team, which included digging into government websites and repeated queries to U.S. agencies that went unanswered, coincided with the Office of Inspector General, at one point, disabling the links to all key documents showing the unsupported spending. (Luckily, the researchers downloaded and stored the documents.)

Now, the Department of Defense has announced it will conduct the first department-wide, independent financial audit in its history (read the Dec. 7 announcement [here](#)).

The Defense Department did not say specifically what led to the audit. But the announcement came four days after Skidmore [discussed his team's findings on USAWatchdog](#), a news outlet run by former CNN and ABC News correspondent Greg Hunter.

"While we can't know for sure what role our efforts to compile original government documents and share them with the public has played, we believe it may have made a difference," said Skidmore, the Morris Chair in State and Local Government Finance and Policy at MSU.

Skidmore got involved last spring when he heard Catherine Austin Fitts, former assistant secretary of Housing and Urban Development, refer to a report which indicated the Army had \$6.5 trillion in unsupported adjustments, or spending, in fiscal 2015. Given the Army's \$122 billion budget, that meant unsupported adjustments were 54 times spending authorized by Congress. Typically, such adjustments in public budgets are only a small fraction of authorized spending.

Skidmore thought Fitts had made a mistake. "Maybe she meant \$6.5 billion and not \$6.5 trillion," he said. "So I found the report myself and sure enough it was \$6.5 trillion."

Skidmore and Fitts agreed to work together to investigate the issue further. Over the summer, two MSU graduate students searched government websites, especially the website of the Office of Inspector General, looking for similar documents dating to 1998. They found documents indicating a total \$21 trillion in undocumented adjustments over the 1998-2015 period. (The original government documents and a report describing the issue can be found [here](#).)

In a Dec. 8 [Forbes column](#) he co-authored with Laurence Kotlikoff, Skidmore said the "gargantuan nature" of the undocumented federal spending "should be a great concern to all taxpayers."

"Taken together these reports point to a failure to comply with basic constitutional and legislative requirements for spending and disclosure," the column concludes. "We urge the House and Senate Budget Committee to initiate immediate investigations of unaccounted federal expenditures as well as the source of their payment."