

**AMENDMENT TO H.R. 8872, AS REPORTED  
OFFERED BY MS. CHU OF CALIFORNIA**

Strike section 2 and insert the following:

1 **SEC. 2. AUTHORITY TO PREVENT AND ADDRESS INTEN-**  
2 **TIONAL MISUSE OF SUBRECIPIENT FUNDS**  
3 **UNDER THE TANF PROGRAM.**

4 (a) IN GENERAL.—Section 417 of the Social Security  
5 Act (42 U.S.C. 617) is amended—

6 (1) by inserting “(a) IN GENERAL.—” before  
7 “No”; and

8 (2) by adding at the end the following:

9 “(b) AUTHORITY TO PREVENT INTENTIONAL MISUSE  
10 OF SUBRECIPIENT FUNDS.—

11 “(1) SUBRECIPIENT MONITORING.—

12 “(A) IN GENERAL.—The Secretary—

13 “(i) shall develop a framework for the  
14 monitoring of subrecipient use of funds  
15 provided under section 403(a)(1) of this  
16 Act, for the purpose of identifying inten-  
17 tional misuse, to supplement single State  
18 audits conducted under chapter 75 of title  
19 31, United States Code;

1           “(ii) may establish State plan require-  
2           ments or formats relating to clause (i); and

3           “(iii) may require States to report to  
4           the Secretary such information to supple-  
5           ment the report provided under section  
6           411(a) as the Secretary determines is nec-  
7           essary to enable the Secretary to comply  
8           with clauses (i) and (ii) of this subpara-  
9           graph.

10           “(B) NO EFFECT ON SINGLE STATE AUDIT  
11           AUTHORITY.—Clause (i) of this subparagraph  
12           shall not be interpreted to limit the authority of  
13           the Secretary to conduct single State audits  
14           under chapter 75 of title 31, United States  
15           Code.

16           “(2) PROGRAM INTEGRITY UNIT AUTHORIZA-  
17           TION AND FUNDING.—

18           “(A) TANF PROGRAM INTEGRITY UNIT.—  
19           The Secretary shall create a TANF Program  
20           Integrity Unit at the Administration for Chil-  
21           dren & Families, which shall conduct the moni-  
22           toring described in paragraph (1)(A)(i).

23           “(B) APPROPRIATION.—Out of any money  
24           in the Treasury not otherwise appropriated, the  
25           amount made available in section 403(a)(1)(C)

1 for each fiscal year shall be increased by  
2 \$10,000,000, and the amount of the increase  
3 shall be available for the staffing and oper-  
4 ations of the TANF Program Integrity Unit  
5 and related functions.

6 “(3) ANNUAL REPORT TO THE CONGRESS.—  
7 The Secretary shall submit an annual report to the  
8 Congress on the activities undertaken under para-  
9 graph (2)(A) in the fiscal year covered by the re-  
10 port.”.

11 (b) REMEDIES.—Section 409(a)(1)(B) of such Act  
12 (42 U.S.C. 609(a)(1)(B)) is amended—

13 (1) by striking “(B) ENHANCED PENALTY FOR  
14 INTENTIONAL VIOLATIONS.—If” and inserting the  
15 following:

16 “(B) ENHANCED PENALTY FOR INTEN-  
17 TIONAL VIOLATIONS.—

18 “(i) IN GENERAL.—If”; and

19 (2) by adding at the end the following:

20 “(ii) ADDITIONAL REMEDIES.—If the  
21 Secretary finds, as a result of subrecipient  
22 monitoring under section 417(b)(1) of this  
23 Act, that an amount has been intentionally  
24 misused in violation of this part, then the  
25 Secretary shall—

1                   “(I) notify the State involved of  
2                   the finding; and

3                   “(II) in addition to any penalty  
4                   imposed under clause (i), require the  
5                   State to expend, in addition to any  
6                   other amount required to be expended  
7                   under the State program funded  
8                   under this part, an amount equal to  
9                   the amount so misused, for the provi-  
10                  sion of cash assistance directly to  
11                  families with an income below 100  
12                  percent of the poverty line (as defined  
13                  in section 673(2) of the Omnibus  
14                  Budget Reconciliation Act of 1981,  
15                  including any revision required by  
16                  such section, applicable to a family of  
17                  the size involved).”.

18                  (c) DEADLINE FOR PUBLICATION OF NOTICE OF  
19                  RULEMAKING.—Within 2 years after the date the amend-  
20                  ments made by this section take effect, the Secretary of  
21                  Health and Human Services shall publish a notice of rule-  
22                  making to implement the amendments.

