

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 8872
OFFERED BY MR. SMITH OF MISSOURI**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Preventing Waste,
3 Fraud, and Abuse in TANF Act”.

**4 SEC. 2. STRENGTHENING PROGRAM INTEGRITY THROUGH
5 IMPROPER PAYMENTS REVIEW.**

6 (a) IN GENERAL.—Section 404 of the Social Security
7 Act (42 U.S.C. 604) is amended by adding at the end the
8 following:

9 “(1) APPLICABILITY OF PAYMENT INTEGRITY LAW.—
10 The Payment Integrity Information Act of 2019 shall
11 apply to a State with respect to the State program funded
12 under this part in the same manner in which such Act
13 applies to a Federal agency.”.

14 (b) REPORT TO CONGRESS.—Within 1 year after the
15 date of the enactment of this Act, the Secretary of Health
16 and Human Services shall submit to the Congress a writ-
17 ten report that contains a plan to reduce or eliminate im-

1 proper payments made by States under part A of title IV
2 of the Social Security Act within 10 years.

3 **SEC. 3. TARGETING FUNDS TO FAMILIES IN NEED.**

4 Section 404 of the Social Security Act (42 U.S.C.
5 604) is further amended by adding at the end the fol-
6 lowing:

7 “(m) ESTABLISHING A THRESHOLD FOR FAMILIES
8 IN NEED.—A State to which a grant is made under sec-
9 tion 403(a)(1) shall use the grant only to provide assist-
10 ance or services to a family whose income is less than twice
11 the poverty guidelines updated periodically in the Federal
12 Register under section 673(2) of the Omnibus Budget
13 Reconciliation Act of 1981 (42 U.S.C. 9902(2)).”.

14 **SEC. 4. DEADLINES FOR THE OBLIGATION AND EXPENDI-
15 TURE OF FUNDS.**

16 Section 404(e) of the Social Security Act (42 U.S.C.
17 604(e)) is amended to read as follows:

18 “(e) DEADLINES FOR OBLIGATION AND EXPENDI-
19 TURE OF FUNDS BY STATES.—

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), a State to which funds are paid, after the
22 effective date of this subsection, under section
23 403(a)(1) for a fiscal year shall obligate the funds
24 not later than the end of the succeeding fiscal year,

1 and shall expend the funds not later than the end
2 of the 2nd succeeding fiscal year.

3 “(2) EXCEPTION FOR LIMITED AMOUNT OF
4 FUNDS SET ASIDE FOR FUTURE USE.—

5 “(A) IN GENERAL.—Notwithstanding para-
6 graph (1) of this subsection, a State to which
7 funds are paid under section 403(a)(1), after
8 the effective date of this subsection, for a fiscal
9 year may reserve not more than 15 percent of
10 the funds for future use in the State program
11 funded under this part, subject to subparagraph
12 (B) of this paragraph.

13 “(B) LIMITATION.—The total amount held
14 in reserve by a State under subparagraph (A)
15 of this paragraph shall not exceed an amount
16 equal to 50 percent of the total amount paid to
17 the State under section 403(a)(1) for the then
18 preceding fiscal year.

19 “(C) NOTICE OF INTENT TO RESERVE
20 FUNDS.—A State that intends to reserve funds
21 under subparagraph (A) shall notify the Sec-
22 retary of the intention not later than the end of
23 the period in which the funds are available for
24 obligation without regard to subparagraph (A)
25 of this paragraph.”.

1 **SEC. 5. PROHIBITION ON STATE DIVERSION OF FEDERAL**
2 **FUNDS TO REPLACE STATE SPENDING.**

3 (a) IN GENERAL.—Section 404 of the Social Security
4 Act (42 U.S.C. 604) is further amended by adding at the
5 end the following:

6 “(n) LIMITATION ON USE OF FEDERAL FUNDS TO
7 REPLACE STATE GENERAL REVENUE FUNDS.—A State
8 shall use Federal funds received under this part only to
9 supplement funds that, in the absence of the Federal
10 funds, would be made available from State and local
11 sources for programs assisted under this part, and not to
12 supplant the funds.”.

13 (b) STATE CERTIFICATION.—Section 402(a) of such
14 Act (42 U.S.C. 602(a)) is amended by adding at the end
15 the following:

16 “(9) CERTIFICATION OF STATE SUPPLEMEN-
17 TATION.—A certification by the chief executive offi-
18 cer of the State that the funds provided to the State
19 under this part will not be used to supplant State
20 or non-Federal funds for services and activities that
21 promote the purposes of this part.”.

22 **SEC. 6. EFFECTIVE DATE.**

23 The amendments made by this Act shall take effect
24 on October 1, 2027.

