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119TH CONGRESS
2D SESSION

S. 4024

To strengthen oversight, accountability, and recovery of Federal funds administered through State block grants and other pass-through mechanisms, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 5, 2026

Mr. SCOTT of Florida introduced the following bill; which was read twice and referred to the Committee on the Judiciary

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A BILL

To strengthen oversight, accountability, and recovery of Federal funds administered through State block grants and other pass-through mechanisms, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Federal Taxpayer Funds Protection and Clawback Act''.

SEC. 2. FALSE CLAIMS ACT AMENDMENTS.

(a) CLARIFICATION OF THE DEFINITION OF CLAIM.—Section 3729 of title 31, United States Code is amended by adding at the end the following:

''(e) RULE OF CONSTRUCTION.—A claim under this section includes any request or demand for money or property in which the money or property originates, in whole or in part, from funds appropriated or otherwise provided by the United States, including grant award funds distributed through a State, local government, or other intermediary.''.

(b) STATE FINANCIAL LIABILITY INVOLVING FEDERAL PASS-THROUGH FUNDS.—Section 3729(b) of title 31, United States Code, is amended—

(1) in paragraph (3), by striking ''; and'' and inserting a semicolon;

(2) in paragraph (4), by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(5) the term 'person'—

''(A) except as provided in subparagraph (B), has the meaning given in that term in section 1 of title 1, United States Code; and

''(B) with respect to an action initiated by the Attorney General, includes a State or local government (or subdivision of a State).''.

(c) MANDATORY ACCELERATED CLAWBACK.—

(1) IN GENERAL.—Subchapter III of chapter 37 of title 31, United States Code, is amended by inserting after section 3730 the following:

"SEC. 3730A. MANDATORY INTERIM RECOVERY OF FEDERAL FUNDS.

''(a) REMITTANCE REQUIRED.—

''(1) IN GENERAL.—Not later than 180 days after written notice from the Attorney General or Inspector General with respect to the Attorney General initiating a civil action or intervening in a qui tam action under section 3730 involving Federal funds administered by a State or State agency, the State or State agency shall remit to the Treasury of the United States an amount equal to 100 percent of the amount of the Federal funds at issue in the civil action or qui tam action.

''(2) ESCROW.—Any funds remitted under paragraph (1) shall be held in an escrow account until a final judgment or settlement is made and the time for appeal has expired or any appeal has terminated.

''(b) DISPOSITION OF ESCROW FUNDS.—A remittance held in escrow under subsection (a) shall be—

''(1) returned to the general fund for the purposes of deficit reduction if the government prevails in the action or settles the claim; or

''(2) returned to the State or State agency if the action results in dismissal or a final judgment in favor of the defendant.

''(c) NO PREJUDGMENT.—No remittance under subsection (a) shall be construed as an admission of liability or guilt or have any other bearing on the civil action or its outcome.

''(d) MANDATORY.—The remittance obligation under subsection (a) is mandatory and cannot be waived except by Act of Congress.''.

(2) CLERICAL AMENDMENT.—The table of sections for subchapter III of chapter 37 of title 31, United States Code, is amended by inserting after the item for section 3730 the following:

''3730A. Mandatory interim recovery of Federal funds.''.

SEC. 3. CERTIFICATION OF INSPECTION AND ACCESS AUTHORITY.

As a condition of receiving Federal funds, each State shall certify that it agrees to abide by all applicable requirements relating to inspections, audits, record keeping, and data sharing for Federal awards under the applicable Federal laws and regulations, including the requirements of part 200 of title 2, Code of Federal Regulations (com-

monly referred to as the ''Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards'').

SEC. 4. DEFAULT REMEDIES FOR NONCOMPLIANCE.

(a) IN GENERAL.—Unless otherwise specified in a Federal statute, a Federal agency or pass-through entity may implement specific conditions under section 200.208 of title 2, Code of Federal Regulations (or successor regulation), if the recipient or subrecipient fails to comply with the Constitution of the United States, Federal law, regulations, or terms and conditions of the Federal award.

(b) DEFAULT REMEDIES.—Unless otherwise specified in a Federal statute, if a Federal agency or pass-through entity determines that noncompliance cannot be remedied by imposing specific conditions under subsection (a), the Federal agency or pass-through entity may take 1 or more of the following actions:

(1) Temporarily withhold payments until the recipient or subrecipient takes corrective action.

(2) Disallow costs for all or part of the activity associated with the noncompliance of the recipient or subrecipient.

(3) Suspend or terminate the Federal award in part or in its entirety.

(4) Initiate suspension or debarment proceedings as authorized under part 180 of title 2, Code of Federal Regulations (or successor regulation), and the Federal agency's regulations, or for pass-through entities, recommend suspension or debarment proceedings be initiated by the Federal agency.

(5) Withhold further Federal funds (including new awards or continuation of funding) for the project or program or the recipient or subrecipient.

(6) Pursue other legally available remedies.

SEC. 5. EMPLOYMENT LAW VIOLATIONS.

(a) MANDATORY RECOUPMENT.—If any recipient or subrecipient of Federal funds is found, by final agency determination or court judgment, to have violated section 274A of the Immigration and Nationality Act (8 U.S.C. 1324a), all Federal funds provided to such recipient or subrecipient, directly or indirectly, shall be immediately recouped by the United States under section 3702 of title 31, United States Code.

(b) PERMANENT INELIGIBILITY.—After notice and a hearing, an entity subject to recoupment under subsection (a) may be permanently ineligible to receive Federal funds.

SEC. 6. RULE OF CONSTRUCTION.

Nothing in this Act shall be construed to limit—

(1) criminal prosecution under any provision of Federal or State law; or

(2) the authority of the United States to pursue additional civil or administrative remedies.

SEC. 7. EFFECTIVE DATE.

This Act, and the amendments made by this Act, shall take effect 180 days after the date of enactment of this Act.

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