

Resolution to Authorize Withholding of Federal Funds from States for Misuse of Previous Allocations

WHEREAS, the Congress of the United States recognizes that the responsible and lawful expenditure of federal funds is essential to maintaining public trust, fiscal accountability, and the effective delivery of services to the American people; and

WHEREAS, federal grants and appropriations are provided to the several States with the expectation that such funds be expended in accordance with statutory purposes, administrative regulations, and federal oversight requirements; and

WHEREAS, instances have arisen in which certain States or agencies thereof have misapplied, diverted, or failed to properly account for federal funds, thereby undermining program integrity and eroding public confidence in intergovernmental partnerships; and

WHEREAS, current federal law provides limited or inconsistent mechanisms to suspend or restrict subsequent allocations to entities that have previously demonstrated misuse or non-compliance, resulting in continued risk to taxpayers;

NOW, THEREFORE, BE IT RESOLVED, by the [House/Senate/Congress] of the United States, that:

- 1. Authorization to Withhold Funds.** The Department of the Treasury, in coordination with the Office of Management and Budget (OMB) and the Government Accountability Office (GAO), is hereby authorized and directed to withhold or suspend future federal allocations to any State, territorial, or local government that has been formally determined—through audit, judicial finding, or administrative review—to have misused or unlawfully expended prior federal funds.
- 2. Criteria for Determination.** The term “misuse” shall include, but not be limited to: expenditure of funds for non-authorized purposes; failure to comply with grant conditions or reporting requirements; misrepresentation in the application or certification process; or deliberate concealment of information relevant to federal oversight.
- 3. Remedial Action and Reinstatement.** States found in violation shall be required to submit a corrective action plan, and schedule of repayments of funds verified by independent audit, demonstrating restoration of compliance and restitution, where applicable, before withheld funds may be reinstated or further disbursements authorized. State officials responsible for proper

receipt and disbursement of Federal tax payer funds shall be subject to Federal criminal penalties for malfeasance.

4. **Transparency and Public Reporting.** The GAO shall prepare and publish an annual report listing all determinations of misuse, amounts withheld, and statuses of corrective actions taken by affected States.
5. **Severability.** If any portion of this Resolution is found to be invalid or unconstitutional, such invalidity shall not affect the remaining provisions, which shall remain in full force and effect.

BE IT FURTHER RESOLVED, that copies of this Resolution be transmitted to the President of the United States, the Vice President as President of the Senate, the Speaker of the House of Representatives, and the Governors and legislative leadership of each of the several States.