

To the office of U.S. Senator Joni Ernst

Re: S 4952 (119th Congress), Protecting American Taxpayers Act • Latest action (2026-07-14): Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 452.  
VFA SI Solution #174 • published 2026-07-16 • <https://www.valuesforamerica.com/solutions/174>  
Office of record (Congress.gov): 260 Russell Senate Office Building Washington, DC 20510, Washington, DC • (202) 224-3254

# Federal Program Fraud Prevention and Accountability Act of 2025

**The measure, as described from the official record:** Reduce fraud in federal programs by increasing penalties, expanding data sharing, and creating new oversight mechanisms.

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THE PROPOSAL

This Act combats fraud in federal programs by strengthening existing oversight without expanding federal power beyond Article I, Section 8. It requires each federal agency administering a program with annual outlays over \$100 million to establish an internal fraud prevention unit, funded by reallocating 0.5% of the agency's administrative budget. These units shall coordinate with the Government Accountability Office (GAO) to identify and report fraud indicators, but may not share personally identifiable information without a warrant or specific statutory exception under the Privacy Act of 1974.

Penalties for fraud against federal programs are increased: for fraud exceeding \$10,000, the maximum fine is raised to \$500,000 or twice the gain, whichever is greater, and imprisonment up to 10 years. For fraud under \$10,000, fines are capped at \$50,000 or the loss amount, whichever is less, to avoid Eighth Amendment concerns. All penalties apply only to direct federal programs, not to state-administered block grants, respecting the Tenth Amendment.

A new Office of Program Integrity within the Department of Justice is created to prosecute fraud cases referred by agency units, with a budget of \$50 million per year from existing DOJ appropriations. The office must report annually to Congress on cases filed, recoveries, and constitutional compliance. This Act sunsets after 5 years, unless reauthorized by Congress with a review of its effectiveness and constitutional impact.

Enforcement is through existing federal courts, with the Attorney General authorized to bring civil actions for injunctive relief or damages. No new data-sharing agreements are authorized without explicit congressional approval, preserving Fourth Amendment protections.

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OPERATIVE PROVISIONS (VFA PROPOSAL)

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| <b>Funding Source</b> | Reallocation of 0.5% from each affected agency's administrative budget; \$50 million annually from DOJ existing appropriations. |
| <b>Funding Amount</b> | \$50 million per year for DOJ office; agency units funded internally.                                                           |
| <b>Sunset Years</b>   | 5 years                                                                                                                         |

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|------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>Oversight Body</b>        | Government Accountability Office (GAO) for annual review; House and Senate Judiciary Committees for reauthorization. |
| <b>Enforcement Mechanism</b> | Federal court civil actions by Attorney General; criminal prosecution by DOJ Office of Program Integrity.            |
| <b>Effective Date</b>        | 180 days after enactment.                                                                                            |

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## **CONSTITUTIONAL BASIS**

- Article I, Section 8, Clause 1 (Spending Clause)
- Article I, Section 8, Clause 18 (Necessary and Proper Clause)
- Fourth Amendment
- Eighth Amendment
- Tenth Amendment

## **Concerns with the measure as written:**

- Expanded data sharing across agencies may violate Fourth Amendment protections against unreasonable searches if not limited to specific fraud indicators.
  - Increased penalties for program fraud may implicate Eighth Amendment excessive fines clause if disproportionate to harm.
  - New oversight bodies or mandates may exceed enumerated powers if they regulate state-administered federal programs under the Tenth Amendment.
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## **WHY BOTH SIDES CAN BACK IT (VFA'S ASSESSMENT)**

Honors Democratic priorities: protects privacy by limiting data sharing without warrants, avoids disproportionate penalties, and includes sunset for review. Honors Republican priorities: increases penalties for major fraud, creates dedicated prosecution office, and uses existing funding without new taxes.

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