

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 7721
OFFERED BY MR. GROTHMAN OF WISCONSIN**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Combating Regulatory
3 Abuse, Closing Known Deficiencies, and Overseeing Waste
4 Nationwide Act of 2026” or the “CRACKDOWN Act of
5 2026”.

**6 SEC. 2. IMPROPER PAYMENT RATE REQUIRING CORREC-
7 TIVE ACTION PLAN; CONDITIONAL INELIGI-
8 BILITY.**

9 Section 658J of the Child Care and Development
10 Block Grant Act of 1990 (42 U.S.C. 9858h) is amended—

11 (1) by redesignating subsection (c) as sub-
12 section (e), and

13 (2) by inserting after subsection (b) the fol-
14 lowing:

15 “(c) IMPROPER PAYMENT THRESHOLD REQUIRING
16 CORRECTIVE ACTION PLAN.—If for a fiscal year the im-
17 proper payment rate of a State is more than 5 percent
18 of the aggregate amount of payments made to carry out

1 this subchapter by such State for such fiscal year, then
2 such State shall submit to the Secretary—

3 “(1) for review and approval a corrective action
4 plan to reduce such rate to not more than 5 percent
5 for each subsequent fiscal year; and

6 “(2) such reports as the Secretary may require
7 to show that such State is complying with the re-
8 quirements of such plan as approved by the Sec-
9 retary.

10 “(d) **CONDITIONAL INELIGIBILITY.**—If for each of 2
11 consecutive fiscal years the improper payment rate of a
12 State determined under this section is more 5 percent,
13 then such State shall be ineligible to receive funds under
14 this subchapter unless such State demonstrates to the sat-
15 isfaction of the Secretary that such State for the next fis-
16 cal year will—

17 “(1) reduce such improper payment rate to not
18 more than 5 percent for the next fiscal year; or

19 “(2) make significant progress to comply with
20 the corrective action plan approved under subsection
21 (c).”.

