



# REPORT ON THIRD PARTY MATCH IN FEDERAL GRANTS

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
STAFF: RUSSELL FRANDSEN & STEPHEN JARDINE

ISSUE BRIEF

## **SUMMARY**

During its 2016 General Session, the Legislature passed intent language requiring the Departments of Health, Human Services, and Workforce Services, and the Utah State Office of Rehabilitation to prepare and submit to Legislative staff a report on expenditures by a third party used to count as state match to access federal funds along with other relevant information. Each of these agencies submitted the requested items by the due date. There were 42 grants over \$500,000 in these four agencies totaling \$2.7 billion in funding with 24 sources providing \$250.6 million in third party match to help draw down these federal funds. Of the match, \$25.1 million is General Fund provided to other state agencies and divisions. Another \$103 million comes from hospitals for matching in Medicaid for paying higher reimbursement rates. Another \$10 million comes from various school districts, cities, and non-profit organizations to match Child Care and Development grants. Staff from the Office of the Legislative Fiscal Analyst have reviewed these submissions and subsequently determined there are no active federal proposals to reduce the use of outside third party match. Although there are no other pending reductions in the use of outside third party match, a number of programs indicated that if these arrangements were disallowed or if the third party matching funding were to go away, both services and/or rates could be reduced in order to respond to such actions. This brief is for informational purposes only and requires no Legislative action.

## **DISCUSSION AND ANALYSIS**

### ***Background***

The reports from the Departments of Health, Human Services, and Workforce Services, and the Utah State Office of Rehabilitation are in response to the following intent language passed by the Legislature in H.B. 7, *Social Services Base Budget*, items 1, 11, 16, and 22 from the 2016 General Session:

*The Legislature intends that the Departments of Health, Human Services, Workforce Services, and the Utah State Office of Rehabilitation provide a report to the Office of the Legislative Fiscal Analyst by June 1, 2016 on the following for all major federal grants over \$500,000 annually a five year history (2011 to 2015): (1) a list and dollar value of all expenditures by a third party used to count as its state match to access federal funds (2) under what scenarios could third party match become unavailable (3) any federal proposals to disallow counting third party match (4) what the agency would change in the future for its spending if third party match is no longer available.*

The Departments of Health, Human Services, and Workforce Services, and the Utah State Office of Rehabilitation used \$250.6 million in third party match for 24 grants that helped them to draw down \$2.7 billion in federal grants in FY 2015.

### ***Links to More Information***

For more information, please see the full report below by each department:

1. Department of Health - <http://le.utah.gov/interim/2016/pdf/00002488.pdf>
2. Human Services - <http://le.utah.gov/interim/2016/pdf/00002503.pdf>
3. Workforce Services - <http://le.utah.gov/interim/2016/pdf/00002492.pdf>
4. Utah State Office of Rehabilitation – this topic is not applicable.