

Federal Grant Process Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Val L. Peterson

Senate Sponsor: Jerry W Stevenson

LONG TITLE

General Description:

This bill modifies provisions related to federal funds procedure.

Highlighted Provisions:

This bill:

- increases the approval thresholds for new federal funds requests;
- for specified high-dollar federal funds requests, requires the agency to submit the federal

funds request to:

- the Executive Appropriations Committee for review and recommendation before submitting the federal funds request to the federal government; and

- the Legislature for final approval within a specified time period;

- directs the president of the Senate and the speaker of the House of Representatives to establish a legislative oversight committee for each approved high-dollar federal funds request; and

- provides the duties and membership of a legislative oversight committee.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

63J-5-202, as last amended by Laws of Utah 2021, Chapter 382

63J-5-203, as last amended by Laws of Utah 2016, Chapter 272

63J-5-203.5, as enacted by Laws of Utah 2016, Chapter 272

63J-5-204, as last amended by Laws of Utah 2024, Chapter 286

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Be it enacted by the Legislature of the state of Utah:

Section 1. Section **63J-5-202** is amended to read:

63J-5-202 . Governor to approve certain new federal funds requests.

- (1)(a) Before obligating the state to accept or receive new federal funds or to participate in a new federal program, and no later than three months after submitting a new federal funds request, and, where possible, before formally submitting the new federal funds request, an executive branch agency shall submit a federal funds request summary to the governor or the governor's designee for approval or rejection when:
- (i) the state will receive total payments of [~~\$1,000,000~~] \$5,000,000 or less per year if the new federal funds request is approved;
 - (ii) receipt of the new federal funds will require no additional permanent full-time employees, permanent part-time employees, or combination of additional permanent full-time employees and permanent part-time employees; and
 - (iii) no new state money will be required to match the new federal funds or to implement the new federal program for which the grant is issued.
- (b) The Governor's Office of Planning and Budget shall report each new federal funds request that is approved by the governor or the governor's designee and each new federal funds request granted by the federal government to:
- (i) the Legislature's Executive Appropriations Committee;
 - (ii) the Office of the Legislative Fiscal Analyst; and
 - (iii) the Office of Legislative Research and General Counsel.
- (2) The governor or the governor's designee shall approve or reject each new federal funds request submitted under the authority of this section.
- (3)(a) If the governor or the governor's designee approves the new federal funds request, the executive branch agency may accept the new federal funds or participate in the new federal program.
- (b) If the governor or the governor's designee rejects the new federal funds request, the executive branch agency may not accept the new federal funds or participate in the new federal program.
- (4) If an executive branch agency fails to obtain the governor's or the governor's designee's approval under this section, the governor may require the agency to:
- (a) withdraw the new federal funds request;

- 62 (b) return the federal funds;
63 (c) withdraw from the federal program; or
64 (d) any combination of Subsections (4)(a), (4)(b), and (4)(c).
65 (5) If a letter or other official documentation awarding an agency a grant of federal funds is
66 not available to be included in a federal funds request summary submitted to the
67 Governor's Office of Planning and Budget under this section, the agency shall submit to
68 the Governor's Office of Planning and Budget the letter or other official documentation
69 awarding the agency a grant of federal funds before expending the federal funds granted.

70 Section 2. Section **63J-5-203** is amended to read:

71 **63J-5-203 . Judicial Council to approve certain new federal funds requests.**

- 72 (1)(a) Before obligating the state to accept or receive new federal funds or to participate
73 in a new federal program, and no later than three months after submitting a new
74 federal funds request, and, where possible, before formally submitting the new
75 federal funds request, a judicial branch agency shall submit a federal funds request
76 summary to the Judicial Council for its approval or rejection when:
77 (i) the state will receive total payments of [~~\$1,000,000~~] \$5,000,000 or less per year if
78 the new federal funds request is approved;
79 (ii) receipt of the new federal funds will require no additional permanent full-time
80 employees, additional permanent part-time employees, or combination of
81 additional permanent full-time employees and permanent part-time employees; and
82 (iii) no new state money will be required to match the new federal funds or to
83 implement the new federal program for which the grant is issued.
84 (b) The Judicial Council shall report each new federal funds request that is approved by
85 it and each new federal funds request granted by the federal government to:
86 (i) the Legislature's Executive Appropriations Committee;
87 (ii) the Office of the Legislative Fiscal Analyst; and
88 (iii) the Office of Legislative Research and General Counsel.
89 (2) The Judicial Council shall approve or reject each new federal funds request submitted to
90 it under the authority of this section.
91 (3)(a) If the Judicial Council approves the new federal funds request, the judicial branch
92 agency may accept the new federal funds or participate in the new federal program.
93 (b) If the Judicial Council rejects the new federal funds request, the judicial branch
94 agency may not accept the new federal funds or participate in the new federal
95 program.

- 96 (4) If a judicial branch agency fails to obtain the Judicial Council's approval under this
 97 section, the Judicial Council may require the agency to:
 98 (a) withdraw the new federal funds request;
 99 (b) return the federal funds;
 100 (c) withdraw from the federal program; or
 101 (d) any combination of Subsections (4)(a), (4)(b), and (4)(c).
 102 (5) If a letter or other official documentation awarding a judicial branch agency a grant of
 103 federal funds is not available to be included in a federal funds request summary
 104 submitted to the Judicial Council under this section, the judicial branch agency shall
 105 submit to the Judicial Council the letter or other official documentation awarding the
 106 judicial branch agency a grant of federal funds before expending the federal funds
 107 granted.

108 Section 3. Section **63J-5-203.5** is amended to read:

109 **63J-5-203.5 . State Board of Education to approve certain new federal funds**
 110 **requests.**

- 111 (1)(a) Before obligating the state to accept or receive new federal funds or to participate
 112 in a new federal program, and no later than three months after submitting a new
 113 federal funds request, and, where possible, before formally submitting the new
 114 federal funds request, the State Board of Education shall review a federal funds
 115 request summary of the State Board of Education when:
 116 (i) the state will receive total payments of [~~\$1,000,000~~] \$5,000,000 or less per year if
 117 the new federal funds request is approved;
 118 (ii) receipt of the new federal funds will require no additional permanent full-time
 119 employees, additional permanent part-time employees, or a combination of
 120 additional permanent full-time employees and permanent part-time employees; and
 121 (iii) no new state money will be required to match the new federal funds or to
 122 implement the new federal program for which the grant is issued.
 123 (b) The State Board of Education shall approve or reject each new federal funds request
 124 reviewed under this section.
 125 (2) The State Board of Education shall report each new federal funds request that is
 126 approved by the board and each new federal funds request granted to the board by the
 127 federal government to:
 128 (a) the Legislature's Executive Appropriations Committee;
 129 (b) the Office of the Legislative Fiscal Analyst; and

- 130 (c) the Office of Legislative Research and General Counsel.
- 131 (3) If a letter or other official documentation awarding the State Board of Education a grant
132 of federal funds is not available to be included in the federal funds request summary
133 submitted under this section, the letter or other official documentation awarding the
134 State Board of Education a grant of federal funds shall be submitted to the State Board
135 of Education before expending the federal funds granted.

136 Section 4. Section **63J-5-204** is amended to read:

137 **63J-5-204 . Legislative review and approval of certain federal funds requests.**

- 138 (1) As used in this section:
- 139 (a) "High impact federal funds request" means a new federal funds request that will or
140 could:
- 141 (i) result in the state receiving total payments of [~~\$10,000,000 or more~~] \$25,000,000
142 or more but less than \$100,000,000 per year from the federal government;
- 143 (ii) require the state to add 11 or more permanent full-time employees, 11 or more
144 permanent part-time employees, or combination of permanent full-time and
145 permanent part-time employees equal to 11 or more in order to receive the new
146 federal funds or participate in the new federal program; or
- 147 (iii) require the state to expend more than \$1,000,000 of new state money in a fiscal
148 year in order to receive or administer the new federal funds or participate in the
149 new federal program.
- 150 (b) "Medium impact federal funds request" means a new federal funds request that will
151 or could:
- 152 (i) result in the state receiving total payments of more than [~~\$1,000,000~~] \$5,000,000
153 but less than [~~\$10,000,000~~] \$25,000,000 per year from the federal government;
- 154 (ii) require the state to add more than zero but less than 11 permanent full-time
155 employees, more than zero but less than 11 permanent part-time employees, or a
156 combination of permanent full-time employees and permanent part-time
157 employees equal to more than zero but less than 11 in order to receive or
158 administer the new federal funds or participate in the new federal program; or
- 159 (iii) require the state to expend \$1 to \$1,000,000 of new state money in a fiscal year
160 in order to receive or administer the new federal funds or participate in the new
161 federal program.
- 162 (c) "Ultra high impact federal funds request" means a new federal funds request that will
163 or could result in the state receiving total payments of \$100,000,000 or more per year

164 from the federal government.

165 (2)(a)(i) Before obligating the state to accept or receive new federal funds or to
166 participate in a new federal program under a medium impact federal funds request
167 that was not authorized during a legislative session as provided in Section
168 63J-5-201, an agency shall:

169 (A) submit the federal funds request summary to the governor, the Judicial
170 Council, [-]or the State Board of Education,[-] as appropriate, for approval or
171 rejection; and

172 (B) if the governor, the Judicial Council, or the State Board of Education
173 approves the new federal funds request, submit the federal funds request
174 summary to the Legislative Executive Appropriations Committee for its review
175 and recommendations.

176 (ii) The procedures required under Subsection (2)(a)(i) shall be performed, if
177 possible, before the date that the medium impact funds request is formally
178 submitted, but not later than three months after the date of formal submission.

179 (b) The Legislative Executive Appropriations Committee shall review the federal funds
180 request summary and may:

181 (i) recommend that the agency accept the new federal funds;

182 (ii) recommend that the agency not accept the new federal funds; or

183 (iii) recommend to the governor that the governor call a special session of the
184 Legislature to review and approve or reject the acceptance of the new federal
185 funds.

186 (3)(a)(i) Before obligating the state to accept or receive new federal funds or to
187 participate in a new federal program under a high impact federal funds request
188 that was not authorized during a legislative session as provided in Section
189 63J-5-201, an agency shall:

190 (A) submit the federal funds request summary to the governor, the Judicial
191 Council, [-]or the State Board of Education,[-] as appropriate, for approval or
192 rejection; and

193 (B) if the governor, the Judicial Council , or the State Board of Education[-]
194 approves the new federal funds request, submit the federal funds request
195 summary to the Legislature for its approval or rejection in an annual general
196 session or a special session.

197 (ii) Except as provided in Subsection (3)(a)(iii), the procedures required under

198 Subsection (3)(a)(i) shall be performed, if possible, before the date that the high
199 impact funds request is formally submitted, but not later than three months after
200 the date of formal submission.

201 (iii) For a high impact federal funds request for the Medical Assistance Program,
202 commonly known as Medicaid, or the Children's Health Insurance Program, the
203 procedures required under Subsection (3)(a)(i) shall be performed, if possible,
204 before the date that the high impact funds request is formally submitted, but not
205 later than the end of the earlier of the next annual general session or special
206 session of the Legislature after the date of formal submission.

207 (b)(i) If the Legislature approves the new federal funds request, the agency may
208 accept the new federal funds or participate in the new federal program.

209 (ii) If the Legislature fails to approve the new federal funds request, the agency may
210 not accept the new federal funds or participate in the new federal program.

211 (4)(a)(i) An agency may not formally submit to the federal government an ultra high
212 impact federal funds request that was not authorized during a legislative session as
213 provided in Section 63J-5-201, until the agency:

214 (A) submits the federal funds request summary to the governor, the Judicial
215 Council, or the State Board of Education, as appropriate, for approval or
216 rejection; and

217 (B) if the governor, the Judicial Council, or the State Board of Education approves
218 the ultra high impact federal funds request, submits the federal funds request
219 summary to the Executive Appropriations Committee for the committee's
220 review and recommendation and receives a recommendation from the
221 Executive Appropriations Committee.

222 (ii) No later than 120 days after the day on which an agency formally submits to the
223 federal government an ultra high impact federal funds request that the Executive
224 Appropriations Committee reviewed in accordance with Subsection (4)(a)(i)(B),
225 the agency shall submit the federal funds request summary to the Legislature for
226 the Legislature's approval or rejection in an annual general session or a special
227 session.

228 (b) An agency may not obligate the state to accept or receive new federal funds or to
229 participate in a new federal program under an ultra high impact federal funds request
230 before the Legislature approves the ultra high impact federal funds request in
231 accordance with this section or Section 63J-5-201.

- 232 (c) If the Legislature approves an ultra high impact federal funds request in accordance
233 with this section or Section 63J-5-201:
- 234 (i) the agency may accept the new federal funds or participate in the new federal
235 program; and
- 236 (ii) the president of the Senate and the speaker of the House of Representatives shall
237 establish a legislative oversight committee described in Subsection (4)(d).
- 238 (d)(i) A legislative oversight committee established in accordance with Subsection
239 (4)(c)(ii) shall:
- 240 (A) review proposed programming and funding relating to the ultra high impact
241 federal funds request; and
- 242 (B) make recommendations to the Executive Appropriations Committee regarding
243 appropriation of the funds.
- 244 (ii) The president of the Senate and the speaker of the House of Representatives shall
245 ensure that a legislative oversight committee:
- 246 (A) is composed of legislators, 50% of whom are senators appointed by the
247 president of the Senate and 50% of whom are representatives appointed by the
248 speaker of the House of Representatives; and
- 249 (B) includes non-majority party membership that is roughly equivalent to the
250 proportion of non-majority party members in the Legislature.
- 251 (iii)(A) The president of the Senate shall designate a member of the Senate as a
252 cochair of a legislative oversight committee.
- 253 (B) The speaker of the House of Representatives shall designate a member of the
254 House of Representatives as a cochair of a legislative oversight committee.
- 255 (iv)(A) Salaries and expenses of the members of a legislative oversight committee
256 shall be paid in accordance with Section 36-2-2 and Legislative Joint Rules,
257 Title 5, Chapter 3, Legislator Compensation.
- 258 (B) The Office of the Legislative Fiscal Analyst shall provide staff support to a
259 legislative oversight committee.
- 260 (v) A legislative oversight committee:
- 261 (A) shall meet as necessary to fulfill the committee's duties described in
262 Subsection (4)(d)(i); and
- 263 (B) may solicit input from experts and interested parties.
- 264 (vi) The president of the Senate and the speaker of the House of Representatives shall
265 establish a legislative oversight committee for any ultra high impact federal funds

266 request that the Legislature approves on or after October 1, 2025.

267 [(4)] (5) If an agency fails to comply with the procedures of this section or fails to obtain the

268 Legislature's approval:

269 (a) the governor, the Judicial Council,[-] or the State Board of Education,[-] as

270 appropriate, may require the agency to withdraw the new federal funds request or

271 refuse or return the new federal funds;

272 (b) the Legislature may, if federal law allows, opt out or decline to participate in the new

273 federal program or decline to receive the new federal funds; or

274 (c) the Legislature may reduce the agency's General Fund appropriation in an amount

275 less than, equal to, or greater than the amount of federal funds received by the agency.

276 [(5)] (6) If a letter or other official documentation awarding an agency a grant of federal

277 funds is not available to be included in the agency's federal funds request summary to

278 the governor, the Judicial Council, or the State Board of Education, as appropriate,

279 under this section, the agency shall submit to the governor, the Judicial Council, or the

280 State Board of Education, as appropriate, the letter or other official documentation

281 awarding the agency a grant of federal funds before expending the federal funds granted.

282 **Section 5. Effective Date.**

283 This bill takes effect:

- 284 (1) except as provided in Subsection (2), May 6, 2026; or
- 285 (2) if approved by two-thirds of all members elected to each house:
- 286 (a) upon approval by the governor;
- 287 (b) without the governor's signature, the day following the constitutional time limit of
- 288 Utah Constitution, Article VII, Section 8; or
- 289 (c) in the case of a veto, the date of veto override.