

Federal Funds Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Calvin Roberts

Senate Sponsor: John D. Johnson

LONG TITLE**Committee Note:**

The Federalism Commission recommended this bill.

Legislative Vote: 9 voting for 0 voting against 5 absent

General Description:

This bill modifies provisions related to federal funds.

Highlighted Provisions:

This bill:

- directs the legislative fiscal analyst to submit to the Federalism Commission (commission) the portions of each budget stress test that relate to federal funds;
- requires the commission to review and, in the commission's discretion, make legislative recommendations regarding the federal funds portions of each budget stress test;
- requires the Utah State University Jon M. Huntsman School of Business to:
 - create and maintain a publicly available dashboard that visualizes state dependency on federal funds; and
 - model economic scenarios to inform federal funds contingency planning;
- includes the commission in the federal funds acceptance process by:
 - ensuring the commission receive a copy of each new federal funds request that does not require legislative review and is approved by the governor, Judicial Council, or State Board of Education; and
 - directing the commission to review and make a recommendation regarding each medium impact federal funds request approved by the governor, Judicial Council, or State Board of Education;
- establishes criteria for the commission's review of a medium impact federal funds request;
- directs the commission to categorize each medium impact federal funds request that the commission reviews; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

This bill appropriates \$650,000 in operating and capital budgets for fiscal year 2027, all of which is from the Income Tax Fund.

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

36-12-13 (Effective 05/06/26), as last amended by Laws of Utah 2024, Chapter 439
63C-4a-303 (Effective 05/06/26) (Repealed 07/01/28), as last amended by Laws of Utah 2025, First Special Session, Chapter 9
63J-5-102 (Effective 05/06/26), as last amended by Laws of Utah 2024, Chapter 286
63J-5-201 (Effective 05/06/26), as last amended by Laws of Utah 2021, Chapter 382
63J-5-202 (Effective 05/06/26), as last amended by Laws of Utah 2021, Chapter 382
63J-5-203 (Effective 05/06/26), as last amended by Laws of Utah 2016, Chapter 272
63J-5-203.5 (Effective 05/06/26), as enacted by Laws of Utah 2016, Chapter 272
63J-5-204 (Effective 05/06/26), as last amended by Laws of Utah 2024, Chapter 286

ENACTS:

53H-4-317 (Effective 05/06/26), Utah Code Annotated 1953

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

Section 1. Section **36-12-13** is amended to read:

36-12-13 (Effective 05/06/26). Office of the Legislative Fiscal Analyst established -- Powers, functions, and duties -- Qualifications.

- (1) There is established an Office of the Legislative Fiscal Analyst as a permanent staff office for the Legislature.
- (2) The powers, functions, and duties of the Office of the Legislative Fiscal Analyst under the supervision of the fiscal analyst are:
 - (a)(i) to estimate general revenue collections, including comparisons of:
 - (A) current estimates for each major tax type to long-term trends for that tax type;
 - (B) current estimates for federal fund receipts to long-term federal fund trends; and
 - (C) current estimates for tax collections and federal fund receipts to long-term trends deflated for the inflationary effects of debt monetization; and
 - (ii) to report the analysis required under Subsection (2)(a)(i) to the Legislature's Executive Appropriations Committee before each annual general session of the Legislature;

- (b) to analyze in detail the state budget before the convening of each legislative session and make recommendations to the Legislature on each item or program appearing in the budget, including:
- (i) funding for and performance of programs, acquisitions, and services currently undertaken by state government to determine whether each department, agency, institution, or program should:
 - (A) continue at its current level of expenditure;
 - (B) continue at a different level of expenditure; or
 - (C) be terminated; and
 - (ii) increases or decreases to spending authority and other resource allocations for the current and future fiscal years;
- (c) to prepare on all proposed bills fiscal estimates that reflect:
- (i) potential state government revenue impacts;
 - (ii) anticipated state government expenditure changes;
 - (iii) anticipated expenditure changes for county, municipal, special district, or special service district governments;
 - (iv) anticipated direct expenditure by Utah residents and businesses, including the unit cost, number of units, and total cost to all impacted residents and businesses; and
 - (v) if the proposed bill changes retirement benefits under a system or plan governed by Title 49, Utah State Retirement and Insurance Benefit Act, the anticipated effect on:
 - (A) each affected system's or plan's unfunded actuarial accrued liability and actuarial funded ratio, based on current employer contributions;
 - (B) employer contributions and member contributions;
 - (C) a retiree's retirement allowance;
 - (D) the total cost to active members and retirees; and
 - (E) the total cost to employers for all active members and retirees;
- (d) to indicate whether each proposed bill will impact the regulatory burden for Utah residents or businesses, and if so:
- (i) whether the impact increases or decreases the regulatory burden; and
 - (ii) whether the change in burden is high, medium, or low;
- (e) beginning in 2017 and repeating every three years after 2017, to prepare the following cycle of analyses of long-term fiscal sustainability:

- 99 (i) in year one, the joint revenue volatility report required under Section 63J-1-205;
100 (ii) in year two, a long-term budget for programs appropriated from major funds and
101 tax types; and
102 (iii) in year three, a budget stress test that, in consultation with the Governor's Office
103 of Planning and Budget:
104 (A) compares estimated future revenue to and expenditure from major funds and
105 tax types under various potential economic conditions;
106 (B) analyzes the economic and policy risks associated with funding for the
107 Medicaid program and expansions of the Medicaid program;
108 (C) measures value at risk; and
109 (D) recommends budgetary actions to manage risk;
110 (f) to report instances in which the administration may be failing to carry out the
111 expressed intent of the Legislature;
112 (g) to propose and analyze statutory changes for more effective operational economies
113 or more effective administration;
114 (h) to prepare, before each annual general session of the Legislature, a summary
115 showing the current status of the following as compared to the past nine fiscal years:
116 (i) debt;
117 (ii) long-term liabilities;
118 (iii) contingent liabilities;
119 (iv) General Fund borrowing;
120 (v) reserves;
121 (vi) fund and nonlapsing balances; and
122 (vii) cash funded capital investments;
123 (i) to make recommendations for addressing the items described in Subsection (2)(h) in
124 the upcoming annual general session of the Legislature;
125 (j) to prepare, after each session of the Legislature, a summary showing the effect of the
126 final legislative program on the financial condition of the state;
127 (k) to conduct organizational and management improvement studies in accordance with
128 Title 63J, Chapter 1, Part 9, Government Performance Reporting and Efficiency
129 Process, and legislative rule;
130 (l) to prepare and deliver upon request of any interim committee or the Legislative
131 Management Committee, reports on the finances of the state and on anticipated or
132 proposed requests for appropriations;

(m) to recommend areas for research studies by the executive department or the interim committees;

(n) to appoint and develop a professional staff within budget limitations;

(o) to prepare and submit the annual budget request for the office;

(p) to develop a taxpayer receipt:

(i) available to taxpayers through a website; and

(ii) that allows a taxpayer to view on the website an estimate of how the taxpayer's tax dollars are expended for government purposes; and

(q) to publish or provide other information on taxation and government expenditures that may be accessed by the public.

(3)(a) Except as provided in Subsection (3)(b), the legislative fiscal analyst shall submit to the Executive Appropriations Committee the results of the budget stress test described in Subsection (2)(e)(iii).

(b) The legislative fiscal analyst shall submit to the Federalism Commission the portions of the results of the budget stress test that relate to federal funds.

~~[(3)]~~ (4) The legislative fiscal analyst shall have a master's degree in public administration, political science, economics, accounting, or the equivalent in academic or practical experience.

~~[(4)]~~ (5) In carrying out the duties provided for in this section, the legislative fiscal analyst may obtain access to all records, documents, and reports necessary to the scope of the legislative fiscal analyst's duties according to the procedures contained in Title 36, Chapter 14, Legislative Subpoena Powers.

~~[(5)]~~ (6) The Office of the Legislative Fiscal Analyst shall provide any information the State Board of Education reports in accordance with Subsection 53E-3-507(7) to:

(a) the chief sponsor of the proposed bill; and

(b) upon request, any legislator.

Section 2. Section **53H-4-317** is enacted to read:

53H-4-317 (Effective 05/06/26). Federal funds contingency planning dashboard.

(1) As used in this section:

(a) "Center" means the Analytics Solutions Center at the Utah State University Jon M. Huntsman School of Business.

(b) "Federalism Commission" means the Federalism Commission created in Section 63C-4a-302.

(2) In consultation with the Federalism Commission and subject to legislative

appropriation, the center shall:

- (a) create and maintain a digital dashboard that visualizes the risk of federal funds reductions and the state's dependency on federal funds;
- (b) ensure that the dashboard is publicly available, user-friendly, and dynamic;
- (c) identify, curate, clean, and securely warehouse funding data relevant to creating and maintaining the dashboard;
- (d) continuously monitor and update the dashboard's data and functionality to ensure accuracy and compliance with this section;
- (e) model economic scenarios to help the state plan for potential reductions in federal funds; and
- (f) upon request, report to the Federalism Commission regarding the duties described in this section.

Section 3. Section **63C-4a-303** is amended to read:

63C-4a-303 (Effective 05/06/26) (Repealed 07/01/28). Federalism Commission duties -- Evaluation of federal law -- Curriculum on federalism -- Environment discussions -- Oversight of Center for Constitutional Studies in relation to center's federalism duties -- Review of federal funds portion of budget stress test.

(1)(a) In accordance with Section 63C-4a-304, the commission may evaluate a federal law:

- (i) as agreed by a majority of the commission;
- (ii) submitted to the commission by a council member; or
- (iii) reported to the commission in accordance with Subsection (1)(b).

(b)(i) To assist the commission in the evaluation of federal law as required in this section and Section 63C-4a-304, the commission may contract with a third party that is a Utah institution of higher education to monitor federal law for possible implications on the principles of federalism.

(ii) A third party contracted to monitor federal law as described in Subsection (1)(b)(i) shall:

(A) monitor federal law for possible implications on the principles of federalism and state sovereignty; and

(B) report to the commission any law or action by the federal government that may implicate the principles of federalism or state sovereignty.

(c)(i) As used in this Subsection (1)(c), "interim committee" means the same as that term is defined in Section 36-12-1.

- 201 (ii) The commission shall provide an annual report to each interim committee
202 concerning any law or action by the federal government that implicates the
203 principles of federalism or state sovereignty.
- 204 (iii) The commission may notify the appropriate interim committee of any law or
205 action by the federal government that implicates the principles of federalism or
206 state sovereignty.
- 207 (2) The commission may request information regarding a federal law under evaluation from
208 a United States senator or representative elected from the state.
- 209 (3) If the commission finds that a federal law is not authorized by the United States
210 Constitution or violates the principle of federalism as described in Subsection
211 63C-4a-304(2), a commission cochair or the commission may:
- 212 (a) request from a United States senator or representative elected from the state:
- 213 (i) information about the federal law; or
- 214 (ii) assistance in communicating with a federal governmental entity regarding the
215 federal law;
- 216 (b)(i) give written notice of an evaluation made under Subsection (1) to the federal
217 governmental entity responsible for adopting or administering the federal law; and
218 (ii) request a response by a specific date to the evaluation from the federal
219 governmental entity;
- 220 (c) request a meeting, conducted in person or by electronic means, with the federal
221 governmental entity, a representative from another state, or a United States Senator
222 or Representative elected from the state to discuss the evaluation of federal law and
223 any possible remedy; or
- 224 (d) give written notice of an evaluation and the conclusions of the commission to any
225 other relevant entity.
- 226 (4) The commission may recommend to the governor that the governor call a special
227 session of the Legislature to give the Legislature an opportunity to respond to the
228 commission's evaluation of a federal law.
- 229 (5) A commission cochair may coordinate the evaluation of and response to federal law
230 with another state as provided in Section 63C-4a-305.
- 231 (6) The commission shall keep a current list on the Legislature's website of:
- 232 (a) a federal law that the commission evaluates under Subsection (1);
- 233 (b) an action taken by a cochair of the commission or the commission under Subsection
234 (3);

- 235 (c) any coordination undertaken with another state under Section 63C-4a-305; and
236 (d) any response received from a federal government entity that was requested under
237 Subsection (3).
- 238 (7)(a) The commission shall develop curriculum for a seminar on the principles of
239 federalism.
- 240 (b) The curriculum under Subsection (7)(a) shall be available to the general public and
241 include:
- 242 (i) fundamental principles of federalism;
243 (ii) the sovereignty, supremacy, and jurisdiction of the individual states, including
244 their police powers;
245 (iii) the history and practical implementation of the Tenth Amendment to the United
246 States Constitution;
247 (iv) the authority and limits on the authority of the federal government as found in the
248 United States Constitution;
249 (v) the relationship between the state and federal governments;
250 (vi) methods of evaluating a federal law in the context of the principles of federalism;
251 (vii) how and when challenges should be made to a federal law or regulation on the
252 basis of federalism;
253 (viii) the separate and independent powers of the state that serve as a check on the
254 federal government;
255 (ix) first amendment rights and freedoms contained therein; and
256 (x) any other issues relating to federalism the commission considers necessary.
- 257 (8) The commission may apply for and receive grants, and receive private donations to
258 assist in funding the creation, enhancement, and dissemination of the curriculum.
- 259 (9) The commission shall submit a report on or before November 30 of each year to the
260 Government Operations Interim Committee and the Natural Resources, Agriculture, and
261 Environment Interim Committee that:
- 262 (a) describes any action taken by the commission under Section [63C-4a-303]
263 63C-4a-304; and
264 (b) includes any proposed legislation the commission recommends.
- 265 (10) The commission shall comply with Section 19-1-110 in discussions with the
266 Department of Environmental Quality on issues related to the environment or the
267 functioning of the Department of Environmental Quality.
- 268 (11) The commission shall:

- (a) coordinate with and make recommendations to the center concerning the center's federalism-related duties under Section 53H-4-703, including:
- (i) the development of the federalism education and training program under Subsection 53H-4-703(1); and
 - (ii) the scope and objectives of:
 - (A) the annual federalism conference organized under Subsection 53H-4-703(2);
 - (B) the study conducted under Subsection 53H-4-703(3); and
 - (C) the center's coordination efforts under Subsection 53H-4-703(4);
- (b) coordinate with and make recommendations to the institute regarding the institute's federalism-related duties under Section 53H-4-704; and
- (c) report annually to the Legislative Management Committee regarding:
- (i) the center's progress in fulfilling the requirements of Section 53H-4-703; and
 - (ii) the institute's progress in fulfilling the requirements of Section 53H-4-704.
- (12) Each executive branch agency shall, at the request of the commission, designate a contact person to coordinate with the commission regarding the federalism education and training program developed under Section 53H-4-703 for purposes of:
- (a) determining the extent of federal jurisdiction in the agency's resource sphere;
 - (b) determining whether federal action exceeds the federal government's jurisdictional authority;
 - (c) assessing what actions the agency may take in the event that federal action exceeds the federal government's jurisdictional authority; and
 - (d) assessing how actions described in Subsection (12)(c) may better enable the agency to use the agency's best judgment in serving the people of Utah.
- (13) Upon receipt of the budget stress test results described in Subsection 36-12-13(3)(b), the commission shall review the results and make any related legislative recommendations to the Executive Appropriations Committee.
- Section 4. Section **63J-5-102** is amended to read:
- 63J-5-102 (Effective 05/06/26). Definitions.**
- (1) As used in this chapter:
- (a)(i) "Agency" means a department, division, committee, commission, council, court, or other administrative subunit of the state.
 - (ii) "Agency" includes:
 - (A) executive branch entities;
 - (B) judicial branch entities; and

- 303 (C) the State Board of Education.
- 304 (iii) "Agency" does not mean higher education institutions or political subdivisions.
- 305 (b) "Contingency disclosure and plan" means, with respect to a federal funds
- 306 reauthorization or new federal funds request, the submitting or requesting agency's:
- 307 (i) disclosure of:
- 308 (A) the likelihood that the amount or value of the federal funds will be reduced,
- 309 and how that likelihood changes over time; and
- 310 (B) the likelihood that the federal funds will become unavailable, and how that
- 311 likelihood changes over time;
- 312 (ii) explanation of:
- 313 (A) whether accepting the federal funds may create an expectation of ongoing
- 314 funding by any beneficiary of the funds; and
- 315 (B) as applicable, how the agency will communicate to stakeholders that services
- 316 funded by the federal funds may or will be temporary;
- 317 (iii) plan for how the agency will:
- 318 (A) proceed if the amount or value of the federal funds are unexpectedly reduced
- 319 in any material degree or amount;
- 320 (B) proceed if the federal funds become unavailable unexpectedly;
- 321 (C) wind down the program or services funded by the federal funds when the
- 322 federal funds are exhausted; and
- 323 (D) transition any beneficiaries of the funds to a different program or service
- 324 provider if the agency is unable to continue providing the same program or
- 325 services due to a decrease or loss of federal funds; and
- 326 (iv) designation of the federal funds and the program or purpose for which the funds
- 327 will be used as either:
- 328 (A) mandatory under federal or state law;
- 329 (B) high priority; or
- 330 (C) low priority.
- 331 (c)(i) "Federal funds" means cash or other money received from the United States
- 332 government or from other individuals or entities for or on behalf of the United
- 333 States and deposited with the state treasurer or any agency of the state.
- 334 (ii) "Federal funds" includes federal assistance and federal assistance programs,
- 335 however described.
- 336 (d) "Federal funds reauthorization" means:

- 337 (i) the formal submission from an agency to the federal government applying for or
338 seeking reauthorization of federal funds which the state is currently receiving;
- 339 (ii) the formal submission from an agency to the federal government applying for or
340 seeking reauthorization to participate in a federal program in which the state is
341 currently participating that will result in federal funds being transferred to an
342 agency; or
- 343 (iii) that period after the first year of a previously authorized and awarded grant or
344 funding award, during which federal funds are disbursed or are scheduled to be
345 disbursed after the first year because the term of the grant or financial award
346 extends for more than one year.
- 347 (e)(i) "Federal funds request summary" means a document detailing:
- 348 (A) the amount of money that is being requested or is available to be received by
349 the state from the federal government for each federal funds reauthorization or
350 new federal funds request;
- 351 (B) those federal funds reauthorizations and new federal funds requests that are
352 included as part of the agency's proposed budget for the fiscal year, and the
353 amount of those requests;
- 354 (C) the amount of new state money, if any, that will be required to receive the
355 federal funds or participate in the federal program;
- 356 (D) the number of additional permanent full-time employees, additional
357 permanent part-time employees, or combination of additional permanent
358 full-time employees and additional permanent part-time employees, if any, that
359 the state estimates are needed in order to receive the federal funds or
360 participate in the federal program;
- 361 (E) any requirements that the state must meet as a condition for receiving the
362 federal funds or participating in the federal program; and
- 363 (F) for each federal funds reauthorization for qualifying federal funds and each
364 new federal funds request for qualifying federal funds, a contingency
365 disclosure and plan, and a state jurisdiction evaluation.
- 366 (ii) "Federal funds request summary" includes, if available:
- 367 (A) the letter awarding an agency a grant of federal funds or other official
368 documentation awarding an agency a grant of federal funds; and
- 369 (B) a document detailing federal maintenance of effort requirements.
- 370 (f) "Federal maintenance of effort requirements" means any matching, level of effort, or

earmarking requirements, as defined in Office of Management and Budget requirements, that are imposed on an agency as a condition of receiving federal funds.

(g) "Federalism Commission" means the Federalism Commission created in Section 63C-4a-302.

~~[(g)]~~ (h)(i) "Intergovernmental transfer program" means an existing reimbursement program or category that is authorized by the Medicaid state plan or waiver authority for intergovernmental transfers.

(ii) "Intergovernmental transfer program" does not include the addition of a provider to an existing intergovernmental transfer program.

~~[(h)]~~ (i) "Local education agency" or "LEA" means:

(i) a school district;

(ii) a charter school; or

(iii) the Utah Schools for the Deaf and the Blind.

~~[(i)]~~ (j) "New federal funds" means:

(i) federal assistance or other federal funds that are available from the federal government that:

(A) the state is not currently receiving; or

(B) exceed the federal funds amount most recently approved by the Legislature by more than 25% for a federal grant or program in which the state is currently participating;

(ii) a federal assistance program or other federal program in which the state is not currently participating; or

(iii) a one-time TANF request.

~~[(j)]~~ (k) "New federal funds request" means:

(i) the formal submission from an agency to the federal government:

(A) applying for or otherwise seeking to obtain new federal funds; or

(B) applying for or seeking to participate in a new federal program that will result in federal funds being transferred to an agency; or

(ii) a one-time TANF request.

~~[(k)]~~ (l)(i) "New state money" means money, whether specifically appropriated by the Legislature or not, that the federal government requires Utah to expend as a condition for receiving the federal funds or participating in the federal program.

(ii) "New state money" includes money expended to meet federal maintenance of effort requirements.

[~~(t)~~] (m) "One-time TANF request" means a proposed expenditure by the Department of Workforce Services from its reserves of federal Temporary Assistance for Needy Families funds:

- (i) for a project or program that will last for a fixed amount of time and is not an ongoing project or program of the Department of Workforce Services; and
- (ii) that is greater than \$1,000,000 over the amount most recently approved by the Legislature.

[~~(m)~~] (n) "Qualifying federal funds" means federal funds that are:

- (i) greater than 10% of the receiving entity's annual budget; or
- (ii) greater than \$2,000,000.

[~~(n)~~] (o) "State" means the state of Utah and all of its agencies, and any administrative subunits of those agencies.

[~~(o)~~] (p) "State jurisdiction evaluation" means:

- (i) a disclosure of:
 - (A) whether accepting the federal funds or participating in the federal program will require the use of state funds or increase the administrative costs of the state or agency;
 - (B) the extent to which accepting the federal funds or participating in the federal program will impair or impact the exclusive police power jurisdiction of the state to protect or provide for the health, safety, welfare, and morals of the state; and
 - (C) the extent to which accepting the federal funds or participating in the federal program will impair or impact the jurisdiction of the state over federal areas within the state; and
- (ii) to the extent that accepting the federal funds or participating in the federal program will impair or impact the state's jurisdiction as described in Subsection [~~(1)(o)(i)(B)~~] (1)(p)(i)(B) or (C), an identification of the constitutional authority supporting federal assertion of jurisdiction or authority for the funding, program, or an associated regulation or restriction.

- (2) When this chapter describes an employee as a "permanent full-time employee" or a "permanent part-time employee," it is not intended to, and may not be construed to, affect the employee's status as an at-will employee.

Section 5. Section **63J-5-201** is amended to read:

63J-5-201 (Effective 05/06/26). Legislative appropriation subcommittees to

**review certain federal funds reauthorizations -- Executive appropriations review --
Legislative approval.**

- (1) The Governor's Office of Planning and Budget shall annually prepare and submit a federal funds request summary for each agency to the Legislative Fiscal Analyst at the same time the governor submits the confidential draft budget under Section 63J-1-201.
- (2)(a) The Legislative Fiscal Analyst, as directed by the Executive Appropriations Committee, may include federal funds in the base budget appropriations act or acts, when those acts are prepared as provided in JR3-2-402.
- (b) The Legislative Fiscal Analyst shall submit a federal funds request summary for each agency to:
- (i) the legislative appropriations subcommittee responsible for that agency's budget for review during each annual general session[-] ; and
 - (ii) the Federalism Commission.
- (3) Each legislative appropriations subcommittee shall review [the] each federal funds request summary and may:
- (a) recommend that the agency accept the federal funds or participate in the federal program for the fiscal year under consideration; or
 - (b) recommend that the agency not accept the federal funds or not participate in the federal program for the fiscal year under consideration.
- (4) The [~~Legislative~~]Executive Appropriations Committee shall:
- (a) review each subcommittee's recommendation;
 - (b) determine whether or not the agency should be authorized to accept the federal funds or participate in the federal program; and
 - (c) direct the Legislative Fiscal Analyst to include or exclude those federal funds and federal programs in an annual appropriations act for approval by the Legislature.
- (5) Legislative approval of an appropriations act containing federal funds constitutes legislative approval of the federal grants or awards associated with the federal funds for the purposes of compliance with the requirements of this chapter.

Section 6. Section **63J-5-202** is amended to read:

63J-5-202 (Effective 05/06/26). 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 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]~~ Federalism Commission;
- (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;
- (b) return the federal funds;
- (c) withdraw from the federal program; or
- (d) any combination of Subsections (4)(a), (4)(b), and (4)(c).

(5) If a letter or other official documentation awarding an agency a grant of federal funds is not available to be included in a federal funds request summary submitted to the Governor's Office of Planning and Budget under this section, the agency shall submit to the Governor's Office of Planning and Budget the letter or other official documentation

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

Section 7. Section **63J-5-203** is amended to read:

63J-5-203 (Effective 05/06/26). Judicial council 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, a judicial branch agency shall submit a federal funds request summary to the Judicial Council for its approval or rejection when:

- (i) the state will receive total payments of \$1,000,000 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, additional 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 Judicial Council shall report each new federal funds request that is approved by it and each new federal funds request granted by the federal government to:

- (i) the ~~[Legislature's Executive Appropriations Committee]~~ Federalism Commission;
- (ii) the Office of the Legislative Fiscal Analyst; and
- (iii) the Office of Legislative Research and General Counsel.

(2) The Judicial Council shall approve or reject each new federal funds request submitted to it under the authority of this section.

(3)(a) If the Judicial Council approves the new federal funds request, the judicial branch agency may accept the new federal funds or participate in the new federal program.

(b) If the Judicial Council rejects the new federal funds request, the judicial branch agency may not accept the new federal funds or participate in the new federal program.

(4) If a judicial branch agency fails to obtain the Judicial Council's approval under this section, the Judicial Council may require the agency to:

- (a) withdraw the new federal funds request;
- (b) return the federal funds;
- (c) withdraw from the federal program; or
- (d) any combination of Subsections (4)(a), (4)(b), and (4)(c).

- (5) If a letter or other official documentation awarding a judicial branch agency a grant of federal funds is not available to be included in a federal funds request summary submitted to the Judicial Council under this section, the judicial branch agency shall submit to the Judicial Council the letter or other official documentation awarding the judicial branch agency a grant of federal funds before expending the federal funds granted.

Section 8. Section **63J-5-203.5** is amended to read:

63J-5-203.5 (Effective 05/06/26). State Board of Education 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, the State Board of Education shall review a federal funds request summary of the State Board of Education when:
- (i) the state will receive total payments of \$1,000,000 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, additional permanent part-time employees, or a 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 State Board of Education shall approve or reject each new federal funds request reviewed under this section.
- (2) The State Board of Education shall report each new federal funds request that is approved by the board and each new federal funds request granted to the board by the federal government to:
- (a) the ~~[Legislature's Executive Appropriations Committee]~~ Federalism Commission;
 - (b) the Office of the Legislative Fiscal Analyst; and
 - (c) the Office of Legislative Research and General Counsel.
- (3) If a letter or other official documentation awarding the State Board of Education a grant of federal funds is not available to be included in the federal funds request summary submitted under this section, the letter or other official documentation awarding the State Board of Education a grant of federal funds shall be submitted to the State Board of Education before expending the federal funds granted.

Section 9. Section **63J-5-204** is amended to read:

63J-5-204 (Effective 05/06/26). Legislative review and approval of certain federal funds requests.

(1) As used in this section:

(a) "High impact federal funds request" means a new federal funds request that will or could:

(i) result in the state receiving total payments of \$10,000,000 or more per year from the federal government;

(ii) require the state to add 11 or more permanent full-time employees, 11 or more permanent part-time employees, or combination of permanent full-time and permanent part-time employees equal to 11 or more in order to receive the new federal funds or participate in the new federal program; or

(iii) require the state to expend more than \$1,000,000 of new state money in a fiscal year in order to receive or administer the new federal funds or participate in the new federal program.

(b) "Medium impact federal funds request" means a new federal funds request that will or could:

(i) result in the state receiving total payments of more than \$1,000,000 but less than \$10,000,000 per year from the federal government;

(ii) require the state to add more than zero but less than 11 permanent full-time employees, more than zero but less than 11 permanent part-time employees, or a combination of permanent full-time employees and permanent part-time employees equal to more than zero but less than 11 in order to receive or administer the new federal funds or participate in the new federal program; or

(iii) require the state to expend \$1 to \$1,000,000 of new state money in a fiscal year in order to receive or administer the new federal funds or participate in the new federal program.

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

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

- 609 (B) if the governor, the Judicial Council, or the State Board of Education
 610 approves the new federal funds request, submit the federal funds request
 611 summary to the ~~[Legislative Executive Appropriations Committee]~~ Federalism
 612 Commission for its review ~~[and recommendations]~~ in accordance with
 613 Subsections (2)(b) and (c).
- 614 (ii) The procedures required under Subsection (2)(a)(i) shall be performed, if
 615 possible, before the date that the medium impact funds request is formally
 616 submitted, but not later than three months after the date of formal submission.
- 617 (b) Upon receipt of a federal funds request summary, the Federalism Commission shall:
 618 (i) review the federal funds request summary in accordance with Subsection (2)(c);
 619 and
 620 (ii)(A) recommend that the agency accept the new federal funds; or
 621 (B) refer the federal funds request summary to the Executive Appropriations
 622 Committee for further review as provided in Subsection (2)(c).
- 623 (c) When the Federalism Commission reviews a federal funds request summary, the
 624 Federalism Commission shall:
 625 (i) consider:
 626 (A) the duration and reliability of the federal funds;
 627 (B) state budget dependence, including the risk of reliance on the federal funds for
 628 essential services;
 629 (C) the impact if the amount or value of the federal funds were reduced, including
 630 the ability to fund, scale down, or terminate each funded program;
 631 (D) the federal funds' effect on the state's autonomy, including conditions tied to
 632 the federal funds and constraints on state policy choices; and
 633 (E) consistency with long-term state goals; and
 634 (ii) based on the Federalism Commission's evaluation of the items described in
 635 Subsection (2)(c)(i), determine whether the agency's designation under Subsection
 636 63J-5-102(1)(b)(iv) is the appropriate designation and, if not, which designation
 637 described in Subsection 63J-5-102(1)(b)(iv) is the appropriate designation.
- 638 ~~[(b)]~~ (d) ~~[The Legislative]~~ If the Federalism Commission refers a federal funds request
 639 summary to the Executive Appropriations Committee under Subsection (2)(b)(ii)(B),
 640 the Executive Appropriations Committee shall:
 641 (i) review the federal funds request summary and [may:] the results of the Federalism
 642 Commission's review under Subsection (2)(c); and

- 643 ~~[(i)]~~ ~~(ii)~~(A) recommend that the agency accept the new federal funds;
644 ~~[(ii)]~~ (B) recommend that the agency not accept the new federal funds; or
645 ~~[(iii)]~~ (C) recommend to the governor that the governor call a special session of the
646 Legislature to review and approve or reject the acceptance of the new federal
647 funds.

648 (3)(a)(i) Before obligating the state to accept or receive new federal funds or to
649 participate in a new federal program under a high impact federal funds request
650 that was not authorized during a legislative session as provided in Section
651 63J-5-201, an agency shall:

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

655 (B) if the governor, the Judicial Council , or the State Board of Education
656 approves the new federal funds request, submit the federal funds request
657 summary to the Legislature for its approval or rejection in an annual general
658 session or a special session.

659 (ii) Except as provided in Subsection (3)(a)(iii), the procedures required under
660 Subsection (3)(a)(i) shall be performed, if possible, before the date that the high
661 impact funds request is formally submitted, but not later than three months after
662 the date of formal submission.

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

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

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

673 (4) If an agency fails to comply with the procedures of this section or fails to obtain the
674 Legislature's approval:

675 (a) the governor, the Judicial Council, or the State Board of Education, as appropriate,
676 may require the agency to withdraw the new federal funds request or refuse or return

the new federal funds;

(b) the Legislature may, if federal law allows, opt out or decline to participate in the new federal program or decline to receive the new federal funds; or

(c) the Legislature may reduce the agency's General Fund appropriation in an amount less than, equal to, or greater than the amount of federal funds received by the agency.

(5) If a letter or other official documentation awarding an agency a grant of federal funds is not available to be included in the agency's federal funds request summary to the governor, the Judicial Council, or the State Board of Education, as appropriate, under this section, the agency shall submit to the governor, the Judicial Council, or the State Board of Education, as appropriate, the letter or other official documentation awarding the agency a grant of federal funds before expending the federal funds granted.

Section 10. **FY 2027 Appropriations.**

The following sums of money are appropriated for the fiscal year beginning July 1, 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for fiscal year 2027.

Subsection 10(a). **Operating and Capital Budgets**

Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the Legislature appropriates the following sums of money from the funds or accounts indicated for the use and support of the government of the state of Utah.

ITEM 1 To Utah State University - Education and General

From Income Tax Fund	500,000
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From Income Tax Fund, One-time	150,000
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Schedule of Programs:

Public Service	650,000
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The Legislature intends that the Analytics Solutions Center at the Utah State University Jon M. Huntsman School of Business use the appropriations provided under this item to fulfill the requirements of Utah Code Section 53H-3-317.

Section 11. **Effective Date.**

This bill takes effect on May 6, 2026.