

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

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

63J-5-203 . 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~~] \$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, 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;
- (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 3. Section **63J-5-203.5** is amended to read:

63J-5-203.5 . 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~~] \$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, 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;
- (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 4. Section **63J-5-204** is amended to read:

63J-5-204 . 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~~] \$25,000,000 or more but less than \$100,000,000 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~~] \$5,000,000 but less than [~~\$10,000,000~~] \$25,000,000 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.

(c) "Ultra high impact federal funds request" means a new federal funds request that will or could result in the state receiving total payments of \$100,000,000 or more per year from the federal government.

(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
 - (B) if the governor, the Judicial Council, or the State Board of Education approves the new federal funds request, submit the federal funds request summary to the Legislative Executive Appropriations Committee for its review and recommendations.
- (ii) The procedures required under Subsection (2)(a)(i) shall be performed, if possible, before the date that the medium impact funds request is formally submitted, but not later than three months after the date of formal submission.
- (b) The Legislative Executive Appropriations Committee shall review the federal funds request summary and may:
- (i) recommend that the agency accept the new federal funds;
 - (ii) recommend that the agency not accept the new federal funds; or
 - (iii) recommend to the governor that the governor call a special session of the Legislature to review and approve or reject the acceptance of the new federal funds.
- (3)(a)(i) Before obligating the state to accept or receive new federal funds or to participate in a new federal program under a high 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
 - (B) if the governor, the Judicial Council, or the State Board of Education approves the new federal funds request, submit the federal funds request summary to the Legislature for its approval or rejection in an annual general session or a special session.
- (ii) Except as provided in Subsection (3)(a)(iii), the procedures required under Subsection (3)(a)(i) shall be performed, if possible, before the date that the high impact funds request is formally submitted, but not later than three months after the date of formal submission.

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

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

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

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

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

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

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

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

(c) If the Legislature approves an ultra high impact federal funds request in accordance with this section or Section 63J-5-201:

(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:

- (a) the governor, the Judicial Council, or the State Board of Education, as appropriate, 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)]~~ (6) 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 5. **Effective Date.**

This bill takes effect:

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