

**Federal Funds and the Budget of the State of Utah**  
**Legislative Oversight**

Prepared for Executive Appropriations Committee  
April 22, 1999

Federal funds make up a significant portion of the Utah State budget. They are estimated to total \$1,489,403,000 or 22.3 percent of the FY 2000 State budget. The Governor's report on Federal Funds outlines the types, purposes and requirements for federal assistance. The Legislature enacted UCA 63-40 to better manage the federal financial assistance granted to Utah.

**General information**

Both the Governor and the Legislature have significant responsibilities and roles regarding the oversight of federal funds. These federal funds provide a ready source of revenue for programs and activities that enable an agency to more fully accomplish its mission.

Federal funds may be applied for all through the year. The Legislature meets for only 45 days at the beginning of the year. This makes communicating with and oversight by the Legislature more challenging. Communication with the Legislature is essential throughout the year.

**Key provisions of UCA 63-40 have not been implemented**

UCA 63-40 was amended during the 1996 General Session, however, several key provisions of this section have not been fully implemented.

1. An annual report to the Office of the Legislative Fiscal Analyst and the Executive Appropriations Committee regarding the status and condition of federal assistance programs as specified in Section 63-40-2(5) has not been presented 60 days prior to the General Session.
2. The Governor's annual budget submission does not identify the source of all direct, indirect, or in-kind matching funds for all federal grants or assistance programs as specified in Section 63-40-3(3).

**Recommendations**

1. The central reporting and information system specified in Section 63-40-2(1) should be reviewed.
2. The Governor's Office, in conjunction with the Office of the Legislative Fiscal Analyst, should more fully implement the provisions of 63-40. This should be coordinated with the Executive Appropriations Committee through the Office of the Legislative Fiscal Analyst.
1. The Office of the Legislative Fiscal Analyst should evaluate the "Federal Funds" sheets presented to the Legislature as part of the annual budget analysis for each agency and make changes to more clearly represent the federal funds requirements.
2. The Executive Appropriations Committee should be updated regularly on emerging issues related to current federal funds and the status of proposed federal funds.
3. The Executive Appropriations Committee may want to consider legislation to give more authorizing authority to the Legislature regarding federal fund applications.