

FEDERAL FUNDS AMENDMENTS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ken Ivory

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions relating to the budgeting process for federal funds.

Highlighted Provisions:

This bill:

- ▶ provides that each agency that receives federal revenues greater than the amount appropriated to them by the Legislature in the annual appropriations act may expend a certain amount that exceeds the appropriated amount if the expenditure is authorized by an approved amended work program;

- ▶ amends the definition of new federal funds for determining approval requirements for federal funds; and

- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

63J-2-202, as last amended by Laws of Utah 2012, Chapter 102

63J-5-102, as last amended by Laws of Utah 2016, Chapter 272



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

29 Section 1. Section **63J-2-202** is amended to read:

30 **63J-2-202. Disposition of revenues -- Reporting of balances in dedicated credits**
31 **and fixed collections.**

32 (1) (a) Each agency shall include in its annual budget request estimates of dedicated
33 credits revenues and fixed collections revenues that are identified by, collected for, or set by the
34 agency.

35 (b) If the Legislature or the Division of Finance establishes a new revenue type by law,
36 the agency shall include that new revenue type in its budget request for the next fiscal year.

37 (c) (i) Except as provided in Subsection (1)(c)(ii), if any agency fails to include the
38 estimates of a revenue type in its annual budget request, the Division of Finance shall deposit
39 the money collected in that revenue type into the General Fund or other appropriate fund as
40 free or restricted revenue.

41 (ii) The Division of Finance may not deposit the money collected from a revenue type
42 not included in an agency's annual budget request into the General Fund or other appropriate
43 fund if the agency did not include the estimates of the revenue type in its annual budget request
44 because the Legislature had not yet established or authorized the new revenue type by law.

45 (2) (a) (i) (A) Except as provided in Subsection (2)(a)(i)(B) [~~or~~], (2)(b), or (2)(c), each
46 agency that receives dedicated credits and fixed collections revenues greater than the amount
47 appropriated to them by the Legislature in the annual appropriations act may expend the excess
48 up to 25% of the amount appropriated if the expenditure is authorized by an amended work
49 program approved as provided in Section [63J-1-209](#).

50 (B) Except for line items covering tuition and federal vocational funds at institutions of
51 higher learning, any expenditure of dedicated credits in excess of amounts appropriated by the
52 Legislature may not be used to permanently increase personnel within the agency unless
53 approved by the Legislature.

54 (ii) The Division of Finance shall deposit the balance of that excess into the General
55 Fund or other appropriate fund as free or restricted revenue.

56 (b) Notwithstanding the requirements of Subsection (2)(a), when an agency's dedicated
57 credits and fixed collections revenues represent over 90% of the budget of the program for
58 which they are collected, the agency may expend 100% of the excess of the amount

59 appropriated if the expenditure is authorized by an amended work program approved as
60 provided in Section [63J-1-209](#).

61 (c) Notwithstanding the requirements of Subsection (2)(a), each agency that receives
62 federal revenues greater than the amount appropriated to them by the Legislature in the annual
63 appropriations act may expend the excess up to 25% of the amount appropriated as an ongoing
64 amount if the expenditure is authorized by an amended work program approved as provided in
65 Section [63J-1-209](#).

66 (3) Each agency that receives dedicated credits or fixed collections shall report, to the
67 Division of Finance, any balances remaining in those funds at the conclusion of each fiscal
68 year.

69 Section 2. Section **63J-5-102** is amended to read:

70 **63J-5-102. Definitions.**

71 (1) As used in this chapter:

72 (a) (i) "Agency" means a department, division, committee, commission, council, court,
73 or other administrative subunit of the state.

74 (ii) "Agency" includes:

75 (A) executive branch entities;

76 (B) judicial branch entities; and

77 (C) the State Board of Education.

78 (iii) "Agency" does not mean higher education institutions or political subdivisions.

79 (b) (i) "Federal funds" means cash or other money received from the United States
80 government or from other individuals or entities for or on behalf of the United States and
81 deposited with the state treasurer or any agency of the state.

82 (ii) "Federal funds" includes federal assistance and federal assistance programs,
83 however described.

84 (iii) "Federal funds" does not include money received from the United States
85 government to reimburse the state for money expended by the state.

86 (c) "Federal funds reauthorization" means:

87 (i) the formal submission from an agency to the federal government applying for or
88 seeking reauthorization of federal funds which the state is currently receiving;

89 (ii) the formal submission from an agency to the federal government applying for or

90 seeking reauthorization to participate in a federal program in which the state is currently
91 participating that will result in federal funds being transferred to an agency; or

92 (iii) that period after the first year of a previously authorized and awarded grant or
93 funding award, during which federal funds are disbursed or are scheduled to be disbursed after
94 the first year because the term of the grant or financial award extends for more than one year.

95 (d) (i) "Federal funds request summary" means a document detailing:

96 (A) the amount of money that is being requested or is available to be received by the
97 state from the federal government for each federal funds reauthorization or new federal funds
98 request;

99 (B) those federal funds reauthorizations and new federal funds requests that are
100 included as part of the agency's proposed budget for the fiscal year, and the amount of those
101 requests;

102 (C) the amount of new state money, if any, that will be required to receive the federal
103 funds or participate in the federal program;

104 (D) the number of additional permanent full-time employees, additional permanent
105 part-time employees, or combination of additional permanent full-time employees and
106 additional permanent part-time employees, if any, that the state estimates are needed in order to
107 receive the federal funds or participate in the federal program; and

108 (E) any requirements that the state must meet as a condition for receiving the federal
109 funds or participating in the federal program.

110 (ii) "Federal funds request summary" includes, if available:

111 (A) the letter awarding an agency a grant of federal funds; or

112 (B) other official documentation awarding an agency a grant of federal funds.

113 (e) "Federal maintenance of effort requirements" means any matching, level of effort,
114 or earmarking requirements, as defined in Office of Management and Budget requirements,
115 that are imposed on an agency as a condition of receiving federal funds.

116 (f) "Local education agency" or "LEA" means:

117 (i) a school district;

118 (ii) a charter school; or

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

120 (g) "New federal funds" means:

- 121 (i) federal assistance or other federal funds that are available from the federal
122 government that:
- 123 (A) the state is not currently receiving; or
124 (B) exceed the federal funds amount most recently approved by the Legislature as an
125 ongoing amount by more than 25% for a federal grant or program in which the state is currently
126 participating;
- 127 (ii) a federal assistance program or other federal program in which the state is not
128 currently participating; or
129 (iii) a one-time TANF request.
- 130 (h) "New federal funds request" means:
- 131 (i) the formal submission from an agency to the federal government:
132 (A) applying for or otherwise seeking to obtain new federal funds; or
133 (B) applying for or seeking to participate in a new federal program that will result in
134 federal funds being transferred to an agency; or
135 (ii) a one-time TANF request.
- 136 (i) (i) "New state money" means money, whether specifically appropriated by the
137 Legislature or not, that the federal government requires Utah to expend as a condition for
138 receiving the federal funds or participating in the federal program.
- 139 (ii) "New state money" includes money expended to meet federal maintenance of effort
140 requirements.
- 141 (j) "One-time TANF request" means a proposed expenditure by the Department of
142 Workforce Services from its reserves of federal Temporary Assistance for Needy Families
143 funds:
- 144 (i) for a project or program that will last for a fixed amount of time and is not an
145 ongoing project or program of the Department of Workforce Services; and
146 (ii) that is greater than \$1,000,000 over the amount most recently approved by the
147 Legislature.
- 148 (k) (i) "Pass-through federal funds" means federal funds provided to an agency that are
149 distributed to local governments or private entities without being used by the agency.
- 150 (ii) "Pass-through federal funds" does not include federal funds provided to the State
151 Board of Education that are distributed to a local education agency or other subrecipient

152 without being used by the State Board of Education.

153 (1) "State" means the state of Utah and all of its agencies, and any administrative
154 subunits of those agencies.

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

158 Section 3. **Effective date.**

159 This bill takes effect on July 1, 2017.

Legislative Review Note
Office of Legislative Research and General Counsel