

Representative Marsha Judkins proposes the following substitute bill:

FEDERAL FUNDS CONTINGENCY PLANNING

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ken Ivory

Senate Sponsor: Michael S. Kennedy

LONG TITLE

General Description:

This bill addresses contingency planning related to federal funds.

Highlighted Provisions:

This bill:

- ▶ through July 1, 2027, requires a state agency to provide a contingency analysis and plan, and a state sovereignty evaluation, when submitting a federal funds reauthorization or a new federal funds request;

- ▶ requires a state agency that meets certain thresholds for federal funding to create a contingency plan related to that funding and provides a sunset date for this requirement;

- ▶ repeals provisions regarding federal receipts reporting requirements; and

- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:



26 **26B-3-130**, as last amended by Laws of Utah 2023, Chapter 16 and renumbered and
27 amended by Laws of Utah 2023, Chapter 306

28 **63I-1-263**, as last amended by Laws of Utah 2023, Chapters 33, 47, 104, 109, 139, 155,
29 212, 218, 249, 270, 448, 489, and 534

30 **63J-5-102**, as last amended by Laws of Utah 2018, Chapter 467

31 **63J-5-103**, as last amended by Laws of Utah 2017, Chapter 247

32 **63J-5-204**, as last amended by Laws of Utah 2016, Chapter 272

33 ENACTS:

34 **63J-5-301**, Utah Code Annotated 1953

35 **63J-5-302**, Utah Code Annotated 1953

36 REPEALS:

37 **63J-1-219**, as last amended by Laws of Utah 2022, Chapter 447

38 **63J-5-101**, as enacted by Laws of Utah 2008, Chapter 382

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

41 Section 1. Section **26B-3-130** is amended to read:

42 **26B-3-130. Medicaid intergovernmental transfer report -- Approval**
43 **requirements.**

44 (1) As used in this section:

45 (a) (i) "Intergovernmental transfer" means the transfer of public funds from:

46 (A) a local government entity to another nonfederal governmental entity; or

47 (B) from a nonfederal, government owned health care facility regulated under Chapter
48 2, Part 2, Health Care Facility Licensing and Inspection, to another nonfederal governmental
49 entity.

50 (ii) "Intergovernmental transfer" does not include:

51 (A) the transfer of public funds from one state agency to another state agency; or

52 (B) a transfer of funds from the University of Utah Hospitals and Clinics.

53 (b) (i) "Intergovernmental transfer program" means a federally approved
54 reimbursement program or category that is authorized by the Medicaid state plan or waiver
55 authority for intergovernmental transfers.

56 (ii) "Intergovernmental transfer program" does not include the addition of a provider to

an existing intergovernmental transfer program.

(c) "Local government entity" means a county, city, town, special service district, special district, or local education agency as that term is defined in Section [63J-5-102](#).

(d) "Non-state government entity" means a hospital authority, hospital district, health care district, special service district, county, or city.

(2) (a) An entity that receives federal Medicaid dollars from the department as a result of an intergovernmental transfer shall, on or before August 1, 2017, and on or before August 1 each year thereafter, provide the department with:

(i) information regarding the payments funded with the intergovernmental transfer as authorized by and consistent with state and federal law;

(ii) information regarding the entity's ability to repay federal funds, to the extent required by the department in the contract for the intergovernmental transfer; and

(iii) other information reasonably related to the intergovernmental transfer that may be required by the department in the contract for the intergovernmental transfer.

(b) On or before October 15, 2017, and on or before October 15 each subsequent year, the department shall prepare a report for the Executive Appropriations Committee that includes:

(i) the amount of each intergovernmental transfer under Subsection (2)(a);

(ii) a summary of changes to CMS regulations and practices that are known by the department regarding federal funds related to an intergovernmental transfer program; and

(iii) other information the department gathers about the intergovernmental transfer under Subsection (2)(a).

(3) The department shall not create a new intergovernmental transfer program after July 1, 2017, unless the department reports to the Executive Appropriations Committee, in accordance with Section [63J-5-206](#), before submitting the new intergovernmental transfer program for federal approval. The report shall include information required by Subsection ~~[[63J-5-102\(1\)\(d\)](#)]~~ [63J-5-102\(1\)\(e\)](#) and the analysis required in Subsections (2)(a) and (b).

(4) (a) The department shall enter into new Nursing Care Facility Non-State Government-Owned Upper Payment Limit program contracts and contract amendments adding new nursing care facilities and new non-state government entity operators in accordance with this Subsection (4).

(b) (i) If the nursing care facility expects to receive less than \$1,000,000 in federal funds each year from the Nursing Care Facility Non-State Government-Owned Upper Payment Limit program, excluding seed funding and administrative fees paid by the non-state government entity, the department shall enter into a Nursing Care Facility Non-State Government-Owned Upper Payment Limit program contract with the non-state government entity operator of the nursing care facility.

(ii) If the nursing care facility expects to receive between \$1,000,000 and \$10,000,000 in federal funds each year from the Nursing Care Facility Non-State Government-Owned Upper Payment Limit program, excluding seed funding and administrative fees paid by the non-state government entity, the department shall enter into a Nursing Care Facility Non-State Government-Owned Upper Payment Limit program contract with the non-state government entity operator of the nursing care facility after receiving the approval of the Executive Appropriations Committee.

(iii) If the nursing care facility expects to receive more than \$10,000,000 in federal funds each year from the Nursing Care Facility Non-State Government-Owned Upper Payment Limit program, excluding seed funding and administrative fees paid by the non-state government entity, the department may not approve the application without obtaining approval from the Legislature and the governor.

(c) A non-state government entity may not participate in the Nursing Care Facility Non-State Government-Owned Upper Payment Limit program unless the non-state government entity is a special service district, county, or city that operates a hospital or holds a license under Chapter 2, Part 2, Health Care Facility Licensing and Inspection.

(d) Each non-state government entity that participates in the Nursing Care Facility Non-State Government-Owned Upper Payment Limit program shall certify to the department that:

(i) the non-state government entity is a local government entity that is able to make an intergovernmental transfer under applicable state and federal law;

(ii) the non-state government entity has sufficient public funds or other permissible sources of seed funding that comply with the requirements in 42 C.F.R. Part 433, Subpart B;

(iii) the funds received from the Nursing Care Facility Non-State Government-Owned Upper Payment Limit program are:

119 (A) for each nursing care facility, available for patient care until the end of the
120 non-state government entity's fiscal year; and

121 (B) used exclusively for operating expenses for nursing care facility operations, patient
122 care, capital expenses, rent, royalties, and other operating expenses; and

123 (iv) the non-state government entity has completed all licensing, enrollment, and other
124 forms and documents required by federal and state law to register a change of ownership with
125 the department and with CMS.

126 (5) The department shall add a nursing care facility to an existing Nursing Care Facility
127 Non-State Government-Owned Upper Payment Limit program contract if:

128 (a) the nursing care facility is managed by or affiliated with the same non-state
129 government entity that also manages one or more nursing care facilities that are included in an
130 existing Nursing Care Facility Non-State Government-Owned Upper Payment Limit program
131 contract; and

132 (b) the non-state government entity makes the certification described in Subsection
133 (4)(d)(ii).

134 (6) The department may not increase the percentage of the administrative fee paid by a
135 non-state government entity to the department under the Nursing Care Facility Non-State
136 Government-Owned Upper Payment Limit program.

137 (7) The department may not condition participation in the Nursing Care Facility
138 Non-State Government-Owned Upper Payment Limit program on:

139 (a) a requirement that the department be allowed to direct or determine the types of
140 patients that a non-state government entity will treat or the course of treatment for a patient in a
141 non-state government nursing care facility; or

142 (b) a requirement that a non-state government entity or nursing care facility post a
143 bond, purchase insurance, or create a reserve account of any kind.

144 (8) The non-state government entity shall have the primary responsibility for ensuring
145 compliance with Subsection (4)(d)(ii).

146 (9) (a) The department may not enter into a new Nursing Care Facility Non-State
147 Government-Owned Upper Payment Limit program contract before January 1, 2019.

148 (b) Subsection (9)(a) does not apply to:

149 (i) a new Nursing Care Facility Non-State Government-Owned Upper Payment Limit

program contract that was included in the federal funds request summary under Section 63J-5-201 for fiscal year 2018; or

(ii) a nursing care facility that is operated or managed by the same company as a nursing care facility that was included in the federal funds request summary under Section 63J-5-201 for fiscal year 2018.

Section 2. Section **63I-1-263** is amended to read:

63I-1-263. Repeal dates: Titles 63A to 63N.

(1) Subsection 63A-5b-405(5), relating to prioritizing and allocating capital improvement funding, is repealed July 1, 2024.

(2) Section 63A-5b-1003, State Facility Energy Efficiency Fund, is repealed July 1, 2023.

(3) Sections 63A-9-301 and 63A-9-302, related to the Motor Vehicle Review Committee, are repealed July 1, 2023.

(4) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July 1, 2028.

(5) Title 63C, Chapter 6, Utah Seismic Safety Commission, is repealed January 1, 2025.

(6) Title 63C, Chapter 12, Snake Valley Aquifer Advisory Council, is repealed July 1, 2024.

(7) Title 63C, Chapter 17, Point of the Mountain Development Commission Act, is repealed July 1, 2023.

(8) Title 63C, Chapter 18, Behavioral Health Crisis Response Commission, is repealed December 31, 2026.

(9) Title 63C, Chapter 23, Education and Mental Health Coordinating Council, is repealed July 1, 2026.

(10) Title 63C, Chapter 27, Cybersecurity Commission, is repealed July 1, 2032.

(11) Title 63C, Chapter 28, Ethnic Studies Commission, is repealed July 1, 2026.

(12) Title 63C, Chapter 29, Domestic Violence Data Task Force, is repealed December 31, 2024.

(13) Title 63C, Chapter 31, State Employee Benefits Advisory Commission, is repealed on July 1, 2028.

181 (14) Section 63G-6a-805, which creates the Purchasing from Persons with Disabilities
182 Advisory Board, is repealed July 1, 2026.

183 (15) Title 63G, Chapter 21, Agreements to Provide State Services, is repealed July 1,
184 2028.

185 (16) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1,
186 2024.

187 (17) Title 63H, Chapter 8, Utah Housing Corporation Act, is repealed July 1, 2026.

188 (18) Subsection 63J-1-602.2(25), related to the Utah Seismic Safety Commission, is
189 repealed January 1, 2025.

190 (19) Title 63J, Chapter 5, Part 3, Federal Funds Contingency Plan, is repealed July 1,
191 2027.

192 [~~(19)~~] (20) Section 63L-11-204, creating a canyon resource management plan to Provo
193 Canyon, is repealed July 1, 2025.

194 [~~(20)~~] (21) Title 63L, Chapter 11, Part 4, Resource Development Coordinating
195 Committee, is repealed July 1, 2027.

196 [~~(21)~~] (22) In relation to the Utah Substance Use and Mental Health Advisory Council,
197 on January 1, 2033:

198 (a) Sections 63M-7-301, 63M-7-302, 63M-7-303, 63M-7-304, and 63M-7-306 are
199 repealed;

200 (b) Section 63M-7-305, the language that states "council" is replaced with
201 "commission";

202 (c) Subsection 63M-7-305(1)(a) is repealed and replaced with:

203 "(1) "Commission" means the Commission on Criminal and Juvenile Justice."; and

204 (d) Subsection 63M-7-305(2) is repealed and replaced with:

205 "(2) The commission shall:

206 (a) provide ongoing oversight of the implementation, functions, and evaluation of the
207 Drug-Related Offenses Reform Act; and

208 (b) coordinate the implementation of Section 77-18-104 and related provisions in
209 Subsections 77-18-103(2)(c) and (d).".

210 [~~(22)~~] (23) The Crime Victim Reparations and Assistance Board, created in Section
211 63M-7-504, is repealed July 1, 2027.

[~~(23)~~] (24) Title 63M, Chapter 7, Part 8, Sex Offense Management Board, is repealed July 1, 2026.

[~~(24)~~] (25) Title 63M, Chapter 11, Utah Commission on Aging, is repealed July 1, 2026.

[~~(25)~~] (26) Title 63N, Chapter 1b, Part 4, Women in the Economy Subcommittee, is repealed January 1, 2025.

[~~(26)~~] (27) Title 63N, Chapter 2, Part 2, Enterprise Zone Act, is repealed July 1, 2028.

[~~(27)~~] (28) Section [63N-2-512](#), related to the Hotel Impact Mitigation Fund, is repealed July 1, 2028.

[~~(28)~~] (29) Title 63N, Chapter 3, Part 9, Strategic Innovation Grant Pilot Program, is repealed July 1, 2027.

[~~(29)~~] (30) Title 63N, Chapter 3, Part 11, Manufacturing Modernization Grant Program, is repealed July 1, 2025.

[~~(30)~~] (31) In relation to the Rural Employment Expansion Program, on July 1, 2028:

(a) Title 63N, Chapter 4, Part 4, Rural Employment Expansion Program, is repealed; and

(b) Subsection [63N-4-805](#)(5)(b), referring to the Rural Employment Expansion Program, is repealed.

[~~(31)~~] (32) In relation to the Board of Tourism Development, on July 1, 2025:

(a) Subsection [63N-2-511](#)(1)(b), which defines "tourism board," is repealed;

(b) Subsections [63N-2-511](#)(3)(a) and (5), the language that states "tourism board" is repealed and replaced with "Utah Office of Tourism";

(c) Subsection [63N-7-101](#)(1), which defines "board," is repealed;

(d) Subsection [63N-7-102](#)(3)(c), which requires the Utah Office of Tourism to receive approval from the Board of Tourism Development, is repealed; and

(e) Title 63N, Chapter 7, Part 2, Board of Tourism Development, is repealed.

[~~(32)~~] (33) Subsection [63N-8-103](#)(3)(c), which allows the Governor's Office of Economic Opportunity to issue an amount of tax credit certificates only for rural productions, is repealed on July 1, 2024.

Section 3. Section **63J-5-102** is amended to read:

63J-5-102. 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

(C) the State Board of Education.

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

(b) "Contingency analysis and plan" means, with respect to a federal funds reauthorization or new federal funds request, the submitting or requesting agency's:

(i) analysis of:

(A) the likelihood that the amount or value of the federal funds will be reduced, and how that likelihood changes over time; and

(B) the likelihood that the federal funds will become unavailable, and how that likelihood changes over time;

(ii) explanation of:

(A) whether accepting the federal funds may create an expectation of ongoing funding by any beneficiary of the funds; and

(B) as applicable, how the agency will communicate to stakeholders that services funded by the federal funds may or will be temporary;

(iii) plan for how the agency will:

(A) proceed if the amount or value of the federal funds are unexpectedly reduced in any material degree or amount;

(B) proceed if the federal funds become unavailable unexpectedly;

(C) wind down the program or services funded by the federal funds when the federal funds are exhausted; and

(D) transition any beneficiaries of the funds to a different program or service provider if the agency is unable to continue providing the same program or services due to a decrease or loss of federal funds; and

(iv) designation of the federal funds and the program or purpose for which the funds will be used as either:

274 (A) mandatory under federal or state law;

275 (B) high priority; or

276 (C) low priority.

277 ~~[(b)]~~ (c) (i) "Federal funds" means cash or other money received from the United States
278 government or from other individuals or entities for or on behalf of the United States and
279 deposited with the state treasurer or any agency of the state.

280 (ii) "Federal funds" includes federal assistance and federal assistance programs,
281 however described.

282 ~~[(iii) "Federal funds" does not include money received from the United States~~
283 ~~government to reimburse the state or local government entity for money expended by the state~~
284 ~~or local government entity.]~~

285 ~~[(e)]~~ (d) "Federal funds reauthorization" means:

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

288 (ii) the formal submission from an agency to the federal government applying for or
289 seeking reauthorization to participate in a federal program in which the state is currently
290 participating that will result in federal funds being transferred to an agency; or

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

294 ~~[(d)]~~ (e) (i) "Federal funds request summary" means a document detailing:

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

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

301 (C) through July 1, 2027, a contingency analysis and plan for each federal funds
302 reauthorization and each new federal funds request;

303 ~~[(E)]~~ (D) the amount of new state money, if any, that will be required to receive the
304 federal funds or participate in the federal program;

305 ~~[(D)]~~ (E) the number of additional permanent full-time employees, additional
306 permanent part-time employees, or combination of additional permanent full-time employees
307 and additional permanent part-time employees, if any, that the state estimates are needed in
308 order to receive the federal funds or participate in the federal program; ~~[and]~~

309 ~~[(E)]~~ (F) any requirements that the state must meet as a condition for receiving the
310 federal funds or participating in the federal program~~[-]; and~~

311 (G) through July 1, 2027, a state sovereignty evaluation as defined in Subsection
312 (1)(n).

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

314 (A) the letter awarding an agency a grant of federal funds or other official
315 documentation awarding an agency a grant of federal funds; and

316 (B) a document detailing federal maintenance of effort requirements.

317 ~~[(F)]~~ (f) "Federal maintenance of effort requirements" means any matching, level of
318 effort, or earmarking requirements, as defined in Office of Management and Budget
319 requirements, that are imposed on an agency as a condition of receiving federal funds.

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

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

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

326 (i) a school district;

327 (ii) a charter school; or

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

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

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

332 (A) the state is not currently receiving; or

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

335 (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)]~~ (j) "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.

~~[(j)]~~ (k) (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.

~~[(k)]~~ (l) "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.

~~[(l) (i) "Pass-through federal funds" means federal funds provided to an agency that are distributed to local governments or private entities without being used by the agency.]~~

~~[(ii) "Pass-through federal funds" does not include federal funds provided to the State Board of Education that are distributed to a local education agency or other subrecipient without being used by the State Board of Education.]~~

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

(n) (i) "State sovereignty evaluation" means an analysis of the extent to which accepting the federal funds or participating in the federal program may impair, restrict, or limit the sovereignty of the state or the police power jurisdiction of the state.

(ii) "State sovereignty evaluation" includes the consideration of:

(A) the possible impacts of accepting the federal funds, alone;

(B) the possible impacts of accepting the federal funds in light of other federal funds or federal programs the agency receives or participates in; and

(C) the possible impacts of accepting the federal funds at the time the federal funds would be accepted and throughout the anticipated duration of the federal funding.

(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 4. Section **63J-5-103** is amended to read:

63J-5-103. Scope and applicability of chapter.

(1) Except as ~~[provided in Subsection (2), and except as]~~ otherwise provided by a statute superseding provisions of this chapter by explicit reference to this chapter, the provisions of this chapter apply to each agency and govern each federal funds request.

~~[(2) (a) This chapter does not govern federal funds requests for:]~~

~~[(i) except as provided in Section **63J-5-206**, the Medical Assistance Program, commonly known as Medicaid; and]~~

~~[(ii) except as provided in Section **63J-5-206**, the Children's Health Insurance Program.]~~

~~[(b) Until Subsections (2)(c) and (d) apply, this chapter does not govern federal funds requests for:]~~

~~[(i) the Women, Infant, and Children program;]~~

~~[(ii) the Temporary Assistance for Needy Families program, except for a one-time TANF request as defined in Section **63J-5-102**;~~

~~[(iii) Social Security Act money;]~~

~~[(iv) the Substance Abuse Prevention and Treatment program;]~~

~~[(v) Child Care and Development Block Grant;]~~

~~[(vi) SNAP Administration and Training money;]~~

~~[(vii) Unemployment Insurance Operations money;]~~

~~[(viii) Federal Highway Administration money;]~~

~~[(ix) the Utah National Guard; or]~~

~~[(x) pass-through federal funds.]~~

398 ~~[(c) Federal funds requests described in Subsection (2)(b) are subject to the provisions~~
399 ~~of this chapter:]~~

400 ~~[(i) beginning on January 1, 2018, for each agency that receives more than~~
401 ~~\$200,000,000 annually in federal funds; or]~~

402 ~~[(ii) beginning on July 1, 2018, for each agency that receives \$200,000,000 or less~~
403 ~~annually in federal funds:]~~

404 ~~[(d) Maintenance of effort reporting requirements described in Subsection~~
405 ~~63J-5-102(1)(d)(ii)(B) may not be required until:]~~

406 ~~[(i) January 1, 2018, for each agency that receives more than \$200,000,000 annually in~~
407 ~~federal funds; or]~~

408 ~~[(ii) July 1, 2018, for each agency that receives \$200,000,000 or less annually in~~
409 ~~federal funds:]~~

410 ~~[(3)]~~ (2) The governor need not seek legislative review or approval of federal funds
411 received by the state if:

412 (a) the governor has declared a state of emergency; and

413 (b) the federal funds are received to assist victims of the state of emergency under
414 Section 53-2a-204.

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

416 **63J-5-204. Legislative review and approval of certain federal funds requests.**

417 (1) As used in this section:

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

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

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

426 (iii) require the state to expend more than \$1,000,000 of new state money in a fiscal
427 year in order to receive or administer the new federal funds or participate in the new federal
428 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

(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:

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

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

465 (ii) ~~[The]~~ Except as provided in Subsection (3)(a)(iii), the procedures required under
466 Subsection (3)(a)(i) shall be performed, if possible, before the date that the high impact funds
467 request is formally submitted, but not later than three months after the date of formal
468 submission.

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

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

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

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

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

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

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

487 (5) If a letter or other official documentation awarding an agency a grant of federal
488 funds is not available to be included in the agency's federal funds request summary to the
489 governor, the Judicial Council, or the State Board of Education, as appropriate, under this
490 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 6. Section **63J-5-301** is enacted to read:

Part 3. Federal Funds Contingency Plan

63J-5-301. Definitions.

As used in this part:

(1) "Federal receipts" means the federal financial assistance, as defined in 31 U.S.C. Sec. 7501, that is reported as part of a single audit.

(2) "Qualifying agency" means an agency that, in a single fiscal year, has federal receipts composing more than 33% of the agency's total budget.

(3) "Single audit" means the same as that term is defined in 31 U.S.C. Sec. 7501.

Section 7. Section **63J-5-302** is enacted to read:

63J-5-302. Federal funds contingency plan.

(1) A qualifying agency shall prepare a federal funds contingency plan that meets the requirements described in Subsection (2).

(2) A federal funds contingency plan shall:

(a) identify short-term and long-term risks to the agency if there is a reduction in the amount or value of federal funds the agency receives;

(b) identify short-term and long-term strategies the agency may use to respond to the risks described in Subsection (2)(a); and

(c) designate agency personnel who are responsible for implementing the strategies described in Subsection (2)(b).

(3) A qualifying agency shall update the agency's federal funds contingency plan:

(a) at least every other year; and

(b) in any year in which the qualifying agency submits a new federal funds request that exceeds \$10,000,000.

(4) On or before December 15 of each year that a qualifying agency prepares a federal funds contingency plan or an update to a federal funds contingency plan, the qualifying agency shall provide a copy of the contingency plan or update to:

(a) the Governor's Office of Planning and Budget;

(b) the Executive Appropriations Committee; and

522 (c) the Legislative Fiscal Analyst.

523 Section 8. **Repealer.**

524 This bill repeals:

525 Section **63J-1-219**, **Definitions -- Federal receipts reporting requirements.**

526 Section **63J-5-101**, **Title.**

527 Section 9. **Effective date.**

528 This bill takes effect on May 1, 2024.