

Karianne Lisonbee proposes the following substitute bill:

**Child Care Services Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Luz Escamilla**

House Sponsor: Karianne Lisonbee

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**LONG TITLE**

**General Description:**

This bill enacts the Child Care Capacity Expansion Act.

**Highlighted Provisions:**

This bill:

- defines terms;
- creates the Child Care Capacity Expansion Act (act);
- describes the purpose of the act;
- directs certain state departments to collaborate on implementing the act;
- provides for certain limitations on liability from operations of an expanded child care facility; and
- requires an annual report to certain legislative committees.

**Money Appropriated in this Bill:**

This bill transfers \$2,000,000 from the General Fund, One-time, Capital Improvements to Capital Dev - Other State Gov.

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

ENACTS:

**63N-22-101**, Utah Code Annotated 1953

**63N-22-102**, Utah Code Annotated 1953

**63N-22-103**, Utah Code Annotated 1953

**63N-22-104**, Utah Code Annotated 1953

**63N-22-105**, Utah Code Annotated 1953

**63N-22-106**, Utah Code Annotated 1953

**63N-22-107**, Utah Code Annotated 1953

63N-22-201, Utah Code Annotated 1953

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

Section 1. Section 63N-22-101 is enacted to read:

## CHAPTER 22. CHILD CARE CAPACITY EXPANSION ACT

### Part 1. Employer-based, State-assisted Child Care Capacity Expansion Program

#### **63N-22-101 . Definitions.**

As used in this chapter:

- (1) "Capacity limit" means the same as that term is defined in Section 26B-2-401.
- (2) "Center based child care" means the same as that term is defined in Section 26B-2-401.
- (3) "Child care" means the same as that term is defined in Section 26B-2-401.
- (4) "Child care program" means the same as that term is defined in Section 26B-2-401.
- (5) "Community member" means an individual who:
  - (a) resides no more than 30 miles from an expanded child care opportunity facility;
  - (b) works at a location no more than 15 miles from an expanded child care opportunity facility;
  - (c) is a state employee;
  - (d) is a member of the National Guard; or
  - (e) is a member of the armed forces as defined in Section 68-3-12.5.
- (6) "Employer cooperative" means three or more private employers who have entered into a formal agreement to share resources.
- (7) "Employer sponsor" means a private, for-profit entity that leases an expanded child care capacity facility from the state.
- (8) "Expanded child care opportunity facility" means a building:
  - (a) that is state-owned;
  - (b) that has been retrofitted to meet the licensing requirements for child care established by the Department of Health and Human Services; and
  - (c) in which one or more licensed providers may operate a private child care business pursuant to a contract with an employer sponsor.
- (9) "Licensed child care provider" means a person who holds a license from the Department of Health and Human Services to provide center based child care, whether in a for-profit or non-profit model.
- (10) "Program" means the employer-based, state-assisted child care capacity expansion

program described in Section 63N-22-102.

(11) "Young child" means a child six years old or younger.

Section 2. Section **63N-22-102** is enacted to read:

**63N-22-102 . Employer-based, state-assisted child care capacity expansion program created.**

(1) This section creates an employer-based, state-assisted child care capacity expansion program.

(2) The goal of the employer-based, state-assisted child care capacity expansion program is to:

(a) expand the state's supply of high quality and affordable child care seats;

(b) support employers seeking to secure a reliable workforce;

(c) support the economic prospects of parents of young children in the workforce;

(d) promote economic growth; and

(e) utilize obsolete state property.

Section 3. Section **63N-22-103** is enacted to read:

**63N-22-103 . Retrofitting state-owned buildings for center based child care.**

(1) The Division of Facilities Construction and Management and office shall partner to:

(a) identify an obsolete state-owned building suitable for retrofitting as an expanded child care opportunity facility;

(b) once an obsolete state-owned building is identified as suitable, establish a timeline by which the building may be retrofitted to serve as an expanded child care opportunity facility;

(c) identify state-owned property suitable for a new building to serve as an expanded child care opportunity facility;

(d) once state-owned property is identified as suitable, establish a timeline by which the expanded child care opportunity facility may be built; and

(e) within available funds, ensure the retrofitting process or building process results in an expanded child care opportunity facility that complies with licensing standards established by the Department of Health and Human Services.

(2) The Division of Facilities Construction and Management shall be responsible for ongoing maintenance of an expanded child care opportunity facility, as more fully detailed in a lease between the Division of Facilities Construction and Management and an employer sponsor described in Section 63N-22-104.

(3) Once an obsolete state-owned building has been successfully retrofitted to serve as an

expanded child care opportunity facility, or an expanded child care opportunity facility has been built on state-owned property, the Department of Health and Human Services shall work with the Division of Facilities Construction and Management and the office to determine:

- (a) the expanded child care opportunity expansion facility's maximum capacity limit; and
- (b) if the expanded child care opportunity expansion facility is appropriate to house more than one licensed child care program.

(4)(a) Upon identifying a property described in Subsections (1)(a) through (c), the Division of Facilities Construction and Management shall conduct a study of potential market impacts of an expanded child care opportunity facility on private child care centers in the surrounding area.

- (b) The Division of Facilities Construction and Management and the office shall take into consideration the impact study described in Subsection (4)(a) before retrofitting or building an expanded child care facility described under this part.

Section 4. Section **63N-22-104** is enacted to read:

**63N-22-104 . Leasing expanded child care opportunity facilities.**

(1) The office shall:

- (a) identify a potential employer sponsor to lease an expanded child care opportunity facility;
- (b) conduct a market analysis to determine appropriate leasing rates for an expanded child care opportunity facility; and
- (c) recommend the Division of Facilities Construction and Management seek to enter into a lease with a potential employer sponsor at an expanded child care opportunity facility.

(2) If the office identifies more potential employer sponsors than there are available leasing opportunities, the office shall prioritize recommendations that the Division of Facilities Construction and Management enter into leases with employer sponsors:

- (a)(i) that self-report having 50 or more employees;
- (ii) that self-report being part of an employer cooperative agreement with a minimum of 50 employees collectively; or
- (iii) that self-report having 25% or more of the employer sponsor's workforce made up of parents of young children; and
- (b) with a proposal to reduce the cost of child care tuition to employer employees and community members.

- (3) The Division of Facilities Construction and Management may enter into a lease at the market value as determined in Subsection (1)(b) with an employer sponsor as described in this section.
- (4) A lease authorized by this section shall, at a minimum, require:
- (a) the employer sponsor to utilize the leased space only for child care purposes;
  - (b) the employer sponsor to contract with a licensed provider to operate the center based child care at the leased space, as described in Section 63N-22-105;
  - (c) the employer sponsor to contract with a licensed provider:
    - (i) doing business solely in Utah; or
    - (ii) primarily doing business in Utah;
  - (d) the employer sponsor to maintain general liability and workers' compensation insurance in minimum amounts established by the Division of Risk Management by rule;
  - (e) the employer sponsor to require a contracted licensed provider to maintain general liability and workers' compensation insurance in minimum amounts established by the Division of Risk Management by rule;
  - (f) that the employer sponsor reserve 50% of capacity limit of the leased space for the children of employer sponsor employees and 50% of capacity limit of the leased space for the children of community members; and
  - (g) automatic relinquishment of the leased space in the event the employer sponsor fails to maintain a licensed provider operating in the leased space, as described in Section 63N-22-105, for a time period of more than 90 consecutive calendar days.
- (5) The Division of Facilities Construction and Management shall deposit lease payments from an employer sponsor into the General Fund.
- (6) The Division of Facilities Construction and Management and the office shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to implement the provisions of this section.

Section 5. Section **63N-22-105** is enacted to read:

**63N-22-105 . Contracts with licensed providers -- Expectations of licensed providers.**

- (1) No later than 60 days after the day on which a lease between an employer sponsor and the Division of Facilities Construction and Management takes effect, the employer sponsor shall enter into a contract with a licensed provider for the licensed provider to operate a center based child care facility in the leased space.

- 164 (2)(a) The Division of Facilities Construction and Management, in consultation with the  
165 office, shall establish a contract template to be used between an employer sponsor  
166 and licensed provider.
- 167 (b) The employer sponsor and licensed provider may modify the template described in  
168 Subsection (2)(a) to meet specific needs, subject to the requirements of this section.
- 169 (3) The contract between the employer sponsor and licensed provider shall establish, at a  
170 minimum:
- 171 (a) the number of overall spots set aside for employer sponsor employees;  
172 (b) the expected hours of operation of the licensed provider;  
173 (c) the insurance amounts that the licensed provider is required to maintain while  
174 conducting business in accordance with the contract;  
175 (d) that a licensed provider at an expanded child care opportunity facility shall:  
176 (i) no later than one year after the date the contract described in this section is  
177 effective, earn a certified quality rating of "Building Quality," "High Quality," or  
178 "High Quality Plus" in the Child Care Quality System from the Department of  
179 Workforce Services, as described by Department of Workforce Services rule, and  
180 thereafter maintain that rating or better;  
181 (ii) accept community member families who receive child care subsidy from the  
182 Department of Workforce Services, if space is available; and  
183 (iii) maintain at least one infant room and one toddler room at the expanded child  
184 care opportunity facility; and
- 185 (e) that in the event the licensed provider's license is suspended or revoked by the  
186 Department of Health and Human Services, the contract shall be immediately  
187 terminated.
- 188 (4) The contracted licensed provider shall be responsible for collecting tuition, complying  
189 with licensing requirements, managing and compensating the licensed provider's  
190 employees, managing any potential waitlist of families hoping to secure a spot at the  
191 program, and all other child care provider business activities.
- 192 (5) The contracted licensed provider shall not charge an employer sponsor employee or  
193 community member tuition in excess of what the licensed provider charges at other child  
194 care programs that the licensed provider operates within a 50 mile radius of the  
195 expanded child care opportunity facility.

196 Section 6. Section **63N-22-106** is enacted to read:

197 **63N-22-106 . Promotion of the employer-based, state-assisted child care capacity**

**expansion program.**

- (1) The office shall promote the program created in this chapter to the business community.
- (2) The Department of Workforce Services shall promote the program created in this chapter to licensed child care providers, with particular outreach to licensed child care providers that have been rated "Building Quality," "High Quality," or "High Quality Plus" in the Child Care Quality System by the Department of Workforce Services.
- (3) Beginning January 1, 2026, the Department of Workforce Services shall provide a list of high quality center based child care providers in the geographic region of an expanded child care opportunity facility to the Division of Facilities Construction and Management on a quarterly basis.
- (4) The Division of Facilities Construction and Management shall provide the list described in Subsection (3) upon request to an employer sponsor seeking a licensed provider with whom the employer sponsor may contract, as described in Section 63N-22-105.

Section 7. Section **63N-22-107** is enacted to read:

**63N-22-107 . Limitation on liability.**

- (1) Nothing in this chapter creates an employer-employee relationship between the state or any department of the state and an employer sponsor or a licensed provider.
- (2) The state is not liable for any civil damages for acts or omissions resulting from the operations of an expanded child care opportunity facility.

Section 8. Section **63N-22-201** is enacted to read:

**Part 2. Reporting**

**63N-22-201 . Reporting requirement.**

- (1) The office shall provide, by October 1 of each year, a report to the Economic Development and Workforce Services Interim Committee, the Health and Human Services Interim Committee, and the Government Operations Interim Committee on the following:
  - (a) the progress and status of identifying obsolete state buildings for potential retrofitting;
  - (b) the progress and status of retrofitting state buildings into expanded child care opportunity facilities;
  - (c) the number of leases with employer sponsors;
  - (d) the number of children and families served at expanded child care opportunity facilities;
  - (e) the number of child care spots created by the program established in this chapter;
  - (f) the demand in the business community to participate in the program;

(g) the demand by political subdivisions, if any, to participate in the program or create a similar program;

(h) the projected economic growth created by the program; and

(i) the program's progress at achieving the goals described in Section 63N-22-102.

(2) In addition to the report described in Subsection (1), beginning January 1, 2026, the office shall report on:

(a) a proposed plan to implement a sliding fee scale to allow economically disadvantaged children living with community member families to secure child care through the program while ensuring the continued economic viability of contracted licensed providers; and

(b) any recommended funding mechanisms to implement the sliding fee scale described in Subsection (2)(a).

(3) The Division of Facilities Construction and Management, Department of Workforce Services, and Department of Health and Human Services shall assist the office in the creation of the reports described in Subsections (1) and (2).

#### Section 9. **FY 2026 Appropriations.**

The following sums of money are appropriated for the fiscal year beginning July 1, 2025, and ending June 30, 2026. These are additions to amounts previously appropriated for fiscal year 2026.

#### Subsection 9(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 Capital Budget - Capital Improvements

From General Fund, One-time (2,000,000)

Schedule of Programs:

Capital Improvements (2,000,000)

ITEM 2 To Capital Budget - Capital Development - Other State Government

From General Fund, One-time 2,000,000

Schedule of Programs:

Capital Dev - Other State Gov 2,000,000

The Legislature intends that up to \$2,000,000 of the ongoing General Fund in this item shall be used to increase Child Care Capacity and to implement the



266 provisions of Child Care Services Amendments (Senate  
267 Bill 189, 2025 General Session).

268 Section 10. **Effective Date.**

269 This bill takes effect on May 7, 2025.