

SB0229S01

~~{Omitted text}~~ shows text that was in SB0229S01 but was omitted in SB0229S03

inserted text shows text that was not in SB0229S01 but was inserted into SB0229S03

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1 State Employee Benefits Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor:Norman K Thurston

LONG TITLE

General Description:

This bill modifies provisions related to state employee benefits.

Highlighted Provisions:

This bill:

- ▶ beginning on a specified date, provides that each agency shall provide the agency's employees paid time off in lieu of annual leave and sick leave;
- ▶ directs the Division of Finance to convert each employee's accrued annual leave hours to paid time off hours at a one-to-one ratio;
- ▶ grants the Division of Human Resources authority to make rules governing the accrual and use of paid time off;
- ▶ ~~{increases the amount of available postpartum recovery leave for eligible employees;}~~
- ▶ ~~{makes State Board of Education employees eligible for parental leave and postpartum recovery leave;}~~
- ▶ requires each agency to establish and administer a leave bank program;
- ▶

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modifies the 401(k) match available to specified eligible employees by changing the match rate and increasing the maximum employer contribution; and

- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

49-12-701 , as last amended by Laws of Utah 2018, Chapter 415

49-22-102 , as last amended by Laws of Utah 2025, Chapter 298

63A-17-501 , as enacted by Laws of Utah 2021, Chapter 344

63A-17-503 , as renumbered and amended by Laws of Utah 2021, Chapter 344

63A-17-504 , as renumbered and amended by Laws of Utah 2021, Chapter 344

~~**{63A-17-511 , as last amended by Laws of Utah 2024, Chapter 396}**~~

63A-17-805 , as last amended by Laws of Utah 2023, Chapter 442

67-19f-102 , as last amended by Laws of Utah 2021, Chapter 344

67-19f-201 , as last amended by Laws of Utah 2023, Chapter 534

67-22-2 , as last amended by Laws of Utah 2025, Chapter 232

ENACTS:

63A-17-510.1 , Utah Code Annotated 1953

63A-17-514 , Utah Code Annotated 1953

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

Section 1. Section **49-12-701** is amended to read:

49-12-701. Early retirement incentive -- Eligibility -- Calculation of benefit -- Payment of costs -- Savings to be appropriated by Legislature -- Restrictions on reemployment.

(1) Any member of this system may retire and receive the allowance allowed under Subsection (2) if the member meets the following requirements as of the member's retirement date:

(a) the member is eligible for retirement under Section 49-12-401, or has 25 years of service credit;

(b) the member elects to forfeit any stipend for retirement offered by the participating employer; and

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- 51 (c) the member elects to retire from this system by applying for retirement by the date established under
Subsection (3)(a) or (3)(b).
- 53 (2)
- (a) A member who retires under Subsection (1) shall receive 2% of that member's final average salary
for all years of service credit.
- 55 (b) An actuarial reduction may not be applied to the allowance granted under this section.
- 56 (3) In order to receive the allowance allowed by this section, a member shall submit an application to
the office as follows:
- 58 (a)
- (i) For state and school employees under Level A, the application shall be filed by May 31, 1987. The
member's retirement date shall then be set by the member on the 1st or 16th day of July, August, or
September, 1987.
- 61 (ii) If a Level A member elects to retire, the executive director or participating employer may request
the member to delay the retirement date until a later date, but no later than June 30, 1988.
- 64 (iii) If the member agrees to delay the retirement date, the retirement date shall be delayed, but service
credit may not be accrued after the member's original retirement date elected by the member, and
compensation earned after the member's original retirement date may not be used in the calculation
of the final average salary for determining the retirement allowance.
- 69 (b)
- (i) For political subdivision employees under Level B, the application shall be filed by September 30,
1987.
- 71 (ii) The retirement date shall then be set by the member on the 1st or 16th day of July, August,
September, October, November, or December, 1987.
- 73 (4)
- (a) The cost of providing the allowance under this section shall be funded in fiscal year 1987-88 by a
supplemental appropriation in the 1988 General Session based on the retirement contribution rate
increase established by the consulting actuary and approved by the board.
- 77 (b) The cost of providing the allowance under this section shall be funded beginning July 1, 1988, by
means of an increase in the retirement contribution rate established by the consulting actuary and
approved by the board.
- 80 (c) The rate increase under Subsections (4)(a) and (b) shall be funded:

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- 81 (i) for state employees, by an appropriation from the account established by the Division of Finance
under Subsection (4)(d), which is funded by savings derived from this early retirement incentive and
a work force reduction;
- 84 (ii) for school employees, by direct contributions from the employing unit, which may not be funded
through an increase in the retirement contribution amount established in Title 53F, Chapter 2, State
Funding -- Minimum School Program; and
- 88 (iii) for political subdivisions under Level B, by direct contributions by the participating employer.
- 90 (d)
- (i) Each year, any excess savings derived from this early retirement incentive which are above the costs
of funding the increase and the costs of paying insurance[, sick leave, compensatory leave, and
vacation] and leave under Subsections (4)(c)(i) and (ii) shall be reported to the Legislature and shall
be appropriated as provided by law.
- 95 (ii) In the case of Subsection (4)(c)(i), the Division of Finance shall establish an account into which all
savings derived from this early retirement incentive shall be deposited as the savings are realized.
- 98 (iii) In the case of Subsection (4)(c)(ii), the State Board of Education shall certify the amount of savings
derived from this early retirement incentive.
- 100 (iv) The State Board of Education and the participating employer may not spend the savings until
appropriated by the Legislature as provided by law.
- 102 (5) A member who retires under this section is subject to Section 49-11-504 and Chapter 11, Part 12,
Postretirement Reemployment Restrictions Act.
- 104 (6) The board may adopt rules to administer this section.
- 105 (7) The Legislative Auditor General shall perform an audit to ensure compliance with this section.
- 105 Section 2. Section **49-22-102** is amended to read:
- 106 **49-22-102. Definitions.**
- As used in this chapter:
- 110 (1) "Benefits normally provided" means the same as that term is defined in Section 49-12-102.
- 112 (2)
- (a) "Compensation" means the total amount of payments made by a participating employer to a member
of this system for services rendered to the participating employer, including:
- 115 (i) bonuses;
- 116 (ii) cost-of-living adjustments;

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- 117 (iii) other payments currently includable in gross income and that are subject to social security
deductions, including any payments in excess of the maximum amount subject to deduction
under social security law;
- 120 (iv) amounts that the member authorizes to be deducted or reduced for salary deferral or other
benefits authorized by federal law; and
- 122 (v) member contributions.
- 123 (b) "Compensation" for purposes of this chapter may not exceed the amount allowed under Internal
Revenue Code, Section 401(a)(17).
- 125 (c) "Compensation" does not include:
- 126 (i) the monetary value of remuneration paid in kind, including a residence or use of equipment;
- 128 (ii) the cost of any employment benefits paid for by the participating employer;
- 129 (iii) compensation paid to a temporary employee or an employee otherwise ineligible for service credit;
- 131 (iv) any payments upon termination, including accumulated [~~vacation, sick~~]leave payments, severance
payments, compensatory time payments, or any other special payments;
- 134 (v) any allowances or payments to a member for costs or expenses paid by the participating employer,
including automobile costs, uniform costs, travel costs, tuition costs, housing costs, insurance costs,
equipment costs, and dependent care costs; or
- 138 (vi) a teacher salary bonus described in Section 53F-2-513.
- 139 (d) The executive director may determine if a payment not listed under this Subsection (2) falls within
the definition of compensation.
- 141 (3) "Corresponding Tier I system" means the system or plan that would have covered the member if the
member had initially entered employment before July 1, 2011.
- 143 (4)
- (a) "Final average salary" means the amount calculated by averaging the highest five years of annual
compensation preceding retirement subject to Subsections (4)(b), (c), (d), (e), and (f).
- 146 (b) Except as provided in Subsection (4)(c), the percentage increase in annual compensation in any one
of the years used may not exceed the previous year's compensation by more than 10% plus a cost-
of-living adjustment equal to the decrease in the purchasing power of the dollar during the previous
year, as measured by a United States Bureau of Labor Statistics Consumer Price Index average as
determined by the board.

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- (c) In cases where the participating employer provides acceptable documentation to the office, the limitation in Subsection (4)(b) may be exceeded if:
- 154 (i) the member has transferred from another agency; or
- 155 (ii) the member has been promoted to a new position.
- 156 (d) If the member retires more than six months from the date of termination of employment, the member is considered to have been in service at the member's last rate of pay from the date of the termination of employment to the effective date of retirement for purposes of computing the member's final average salary only.
- 160 (e) If the member has less than five years of service credit in this system, final average salary means the average annual compensation paid to the member during the full period of service credit.
- 163 (f) The annual compensation used to calculate final average salary shall be based on a period, as determined by the board, consistent with the period used to determine years of service credit in accordance with Subsection (8).
- 166 (5) "Participating employer" means an employer that meets the participation requirements of:
- 168 (a) Sections 49-12-201 and 49-12-202;
- 169 (b) Sections 49-13-201 and 49-13-202;
- 170 (c) Section 49-19-201; or
- 171 (d) Section 49-22-201 or 49-22-202.
- 172 (6)
- (a) "Regular full-time employee" means an employee:
- 173 (i) whose term of employment for a participating employer contemplates continued employment during a fiscal or calendar year;
- 175 (ii) whose employment normally requires an average of 20 hours or more per week, except as modified by the board; and
- 177 (iii) who receives benefits normally provided by the participating employer.
- 178 (b) "Regular full-time employee" includes:
- 179 (i) a teacher whose term of employment for a participating employer contemplates continued employment during a school year and who teaches half time or more;
- 181 (ii) an education support professional:
- 182 (A) who is hired before July 1, 2013; and
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- (B) whose employment normally requires an average of 20 hours per week or more for a participating employer, regardless of benefits provided;
- 185 (iii) an appointive officer whose appointed position is full time as certified by the participating employer;
- 187 (iv) the governor, the lieutenant governor, the state auditor, the state treasurer, the attorney general, and a state legislator;
- 189 (v) an elected official not included under Subsection (6)(b)(iv) whose elected position is full time as certified by the participating employer;
- 191 (vi) a faculty member or employee of an institution of higher education who is considered full time by that institution of higher education; and
- 193 (vii) an individual who otherwise meets the definition of this Subsection (6) who performs services for a participating employer through a professional employer organization or similar arrangement.
- 196 (c) "Regular full-time employee" does not include:
- 197 (i) a firefighter service employee as defined in Section 49-23-102;
- 198 (ii) a public safety service employee as defined in Section 49-23-102;
- 199 (iii) an education support professional:
- 200 (A) who is hired on or after July 1, 2013; and
- 201 (B) who does not receive benefits normally provided by the participating employer even if the employment normally requires an average of 20 hours per week or more for a participating employer;
- 204 (iv) an education support professional:
- 205 (A) who is hired before July 1, 2013;
- 206 (B) who did not qualify as a regular full-time employee before July 1, 2013;
- 207 (C) who does not receive benefits normally provided by the participating employer; and
- 209 (D) whose employment hours are increased on or after July 1, 2013, to require an average of 20 hours per week or more for a participating employer; or
- 211 (E) who is a person working on a contract:
- 212 (I) for the purposes of vocational rehabilitation and the employment and training of people with significant disabilities; and
- 214 (II) that has been set aside from procurement requirements by the state pursuant to Section 63G-6a-805 or the federal government pursuant to 41 U.S.C. Sec. 8501 et seq.

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(7) "System" means the New Public Employees' Tier II Contributory Retirement System created under this chapter.

(8) "Years of service credit" means:

(a) a period consisting of 12 full months as determined by the board;

(b) a period determined by the board, whether consecutive or not, during which a regular full-time employee performed services for a participating employer, including any time the regular full-time employee was absent on a paid leave of absence granted by a participating employer or was absent in the service of the United States government on military duty as provided by this chapter; or

(c) the regular school year consisting of not less than eight months of full-time service for a regular full-time employee of an educational institution.

Section 3. Section **63A-17-501** is amended to read:

63A-17-501. Definitions.

As used in this part:

(1) "Continuing medical and life insurance benefits" means the state provided policy of medical insurance and the state provided portion of a policy of life insurance, each offered at the same:

(a) benefit level and the same proportion of state/member participation in the total premium costs as an active member as defined in Section 49-11-102; and

(b) coverage level for a member, two person, or family policy as provided to the member at the time of retirement.

(2) "Converted sick leave" means leave that has been converted from unused sick leave in accordance with Section 63A-17-506 which may be used by an employee in the same manner as:

(a) paid time off;

~~[(a)]~~ (b) annual leave;

~~[(b)]~~ (c) sick leave; or

~~[(c)]~~ (d) unused accumulated sick leave after the employee's retirement for the purchase of continuing medical and life insurance benefits under Sections 63A-17-507, 63A-17-508, and 63A-17-804.

(3) "Paid time off" means the same as that term is defined in Section 63A-17-510.1.

Section 4. Section **63A-17-503** is amended to read:

63A-17-503. Accumulated annual leave or paid time off -- Conversion to deferred compensation plan.

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(1) The division shall implement a program whereby an employee may, upon termination of employment or retirement, elect to convert any unused annual leave or paid time off into any of the employee's designated deferred compensation accounts that:

(a) are sponsored by the Utah State Retirement Board; and

(b) are qualified under Section 401(k) or Section 457 of the Internal Revenue Code.

(2) Any annual leave or paid time off converted under Subsection (1) shall be converted into the employee's deferred compensation account at the employee's pay rate at the time of termination or retirement.

(3) No employee may convert hours of accrued annual leave or paid time off to the extent that any hours so converted would exceed the maximum amount authorized by the Internal Revenue Code for each calendar year.

Section 5. Section **63A-17-504** is amended to read:

63A-17-504. Accumulated annual leave or paid time off -- Annual conversion to deferred compensation plan.

(1) If the Legislature in an annual appropriations act with accompanying intent language specifically authorizes and fully funds the estimated costs of this use, the division shall implement a program that allows an employee, in the approved calendar year, to elect to convert up to 20 hours of annual leave or paid time off, in whole hour increments not to exceed \$250 in value, into any of the employee's designated deferred compensation accounts that:

(a) are sponsored by the Utah State Retirement Board; and

(b) are qualified under Section 401(k) or Section 457 of the Internal Revenue Code.

(2) Any annual leave or paid time off converted under Subsection (1) shall be:

(a) converted into the employee's deferred compensation account at the employee's pay rate at the time of conversion; and

(b) calculated in the last pay period of the leave year as determined by the Division of Finance.

(3) An employee may not convert hours of accrued annual leave or paid time off to the extent that any hours converted would:

(a) exceed the maximum amount authorized by the Internal Revenue Code for the calendar year; or

(b) cause the employee's balance of accumulated annual leave or paid time off to drop below the maximum accrual limit provided by rule.

Section 6. Section **6** is enacted to read:

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63A-17-510.1. Paid time off.

(1) As used in this section:

(a) "Annual leave II" means the same as that term is defined in Section 63A-17-510.

(b) "Change date" means the date established by the Division of Finance under Subsection (2).

(c)

(i) "Paid time off" means leave hours an agency provides to an employee beginning on the change date, as time off from work for personal use without affecting the employee's pay.

(ii) "Paid time off" does not include:

(A) legal holidays under Section 63G-1-301;

(B) time off as compensation for actual time worked in excess of an employee's defined work period;

(C) sick leave;

(D) paid or unpaid administrative leave; or

(E) other paid or unpaid leave from work provided by state statute, administrative rule, or by federal law or regulation.

(2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the Division of Finance shall establish a date that is not later than July 1, 2027, beginning on which an agency shall offer paid time off in lieu of:

(a) annual leave II; and

(b) the sick leave offered to employees as of the change date.

(3)

(a) Except as provided in Subsection (3)(b), the provisions of this section do not affect an employee's balance or use of leave hours accrued before the change date.

(b) On the change date, the Division of Finance shall convert each employee's accrued annual leave balance to paid time off at a one-to-one ratio.

(4)

(a) At the time an employee accrues paid time off, the agency shall set aside the cost of each hour of paid time off for the employee in an amount determined in accordance with rules the Division of Finance makes in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

(b) In making rules under Subsection (4)(a), the Division of Finance shall consider:

(i) the employee's hourly rate of pay;

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(ii) applicable employer paid taxes that would be required if the employee were paid for the paid time off instead of the employee using it for leave;

(iii) other applicable employer paid benefits; and

(iv) adjustments due to employee hourly rate changes, including the effect on accrued paid time off balances.

(c) The Division of Finance shall deposit money set aside in accordance with Subsection (4) into the State Employees' Leave Trust Fund created in Section 67-19f-201.

(d) Subsection (4)(a) does not apply to paid time off hours that were converted from annual leave in accordance with Subsection (3), if:

(i) for converted hours that were not annual leave II hours, the agency continues to comply with the Division of Finance requirements for contributions to the termination pool; or

(ii) for converted hours that were annual leave II hours, the agency complied with the requirements of Subsection 63A-17-510(4) when the annual leave II hours were accrued.

(5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the division shall make rules governing the accrual and use of paid time off provided under this section.

~~{Section 7. Section 63A-17-511 is amended to read: }~~

63A-17-511. Parental leave -- Postpartum recovery leave.

(1) As used in this section:

(a) "Child" means an individual who is younger than 18 years old.

(b) "Parental leave" means leave hours a state employer provides to a parental leave eligible employee to bond with a child or, in the case of a guardianship appointment, an incapacitated adult.

(c) "Parental leave eligible employee" means an employee who, on the date an event described in Subsections (2)(a)(i)(A) through (D) occurs:

(i) is an employee of a state employer;

(ii) is in a position that receives retirement benefits under Title 49, Utah State Retirement and Insurance Benefit Act;

(iii) accrues paid leave benefits that can be used in the current and future calendar years;

(iv) is not reemployed as defined in Section 49-11-1202;

(v) is assuming a parental role with respect to the child or the incapacitated adult for which parental leave is requested; and

(vi)

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(A) is the child's biological parent;

(B) is the spouse of the person who gave birth to the child;

(C) is the adoptive parent of the child, unless the employee is the spouse of the pre-existing parent;

(D) is the intended parent of the child and the child is born under a validated gestational agreement in accordance with ~~[Title 78B, Chapter 15, Part 8, Gestational Agreement]~~ Title 81, Chapter 5, Part 8, Gestational Agreement;

(E) is appointed the legal guardian of the child or the incapacitated adult; or

(F) is the foster parent of the child.

(d) "Postpartum recovery leave" means leave hours a state employer provides to a postpartum recovery leave eligible employee to recover from childbirth that occurs at 20 weeks or greater gestation.

(e) "Retaliatory action" means to do any of the following to an employee:

(i) dismiss the employee;

(ii) reduce the employee's compensation;

(iii) fail to increase the employee's compensation by an amount that the employee is otherwise entitled to or was promised;

(iv) fail to promote the employee if the employee would have otherwise been promoted; or

(v) threaten to take an action described in Subsections (1)(e)(i) through (iv).

(f) "Postpartum recovery leave eligible employee" means an employee who:

(i) is in a position that receives retirement benefits under Title 49, Utah State Retirement and Insurance Benefit Act;

(ii) accrues paid leave benefits that can be used in the current and future calendar years;

(iii) is not reemployed as defined in Section 49-11-1202; and

(iv) gives birth to a child.

(g)

(i) "State employer" means:

(A) a state executive branch agency, including the State Tax Commission, the National Guard, and the Board of Pardons and Parole;

(B) the legislative branch of the state;~~[-or]~~

(C) the judicial branch of the state~~[-]~~ ; or

(D) the State Board of Education.

(ii) "State employer" does not include:

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- 384 (A) an institute of higher education;
385 (B) the Utah Board of Higher Education;
386 (C) an independent entity as defined in Section 63E-1-102;
387 (D) the Attorney General's Office;
388 (E) the State Auditor's Office; or
389 (F) the State Treasurer's Office.
- 390 (h) "Qualified employee" means:
391 (i) a parental leave eligible employee; or
392 (ii) a postpartum leave eligible employee.
- 393 (2)
(a) Except as provided in Subsections (4) and (5), a state employer shall:
394 (i) allow a parental leave eligible employee to use up to three work weeks of paid parental leave
for:
396 (A) the birth of the parental leave eligible employee's child;
397 (B) the adoption of a child;
398 (C) the appointment of legal guardianship of a child or incapacitated adult; or
399 (D) the placement of a foster child in the parental leave eligible employee's care; and
401 (ii) allow a postpartum recovery leave eligible employee to use up to ~~three~~ nine work weeks of
paid postpartum recovery leave for recovery from childbirth.
- 403 (b) A state employer shall allow a qualified employee who is part-time or who works in excess of a 40-
hour work week or its equivalent to use the amount of parental leave or postpartum recovery leave
available to the qualified employee under this section on a pro rata basis as adopted by rule by the
division under Subsection (12).
- 407 (3)
(a) Parental leave described in Subsection (2)(a)(i):
408 (i) may not be used before the day on which:
409 (A) the parental leave eligible employee's child is born;
410 (B) the parental leave eligible employee adopts a child;
411 (C) the parental leave eligible employee is appointed legal guardian of a child or incapacitated adult; or
413 (D) a foster child is placed in the parental leave eligible employee's care[-] ;
414 (ii) may not be used more than six months after the date described in Subsection (3)(a)(i);

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(iii) may not be used intermittently, unless:

(A) by mutual written agreement between the state employer and the parental leave eligible employee;
or

(B) a health care provider certifies that intermittent leave is medically necessary due to a serious health condition of the child;

(iv) runs concurrently with any leave authorized under the Family and Medical Leave Act of 1993, 29 U.S.C. Sec. 2601 et seq.; and

(v) runs consecutively to postpartum recovery leave.

(b) The amount of parental leave authorized under Subsection (2)(a)(i) does not increase if a parental leave eligible employee:

(i) has more than one child born from the same pregnancy;

(ii) adopts more than one child;

(iii) has more than one foster child placed in the parental leave eligible employee's care; or

(iv) is appointed legal guardian of more than one child or incapacitated adult.

(c) A parental leave eligible employee may not use more than three work weeks of paid parental leave within a single 12-month period, regardless of whether during that 12-month period the parental leave eligible employee:

(i) becomes the parent of more than one child;

(ii) adopts more than one child;

(iii) has more than one foster child placed in the parental leave eligible employee's care; or

(iv) is appointed legal guardian of more than one child or incapacitated adult.

(4)

(a) Postpartum recovery leave described in Subsection (2)(a)(ii):

(i) shall be used starting on the day on which the postpartum recovery leave eligible employee gives birth, unless a health care provider certifies that an earlier start date is medically necessary;

(ii) shall be used in a single continuous period, unless otherwise authorized in writing by the director of the division;

(iii) runs concurrently with any leave authorized under the Family and Medical Leave Act of 1993, 29 U.S.C. Sec. 2601 et seq.; and

(iv) runs consecutively to parental leave.

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(b) The amount of postpartum recovery leave authorized under Subsection (2)(a)(ii) does not increase if a postpartum recovery leave eligible employee has more than one child born from the same pregnancy.

451 (5)

(a) Except as provided in Subsection (5)(b), a qualified employee shall give the state employer notice at least 30 days before the day on which the qualified employee plans to:

454 (i) begin using parental leave or postpartum recovery leave under this section; and

455 (ii) stop using postpartum recovery leave under this section.

456 (b) If circumstances beyond the qualified employee's control prevent the qualified employee from giving notice in accordance with Subsection (5)(a), the qualified employee shall give each notice described in Subsection (5)(a) as soon as reasonably practicable.

460 (6) Except as provided in Subsections (3)(a)(iv) and (4)(a)(iii), a state employer may not charge parental leave or postpartum recovery leave under this section against sick, annual, compensatory, excess, or other leave a qualified employee is entitled to.

463 (7) A state employer may not compensate a qualified employee for any unused parental leave or postpartum recovery leave upon termination of employment.

465 (8)

(a) Following the expiration of a qualified employee's parental leave or postpartum recovery leave under this section, the state employer shall ensure that the qualified employee may return to:

468 (i) the position that the qualified employee held before using parental leave or postpartum recovery leave; or

470 (ii) a position within the state employer that is equivalent in seniority, status, benefits, and pay to the position that the qualified employee held before using parental leave or postpartum recovery leave.

473 (b) If during the time a qualified employee uses parental leave or postpartum recovery leave under this section the state employer experiences a reduction in force and, as part of the reduction in force, the qualified employee would have been separated had the qualified employee not been using the parental leave or postpartum recovery leave, the state employer may separate the qualified employee in accordance with any applicable process or procedure as if the qualified employee were not using the parental leave or postpartum recovery leave.

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- (9) During the time a qualified employee uses parental leave or postpartum recovery leave under this section, the qualified employee shall continue to receive all employment related benefits and payments at the same level that the qualified employee received immediately before beginning the parental leave or postpartum leave, provided that the qualified employee pays any required employee contributions.
- (10) A state employer may not:
- (a) interfere with or otherwise restrain a qualified employee from using parental leave or postpartum recovery leave in accordance with this section; or
 - (b) take retaliatory action against a qualified employee for using parental leave or postpartum recovery leave in accordance with this section.
- (11) A state employer shall provide each employee written information regarding a qualified employee's right to use parental leave or postpartum recovery leave under this section.
- (12) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the division shall, on or before July 1, 2022, make rules for the use and administration of parental leave and postpartum recovery leave under this section, including a schedule that provides paid parental leave or postpartum recovery leave for a qualified employee who is part-time or who works in excess of a 40-hour work week on a pro rata basis.

Section 7. Section 7 is enacted to read:

63A-17-514. Agency leave bank program.

- (1) Each agency shall establish and administer a leave bank program.
- (2) Each agency shall ensure that the agency's leave bank program established in accordance with this section:
 - (a) allows an employee to voluntarily donate the employees paid time off to a centralized leave bank administered by the agency; and
 - (b) directs the agency to distribute leave from the leave bank to an employee who satisfies the agency's eligibility criteria.
- (3) An employee may not donate sick leave to a leave bank established in accordance with this section.
- (4) The division shall create a model leave bank program policy that complies with this section and make a copy of the model policy available to other agencies.
- (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the division may make rules governing leave bank programs described in this section.

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Section 8. Section **63A-17-805** is amended to read:

63A-17-805. State employee matching supplemental defined contribution benefit.

(1) As used in this section:

(a) "Active member" means the same as that term is defined in Section 49-11-102.

(b) "Change date" means the same as that term is defined in Section 63A-17-510.1.

~~[(a)]~~ (c) "Qualifying account" means:

(i) a defined contribution plan qualified under Section 401(k) of the Internal Revenue Code, which is sponsored by the Utah State Retirement Board;

(ii) a deemed Individual Retirement Account authorized under the Internal Revenue Code, which is sponsored by the Utah State Retirement Board; or

(iii) a similar savings plan or account authorized under the Internal Revenue Code, which is sponsored by the Utah State Retirement Board.

~~[(b)]~~ (d) "Qualifying employee" means an employee who is:

(i) in a position that is:

(A) receiving retirement benefits under Title 49, Utah State Retirement and Insurance Benefit Act; and

(B) accruing paid leave benefits that can be used in the current and future calendar years; and

(ii) not an employee who is reemployed as that term is:

(A) defined in Section 49-11-1202; or

(B) used in Section 49-11-504.

(e) "Tier I qualifying employee" means a qualifying employee who is an active member in Tier I, as defined in Section 49-11-102.

(f) "Tier II qualifying employee" means a qualifying employee who is an active member in Tier II, as defined in Section 49-11-102.

(2) Subject to the requirements of Subsection (3) and applicable federal law, an employer shall make a biweekly matching contribution to every qualifying employee's defined contribution plan qualified under Section 401(k) of the Internal Revenue Code, ~~[subject to federal requirements and limitations,~~]which is sponsored by the Utah State Retirement Board~~[-]~~ , as follows:

(a) before the change date, at a 100% match rate; or

(b) on or after the change date:

(i) for a Tier I qualifying employee, at a 100% match rate; and

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(ii) for a Tier II qualifying employee, at a 100% match rate for the first \$26 the employee contributes and at a 50% match rate for any amount the employee contributes above \$26.

(3)

~~[(a) In accordance with the requirements of this Subsection (3), each qualifying employee shall be eligible to receive the same dollar amount for the contribution under Subsection (2).]~~

~~[(b)]~~ (a) A qualifying employee who is hired before July 1, 2023:

(i) shall receive the contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e) if the qualifying employee makes a voluntary personal contribution to one or more qualifying accounts in an amount equal to or greater than the employer's contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e);

(ii) shall receive a partial contribution amount that is equal to the qualifying employee's personal contribution amount if the employee makes a voluntary personal contribution to one or more qualifying accounts in an amount less than the employer's contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e); or

(iii) may not receive a contribution under Subsection (2) if the qualifying employee does not make a voluntary personal contribution to a qualifying account.

~~[(e)]~~ (b)

(i) An employer shall automatically enroll a qualifying employee who is hired on or after July 1, 2023, to make a personal contribution to a defined contribution plan qualified under Section 401(k) of the Internal Revenue Code, which is sponsored by the Utah State Retirement Board, in an amount equal to the lesser of:

(A) the employer's contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e); or

(B) \$26.

(ii) A qualifying employee who makes a personal contribution in accordance with Subsection ~~[(3)(e)]~~ (3)(b)(i) shall receive the lesser of:

(A) the contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e); or

(B) \$26.

~~[(d)]~~ (c)

(i) A qualifying employee who is hired on or after July 1, 2023, may opt out of the automatic enrollment by choosing not to make any future personal contributions.

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(ii) [A] Subject to Subsection (3)(d), a qualifying employee who opts out of automatic enrollment in accordance with this Subsection [(3)(d)] (3)(c) may not receive a contribution under Subsection (2).

565 [(e)] (d)

(i) A qualifying employee who is hired on or after July 1, 2023, may modify the automatic enrollment by opting to make future personal contributions:

567 (A) in an amount other than the amount determined under Subsection [(3)(f)] (3)(b); or

569 (B) to a qualifying account other than the defined contribution plan qualified under Section 401(k) of the Internal Revenue Code, which is sponsored by the Utah State Retirement Board.

572 (ii) A qualifying employee who opts to make a personal contribution for less than the amount determined under Subsection [(3)(f)] (3)(b) shall receive a partial contribution that is equal to the qualifying employee's personal contribution amount.

576 [(f)] (e)

(i) Subject to the maximum limit under Subsection [(3)(f)(iii)] (3)(e)(iii) or (iv), the Legislature shall annually determine the contribution amount that an employer shall provide to each qualifying employee under Subsection (2).

579 (ii) The division shall make recommendations annually to the Legislature on the contribution amount required under Subsection (2), in consultation with the Governor's Office of Planning and Budget and the Division of Finance.

582 (iii) [The] Before the change date, the biweekly matching contribution amount required under Subsection (2) may not exceed \$26 for each qualifying employee.

584 (iv) On or after the change date, the biweekly matching contribution amount required under Subsection (2) may not exceed:

586 (A) for a Tier I qualifying employee, \$26; or

587 (B) for a Tier II qualifying employee, the greater of 2% of the qualifying employee's biweekly salary or \$26.

589 (4) A qualifying employee is eligible to receive the biweekly contribution under this section for any pay period in which the employee is in a paid status or other status protected by federal or state law.

592 (5) The employer and employee contributions made and related earnings under this section vest immediately upon deposit and can be withdrawn by the employee at any time, subject to Internal Revenue Code regulations on the withdrawals.

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(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the director shall make rules establishing procedures to implement the provisions of this section.

Section 9. Section **67-19f-102** is amended to read:

67-19f-102. Definitions.

As used in this chapter:

(1) "Annual leave II" means the same as that term is defined in Section 63A-17-510.

(2) "Board of trustees" or "board" means the board of trustees created in Section 67-19f-202.

(3) "Income" means the revenues received by the state treasurer from investments of the trust fund principal.

(4) "Paid time off" means the same as that term is defined in Section 63A-17-510.1.

~~[(4)]~~ (5) "Trust fund" means the State Employees' ~~[Annual]~~ Leave Trust Fund created in Section 67-19f-201.

Section 10. Section **67-19f-201** is amended to read:

67-19f-201. State Employees' Leave Trust Fund -- Creation -- Oversight -- Dissolution.

(1) There is created a trust fund entitled the "State Employees' ~~[Annual]~~ Leave Trust Fund."

(2) The trust fund consists of:

(a) ongoing revenue provided from a state agency set aside for accrued annual leave II required under Section 63A-17-510;

~~(b)~~ money set aside for accrued paid time off in accordance with Section 63A-17-510.1;

~~[(b)]~~ (c) appropriations made to the trust fund by the Legislature, if any;

~~[(e)]~~ (d) transfers from the termination pool described in Subsection 63A-17-510(6) made by the Division of Finance to the trust fund for annual leave liabilities accrued before the change date established under Section 63A-17-510;

~~[(d)]~~ (e) income; and

~~[(e)]~~ (f) revenue received from other sources.

(3)

(a) The Division of Finance shall account for the receipt and expenditures of trust fund money.

(b) The Division of Finance shall make the necessary adjustments to the amount of set aside costs required under Subsection 63A-17-510(4)(a) to provide that upon the trust fund's accrual of funding equal to 10% of the annual leave liability, year-end trust fund balances remain equal to at least 10% of the total state employee annual leave liability.

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- 629 (4)
- (a) The state treasurer shall invest trust fund money by following the procedures and requirements of Part 3, Investment of Trust Funds.
- 631 (b)
- (i) The trust fund shall earn interest.
- 632 (ii) The state treasurer shall deposit all interest or other income earned from investment of the trust fund back into the trust fund.
- 634 (5) The board of trustees created in Section 67-19f-202 may expend money from the trust fund for:
- 636 (a) reimbursement to the employer of the costs paid to the trust fund in accordance with Section 63A-17-510 or 63A-17-510.1 as annual leave II or paid time off is used by an employee;
- 639 (b) payments based on accrued annual leave~~[-and on]~~ , accrued annual leave II, and accrued paid time off that are made upon termination of an employee;
- 641 (c) refunds for overpayments; and
- 642 (d) reasonable administrative costs that the board of trustees incurs in performing its duties as trustee of the trust fund.
- 644 (6) The board of trustees shall ensure that:
- 645 (a) money deposited into the trust fund is irrevocable and is expended only for the costs described in Subsection (5); and
- 647 (b) assets of the trust fund are dedicated to providing annual leave~~[-and]~~ , annual leave II, and paid time off established by statute and rule.
- 649 (7) A creditor of the board of trustees or a state agency liable for annual leave benefits may not seize, attach, or otherwise obtain assets of the trust fund.
- 500 Section 11. Section **67-22-2** is amended to read:
- 501 **67-22-2. Compensation -- Other state officers.**
- 653 (1) As used in this section:
- 654 (a) "Appointed executive" means the:
- 655 (i) commissioner of the Department of Agriculture and Food;
- 656 (ii) commissioner of the Insurance Department;
- 657 (iii) commissioner of the Labor Commission;
- 658 (iv) director, Department of Alcoholic Beverage Services;
- 659 (v) commissioner of the Department of Financial Institutions;

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- 660 (vi) executive director, Department of Commerce;
661 (vii) executive director, Commission on Criminal and Juvenile Justice;
662 (viii) adjutant general;
663 (ix) executive director, Department of Cultural and Community Engagement;
664 (x) executive director, Department of Corrections;
665 (xi) commissioner, Department of Public Safety;
666 (xii) executive director, Department of Natural Resources;
667 (xiii) executive director, Governor's Office of Planning and Budget;
668 (xiv) executive director, Department of Government Operations;
669 (xv) executive director, Department of Environmental Quality;
670 (xvi) executive director, Governor's Office of Economic Opportunity;
671 (xvii) executive director, Department of Workforce Services;
672 (xviii) executive director, Department of Health and Human Services, Nonphysician;
673 (xix) executive director, Department of Transportation;
674 (xx) executive director, Department of Veterans and Military Affairs;
675 (xxi) advisor, Public Lands Policy Coordinating Office, created in Section 63L-11-201;
677 (xxii) Great Salt Lake commissioner, appointed under Section 73-32-201; and
678 (xxiii) Utah water agent, appointed under Section 73-10g-702.
- 679 (b) "Board or commission executive" means:
- 680 (i) members, Board of Pardons and Parole;
681 (ii) chair, State Tax Commission;
682 (iii) commissioners, State Tax Commission;
683 (iv) executive director, State Tax Commission;
684 (v) chair, Public Service Commission; and
685 (vi) commissioners, Public Service Commission.
- 686 (c) "Deputy" means the person who acts as the appointed executive's second in command as determined
by the Division of Human Resource Management.
- 688 (2)
- (a) The director of the Division of Human Resource Management shall:
- 689 (i) before October 31 of each year, recommend to the governor a compensation plan for the
appointed executives and the board or commission executives; and

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- 691 (ii) base those recommendations on market salary studies conducted by the Division of Human
Resource Management.
- 693 (b)
- (i) The Division of Human Resource Management shall determine the salary range for the appointed
executives by:
- 695 (A) identifying the salary range assigned to the appointed executive's deputy;
- 696 (B) designating the lowest minimum salary from those deputies' salary ranges as the minimum
salary for the appointed executives' salary range; and
- 698 (C) designating 105% of the highest maximum salary range from those deputies' salary ranges as
the maximum salary for the appointed executives' salary range.
- 700 (ii) If the deputy is a medical doctor, the Division of Human Resource Management may not consider
that deputy's salary range in designating the salary range for appointed executives.
- 703 (c)
- (i) Except as provided in Subsection (2)(c)(ii), in establishing the salary ranges for board or commission
executives, the Division of Human Resource Management shall set the maximum salary in the
salary range for each of those positions at 90% of the salary for district judges as established in the
annual appropriation act under Section 67-8-2.
- 708 (ii) In establishing the salary ranges for an individual described in Subsection (1)(b)(ii), (1)(b)(iii), or
(1)(b)(iv), the Division of Human Resource Management shall set the maximum salary in the salary
range for each of those positions at 100% of the salary for district judges as established in the annual
appropriation act under Section 67-8-2.
- 713 (3)
- (a)
- (i) Except as provided in Subsection (3)(a)(ii) or Subsection (3)(d), the governor shall establish a
specific salary for each appointed executive within the range established under Subsection (2)
(b).
- 716 (ii) If the executive director of the Department of Health and Human Services is a physician, the
governor shall establish a salary within the highest physician salary range established by the
Division of Human Resource Management.
- 719 (iii) The governor may provide salary increases for appointed executives within the range
established by Subsection (2)(b) and identified in Subsection (3)(a)(ii).

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- 721 (b) The governor shall apply the same overtime regulations applicable to other FLSA exempt positions.
- 723 (c) The governor may develop standards and criteria for reviewing the appointed executives.
- 725 (d) If under Section 73-10g-702 the governor appoints an individual who is serving in an appointed
executive branch position to be the Utah water agent, the governor shall adjust the salary of the Utah
water agent to account for salary received for the appointed executive branch position.
- 729 (4) Salaries for other Schedule A employees, as defined in Section 63A-17-301, that are not provided
for in this chapter, or in Title 67, Chapter 8, Utah Elected Official and Judicial Salary Act, shall be
established as provided in Section 63A-17-301.
- 732 (5)
- (a) The Legislature fixes benefits for the appointed executives and the board or commission executives
as follows:
- 734 (i) the option of participating in a state retirement system established by Title 49, Utah State
Retirement and Insurance Benefit Act, or in a deferred compensation plan administered by the
State Retirement Office in accordance with the Internal Revenue Code and its accompanying
rules and regulations;
- 738 (ii) health insurance;
- 739 (iii) dental insurance;
- 740 (iv) basic life insurance;
- 741 (v) unemployment compensation;
- 742 (vi) workers' compensation;
- 743 (vii) required employer contribution to Social Security;
- 744 (viii) long-term disability income insurance;
- 745 (ix) the same additional state-paid life insurance available to other noncareer service employees;
- 747 (x) the same severance pay available to other noncareer service employees;
- 748 (xi) the same leave, holidays, and allowances granted to Schedule B state employees as follows:
- 750 (A) sick leave;
- 751 (B) converted sick leave if accrued prior to January 1, 2014;
- 752 (C) educational allowances;
- 753 (D) holidays;~~[-and]~~
- 754 (E) annual leave except that annual leave shall be accrued at the maximum rate provided to Schedule B
state employees; and

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- 756 (F) paid time off;
- 757 (xii) the option to convert accumulated sick leave to cash or insurance benefits as provided by law
or rule upon resignation or retirement according to the same criteria and procedures applied to
Schedule B state employees;
- 760 (xiii) the option to purchase additional life insurance at group insurance rates according to the same
criteria and procedures applied to Schedule B state employees; and
- 763 (xiv) professional memberships if being a member of the professional organization is a requirement
of the position.
- 765 (b) Each department shall pay the cost of additional state-paid life insurance for its executive director
from its existing budget.
- 767 (6) The Legislature fixes the following additional benefits:
- 768 (a) for the executive director of the Department of Transportation a vehicle for official and personal
use;
- 770 (b) for the executive director of the Department of Natural Resources a vehicle for commute and
official use;
- 772 (c) for the commissioner of Public Safety:
- 773 (i) an accidental death insurance policy if POST certified; and
- 774 (ii) a public safety vehicle for official and personal use;
- 775 (d) for the executive director of the Department of Corrections:
- 776 (i) an accidental death insurance policy if POST certified; and
- 777 (ii) a public safety vehicle for official and personal use;
- 778 (e) for the adjutant general a vehicle for official and personal use;
- 779 (f) for each member of the Board of Pardons and Parole a vehicle for commute and official use; and
- 781 (g) for the executive director of the Department of Veterans and Military Affairs a vehicle for commute
and official use.

632 Section 12. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

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