

Ashlee Matthews proposes the following substitute bill:

Child Care Pilot Program Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ashlee Matthews

Senate Sponsor:

LONG TITLE

General Description:

This bill creates the Child Care Employee Subsidy Pilot Program.

Highlighted Provisions:

This bill:

- defines terms;
- creates the Child Care Employee Subsidy Pilot Program within the Office of Child Care;
- creates the Child Care Center Employee Subsidy Restricted Account;
- makes technical and conforming changes; and
- provides intent language that provides for funds appropriated to the Child Care Center

Employee Subsidy Restricted Account be nonlapsing.

Money Appropriated in this Bill:

This bill appropriates \$3,000,000 in operating and capital budgets for fiscal year 2027, all of which is from the various sources as detailed in this bill.

This bill appropriates \$3,000,000 in restricted fund and account transfers for fiscal year 2027, all of which is from the General Fund.

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

35A-3-209, as last amended by Laws of Utah 2024, Chapter 308

63J-1-602.1, as last amended by Laws of Utah 2025, First Special Session, Chapter 9

ENACTS:

35A-3-211, Utah Code Annotated 1953

35A-3-211.1, Utah Code Annotated 1953

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

30 Section 1. Section **35A-3-209** is amended to read:

31 **35A-3-209 . Award of child care subsidy services.**

32 (1) As used in this section, "child care provider" means an entity that holds a license or
33 certificate from the Department of Health and Human Services in accordance with Title
34 26B, Chapter 2, Part 4, Child Care Licensing.

35 (2)(a) On or before June 30, 2023, the office shall award a full child care subsidy or
36 grant for an income-eligible child.

37 (b) The office shall make the award described in Subsection (2)(a):

38 (i) in accordance with applicable federal law~~[-and regulation];~~ and

39 (ii) subject to available funds.

40 (3)(a) Beginning on July 1, 2023, and subject to Subsection (3)(b), the office may award:

41 ~~[(i) a full child care subsidy or grant for:]~~

42 ~~[(A) an income-eligible child whose family income is equal to or below 75% of~~
43 ~~state median income; or]~~

44 ~~[(B) a child who has at least one parent or legal guardian working as a full-time~~
45 ~~employee of a child care provider; and]~~

46 ~~[(ii)]~~ (i) a full child care subsidy or grant for an income-eligible child whose family
47 income is equal to or less than 75% of state median income; or

48 (ii) a progressively lower child care subsidy or grant for each tenth of a percentage
49 point by which the income-eligible child's family income exceeds 75% of state
50 median income up to 85% of state median income.

51 (b) The office shall make the award described in Subsection (3)(a):

52 (i) in accordance with applicable federal law and regulation; and

53 (ii) subject to available federal funds.

54 (4)(a) On or before June 30, 2023, and subject to Subsection (4)(b), the office shall
55 determine the amount of a child care subsidy or grant based on the income-eligible
56 child's enrollment in child care.

57 (b) To qualify for a child care subsidy or grant under Subsection (4)(a), an
58 income-eligible child shall be enrolled in child care for a minimum of eight hours per
59 month.

60 (c) On or after July 1, 2023, and subject to Subsection (4)(d), the office shall determine
61 the amount of a child care subsidy or grant based on the income-eligible child's
62 attendance in child care.

63 (d) To qualify for a child care subsidy or grant under Subsection (4)(c), an
64 income-eligible child shall attend child care for a minimum of eight hours per month.

65 Section 2. Section **35A-3-211** is enacted to read:

66 **35A-3-211 . Child Care Center Employee Subsidy Pilot Program.**

67 (1) As used in this section:

68 (a) "Center based child care" means the same as that term is defined in Section
69 26B-2-401.

70 (b) "Child Care Center Employee Subsidy Pilot Program" means the child care subsidy
71 program created in Subsection (2).

72 (c) "Eligible employee" means an individual that:

73 (i) works at an eligible employer;

74 (ii) enrolls at least one qualifying child for child care with the eligible employer; and

75 (iii) applies for the child care subsidy in accordance with Section 35A-3-209.

76 (d) "Eligible employer" means a center based child care provider that:

77 (i) holds a license from the Department of Health and Human Services in accordance
78 with Title 26B, Chapter 2, Part 4, Child Care Licensing;

79 (ii) provides a reduced tuition employee benefit to an eligible employee for a
80 qualifying child; and

81 (iii) accepts the child care subsidy services for an income-eligible child as described
82 in Section 35A-3-209.

83 (e) "Qualifying child" means a child of an eligible employee who:

84 (i) is enrolled for child care with an eligible employer;

85 (ii) meets attendance requirements for the child care subsidy services described in
86 Section 35A-3-209; and

87 (iii) does not meet the income eligibility requirements for an award of child care
88 subsidy services described in Section 35A-3-209.

89 (f) "Reduced tuition employee benefit" means a child care tuition reduction benefit that
90 is equal to or more than 50% of an eligible employer's average monthly child care
91 tuition provided to an eligible employee for each qualifying child.

92 (2) There is created the Child Care Center Employee Subsidy Pilot Program administered
93 by the office.

94 (3)(a) Beginning on July 1, 2026, and subject to legislative appropriations, the office
95 may award a child care center employee subsidy under this section to an eligible
96 employer for each qualifying child.

97 (b) The subsidy award may not exceed 50% of the average cost of monthly child care
 98 tuition, as determined by the office.

99 (c) An eligible employer may not receive a subsidy award for the same child who
 100 receives a subsidy award under this section and Section 35A-3-209.

101 (4) The office may make rules in accordance with Title 63G, Chapter 3, Utah
 102 Administrative Rulemaking Act, to implement this section.

103 Section 3. Section **35A-3-211.1** is enacted to read:

104 **35A-3-211.1 . The Child Care Center Employee Subsidy Restricted Account.**

105 (1) As used in this section, "account" means the Child Care Center Employee Subsidy
 106 Restricted Account created under Subsection (2).

107 (2) There is created in the General Fund a restricted account known as the Child Care
 108 Center Employee Subsidy Restricted Account to fund the Child Care Center Employee
 109 Subsidy Pilot Program created in Section 35A-3-211.

110 (3) The account shall consist of:

111 (a) gifts, grants, donations, or any other conveyance of money that may be made to the
 112 fund from private sources;

113 (b) additional amounts as appropriated by the Legislature; and

114 (c) all income and interest derived from the deposit and investment of money in the
 115 account.

116 (4) The account shall be administered by the office.

117 (5) The state treasurer shall invest the money in the account according to the procedures
 118 and requirements of Title 51, Chapter 7, State Money Management Act, except that
 119 interest and other earnings derived from the account shall be deposited into the account.

120 (6) In accordance with Section 63J-1-602.1, appropriations from the account are nonlapsing.

121 Section 4. Section **63J-1-602.1** is amended to read:

122 **63J-1-602.1 . List of nonlapsing appropriations from accounts and funds.**

123 Appropriations made from the following accounts or funds are nonlapsing:

124 (1) The Native American Repatriation Restricted Account created in Section 9-9-407.

125 (2) Certain money payable for expenses of the Pete Suazo Utah Athletic Commission, as
 126 provided under Title 9, Chapter 23, Pete Suazo Utah Athletic Commission Act.

127 (3) Funds collected for directing and administering the C-PACE district created in Section
 128 11-42a-106.

129 (4) Money received by the Utah Inland Port Authority, as provided in Section 11-58-105.

130 (5) The Commerce Electronic Payment Fee Restricted Account created in Section 13-1-17.

- 131 (6) The Division of Air Quality Oil, Gas, and Mining Restricted Account created in Section
132 19-2a-106.
- 133 (7) The Division of Water Quality Oil, Gas, and Mining Restricted Account created in
134 Section 19-5-126.
- 135 (8) State funds for matching federal funds in the Children's Health Insurance Program as
136 provided in Section 26B-3-906.
- 137 (9) Funds collected from the program fund for local health department expenses incurred in
138 responding to a local health emergency under Section 26B-7-111.
- 139 (10) The Technology Development Restricted Account created in Section 31A-3-104.
- 140 (11) The Criminal Background Check Restricted Account created in Section 31A-3-105.
- 141 (12) The Captive Insurance Restricted Account created in Section 31A-3-304, except to the
142 extent that Section 31A-3-304 makes the money received under that section free revenue.
- 143 (13) The Title Licensee Enforcement Restricted Account created in Section 31A-23a-415.
- 144 (14) The Health Insurance Actuarial Review Restricted Account created in Section
145 31A-30-115.
- 146 (15) The State Mandated Insurer Payments Restricted Account created in Section
147 31A-30-118.
- 148 (16) The Insurance Fraud Investigation Restricted Account created in Section 31A-31-108.
- 149 (17) The Underage Drinking Prevention Media and Education Campaign Restricted
150 Account created in Section 32B-2-306.
- 151 (18) The Child Care Center Employee Subsidy Restricted Account created in Section
152 35A-3-211.1.
- 153 (19) The School Readiness Restricted Account created in Section 35A-15-203.
- 154 ~~[(19)]~~ (20) Money received by the Utah State Office of Rehabilitation for the sale of certain
155 products or services, as provided in Section 35A-13-202.
- 156 ~~[(20)]~~ (21) The Property Loss Related to Homelessness Compensation Enterprise Fund
157 created in Section 35A-16-212.
- 158 ~~[(21)]~~ (22) The Homeless Shelter Cities Mitigation Restricted Account created in Section
159 35A-16-402.
- 160 ~~[(22)]~~ (23) The Oil and Gas Administrative Penalties Account created in Section 40-6-11.
- 161 ~~[(23)]~~ (24) The Oil and Gas Conservation Account created in Section 40-6-14.5.
- 162 ~~[(24)]~~ (25) The Division of Oil, Gas, and Mining Restricted account created in Section
163 40-6-23.
- 164 ~~[(25)]~~ (26) The Electronic Payment Fee Restricted Account created by Section 41-1a-121 to

165 the Motor Vehicle Division.

166 [~~(26)~~] (27) The License Plate Restricted Account created by Section 41-1a-122.

167 [~~(27)~~] (28) The Motor Vehicle Enforcement Division Temporary Permit Restricted Account

168 created by Section 41-3-110 to the State Tax Commission.

169 [~~(28)~~] (29) The State Disaster Recovery Restricted Account to the Division of Emergency

170 Management, as provided in Section 53-2a-603.

171 [~~(29)~~] (30) The Disaster Response, Recovery, and Mitigation Restricted Account created in

172 Section 53-2a-1302.

173 [~~(30)~~] (31) The Emergency Medical Services Critical Needs Account created in Section

174 53-2d-110.

175 [~~(31)~~] (32) The Department of Public Safety Restricted Account to the Department of Public

176 Safety, as provided in Section 53-3-106.

177 [~~(32)~~] (33) The Utah Highway Patrol Aero Bureau Restricted Account created in Section

178 53-8-303.

179 [~~(33)~~] (34) The DNA Specimen Restricted Account created in Section 53-10-407.

180 [~~(34)~~] (35) The Technical Colleges Capital Projects Fund created in Section 53H-9-605.

181 [~~(35)~~] (36) The Higher Education Capital Projects Fund created in Section 53H-9-502.

182 [~~(36)~~] (37) A certain portion of money collected for administrative costs under the School

183 Institutional Trust Lands Management Act, as provided under Section 53C-3-202.

184 [~~(37)~~] (38) The Public Utility Regulatory Restricted Account created in Section 54-5-1.5,

185 subject to Subsection 54-5-1.5(4)(d).

186 [~~(38)~~] (39) Funds collected from a surcharge fee to provide certain licensees with access to

187 an electronic reference library, as provided in Section 58-3a-105.

188 [~~(39)~~] (40) Certain fines collected by the Division of Professional Licensing for violation of

189 unlawful or unprofessional conduct that are used for education and enforcement

190 purposes, as provided in Section 58-17b-505.

191 [~~(40)~~] (41) Funds collected from a surcharge fee to provide certain licensees with access to

192 an electronic reference library, as provided in Section 58-22-104.

193 [~~(41)~~] (42) Funds collected from a surcharge fee to provide certain licensees with access to

194 an electronic reference library, as provided in Section 58-55-106.

195 [~~(42)~~] (43) Funds collected from a surcharge fee to provide certain licensees with access to

196 an electronic reference library, as provided in Section 58-56-3.5.

197 [~~(43)~~] (44) Certain fines collected by the Division of Professional Licensing for use in

198 education and enforcement of the Security Personnel Licensing Act, as provided in

199 Section 58-63-103.

200 [~~(44)~~] (45) The Relative Value Study Restricted Account created in Section 59-9-105.

201 [~~(45)~~] (46) The Cigarette Tax Restricted Account created in Section 59-14-204.

202 [~~(46)~~] (47) Funds paid to the Division of Real Estate for the cost of a criminal background
203 check for a mortgage loan license, as provided in Section 61-2c-202.

204 [~~(47)~~] (48) Funds paid to the Division of Real Estate for the cost of a criminal background
205 check for principal broker, associate broker, and sales agent licenses, as provided in
206 Section 61-2f-204.

207 [~~(48)~~] (49) Certain funds donated to the Department of Health and Human Services, as
208 provided in Section 26B-1-202.

209 [~~(49)~~] (50) Certain funds donated to the Division of Child and Family Services, as provided
210 in Section 80-2-404.

211 [~~(50)~~] (51) Funds collected by the Office of Administrative Rules for publishing, as
212 provided in Section 63G-3-402.

213 [~~(51)~~] (52) The Immigration Act Restricted Account created in Section 63G-12-103.

214 [~~(52)~~] (53) Money received by the military installation development authority, as provided
215 in Section 63H-1-504.

216 [~~(53)~~] (54) The Unified Statewide 911 Emergency Service Account created in Section
217 63H-7a-304.

218 [~~(54)~~] (55) The Utah Statewide Radio System Restricted Account created in Section
219 63H-7a-403.

220 [~~(55)~~] (56) The Utah Capital Investment Restricted Account created in Section 63N-6-204.

221 [~~(56)~~] (57) The Motion Picture Incentive Account created in Section 63N-8-103.

222 [~~(57)~~] (58) Funds collected by the housing of state probationary inmates or state parole
223 inmates, as provided in Subsection 64-13e-104(2).

224 [~~(58)~~] (59) Certain forestry and fire control funds utilized by the Division of Forestry, Fire,
225 and State Lands, as provided in Section 65A-8-103.

226 [~~(59)~~] (60) The following funds or accounts created in Section 72-2-124:

227 (a) Transportation Investment Fund of 2005;

228 (b) Transit Transportation Investment Fund;

229 (c) Cottonwood Canyons Transportation Investment Fund;

230 (d) Active Transportation Investment Fund; and

231 (e) Commuter Rail Subaccount.

232 [~~(60)~~] (61) The Amusement Ride Safety Restricted Account, as provided in Section

- 233 72-16-204.
- 234 [~~(61)~~] (62) Certain funds received by the Office of the State Engineer for well drilling fines
235 or bonds, as provided in Section 73-3-25.
- 236 [~~(62)~~] (63) The Water Resources Conservation and Development Fund, as provided in
237 Section 73-23-2.
- 238 [~~(63)~~] (64) Award money under the State Asset Forfeiture Grant Program, as provided under
239 Section 77-11b-403.
- 240 [~~(64)~~] (65) Funds donated or paid to a juvenile court by private sources, as provided in
241 Subsection 78A-6-203(1)(c).
- 242 [~~(65)~~] (66) Fees for certificate of admission created under Section 78A-9-102.
- 243 [~~(66)~~] (67) Funds collected for adoption document access as provided in Sections 81-13-103,
244 81-13-504, and 81-13-505.
- 245 [~~(67)~~] (68) Funds collected for indigent defense as provided in Title 78B, Chapter 22, Part 4,
246 Utah Indigent Defense Commission.
- 247 [~~(68)~~] (69) The Utah Geological Survey Restricted Account created in Section 79-3-403.
- 248 [~~(69)~~] (70) Revenue for golf user fees at the Wasatch Mountain State Park, Palisades State
249 Park, and Green River State Park, as provided under Section 79-4-403.
- 250 [~~(70)~~] (71) Certain funds received by the Division of State Parks from the sale or disposal of
251 buffalo, as provided under Section 79-4-1001.

252 Section 5. **FY 2027 Appropriations.**

253 The following sums of money are appropriated for the fiscal year beginning July 1,
254 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for
255 fiscal year 2027.

256 Subsection 5(a). **Operating and Capital Budgets**

257 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
258 Legislature appropriates the following sums of money from the funds or accounts indicated for
259 the use and support of the government of the state of Utah.

260	ITEM 1	To Department of Workforce Services - Operations and Policy	
261		From General Fund Restricted - Child Care Center	
262		Employee Subsidy Restricted Account	3,000,000
263		Schedule of Programs:	
264		Child Care Assistance	3,000,000

265 Subsection 5(b). **Restricted Fund and Account Transfers**

266 The Legislature authorizes the State Division of Finance to transfer the following

267 amounts between the following funds or accounts as indicated. Expenditures and outlays from
268 the funds to which the money is transferred must be authorized by an appropriation.

269 ITEM 2 To General Fund Restricted – Child Care Center Employee Subsidy Restricted
270 Account

271 From General Fund, One-time 3,000,000

272 Schedule of Programs:

273 General Fund Restricted – Child Care Center

274 Employee Subsidy Restricted Account 3,000,000

275 In accordance with Section 63J-1-603 of the
276 Utah Code, the Legislature intends that up to \$3,000,000
277 of the one-time general funds provided in Item 2 for the
278 Child Care Center Employee Subsidy Restricted Account
279 shall not lapse at the close of fiscal year 2027. The use of
280 any nonlapsing funds is limited to the child care center
281 employee subsidy.

282 Section 6. **Effective Date.**

283 This bill takes effect on May 6, 2026.