

State Employee Benefits Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor:

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;
- 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

31 **63A-17-511**, as last amended by Laws of Utah 2024, Chapter 396

32 **63A-17-805**, as last amended by Laws of Utah 2023, Chapter 442

33 **67-19f-102**, as last amended by Laws of Utah 2021, Chapter 344

34 **67-19f-201**, as last amended by Laws of Utah 2023, Chapter 534

35 **67-22-2**, as last amended by Laws of Utah 2025, Chapter 232

36 ENACTS:

37 **63A-17-510.1**, Utah Code Annotated 1953

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

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

41 **49-12-701 . Early retirement incentive -- Eligibility -- Calculation of benefit --**
42 **Payment of costs -- Savings to be appropriated by Legislature -- Restrictions on**
43 **reemployment.**

- 44 (1) Any member of this system may retire and receive the allowance allowed under
45 Subsection (2) if the member meets the following requirements as of the member's
46 retirement date:
- 47 (a) the member is eligible for retirement under Section 49-12-401, or has 25 years of
48 service credit;
 - 49 (b) the member elects to forfeit any stipend for retirement offered by the participating
50 employer; and
 - 51 (c) the member elects to retire from this system by applying for retirement by the date
52 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
54 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
57 application to the office as follows:
- 58 (a)(i) For state and school employees under Level A, the application shall be filed by
59 May 31, 1987. The member's retirement date shall then be set by the member on
60 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
62 employer may request the member to delay the retirement date until a later date,
63 but no later than June 30, 1988.
 - 64 (iii) If the member agrees to delay the retirement date, the retirement date shall be

65 delayed, but service credit may not be accrued after the member's original
66 retirement date elected by the member, and compensation earned after the
67 member's original retirement date may not be used in the calculation of the final
68 average salary for determining the retirement allowance.

69 (b)(i) For political subdivision employees under Level B, the application shall be
70 filed by September 30, 1987.

71 (ii) The retirement date shall then be set by the member on the 1st or 16th day of
72 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
74 year 1987-88 by a supplemental appropriation in the 1988 General Session based on
75 the retirement contribution rate increase established by the consulting actuary and
76 approved by the board.

77 (b) The cost of providing the allowance under this section shall be funded beginning
78 July 1, 1988, by means of an increase in the retirement contribution rate established
79 by the consulting actuary and approved by the board.

80 (c) The rate increase under Subsections (4)(a) and (b) shall be funded:

81 (i) for state employees, by an appropriation from the account established by the
82 Division of Finance under Subsection (4)(d), which is funded by savings derived
83 from this early retirement incentive and a work force reduction;

84 (ii) for school employees, by direct contributions from the employing unit, which
85 may not be funded through an increase in the retirement contribution amount
86 established in Title 53F, Chapter 2, State Funding -- Minimum School Program;
87 and

88 (iii) for political subdivisions under Level B, by direct contributions by the
89 participating employer.

90 (d)(i) Each year, any excess savings derived from this early retirement incentive
91 which are above the costs of funding the increase and the costs of paying insurance[
92 ~~, sick leave, compensatory leave, and vacation]~~ and leave under Subsections
93 (4)(c)(i) and (ii) shall be reported to the Legislature and shall be appropriated as
94 provided by law.

95 (ii) In the case of Subsection (4)(c)(i), the Division of Finance shall establish an
96 account into which all savings derived from this early retirement incentive shall be
97 deposited as the savings are realized.

98 (iii) In the case of Subsection (4)(c)(ii), the State Board of Education shall certify the

- 99 amount of savings derived from this early retirement incentive.
- 100 (iv) The State Board of Education and the participating employer may not spend the
- 101 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
- 103 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
- 106 section.

107 Section 2. Section **49-22-102** is amended to read:

108 **49-22-102 . Definitions.**

109 As used in this chapter:

- 110 (1) "Benefits normally provided" means the same as that term is defined in Section
- 111 49-12-102.
- 112 (2)(a) "Compensation" means the total amount of payments made by a participating
- 113 employer to a member of this system for services rendered to the participating
- 114 employer, including:
- 115 (i) bonuses;
- 116 (ii) cost-of-living adjustments;
- 117 (iii) other payments currently includable in gross income and that are subject to social
- 118 security deductions, including any payments in excess of the maximum amount
- 119 subject to deduction under social security law;
- 120 (iv) amounts that the member authorizes to be deducted or reduced for salary deferral
- 121 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
- 124 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
- 127 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
- 130 for service credit;
- 131 (iv) any payments upon termination, including accumulated [~~vacation, sick-~~]leave
- 132 payments, severance payments, compensatory time payments, or any other special

- 133 payments;
- 134 (v) any allowances or payments to a member for costs or expenses paid by the
- 135 participating employer, including automobile costs, uniform costs, travel costs,
- 136 tuition costs, housing costs, insurance costs, equipment costs, and dependent care
- 137 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
- 140 (2) falls within the definition of compensation.
- 141 (3) "Corresponding Tier I system" means the system or plan that would have covered the
- 142 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
- 144 years of annual compensation preceding retirement subject to Subsections (4)(b), (c),
- 145 (d), (e), and (f).
- 146 (b) Except as provided in Subsection (4)(c), the percentage increase in annual
- 147 compensation in any one of the years used may not exceed the previous year's
- 148 compensation by more than 10% plus a cost-of-living adjustment equal to the
- 149 decrease in the purchasing power of the dollar during the previous year, as measured
- 150 by a United States Bureau of Labor Statistics Consumer Price Index average as
- 151 determined by the board.
- 152 (c) In cases where the participating employer provides acceptable documentation to the
- 153 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
- 157 employment, the member is considered to have been in service at the member's last
- 158 rate of pay from the date of the termination of employment to the effective date of
- 159 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
- 161 salary means the average annual compensation paid to the member during the full
- 162 period of service credit.
- 163 (f) The annual compensation used to calculate final average salary shall be based on a
- 164 period, as determined by the board, consistent with the period used to determine
- 165 years of service credit in accordance with Subsection (8).
- 166 (5) "Participating employer" means an employer that meets the participation requirements

167 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
174 employment during a fiscal or calendar year;

175 (ii) whose employment normally requires an average of 20 hours or more per week,
176 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
180 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

183 (B) whose employment normally requires an average of 20 hours per week or
184 more for a participating employer, regardless of benefits provided;

185 (iii) an appointive officer whose appointed position is full time as certified by the
186 participating employer;

187 (iv) the governor, the lieutenant governor, the state auditor, the state treasurer, the
188 attorney general, and a state legislator;

189 (v) an elected official not included under Subsection (6)(b)(iv) whose elected position
190 is full time as certified by the participating employer;

191 (vi) a faculty member or employee of an institution of higher education who is
192 considered full time by that institution of higher education; and

193 (vii) an individual who otherwise meets the definition of this Subsection (6) who
194 performs services for a participating employer through a professional employer
195 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

- (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;
- (iv) an education support professional:
- (A) who is hired before July 1, 2013;
- (B) who did not qualify as a regular full-time employee before July 1, 2013;
- (C) who does not receive benefits normally provided by the participating employer; and
- (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
- (E) who is a person working on a contract:
- (I) for the purposes of vocational rehabilitation and the employment and training of people with significant disabilities; and
- (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.
- (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.

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.

- (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 **63A-17-510.1** is enacted to read:

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;
 - (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)(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:

- 371 (i) is in a position that receives retirement benefits under Title 49, Utah State
372 Retirement and Insurance Benefit Act;
- 373 (ii) accrues paid leave benefits that can be used in the current and future calendar
374 years;
- 375 (iii) is not reemployed as defined in Section 49-11-1202; and
376 (iv) gives birth to a child.
- 377 (g)(i) "State employer" means:
- 378 (A) a state executive branch agency, including the State Tax Commission, the
379 National Guard, and the Board of Pardons and Parole;
- 380 (B) the legislative branch of the state;~~[-or]~~
381 (C) the judicial branch of the state~~[-]~~ ; or
382 (D) the State Board of Education.
- 383 (ii) "State employer" does not include:
- 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
395 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;
400 and
- 401 (ii) allow a postpartum recovery leave eligible employee to use up to ~~[three]~~ nine
402 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
404 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).

(3)(a) Parental leave described in Subsection (2)(a)(i):

(i) may not be used before the day on which:

(A) the parental leave eligible employee's child is born;

(B) the parental leave eligible employee adopts a child;

(C) the parental leave eligible employee is appointed legal guardian of a child or incapacitated adult; or

(D) a foster child is placed in the parental leave eligible employee's care[-] ;

(ii) may not be used more than six months after the date described in Subsection (3)(a)(i);

(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.

- 439 (4)(a) Postpartum recovery leave described in Subsection (2)(a)(ii):
- 440 (i) shall be used starting on the day on which the postpartum recovery leave eligible
- 441 employee gives birth, unless a health care provider certifies that an earlier start
- 442 date is medically necessary;
- 443 (ii) shall be used in a single continuous period, unless otherwise authorized in writing
- 444 by the director of the division;
- 445 (iii) runs concurrently with any leave authorized under the Family and Medical Leave
- 446 Act of 1993, 29 U.S.C. Sec. 2601 et seq.; and
- 447 (iv) runs consecutively to parental leave.
- 448 (b) The amount of postpartum recovery leave authorized under Subsection (2)(a)(ii)
- 449 does not increase if a postpartum recovery leave eligible employee has more than one
- 450 child born from the same pregnancy.
- 451 (5)(a) Except as provided in Subsection (5)(b), a qualified employee shall give the state
- 452 employer notice at least 30 days before the day on which the qualified employee
- 453 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
- 457 employee from giving notice in accordance with Subsection (5)(a), the qualified
- 458 employee shall give each notice described in Subsection (5)(a) as soon as reasonably
- 459 practicable.
- 460 (6) Except as provided in Subsections (3)(a)(iv) and (4)(a)(iii), a state employer may not
- 461 charge parental leave or postpartum recovery leave under this section against sick,
- 462 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
- 464 leave or postpartum recovery leave upon termination of employment.
- 465 (8)(a) Following the expiration of a qualified employee's parental leave or postpartum
- 466 recovery leave under this section, the state employer shall ensure that the qualified
- 467 employee may return to:
- 468 (i) the position that the qualified employee held before using parental leave or
- 469 postpartum recovery leave; or
- 470 (ii) a position within the state employer that is equivalent in seniority, status, benefits,
- 471 and pay to the position that the qualified employee held before using parental
- 472 leave or postpartum recovery leave.

(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.

(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 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)(a) 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:
- (i) before the change date, at a 100% match rate; or
- (ii) on or after the change date:
- (A) for a Tier I qualifying employee, at a 100% match rate; and
- (B) except as provided in Subsection (2)(a), for a Tier II qualifying employee, at a 50% match rate.
- (b) If a biweekly 50% match for a Tier II qualifying employee is an amount greater than \$0 but less than \$26, the Tier II qualifying employee's employer shall make that biweekly contribution in an amount equal to \$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 employer's contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e).
- (ii) A qualifying employee who makes a personal contribution in accordance with Subsection ~~[(3)(e)(i)]~~ (3)(b)(i) shall receive the contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e).
- ~~[(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.
- (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).
- ~~[(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:
- (A) in an amount other than the amount determined under Subsection ~~[(3)(f)]~~ (3)(e);
- or
- (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.
- (ii) A qualifying employee who opts to make a personal contribution for less than the amount determined under Subsection ~~[(3)(f)]~~ (3)(e) shall receive a partial contribution that is equal to the qualifying employee's personal contribution amount.

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

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

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

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

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

586 (B) for a Tier II qualifying employee, 2% of the qualifying employee's biweekly
587 salary.

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

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

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

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

598 **67-19f-102 . Definitions.**

599 As used in this chapter:

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

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

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

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

605 [(4)] (5) "Trust fund" means the State Employees' [Annual-]Leave Trust Fund created in
606 Section 67-19f-201.

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

608 **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;
 - ~~[(c)]~~ (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.
- (4)(a) The state treasurer shall invest trust fund money by following the procedures and requirements of Part 3, Investment of Trust Funds.
- (b)(i) The trust fund shall earn interest.
- (ii) The state treasurer shall deposit all interest or other income earned from investment of the trust fund back into the trust fund.
- (5) The board of trustees created in Section 67-19f-202 may expend money from the trust fund for:
- (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;
 - (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;
 - (c) refunds for overpayments; and
 - (d) reasonable administrative costs that the board of trustees incurs in performing its duties as trustee of the trust fund.

(6) The board of trustees shall ensure that:

(a) money deposited into the trust fund is irrevocable and is expended only for the costs described in Subsection (5); and

(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.

(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.

Section 11. Section **67-22-2** is amended to read:

67-22-2 . Compensation -- Other state officers.

(1) As used in this section:

(a) "Appointed executive" means the:

(i) commissioner of the Department of Agriculture and Food;

(ii) commissioner of the Insurance Department;

(iii) commissioner of the Labor Commission;

(iv) director, Department of Alcoholic Beverage Services;

(v) commissioner of the Department of Financial Institutions;

(vi) executive director, Department of Commerce;

(vii) executive director, Commission on Criminal and Juvenile Justice;

(viii) adjutant general;

(ix) executive director, Department of Cultural and Community Engagement;

(x) executive director, Department of Corrections;

(xi) commissioner, Department of Public Safety;

(xii) executive director, Department of Natural Resources;

(xiii) executive director, Governor's Office of Planning and Budget;

(xiv) executive director, Department of Government Operations;

(xv) executive director, Department of Environmental Quality;

(xvi) executive director, Governor's Office of Economic Opportunity;

(xvii) executive director, Department of Workforce Services;

(xviii) executive director, Department of Health and Human Services, Nonphysician;

(xix) executive director, Department of Transportation;

(xx) executive director, Department of Veterans and Military Affairs;

(xxi) advisor, Public Lands Policy Coordinating Office, created in Section 63L-11-201;

(xxii) Great Salt Lake commissioner, appointed under Section 73-32-201; and

(xxiii) Utah water agent, appointed under Section 73-10g-702.

(b) "Board or commission executive" means:

- (i) members, Board of Pardons and Parole;
- (ii) chair, State Tax Commission;
- (iii) commissioners, State Tax Commission;
- (iv) executive director, State Tax Commission;
- (v) chair, Public Service Commission; and
- (vi) commissioners, Public Service Commission.

(c) "Deputy" means the person who acts as the appointed executive's second in command as determined by the Division of Human Resource Management.

(2)(a) The director of the Division of Human Resource Management shall:

- (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
- (ii) base those recommendations on market salary studies conducted by the Division of Human Resource Management.

(b)(i) The Division of Human Resource Management shall determine the salary range for the appointed executives by:

- (A) identifying the salary range assigned to the appointed executive's deputy;
- (B) designating the lowest minimum salary from those deputies' salary ranges as the minimum salary for the appointed executives' salary range; and
- (C) designating 105% of the highest maximum salary range from those deputies' salary ranges as the maximum salary for the appointed executives' salary range.

(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.

(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.

(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

- 711 under Section 67-8-2.
- 712 (3)(a)(i) Except as provided in Subsection (3)(a)(ii) or Subsection (3)(d), the
713 governor shall establish a specific salary for each appointed executive within the
714 range established under Subsection (2)(b).
- 715 (ii) If the executive director of the Department of Health and Human Services is a
716 physician, the governor shall establish a salary within the highest physician salary
717 range established by the Division of Human Resource Management.
- 718 (iii) The governor may provide salary increases for appointed executives within the
719 range established by Subsection (2)(b) and identified in Subsection (3)(a)(ii).
- 720 (b) The governor shall apply the same overtime regulations applicable to other FLSA
721 exempt positions.
- 722 (c) The governor may develop standards and criteria for reviewing the appointed
723 executives.
- 724 (d) If under Section 73-10g-702 the governor appoints an individual who is serving in an
725 appointed executive branch position to be the Utah water agent, the governor shall
726 adjust the salary of the Utah water agent to account for salary received for the
727 appointed executive branch position.
- 728 (4) Salaries for other Schedule A employees, as defined in Section 63A-17-301, that are not
729 provided for in this chapter, or in Title 67, Chapter 8, Utah Elected Official and Judicial
730 Salary Act, shall be established as provided in Section 63A-17-301.
- 731 (5)(a) The Legislature fixes benefits for the appointed executives and the board or
732 commission executives as follows:
- 733 (i) the option of participating in a state retirement system established by Title 49,
734 Utah State Retirement and Insurance Benefit Act, or in a deferred compensation
735 plan administered by the State Retirement Office in accordance with the Internal
736 Revenue Code and its accompanying rules and regulations;
- 737 (ii) health insurance;
- 738 (iii) dental insurance;
- 739 (iv) basic life insurance;
- 740 (v) unemployment compensation;
- 741 (vi) workers' compensation;
- 742 (vii) required employer contribution to Social Security;
- 743 (viii) long-term disability income insurance;
- 744 (ix) the same additional state-paid life insurance available to other noncareer service

- 745 employees;
- 746 (x) the same severance pay available to other noncareer service employees;
- 747 (xi) the same leave, holidays, and allowances granted to Schedule B state employees
- 748 as follows:
- 749 (A) sick leave;
- 750 (B) converted sick leave if accrued prior to January 1, 2014;
- 751 (C) educational allowances;
- 752 (D) holidays;[-and]
- 753 (E) annual leave except that annual leave shall be accrued at the maximum rate
- 754 provided to Schedule B state employees; and
- 755 (F) paid time off;
- 756 (xii) the option to convert accumulated sick leave to cash or insurance benefits as
- 757 provided by law or rule upon resignation or retirement according to the same
- 758 criteria and procedures applied to Schedule B state employees;
- 759 (xiii) the option to purchase additional life insurance at group insurance rates
- 760 according to the same criteria and procedures applied to Schedule B state
- 761 employees; and
- 762 (xiv) professional memberships if being a member of the professional organization is
- 763 a requirement of the position.
- 764 (b) Each department shall pay the cost of additional state-paid life insurance for its
- 765 executive director from its existing budget.
- 766 (6) The Legislature fixes the following additional benefits:
- 767 (a) for the executive director of the Department of Transportation a vehicle for official
- 768 and personal use;
- 769 (b) for the executive director of the Department of Natural Resources a vehicle for
- 770 commute and official use;
- 771 (c) for the commissioner of Public Safety:
- 772 (i) an accidental death insurance policy if POST certified; and
- 773 (ii) a public safety vehicle for official and personal use;
- 774 (d) for the executive director of the Department of Corrections:
- 775 (i) an accidental death insurance policy if POST certified; and
- 776 (ii) a public safety vehicle for official and personal use;
- 777 (e) for the adjutant general a vehicle for official and personal use;
- 778 (f) for each member of the Board of Pardons and Parole a vehicle for commute and

779 official use; and
780 (g) for the executive director of the Department of Veterans and Military Affairs a
781 vehicle for commute and official use.

782 Section 12. **Effective Date.**

783 This bill takes effect on May 6, 2026.