

Lincoln Fillmore proposes the following substitute bill:

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

- 29 **63A-17-503**, as renumbered and amended by Laws of Utah 2021, Chapter 344
- 30 **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
- 201 (B) who does not receive benefits normally provided by the participating
- 202 employer even if the employment normally requires an average of 20 hours per
- 203 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
- 208 employer; and
- 209 (D) whose employment hours are increased on or after July 1, 2013, to require an
- 210 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
- 213 training of people with significant disabilities; and
- 214 (II) that has been set aside from procurement requirements by the state
- 215 pursuant to Section 63G-6a-805 or the federal government pursuant to 41
- 216 U.S.C. Sec. 8501 et seq.
- 217 (7) "System" means the New Public Employees' Tier II Contributory Retirement System
- 218 created under this chapter.
- 219 (8) "Years of service credit" means:
- 220 (a) a period consisting of 12 full months as determined by the board;
- 221 (b) a period determined by the board, whether consecutive or not, during which a regular
- 222 full-time employee performed services for a participating employer, including any
- 223 time the regular full-time employee was absent on a paid leave of absence granted by
- 224 a participating employer or was absent in the service of the United States government
- 225 on military duty as provided by this chapter; or
- 226 (c) the regular school year consisting of not less than eight months of full-time service
- 227 for a regular full-time employee of an educational institution.
- 228 Section 3. Section **63A-17-501** is amended to read:
- 229 **63A-17-501 . Definitions.**
- 230 As used in this part:
- 231 (1) "Continuing medical and life insurance benefits" means the state provided policy of
- 232 medical insurance and the state provided portion of a policy of life insurance, each

233 offered at the same:

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

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

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

241 (a) paid time off;

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

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

244 [~~(c)~~] (d) unused accumulated sick leave after the employee's retirement for the purchase
245 of continuing medical and life insurance benefits under Sections 63A-17-507,
246 63A-17-508, and 63A-17-804.

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

248 **63A-17-503 . Accumulated annual leave or paid time off -- Conversion to**
249 **deferred compensation plan.**

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

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

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

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

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

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

262 **63A-17-504 . Accumulated annual leave or paid time off -- Annual conversion to**
263 **deferred compensation plan.**

264 (1) If the Legislature in an annual appropriations act with accompanying intent language
265 specifically authorizes and fully funds the estimated costs of this use, the division shall
266 implement a program that allows an employee, in the approved calendar year, to elect to

267 convert up to 20 hours of annual leave or paid time off, in whole hour increments not to
 268 exceed \$250 in value, into any of the employee's designated deferred compensation
 269 accounts that:

- 270 (a) are sponsored by the Utah State Retirement Board; and
- 271 (b) are qualified under Section 401(k) or Section 457 of the Internal Revenue Code.

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

- 273 (a) converted into the employee's deferred compensation account at the employee's pay
 274 rate at the time of conversion; and
- 275 (b) calculated in the last pay period of the leave year as determined by the Division of
 276 Finance.

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

- 279 (a) exceed the maximum amount authorized by the Internal Revenue Code for the
 280 calendar year; or
- 281 (b) cause the employee's balance of accumulated annual leave or paid time off to drop
 282 below the maximum accrual limit provided by rule.

283 Section 6. Section **63A-17-510.1** is enacted to read:

284 **63A-17-510.1 . Paid time off.**

285 (1) As used in this section:

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

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

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

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

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

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

296 (C) sick leave;

297 (D) paid or unpaid administrative leave; or

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

300 (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

301 Division of Finance shall establish a date that is not later than July 1, 2027, beginning on
302 which an agency shall offer paid time off in lieu of:

303 (a) annual leave II; and

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

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

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

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

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

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

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

317 (iii) other applicable employer paid benefits; and

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

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

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

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

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

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

333 Section 7. Section **63A-17-511** is amended to read:

334 **63A-17-511 . Parental leave -- Postpartum recovery leave.**

- 335 (1) As used in this section:
- 336 (a) "Child" means an individual who is younger than 18 years old.
- 337 (b) "Parental leave" means leave hours a state employer provides to a parental leave
338 eligible employee to bond with a child or, in the case of a guardianship appointment,
339 an incapacitated adult.
- 340 (c) "Parental leave eligible employee" means an employee who, on the date an event
341 described in Subsections (2)(a)(i)(A) through (D) occurs:
- 342 (i) is an employee of a state employer;
- 343 (ii) is in a position that receives retirement benefits under Title 49, Utah State
344 Retirement and Insurance Benefit Act;
- 345 (iii) accrues paid leave benefits that can be used in the current and future calendar
346 years;
- 347 (iv) is not reemployed as defined in Section 49-11-1202;
- 348 (v) is assuming a parental role with respect to the child or the incapacitated adult for
349 which parental leave is requested; and
- 350 (vi)(A) is the child's biological parent;
- 351 (B) is the spouse of the person who gave birth to the child;
- 352 (C) is the adoptive parent of the child, unless the employee is the spouse of the
353 pre-existing parent;
- 354 (D) is the intended parent of the child and the child is born under a validated
355 gestational agreement in accordance with [~~Title 78B, Chapter 15, Part 8,~~
356 ~~Gestational Agreement~~] Title 81, Chapter 5, Part 8, Gestational Agreement;
- 357 (E) is appointed the legal guardian of the child or the incapacitated adult; or
- 358 (F) is the foster parent of the child.
- 359 (d) "Postpartum recovery leave" means leave hours a state employer provides to a
360 postpartum recovery leave eligible employee to recover from childbirth that occurs at
361 20 weeks or greater gestation.
- 362 (e) "Retaliatory action" means to do any of the following to an employee:
- 363 (i) dismiss the employee;
- 364 (ii) reduce the employee's compensation;
- 365 (iii) fail to increase the employee's compensation by an amount that the employee is
366 otherwise entitled to or was promised;
- 367 (iv) fail to promote the employee if the employee would have otherwise been
368 promoted; or

- 369 (v) threaten to take an action described in Subsections (1)(e)(i) through (iv).
- 370 (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
405 or postpartum recovery leave available to the qualified employee under this section
406 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
412 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
415 (3)(a)(i);
- 416 (iii) may not be used intermittently, unless:
- 417 (A) by mutual written agreement between the state employer and the parental
418 leave eligible employee; or
- 419 (B) a health care provider certifies that intermittent leave is medically necessary
420 due to a serious health condition of the child;
- 421 (iv) runs concurrently with any leave authorized under the Family and Medical Leave
422 Act of 1993, 29 U.S.C. Sec. 2601 et seq.; and
- 423 (v) runs consecutively to postpartum recovery leave.
- 424 (b) The amount of parental leave authorized under Subsection (2)(a)(i) does not increase
425 if a parental leave eligible employee:
- 426 (i) has more than one child born from the same pregnancy;
- 427 (ii) adopts more than one child;
- 428 (iii) has more than one foster child placed in the parental leave eligible employee's
429 care; or
- 430 (iv) is appointed legal guardian of more than one child or incapacitated adult.
- 431 (c) A parental leave eligible employee may not use more than three work weeks of paid
432 parental leave within a single 12-month period, regardless of whether during that
433 12-month period the parental leave eligible employee:
- 434 (i) becomes the parent of more than one child;
- 435 (ii) adopts more than one child;
- 436 (iii) has more than one foster child placed in the parental leave eligible employee's

- 437 care; or
- 438 (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.
- 473 (b) If during the time a qualified employee uses parental leave or postpartum recovery
474 leave under this section the state employer experiences a reduction in force and, as
475 part of the reduction in force, the qualified employee would have been separated had
476 the qualified employee not been using the parental leave or postpartum recovery
477 leave, the state employer may separate the qualified employee in accordance with any
478 applicable process or procedure as if the qualified employee were not using the
479 parental leave or postpartum recovery leave.
- 480 (9) During the time a qualified employee uses parental leave or postpartum recovery leave
481 under this section, the qualified employee shall continue to receive all employment
482 related benefits and payments at the same level that the qualified employee received
483 immediately before beginning the parental leave or postpartum leave, provided that the
484 qualified employee pays any required employee contributions.
- 485 (10) A state employer may not:
- 486 (a) interfere with or otherwise restrain a qualified employee from using parental leave or
487 postpartum recovery leave in accordance with this section; or
- 488 (b) take retaliatory action against a qualified employee for using parental leave or
489 postpartum recovery leave in accordance with this section.
- 490 (11) A state employer shall provide each employee written information regarding a
491 qualified employee's right to use parental leave or postpartum recovery leave under this
492 section.
- 493 (12) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
494 division shall, on or before July 1, 2022, make rules for the use and administration of
495 parental leave and postpartum recovery leave under this section, including a schedule
496 that provides paid parental leave or postpartum recovery leave for a qualified employee
497 who is part-time or who works in excess of a 40-hour work week on a pro rata basis.

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

499 **63A-17-805 . State employee matching supplemental defined contribution benefit.**

- 500 (1) As used in this section:
- 501 (a) "Active member" means the same as that term is defined in Section 49-11-102.
- 502 (b) "Change date" means the same as that term is defined in Section 63A-17-510.1.
- 503 [~~(a)~~] (c) "Qualifying account" means:
- 504 (i) a defined contribution plan qualified under Section 401(k) of the Internal Revenue

- 505 Code, which is sponsored by the Utah State Retirement Board;
- 506 (ii) a deemed Individual Retirement Account authorized under the Internal Revenue
- 507 Code, which is sponsored by the Utah State Retirement Board; or
- 508 (iii) a similar savings plan or account authorized under the Internal Revenue Code,
- 509 which is sponsored by the Utah State Retirement Board.
- 510 ~~(b)~~ (d) "Qualifying employee" means an employee who is:
- 511 (i) in a position that is:
- 512 (A) receiving retirement benefits under Title 49, Utah State Retirement and
- 513 Insurance Benefit Act; and
- 514 (B) accruing paid leave benefits that can be used in the current and future calendar
- 515 years; and
- 516 (ii) not an employee who is reemployed as that term is:
- 517 (A) defined in Section 49-11-1202; or
- 518 (B) used in Section 49-11-504.
- 519 (e) "Tier I qualifying employee" means a qualifying employee who is an active member
- 520 in Tier I, as defined in Section 49-11-102.
- 521 (f) "Tier II qualifying employee" means a qualifying employee who is an active member
- 522 in Tier II, as defined in Section 49-11-102.
- 523 (2) Subject to the requirements of Subsection (3) and applicable federal law, an employer
- 524 shall make a biweekly matching contribution to every qualifying employee's defined
- 525 contribution plan qualified under Section 401(k) of the Internal Revenue Code, ~~[subject~~
- 526 ~~to federal requirements and limitations,]~~ which is sponsored by the Utah State
- 527 Retirement Board~~[-]~~, as follows:
- 528 (a) before the change date, at a 100% match rate; or
- 529 (b) on or after the change date:
- 530 (i) for a Tier I qualifying employee, at a 100% match rate; and
- 531 (ii) for a Tier II qualifying employee, at a 100% match rate for the first \$26 the
- 532 employee contributes and at a 50% match rate for any amount the employee
- 533 contributes above \$26.
- 534 ~~(3)(a) In accordance with the requirements of this Subsection (3), each qualifying~~
- 535 ~~employee shall be eligible to receive the same dollar amount for the contribution~~
- 536 ~~under Subsection (2).]~~
- 537 ~~(b)~~ (a) A qualifying employee who is hired before July 1, 2023:
- 538 (i) shall receive the contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e) if

- 539 the qualifying employee makes a voluntary personal contribution to one or more
 540 qualifying accounts in an amount equal to or greater than the employer's
 541 contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e);
- 542 (ii) shall receive a partial contribution amount that is equal to the qualifying
 543 employee's personal contribution amount if the employee makes a voluntary
 544 personal contribution to one or more qualifying accounts in an amount less than
 545 the employer's contribution amount determined under Subsection ~~[(3)(f)]~~ (3)(e); or
- 546 (iii) may not receive a contribution under Subsection (2) if the qualifying employee
 547 does not make a voluntary personal contribution to a qualifying account.
- 548 ~~[(e)]~~ (b)(i) An employer shall automatically enroll a qualifying employee who is hired
 549 on or after July 1, 2023, to make a personal contribution to a defined contribution
 550 plan qualified under Section 401(k) of the Internal Revenue Code, which is
 551 sponsored by the Utah State Retirement Board, in an amount equal to the lesser of:
- 552 (A) the employer's contribution amount determined under Subsection ~~[(3)(f)-]~~
 553 (3)(e); or
- 554 (B) \$26.
- 555 (ii) A qualifying employee who makes a personal contribution in accordance with
 556 Subsection ~~[(3)(e)(i)]~~ (3)(b)(i) shall receive the lesser of:
- 557 (A) the contribution amount determined under Subsection ~~[(3)(f)-]~~ (3)(e); or
- 558 (B) \$26.
- 559 ~~[(d)]~~ (c)(i) A qualifying employee who is hired on or after July 1, 2023, may opt out
 560 of the automatic enrollment by choosing not to make any future personal
 561 contributions.
- 562 (ii) ~~[(A)]~~ Subject to Subsection (3)(d), a qualifying employee who opts out of automatic
 563 enrollment in accordance with this Subsection ~~[(3)(d)]~~ (3)(c) may not receive a
 564 contribution under Subsection (2).
- 565 ~~[(e)]~~ (d)(i) A qualifying employee who is hired on or after July 1, 2023, may modify
 566 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);
- 568 or
- 569 (B) to a qualifying account other than the defined contribution plan qualified
 570 under Section 401(k) of the Internal Revenue Code, which is sponsored by the
 571 Utah State Retirement Board.
- 572 (ii) A qualifying employee who opts to make a personal contribution for less than the

- 573 amount determined under Subsection [~~(3)(f)~~] (3)(b) shall receive a partial
 574 contribution that is equal to the qualifying employee's personal contribution
 575 amount.
- 576 [~~(f)~~] (e)(i) Subject to the maximum limit under Subsection [~~(3)(f)(iii)~~] (3)(e)(iii) or (iv),
 577 the Legislature shall annually determine the contribution amount that an employer
 578 shall provide to each qualifying employee under Subsection (2).
- 579 (ii) The division shall make recommendations annually to the Legislature on the
 580 contribution amount required under Subsection (2), in consultation with the
 581 Governor's Office of Planning and Budget and the Division of Finance.
- 582 (iii) [~~The~~] Before the change date, the biweekly matching contribution amount
 583 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
 585 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
 588 employee's biweekly salary or \$26.
- 589 (4) A qualifying employee is eligible to receive the biweekly contribution under this section
 590 for any pay period in which the employee is in a paid status or other status protected by
 591 federal or state law.
- 592 (5) The employer and employee contributions made and related earnings under this section
 593 vest immediately upon deposit and can be withdrawn by the employee at any time,
 594 subject to Internal Revenue Code regulations on the withdrawals.
- 595 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 596 director shall make rules establishing procedures to implement the provisions of this
 597 section.

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

599 **67-19f-102 . Definitions.**

600 As used in this chapter:

- 601 (1) "Annual leave II" means the same as that term is defined in Section 63A-17-510.
- 602 (2) "Board of trustees" or "board" means the board of trustees created in Section 67-19f-202.
- 603 (3) "Income" means the revenues received by the state treasurer from investments of the
 604 trust fund principal.
- 605 (4) "Paid time off" means the same as that term is defined in Section 63A-17-510.1.
- 606 [~~(4)~~] (5) "Trust fund" means the State Employees' [~~Annual~~]Leave Trust Fund created in

607 Section 67-19f-201.

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

609 **67-19f-201 . State Employees' Leave Trust Fund -- Creation -- Oversight --**
 610 **Dissolution.**

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

612 (2) The trust fund consists of:

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

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

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

617 [~~(c)~~] (d) transfers from the termination pool described in Subsection 63A-17-510(6)

618 made by the Division of Finance to the trust fund for annual leave liabilities accrued
 619 before the change date established under Section 63A-17-510;

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

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

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

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

629 (4)(a) The state treasurer shall invest trust fund money by following the procedures and
 630 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
 633 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
 635 fund for:

636 (a) reimbursement to the employer of the costs paid to the trust fund in accordance with
 637 Section 63A-17-510 or 63A-17-510.1 as annual leave II or paid time off is used by an
 638 employee;

639 (b) payments based on accrued annual leave [~~and on~~] , accrued annual leave II, and
 640 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
 643 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
 646 described in Subsection (5); and
- 647 (b) assets of the trust fund are dedicated to providing annual leave~~[-and]~~ , annual leave II,
 648 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
 650 not seize, attach, or otherwise obtain assets of the trust fund.

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

652 **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;
 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
676 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
687 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
690 for the appointed executives and the board or commission executives; and
691 (ii) base those recommendations on market salary studies conducted by the Division
692 of Human Resource Management.
- 693 (b)(i) The Division of Human Resource Management shall determine the salary range
694 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
697 the minimum salary for the appointed executives' salary range; and
698 (C) designating 105% of the highest maximum salary range from those deputies'
699 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
701 may not consider that deputy's salary range in designating the salary range for
702 appointed executives.
- 703 (c)(i) Except as provided in Subsection (2)(c)(ii), in establishing the salary ranges for
704 board or commission executives, the Division of Human Resource Management
705 shall set the maximum salary in the salary range for each of those positions at
706 90% of the salary for district judges as established in the annual appropriation act
707 under Section 67-8-2.
- 708 (ii) In establishing the salary ranges for an individual described in Subsection

709 (1)(b)(ii), (1)(b)(iii), or (1)(b)(iv), the Division of Human Resource Management
710 shall set the maximum salary in the salary range for each of those positions at
711 100% of the salary for district judges as established in the annual appropriation act
712 under Section 67-8-2.

713 (3)(a)(i) Except as provided in Subsection (3)(a)(ii) or Subsection (3)(d), the
714 governor shall establish a specific salary for each appointed executive within the
715 range established under Subsection (2)(b).

716 (ii) If the executive director of the Department of Health and Human Services is a
717 physician, the governor shall establish a salary within the highest physician salary
718 range established by the Division of Human Resource Management.

719 (iii) The governor may provide salary increases for appointed executives within the
720 range established by Subsection (2)(b) and identified in Subsection (3)(a)(ii).

721 (b) The governor shall apply the same overtime regulations applicable to other FLSA
722 exempt positions.

723 (c) The governor may develop standards and criteria for reviewing the appointed
724 executives.

725 (d) If under Section 73-10g-702 the governor appoints an individual who is serving in an
726 appointed executive branch position to be the Utah water agent, the governor shall
727 adjust the salary of the Utah water agent to account for salary received for the
728 appointed executive branch position.

729 (4) Salaries for other Schedule A employees, as defined in Section 63A-17-301, that are not
730 provided for in this chapter, or in Title 67, Chapter 8, Utah Elected Official and Judicial
731 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
733 commission executives as follows:

734 (i) the option of participating in a state retirement system established by Title 49,
735 Utah State Retirement and Insurance Benefit Act, or in a deferred compensation
736 plan administered by the State Retirement Office in accordance with the Internal
737 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
- 746 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
- 749 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
- 755 provided to Schedule B state employees; and
- 756 (F) paid time off;
- 757 (xii) the option to convert accumulated sick leave to cash or insurance benefits as
- 758 provided by law or rule upon resignation or retirement according to the same
- 759 criteria and procedures applied to Schedule B state employees;
- 760 (xiii) the option to purchase additional life insurance at group insurance rates
- 761 according to the same criteria and procedures applied to Schedule B state
- 762 employees; and
- 763 (xiv) professional memberships if being a member of the professional organization is
- 764 a requirement of the position.
- 765 (b) Each department shall pay the cost of additional state-paid life insurance for its
- 766 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
- 769 and personal use;
- 770 (b) for the executive director of the Department of Natural Resources a vehicle for
- 771 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
- 780 official use; and
- 781 (g) for the executive director of the Department of Veterans and Military Affairs a
- 782 vehicle for commute and official use.

783 Section 12. **Effective Date.**

784 This bill takes effect on May 6, 2026.