

Child Care Expansion Act

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Luz Escamilla

House Sponsor:

LONG TITLE**General Description:**

This bill enacts the Employer-Based, State-Assisted Child Care Capacity Expansion Program to expand available high quality child care in the state.

Highlighted Provisions:

This bill:

- defines terms;
- describes the purpose of the Employer-Based, State-Assisted Child Care Capacity Expansion Program (program);
- requires coordination between the Governor's Office of Economic Opportunity and certain other state agencies to implement certain provisions of the program;
- permits the Division of Facilities and Construction Management (DFCM) to enter into leases with certain employers for an expanded child care facility;
- provides for provisions for certain employers who lease a facility from DFCM to enter into a contract with a certain child care provider for child care;
- requires DFCM to be responsible for operations and maintenance of an expanded child care facility;
- provides for rulemaking authority under certain circumstances;
- provides for limitations on state liability regarding operations of a child care opportunity facility;
- creates the Child Care Capacity Expansion Restricted Account to receive certain funds and lease payments, which funds shall be nonlapsing and used:
 - for certain purposes to implement the provisions of the program; and
 - by DFCM for payment of operations and maintenance costs associated with the program;
- requires an annual report; and
- provides intent language that provides for capital improvement funds appropriated for fiscal year 2027 shall be used by DFCM to retrofit warehouse space in an existing State

Tax Commission building into a childcare facility for purposes of the Employer-Based, State-Assisted Child Care Capacity Expansion Program.

Money Appropriated in this Bill:

This bill transfers funds from Capital Budget - Capital Improvements to Department of Government Operations - DFCM - DFCM in the amount of \$3,740,000 for fiscal year 2027.

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

63A-5b-704, Utah Code Annotated 1953

63N-22-101, Utah Code Annotated 1953

63N-22-102, Utah Code Annotated 1953

63N-22-103, Utah Code Annotated 1953

63N-22-104, Utah Code Annotated 1953

63N-22-105, Utah Code Annotated 1953

63N-22-106, Utah Code Annotated 1953

63N-22-108, Utah Code Annotated 1953

63N-22-109, Utah Code Annotated 1953

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

Section 1. Section **63A-5b-704** is enacted to read:

63A-5b-704 . Child Care Capacity Expansion Restricted Account.

(1) As used in this section, "account" means the Child Care Capacity Expansion Restricted Account created in Subsection (2).

(2) There is created a restricted account within the General Fund known as the Child Care Expansion Capacity Restricted Account.

(3) The division shall administer the account.

(4)(a) The account shall consist of:

(i) lease payments received under Section 63N-22-104; and

(ii) private donations, grants, gifts, bequests, or money made available from any other source to implement the Employer-Based, State-Assisted Child Care Capacity Expansion Program described in Title 63N, Chapter 22, Child Care Capacity Expansion Act.

(b) Money described in Subsection (4)(a) shall be deposited into the account.

- 65 (5)(a) Money in the account shall earn interest.
66 (b) All interest earned on account money shall be deposited into the account.
67 (6) Money in the account may only be expended for:
68 (a) the purchase of furniture or equipment, or for other purposes the division, in
69 consultation with the Governor's Office of Economic Opportunity, determines is
70 necessary to implement the Employer-Based, State-Assisted Child Care Capacity
71 Expansion Program described in Title 63N, Chapter 22, Child Care Capacity
72 Expansion Act; and
73 (b) the costs incurred by the division for the operations and maintenance of an expanded
74 child care opportunity facility, as that term is defined in Section 63N-22-101.
75 (7) The funds in the account shall be nonlapsing.

76 Section 2. Section **63N-22-101** is enacted to read:

77 **CHAPTER 22. Child Care Capacity Expansion Act**

78 **Part 1. Employer-Based, State-Assisted Child Care Capacity Expansion Program**

79 **63N-22-101 . Definitions.**

80 As used in this chapter:

- 81 (1) "Capacity limit" means the same as that term is defined in Section 26B-2-401.
82 (2) "Center based child care" means the same as that term is defined in Section 26B-2-401.
83 (3) "Child care" means the same as that term is defined in Section 26B-2-401.
84 (4) "Child care program" means the same as that term is defined in Section 26B-2-401.
85 (5) "Community member" means an individual who:
86 (a) resides no more than 30 miles from an expanded child care opportunity facility;
87 (b) works at a location no more than 15 miles from an expanded child care opportunity
88 facility;
89 (c) is a state employee;
90 (d) is a member of the National Guard; or
91 (e) is a member of the armed forces as defined in Section 68-3-12.5.
92 (6) "Employer cooperative" means three or more private employers who have entered into a
93 formal agreement to share resources.
94 (7)(a) "Employer sponsor" means a private, for-profit entity that leases an expanded
95 child care opportunity facility from the state.
96 (b) "Employer sponsor" includes an employer cooperative that leases an expanded child
97 care opportunity facility from the state.

- 98 (8) "Expanded child care opportunity facility" means a building described in Section
99 63N-22-103.
- 100 (9) "Infant" means a child who is younger than 12 months old.
- 101 (10) "Licensed child care provider" means a person who holds a license from the
102 Department of Health and Human Services to provide center based child care, whether
103 in a for-profit or non-profit model.
- 104 (11) "Older toddler" means a child who is at least 18 months old but younger than two
105 years old.
- 106 (12) "Program" means the Employer-Based, State-Assisted Child Care Capacity Expansion
107 Program described in Section 63N-22-102.
- 108 (13) "Young child" means a child who is at least two years old but younger than seven
109 years old.
- 110 (14) "Younger toddler" means a child who is at least 12 months old but younger than 18
111 months old.

112 Section 3. Section **63N-22-102** is enacted to read:

- 113 **63N-22-102 . Employer-Based, State-Assisted Child Care Capacity Expansion**
114 **Program created.**
- 115 (1) This section creates the Employer-Based, State-Assisted Child Care Capacity Expansion
116 Program.
- 117 (2) The goal of the program is to:
- 118 (a) expand the state's supply of high quality and affordable child care seats;
119 (b) support employers seeking to secure a reliable workforce;
120 (c) support the economic prospects of parents of young children in the workforce;
121 (d) promote economic growth; and
122 (e) utilize obsolete state property.

123 Section 4. Section **63N-22-103** is enacted to read:

- 124 **63N-22-103 . Retrofitting state-owned buildings for center based child care.**
- 125 (1) The Division of Facilities Construction and Management and the office shall partner to
126 identify:
- 127 (a) an obsolete state-owned building suitable for retrofitting as an expanded child care
128 opportunity facility;
129 (b) a portion of a utilized state-owned building suitable for retrofitting as an expanded
130 child care opportunity facility; or
131 (c) a state-owned property suitable for a new building to serve as an expanded child care

132 opportunity facility.

133 (2) Once a location is identified under Subsection (1), and before beginning construction,
134 the office shall:

135 (a) conduct a study of potential impacts of an expanded child care facility on private
136 child care centers in the surrounding area;

137 (b) conduct a study on the demand for child care in the surrounding area for:

138 (i) infants;

139 (ii) younger toddlers;

140 (iii) older toddlers; and

141 (iv) young children;

142 (c) take into consideration the impact study described in Subsection (2)(a);

143 (d) work with the Department of Health and Human Services to determine:

144 (i) the expanded child care opportunity facility's maximum capacity limit;

145 (ii) the number of classrooms available in a facility identified in Subsection (1);

146 (iii) the number of classrooms required for each age group as determined by the study
147 described in Subsection (2)(b); and

148 (iv) whether the expanded child care facility is appropriate to house more than one
149 licensed child care program;

150 (e) establish a timeline by which the property may be retrofitted to serve as an expanded
151 child care opportunity facility; and

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

155 (3) The Division of Facilities Construction and Management shall be responsible for
156 ongoing operations and maintenance of an expanded child care opportunity facility, as
157 described in a lease between the Division of Facilities Construction and Management
158 and an employer sponsor described in Section 63N-22-104.

159 Section 5. Section **63N-22-104** is enacted to read:

160 **63N-22-104 . Leasing an expanded child care opportunity facility.**

161 (1) The office shall:

162 (a) identify a potential employer sponsor to lease an expanded child care opportunity
163 facility; and

164 (b) recommend that the Division of Facilities Construction and Management enters into
165 a lease with the potential employer sponsor at an expanded child care opportunity

166 facility.

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

170 (a)(i) self-report having 50 or more employees; and

171 (ii) self-report having 25% or more of the employer sponsor's workforce made up of
172 parents with young children; and

173 (b) provide a proposal to reduce the cost of child care tuition to the employer's
174 employees and community members.

175 (3) The Division of Facilities Construction and Management shall evaluate the cost of
176 operations and maintenance of an expanded child care opportunity facility on an annual
177 basis.

178 (4) The Division of Facilities Construction and Management may enter into a lease at an
179 expanded child care opportunity facility at the amount determined in Subsection (3) with
180 an employer sponsor as described in this section.

181 (5) A lease authorized by this section shall, at a minimum, require:

182 (a) the employer sponsor to utilize the leased space only for child care purposes;

183 (b) the employer sponsor to contract with a licensed provider:

184 (i)(A) doing business solely in Utah; or

185 (B) primarily doing business in Utah; and

186 (ii) to operate the center based child care at the leased space as described in Section
187 63N-22-105;

188 (c) the employer sponsor to maintain general liability and workers' compensation
189 insurance in minimum amounts established in rule by the Division of Risk
190 Management;

191 (d) the employer sponsor to require a contracted licensed provider to maintain general
192 liability and workers' compensation insurance in minimum amounts established in
193 rule made by the Division of Risk Management;

194 (e) the employer sponsor to reserve 50% of capacity limit of the leased space for the
195 children of employer sponsor employees and the remaining capacity limit of the
196 leased space for the children of community members; and

197 (f) the immediate termination of the lease if the employer sponsor fails to maintain a
198 licensed provider operating in the leased space, as described in Section 63N-22-105,
199 for more than 90 consecutive calendar days.

(6) The Division of Facilities Construction and Management shall deposit lease payments from an employer sponsor into the Child Care Capacity Expansion Restricted Account created in Section 63A-5b-704.

(7) The Division of Facilities Construction and Management and the office shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to implement the provisions of this section.

Section 6. Section **63N-22-105** is enacted to read:

63N-22-105 . Contract with a licensed provider -- Expectations.

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

(2)(a) The Division of Facilities Construction and Management, in consultation with the office, shall establish a contract template to be used between an employer sponsor and licensed provider for the operation of a center based child care facility.

(b) The employer sponsor and licensed provider may modify the template described in Subsection (2)(a) to meet specific needs, subject to the requirements of this section.

(3) The contract described in this section between the employer sponsor and licensed provider shall establish, at a minimum:

(a) the number of overall spots set aside for employer sponsor employees;

(b) the expected hours of operation of the licensed provider;

(c) the insurance amounts the licensed provider is required to maintain while operating a center based child care facility in accordance with Section 63N-22-104; and

(d) that a licensed provider at an expanded child care opportunity facility shall:

(i) no later than one year after the day on which the contract described in this section takes effect, receive a certified quality rating of "Building Quality," "High Quality," or "High Quality Plus" in the Child Care Quality System from the Department of Workforce Services, as determined by rule made by the Department of Workforce Services in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

(ii) maintain or improve the certified quality rating described in Subsection (3)(d)(i);

(iii) accept community member families who receive a child care subsidy from the Department of Workforce Services, if space is available; and

(iv) maintain at least one infant room and one younger toddler room at the expanded child care opportunity facility.

(4) The contracted licensed provider shall be responsible for collecting tuition, complying with licensing requirements, managing and compensating the licensed provider's employees, managing any potential waitlist of families hoping to secure a spot at the center based child care facility, and all other child care provider business activities.

(5) The contracted licensed provider may not set tuition rates for an employer sponsor's employee or community member in excess of what the licensed provider charges at other child care programs the licensed provider operates within a 50 mile radius of the expanded child care opportunity facility.

(6) If the licensed provider's license is suspended or revoked by the Department of Health and Human Services, the contract described in Subsection (3) shall be immediately revoked.

Section 7. Section **63N-22-106** is enacted to read:

63N-22-106 . Promotion of the Employer-Based, State-Assisted Child Care Capacity Expansion Program.

(1) The office shall promote the program created in this chapter to the business community.

(2) The Department of Workforce Services shall promote the program created in this chapter to licensed child care providers, with particular outreach to licensed child care providers that receive a certified quality rating of "Building Quality," "High Quality," or "High Quality Plus" in the Child Care Quality System, as determined in rule made by the Department of Workforce Services in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

(3) Beginning on January 1, 2028, the Department of Workforce Services shall provide a list of high quality center based child care providers in the geographic region of an expanded child care opportunity facility to the Division of Facilities Construction and Management on a quarterly basis.

(4) The Division of Facilities Construction and Management shall provide the list described in Subsection (3) upon request to an employer sponsor seeking a licensed provider with whom the employer sponsor may contract, as described in Section 63N-22-105.

Section 8. Section **63N-22-108** is enacted to read:

63N-22-108 . Limitation on liability.

(1) Nothing in this chapter creates an employer-employee relationship between the state or any department of the state and an employer sponsor or a licensed provider.

- (2) The state is not liable for any civil damages for acts or omissions resulting from the operations of an expanded child care opportunity facility.

Section 9. Section **63N-22-109** is enacted to read:

63N-22-109 . Annual Report.

- (1) No later than October 1 of each year, the office shall provide a written report to the Economic Development and Workforce Services Interim Committee, the Health and Human Services Interim Committee, and the Government Operations Interim Committee on:

- (a) the progress and status of identifying obsolete state buildings for potential retrofitting;
- (b) the progress and status of retrofitting state buildings into expanded child care opportunity facilities;
- (c) the number of leases with employer sponsors;
- (d) the number of children and families served at expanded child care opportunity facilities;
- (e) the number of child care spots created by the program established in this chapter;
- (f) the demand in the business community to participate in the program;
- (g) the demand by political subdivisions, if any, to participate in the program or create a similar program;
- (h) the projected economic growth created by the program; and
- (i) the program's progress towards achieving the goals described in Section 63N-22-102.

- (2) In addition to the report described in Subsection (1), no later than December 31, 2027, the office shall provide a written report to the committees described in Subsection (1), on:

- (a) a proposed plan to implement a sliding fee scale to allow economically disadvantaged children living with community member families to secure child care through the program while ensuring the continued economic viability of contracted licensed providers; and
- (b) any recommended funding mechanisms to implement the sliding fee scale described in Subsection (2)(a).

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

Section 10. **FY 2027 Appropriations.**

The following sums of money are appropriated for the fiscal year beginning July 1,

2026, and ending June 30, 2027. These are additions to amounts previously appropriated for fiscal year 2027.

Subsection 10(a). **Operating and Capital Budgets**

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

ITEM 1 To Capital Budget - Capital Improvements

From General Fund, One-time (3,740,000)

Schedule of Programs:

Capital Improvements (3,740,000)

ITEM 2 To Department of Government Operations - DFCM - DFCM

From General Fund, One-time 3,740,000

Schedule of Programs:

Development 3,740,000

The Legislature intends that the Division of Facilities Construction and Management may utilize up to \$3,7400,00 from fiscal year 2027 Capital Improvements funds to retrofit existing warehouse space in an existing State Tax Commission building into a childcare facility for the purposes of the Employer-Based, State-Assisted Child Care Capacity Expansion Program.

Section 11. **Effective Date.**

This bill takes effect on May 6, 2026.