



Understanding Proposed 2026 Compensation Changes*

Background

Proposed changes to state employees' compensation that have been referred to as the **Total Rewards Rebalance** by Gov. Spencer Cox and the Utah Division of Human Resource Management (DHRM) are the newest response to ongoing concerns about how state employees are compensated.

The Problem

State employee feedback is consistent on the following points:

- Pay is not on par with private industry
- Pay is inconsistent for similar positions across state agencies
- Pay doesn't reflect experience
- Job descriptions don't adequately capture work performed
- Job titles are overly specific and inconsistent across agencies
- Career advancement opportunities are lacking

Proposed Solution as of January 29, 2026

Gov. Cox and DHRM seek the support of UPEA and others to modernize state employees' compensation, creating a unified package that they believe will more closely align total compensation for state employees with the private sector and improve employee lifetime value.

Portions of their plan require statutory changes before they can be implemented, and Sen. Lincoln Fillmore, R-South Jordan, is sponsoring a bill, State Employee Benefits Amendments, which, if passed, would authorize required changes. DHRM would then work through details and implement changes through the administrative rulemaking process.

Components of the Plan

Paid Time Off (PTO)

This is the most significant change in the package because it would transition state employees from separate sick and annual leave accruals to a single PTO allocation. The change is in Fillmore's bill, but the details of that transition would be left to DHRM. The chart below summarizes DHRM recommendations.

Current State			What's Changing		
Sick Leave	4 hours/pay period Accrues without limit Forfeited upon separation		PTO*	0-3.9 years	6 hours/pay period
				4-7.9	7 hours
			8-11.9	8 hours	
			12+	9 hours	
Annual Leave	<5 years	4 hours/pay period	*PTO captures both annual leave and sick time. No separate sick time accrues.		
	5-10 years	5 hours			
	10-20 years	6 hours			
	20+ years	7 hours			





Notes

- Longtime state employees, in particular, view this change as a loss of benefits because they forfeit hours under the new accrual schedule. For example, an employee with 20 years of service currently gets 7 hours of compensable leave and 4 hours of sick leave for a total of 11 hours. Under the proposal, they will get 9 combined compensable hours.
- Any sick leave earned before July 1, 2026, is retained and can be used for medical needs, but no new sick leave accrues. As is currently the case, unused sick leave will be lost at separation.
- Maximum carryover for PTO from one year to the next increases from 320 annual leave hours to 360 PTO hours. Up to 360 PTO hours is also paid out upon separation. This change is intended to compensate for what longer-term employees would forfeit under the new accrual schedule.

UPEA Stance: UPEA opposes this change and has requested further discussion with Sen. Fillmore and DHRM.

Stability Benefits

These benefits aim to introduce protections that address concerns state employees have about the elimination of accrued sick leave. They are not in the proposed bill but would be implemented by DHRM as part of the administrative rule-making process.

	Current State	What's Changing
Short-Term Disability	<ul style="list-style-type: none"> • No traditional plan; employees may access weekly indemnity pay if enrolled in AD&D plan • Provides a weekly benefit, but only if employee is totally disabled due to a nonwork-related accident 	<ul style="list-style-type: none"> • Coverage awarded to all employees • Provides 60% of regular wages • 14-day waiting period • Can use paid leave to supplement benefit to 100% of salary
Accidental Death and Dismemberment	<ul style="list-style-type: none"> • Included as part of the state's life insurance package • Employees receive \$50,000 basic term life, and an accidental death rider at no cost 	<ul style="list-style-type: none"> • Coverage awarded to all employees • Pays up to \$50,000 for loss of limbs, speech, hearing or eyesight due to an accident in addition to \$50,000 basic term life insurance • Additional, employee-paid AD&D coverage is available
Parental/Postpartum Leave	<ul style="list-style-type: none"> • 3 weeks fully paid parental leave • 6 weeks fully paid postpartum leave for the mother 	<ul style="list-style-type: none"> • 9 weeks fully paid postpartum leave for mother, bringing total paid leave to 12 weeks for the mother when 3 weeks of parental leave is included



Notes

- About 2,500 state employees are already paying an average of \$52.88/month for short-term disability insurance. These employees would no longer have to pay for the insurance under this proposal because it will be provided free to all employees.

UPEA Stance: UPEA recognizes these benefits as compensation for the loss of accrued sick leave.

Tier 2 401(k) Enhancement

The bill increases the state’s contribution to 401(k) plans for Tier 2 employees who make up 67% of the state’s workforce. With this change, the state contribution will scale with salary.

	Current State	What’s Changing	
Tier 1 Employees	State contributes \$26/pay period	No change	
Tier 2 Employees	State contributes \$26/pay period	Employee Contribution	State Contribution
		4%	2%
		3%	1.5%
		2%	1%

Note: Employees who earn less than \$20/per hour will have the option to receive the \$26 flat match rather than the 50% match of their contribution if it is less than \$26/per pay period.

UPEA Stance: UPEA supports this improved benefit.

Job Architecture

DHRM has the authority to make these changes under the administrative rule-making process without legislation and this process is underway, with a goal to complete changes for 18,000 employees in 21 executive agencies over 2-3 years.

	Current State	What’s Changing
Salary Ranges	657+ unique ranges	25-40 standardized job grades would be implemented over time with a goal to create pay grades that approach market parity
Titles	Inconsistent across agencies and sometimes overly specific	Standardized across agencies
Career Paths	Inconsistent	Defined professional and managerial tracks

Notes:

- This initiative is not a statewide reclassification exercise or a promise of employee compensation. It is not intended to save money or reduce headcount.



- Implementation of the new salary grade structure will require funding to move some salaries to a new grade minimum.
- Some exceptions will apply due to existing requirements in law enforcement, federally funded roles, and jobs for which salary ranges are set in code.

UPEA Stance: UPEA asks to be part of any work group tasked with decision making as changes to job architecture are finalized.

*Please note that these are proposals only and may change. UPEA will provide updates as changes occur.

