

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

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

33 **Money Appropriated in this Bill:**

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

36 **Other Special Clauses:**

37 None

38 **Utah Code Sections Affected:**

39 ENACTS:

40 **63A-5b-704**, Utah Code Annotated 1953

41 **63N-22-101**, Utah Code Annotated 1953

42 **63N-22-102**, Utah Code Annotated 1953

43 **63N-22-103**, Utah Code Annotated 1953

44 **63N-22-104**, Utah Code Annotated 1953

45 **63N-22-105**, Utah Code Annotated 1953

46 **63N-22-106**, Utah Code Annotated 1953

47 **63N-22-108**, Utah Code Annotated 1953

48 **63N-22-109**, Utah Code Annotated 1953

49

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

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

52 **63A-5b-704 . Child Care Capacity Expansion Restricted Account.**

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

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

57 (3) The division shall administer the account.

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

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

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

64 (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~~ , property and workers' compensation insurance in minimum amounts
 192a established ~~in~~ [in] by
 193 ~~the~~ [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.

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

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

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

207 **63N-22-105 . Contract with a licensed provider -- Expectations.**

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

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

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

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

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

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

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

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

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

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

232 (iii) accept community member families who receive a child care subsidy from the

- 233 Department of Workforce Services, if space is available; and
 234 (iv) maintain at least one infant room and one younger toddler room at the expanded
 235 child care opportunity facility.
- 236 (4) The contracted licensed provider shall be responsible for collecting tuition, complying
 237 with licensing requirements, managing and compensating the licensed provider's
 238 employees, managing any potential waitlist of families hoping to secure a spot at the
 239 center based child care facility, and all other child care provider business activities.
- 240 (5) The contracted licensed provider may not set tuition rates for an employer sponsor's
 241 employee or community member in excess of what the licensed provider charges at
 242 other child care programs the licensed provider operates within a 50 mile radius of the
 243 expanded child care opportunity facility.
- 244 (6) If the licensed provider's license is suspended or revoked by the Department of Health
 245 and Human Services, the contract described in Subsection (3) shall be immediately
 246 revoked.

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

248 **63N-22-106 . Promotion of the Employer-Based, State-Assisted Child Care**
 249 **Capacity Expansion Program.**

- 250 (1) The office shall promote the program created in this chapter to the business community.
- 251 (2) The Department of Workforce Services shall promote the program created in this
 252 chapter to licensed child care providers, with particular outreach to licensed child care
 253 providers that receive a certified quality rating of "Building Quality," "High Quality," or
 254 "High Quality Plus" in the Child Care Quality System, as determined in rule made by
 255 the Department of Workforce Services in accordance with Title 63G, Chapter 3, Utah
 256 Administrative Rulemaking Act.
- 257 (3) Beginning on January 1, 2028, the Department of Workforce Services shall provide a
 258 list of high quality center based child care providers in the geographic region of an
 259 expanded child care opportunity facility to the Division of Facilities Construction and
 260 Management on a quarterly basis.
- 261 (4) The Division of Facilities Construction and Management shall provide the list described
 262 in Subsection (3) upon request to an employer sponsor seeking a licensed provider with
 263 whom the employer sponsor may contract, as described in Section 63N-22-105.

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

265 **63N-22-108 . Limitation on liability.**

- 266 (1) Nothing in this chapter creates an employer-employee relationship between the state or

267 any department of the state and an employer sponsor or a licensed provider.

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

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

271 **63N-22-109 . Annual Report.**

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

276 (a) the progress and status of identifying obsolete state buildings for potential retrofitting;

277 (b) the progress and status of retrofitting state buildings into expanded child care
 278 opportunity facilities;

279 (c) the number of leases with employer sponsors;

280 (d) the number of children and families served at expanded child care opportunity
 281 facilities;

282 (e) the number of child care spots created by the program established in this chapter;

283 (f) the demand in the business community to participate in the program;

284 (g) the demand by political subdivisions, if any, to participate in the program or create a
 285 similar program;

286 (h) the projected economic growth created by the program; and

287 (i) the program's progress towards achieving the goals described in Section 63N-22-102.

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

291 (a) a proposed plan to implement a sliding fee scale to allow economically
 292 disadvantaged children living with community member families to secure child care
 293 through the program while ensuring the continued economic viability of contracted
 294 licensed providers; and

295 (b) any recommended funding mechanisms to implement the sliding fee scale described
 296 in Subsection (2)(a).

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

300 Section 10. **FY 2027 Appropriations.**

301 The following sums of money are appropriated for the fiscal year beginning July 1,
 302 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for
 303 fiscal year 2027.

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

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

308 ITEM 1 To Capital Budget - Capital Improvements

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

310 Schedule of Programs:

311 Capital Improvements (3,740,000)

312 ITEM 2 To Department of Government Operations - DFCM - DFCM

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

314 Schedule of Programs:

315 Development 3,740,000

316 The Legislature intends that the Division of
 317 Facilities Construction and Management may utilize up
 318 to \$3,740,000 from fiscal year 2027 Capital
 319 Improvements funds to retrofit existing warehouse space
 320 in an existing State Tax Commission building into a
 321 childcare facility for the purposes of the
 322 Employer-Based, State-Assisted Child Care Capacity
 323 Expansion Program.

324 Section 11. **Effective Date.**

325 This bill takes effect on May 6, 2026.