

CHAPTER 24**(HB 165)**

AN ACT relating to employee child-care assistance.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 199.883 is amended to read as follows:

- (1) The Employee Child Care Assistance Partnership Program is hereby established under the cabinet. To administer the program, the cabinet may:
 - (a) Delegate authority to a subsidiary department;
 - (b) Coordinate and share information with other executive branch agencies; and
 - (c) Enter into contracts with third parties to administer the program or specific parts of the program.
- (2) The cabinet shall be responsible for:
 - (a) Creating and making available a standardized contract for participation in the program;
 - (b) Processing the contract between an employer, employee, and child-care provider that is submitted to the cabinet;
 - (c) Notifying the parties of their enrollment status in the program;
 - (d) Managing and administering the program funds;
 - (e) Securing third-party vendors in accordance with all applicable federal and state procurement regulations, if deemed necessary;
 - (f) Verifying the eligibility of the respective employee, employer, and child-care provider as parties to a contract for participation in the program prior to disbursement of a state match;
 - (g) Collecting and verifying household income information from eligible employees and determining the amount of the state match for which the employee is eligible; and
 - (h) Distributing educational materials about the program's objectives, benefits, and eligibility requirements to employers, employees, and child-care providers.
- (3) The cabinet shall review the completed contract after it is submitted by the employer and, if the employee, employer, and the proposed child-care provider meet program eligibility requirements, agree to match the contribution made by the employer up to one hundred percent (100%) of the cost of service from the fund.
- (4) The cabinet shall only become party to a proposed contract under this program if the fund reflects a positive balance based on both:
 - (a) The cabinet's existing contractual obligations already accrued under this program; and
 - (b) The cabinet's additional financial obligation imposed by the proposed contract.
- (5) The cabinet shall not agree to become party to a proposed contract pursuant to this program if the corresponding financial obligation would cause the fund to accrue a negative balance.
- (6) The cabinet shall maintain a waitlist of contracts submitted after available funds were committed. The cabinet shall become party to a proposed contract from the waitlist as new funds become available and according to the order in which it was received.
- (7) The cabinet shall issue a state match directly to the child-care provider or through a third-party vendor for the duration of the contract.
- (8) The cabinet shall not disclose an employee's personal information without that individual's express written consent.
- (9) In the first fiscal year of the program, the cabinet shall administer the program according to the following:
 - (a) The cabinet shall begin administering the program after April 8, 2022, including but not limited to:

1. Promulgating the required administrative regulations as described in KRS 199.884; and
 2. Soliciting third-party vendor contracts, if deemed necessary;
- (b) The cabinet shall not begin accepting proposed contracts from employers pursuant to this program prior to ninety (90) calendar days before July 1, 2023; and
- (c) The cabinet shall not disburse state matches from the fund as a party to a contract with an employer, employee, and child-care provider pursuant to this program prior to July 1, 2023.
- (10) Beginning in 2024 and every year thereafter, the cabinet shall begin accepting proposed contracts from employers, employees, and child-care providers for the next fiscal year according to the following:
- (a) Ninety (90) calendar days before July 1 for employers with existing approved contracts pursuant to the program; and
 - (b) Forty-five (45) calendar days before July 1 for all other employers.
- (11) Beginning **December 15, 2023**,~~in 2024~~ and every year thereafter, the cabinet shall publish reports detailing the efficacy of the program by July 15 and December 15 of each year and shall submit the report to the Legislative Research Commission. The report shall include at least the following information about the program:
- (a) Any appropriation made in the past fiscal year to the fund;
 - (b) The total number of standardized contracts submitted by employers;
 - (c) The total amount of state matches paid out of the fund by the cabinet;
 - (d) The breakdown of the state matches paid by county;
 - (e) Information on the size, geographical location, and industry type of employers who participated in the program;
 - (f) The number, license type, quality rating, and geographical distribution of participating child-care providers;
 - (g) The average cost for services charged by child-care providers participating in the program and information on how these costs have increased or decreased during the most recent reporting period and previous reporting periods;
 - (h) The number and total dollar value of contracts not approved by the cabinet; and
 - (i) The demographic information of employees participating in the program.
- (12) Prior to one hundred twenty (120) calendar days before July 1, 2023, the cabinet shall publish a report detailing implementation plans for the program and submit the report to the Legislative Research Commission.

➔Section 2. KRS 199.887 is amended to read as follows:

- (1) Termination of an active contract between an employer, employee, child-care provider, and the cabinet pursuant to this program shall occur in the following circumstances:
 - (a) If the relationship between the employee and employer is severed, the employer shall notify the child-care provider and the cabinet within three (3) business days of the separation, and the contract is terminated on the calendar date provided by the employer in the notification. If the employer fails to make this notification and the cabinet issues a state match to the provider on behalf of that employer's employee, then the employer shall reimburse the cabinet for the unnecessary state match; or
 - (b) If the employer fails to make a contribution or contributions for the eligible child-care costs in accordance to the terms of the contract, the child-care provider shall notify the cabinet within five (5) business days. After receiving notification from the provider, the cabinet shall temporarily cease providing a state match and shall notify the employer that the contract will be terminated unless the employer remedies the nonpayment within five (5) business days of receiving notification from the cabinet. If the provider fails to make this notification and receives a state match from the cabinet on behalf of that employer's employee, the provider shall reimburse the cabinet for the unnecessary state match.
- (2) Termination of an active contract between an employer, employee, child-care provider, and the cabinet pursuant to this program may occur in the following circumstances:

- (a) If the employee fails to pay the child-care provider for costs not covered by the employer contribution and the state match in accordance to the terms of the contract, the child-care provider may give the employee reasonable time to remedy the nonpayment. The child-care provider may notify the cabinet and terminate the contract on the date that the notification was issued. If the child-care provider voluntarily excuses the employee's nonpayment or the child-care provider does not notify the cabinet within two (2) calendar months from the date of the employee's nonpayment and continues to provide services, then the contract made between all the parties will automatically reflect the reduction in value;
- (b) If the child-care provider ceases participation or otherwise loses its rating in the rating system described in KRS 199.8943, it shall notify all parties to the agreement immediately; and
- (c) ~~Either~~ The employer, ~~or~~ employee, *or child-care provider* may terminate the contract at any time and for any reason. The terminating party shall notify all the parties to the contract and specify the desired termination date, which shall occur no sooner than two (2) weeks from the date of notification unless the child-care provider gives its consent to an earlier termination date. All parties to the contract shall be financially obligated, according to the provisions of the contract, up to the termination date.

Signed by Governor March 20, 2023.