

## CHAPTER 146

## ( HB 6 )

AN ACT relating to child care and declaring an emergency.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 199 IS CREATED TO READ AS FOLLOWS:

- (1) *As used in this section, "program" means the quality-based graduated early care and education program rating system established under KRS 199.8943.*
- (2) *It is the intent of the General Assembly that the program shall meaningfully and effectively support voluntary participation by licensed and certified child-care providers in building and maintaining high-quality early learning services for children across the Commonwealth. To that end, the General Assembly intends for the program to:*
  - (a) *Feature objective and measurable intended outcomes;*
  - (b) *Include long-term strategies for empirically assessing and validating the efficacy of the program and routinely studying it to ensure continuous improvement;*
  - (c) *Be predicated upon proven methods and standards that reflect the consensus of the highest-quality academic research on early childhood development;*
  - (d) *Align with state licensing and certification requirements and avoid duplication between those requirements and the program to the greatest extent possible;*
  - (e) *Offer effective financial incentives to encourage and enable providers to participate in the program and to strive for the highest possible rating under the program;*
  - (f) *Offer accessible and high-impact training opportunities for child-care providers and their staff to ensure that they are able to successfully participate in the program and advance their services to higher rating levels;*
  - (g) *Utilize digital administrative tools that are easy to use and minimize compliance burdens associated with participating in the program;*
  - (h) *Be accompanied by a robust outreach program that involves partnerships with community-based stakeholders to ensure that providers, parents, and employers are fully aware of the program and its benefits to children;*
  - (i) *Be simple and easy to understand for parents;*
  - (j) *Include a digital, public-facing data system that is accessible to the general public and researchers;*
  - (k) *Provide streamlined compliance processes for multisite operators to reduce administrative burdens; and*
  - (l) *Allow for flexibility within rating levels in order to accommodate different approaches to providing high-quality services, provided that these approaches are informed by research and the consensus of early childhood education professionals.*
- (3)
  - (a) *On or after the effective date of this Act, the Cabinet for Health and Family Services shall not make any administrative or regulatory changes to the program unless explicitly authorized to do so by the General Assembly or unless a change is required to conform with federal law or to access federal funding. If the cabinet determines that administrative or regulatory changes to the program are necessary in accordance with this paragraph, the cabinet shall first notify the Interim Joint Committee on Families and Children before initiating any changes.*
  - (b) *Notwithstanding paragraph (a) of this subsection, the cabinet shall, in consultation with the Family Child Care Network of Kentucky, promulgate administrative regulations in accordance with KRS Chapter 13A to incorporate setting-aligned quality standards under the program for certified family child-care homes and licensed Type II child-care centers by October 1, 2026.*

- (4) *Any established metrics or intended outcomes associated with the program, or strategies to evaluate the efficacy of the program, shall respect the privacy of children, families, and licensed and certified child-care providers, and shall account for programs for children with special needs, children in the welfare system, and children from economically disadvantaged households.*
- (5) *This section shall not be construed to limit or prohibit aspects of the program that are not mentioned in this section.*
- (6) *By October 1, 2026, the cabinet shall submit to the Legislative Research Commission a written plan outlining a process through which it will develop recommendations to modernize the program and align it with the General Assembly's intent as expressed in this section for referral to the Interim Joint Committees on Families and Children, Education, and Appropriations and Revenue and the Tobacco Settlement Agreement Fund Oversight Committee.*
- (7) *The modernization process plan submitted by the cabinet shall include but not be limited to:*
  - (a) *Strategies for robust engagement with impacted stakeholders, including but not limited to licensed and certified child-care providers, early childhood educators employed in regulated child-care programs, parents of young children, parents of children with special needs, parents of children benefiting from the Child Care and Development Fund as defined in 45 C.F.R. sec. 98.2, elementary school teachers, special education teachers, school district superintendents, and school principals;*
  - (b) *Strategies for robust engagement with outside experts, including but not limited to early childhood education professionals and experts, faculty at Kentucky-based colleges and universities, economists and statisticians, the federal Administration for Children and Families, and Child Care and Development Fund administrators in other states;*
  - (c) *Strategies for utilizing the Kentucky Child Care Advisory Council as a source for feedback and guidance;*
  - (d) *Strategies for utilizing technical assistance, financial, and programmatic support from the federal government where applicable;*
  - (e) *Strategies for updating and seeking feedback from the General Assembly and other executive branch agencies;*
  - (f) *Clear timelines, including expected project milestones, with the intention of producing final recommendations to the Legislative Research Commission for modernization and alignment by no later than December 1, 2027; and*
  - (g) *Estimates of projected costs to successfully carry out the modernization process plan, including potential costs for third-party contractors.*
- (8) *In developing the modernization process plan, the cabinet shall consult regularly and consistently with the Kentucky Child Care Advisory Council. The council shall provide feedback and guidance to the cabinet throughout the process. Prior to the submission of the plan to the Legislative Research Commission, the cabinet shall submit the plan to the council for a review and shall communicate comments and feedback from the council regarding the plan to the Commission.*
- (9) *By December 1, 2027, the cabinet shall submit its final recommendations for modernizing the program and aligning it with the General Assembly's intent, as expressed in this section, to the Legislative Research Commission for referral to the Interim Joint Committees on Families and Children, Education, and Appropriations and Revenue and the Tobacco Settlement Agreement Fund Oversight Committee.*

➔Section 2. KRS 199.891 is amended to read as follows:

- (1) As used in this section:
  - (a) "Cabinet" means the Cabinet for *Health and Family Services*; ~~Economic Development; and~~
  - (b) "*Child care service*" means a child care service licensed or certified by the cabinet; and
  - (c) "*Local government*" has the same meaning as in KRS 65.230 ~~["Council" means the Council of Area Development Districts].~~
- (2) The cabinet shall ~~work in partnership with the council and the area development districts to~~ establish a Certified Child Care Community Designation Program. The purpose of the program shall be to create new opportunities for local governments to help increase the supply of child care ~~and early childhood education~~.

services in their communities through voluntary actions related to *land use and zoning* reform and programming at the local level. *Participation in the program by local governments shall be optional.*

- (3) 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 the council];~~
  - (c) Enter into contracts with third parties to administer the program or specific parts of the program; and
  - (d) Promulgate administrative regulations in accordance with KRS Chapter 13A to implement the program.†
- ~~(4) (a) By December 1, 2024, the cabinet shall make available, on its website and to the Legislative Research Commission for referral to the Interim Joint Committee on Families and Children, recommendations and best practices for local governments to utilize when evaluating local ordinances, regulations, and land use rules pertaining to the availability of child care services in local communities. These recommendations and best practices shall focus on balancing safety with increasing the supply of child care and early childhood education services and easing local regulatory barriers, and shall include but not be limited to the following topics:~~
- ~~1. Local land use policies related to center based, in home, and employer based child care services, including:
 
    - ~~a. Recommendations for definitions for terms such as "child care," "child care center," and "family child care home";~~
    - ~~b. Recommendations on where child care services should be permitted by right, with special standards, and with conditional use permits;~~
    - ~~c. Recommendations for requirements for compliance with conditional use permits and special standards;~~
    - ~~d. Best practices for safely permitting child care services in or near industrial areas;~~
    - ~~e. Best practices for playgrounds associated with child care services; and~~
    - ~~f. Recommendations for parking requirements where applicable;~~~~
  - ~~2. Policies pertaining to local permitting fees for starting and operating child care services; and~~
  - ~~3. Policies related to other local ordinances and regulations that may pertain to the availability of child care services in local communities.~~
- ~~(b) The cabinet may enter into a contract with a third party to produce the recommendations and best practices required in accordance with this subsection.~~
- ~~(c) The cabinet, or a third party under contract with the cabinet, shall solicit feedback and input on these recommendations and best practices from the council, area development districts, and organizations in the Commonwealth representing child care providers and in home family child care providers, local governments, local elementary and secondary school officials, the business community, economic developers, and community planning and design professionals.~~
- ~~(d) The recommendations and best practices required pursuant to this subsection shall take into consideration the unique needs and differences between urban and rural areas of the state and shall also include recommendations for local jurisdictions that have not adopted local land use rules in accordance with KRS Chapter 100.~~
- ~~(5) By December 1, 2024, the cabinet shall submit a draft standardized application for certification and draft instructions for the Certified Child Care Community Designation Program to the Legislative Research Commission for referral to the Interim Joint Committee on Families and Children.†~~
- ~~(4)†(6) By January 1, 2028[April 1, 2025], the cabinet[-, after consulting with the council,] shall make publicly available a standardized application for certification and instructions for the Certified Child Care Community Designation Program. *In preparing these materials, the cabinet shall solicit feedback from and engage with the Kentucky Child Care Advisory Council and individuals and associations representing local governments, land use and planning and design professionals, public health officials, licensed and certified child-care providers, business leaders, economic development professionals, and education professionals.*~~

- (5)(7) The cabinet shall:
- (a) Begin receiving and approving applications from local governments no earlier than **January 1, 2028**~~[April 1, 2025]~~; and
  - (b) Send notice of approval or denial to applicants no later than thirty (30) days after receiving an application. If the cabinet denies an application, the cabinet shall include the reason for the denial in its notice and shall invite the applicant to resubmit.
- (6)(8) (a) To attain certification by the cabinet, applicants shall be required to demonstrate that the local government has:
1. ~~*Established or joined*~~~~[Developed clear and actionable strategies, including at least two (2) action items from the list below, to help address local child care challenges and raise awareness of state and local child care resources for working families, current and prospective child care providers, current and prospective employers, and economic developers. Action items include but are not limited to:~~
    - a. ~~Creating~~ a community-wide child care task force that includes representatives from local government, the business community, education, health care, **nonprofits, and providers of licensed and certified child care services**~~;~~~~[and early childhood education professionals;~~
    - b. ~~Making available and maintaining a public list of certified and licensed child care services in the community;~~
    - c. ~~Designating a local agency or nonprofit to serve as a point of contact for local child care issues;~~
    - d. ~~Helping raise awareness of certification and licensing requirements for child care providers;~~
    - e. ~~Making available an accessible guide to assist prospective child care service providers in navigating the jurisdiction's ordinances, regulations, and land use rules that pertain to child care; and~~
    - f. ~~Conducting a study of child care challenges in the local community or actively participating in a study of child care challenges in the local region; and]~~
  2. ~~*Developed a strategic plan through its task force to address identified child care challenges and increase access to child care services in the local community; and*~~
  - 3.~~[2.]~~ Analyzed local ordinances, regulations, and **land use**~~[land use]~~ rules that could create barriers to the availability of child care services and developed an action plan to implement reforms. To comply with this subparagraph, the applicant shall demonstrate that it has:
    - a. Gathered community input from child care providers and child care organizations, local residents and homeowners, local elementary and secondary school officials, the business community, civic and nonprofit organizations, and economic developers through meetings, listening sessions, or surveys;
    - b. Conducted a comprehensive analysis of the jurisdiction's ordinances, regulations, and **land use**~~[land use]~~ rules that may pertain to the provision of child care services and identified ordinances, regulations, and **land use**~~[land use]~~ rules that create barriers to the availability of child care services in the community; and
    - c. Established a clear and specific action plan to amend ordinances, regulations, and **land use**~~[land use]~~ rules that create barriers to the availability of child care services in the community as identified through the comprehensive analysis in subdivision b. of this subparagraph.
- (b) ~~*As used in*~~~~[For the purposes of]~~ paragraph (a)~~3.[2.]~~ of this subsection, "ordinances, regulations, and **land use**~~[land use]~~ rules that create barriers to the availability of child care services" in the community means local ordinances, regulations, or **land use**~~[land use]~~ rules that local officials and community stakeholders have determined to be overly restrictive or unnecessary and have the effect of discouraging or limiting the availability of child care services without meaningfully supporting safety or preserving the character of the community.

- (c) In fulfilling the requirements of paragraph (a)~~3.~~~~2.~~ of this subsection, an applicant shall demonstrate that it has, *to the greatest extent possible, reviewed and incorporated into its action plan*~~{taken into consideration the}~~ recommendations and best practices for local ordinances, regulations, and *land use*~~{land use}~~ rules pertaining to child care made available by *the* cabinet. *This demonstration shall include a detailed explanation of where the applicant's local policies do and do not align with recommended best practices. If the cabinet determines that the applicant did not adequately consider recommended best practices in its analysis and action plan, it may deny certification to the applicant*~~{pursuant to subsection (4) of this section. The applicant may satisfy this requirement by demonstrating that it has taken into consideration recommendations and best practices produced by its area development district, provided that they are substantially similar to those produced by the cabinet and were developed with stakeholder input as described in subsection (4) of this section}.~~
- (d) If the applicant has not adopted *land use*~~{land use}~~ rules pursuant to KRS Chapter 100, it may exclude, and the cabinet shall not consider, *land use*~~{land use}~~ rules *and zoning ordinances* from its analysis and action plan.
- (e) *The cabinet shall permit local governments to partner together and submit joint applications. Under a joint application, the community-wide child care task force shall include representatives from all local governments in the application, and the strategic plan shall take into account child care needs across all applicant communities. All local governments that are party to the joint application shall demonstrate compliance with requirements related to analysis and modification of local ordinances, regulations, and land use rules that could create barriers to the availability of child care services.*
- ~~{(9) Prior to submitting an application to the cabinet for certification, an applicant shall first submit its application to the area development district in which the applicant is located and receive approval. The area development district shall review the application and, within thirty (30) days, recommend the application for approval or deny it based on the criteria in subsection (8) of this section. In cases where the area development district denies an application, it shall provide a detailed explanation of the reason and allow the applicant to resubmit. The cabinet shall not accept an application for review or approval unless the area development district in which the applicant is located has recommended the application for approval.}~~
- ~~{(7)}~~~~{(10)}~~ The cabinet shall:
- (a) Make publicly available~~{on its website}~~ a list of communities that have obtained the certified child care community designation; *and*
- (b) *Transmit, on a quarterly basis, a full list of certified communities to the Cabinet for Economic Development.*
- ~~{(8)}~~~~{(11)}~~ By December 1, ~~2028~~~~{2025}~~, the cabinet shall submit a report to the Legislative Research Commission for referral to the Interim Joint ~~Committees~~~~{Committee}~~ on Families and Children *and State and Local Government* specifying the communities that have obtained the designation, a summary of the different strategies used by local communities to expand access to child care and remove barriers, and recommendations for improvements to the program.
- (9) *When the Cabinet for Economic Development engages with a company regarding participation in an incentive or funding program administered by one (1) or more of that cabinet's agencies, including when it initially communicates with, receives an application from, and approves funding to, any company, the Cabinet for Economic Development shall provide to the company information regarding the Certified Child Care Community Designation Program, including a list of communities that have obtained the designation.*
- (10) *By November 1 of each year, the Cabinet for Economic Development shall prepare and post to its website as required in KRS 154.12-2035 a report containing a list of communities that have obtained the designation, information regarding its engagement with companies as outlined in this section, and information regarding its actions under KRS 199.888.*
- ➔Section 3. KRS 199.8983 is amended to read as follows:
- (1) There is hereby created the Kentucky Child Care Advisory Council to be composed of *thirty-four* ~~(34)~~~~{eighteen (18)}~~ members. The members appointed by the Governor shall serve a term of three (3) years. The appointed members of the council shall be geographically and culturally representative of the population of the Commonwealth *and shall be no less than proportionally representative of the two (2) leading political parties of the Commonwealth based on the state's voter registration and the political affiliation of each*

*appointee as of December 31 of the year preceding the date of his or her appointment.* For administrative purposes, the council shall be attached to the department. The members shall be as follows:

- (a) The commissioner of the department, or designee;
  - (b) Four (4) members appointed by the Governor representing child-care center providers licensed pursuant to this chapter;
  - (c) Two (2) members appointed by the Governor representing family child-care home providers licensed pursuant to this chapter;
  - (d) Three (3) members appointed by the Governor who are parents, de facto custodians, guardians, or legal custodians of children receiving services from child-care centers or family child-care homes licensed pursuant to this chapter;
  - (e) *Two (2) members appointed by the Governor representing local child-care resource and referral agencies;*
  - (f) *One (1) member appointed by the Governor with a professional background in economics from a list of names provided by the president of the Council on Postsecondary Education;*
  - (g) *Two (2) members appointed by the Governor with professional backgrounds in, or specialized knowledge of, child care and early childhood issues from a list of names provided by the President of the Senate;*
  - (h) *Two (2) members appointed by the Governor with professional backgrounds in, or specialized knowledge of, child care and early childhood issues from a list of names provided by the Speaker of the House of Representatives;*
  - (i) *One (1) member appointed by the Governor with a professional background in, or specialized knowledge of, child care and early childhood issues from a list of names provided by the Minority Floor Leader of the Senate;*
  - (j) *One (1) member appointed by the Governor with a professional background in, or specialized knowledge of, child care and early childhood issues from a list of names provided by the Minority Floor Leader of the House of Representatives;*
  - (k) Three (3) members appointed by the Governor from the private sector who are knowledgeable about education, health, and development of children;
  - ~~(l)(f)~~ The director of the Division of Child Care within the department, or designee, as a nonvoting ex officio member;
  - ~~(m)(g)~~ The commissioner of education, Education and Labor Cabinet, or designee, as a nonvoting ex officio member;
  - ~~(n)(h)~~ The executive director of the Governor's Office of Early Childhood, or designee, as a nonvoting ex officio member;
  - ~~(o)(i)~~ The commissioner of the Department for Public Health within the cabinet, or designee, as a nonvoting ex officio member;~~and~~
  - ~~(p)(j)~~ The state fire marshal, Public Protection Cabinet, or designee, as a nonvoting ex officio member;
  - (q) *The executive director of the Kentucky Center for Statistics, or designee;*
  - (r) *The two (2) co-chairs of the Interim Joint Committee on Families and Children who shall be nonvoting members;*
  - (s) *The two (2) co-chairs of the Interim Joint Committee on Appropriations and Revenue's Budget Review Subcommittee on Health and Family Services who shall be nonvoting members; and*
  - (t) *The two (2) co-chairs of the Interim Joint Committee on Education who shall be nonvoting members.*
- (2) The council shall have two (2) co-chairpersons. One (1) co-chairperson shall be the commissioner of the department, or designee, and one (1) co-chairperson shall be elected by the voting members of the council.
- (3) Members shall serve until a successor has been appointed. If a vacancy on the council occurs, the Governor shall appoint a replacement for the remainder of the unexpired term.

- (4) Members shall serve without compensation but shall be reimbursed for reasonable and necessary expenses in accordance with state travel expenses and reimbursement administrative regulations.
- (5) The council shall meet at least quarterly and at other times upon call of the co-chairpersons.
- (6) The council shall advise the cabinet on matters affecting the operations, funding, and licensing of child-care centers, ***child-care microcenters as defined in Section 4 of this Act, ~~and~~ family child-care homes, and other matters as directed by the General Assembly.*** The council shall provide input and recommendations for ways to improve quality, access, and outcomes.
- (7) The council shall make an annual report by December 1 ***each year*** that provides summaries ***of its actions and discussions from that year*** and recommendations to address the availability, affordability, accessibility, and quality of child care in the Commonwealth. A copy of the annual report shall be ***posted on the cabinet's website and*** provided to the secretary, the Governor, and the Legislative Research Commission ***for referral to the Interim Joint Committee on Families and Children.***

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 199 IS CREATED TO READ AS FOLLOWS:

(1) ***As used in this section:***

- (a) ***"Child-care microcenter" means a category of regulated child care supervised by the cabinet that serves between four (4) and twenty-four (24) children in a nonresidential setting for more than three (3) hours per day;***
  - (b) ***"Eligible applicant" means a provider of a child-care program that:***
    1. ***Has been licensed or certified by the cabinet for at least three (3) years at the time of application;***
    2. ***Is in good standing with the cabinet; and***
    3. ***Participates in the quality-based graduated early care and education rating system established under KRS 199.8943;***
  - (c) ***"Nontraditional work hours" means hours of employment that generally but not exclusively occur between 7 p.m. to 5 a.m. Monday to Friday, or between 7 p.m. on Friday to 5 a.m. on Monday;***
  - (d) ***"Opportunity zones" means a population census tract that is a low-income community and designated as a qualified opportunity zone under Sections 1400Z-1 and 1400Z-2 of the Internal Revenue Code; and***
  - (e) ***"Rural areas" means a county with a population of less than fifty thousand (50,000) residents.***
- (2) ***It is the intent of the General Assembly to allow for licensed child-care microcenters in order to encourage innovative child-care services in high-need areas and underserved populations, including but not limited to rural areas, workers with nontraditional hours, opportunity zones, parents in need of emergency or drop-in services, and postsecondary students and campuses. Child-care microcenters shall provide quality services, operate under setting-aligned health and safety standards, and be permitted to request and receive special variances from established standards and administrative regulations at the discretion of the cabinet.***
  - (3) ***The Kentucky Child-Care Microcenter Program is hereby established within the cabinet to regulate the standards and operations of child-care microcenters. To administer the program, the cabinet may enter into contracts with third parties to administer the program or specific parts of the program.***
  - (4) ***The cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A by July 1, 2027, to implement this section and determine appropriate standards under which child-care microcenters may be licensed and operated in Kentucky.***
  - (5) ***The cabinet shall establish standards for operations, including but not limited to staff background checks, adult-to-child ratios, health and safety standards, facility requirements, teacher and director training, and required paperwork for employees and enrolled children. In developing these standards, the cabinet shall solicit feedback from key stakeholders, including licensed and certified child-care providers, early childhood experts, local child care resource and referral agencies, the Kentucky Child Care Advisory Council, and other relevant stakeholders.***
  - (6) (a) ***The cabinet shall establish a process by which a child-care microcenter provider may apply for and receive a variance from established standards and administrative regulations for child-care***

*microcenters. Applications shall demonstrate that the requested variance will not, in any way, jeopardize the health and safety of children receiving care at the child-care microcenter.*

- (b) *Approved variances shall only apply to the specific child-care microcenter for which a variance is requested.*
  - (c) *Denials of applications for variances are not contestable.*
  - (d) *An eligible applicant for the program may request a variance in its initial program application.*
  - (e) *An approved child-care microcenter provider or eligible applicant may request a variance only once in a calendar year and shall not be allowed to operate with more than one (1) approved variance in place at a time.*
- (7) *Child-care microcenters shall not be required to provide meals or transportation to children enrolled in the program.*
  - (8) *Playgrounds shall be optional for child-care microcenters, but a program shall have a plan for gross motor activity.*
  - (9) *Child-care microcenters may utilize mixed age group child care, but the licensed capacity of the child-care microcenter shall be based on the youngest child served in the center.*
  - (10) *The cabinet shall ensure that the application and approval process for child-care microcenters is efficient and streamlined, and the application fee for a child-care microcenter shall be cost-effective.*
  - (11) *Only eligible applicants may be approved to operate a child-care microcenter.*
  - (12) *The cabinet shall begin accepting and approving child-care microcenter applications from eligible applicants no earlier than July 1, 2027.*
  - (13) *The cabinet shall approve or deny an application within ninety (90) days of receipt. If an application is denied, the cabinet shall notify the applicant and explain its reasoning.*
  - (14) *In reviewing and approving applications, the cabinet shall prioritize applications from eligible applicants that:*
    - (a) *Seek to provide services in an opportunity zone or rural area;*
    - (b) *Seek to provide services to parents of children with nontraditional work hours; or*
    - (c) *Involve community partnerships with entities including but not limited to employers, schools, or faith-based organizations.*
  - (15) *The cabinet shall authorize no more than ten (10) child-care microcenters to operate in the state at one (1) time, with no more than two (2) child-care microcenters allowable within a single county.*
  - (16) *The cabinet shall develop an outreach plan to raise awareness of the program. This plan shall include partnerships with nonprofits and local child care resource and referral agencies in different parts of the state.*
  - (17) (a) *By December 1, 2027, the cabinet shall submit a report to the Legislative Research Commission for referral to the Interim Joint Committee on Families and Children detailing the number of applications received, the number of applications approved, the locations of approved and denied applications, the number of children being served, and the number and nature of approved and denied variances.*
    - (b) *By December 1, 2028, the cabinet shall submit a report to the Legislative Research Commission for referral to the Interim Joint Committee on Families and Children containing updated information on all components in paragraph (a) of this subsection, and also include commentary from the cabinet on the efficacy of the program in achieving the legislative intent of the program outlined in this section.*

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 199 IS CREATED TO READ AS FOLLOWS:

- (1) *Of the required hours of cabinet-approved early care and education training that shall be completed each year between July 1 and June 30 for:*
  - (a) *Licensed child-care providers, at least three (3) of those training hours shall focus on working with children with special needs. This requirement shall begin the first year of employment in a licensed child-care program and continue each subsequent year; and*

- (b) *Certified family child-care home providers, at least two (2) of those training hours shall focus on working with children with special needs. This requirement shall begin in the first year of employment in a certified family child-care home program and continue each subsequent year.*
- (2) (a) *If a child in a licensed or certified child-care program is offered support programs, such as developmental therapy or academic intervention, through an Individualized Family Service Plan or an Individualized Education Program created in accordance with the Individuals with Disabilities Education Act, Part B or C, and the child's parent or caregiver has submitted written notification describing the support program to the licensed or certified child-care provider, then a licensed or certified child-care provider shall not prevent the diagnostician, therapist, or interventionist from being present on the premises of the child-care center or family child-care home for the purpose of providing services to that child.*
- (b) *This subsection shall not be construed to require personnel of a local school district to provide support programs on the premises of a licensed or certified child-care program.*

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 199 IS CREATED TO READ AS FOLLOWS:

- (1) *Beginning December 1, 2026, and every month thereafter, the Education and Labor Cabinet, in coordination with the Cabinet for Health and Family Services, shall compile and produce a monthly report providing a comprehensive snapshot of all licensed and certified child-care providers, Head Start services, child care services regulated by the United States Department of Defense, and state-funded public preschool services operating within the Commonwealth.*
- (2) *The report shall include statewide and regional counts of the number of each of these services at the time of the snapshot, and to the greatest extent possible provide additional information, including but not be limited to:*
  - (a) *The name and physical address of each service provider;*
  - (b) *The type of licensure or certification held by each service provider;*
  - (c) *The licensed capacity of each service provider;*
  - (d) *The number of child care and early childhood education professionals at each service provider, and in total on a statewide and regional basis;*
  - (e) *Whether or not a program's services are half-day or full-day;*
  - (f) *The actual enrollment by age group of each service provider, if available; and*
  - (g) *If actual enrollment is unavailable, an estimated actual capacity reflecting the number of children the provider can accommodate based on operational considerations, including staffing levels and available physical space.*
- (3) *The report shall be organized at both the statewide and regional or county level.*
- (4) *The Education and Labor Cabinet shall make the report publicly available through a searchable, user-friendly online database. The database shall:*
  - (a) *Be updated monthly;*
  - (b) *Include a historical archive of past reports; and*
  - (c) *Be maintained in a manner that supports access and use by the public, policymakers, and researchers.*
- (5) *This section shall not be construed to authorize the release of personally identifiable information of enrolled children or staff.*
- (6) *As part of the first report on December 1, 2026, the cabinet shall include a historical analysis of the availability of child care and early childhood education services on both a statewide and regional basis to illustrate how the availability of child care services in the Commonwealth has changed over time.*
- (7) *By July 1, 2027, or earlier if determined feasible, the Cabinet for Health and Family Services shall develop and implement processes to track the real capacity of licensed and certified child care services in the Commonwealth. The cabinet shall ensure that its processes are minimally burdensome on licensed and*

*certified child-care providers. To the greatest extent possible, the cabinet shall collect and report real capacity information for individual age groups of children.*

- (8) *The cabinet shall make information on real capacity available to the public and shall report this information to the Education and Labor Cabinet on at least a quarterly basis.*
- (9) *Beginning July 1, 2027, the Education and Labor Cabinet, in coordination with the Cabinet for Health and Family Services, shall develop and publish an objective quarterly report comparing the supply of licensed and certified child care services in the Commonwealth to the potential need for child care services. This information shall be made available on a statewide, regional, and county-level basis and is intended to help policymakers and individual communities understand gaps between available child care services and the potential need.*
- (10) *As used in this section:*
- (a) *"Potential need for child care services" means children under the age of six (6) with all available parents in the labor force according to the American Community Survey;*
- (b) *"Real capacity" means the number of children that a child care service is actively enrolling in its program at the time in which the analysis of real capacity is being conducted; and*
- (c) *"Supply of licensed and certified child care services" means the total number of children under the age of six (6) that child care services within a geographic area are actively enrolling at the time in which the analysis is being conducted. If this information is not available, the total licensed capacity for licensed and certified services may be used, provided that capacity is restricted to services for children under the age of six (6). The report shall also include an accounting of services provided by the United States Department of Defense, the Office of Head Start, and state-funded public preschool programs.*
- (11) *The report shall utilize a distance-based methodology to account for cross-state and cross-county interactions between children and licensed and certified child-care providers. The report shall be made publicly available.*

➔SECTION 7. A NEW SECTION OF KRS CHAPTER 199 IS CREATED TO READ AS FOLLOWS:

- (1) *The Cabinet for Health and Family Services shall establish a voluntary designation process through which any licensed or certified child-care provider may identify as a faith-based program.*
- (2) *The faith-based designation shall be displayed in all public-facing child-care databases maintained or overseen by the Commonwealth. The cabinet shall work to ensure that nonprofits, organizations, and local communities in Kentucky that maintain public-facing child-care databases are aware of this designation process.*
- (3) *Participation in the designation process shall be optional and open to all licensed and certified child-care providers.*
- (4) *The presence or absence of a faith-based designation shall not be used by the cabinet or any other state agency to confer preferential treatment, impose limitations, or otherwise discriminate for or against any child-care provider.*

➔SECTION 8. A NEW SECTION OF KRS CHAPTER 199 IS CREATED TO READ AS FOLLOWS:

- (1) *By October 1, 2026, and annually thereafter, the Office of State Budget Director shall produce a comprehensive report outlining all state and federal spending on child care and early childhood education services in the prior state fiscal year, including but not limited to licensed and certified child-care providers and preschool services. The report shall include:*
- (a) *All federal dollars that were received, appropriated, and allocated and shall clarify what federal programs provided funding, how much funding was provided, and what Kentucky programs these funds supported;*
- (b) *All state dollars, including but not limited to general fund and tobacco settlement dollars, that were appropriated and allocated to child care and early childhood education programs in Kentucky;*
- (c) *An explanation of instances where federal dollars were braided or combined with other federal funding streams to support programs, including instances where federal dollars for child care were*

*rolled into other programs or where federal dollars not intended for child care were rolled into child-care programs;*

- (d) *An explanation of any budget allotment modifications concerning child-care services or early childhood education services; and*
  - (e) *An inventory of all state programs receiving state or federal funding, or a combination thereof, and list their total funding amounts along with a breakdown of the specific funding sources for each program.*
- (2) *To produce the annual report, the Office of State Budget Director shall:*
- (a) *Consult with the Cabinet for Health and Family Services, the Education and Labor Cabinet, the Department of Education, the Governor's Office of Early Childhood, and the Department of Revenue; and*
  - (b) *Work collaboratively with the Interim Joint Committees on Families and Children and Appropriations and Revenue.*
- (3) *The Office of State Budget Director shall submit the report to the Legislative Research Commission for referral to the Interim Joint Committees on Families and Children and Appropriations and Revenue. The report shall be made available to the public.*

➔SECTION 9. A NEW SECTION OF KRS CHAPTER 199 IS CREATED TO READ AS FOLLOWS:

- (1) *The Cabinet for Health and Family Services shall submit an approval request to the federal Administration for Children and Families to utilize a cost estimation model to inform payment rates beginning with the federal fiscal year 2028-2030 Child Care and Development Fund state plan. The cost-estimation model shall incorporate program factors, including but not limited to provider type; hours and seasons of operation; child age range served; geography; level of quality; staff salaries and benefits; facilities, including utilities, maintenance, and insurance; training and professional development; curricula; and supplies.*
- (2) *In developing the approval request, the cabinet shall consult regularly with the Kentucky Child Care Advisory Council, and the council shall have an opportunity to review the request before the cabinet submits it.*
- (3) *It is the intent of the General Assembly to ensure that the state's methodology for setting rates for reimbursement to licensed and certified child-care providers serving children under the Child Care and Development Fund program accounts for the costs incurred by providers to serve these children in addition to estimated market rates.*
- (4)
  - (a) *As used in this section, "Child Care Assistance Program" means Kentucky's child-care subsidy program providing families who meet eligibility requirements established by the cabinet, with the financial resources to find and afford quality child care in accordance with the Child Care and Development Fund as defined in 45 C.F.R. sec. 98.2.*
  - (b) *To the extent funds are available and to the extent allowable under federal law, the cabinet shall exclude all earned and unearned income from the eligibility determination for the Child Care Assistance Program if an applicant:*
    - 1. *Meets all nonincome-related requirements for program eligibility as determined by the cabinet; and*
    - 2.
      - a. *Has verified employment in a regulated licensed Type I or licensed Type II child-care program, a child-care microcenter program, or a certified family child-care home; or*
      - b. *Is the owner or operator of a certified family child-care home or licensed Type II child-care program.*

➔Section 10. KRS 199.882 is amended to read as follows:

As used in KRS 199.881 to 199.888:

- (1) "Cabinet" means the Cabinet for Health and Family Services;

- (2) "Child-care provider" means a child-care provider that is rated pursuant to the quality-based graduated early care and education program rating system set forth in KRS 199.8943;
- (3) "Contribution" means a direct payment to a child-care provider *made* either directly by an employer or through a third party *on behalf of the employer* ~~[-vendor]~~ to subsidize an employee's eligible child-care costs;
- (4) "Eligible child-care costs" means costs to be incurred by an individual for services rendered by an eligible child-care provider;
- (5) "Employee" means an individual who works in Kentucky and is employed by an employer;
- (6) "Employer" means a nonprofit or for-profit entity with at least one (1) employee who works in Kentucky in each of twenty (20) or more calendar weeks in the current or preceding calendar year;
- (7) "Fund" means the fund administered by the cabinet as described in KRS 199.885;
- (8) "Program" means the Employee Child Care Assistance Partnership;
- (9) "Small business" means a business with fewer than fifty (50) employees who are individually contracted to work more than thirty-five (35) hours per week;
- (10) "State match" means the money paid directly to the child-care provider by the cabinet *or a third-party administrator* from the fund described in KRS 199.885; ~~[-and]~~
- (11) "State median household income" means the most recent estimate available of real median household income for the state, as determined by the United States Census Bureau, and adjusted for family size; *and*
- (12) ***"Third-party administrator" means a private entity contracted by the cabinet to administer the program.***

➔Section 11. 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; *and*
  - (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 oversee and regulate the program, and a private entity contracted by the cabinet shall administer the program.***
- (3)
  - (a) ***By December 1, 2026, the cabinet shall enter into a contract with a private entity to administer the program as the third-party administrator. The cabinet may utilize administrative funding from the fund, in accordance with Section 12 of this Act, to carry out this contract.***
  - (b) ***To provide incentives for a third-party administrator to enroll more employers and employees in the program, the cabinet shall enter into an agreement in which a third-party administrator is allowed to retain a percentage of the employer contribution or state match, or some combination thereof, for each administered contract, as determined by the cabinet. The cabinet may offer additional incentives tied to specific performance metrics.***
  - (c) ***The cabinet shall routinely audit any third-party administrator responsible for administering the program to ensure compliance with state laws and administrative regulations.***
  - (d) ***The cabinet shall establish a transition plan for employers already participating in the program at the time of selecting a third-party administrator to ensure a smooth transition for providers, employers, and employees.***
- (4) ***The cabinet shall partner with a nonprofit entity serving communities in each of the fifteen (15) area development districts established in KRS 147A.050 to promote and raise awareness of the program. This work shall be conducted in coordination with the third-party administrator. Partnerships shall be voluntary and optional for designated nonprofits. The cabinet may use administrative funds in accordance with Section 12 of this Act, or other funds, for the purposes of this subsection.***
- (5) ***In accordance with a contract entered into with the cabinet under this section, the third-party administrator shall be responsible for:***

- (a) Creating and making available *via a digital dashboard an accessible and easy-to-use*~~[a]~~ standardized *application and* contract for participation in the program;
  - (b) *Using technology and digital tools to process applications and contracts*~~[Processing the contract]~~ between an employer, employee, and child-care provider that is submitted to the *third-party administrator*~~[cabinet]~~;
  - (c) Notifying the parties of their enrollment status in the program;
  - (d) Managing and administering the program funds *under the cabinet's supervision and direction*;
  - (e) Securing third-party *subcontractors*~~[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;
  - (i) *Ensuring that application and reapplication processes under this program for employers and employees are simple and efficient*;
  - (j) *Ensuring that compliance with and utilization of the program is simple and efficient for all parties*;
  - (k) *Ensuring that application and reapplication processes and contracts for this program are accessible and available in multiple formats, including but not limited to digital and paper formats, and that applications and contracts are allowed to be submitted by various means, including but not limited to digital platforms, first-class mail, and email*;
  - (l) *Responding to inquiries and requests for assistance from all parties in a timely and efficient manner*;
  - (m) *Providing routine updates to all parties on the status of contracts and payments*;
  - (n) *Issuing state matches from the fund to child-care providers in a timely manner and in accordance with individual contracts*;
  - (o) *Receiving contributions from employers and dispersing them to child-care providers in a timely manner and in accordance with individual contracts*;
  - (p) *Creating an efficient preapproval process for employers, employees, and child-care providers interested in participation in the program; and*
  - (q) *Creating a streamlined reapplication process for existing contracts which parties are requesting to renew.*
- (6)~~(3)~~ The *third-party administrator*~~[cabinet]~~ shall review the completed contract after it is submitted by the employer and *within ten (10) business days, notify the parties of approval, disapproval, or request additional information. If*~~[, if]~~ the employee, employer, and the proposed child-care provider meet program eligibility requirements, *the third-party administrator shall* agree to match, *from the fund*, the contribution made by the employer up to one hundred percent (100%) of the cost of *the employee's eligible child-care costs*~~[service from the fund]~~. *Any denial of a contract shall include an explanation of the exact reasoning for why the contract was denied.*
- (7)~~(4)~~ The *third-party administrator*~~[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 *under this program*.
- (8)~~(5)~~ *The third-party administrator*~~[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.

- (9)~~(6)~~ **The third-party administrator**~~{The cabinet}~~ shall maintain a waitlist of contracts submitted after available funds were committed. The **third-party administrator**~~{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.
- (10)~~(7)~~ **The third-party administrator**~~{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.
- (11)~~(8)~~ **The third-party administrator**~~{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.~~
- (12)~~(10)~~ Beginning in 2026~~{2024}~~ and every year thereafter, the **third-party administrator**~~{cabinet}~~ shall begin accepting proposed contracts **under this program** 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.
- (13)~~(11)~~ ~~{Beginning December 15, 2023, and every year thereafter, }~~The cabinet shall publish reports detailing the efficacy of the program by July 15 and **January**~~{December}~~ 15 of each year and shall submit the report to the Legislative Research Commission **for referral to the Interim Joint Committee on Families and Children**. 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~~{,}~~;
  - (j) **The number of employers participating in the program; and**
  - (k) **Recommendations for improving the program and how to give employers more options to utilize the program in order to support access to affordable child care services in the Commonwealth**~~{ }~~
- ~~(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 12. KRS 199.885 is amended to read as follows:

- (1) There is hereby established in the State Treasury a revolving account to be known as the Employee Child Care Assistance Partnership fund. The fund shall consist of moneys appropriated by the General Assembly, contributions, gifts, or grants made available for the purposes of the program.
- (2) The fund shall be administered by the cabinet or its designated department.
- (3) Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year.
- (4) Any interest earnings of the fund shall become a part of the fund and shall not lapse.
- (5) Moneys deposited in the fund are hereby appropriated for the purposes set forth in KRS 199.881 to 199.888 and shall not be appropriated or transferred by the General Assembly for any other purpose.
- (6) **A third-party administrator**~~[The cabinet]~~ shall issue state matches out of the fund to child-care providers in accordance with the provisions of the respective contracts and in the order that the cabinet processed the contracts.
- (7)
  - (a) The state match shall not exceed one hundred percent (100%) of the contribution made by the employer for contracts in which the employee's household income is equal to or less than one hundred percent (100%) of the state median household income.
  - (b) The state match shall decrease by ten percent (10%) for each twenty percent (20%) increase in household income over one hundred percent (100%) of the state median household income up to one hundred eighty percent (180%) of the state median household income.
  - (c) The state match shall equal fifty percent (50%) for contracts in which the employee's household income exceeds one hundred eighty percent (180%) of the state median household income.
- (8) In each fiscal year, twenty-five percent (25%) of the total fund shall be distributed to agreements in which an employer is a small business.
- (9) In fiscal year 2022-2023, five percent (5%) of the total fund shall be distributed to the cabinet to administer the program. **Beginning in fiscal year 2026-2027 and** in every fiscal year thereafter, **up to ten percent (10%)**~~[three percent (3%)]~~ of the total fund shall be distributed to the cabinet **for administrative purposes related to the program**~~[to administer the program]~~.
- (10) A state match issued pursuant to this program and administered by **a third-party administrator**~~[the cabinet]~~ is for the promotion of the general welfare and shall not be considered compensation for an employee's service.

➔Section 13. KRS 199.886 is amended to read as follows:

- (1) If an employer wishes to provide child-care assistance to an employee as a benefit of employment and participate in this program, the employer may enter into an agreement with its employee and a child-care provider using the standardized contract provided by **a third-party administrator**~~[the cabinet]~~.
- (2) To participate in the program, an employer shall do the following:
  - (a) ~~Access~~~~[Obtain]~~ the standardized contract created by the cabinet and enter into it with the employee and child-care provider;
  - (b) Submit the proposed contract to the **third-party administrator; and**~~[cabinet];~~
  - (c) Submit any additional information as deemed necessary by the **third-party administrator**~~[cabinet]~~ pursuant to KRS 199.884~~;~~ ~~and~~
  - ~~(d) Make contributions to the employee's eligible child care costs directly to the child care provider or through a third party vendor in accordance with the amount and frequency agreed to in the final contract.~~
- (3)
  - (a) **The employer shall submit its contributions for each contract under this program to the third-party administrator, either in lump-sum payments or in accordance with the amount and frequency agreed to in the final contract. The third-party administrator shall distribute the contributions from the employer to the child-care provider along with the state match in a timely manner and in accordance with the contract. In the event that a contract is terminated early, for any reason, the third-party administrator shall remit any remaining funds contributed by the employer for the particular contract back to the employer.**

- (b) *If requested by the employer and approved by the third-party administrator and the child-care provider, employers shall have the ability to make contributions directly to child-care providers.*
  - (c) *All payments to child-care providers shall be made in a timely manner in accordance with each contract's individual stipulations.*
- (4) To participate in the program, an employee shall complete the standardized contract with the employer and the child-care provider and provide any additional information as deemed necessary by the cabinet pursuant to KRS 199.884.
- (5)~~(4)~~ In the event that the agreement includes costs of service not covered by the employer's contribution and the state match, the employee shall make payments to the child-care provider according to the amount and frequency determined by the final contract. If another member of the employee's household or family becomes a party to an agreement in accordance with KRS 199.881 to 199.888, the employer contribution and state match of that agreement may be utilized to pay for costs of service not covered by the employer contribution and state match of the preceding agreement, provided that it does not result in overpayment to the provider.

➔ Section 14. KRS 199.887 is amended to read as follows:

- (1) Termination of an active contract between an employer, employee, child-care provider, and *a third-party administrator*~~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 *third-party administrator*~~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 *third-party administrator*~~the cabinet~~ issues a state match to the provider on behalf of that employer's employee, then the employer shall reimburse the *fund*~~the cabinet~~ for the unnecessary state match;
  - (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 *third-party administrator*~~the cabinet~~ within five (5) business days. After receiving notification from the provider, the *third-party administrator*~~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 *third-party administrator*~~the cabinet~~. If the provider fails to make this notification and receives a state match from the *third-party administrator*~~the cabinet~~ on behalf of that employer's employee, the provider shall reimburse the *fund*~~the cabinet~~ for the unnecessary state match; or
  - (c) If the relationship between the employee and the child care provider is severed and the employee ceases to utilize the child care provider's services, the employee shall notify the employer within three (3) business days, and the employer shall notify the *third-party administrator*~~the cabinet~~ and terminate the contract.
- (2) Termination of an active contract between an employer, employee, child-care provider, and the *third-party administrator*~~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 *third-party administrator*~~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 *third-party administrator*~~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) The employer, 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.

- (3) Any child-care provider who receives an employer contribution as part of this program or a state match for services not rendered and which will not be rendered after the relationship between the employee and child care provider is severed or after the termination of an active contract in accordance with this section shall return those employer contributions and match funds to the respective parties within five (5) days of receipt of the funds.

➔Section 15. KRS 199.8982 is amended to read as follows:

- (1) (a) The cabinet shall establish a family child-care home certification program which shall be administered by the department. A family child-care provider shall apply for certification of the provider's home if the provider is caring for four (4) to six (6) children unrelated to the provider. A family child-care provider caring for three (3) or fewer children may apply for certification of the provider's home at the discretion of the provider. Applicants for certification shall not have been found by the cabinet or a court to have abused or neglected a child, and shall meet the following minimum requirements:
1. Submit two (2) written character references;
  2. Provide a written statement from a physician or advanced practice registered nurse that the applicant is in good health;
  3. Submit to a criminal record check in accordance with KRS 199.8965;
  4. Provide smoke detectors, a telephone, an adequate water supply, sufficient lighting and space, and a safe environment in the residence in which care is provided;
  5. Provide a copy of the results of a tuberculosis risk assessment and the results of any appropriate follow-up with skin testing or chest X-ray for applicants who are determined to be at risk for developing tuberculosis in accordance with the recommendations of the Centers for Disease Control and Prevention within thirty (30) days of the date of application for certification; and
  6. Demonstrate completion of a total of at least six (6) hours of training in the following areas within three (3) months of application for certification:
    - a. Basic health, safety, and sanitation;
    - b. Recognizing and reporting child abuse; and
    - c. Developmentally appropriate child-care practice.
- (b) Initial applications for certification shall be made to the department. The cabinet may promulgate administrative regulations to establish fees that shall not exceed costs of the program to the cabinet, for proper administration of the certification. The department shall issue a certificate of operation upon inspecting the family child-care home and determining the provider's compliance with the provisions of this section. The inspection shall be unannounced. A certificate of operation issued pursuant to this section shall not be transferable and shall be renewed every two (2) years for a fee that shall not exceed costs of the program to the cabinet for renewal.
- (c) A certified family child-care provider shall display the certificate of operation in a prominent place within the residence in which care is provided. The cabinet shall provide the certified family child-care provider with written information explaining the requirements for a family day-care provider and instructions on the method of reporting violations of the requirements which the provider shall distribute to parents.
- (d) Upon request of any person, the cabinet shall provide information regarding the denial, revocation, suspension, or violation of any type of day-care license of the family child-care provider. Identifying information regarding children and their families shall remain confidential.
- (e) The cabinet shall provide, upon request, public information regarding the inspections of and the plans of correction for the family child-care home within the past year. All information distributed by the cabinet under this paragraph shall include a statement indicating that the reports as provided under this paragraph from the past five (5) years are available from the family child-care home upon the parent's, custodian's, guardian's, or other interested person's request.
- (f) The cabinet shall promulgate administrative regulations in accordance with KRS Chapter 13A which establish standards for the issuance, monitoring, release of information under this section and KRS 199.896 and 199.898, renewal, denial, revocation, and suspension of a certificate of operation for a

family child-care home and establish criteria for the denial of certification if criminal records indicate convictions that may impact the safety and security of children in care. A denial, suspension, or revocation of a certificate may be appealed, and upon appeal an administrative hearing shall be conducted in accordance with KRS Chapter 13B. If the cabinet has probable cause to believe that there is an immediate threat to the public health, safety, or welfare, the cabinet may take emergency action to suspend a certificate pursuant to KRS 13B.125. The cabinet shall promulgate administrative regulations to impose minimum staff-to-child ratios. The cabinet may promulgate administrative regulations relating to other requirements necessary to ensure minimum safety in family child-care homes. The cabinet shall develop and provide an "easy-to-read" guide containing the following information to a family child-care provider seeking certification of his home:

1. Certification requirements and procedures;
  2. Information about available child-care training; and
  3. Child-care food sponsoring organizations.
- (2) Family child-care providers shall annually demonstrate to the department completion of at least six (6) hours of training in child development. These hours shall include but are not limited to one and one-half (1.5) hours one (1) time every five (5) years of continuing education in the recognition and prevention of pediatric abusive head trauma, as defined in KRS 620.020. Training in recognizing pediatric abusive head trauma may be designed in collaboration with organizations and agencies that specialize in the prevention and recognition of pediatric abusive head trauma approved by the secretary of the Cabinet for Health and Family Services. The one and one-half (1.5) hours of continuing education required under this section shall be included in the current number of required continuing education hours.
- (3) The cabinet shall, either through the development of or approval of, make available a model training curriculum and training materials, including video instructional materials, to cover the areas specified in subsection (1)(a)6. of this section. The cabinet shall develop or approve the model training curriculum and training materials to cover the areas specified in subsection (1)(a)6. of this section.
- (4) (a) As used in this subsection "local government" means a city, county, charter county, urban-county government, consolidated local government, or unified local government.
- (b) The provisions of this section shall supersede all local government ordinances or regulations pertaining to the certification, licensure, and training requirements related to the operation of family child-care homes and no local government shall adopt or enforce any additional licensure, certification, or training requirements specifically applicable to family child-care homes in addition to those provided in this section. This subsection shall not be interpreted or construed to exempt family child-care homes from compliance with local government ordinances and regulations that apply generally within the jurisdiction.
- (c) Because the availability of adequate child-care as an essential business is vital to the Commonwealth's state and local economies, by January 1, 2022, a local government that has adopted land use regulations pursuant to KRS Chapter 100 shall specifically name family child-care homes in the text of its zoning regulations to authorize the board of adjustments to separately consider the applications of proposed family child-care homes for conditional use permits within the residential zones of the planning unit where they are not a fully permitted use pursuant to KRS 100.237.
- (5) ***Notwithstanding any state law or administrative regulation to the contrary:***
- (a) ***A child-care provider located on a military installation or military facility that is licensed or certified as a family child-care provider by the United States Department of Defense (DOD), any branch of the Armed Forces as defined in KRS 40.010, the National Guard, or reserve component thereof shall be exempt from the requirements of this section;***
- (b) ***For a pilot period of two (2) years, beginning July 1, 2026, through June 30, 2028, a family child-care home shall be exempt from the requirements of this section if it is:***
1. ***Located outside of the boundaries of a military installation of any branch of the Armed Forces as defined in KRS 40.010;***
  2. ***Providing child care exclusively to children eligible for care under the DOD Instruction 6060.02;***
  3. ***Has a certificate issued by the DOD to provide child care; and***

4. *Has completed background screening by the DOD pursuant to 34 U.S.C. sec. 20351 and 32 C.F.R. pt. 86 and has received a favorable suitability and fitness determination;*
- (c) *During the pilot period established in paragraph (b) of this subsection:*
1. *The regulatory authority having oversight of family child care-homes for each respective military installation shall:*
    - a. *Be responsible for registering each DOD-certified family child-care home with the cabinet by providing, upon certification:*
      - i. *Name of the family child-care home operator;*
      - ii. *Address of the family child-care home;*
      - iii. *Military installation providing oversight over the family child-care home;*
      - iv. *Number of children permitted to be served by the family child-care home; and*
      - v. *Number of children actively enrolled in the family child-care home;*
    - b. *Provide the cabinet with updates to its registrations on a quarterly basis; and*
    - c. *Immediately notify the department when the DOD adds or removes a family child-care home operating under this subsection from its registry or closes a family child-care home for cause;*
  2. *In the event the program's DOD certification as a family child-care home operator is suspended or terminated due to noncompliance with the health, safety, or licensing standards or there is substantiated evidence of child abuse, neglect, or endangerment, the operator shall be ineligible to apply for a child-care license or certification pursuant to this chapter and, if voluntarily certified by the cabinet under this chapter, shall be subject to an administrative action revoking its child-care certification; and*
  3. *If the DOD substantiates child abuse, neglect, or endangerment, the operator shall have the operator's name placed on the Kentucky Child Abuse and Neglect Central Registry and shall not be employed at any state-regulated child care program; and*
- (d) *The Cabinet for Health and Family Services shall provide two (2) reports on the registration data required in paragraph (c) of this subsection to the Legislative Research Commission for referral to the Interim Joint Committee on Families and Children, with the first due by December 1, 2026, and the second due by December 1, 2027.*

➔SECTION 16. A NEW SECTION OF KRS CHAPTER 199 IS CREATED TO READ AS FOLLOWS:

- (1) *As used in this section:*
- (a) *"Cabinet" means the Cabinet for Health and Family Services;*
  - (b) *"Type I child-care center" means a child-care center licensed by the cabinet to regularly provide child care services for:*
    1. *Four (4) or more children in a nonresidential setting; or*
    2. *Thirteen (13) or more children in a designated space separate from the primary residence of a licensee;*
  - (c) *"Type II child-care center" means a child-care center that is the primary residence of the licensee in which child care is regularly provided for at least seven (7) but not more than twelve (12) children, including children related to the licensee; and*
  - (d) *"University" means the University of Kentucky.*
- (2) *By August 1, 2026, the university shall establish and operate the Kentucky Kindergarten Readiness Performance-Based Child Care Incentive Pilot Program, which shall operate from August 1, 2027, until July 31, 2029.*
- (3) *The pilot program shall:*

- (a) *Determine how to provide performance-based incentives to diverse types of early childhood education providers, child-care providers, and low-income parents in order to increase the number of children in the Commonwealth who are assessed as kindergarten ready;*
- (b) *Determine how to best assess applicants and distribute moneys;*
- (c) *Develop a written plan and implement assessment processes to determine kindergarten readiness for children in the Commonwealth. The university shall convene a working group to assist in the development of the written plan and assessment processes;*
- (d) *Ensure that participants in the pilot program represent geographically and socioeconomically diverse areas of the Commonwealth;*
- (e) *Evaluate the impact of performance-based incentives implemented through the pilot program using a rigorous design framework that supports causal inferences;*
- (f) *Design, identify, and make available resources for parents to assist them in preparing children for kindergarten readiness;*
- (g) *Determine how to award funds, including but not limited to direct payments or refundable tax credits, to licensed Type I and Type II child-care centers; cabinet-regulated early childhood education providers, certified child-care homes, and registered providers; and single or married parents who qualify for the child-care subsidy administered by the cabinet pursuant to KRS 199.8994. To be eligible for funds:*
  - 1. *A provider or a home shall maintain services for infants and toddlers at a ratio established by the Division of Child Care within the cabinet;*
  - 2. *A provider or a home shall maintain and submit accurate and detailed records of care for any child; and*
  - 3. *A parent shall submit records to verify he or she meets the requirements to receive child care subsidy funds under KRS 199.8994;*
- (h) *Establish a standard for awarding a two thousand dollar (\$2,000) one (1) time award, including but not limited to direct payments or refundable tax credits, per child once a child is designated by the assessment processes as kindergarten ready as follows:*
  - 1. *A full award to a licensed Type I or Type II child-care center or cabinet-regulated early childhood education provider, certified child-care home, or registered provider who meets the requirements of paragraph (g) of this subsection if the kindergarten-ready child received full-time services from the center or provider the two (2) years prior to the assessment;*
  - 2. *A full award to a single or married parent who meets the requirements of paragraph (g) of this subsection if the kindergarten-ready child was cared for in the home the two (2) years prior to the assessment, regardless of the utilization of a babysitter;*
  - 3. *A full award to a licensed Type I or Type II child-care center or cabinet-regulated early childhood education provider, certified child-care home, or registered provider who meets the requirements of paragraph (g) of this subsection if the child cannot be properly assessed as a kindergarten-ready child because of a formal diagnosis of a disability and the child received full-time services from the provider the two (2) years prior to the assessment;*
  - 4. *A half award to a licensed Type I or Type II child-care center or cabinet-regulated early childhood education provider, certified child-care home, or registered provider who meets the requirements of paragraph (g) of this subsection if the kindergarten-ready child received half-day services from the center and attended public preschool the two (2) years prior to the assessment; and*
  - 5. *Split awards may be granted to individuals or providers based on who provided full-time services or cared for the child in the two (2) years prior to the assessment; and*
- (i) *Ensure compliance with federal regulations, including but not limited to the Quality Rating and Improvement Systems as established under 45 C.F.R. pt. 98.*

- (4) *By June 1, 2027, and by June 1 annually thereafter for the duration of the pilot program, the university shall annually report on the establishment and operations of the pilot program to the Interim Joint Committee on Families and Children.*
- (5) *By January 1, 2030, the university shall submit a report to the cabinet and the Legislative Research Commission for referral to the Interim Joint Committees on Families and Children, Education, and Appropriations and Revenue that:*
- (a) *Details the findings of the pilot program;*
  - (b) *If the pilot program proves successful:*
    1. *Identifies specific mechanisms for change, including but not limited to educational curricula and family practices to best prepare preschool-age children for kindergarten readiness;*
    2. *Includes recommendations based on the pilot program's results for optimizing performance-based child care incentives in the Commonwealth; and*
    3. *Includes recommendations and potential obstacles for implementing the program at scale;*
  - (c) *Details the assessment processes used to determine kindergarten readiness;*
  - (d) *Identifies the rates of kindergarten readiness at the end of the pilot program; and*
  - (e) *Includes all data generated from the pilot program, which shall be made available for public review and use in accordance with applicable federal, state, and institutional review board policies.*

➔Section 17. The General Assembly finds and declares that providing performance-based incentives:

- (1) To diverse types of early childhood education and child-care providers leads to the expansion of services across the Commonwealth;
- (2) To low-income parents of children not receiving services from early childhood education and child-care providers, Head Start, or public Pre-K is a way to encourage parents to prepare their children for kindergarten;
- (3) Increases the number of children entering school kindergarten ready, which positively impacts future educational attainment;
- (4) Encourages early childhood education and child-care providers to provide services for children with special needs; and
- (5) Would ensure positive growth and improved quality of care for infant and toddler care programs.

➔Section 18. KRS 199.896 is amended to read as follows:

- (1) ~~A [No]~~ person, association, or organization shall **not** conduct, operate, maintain, or advertise any child-care center without obtaining a license as provided in KRS 199.892 to 199.896.
- (2) The cabinet may promulgate administrative regulations **in accordance with** ~~[pursuant to]~~ KRS Chapter 13A relating to license fees and may, in the administrative regulations, establish standards of care and service for a child-care center, criteria for the denial of a license if criminal records indicate convictions that may impact the safety and security of children in care, and procedures for enforcement of penalties which are not in contravention of this section.
- (3) Each initial application for a license shall be made to the cabinet and shall be accompanied by a fee that shall not exceed administrative costs of the program to the cabinet and shall be renewable annually upon expiration and reapplication when accompanied by a renewal fee that shall not exceed administrative costs of the program to the cabinet. Regular licenses and renewals thereof shall expire one (1) year from their effective date.
- (4) ~~A [No]~~ child-care center shall **not** be refused a license or have its license revoked for failure to meet standards set by the secretary until after the expiration of a period not to exceed six (6) months from the date of the first official notice that the standards have not been met. If, however, the cabinet has probable cause to believe that an immediate threat to the public health, safety, or welfare exists, the cabinet may take emergency action pursuant to KRS 13B.125. All administrative hearings conducted under authority of KRS 199.892 to 199.896 shall be conducted in accordance with KRS Chapter 13B.

- (5) If, upon inspection or investigation, the inspector general finds that a child-care center licensed under this section has violated the administrative regulations *promulgated in accordance with KRS Chapter 13A by* ~~standards, or requirements of~~ the cabinet, the inspector general shall issue a statement of deficiency to the center containing:
- (a) A statement of fact;
  - (b) A statement of how an administrative regulation ~~standard, or requirement of the cabinet~~ was violated; and
  - (c) The timeframe, negotiated with the child-care center, within which a violation is to be corrected, except that a violation that poses an immediate threat to the health, safety, or welfare of children in the center shall be corrected in no event later than five (5) working days from the date of the statement of deficiency.
- (6) The Cabinet for Health and Family Services, in consultation with the Office of the Inspector General, shall establish by administrative regulations promulgated in accordance with KRS Chapter 13A an informal dispute resolution process through which a child-care provider may dispute licensure deficiencies that have an adverse effect on the child-care provider's license.
- (7) A child-care center shall have the right to appeal to the Cabinet for Health and Family Services under KRS Chapter 13B any action adverse to its license or the assessment of a civil penalty issued by the inspector general as the result of a violation contained in a statement of deficiency within twenty (20) days of the issuance of the action or assessment of the civil penalty. An appeal shall not act to stay the correction of a violation.
- (8) In assessing the civil penalty to be levied against a child-care center for a violation contained in a statement of deficiency issued under this section, the inspector general or the inspector general's designee shall take into consideration the following factors:
- (a) The gravity of the threat to the health, safety, or welfare of children posed by the violation;
  - (b) The number and type of previous violations of the child-care center;
  - (c) The reasonable diligence exercised by the child-care center and efforts to correct the violation; and
  - (d) The amount of assessment necessary to assure immediate and continued compliance.
- (9) Upon a child-care center's failure to take action to correct a violation ~~of the administrative regulations, standards, or requirements of the cabinet~~ contained in a statement of deficiency, or at any time when the operation of a child-care center poses an immediate threat to the health, safety, or welfare of children in the center, and the child-care center continues to operate after the cabinet has taken emergency action to deny, suspend, or revoke its license, the cabinet or the cabinet's designee shall take at least one (1) of the following actions against the center:
- (a) Institute proceedings to obtain an order compelling compliance with the administrative regulations *promulgated by the cabinet in accordance with KRS Chapter 13A* ~~standards, and requirements of the cabinet~~;
  - (b) Institute injunctive proceedings in Circuit Court to terminate the operation of the center;
  - (c) Institute action to discontinue payment of child-care subsidies; or
  - (d) Suspend or revoke the license or impose other penalties provided by law.
- (10) Upon request of any person, the cabinet shall provide information regarding the denial, revocation, suspension, or violation of any type of child-care center license of the operator. Identifying information regarding children and their families shall remain confidential.
- (11) The cabinet shall provide, upon request, public information regarding the inspections of and the plans of correction for the child-care center within the past year. All information distributed by the cabinet under this subsection shall include a statement indicating that the reports as provided under this subsection from the past five (5) years are available from the child-care center upon the parent's, custodian's, guardian's, or other interested person's request.
- (12) All fees collected under the provisions of KRS 199.892 to 199.896 for license and certification applications shall be paid into the State Treasury and credited to a special fund for the purpose of administering KRS 199.892 to 199.896 including the payment of expenses of and to the participants in child-care workshops. The

funds collected are hereby appropriated for the use of the cabinet. The balance of the special fund shall lapse to the general fund at the end of each biennium.

- (13) Any advertisement for child-care services shall include the address of where the service is being provided.
- (14) All inspections of licensed and unlicensed child-care centers by the Cabinet for Health and Family Services shall be unannounced.
- (15) All employees and owners of a child-care center who provide care to children shall demonstrate within the first three (3) months of employment completion of at least a total of six (6) hours of orientation in the following areas:
  - (a) Basic health, safety, and sanitation;
  - (b) Recognizing and reporting child abuse; and
  - (c) Developmentally appropriate child-care practice.
- (16) All employees and owners of a child-care center who provide care to children shall annually demonstrate to the department completion of at least six (6) hours of training in child development. These hours shall include but are not limited to one and one-half (1.5) hours one (1) time every five (5) years of continuing education in the recognition and prevention of pediatric abusive head trauma, as defined in KRS 620.020. Training in recognizing pediatric abusive head trauma may be designed in collaboration with organizations and agencies that specialize in the prevention and recognition of pediatric head trauma approved by the secretary of the Cabinet for Health and Family Services. The one and one-half (1.5) hours required under this section shall be included in the current number of required continuing education hours.
- (17) The Cabinet for Health and Family Services shall make available either through the development or approval of a model training curriculum and training materials, including video instructional materials, to cover the areas specified in subsection (15) of this section. The cabinet shall develop or approve the model training curriculum and training materials to cover the areas specified in subsection (15) of this section.
- (18) Child-care centers licensed pursuant to this section and family child-care homes certified pursuant to KRS 199.8982 shall not use corporal physical discipline, including the use of spanking, shaking, or paddling, as a means of punishment, discipline, behavior modification, or for any other reason. For the purposes of this section, "corporal physical discipline" means the deliberate infliction of physical pain and does not include spontaneous physical contact that is intended to protect a child from immediate danger.
- (19) Child-care centers that provide instructional and educational programs for preschool-aged children that operate for a maximum of twenty (20) hours per week and that a child attends for no more than fifteen (15) hours per week shall:
  - (a) Notify the cabinet in writing that the center is operating;
  - (b) Meet all child-care center licensure requirements and administrative regulations related to employee background checks;
  - (c) Meet all child-care center licensure requirements and administrative regulations related to tuberculosis screenings; and
  - (d) Be exempt from all other child-care center licensure requirements and administrative regulations.
- (20) Child-care centers that provide instructional and educational programs for preschool-aged children that operate for a maximum of twenty (20) hours per week and that a child attends for no more than ten (10) hours per week shall be exempt from all child-care licensure requirements and administrative regulations.
- (21) Instructional programs for school-age children that offer, whether free or for a fee, recreational, educational, sports training, or vacation programs that include but are not limited to martial arts and dance programs to children under eighteen (18) years of age, that a child attends outside the presence of his or her parent or legal guardian, shall be exempt from all child-care licensure administrative regulations if the following criteria are met:
  - (a) The program provides primary instruction in a skill, talent, ability, expertise, or proficiency;
  - (b) The program operates outside the time period when school is in session, including before or after school hours, holidays, school breaks, teaching planning days, or summer vacation;

- (c) The program does not advertise or otherwise represent that the program is a licensed child-care center or that the program offers child-care services;
  - (d) The program informs the parent or guardian:
    - 1. That the program is not licensed by the cabinet; and
    - 2. About the physical risks a child may face while participating in the program; and
  - (e) The program conducts the following background checks for all program employees and volunteers who work with children:
    - 1. Check of the child abuse and neglect records maintained by the cabinet; and
    - 2. In-state criminal background information check from the Justice and Public Safety Cabinet or Administrative Office of the Courts.
- (22) Directors and employees of child-care centers in a position that involves supervisory or disciplinary power over a minor, or direct contact with a minor, shall submit to a criminal record check in accordance with KRS 199.8965.
- (23) A director or employee of a child-care center may be employed on a probationary status pending receipt of the criminal background check. Application for the criminal record of a probationary employee shall be made no later than the date probationary employment begins.
- (24) *In determining whether to issue a plan of correction, directed plan of correction, or suspension or revocation of a child-care center license in response to any alleged violation of an administrative regulation by a child-care center, in addition to any other required considerations under this section the cabinet shall consider the following factors:*
- (a) *If the child-care center self-reported the incident in question and if the child-care center had a history of self-reporting incidents;*
  - (b) *If the incident was the result of the child-care center failing in any way related to policy, training, enforcement, or supervision;*
  - (c) *If the incident was the result of an independent act of failure to follow administrative regulations or center policy on the part of a child-care center applicant for licensure, a child-care center director, or any staff person;*
  - (d) *Actions taken by the child-care center in addition to those required by administrative regulation, including but not limited to installing cameras, providing extra training for staff, implementing facility improvements, enacting safety policies stricter than those required by administrative regulation, and improving staff-to-child ratios; and*
  - (e) *If the child-care center appropriately responded to the violation by holding the party responsible accountable for the violation and correcting or initiating correction of any condition that contributed to the violation.*
- (25) *A violation of a directed plan of correction shall not result in a suspension or revocation of a child-care center's license unless the violation is solely determined by the cabinet to be serious enough to justify the suspension or revocation.*
- (26) *A child-care center shall be permitted to provide requested documentation to the cabinet up to five (5) business days following a request when any routine review or audit related to an alleged violation of administrative regulation occurs.*
- (27) (a) *A child-care center that has been granted a preliminary license with a six (6) month probationary period by the cabinet shall receive a minimum of two (2) weekly support contacts a week by the cabinet or the cabinet's designee, with at least one (1) contact being in person for each week of a six (6) month probationary period in order to assist the center owner, supervisors, and staff in understanding, implementing, and practicing administrative regulations properly.*
- (b) *During the six (6) month probationary period, the cabinet shall not issue a violation against a child-care center unless the cabinet determines that a violation was knowingly committed after the cabinet had provided clear instructions, or the violation created an immediate threat to the health, safety, or welfare of the children in the child-care center.*

- (28) *The cabinet may allow but shall not require the inspector general, the inspector general's designee, or other cabinet representative to:*
- (a) *Take emergency action in accordance with subsection (4) of this section by issuing an emergency order that suspends a child-care center's license;*
  - (b) *Revoke a child-care center's license if an emergency order has been issued and the:*
    - 1. *Child-care center has not requested a hearing within the timeframes required in subsection (7) of this section; or*
    - 2. *Condition that resulted in the emergency order is not corrected within thirty (30) calendar days of service of an emergency order;*
  - (c) *Revoke a child-care center's license if:*
    - 1. *A representative of the child-care center interferes with a cabinet or other agency representative's ability to perform an official duty;*
    - 2. *A cabinet representative, a representative from another agency with regulatory authority, or a parent is denied access during operating hours to a child, the child-care center, or child-care center staff;*
    - 3. *The child-care center is discontinued or disqualified from participation in Kentucky's child-care subsidy program or another governmental assistance program as a result of fraud, abuse, or criminal conviction related to the center;*
    - 4. *The child-care center fails to meet a condition of, or violates a requirement of, a directed plan of correction;*
    - 5. *The child-care center applicant or licensee knowingly misrepresents or submits false information on a form required by the cabinet;*
    - 6. *The child-care center is the subject of more than two (2) directed plans of correction during a three (3) year period; or*
    - 7. *The child-care center has failed to comply with required payment provisions; and*
  - (d) *Suspend a child-care center's license if:*
    - 1. *A violation of an administrative regulation is found to pose an immediate threat to the health, safety, and welfare of the children in care, as permitted in subsection (4) of this section; or*
    - 2. *The child-care center fails to comply with the approved plan of correction.*
- (29) The cabinet shall promulgate administrative regulations *in accordance with KRS Chapter 13A* to identify emergency care providers who provide essential child-care services during an identified state of emergency.†

~~(25) Notwithstanding any state law, administrative regulation, executive order, or executive directive to the contrary, during the 2020 or 2021 state of emergency declared by the Governor in response to COVID-19, including but not limited to any mutated strain of the COVID-19 virus, the cabinet shall not establish any restrictions on capacity for class or group size or the ability to combine classes and groups for capacity limits in the morning or afternoon that is below the number that was in effect on February 1, 2020.~~†

➔Section 19. The provisions of Section 18 of this Act shall apply:

- (1) To any pending and not yet final action related to licensed child-care centers that is under consideration by the Cabinet for Health and Family Services on the effective date of this Act; and
- (2) To any action related to licensed child-care centers that occurs on or after the effective date of this Act.

➔Section 20. Whereas it is essential that the General Assembly promptly provide access to adequate and quality child care in the Commonwealth in order to provide for the health and safety of citizens, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

**Became law without Governor's signature April 14, 2026.**

