

**199.883 Employee Child Care Assistance Partnership Program -- Cabinet to regulate program -- Powers and duties of third-party administrator -- Publication of reports.**

- (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.
- (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 KRS 199.885, 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 KRS 199.885, 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 standardized application and contract for participation in the program;
  - (b) Using technology and digital tools to process applications and contracts between an employer, employee, and child-care provider that is submitted to the third-party administrator;
  - (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 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;
  - (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) The third-party administrator 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 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. Any denial of a contract shall include an explanation of the exact reasoning for why the contract was denied.
- (7) The third-party administrator shall only become party to a proposed contract under this program if the fund reflects a positive balance based on both:
- (a) Existing contractual obligations already accrued under this program; and
  - (b) Additional financial obligation imposed by the proposed contract under this program.

- (8) The third-party administrator 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) The third-party administrator shall maintain a waitlist of contracts submitted after available funds were committed. The third-party administrator 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) The third-party administrator shall issue a state match directly to the child-care provider for the duration of the contract.
- (11) The third-party administrator shall not disclose an employee's personal information without that individual's express written consent.
- (12) Beginning in 2026 and every year thereafter, the third-party administrator 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) The cabinet shall publish reports detailing the efficacy of the program by July 15 and January 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;
  - (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.

**Effective:** April 14, 2026

**History:** Amended 2026 Ky. Acts ch. 146, sec. 11, effective April 14, 2026. -- Amended 2023 Ky. Acts ch. 24, sec. 1, effective June 29, 2023. -- Created 2022 Ky. Acts ch. 184, sec. 3, effective April 8, 2022.