

1 AN ACT relating to sheltered employment.

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

3 ➔Section 1. KRS 337.010 is amended to read as follows:

4 (1) As used in this chapter, unless the context requires otherwise:

5 (a) "Commissioner" means the commissioner of the Department of Workplace  
6 Standards under the direction and supervision of the secretary of the Labor  
7 Cabinet;

8 (b) "Department" means the Department of Workplace Standards in the Labor  
9 Cabinet;

10 (c) 1. "Wages" includes any compensation due to an employee by reason of his  
11 or her employment, including salaries, commissions, vested vacation  
12 pay, overtime pay, severance or dismissal pay, earned bonuses, and any  
13 other similar advantages agreed upon by the employer and the employee  
14 or provided to employees as an established policy. The wages shall be  
15 payable in legal tender of the United States, checks on banks, direct  
16 deposits, or payroll card accounts convertible into cash on demand at  
17 full face value, subject to the allowances made in this chapter. However,  
18 an employee may not be charged an activation fee and the payroll card  
19 account shall provide the employee with the ability, without charge, to  
20 make at least one (1) withdrawal per pay period for any amount up to  
21 and including the full account balance.

22 2. For the purposes of calculating hourly wage rates for scheduled overtime  
23 for professional firefighters, as defined in KRS 95A.210(8), "wages"  
24 shall not include the distribution to qualified professional firefighters by  
25 local governments of supplements received from the Firefighters  
26 Foundation Program Fund. For the purposes of calculating hourly wage  
27 rates for unscheduled overtime for professional firefighters, as defined in

1                   KRS 95A.210(9), "wages" shall include the distribution to qualified  
2                   professional firefighters by local governments of supplements received  
3                   from the Firefighters Foundation Program Fund;

4           (d) "Employer" is any person, either individual, corporation, partnership, agency,  
5           or firm who employs an employee and includes any person, either individual,  
6           corporation, partnership, agency, or firm acting directly or indirectly in the  
7           interest of an employer in relation to an employee; and

8           (e) "Employee" is any person employed by or suffered or permitted to work for an  
9           employer, except that:

10           1. Notwithstanding any voluntary agreement entered into between the  
11           United States Department of Labor and a franchisee, neither a franchisee  
12           nor a franchisee's employee shall be deemed to be an employee of the  
13           franchisor for any purpose under this chapter; and

14           2. Notwithstanding any voluntary agreement entered into between the  
15           United States Department of Labor and a franchisor, neither a franchisor  
16           nor a franchisor's employee shall be deemed to be an employee of the  
17           franchisee for any purpose under this chapter.

18           For purposes of this paragraph, "franchisee" and "franchisor" have the same  
19           meanings as in 16 C.F.R. sec. 436.1.

20           (2) As used in KRS 337.275 to 337.325, 337.345, and 337.385 to 337.405, unless the  
21           context requires otherwise:

22           (a) "Employee" is any person employed by or suffered or permitted to work for an  
23           employer, but shall not include:

24           1. Any individual employed in agriculture;

25           2. Any individual employed in a bona fide executive, administrative,  
26           supervisory, or professional capacity, or in the capacity of outside  
27           salesperson~~[salesman]~~, or as an outside collector as the terms are

- 1 defined by administrative regulations of the commissioner;
- 2 3. Any individual employed by the United States;
- 3 4. Any individual employed in domestic service in or about a private home.
- 4 The provisions of this section shall include individuals employed in
- 5 domestic service in or about the home of an employer where there is
- 6 more than one (1) domestic servant regularly employed;
- 7 5. Any individual classified and given a certificate by the commissioner
- 8 showing a status of learner, apprentice, worker with a disability,
- 9 sheltered workshop employee whose employment began with a
- 10 sheltered workshop prior to January 1, 2024, or~~[, and]~~ student under
- 11 administrative procedures and administrative regulations prescribed and
- 12 promulgated by the commissioner. This certificate shall authorize
- 13 employment at the wages, less than the established fixed minimum fair
- 14 wage rates, and for the period of time fixed by the commissioner and
- 15 stated in the certificate issued to the person;
- 16 6. Employees of retail stores, service industries, hotels, motels, and
- 17 restaurant operations whose average annual gross volume of sales made
- 18 for business done is less than ninety-five thousand dollars (\$95,000) for
- 19 the five (5) preceding years exclusive of excise taxes at the retail level or
- 20 if the employee is the parent, spouse, child, or other member of his or
- 21 her employer's immediate family;
- 22 7. Any individual employed as a baby-sitter in an employer's home, or an
- 23 individual employed as a companion by a sick, convalescing, or elderly
- 24 person or by the person's immediate family, to care for that sick,
- 25 convalescing, or elderly person and whose principal duties do not
- 26 include housekeeping;
- 27 8. Any individual engaged in the delivery of newspapers to the consumer;

- 1           9. Any individual subject to the provisions of KRS Chapters 7, 16, 27A,  
2           30A, and 18A provided that the secretary of the Personnel Cabinet shall  
3           have the authority to prescribe by administrative regulation those  
4           emergency employees, or others, who shall receive overtime pay rates  
5           necessary for the efficient operation of government and the protection of  
6           affected employees;
- 7           10. Any employee employed by an establishment which is an organized  
8           nonprofit camp, religious, or nonprofit educational conference center, if  
9           it does not operate for more than two hundred ten (210) days in any  
10          calendar year;
- 11          11. Any employee whose function is to provide twenty-four (24) hour  
12          residential care on the employer's premises in a parental role to children  
13          who are primarily dependent, neglected, and abused and who are in the  
14          care of private, nonprofit childcaring facilities licensed by the Cabinet  
15          for Health and Family Services under KRS 199.640 to 199.670; or
- 16          12. Any individual whose function is to provide twenty-four (24) hour  
17          residential care in his or her own home as a family caregiver and who is  
18          approved to provide family caregiver services to an adult with a  
19          disability through a contractual relationship with a community board for  
20          mental health or individuals with an intellectual disability established  
21          under KRS 210.370 to 210.460, or is certified or licensed by the Cabinet  
22          for Health and Family Services to provide adult foster care;
- 23          (b) "Agriculture" means farming in all its branches, including cultivation and  
24          tillage of the soil; dairying; production, cultivation, growing, and harvesting of  
25          any agricultural or horticultural commodity; raising of livestock, bees,  
26          furbearing animals, or poultry; and any practice, including any forestry or  
27          lumbering operations, performed on a farm in conjunction with farming

1 operations, including preparation and delivery of produce to storage, to  
2 market, or to carriers for transportation to market;

3 (c) "Gratuity" means voluntary monetary contribution received by an employee  
4 from a guest, patron, or customer for services rendered;

5 (d) "Tipped employee" means any employee engaged in an occupation in which  
6 he or she customarily and regularly receives more than thirty dollars (\$30) per  
7 month in tips; and

8 (e) "U.S.C." means the United States Code.

9 ➔Section 2. KRS 337.295 is amended to read as follows:

10 **(1)** Regulations issued by the commissioner under KRS 337.275 to 337.325, 337.345,  
11 and 337.385 to 337.405 may include, but are not limited to, regulations defining and  
12 governing bona fide executive, administrative, or professional employees;  
13 regulations governing learners, apprentices, workers with disabilities, sheltered  
14 workshop employees, and students, regulations governing outside salesmen;  
15 bonuses; part-time rates; special pay for special or extra work; allowances as part of  
16 the wage rates applicable under KRS 337.275 for board, lodging, and gratuities;  
17 other facilities or services furnished by employers and used by employees; and other  
18 special items usual in a particular employer-employee relationship.

19 **(2)** ***The commissioner shall promulgate administrative regulations to:***

20 **(a)** ***Allow persons employed in a sheltered workshop prior to January 1, 2024,***  
21 ***to remain in that employment situation if approved by the worker or his or***  
22 ***her guardian. The administrative regulations shall require review of a***  
23 ***worker's sheltered workshop employment situation every twelve (12) months***  
24 ***and approval of the employment by the worker or his or her guardian;***

25 **(b)** ***Prohibit new employment in sheltered workshops after January 1, 2024,***  
26 ***unless the person can show employment opportunities are not available by***  
27 ***providing evidence that the Kentucky Office of Vocational Rehabilitation***

1           has closed the person's case after the person was unable to obtain supported  
 2           or competitive integrated employment within his or her county of residence  
 3           or a ten (10) mile radius of his or her residence; and  
 4           (c) Encourage supported employment opportunities in lieu of sheltered  
 5           workshop employment.

6           (3) The commissioner shall not authorize any new employer or new applicant to use  
 7           certificates issues under Section 14(c) of the Fair Labor Standards Act to pay a  
 8           subminimum wage to a worker with a disability. Only employers who have a  
 9           Section 14(c) certificate issued and authorized prior to the effective date of this  
 10           Act may continue to maintain a Section 14(c) certificate eligible for authorization  
 11           by the commissioner.

12           ➔Section 3. KRS 205.5605 is amended to read as follows:

13           As used in KRS 205.5605 to 205.5607, unless the context otherwise requires:

14           (1) "Budget allowance" means the amount of money made available each month to a  
 15           consumer to purchase covered services and supports. The amount of money shall  
 16           not exceed the amount that would have been allocated in the traditional Medicaid  
 17           program for nonresidential and nonmedical services for the consumer;

18           (2) "Consumer" means a person who has chosen to participate in the program, has met  
 19           the enrollment requirements, has a person-centered plan, and has received an  
 20           approved budget allowance;

21           (3) "Covered services and supports":

22           (a) Means those services and supports that are eligible for reimbursement under  
 23           the program and that are approved for the consumer following a functional  
 24           needs assessment and pursuant to a person-centered plan; and

25           (b) Beginning on January 1, 2024, does not include services and supports  
 26           utilized to refer a consumer to, or secure new employment for a consumer  
 27           in, a sheltered workshop where consumers are paid less than minimum

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(4) "Fiscal intermediary" means an entity that is approved by the cabinet to provide service that helps the consumer manage his or her budget allowance, retains the funds, processes any employment and tax information, reviews records to ensure correctness, writes paychecks to providers, and delivers paychecks or electronically transfers funds to the consumer for distribution to providers or caregivers;

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(5) "Provider" means:

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(a) A person or agency licensed or otherwise permitted to render services eligible for reimbursement under this program for whom the consumer is not the employer of record; or

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(b) A consumer-employed caregiver that renders services eligible for reimbursement under this program for whom the consumer is the employer of record;

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(6) "Representative" means an uncompensated individual designated by the consumer to assist in managing the consumer's budget allowance and needed services; and

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(7) "Service advisor" means the person who provides technical assistance to a consumer in meeting responsibilities under KRS 205.5605 to 205.5607.