

1 AN ACT relating to child care.

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

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

5 (1) As used in this Act:

6 (a) "Cabinet" means the Cabinet for Economic Development; and

7 (b) "Council" means the Council of Area Development Districts.

8 (2) The cabinet shall work in partnership with the council and the area development
9 districts to establish a Certified Child Care Community Designation Program.
10 The purpose of the program shall be to create new opportunities for local
11 governments to help increase the supply of child care and early childhood
12 education services in their communities through voluntary actions related to
13 zoning reform and programming at the local level.

14 (3) To administer the program, the cabinet may:

15 (a) Delegate authority to a subsidiary department;

16 (b) Coordinate and share information with other executive branch agencies
17 and the council;

18 (c) Enter into contracts with third parties to administer the program or specific
19 parts of the program; and

20 (d) Promulgate administrative regulations in accordance with KRS Chapter
21 13A to implement the program.

22 (4) (a) By December 1, 2024, the cabinet shall make available, on its website and to
23 the Legislative Research Commission for referral to the Interim Joint
24 Committee on Families and Children, recommendations, best practices, and
25 application procedures for local governments to utilize when evaluating
26 local ordinances, regulations, and land-use rules pertaining to the
27 availability of child care services in local communities. These

1 recommendations, best practices, and application procedures shall focus on
2 balancing safety with increasing the supply of child care and early
3 childhood education services, easing local regulatory barriers, and include
4 but not be limited to the following topics:

5 1. Local land-use policies related to center-based, in-home, and
6 employer-based child care services, including:

7 a. Recommendations for definitions for terms such as "child care,"
8 "child care center," and "family child care home";

9 b. Recommendations on where child care services should be
10 permitted by right, with special standards, and with conditional
11 use permits;

12 c. Recommendations for requirements for compliance with
13 conditional use permits and special standards;

14 d. Best practices for safely permitting child care services in or near
15 industrial areas;

16 e. Best practices for playgrounds associated with child care
17 services; and

18 f. Recommendations for parking requirements where applicable;

19 2. Policies pertaining to local permitting fees for starting and operating
20 child care services; and

21 3. Policies related to other local ordinances and regulations that may
22 pertain to the availability of child care services in local communities.

23 (b) The cabinet may enter into a contract with a third-party to produce the
24 recommendations, best practices, and application procedures required in
25 accordance with this subsection.

26 (c) The cabinet, or a third-party under contract with the cabinet, shall solicit
27 feedback and input on these recommendations, best practices, and

1 application procedures from the council, area development districts, and
2 organizations in the Commonwealth representing child care providers and
3 in-home family child care providers, local governments, local elementary
4 and secondary school officials, the business community, economic
5 developers, and community planning and design professionals.

6 (d) The recommendations, best practices, and application procedures required
7 pursuant to this subsection shall take into consideration the unique needs
8 and differences between urban and rural areas of the state and shall also
9 include recommendations for local jurisdictions that have not adopted local
10 land use rules in accordance with KRS Chapter 100.

11 (5) By April 1, 2025, the cabinet, after consulting with the council, shall make
12 publicly available a standardized application for certification and instructions for
13 the Certified Child Care Communities Designation Program.

14 (6) The cabinet shall:

15 (a) Begin receiving and approving applications from local governments no
16 earlier than April 1, 2025; and

17 (b) Send notice of approval or denial to applicants no later than thirty (30) days
18 after receiving an application. If the cabinet denies an application, the
19 cabinet shall include the reason for the denial in its notice and shall invite
20 the applicant to resubmit.

21 (7) (a) To attain certification by the cabinet, applicants shall be required to
22 demonstrate that the local government has:

23 1. Developed clear and actionable strategies, including at least two (2)
24 action items from the list below, to help address local child care
25 challenges and raise awareness of state and local child care resources
26 for working families, current and prospective child care providers,
27 current and prospective employers, and economic developers. Action

1 items include but are not limited to:

2 a. Creating a community-wide child care task force that includes
3 representatives from local government, the business community,
4 education, health care, and early childhood education
5 professionals;

6 b. Making available and maintaining a public list of certified and
7 licensed child care services in the community;

8 c. Designating a local agency or nonprofit to serve as a point-of-
9 contact for local child care issues;

10 d. Helping raise awareness of certification and licensing
11 requirements for child care providers;

12 e. Making available an accessible guide to assist prospective child
13 care service providers in navigating the jurisdiction's
14 ordinances, regulations, and land-use rules that pertain to child
15 care; and

16 f. Conducting a study of child care challenges in the local
17 community or actively participating in a study of child care
18 challenges in the local region; and

19 2. Analyzed local ordinances, regulations, and land use rules that could
20 create barriers to the availability of child care services and developed
21 an action plan to implement reforms. To comply with this paragraph,
22 the applicant shall demonstrate that it has:

23 a. Gathered community input from child care providers and child
24 care organizations, local residents and homeowners, local
25 elementary and secondary school officials, the business
26 community, civic and nonprofit organizations, and economic
27 developers through meetings, listening sessions, or surveys and

1 conducted a comprehensive analysis of the jurisdiction's
2 ordinances, regulations, and land-use rules that may pertain to
3 the provision of child care services and has identified
4 ordinances, regulations, and land-use rules that create barriers
5 to the availability of child care services in the community; and

6 b. Established a clear and specific action plan to amend
7 ordinances, regulations, and land-use rules that create barriers
8 to the availability of child care services in the community as
9 identified through the comprehensive analysis in subparagraph
10 2.a. of this paragraph.

11 (b) For the purposes of paragraph (a)2. of this subsection, "ordinances,
12 regulations, and land-use rules that create barriers to the availability of
13 child care services" in the community means local ordinances, regulations,
14 or land-use rules that local officials and community stakeholders have
15 determined to be overly restrictive or unnecessary and have the effect of
16 discouraging or limiting the availability of child care services without
17 meaningfully supporting safety or preserving the character of the
18 community.

19 (c) In fulfilling the certification requirements of paragraph (a)2. of this
20 subsection, an applicant shall demonstrate that it has taken into
21 consideration the recommendations and best practices for local ordinances,
22 regulations, and land-use rules pertaining to child care made available by
23 cabinet pursuant to subsection (3) of this section. The applicant may satisfy
24 this requirement by demonstrating that it has taken into consideration
25 recommendations and best practices produced by its Area Development
26 District, provided that they are substantially similar to those produced by the
27 cabinet and were developed with stakeholder input as described in

1 subsection (3) of this section.

2 (d) If the applicant has not adopted land use rules pursuant to KRS Chapter
3 100, it may exclude and the cabinet shall not consider land use rules from
4 its analysis and action plan.

5 (8) Prior to submitting an application to the cabinet for certification, an applicant
6 shall first submit its application to the area development district in which the
7 applicant is located and receive approval. The area development district shall
8 review the application and, within thirty (30) days, recommend the application for
9 approval or deny it based on the criteria in subsection (6) of this section. In cases
10 where the area development district denies an application, it shall provide a
11 detailed explanation of the reason and allow the applicant to resubmit. The
12 cabinet shall not accept an application for review or approval unless the area
13 development district in which the applicant is located has recommended the
14 application for approval.

15 (9) The cabinet shall make publicly available on its website a list of communities that
16 have obtained the certified child care community designation.

17 (10) By December 1, 2025, the cabinet shall submit a report to the Legislative
18 Research Commission for referral to the Interim Joint Committee on Families
19 and Children specifying what communities have obtained the designation, a
20 summary of the different strategies used by local communities to expand access to
21 child care and remove barriers, and recommendations for improvements to the
22 program.

23 ➔Section 2. KRS 199.881 is amended to read as follows:

24 The General Assembly finds and declares that the purpose of KRS 199.881 to 199.888
25 and 199.990(8) is to support Kentucky families by incentivizing employers to contribute
26 to the child-care costs of its employees. In enacting this legislation, it is the intention of
27 the General Assembly to enable the Cabinet for Health and Family Services to facilitate

1 this public and private partnership ~~[pilot]~~ program, herein known as the Employee Child
2 Care Assistance Partnership, and administer program funds to achieve this purpose.

3 ➔Section 3. KRS 199.887 is amended to read as follows:

4 (1) Termination of an active contract between an employer, employee, child-care
5 provider, and the cabinet pursuant to this program shall occur in the following
6 circumstances:

7 (a) If the relationship between the employee and employer is severed, the
8 employer shall notify the child-care provider and the cabinet within three (3)
9 business days of the separation, and the contract is terminated on the calendar
10 date provided by the employer in the notification. If the employer fails to
11 make this notification and the cabinet issues a state match to the provider on
12 behalf of that employer's employee, then the employer shall reimburse the
13 cabinet for the unnecessary state match;~~[or]~~

14 (b) If the employer fails to make a contribution or contributions for the eligible
15 child-care costs in accordance to the terms of the contract, the child-care
16 provider shall notify the cabinet within five (5) business days. After receiving
17 notification from the provider, the cabinet shall temporarily cease providing a
18 state match and shall notify the employer that the contract will be terminated
19 unless the employer remedies the nonpayment within five (5) business days of
20 receiving notification from the cabinet. If the provider fails to make this
21 notification and receives a state match from the cabinet on behalf of that
22 employer's employee, the provider shall reimburse the cabinet for the
23 unnecessary state match; or

24 (c) If the relationship between the employee and the child care provider is
25 severed and the employee ceases to utilize the child care provider's services,
26 the employee shall notify the employer within three (3) business days, and
27 the employer shall notify the cabinet and terminate the contract.

1 (2) Termination of an active contract between an employer, employee, child-care
2 provider, and the cabinet pursuant to this program may occur in the following
3 circumstances:

4 (a) If the employee fails to pay the child-care provider for costs not covered by
5 the employer contribution and the state match in accordance to the terms of
6 the contract, the child-care provider may give the employee reasonable time to
7 remedy the nonpayment. The child-care provider may notify the cabinet and
8 terminate the contract on the date that the notification was issued. If the child-
9 care provider voluntarily excuses the employee's nonpayment or the child-
10 care provider does not notify the cabinet within two (2) calendar months from
11 the date of the employee's nonpayment and continues to provide services, then
12 the contract made between all the parties will automatically reflect the
13 reduction in value;

14 (b) If the child-care provider ceases participation or otherwise loses its rating in
15 the rating system described in KRS 199.8943, it shall notify all parties to the
16 agreement immediately; and

17 (c) The employer, employee, or child-care provider may terminate the contract at
18 any time and for any reason. The terminating party shall notify all the parties
19 to the contract and specify the desired termination date, which shall occur no
20 sooner than two (2) weeks from the date of notification unless the child-care
21 provider gives its consent to an earlier termination date. All parties to the
22 contract shall be financially obligated, according to the provisions of the
23 contract, up to the termination date.

24 (3) Any child-care provider who receives an employer contribution as part of this
25 program or a state match for services not rendered and which will not be
26 rendered after the relationship between the employee and child care provider is
27 severed or after the termination of an active contract in accordance with the

1 provisions of this section shall return those match funds to the respective parties
2 within five (5) days of receipt of the funds.

3 ➔Section 4. KRS 199.888 is amended to read as follows:

4 (1) The Cabinet for Economic Development may coordinate with the Cabinet for
5 Health and Family Services to incorporate this program into agreements with
6 employers seeking economic development incentives in Subchapters 31 and 32 of
7 KRS Chapter 154, if the employer agrees to participate in the program.

8 (2) The Cabinet for Economic Development shall develop and implement strategies
9 and programs to promote awareness of the Employee Child Care Assistance
10 Partnership among employers to whom they provide services or with whom they
11 conduct business. The Cabinet for Economic Development may consult with the
12 Cabinet for Health and Family Services in developing and implementing
13 promotional strategies and programs.

14 (3) The Education and Labor Cabinet shall develop and implement strategies and
15 programs to promote awareness of the Employee Child Care Assistance
16 Partnership among employers to whom they provide services or with whom they
17 conduct business. The Education and Labor Cabinet may consult with the
18 Cabinet for Health and Family Services in developing and implementing
19 promotional strategies and programs.