

HOUSE BILL No. 2689

By Representatives Osman, Martinez, Melton, Meyer, Oropeza, Vaughn, Wikle and Xu

2-4

1 AN ACT concerning child care; enacting the Kansas tri-share child care
2 act for the sharing of child care costs among employers, employees and
3 the state; establishing the Kansas tri-share child care matching program
4 within the Kansas office of early childhood and to be administered by
5 the director of early childhood; creating the Kansas tri-share child care
6 matching program fund; amending K.S.A. 2025 Supp. 75-7703 and
7 repealing the existing section.

8

9 *Be it enacted by the Legislature of the State of Kansas:*

10 New Section 1. (a) Sections 1 through 8, and amendments thereto,
11 shall be known and may be cited as the Kansas tri-share child care act.

12 (b) For purposes of the Kansas tri-share child care act:

13 (1) "Eligible child" means an individual:

14 (A) Who has not attained the minimum age at which a child is
15 eligible to enter kindergarten or elementary school pursuant to Kansas law;

16 (B) who has a parent who is an eligible employee;

17 (C) whose household income is not less than 325% of the federal
18 poverty level;

19 (D) who resides in this state; and

20 (E) who has been approved for participation in the program by the
21 director.

22 (2) "Director" means the director of the Kansas office of early
23 childhood or the director's agent or designee, including the deputy director
24 of child care licensure and finance or an organization selected by the
25 director to administer or partially administer the program.

26 (3) "Eligible child care costs" means the costs of providing child care
27 services by an eligible child care provider to an eligible child in
28 accordance with all applicable state and local health and safety
29 requirements and the provisions of the Kansas tri-share child care act.

30 (4) "Eligible child care provider" means a child care provider that
31 meets all requirements of Kansas law applicable to operating a child care
32 facility to provide care to an eligible child pursuant to this act, will provide
33 such care in facilities within this state and has been approved by the
34 director as an eligible child care provider for participation in the program.

35 (5) "Eligible employee" means an individual who:

1 (A) Is employed by an eligible employer participating in the program;
2 (B) resides in this state;
3 (C) has a principal workplace located in this state;
4 (D) is a parent of an eligible child;
5 (E) has a household income of not more than 325% of the federal
6 poverty level; and
7 (F) has been approved by the director for participation in the
8 program.

9 (6) "Eligible employer" means a person that employs another person,
10 has a physical business facility located in Kansas as the principal
11 workplace of the person's employees and whose application to participate
12 in the program has been approved by the director.

13 (7) "Office" means the Kansas office of early childhood administered
14 under the direction and supervision of the director of early childhood and
15 established pursuant to K.S.A. 2025 Supp. 75-7701, and amendments
16 thereto.

17 (8) "Organization" means a for-profit or nonprofit statewide, regional
18 or national organization or business with significant professional
19 experience in the area of program management directly applicable to the
20 management of the provisions of the Kansas tri-share child care matching
21 program or in a specific area of expertise of value to the director for the
22 purposes of administering the program and that is not directly affiliated
23 with any religious denomination or sincerely held religious belief nor
24 engages in lobbying as defined by federal or Kansas law.

25 (9) "Parent" means an individual who is charged with the care and
26 custody of an eligible child and resides and provides such care in this state.
27 "Parent" includes an eligible child's legal guardian or any person who is
28 liable by law to maintain, care for or support the child.

29 (10) "Program" means the Kansas tri-share child care matching
30 program established by this act and administered by the director.

31 New Sec. 2. (a) There is hereby established the Kansas tri-share child
32 care matching program in the Kansas office of early childhood to be
33 administered by the director of early childhood. Pursuant to such program,
34 costs for child care provided by duly licensed child care facilities in the
35 state shall be shared among participating employers, employees and the
36 state. The purpose of the program shall be to further the affordability and
37 availability of child care for parents in this state.

38 (b) (1) The director may administer the program or may select a
39 regional or statewide organization to administer or partially administer the
40 program. If the director selects a regional or statewide organization to
41 administer or partially administer the program, such organization shall be
42 at the direction and oversight of the director, and the director shall
43 maintain ultimate authority and responsibility for all aspects of program

1 administration.

2 (2) The director shall:

3 (A) Determine eligibility and approval of employers, employees and
4 child care providers for participation in the program;

5 (B) ensure that child care facilities to which payments will be made
6 under the program are licensed by the state;

7 (C) collect or ensure timely payment from participating employers
8 and participating employees;

9 (D) timely disburse payments, including the state's share to
10 participating child care providers;

11 (E) recruit employers to participate in the program;

12 (F) coordinate adequate communication between program
13 participants;

14 (G) collect data concerning participating employees for purposes of
15 the reports pursuant to sections 7 and 8, and amendments thereto. Such
16 data shall be collected, maintained and disclosed in a manner that
17 maintains the confidentiality of such information and does not permit
18 identification of individual employees; and

19 (H) prepare and present the reports required by sections 7 and 8, and
20 amendments thereto.

21 (b) If the director selects an organization to administer or partially
22 administer the program, the director shall enter into an agreement with
23 such organization to perform duties as assigned by the director. Such
24 agreement shall include, but not be limited to:

25 (1) A provision that the administrator shall receive, for administrative
26 costs of the program, up to 10% of the funds allocated for the program;

27 (2) a requirement that the administrator not commingle any funds
28 received for purposes of the program, other than funds for administrative
29 costs allowed pursuant to paragraph (1), with other funds held or
30 controlled by the administrator;

31 (3) restrictions or prohibitions on the disclosure of data received or
32 collected by the administrator in the performance of such administrator's
33 duties; and

34 (4) penalties for violation of a provision of the agreement or of this
35 act.

36 New Sec. 3. (a) The director shall review and approve applications
37 for participation in the program. To be considered by the director for
38 approval to participate in the program, an employer shall submit an
39 application to the director in the form and manner as prescribed by the
40 director. Such application shall include:

41 (1) The employer's agreement to:

42 (A) Pay $\frac{1}{3}$ of the eligible child care costs charged by an eligible child
43 care provider for child care services provided during a specified period to

- 1 an eligible parent or parents who are employees of the employer;
- 2 (B) enter into such number of joint statements with such employees
- 3 pursuant to subsection (b)(1) as agreed by the director; and
- 4 (C) provide such information or documentation to the director and the
- 5 secretary of revenue as provided by this act and as may be requested by
- 6 the director for the purpose of program administration and the reports
- 7 pursuant to sections 7 and 8, and amendments thereto;
- 8 (2) information and documentation as requested by the director for
- 9 the purpose of verifying that the employer is an eligible employer as
- 10 required by this act; and
- 11 (3) such other information or agreements as deemed necessary by the
- 12 director to fulfill the purposes of the program.
- 13 (b) To be considered by the director for approval to participate in the
- 14 program as an eligible employee, a parent who is an employee of an
- 15 eligible employer shall submit an application to the director in the form
- 16 and manner as required by the director. Such application shall include:
- 17 (1) A joint statement by the employer and the parent that, if the
- 18 director approves the parent's application, the employer and the parent
- 19 shall each pay $\frac{1}{3}$ of the eligible child care costs charged by an eligible
- 20 child care provider during a specified period with respect to such child;
- 21 (2) the name and business address of the employer;
- 22 (3) the name and residential address of the parent;
- 23 (4) the name, age and residential address of the child;
- 24 (5) the period of time for which child care is sought;
- 25 (6) the eligible child care provider or providers selected by the parent
- 26 for child care services;
- 27 (7) the parent's consent to permit the director to disclose
- 28 nonidentifiable information of the parent or the child for the purpose of the
- 29 reports pursuant to sections 7 and 8, and amendments thereto. The director
- 30 shall disclose to the parent what information would be obtained, how it
- 31 would be maintained and confidentiality protections that would be applied
- 32 prior to obtaining such parent's consent;
- 33 (8) a statement from the parent that the parent is employed by the
- 34 employer; and
- 35 (9) sufficient information for the director to verify:
- 36 (A) That the parent is an eligible employee; and
- 37 (B) the family income of the family of the parent and child for each
- 38 pay period.
- 39 (c) In considering whether to approve applications for participation in
- 40 the program submitted by employers and parents pursuant to subsections
- 41 (a) and (b), the director shall:
- 42 (1) Verify the information provided and determine whether the
- 43 employer or parent is an eligible employer or parent; and

1 (2) consider the needs of the parents involved and the availability of
2 funds and any tax credits available for the program. The director shall give
3 priority to parents who demonstrate the greatest need for child care
4 services and to employers based on the order of receipt of applications.
5 The director shall adopt rules and regulations to establish criteria for
6 determining parental need for child care services. Such criteria shall
7 include financial need and the availability of alternative providers of child
8 care such as a relative acceptable to the parent.

9 (d) Child care providers that have been selected by eligible
10 employees and wish to participate in the program as eligible child care
11 providers shall enter into an agreement with the director to:

12 (1) Develop a schedule of charges and payment terms;

13 (2) provide verifications of payment to employers and the director as
14 required by section 4, and amendments thereto; and

15 (3) submit such information to the director as may be requested for
16 the purpose of the reports pursuant to sections 7 and 8, and amendments
17 thereto.

18 New Sec. 4. (a) (1) The director shall pay to an eligible child care
19 provider that has been selected by an eligible employee an amount equal to
20 the charges of such provider for eligible child care costs incurred for care
21 provided to such employee's eligible child during the period specified in
22 such employee's application. Such payment shall be made pursuant to the
23 payment terms and payment schedule agreed upon by the director and the
24 eligible child care provider upon consideration of payment schedules
25 acceptable to the parent and the employer.

26 (2) With respect to each such payment, the eligible employee and the
27 eligible employer shall each pay to the director an amount equal to $\frac{1}{3}$ of
28 the charges of the eligible child care provider.

29 (3) Subject to appropriations therefor, the remaining $\frac{1}{3}$ of such
30 charges shall be paid by the director from the Kansas tri-share child care
31 matching program fund established by section 5, and amendments thereto,
32 in accordance with appropriation acts upon warrants of the director of
33 accounts and reports issued pursuant to vouchers approved by the director
34 or the director's designee.

35 (4) The eligible employee may consent to the eligible employer
36 withholding an amount of not more than $\frac{1}{3}$ of the charges of the eligible
37 child care provider from the pay of the eligible employee if such employer
38 pays the total amount specified for payment by such employee and such
39 employer to the eligible child care provider.

40 (b) The director shall maintain records of payments made by each
41 eligible employer and employee to eligible child care centers, including
42 records of the payment verifications provided by participating eligible
43 child care providers as provided by subsection (c). The director shall

1 certify the amount of payments by employers to the secretary of revenue
2 when requested by an eligible employer for the purpose of the income tax
3 credit for employers pursuant to section 7, and amendments thereto.

4 (c) (1) A child care provider receiving a payment from the director or
5 directly from an eligible employer shall, within 30 days of the date of
6 receiving such payment, issue a payment verification to the employer and
7 the director. The payment verification shall be in the form established by
8 the director upon consultation with the secretary of revenue and shall
9 include the:

10 (A) Employer's name, employer's state or federal tax identification
11 number or last four digits of the employer's social security number, amount
12 of the total payment and the employer's portion of the payment if different;

13 (B) legal name and address of the eligible child care provider
14 receiving the payment, the child care provider's federal employer
15 identification number, the child care provider's license number and the
16 date that the child care provider received the payment from the employer;

17 (C) name of the employee participating in the Kansas tri-share child
18 care matching program and the name of the child for whom services are
19 provided; and

20 (D) such other information as may be required by the director.

21 (2) The payment verification shall include a signed attestation by the
22 child care provider stating that the child care provider has used the
23 payment pursuant to the provisions of sections 1 through 8, and
24 amendments thereto, solely to provide child care to the child of the eligible
25 employee and participating in the Kansas tri-share child care matching
26 program.

27 (d) The director shall maintain records of such verifications of
28 payment from eligible child care providers and payments by eligible
29 employers to the director for purposes of payment to child care providers.
30 Upon request by an employer and if determined to be in order by the
31 director, the director shall certify to the secretary of revenue the amount of
32 payments made by the employer to an eligible child care provider for
33 purposes of the employer qualifying for the tax credit pursuant to section
34 6, and amendments thereto.

35 (e) The director of the Kansas office of early childhood may adopt
36 such rules and regulations as necessary to implement the provisions of this
37 act.

38 New Sec. 5. There is hereby established in the state treasury the
39 Kansas tri-share child care matching program fund to be administered by
40 the director of early childhood. All moneys credited to the Kansas tri-share
41 child care matching program fund shall be used by the office for
42 reimbursing eligible child care providers for child care services provided
43 pursuant to the provisions of sections 1 through 8, and amendments

thereto. All expenditures from the Kansas tri-share child care matching program fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the director or the director's designee.

New Sec. 6. (a) For taxable year 2026, and all tax years thereafter, there shall be allowed a credit against the tax liability imposed under the Kansas income tax act for the tax year that verified and certified payments were made by an eligible employer, as defined in section 1, and amendments thereto, in an amount equal to 50% of such verified and certified payments to a child care provider for child care services pursuant to the requirements of the Kansas tri-share child care matching program.

(b) The amount of such credit awarded for each eligible employer shall not exceed \$100,000 per tax year. The total amount of all credits allowed under this section shall not exceed \$10,000,000 for each tax year.

(c) The tax credit shall be granted in the amount of 50% of the employer's certified share of payments made to eligible child care providers in the tax year. Any credit amount awarded to an employer and not used for the tax year awarded shall be refunded to the employer.

(1) To qualify for the tax credit, the employer shall provide to the secretary of revenue:

(A) Payment verifications from child care providers for payments made to such providers; and

(B) a statement that the employer has requested that the director certify the amount of payments made to eligible child care providers during the tax year pursuant to the program.

(2) At the request of an employer, the director shall certify to the secretary of revenue the:

(A) Amount of the employer's share of any payments made to the director for payment to child care providers during the tax year; and

(B) director's record of the employer's share of amounts paid by the employer directly to child care providers during the tax year.

(d) Upon review of the submissions from the employer and the director, the secretary of revenue shall award the employer the tax credit allowed by this section.

New Sec. 7. (a) Commencing with the 2028 regular legislative session and annually thereafter, the director shall submit a report to the standing committees of the legislature to which legislation relating to appropriations, children and families and labor and employment are customarily assigned. Such report shall include, but not be limited to, for the immediately preceding fiscal year:

(1) The number of participating employers, employees and children;

(2) the distribution by percentage of aggregate household incomes of participating employees;

1 (3) the amounts disbursed by the director for child care costs and the
2 amounts used for administrative costs;

3 (4) the amounts requested by employers for certification to the
4 secretary of revenue for the purpose of qualification for tax credits
5 pursuant to the program;

6 (5) the number, location, costs charged and description of child care
7 providers participating in the program; and

8 (6) any programmatic or legislative changes that the director
9 recommends to improve the program or further the program's purposes.

10 New Sec. 8. (a) The director shall conduct an evaluation of the
11 program for a report to be submitted to the governor and the legislature not
12 later than December 31, 2029. The report shall include a detailed analysis
13 of:

14 (1) The cost-effectiveness of the program;

15 (2) the effects of the program on:

16 (A) Hiring, employment and employee retention; and

17 (B) affordability of and access to child care;

18 (3) a description of the outcomes for children participating in the
19 program; and

20 (4) a description of the metrics used by the director in the evaluation.

21 Sec. 9. K.S.A. 2025 Supp. 75-7703 is hereby amended to read as
22 follows: 75-7703. (a) The director of early childhood shall:

23 (1) Prepare, submit to the legislature and implement plans for a
24 comprehensive service delivery system for children and families;

25 (2) facilitate and coordinate interagency cooperation toward the goal
26 of serving children and families with a variety of other state agencies, such
27 as the Kansas department for children and families, the department of
28 health and environment, the department of corrections, the state board of
29 education, the state board of regents and any other state offices,
30 department or board providing services to Kansas children and families;

31 (3) provide a central contact for information and assistance for
32 children, families, communities and businesses in need of early childhood
33 care and related services;

34 (4) serve as the primary contact for the Kansas legislature on policy,
35 administrative support and constituent services relating to early childhood
36 care and related services;

37 (5) enter into such contracts and agreements as necessary or
38 incidental to the performance of the powers and duties of the executive
39 director;

40 (6) charge and collect, by order, a fee necessary for the administration
41 and processing of paper documents, including, but not limited to,
42 applications, registrations, permits, licenses, certifications, renewals,
43 reports and remittance of fees that are necessary or incidental to the

1 execution of the laws relating to the Kansas office of early childhood;

2 (7) appoint and oversee deputy directors within the office;

3 (8) transition the administration of the following programs and state

4 functions to the office:

5 (A) Child care subsidy;

6 (B) children's cabinet and trust fund;

7 (C) day care facility licensing, youth development programs, school-

8 age programs and early youth care programs;

9 (D) child care quality;

10 (E) head start collaboration office;

11 (F) healthy families America;

12 (G) Kansas early head start child care partnership;

13 (H) Kansas early head start home visitation;

14 (I) maternal and child health home visitation;

15 (J) maternal, infant and early childhood home visitation; and

16 (K) parents as teachers;

17 (9) enter into agreements with the secretary of administration for the

18 provision of shared services, including, but not limited to, personnel and

19 other administrative services for the office;

20 (10) adopt, amend or revoke any rules and regulations necessary to

21 carry out this act and the programs and duties of the office; *and*

22 (11) ensure that all Kansas children's cabinet functions are executed

23 in accordance with K.S.A. 38-1901, and amendments thereto; *and*

24 (12) *administer the Kansas tri-share child care act, as provided by*

25 *sections 1 through 8, and amendments thereto.*

26 (b) The director shall not adopt rules and regulations or policies

27 requiring educational outcomes or curriculum for persons or entities

28 licensed pursuant to this act.

29 (c) Nothing in this section shall be construed to authorize the director

30 to administer the preschool programs in K.S.A. 72-3215 and 72-5154, and

31 amendments thereto.

32 (d) Subject to this act, the director shall organize the Kansas office of

33 early childhood in the manner that the director deems most efficient. The

34 director may establish policies governing the transaction of business of the

35 office and the administration of each division within the office. The deputy

36 directors shall perform such duties and exercise such powers as the

37 director may prescribe and such duties and powers as are prescribed by

38 law. Such deputy directors shall act for and exercise the powers of the

39 director to the extent that authority to do so is delegated by the director.

40 (e) Administration of programs transferred by this section are subject

41 to federal and state appropriations.

42 Sec. 10. K.S.A. 2025 Supp. 75-7703 is hereby repealed.

43 Sec. 11. This act shall take effect and be in force from and after its

1 publication in the statute book.