WEST VIRGINIA LEGISLATURE

2025 REGULAR SESSION

**FISCAL NOTE**

Introduced

House Bill 3239

By Delegates Fehrenbacher, Crouse, G. Howell, and McCormick

[Introduced March 07, 2025; referred to the Committee on Health and Human Resources]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding a new article, designated §5B-12-1, §5B-12-2, §5B-12-3, §5B-12-4, §5B-12-5, §5B-12-6, §5B-12-7, §5B-12-8, §5B-12-9, and §5B-12-10, all relating to child-care assistance; providing a short title; providing legislative findings and declaration of public purpose; providing definitions; establishing the administration of the program; promulgating administrative regulations; establishing a fund; clarifying employer responsibilities; clarifying termination of a tri-share agreement; creating incentives; and creating penalties.

Be it enacted by the Legislature of West Virginia:

Article 12. West Virginia TRI-SHARE CHILD-CARE ASSISTANCE PROGRAM.

§5B-12-1. Short title.

This article shall be known and cited as the "West Virginia Tri-Share Child-Care Assistance Program" or the "Tri-Share Program".

§5B-12-2. Legislative findings; declaration of public policy.

 The Legislature finds and declares that the purpose of this act is to support West Virginia families by incentivizing employers to contribute to the child-care costs of its employees. In enacting this legislation, it is the intention of the Legislature to enable the Department of Economic Development to facilitate this public and private partnership program, and to administer program funds to achieve this purpose. The Tri-Share Program is intended to pick up where the state's child-care subsidy program leaves off. Further, it is the specific intent of the Legislature that no private cause of action, either express or implied, is created by or otherwise arises from the enactment, provisions, or implementation of §5B-12-1 to §5B-12-10 of this code.

§5B-12-3. Definitions.

As used in this article, the term:

"Child-care facility" means an early childhood education (ECE) facility maintained by the state or any county or municipality thereof, or any agency or facility maintained by an individual, firm, corporation, association, or organization, public or private, for the care of six or more children for child care services in any setting, if the facility is open for more than 30 days per year per child.

"Contribution" means a direct payment to a child-care facility either by an employer or through a third-party vendor to subsidize an employee's eligible child-care costs;

"Department" means the West Virginia Department of Economic Development.

"Eligible child-care costs" means costs to be incurred by an individual for services rendered by an eligible child-care provider;

"Employee" means an individual who works in West Virginia and is employed by an employer;

"Employer" means a nonprofit, for-profit, county, or local government entity with at least one employee who works in West Virginia in each of 20 or more calendar weeks in the current or preceding calendar year;

"Fund" means the fund administered by the department as described in §5B-12-6 of this code;

"Program" means the West Virginia Tri-Share Child-Care Assistance Program;

"State match" means the money paid directly to the child-care provider by the department from the fund described in §5B-12-6 of this code; and

"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.

§5B-12-4. Administration of the Program.

(a) The Tri-Share Child-Care Assistance Program is hereby established under the Department of Economic Development. To administer the program, the department may:

(1) Delegate authority to a subsidiary department;

(2) Coordinate and share information with other executive branch agencies; and

(3) Enter into contracts with third-parties to administer the program or specific parts of the program.

(b) The department shall be responsible for:

(1) Creating and making available a standardized contract for participation in the program;

(2) Processing the contract between an employer, employee, and child-care facility that is submitted to the department;

(3) Notifying the parties of their enrollment status in the program;

(4) Managing and administering the program funds;

(5) Securing third-party vendors in accordance with all applicable federal and state procurement regulations, if deemed necessary;

(6) Verifying the eligibility of the respective employee, employer, and child-care facility as parties to a contract for participation in the program prior to disbursement of a state match:

(A) It should be noted that the Tri-Share Program applies only to those who are ineligible for child-care subsidies. As noted in §5B-12-2 of this code, the Tri-Share Program is intended to pick up where the state's child-care subsidy program leaves off;

(7) Collecting and verifying household income information from eligible employees and determining the amount of the state match for which employee is eligible; and

(8) Distributing educational materials about the program's objectives, benefits, and eligibility requirements to employers, employees, and child-care providers.

(c) The department shall review the completed contract after it is submitted by the employer and, if the employee, employer, and the proposed child-care provider meet program eligibility requirements, agree to match the contribution made by the employer up to 100% of the cost of service from the fund.

(d) The department shall only become a party to a proposed contract under this program if the fund reflects a positive balance based on both:

(1) The department's existing contractual obligations already accrued under this program; and

(2) The department's additional financial obligation imposed by the proposed contract.

(e) The department 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.

(f) The department shall maintain a waitlist of contracts submitted after available funds were committed. The department 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.

(g) The department shall issue a state match directly to the child-care facility or through a third-party vendor for the duration of the contract.

(h) The department shall not disclose an employee's personal information without the individual's express written consent.

(i) In the first fiscal year of the program, the department shall administer the program according to the following:

(1) The department shall begin administering the program after the effective date of this article, including by not limited to:

(i) Promulgating the required administrative regulations as described in §5B-12-5 of this code; and

(ii) Soliciting third-party vendor contracts, if deemed necessary;

(2) The department shall not begin accepting proposed contracts from employers pursuant to this program prior to April 1, 2026; and

(3) The department shall not disperse state matches from the fund as a party to a contract with an employer, employee, and child-care facility pursuant to this program prior to July 1, 2026.

(j) Beginning on January 1, 2027, and every year thereafter, the department shall begin accepting proposed contracts from employers, employees, and child-care facilities for the next fiscal year according to the following:

(1) 90 calendar days before April 1 for employers with existing approved contracts pursuant to the program; and

(2) 45 calendar days before April 1 for all other employers.

(k) Beginning on January 1, 2027, and every year thereafter, the department shall publish reports detailing the efficacy of the program by June 15th and December 15th of each year and shall submit the report to a yet to be established research commission. The report shall include at least the following information about the program:

(1) Any appropriation made in the past fiscal year to the fund;

(2) The total number of standardized contracts submitted by employers;

(3) The total amount of state matched paid out of the fund by the department;

(4) The breakdown of the state matched paid by county;

(5) Information on the size, geographical location, and industry type of employers who participated in the program;

(6) The number, license type, and geographical distribution of participating child-care facilities;

(7) The average cost for services charged by child-care facilities participating in the program and information on how these costs have increased or decreased during the most recent reporting period and previous reporting periods;

(8) The number and total dollar value of contracts not approved by the department; and

(9) The demographic information of employees participating in the program.

(l) Prior to October 31, 2025, the department shall publish a report detailing implementation plans for the program and submit the report to a yet to be established research commission.

(m) Unless acted upon by the Legislature, this article will sunset on June 30, 2030, at which time the Tri-Share Child-Care Assistance Program shall terminate.

§5B-12-5. Promulgation of administrative regulations.

The department, or its designated subsidiary department, shall promulgate administrative regulations to effectuate the provisions of §5B-12-1 *et seq*. of this code including:

(1) Creating a standardized agreement for employers, employees, and facilities wishing to participate in the program, to be completed and agreed to by each respective party that includes:

(A) The name, physical location, size, and industry of the employer;

(B) The name and phone number of the employer's point of contact;

(C) The name and physical location of the child-care facility;

(D) The name and phone number of the child-care facility's point of contact;

(E) The name and home address of the employee;

(F) For each employee participating in the program, the age of each child and whether that child may require special accommodations;

(G) The total contribution to be paid by the employer to the provider, either directly or through a third-party vendor;

(H) The total amount of the state match to be paid to the facility, either directly or through a third-party vendor;

(I) The duration of the contract, which shall not last beyond the end of the state's fiscal year in any given year;

(J) The frequency of the contribution to be made directly to the child-care facility in accordance with the facility's established billing cycle; and

(K) The demographic information of the employee.

(2) Establishing eligibility verification procedures for the following parties as a prerequisite for the department entering the agreement as a party and issuing a state match:

(A) The employer's enrollment in the program;

(B) The employee's eligibility; and

(C) The child-care facility's eligibility;

(3) Collecting and verifying household income information from eligible employees and determining the amount of the state match for which the employee is eligible in accordance with §5B-12-7 of this code;

(4) Creating procedures for issuing a notice to all parties to the agreement of their enrollment in the program upon receiving and processing the contract and determining eligibility;

(5) Compiling confidentiality protocols for the department and its designated department or departments to safeguard the personal information of participating employees, employers, and child-care facilities;

(6) Introducing reporting requirements for an employer or a child-care facility reporting a lapse or nonpayment of contribution towards eligible child-care services.

(7) Creating procedures for issuing and logging a state match to child-care facilities pursuant to the respective contract;

(8) Maintaining records of the fund in the fiscal year and all payments;

(9) Creating criteria for participant disqualification from the program;

(10) Establishing procedures for appeals hearings; and

(11) Establishing procedures for recouping state matches or portions of state matches that result in overpayments to participating child-care facilities.

§5B-12-6. Fund.

(a) There is hereby established in the State Treasury a revolving account to be known as the Tri-Share Child-Care Assistance Fund. The fund shall consist of moneys appropriated by the Legislature, contributions, gifts, or grants made available for the purposes of the program.

(b) The fund will initially be funded with $5 million.

(c) The fund shall be administered by the department or its designated subsidiary department.

(d) 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.

(e) Any interest earnings of the fund shall become a part of the fund and shall not lapse.

(f) Moneys deposited in the fund are hereby appropriated for the purposes set forth in §5B-12-1 *et seq*. and shall not be appropriated or transferred by the Legislature for any other purpose.

(g) The department shall issue state matches out of the fund to child-care facilities in accordance with the provisions of the respective contracts and in the order that the department processed the contracts.

(h) Through the Tri-Share Program, the cost of an eligible employee's child-care is shared equally among the employer, the employee, and the state. However, the state's match will taper off as family household income increases. The state's match obligations will be allotted as follows:

(1) When an employee's household income is equal to or less than 200% of the state's median household income, the state match will be 1/3 or 33.3% of the costs.

(2) When an employee's household income is greater than 200% of the state's median household income and equal to or less than 250%, the state match will be 30% of the costs.

(3) When an employee's household income is greater than 250% of the state's median household income and equal to or less than 300%, the state match will be 20% of the costs.

(4) When an employee's household income is greater than 300% of the state's median household income and equal to or less than 350%, the state match will be 10% of the costs.

(5) When employee's household income is greater than 350% of the state's median household income, the state match will be nothing.

(i) An employer may decide what amount greater than 1/3 or 33.3% it will contribute as the state match decreases.

(j) The department may adjust median household income rates for families of greater than four people: *Provided,* That the adjusted rates not be lower than what is determined by the United States Census Bureau.

**§5B-12-7. Employer responsibilities.**

(a) 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 facility using the standardized contract provided by the department.

(b) To participate in the program, an employer shall do the following:

(1) Obtain the standardized contract created by the department and enter into it with the employee and child-care facility;

(2) Submit the proposed contract to the department;

(3) Submit any additional information as deemed necessary by the department pursuant to §5B-12-4 of this code;

(4) Make contributions to the employee's eligible child-care costs directly to the child-care facility or through a third-party vendor in accordance with the amount and frequency agreed to in the final contract:

(i) Federal law and the employer's terms will determine whether the employee contributions may be made with pre-tax dollars. Terms that qualify the arrangement as a dependent care assistance program (DCAP) will allow for pre-tax contributions; and

(ii) Withhold the employee's portion of the child-care costs and remit the funds directly to the child care facility or through a third-party vendor in accordance with the amount and frequency agreed to in the final contract.

(c) For purposes of this article, an employer's contribution may qualify for the federal "Employer-provided child care credit" as detailed in 26 U.S.C. 45F.

(d) To participate in the program, an employee shall complete the standardized contract with the employer and the child-care facility and provide any additional information as deemed necessary by the department pursuant to Section 4 of this act.

(e) In the event that the agreement includes costs of service not covered by the employer's contribution and the state match, the employer shall make payments to the child-care facility on the employee's behalf 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 §5B-12-1 to §5B-12-10 of this code, 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 facility.

**§5B-12-8. Termination of a tri-share agreement.**

(a) Termination of an active contract between an employer, employee, child-care facility, and the department pursuant to this program shall occur in the following circumstances:

(1) If the relationship between the employee and employer is severed, the employer shall notify the child-care facility and the department within 10 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 department issues a state match to the facility on behalf of that employer's employee, then the employer shall reimburse the department for the unnecessary state match; or

(2) If the employer fails to make a contribution or contributions for the eligible child-care costs in accordance with the terms of the contract, the child-care facility shall notify the department within five business days. After receiving notification from the facility, the department 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 business days of receiving notification from the department. If the provider fails to make this notification and receives a state match from the department on behalf of that employer's employee, the provider shall reimburse the department for the unnecessary state match;

(b) Termination of an active contract between an employer, employee, child-care facility and the department pursuant to this program may occur in the following circumstances:

(1) If the employee fails to pay the child-care facility for costs not covered by the employer contribution and the state match in accordance with the terms of the contract, the child-care facility may give the employee reasonable time to remedy the nonpayment. The child-care provider may notify the department and terminate the contract on the date that the notification was issued. If the child-care facility voluntarily excuses the employee's nonpayment or the child-care facility does not notify the department within two 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;

(2) If the child-care provider ceases participation or otherwise loses its licensing, it shall notify all parties to the agreement immediately; or

(3) Either the employer or employee may terminate the contract at any time and or 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 weeks from the date of notification unless the child-care facility 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.

**§5B-12-9. Department of economic development incentives.**

 The Department Economic Development may incorporate this program into agreements with employers seeking economic development incentives if the employer agrees to participate in the program.

**§5B-12-10. Penalties.**

 Any person who intentionally registers false information under §5B-12-1 to §5B-12-9 of this code with the department in pursuit of the benefits of this program shall be subject to a civil penalty of no more than $500 per violation. All money collected as a result of penalties assessed under §5B-12-1 *et seq*. of this code shall be paid into the State Treasury and credited to the Tri-Share Child-Care Assistance Program fund.

NOTE: The purpose of this bill is to provide support to West Virginia families by incentivizing employers to contribute to the child-care costs of its employees. In enacting this legislation, it is the intention of the Legislature to enable the Department of Economic Development to facilitate this public and private partnership program and administer program funds to achieve this purpose.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.