

By: Bumgarner

H.B. No. 5529

A BILL TO BE ENTITLED

AN ACT

relating to establishing a child-care innovation pilot program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle B, Title 4, Labor Code, is amended by adding Chapter 320 to read as follows:

CHAPTER 320. CHILD-CARE INNOVATION PILOT PROGRAM

Sec. 320.001. DEFINITIONS. In this chapter:

(1) "Board" means a local workforce development board created under Subchapter F, Chapter 2308, Government Code.

(2) "Program" means the child-care innovation pilot program established under this chapter.

(3) "Provider" means a child-care provider who is engaging with the program established under this chapter.

Sec. 320.002. ESTABLISHMENT. (a) The commission shall establish and administer the child-care innovation pilot program to address strategic workforce needs of designated pilot regions across the state by increasing the supply of quality, affordable child care and encouraging child-care partnerships with employers.

(b) The program shall enable boards designated by the commission to partner with local employers and high-quality providers to provide grants that will fund innovative child-care expansion projects and employer partnerships that directly impact strategic local workforce needs.

Sec. 320.003. ADMINISTRATION. (a) From funds appropriated

1 to the commission for the program, the program shall be
2 administered by local workforce development boards that serve:

3 (1) a county with a population greater than 2 million that is
4 adjacent to a county with a population greater than 2.5 million,
5 or

6 (2) two or more counties adjacent to subsection (1).

7 (b) If the commission determines there are additional funds
8 available after funding the local workforce development boards in
9 Subsection (a), the commission shall by rule adopt a process for
10 selecting additional local workforce development boards to operate
11 the pilot. Rulemaking shall include a competitive application
12 process and selection criteria.

13 Sec. 320.004. APPLICATION; STRATEGIC PLAN. (a) Any local
14 workforce development board that participates in the program shall
15 submit a letter of intent to the commission including:

16 (1) a strategic plan proposing:

17 (A) measurable performance goals and progress
18 measures related to increasing the supply and accessibility of
19 quality, affordable child-care services;

20 (B) plans for engaging regional stakeholders,
21 including local employers, business associations, and
22 organizations that provide services to children and families, to
23 develop and meet regional performance goals that are based on
24 strategic workforce needs;

25 (C) the number of providers to whom the board
26 plans to award grants;

27 (D) staffing structures to support the effective

implementation of the program, including technical assistance for
child-care providers; and

(E) plans to maximize the results of the program
and support the future sustainability of child-care providers
participating in the program if state funding is not continued;
and

(2) the total amount of money requested to implement
that board's strategic plan.

Sec. 320.005. AGREEMENTS WITH PARTICIPATING BOARDS. The
commission shall develop and enter into a performance agreement
with each participating local workforce development board. Each of
those boards shall comply with the terms of the performance
agreement during its participation in the program. The performance
agreement must:

(1) include measurable performance goals and progress
measures that are:

(A) related to increasing the supply and
accessibility of quality, affordable child-care services in the
pilot region; and

(B) aligned to that board's strategic plan; and

(2) allocate responsibilities for accessing and
reporting progress and outcome information.

Sec. 320.007. ALLOCATION OF FUNDS. From the funds
appropriated to the commission for the program, the commission
shall award an amount of money to each local workforce development
board participating in the program. In determining the allocation
of money, the commission shall consider:

- (1) the size and population of the pilot region;
- (2) the unmet child-care needs in the region and the proposed funding required to address the needs;
- (3) the proposed number of eligible providers in each region to whom that board intends to award grants;
- (4) the budget requested in that board's proposed strategic plan under Section 320.004(a)(2); and
- (5) other factors determined by the commission.

Sec. 320.008. GRANTS. (a) From funds awarded to a local workforce development board participating in the program, the board, after conducting a competitive selection process, shall award grants to eligible providers that enter into a grant contract with the board to expand quality, affordable child-care services in accordance with the region's strategic workforce needs and the local workforce development board's approved strategic plan.

(b) In awarding a grant under the program, a local workforce development board shall give preference to an eligible provider that demonstrates capacity to:

- (1) provide high-demand child-care services identified by the board; and
- (2) partner with one or more local employers.

Sec. 320.009. PROVIDER ELIGIBILITY. (a) To be eligible to receive a grant under the program, a child-care provider must:

- (1) be a Texas Rising Star Program provider with a three-star rating or higher;
- (2) be accredited by the National Association for the Education of Young Children;

1 (3) have an accreditation from a Montessori
2 accreditation organization; or

3 (4) meet an alternative quality criterion or waiver
4 prescribed by the commission.

5 (b) A provider under Subsection (a) may not be owned or
6 operated by the organization that administers grants for the local
7 workforce development board under the state child care services
8 program administered by the commission.

9 (c) In consultation with local employers and other regional
10 stakeholders, the board shall develop a competitive application
11 and scoring process for eligible providers to apply for a grant
12 under the program to meet the goals in the board's approved
13 strategic plan under Section 320.004.

14 (d) A local workforce development board shall develop and
15 enter into a grant contract with each eligible provider awarded a
16 grant under the program. Each eligible provider awarded a grant
17 shall comply with the terms of the grant contract. At a minimum,
18 grant contracts must require eligible providers to:

19 (1) maintain the ability to enroll the required number
20 of children within each designated service area outlined in the
21 board's grant contract;

22 (2) ensure all educators employed by the provider earn
23 a minimum wage that is equal to or above the self-sufficient wage
24 required by Section 2308A.012, Government Code, in the county in
25 which the provider is located;

26 (3) maintain participation in the child-care services
27 program administered by the commission and accept participating

1 children as openings become available;

2 (4) maintain tuition rates at the provider's posted
3 rate or at a rate lower than the posted rate for families who do
4 not receive subsidized child-care services;

5 (5) maintain all program eligibility requirements;

6 (6) provide regular reports demonstrating compliance
7 with the board's grant contract; and

8 (7) provide any additional data requested by the board.

9 Sec. 320.010. SUBCONTRACTING. (a) In accordance with
10 Section 2308.264(e), Government Code, a local workforce
11 development board may subcontract with a coordinating entity to
12 administer the program.

13 (b) The commission may adopt rules establishing requirements
14 for a coordinating entity with which a board subcontracts under
15 this section.

16 Sec. 320.011. USE OF FUNDS. (a) From money appropriated by
17 the legislature to implement the program, the commission may use
18 not more than:

19 (1) 9 percent of the total amount appropriated to pay
20 costs related to administering the program by the commission and
21 participating local workforce development boards, including
22 technical assistance provided to providers under the program; and

23 (2) 1 percent of the total amount appropriated to pay
24 costs related to research and evaluation of the program.

25 (b) The commission shall use at least 90 percent of the total
26 amount appropriated for grants administered under the program.

27 (c) The commission shall adopt rules relating to the award

1 of grants under the program that are designed to maximize the
2 impact of the program and ensure the funding is sufficient to
3 execute on the terms of the grant contract.

4 (d) In awarding a grant under the program, the commission or
5 local workforce development boards may adjust reimbursement rates
6 as necessary to account for the costs of providing care to
7 specialized populations, including children with disabilities,
8 infants, toddlers, and children needing after-hours care.

9 (e) Each local workforce development board participating in
10 the program shall ensure that all grant money has been allocated
11 not later than December 31, 2027.

12 (f) In addition to funds appropriated by the legislature, to
13 administer and expand the impact of the program, the commission or
14 local workforce development boards may:

15 (1) seek and apply for any available federal or local
16 funds; and

17 (2) solicit and accept gifts, grants, and donations
18 from any other public or private source.

19 Sec. 320.012. QUARTERLY REPORT TO THE COMMISSION. (a) Each
20 local workforce development board participating in the program
21 shall submit a quarterly report to the commission, detailing the
22 use of grant money received under the program and related outcomes,
23 including:

24 (1) a list of providers receiving grant money and the
25 provider's monthly grant awards;

26 (2) each provider's compliance with performance goals
27 outlined in the provider's grant contract with the board; and

1 (3) that board's progress toward outcomes identified in
2 the approved strategic plan under Section 320.004.

3 (b) A local workforce development board shall submit the
4 first report required by this section not later than the 120th day
5 after the date the board awards its first grant to a provider under
6 the program and submit subsequent reports every 120 days
7 thereafter.

8 Sec. 320.013. REPORT. Not later than December 1, 2026, the
9 commission shall review the effectiveness of the program and submit
10 to the governor, the lieutenant governor, the speaker of the house
11 of representatives, and the members of each legislative standing
12 committee with primary jurisdiction over economic development a
13 written report regarding the outcomes, challenges, and
14 opportunities of the program.

15 Sec. 320.014. RULES. The commission shall adopt rules
16 necessary to implement this chapter.

17 Sec. 320.015. EXPIRATION. This chapter expires September 1,
18 2029.

19 SECTION 2. The Texas Workforce Commission is required to
20 implement a provision of this Act only if the legislature
21 appropriates money specifically for that purpose. If the
22 legislature does not appropriate money specifically for that
23 purpose, the commission may, but is not required to, implement a
24 provision of this Act using other appropriations that are available
25 for that purpose.

26 SECTION 3. This Act takes effect September 1, 2025.