

**BILL ANALYSIS**

Senate Research Center

S.B. 2979  
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Economic Development  
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**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Texas communities and families continue to face challenges with available and affordable, high-quality child care. Additionally, many child care facilities do not offer services during times needed by parents who work non-traditional hours.

To address local needs related to this, Fort Worth and Tarrant County government officials and business leaders joined together in 2022 to create a pilot program funded by one-time federal American Rescue Plan Act funds. The pilot sought to provide competitive grants to child care programs to stabilize and expand services to better meet the needs of the community's workforce and families. Success has been realized through the increase in overall program enrollment, a reduction in tuition costs for private pay families, and improvement in child care teacher retention rates.

S.B. 2979 seeks to build on the success of this pilot program by continuing it Local Workforce Development Board (LWDB). The Child Care Innovation Pilot Program will bring together LWDBs and employers to identify gaps in child care accessibility and competitively allocate grants to programs in order to meet those specific needs.

As proposed, S.B. 2979 amends current law relating to establishing a child-care innovation pilot program.

**RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 1 (Sections 320.003, 320.010, 320.011, and 320.014, Labor Code) of this bill.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle B, Title 4, Labor Code, by adding Chapter 320, as follows:

CHAPTER 320. CHILD-CARE INNOVATION PILOT PROGRAM

Sec. 320.001. DEFINITIONS. Defines "board," "program," and "provider."

Sec. 320.002. ESTABLISHMENT. (a) Requires the Texas Workforce Commission (TWC) to establish and administer the child-care innovation pilot program (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) Requires the program to enable boards designated by TWC 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) Requires that the program, from funds appropriated to TWC for the program, be administered by local workforce development boards (boards) that serve:

(1) a county with a population greater than two million that is adjacent to a county with a population greater than 2.5 million, or

(2) two or more counties adjacent to Subsection (1).

(b) Requires TWC, if TWC determines there are additional funds available after funding the boards in Subsection (a), to by rule adopt a process for selecting additional boards to operate the pilot. Requires that rulemaking include a competitive application process and selection criteria.

Sec. 320.004. APPLICATION; STRATEGIC PLAN. (a) Requires any board that participates in the program to submit a letter of intent to TWC including certain information.

Sec. 320.005. AGREEMENTS WITH PARTICIPATING BOARDS. Requires TWC to develop and enter into a performance agreement with each participating board. Requires each of those boards to comply with the terms of the performance agreement during its participation in the program. Requires that the performance agreement include certain criteria.

Sec. 320.007. ALLOCATION OF FUNDS. Requires TWC, from the funds appropriated to TWC for the program, to award an amount of money to each board participating in the program. Requires TWC, in determining the allocation of money, to consider certain information.

Sec. 320.008. GRANTS. (a) Requires a board, from funds awarded to a board participating in the program, after conducting a competitive selection process, to 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 board's approved strategic plan.

(b) Requires a board, in awarding a grant under the program, to give preference to an eligible provider that demonstrates a capacity to provide high-demand child-care services identified by the board and partner with one or more local employers.

Sec. 320.009. PROVIDER ELIGIBILITY. (a) Requires a child-care provider, to be eligible to receive a grant under the program, to meet certain requirements.

(b) Prohibits a provider under Subsection (a) from being owned or operated by the organization that administers grants for the board under the state child care services program administered by TWC.

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

(d) Requires a board to develop and enter into a grant contract with each eligible provider awarded a grant under the program. Requires each eligible provider awarded a grant to comply with the terms of the grant contract. Requires that grant contracts, at a minimum, require eligible providers to meet certain standards.

Sec. 320.010. SUBCONTRACTING. (a) Authorizes a board, in accordance with Section 2308.264(e), Government Code, to subcontract with a coordinating entity to administer the program.

(b) Authorizes TWC to adopt rules establishing requirements for a coordinating entity with which a board subcontracts under this section.

Sec. 320.011. USE OF FUNDS. (a) Prohibits TWC, from money appropriated by the legislature to implement the program, from using more than nine percent of the total amount appropriated to pay costs related to administering the program by TWC and participating local workforce development boards, including technical assistance provided to providers under the program and one percent of the total amount appropriated to pay costs related to research and evaluation of the program.

(b) Requires TWC to use at least 90 percent of the total amount appropriated for grants administered under the program.

(c) Requires TWC to adopt rules relating to the award of grants under the program that are designed to maximize the impact of the program and ensure the funding is sufficient to execute on the terms of the grant contract.

(d) Authorizes TWC or the local boards, in awarding a grant under the program, to adjust reimbursement rates as necessary to account for the costs of providing care to specialized populations, including children with disabilities, infants, toddlers, and children needing after-hours care.

(e) Requires each board participating in the program to ensure that all grant money has been allocated not later than December 31, 2027.

(f) Authorizes TWC or local boards, in addition to funds appropriated by the legislature, to administer and expand the impact of the program, to seek and apply for any available federal or local funds and solicit and accept gifts, grants, and donations from any other public or private source.

Sec. 320.012. QUARTERLY REPORT TO THE COMMISSION. (a) Requires each board participating in the program to submit a quarterly report to TWC, detailing the use of grant money received under the program and related outcomes, including certain information.

(b) Requires a board to submit the first report required by this section not later than the 120th day after the date the board awards its first grant to a provider under the program and submit subsequent reports every 120 days thereafter.

Sec. 320.013. REPORT. Requires TWC, not later than December 1, 2026, to review the effectiveness of the program and submit to the governor, the lieutenant governor, the speaker of the house of representatives, and the members of each legislative standing committee with primary jurisdiction over economic development a written report regarding the outcomes, challenges, and opportunities of the program.

Sec. 320.014. RULES. Requires TWC to adopt rules necessary to implement this chapter.

Sec. 320.015. EXPIRATION. Provides that this chapter expires September 1, 2029.

SECTION 2. Provides that TWC is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. Provides that if the legislature does not appropriate money specifically for that purpose, TWC is authorized to, but is not required to, implement a provision of this Act using other appropriations that are available for that purpose.

SECTION 3. Effective date: September 1, 2025.