

By: Ordaz

H.B. No. 5086

A BILL TO BE ENTITLED

AN ACT

relating to establishing a pilot program to increase the supply of child-care services and encourage employer partnerships to meet strategic workforce needs in certain regions of the state.

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

1 strategic local workforce needs.

2 Sec. 320.003. ADMINISTRATION. The commission shall by rule
3 adopt a process for selecting each pilot region in which the program
4 will be administered by the local board, including a competitive
5 application process.

6 Sec. 320.004. APPLICATION; STRATEGIC PLAN. (a) A board
7 applying to participate in the program shall submit:

8 (1) a strategic plan proposing:

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

12 (B) plans for engaging regional stakeholders,
13 including local employers, business associations, and
14 organizations that provide services to children and families, to
15 develop and meet regional performance goals that are based on
16 strategic workforce needs;

17 (C) the number of providers to whom the board
18 plans to award grants;

19 (D) staffing structures to support the effective
20 implementation of the program, including technical assistance for
21 child-care providers; and

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

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

27 (b) A board may apply for the program under more than one

population category described by Section 320.005(a) but may only be approved for participation based on one category.

Sec. 320.005. SELECTION; CRITERIA. (a) The commission shall select not more than six boards to participate in the program and ensure that the program is implemented in communities that represent at least one of each of the following population sizes:

(1) a region with a population of more than 50,000;

(2) a region with a population of more than 10,000 and less than 50,000; and

(3) a region with a population of less than 10,000.

(b) In selecting the boards to participate in the program, the commission shall consider:

(1) the board's ability to demonstrate an unmet, local workforce need for:

(A) child-care services in specific geographic regions;

(B) child-care services for specific populations, including infant care, toddler care, nontraditional hours care, or care for students with disabilities; or

(C) child-care services described by Paragraphs (A) and (B);

(2) whether the board has broad regional support from diverse stakeholders, including private sector employers, child-care providers, local governments, and parents to participate in the program;

(3) the board's ability to leverage local funding or partnerships to supplement state resources; and

1 (4) the strength of the board's proposed strategic
2 plan, as described by Section 320.004.

3 Sec. 320.006. AGREEMENTS WITH PARTICIPATING BOARDS. The
4 commission shall develop and enter into a performance agreement
5 with each board selected to participate in the program. Each board
6 shall comply with the terms of the performance agreement during its
7 participation in the program. The performance agreement must:

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

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

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

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

16 Sec. 320.007. ALLOCATION OF FUNDS. From the funds
17 appropriated to the commission for the program, the commission
18 shall award an amount of money to each board participating in the
19 program. In determining the allocation of money, the commission
20 shall consider:

21 (1) the size and population of the pilot region;

22 (2) the unmet child-care needs in the region and the
23 proposed funding required to address the needs;

24 (3) the proposed number of eligible providers in each
25 region to whom the board intends to award grants;

26 (4) the budget requested in the board's proposed
27 strategic plan under Section 320.004(a)(2); and

1 (5) other factors determined by the commission.

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

9 (b) In awarding a grant under the program, a board shall
10 give preference to an eligible provider that demonstrates capacity
11 to:

12 (1) provide high-demand child-care services
13 identified by the board; and

14 (2) partner with one or more local employers.

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

17 (1) be a Texas Rising Star Program provider with a
18 three-star rating or higher;

19 (2) be accredited by the National Association for the
20 Education of Young Children;

21 (3) have an accreditation from a Montessori
22 accreditation organization; or

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

25 (b) In consultation with local employers and other regional
26 stakeholders, the board shall develop a competitive application and
27 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.

(c) A board shall develop and enter into a grant contract with each eligible provider awarded a grant under the program. Each eligible provider awarded a grant shall comply with the terms of the grant contract. At a minimum, grant contracts must require eligible providers to:

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

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

(3) maintain participation in the child-care services program administered by the commission and accept participating students as openings become available;

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

(5) maintain all eligibility requirements of the program;

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

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

Sec. 320.010. SUBCONTRACTING. (a) In accordance with

1 Section 2308.264(e), Government Code, a board may subcontract with
2 a coordinating entity to administer the program.

3 (b) The commission may adopt rules establishing
4 requirements for a coordinating entity with which a board
5 subcontracts under this section.

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

9 (1) 15 percent of the total amount appropriated to pay
10 costs related to administering the program, including technical
11 assistance provided to providers under the program; and

12 (2) 2 percent of the total amount appropriated to pay
13 costs related to research and evaluation of the program.

14 (b) The commission shall use at least 83 percent of the
15 total amount appropriated for grants administered under the
16 program.

17 (c) The commission shall adopt rules relating to the award
18 of grants under the program that are designed to maximize the impact
19 of the program and ensure the funding is sufficient to execute on
20 the terms of the grant contract.

21 (d) In awarding a grant under the program, the commission or
22 boards may adjust reimbursement rates as necessary to account for
23 the costs of providing care to specialized populations, including
24 students with disabilities, infants, toddlers, and students
25 needing after-hours care.

26 (e) Each board participating in the program shall ensure
27 that all grant money has been allocated not later than December 31,

1 2028.

2 (f) In addition to funds appropriated by the legislature, to
3 administer and expand the impact of the program, the commission or
4 boards may:

5 (1) seek and apply for any available federal or local
6 funds; and

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

9 Sec. 320.012. QUARTERLY REPORT TO THE COMMISSION. (a) Each
10 board participating in the program shall submit a quarterly report
11 to the commission, detailing the use of grant money received under
12 the program and related outcomes, including:

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

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

17 (3) the board's progress toward outcomes identified in
18 the approved strategic plan under Section 320.004.

19 (b) A board shall submit the first report required by this
20 section not later than the 120th day after the date the board awards
21 its first grant under the program and submit subsequent reports
22 every 120 days thereafter.

23 Sec. 320.013. REPORT. Not later than December 1, 2028, the
24 commission shall review the effectiveness of the program and submit
25 to the governor, the lieutenant governor, the speaker of the house
26 of representatives, and the members of each legislative standing
27 committee with primary jurisdiction over economic development a

1 written report regarding the outcomes, challenges, and
2 opportunities of the program.

3 Sec. 320.014. RULES. The commission shall adopt rules
4 necessary to implement this chapter.

5 Sec. 320.015. EXPIRATION. This chapter expires September
6 1, 2029.

7 SECTION 2. This Act takes effect September 1, 2025.