

By: West

S.B. No. 1739

A BILL TO BE ENTITLED

AN ACT

relating to use and operation of the childcare protection and enhancement fund.

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

SECTION 1. Title 4, Labor Code, Chapter 302, is amended by adding Section 302.0052 to read as follows:

Sec. 302.0052 CHILD CARE PROTECTION AND ENHANCEMENT FUND.

DEFINITIONS. In this chapter:

(1) "Fund" means the child care protection and enhancement fund established under Section 49-r, Article III, Texas Constitution.

(2) "Trust company" means the Texas Treasury Safekeeping Trust Company.

(3) "Agency" means the Texas Workforce Commission.

Sec. 302.0053. ADMINISTRATION AND MANAGEMENT OF FUND. (a)

The child care protection and enhancement fund is a trust fund held outside the treasury by the trust company and administered by the department for the purpose of the expansion of childcare capacity and enhancement of subsidized childcare rates.

(b) The trust company shall hold and invest the fund, taking into account the purposes for which the money in the fund may be used. The overall objective for the investment of the fund is to maintain sufficient liquidity to meet the needs of the fund.

(c) The expenses of managing the fund and its assets shall

1 be paid from the fund. Except as otherwise provided by this chapter
2 and Section 49-r, Article III, Texas Constitution, money in the
3 fund may not be used for any other purpose.

4 (d) In managing the assets of the fund, through procedures
5 and subject to restrictions the trust company considers
6 appropriate, the trust company may acquire, exchange, sell,
7 supervise, manage, or retain any kind of investment that a prudent
8 investor, exercising reasonable care, skill, and caution, would
9 acquire or retain in light of the purposes, terms, distribution
10 requirements, liquidity requirements, and other circumstances of
11 the fund then prevailing, taking into consideration the investment
12 of all the fund assets rather than a single investment. The fund
13 may be invested with the state treasury pool and may be pooled with
14 other state assets for purposes of investment.

15 (e) The department shall provide the trust company with a
16 cash flow forecast at least annually, and more frequently as
17 appropriate, to ensure the trust company is able to satisfy the
18 objectives specified by Subsection (b).

19 Sec. 302.0054. DISTRIBUTION. The agency shall annually
20 request from the trust company a distribution from the fund in the
21 amount equal to the interest earned on the fund for the purpose of
22 increasing both capacity and rates for subsidized childcare in this
23 state.

24 Sec. 302.0055. STIPULATIONS ON USE OF FUND. (a) The Texas
25 Workforce Commission must submit to the Texas Workforce
26 Commissioners and the Texas Comptroller of Public Accounts a
27 request for approval of a proposed disbursement and how that

disbursement will be used to increase subsidized childcare rates and capacity in this state.

(b) A request under this section shall be considered approved on the 30th day after the date the request is submitted unless the request is approved or disapproved before that date.

Sec. 302.0056. PROHIBITED EXPENDITURES. Money in the fund may not be used:

(1) to pay salaries, employee benefits, costs associated with employee benefits, or administration, operating, or program costs of the department; or

(2) for the maintenance or operation of a state agency.

Sec. 302.0057. EXPENDITURES SUBJECT TO AUDIT. All expenditures by the agency under this chapter are subject to audit by the state auditor.

Sec. 302.0058. STRATEGIC PLAN. The department shall include in each strategic plan submitted under Section [2056.002](#), Government Code, a report on each acquisition funded using money in the fund during the two-year period preceding the date on which the department submits the plan.

SECTION 2. This Act takes effect January 1, 2026, but only if the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, providing for the creation of the child care preservation and enhancement fund to be used for the increase in capacity and increase in subsidized childcare rates is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.