

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**April 13, 2025**

**TO:** Honorable Phil King, Chair, Senate Committee on Economic Development

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB2979** by Hancock (Relating to establishing a child-care innovation pilot program.), **As Introduced**

**As the amount of funding which the Legislature would appropriate to the Child Care Innovation Pilot Program (CCIPP) is unknown, the fiscal impact to the state for this component of the bill cannot be determined.**

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would amend the Labor Code to establish the Child Care Innovation Pilot Program (CCIPP). to be administered through the 28 Local Workforce Development Boards. This program would address strategic workforce needs by increasing the supply of quality, affordable child care and encouraging employer child care partnerships in certain regions of the state as defined in the bill. The program would award grants to eligible child care providers through a competitive selection process and would give preference for grant selection to those offering high-demand services and forming partnerships with local employers. The number of grants provided and the award amounts provided for the CCIPP would be subject to Legislative appropriation discretion. As the amount which the Legislature would appropriate in funding for this purpose is unknown, this component of the fiscal impact cannot be determined.

Under the bill's provision, 90 percent of appropriated funds to the CCIPP must be allocated for grants, a maximum of 9 percent may be used for program administration, and 1 percent may be used for research and evaluation costs. For illustrative purposes and based on information provided by the Texas Workforce Commission (TWC), if the Legislature were to appropriate \$40,000,000 in fiscal year 2026-2029 in General Revenue funding for the CCIPP, TWC estimates the agency can provide \$36,000,000 in grants to 63 providers and would utilize \$4,000,000 for administration and research.

TWC anticipates information technology expenditures of \$98,017 in fiscal year 2026 to make modifications to the Texas Child Care Connection system for the CCIPP.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 320 Texas Workforce Commission

**LBB Staff:** JMc, RStu, GDZ, JBel