

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS45282-LRa-95

Short Title: Family Empowerment Act.

(Public)

Sponsors: Senators Theodros and Murdock (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO EXPAND CHILD CARE ASSISTANCE, ESTABLISH STATE-LEVEL FAMILY
3 LEAVE INCENTIVES, STRENGTHEN PARENTAL SUPPORT SERVICES, AND
4 PROMOTE WORK-FAMILY BALANCE IN NORTH CAROLINA AND
5 APPROPRIATING FUNDS FOR THOSE PURPOSES.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.(a)** Title. – This act shall be known and may be cited as the "Family
8 Empowerment Act."

9 **SECTION 1.(b)** The following definitions apply in this act:

- 10 (1) Child Care Assistance Program. – Financial aid for eligible families to cover
11 child care expenses.
12 (2) Family leave incentives. – State-sponsored tax incentives for businesses
13 providing paid parental or caregiving leave.
14 (3) Parental support services. – Parenting education, financial counseling, and
15 home-visiting programs to assist families in achieving economic stability.
16 (4) Flexible work arrangements. – Employer policies that allow telework,
17 alternative schedules, and caregiver-friendly workplace practices.

18 **SECTION 1.(c)** Findings. – The General Assembly finds that North Carolina
19 families face increasing economic pressures and challenges in balancing work and caregiving
20 responsibilities. Expanding access to child care, parental leave, and family support services will
21 enhance economic security and overall family well-being for the people of this State.

22 **SECTION 2.** Expanded Child Care Support. – The North Carolina Department of
23 Health and Human Services (DHHS) shall expand the Child Care Subsidy Program by increasing
24 funding and broadening eligibility to families earning up to three hundred percent (300%) of the
25 federal poverty level. Priority shall be given to single-parent households and families in
26 industries with nontraditional work hours.

27 **SECTION 3.** Reducing Costs for Working Families. – By January 1, 2027, the
28 DHHS, in conjunction with other relevant State agencies, shall develop a tiered copayment
29 structure ensuring families pay no more than seven percent (7%) of their household income on
30 child care. Child care providers receiving State subsidies shall meet quality early childhood
31 education standards to ensure program effectiveness.

32 **SECTION 4.(a)** Employer Tax Incentives for Paid Family Leave. – Pursuant to
33 Section 10 of this act, the North Carolina Department of Revenue shall establish the tax credit
34 program for businesses offering at least four weeks of paid parental leave or paid family
35 caregiving leave. Eligible businesses shall receive a credit of up to two thousand five hundred



1 dollars (\$2,500) per participating employee, capped at two hundred fifty thousand dollars
2 (\$250,000) per year per business.

3 **SECTION 4.(b)** Small Business Family Leave Grants. – By January 1, 2027,
4 businesses with fewer than 50 employees offering paid family leave shall be eligible to participate
5 in a State-funded grant program to offset costs. Grant applications shall be developed and
6 administered by the Department of Commerce, in conjunction with other relevant State agencies.
7 Funds shall be prioritized for businesses in rural and underserved communities.

8 **SECTION 5.(a)** Expansion of Home-Visiting Programs. – DHHS shall expand
9 funding for home-visiting programs that provide early childhood education, parenting skills
10 training, and infant health support. Services shall be prioritized for families below two hundred
11 fifty percent (250%) of the federal poverty level and those at risk of child welfare involvement.

12 **SECTION 5.(b)** Financial Counseling and Family Stability Services. – By January
13 1, 2027, the State shall develop and implement financial literacy workshops and economic
14 empowerment programs to assist parents with budgeting, savings, and access to resources.
15 Partnerships shall be established with community organizations, credit unions, and financial
16 institutions to expand access to free financial counseling. The Department of Commerce shall
17 lead relevant State agencies to develop this program.

18 **SECTION 6.(a)** Flexible Work Arrangements Encouragement. – By January 1,
19 2027, the North Carolina Department of Labor shall develop guidelines and incentives for
20 businesses adopting flexible work policies such as telework, alternative schedules, and
21 caregiving leave. Employers implementing flexible work policies shall receive State recognition
22 and certification under a new "Family-Friendly Workplace" designation.

23 **SECTION 6.(b)** State Employee Work-Family Balance Initiative. – State agencies
24 shall adopt model flexible work policies to support work-life balance for State employees.
25 Agencies shall conduct annual surveys to assess employee needs regarding work flexibility and
26 family support.

27 **SECTION 7.(a)** Funding Sources. – This act shall be funded through State
28 appropriations, federal family support grants, and public-private partnerships.

29 **SECTION 7.(b)** Appropriation/Time Line. – There is appropriated from the General
30 Fund to the Department of Health and Human Services the sum of seventy-five million dollars
31 (\$75,000,000) in each year of the 2025-2027 fiscal biennium to implement and sustain the
32 programs enacted by this act, effective July 1, 2025, and July 1, 2026, respectively.

33 **SECTION 7.(c)** Implementation Time Line. – This act shall be implemented as
34 follows:

- 35 (1) Expansion of Child Care Assistance Programs shall begin by January 1, 2026.
- 36 (2) Employer tax incentives and Family Leave Grant Programs shall take effect
37 July 1, 2026.
- 38 (3) Parental Support Services Expansion shall be fully operational by December
39 1, 2026.

40 **SECTION 8.(a)** Family Support Oversight Board. – Effective January 1, 2026, the
41 Family Support Oversight Board (Board) is established to monitor program effectiveness and
42 recommend improvements. The Board shall consist of the following members, each to serve a
43 one-year term:

- 44 (1) One senator appointed by the President Pro Tempore of the Senate.
- 45 (2) One representative appointed by the Speaker of the House of Representatives.
- 46 (3) Two persons representing early childhood education organizations, appointed
47 by the Governor.
- 48 (4) Two persons who are labor and workforce policy experts, appointed by the
49 Governor.
- 50 (5) One representative from DHHS appointed by the Secretary of the Department.

1 Two cochairs of the Board shall be appointed by the Governor. Members of the Board
2 shall receive per diem and necessary travel and subsistence expenses in accordance with
3 G.S. 120-3.1, 138-5, and 138-6, as applicable. A majority of the voting members shall constitute
4 a quorum. Vacancies shall be filled by the appointing authority.

5 **SECTION 8.(b)** Beginning January 1, 2027, the Board shall submit an annual report
6 to the General Assembly concerning the following:

- 7 (1) The impact of child care support expansions.
- 8 (2) Effectiveness of paid family leave tax incentives.
- 9 (3) Work-family balance trends across participating businesses.

10 The reports shall be made publicly accessible through the DHHS website.

11 **SECTION 9.** Rulemaking. – The Department of Health and Human Services and the
12 Department of Labor may adopt rules to implement the provisions of this act.

13 **SECTION 10.(a)** Article 4 of Chapter 105 of the General Statutes is amended by
14 adding a new section to read:

15 "**§ 105-153.12. Family empowerment tax credit.**

16 (a) Definitions. – The following definitions apply in this section:

- 17 (1) Eligible employee. – An employee of an eligible employer. For purposes of
18 this subdivision, "employee" has the same meaning as provided in
19 G.S. 105-163.1.
- 20 (2) Eligible employer. – A business with a physical presence in this State that (i)
21 is an employer as defined in G.S. 105-163.1, (ii) provides paid leave to eligible
22 employees, and (iii) is subject to income tax under this Article.
- 23 (3) Paid leave. – One hundred percent (100%) paid leave provided by an eligible
24 employer for a minimum of four weeks to an eligible employee experiencing
25 a qualifying event.
- 26 (4) Qualifying event. – The birth of a child to an eligible employee or the
27 adoption, foster care placement, or other legal placement of a child with an
28 eligible employee.

29 (b) Credit. – A taxpayer who is an eligible employer is allowed a credit against the taxes
30 imposed by Part 1, Part 1A, or Part 2 of this Article, as appropriate, equal to the lesser of (i) the
31 amount of paid leave paid by the eligible employer during the taxable year or (ii) two thousand
32 five hundred dollars (\$2,500) of paid leave per eligible employee paid by the eligible employer
33 during the taxable year.

34 (c) Limit. – The amount of credit allowed to a single eligible employer may not exceed
35 two hundred fifty thousand dollars (\$250,000) for any one calendar year."

36 **SECTION 10.(b)** This section is effective for taxes imposed for taxable years
37 beginning on or after January 1, 2026.

38 **SECTION 11.** Effective Date. – Except as otherwise provided, this act is effective
39 when it becomes law.