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SENATE BILL DRS35235-LMfa-98A

Short Title: The Child Promise Act.

(Public)

Sponsors: Senators Garrett, Everitt, and Salvador (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO FULFILL NORTH CAROLINA'S PROMISE TO ITS CHILDREN THROUGH COMPREHENSIVE INVESTMENT IN EARLY CHILDHOOD EDUCATION AND CHILDCARE INFRASTRUCTURE, TO ENSURE THAT EVERY CHILD HAS ACCESS TO QUALITY EARLY LEARNING OPPORTUNITIES REGARDLESS OF GEOGRAPHY OR FAMILY INCOME, TO STRENGTHEN THE EARLY CHILDHOOD WORKFORCE, AND TO SUPPORT WORKING FAMILIES ACROSS THE STATE.

Whereas, the General Assembly hereby finds that investing in high-quality early childhood education and childcare is essential to fulfilling our State's promise to the next generation of North Carolinians; and

Whereas, this act establishes a framework to ensure every child has the opportunity to reach their full potential through accessible, affordable, and high-quality early learning experiences; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1.(a) NC Pre-K Expansion. – There is appropriated from the General Fund to the Department of Health and Human Services, Division of Child Development and Early Education, the sum of ninety million two hundred fifty thousand dollars (\$90,250,000) in recurring funds for the 2025-2027 fiscal biennium to continue implementing the prekindergarten program (NC Pre-K). These funds shall be used to increase the number of slots available in the program to 10,000 over the next three years as follows: 3,000 in year one; 3,500 in year two; and 3,500 in year three. The NC Pre-K program shall serve children who are 4 years of age on or before August 31 of the program year. In determining eligibility, the Division shall establish income eligibility requirements for the program at or below three hundred percent (300%) of the federal poverty level. All sites established under this section shall achieve and maintain a 4- or 5-star rating. The Division may use up to three percent (3%) of these funds each fiscal year of the fiscal biennium for administrative expenses associated with implementing the provisions of this section.

SECTION 1.(b) There is appropriated from the Economic Development Reserve Fund in the Department of Commerce and available ARPA funds to the Division of Child Development and Early Education (DCDEE) the sum of six million eight hundred thousand dollars (\$6,800,000) in recurring funds for each year of the 2025-2027 fiscal biennium to administer a grant program for childcare facilities, new or existing, in census tracts where the ratio of children under 5 to licensed child care providers exceeds 3:1. Childcare facilities with 20-49 children are eligible to receive a grant of up to one hundred fifty thousand dollars (\$150,000); 50-74 up to three hundred thousand dollars (\$300,000); 75 or more up to five hundred thousand dollars (\$500,000); and family childcare homes up to fifty thousand dollars



(50,000). Grant recipients shall provide a fifteen percent (15%) match and shall commit to provide the services for at least five years. Of the funds appropriated in this act, the sum of three hundred fifty thousand dollars (\$350,000) in each fiscal year of the 2025-2027 fiscal biennium shall be used to employ one full-time program manager and two full-time specialists and the sum of two hundred fifty thousand dollars (\$250,000) may be used for technical assistance. DCDEE shall consult with the Department of Commerce in administering the grant program.

SECTION 1.(c) The Division of Child Development and Early Education shall coordinate with other appropriate divisions in the Department of Health and Human Services to develop modernized inspections standards for childcare centers. Inspections shall be conducted on a biannual basis for 4- and 5-star childcare centers and an electronic checklist system shall be made available to providers. Inspection standards shall include reasonable space requirements for both indoor and outdoor and allow for expedited review for expansions by providers with three or more years in good standing. DCDEE shall implement the modernized standards required by this section over a period of eighteen months. DCDEE shall use funds available to it to implement the provisions of this subsection.

SECTION 1.(d) There is appropriated from the General Fund to the Division of Child Development and Early Education (DCDEE) the sum of nine million five hundred sixty-two thousand five hundred dollars (\$9,562,500) in recurring funds and from the North Carolina Education Lottery Fund the sum of three million one hundred eighty-seven thousand five hundred dollars (\$3,187,500) for the 2025-2027 fiscal biennium to administer a grant program for after school programs in public schools where more than fifty percent (50%) of the students receive free or reduced lunch. After school programs funded under this section shall operate at a minimum of three hours a day five days a week, and shall provide academic support and transportation home from the site. Students participating may be charged a fee, but it shall be based on family income. DCDEE shall work in conjunction with the Department of Public Instruction to establish the administrative guidelines for the grant program and in reporting on attendance and improvements in academic outcomes. The report required by this section shall be made to the Department of Health and Human Services, Department of Public Instruction, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Education, and the Fiscal Research Division. Of the funds appropriated in this section, the sum of four hundred thousand dollars (\$400,000) in each fiscal year of the 2025-2027 fiscal biennium shall be used to employ three full-time program coordinators and one full-time director for the program.

SECTION 2.(a) The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE	INCOME PERCENTAGE LEVEL
0 – 5	300%
6 – 12	133%

Fees for families who are required to share in the cost of care are established based on seven percent (7%) of gross family income. Priority populations under this section are foster children, children with disabilities, and homeless children.

SECTION 2.(b) The Division of Child Development and Early Education shall use available funds from the Child Care and Development Fund to implement the following scale for determining childcare subsidy eligibility for the 2026-2027 fiscal year:

- (1) 100-200% FPL – standard subsidy (7% family contribution)
- (2) 201-220% FPL – 90% of standard subsidy (9% family contribution)
- (3) 221-240% FPL – 80% of standard subsidy (11% family contribution)
- (4) 241-260% FPL – 70% of standard subsidy (13% family contribution)
- (5) 261-280% FPL – 60% of standard subsidy (15% family contribution)
- (6) 281-300% FPL – 50% of standard subsidy (17% family contribution)

1 **SECTION 2.(c)** For each year of the 2025-2027 fiscal biennium, a taxpayer with
2 children under six years of age and an income between 300-400% of the federal poverty level is
3 allowed a deduction of \$1,500 for each qualifying child. For a child with disabilities, the
4 deduction shall be increased by \$500; for an infant under twelve months, by \$500; for a child in
5 a childcare desert, by \$250.

6 **SECTION 2.(d)** There is appropriated from the General Fund to the Department of
7 Health and Human Services the sum of twenty-two million nine hundred thousand dollars
8 (\$22,900,000) in nonrecurring funds for the 2025-2027 fiscal biennium to provide funds to
9 on-site childcare providers to construct new and renovate existing childcare facilities and to
10 provide childcare subsidies to employees of the providers. These funds shall be available only to
11 providers with 10 or more employees.

12 **SECTION 3.(a)** There is appropriated from the General Fund and the Child Care
13 and Development Fund to the Department of Health and Human Services, Division of Child
14 Development and Early Education, the sum of nine hundred fifty thousand dollars (\$950,000) in
15 recurring funds for each fiscal year of the 2025-2027 fiscal biennium to enhance the
16 compensation paid to educators in licensed childcare facilities. The supplement shall be provided
17 to educators who work a minimum of 30 hours each week and shall be allocated as follow: (i)
18 \$2,000 annually for CDA credentials; \$3,500 annually for an associate's degree; \$5,000 annually
19 for a bachelor's degree; and \$6,500 annually for a master's degree. The supplement shall be paid
20 on a biweekly basis. An additional supplement shall be paid for infant-toddler specialization in
21 the amount of \$1,000 annually; bilingual certification \$1,000 annually; and rural location \$1,500
22 annually.

23 **SECTION 3.(b)** The Department of Health and Human Services, Division of Child
24 Development and Early Education, shall implement 5-star rating system reforms by reducing
25 documentation required to be submitted on a biannual basis; incorporate classroom assessment
26 tools, such as CLASS and ERS; streamline staff qualification verifications; and increase subsidy
27 reimbursement differentials.

28 **SECTION 3.(c)** There is appropriated from the General Fund and the Child Care
29 and Development Fund to the Department of Health and Human Services, Division of Child
30 Development and Early Education, the sum of one million eight hundred thousand dollars
31 (\$1,800,000) in nonrecurring funds for the 2025-2026 fiscal year to administer a mentorship
32 program for childcare providers seeking a star-level increase. Mentors shall have at least five or
33 more years' experience working in a 4- or 5-star childcare facility and shall hold at a minimum a
34 bachelor's degree.

35 **SECTION 4.(a)** There is appropriated from the General Fund and the Child Care
36 and Development Fund to the Department of Health and Human Services, Division of Child
37 Development and Early Education, the sum of two million eight hundred thousand dollars
38 (\$2,800,000) in nonrecurring funds for each fiscal year of the 2025-2027 fiscal biennium to
39 provide retention bonuses to full-time childcare facility employees in licensed facilities. An
40 employee with two years of service is eligible for a bonus of \$1,000 each year; five years of
41 service \$2,500 each year; 10 years of service \$5,000 each year; 15 years of service \$7,000 each
42 year; 20 years of service \$10,000 each year.

43 **SECTION 4.(b)** There is appropriated from the General Fund and the Child Care
44 and Development Fund to the Department of Health and Human Services, Division of Child
45 Development and Early Education, the sum of two million eight hundred thousand dollars
46 (\$2,800,000) in nonrecurring funds for each fiscal year of the 2025-2027 fiscal biennium to
47 administer a professional development program for childcare workers. The program shall include
48 providing career advise to childcare workers, professional development programs, leadership
49 training for directors, and an online tracking and verification system.

50 **SECTION 4.(c)** There is appropriated from the General Fund and the Child Care
51 and Development Fund to the Department of Health and Human Services, Division of Child

1 Development and Early Education, the sum of nine million dollars (\$9,000,000) in recurring
2 funds for each fiscal year of the 2025-2027 fiscal biennium to expand T.E.A.C.H. scholarships.
3 The amount of the scholarships shall be as follows: for CDA, 80% of costs up to \$3,000;
4 associate's degree, 80% of costs up to \$4,500; and bachelor's degree, 80% of costs up to \$6,000.
5 Scholarship recipients shall commit to continued employment in a childcare facility for at least
6 one year after completing their degree.

7 **SECTION 4.(d)** The Department of Health and Human Services, Division of Child
8 Development and Early Education, shall develop and administer an apprenticeship program for
9 individuals desiring to work in the childcare industry. The program shall provide for at least
10 2,000 hours on hand-on experience in a childcare facility, at least 144 hours of technical
11 instruction on childcare; a starting wage of at least \$13 per hour; and the apprenticeship shall last
12 between 12-18 months. This program shall be funded by using federal apprenticeship funds, State
13 workforce development funds, and General Fund monies.

14 **SECTION 5.(a)** There is appropriated from the General Fund to the Department of
15 Health and Human Services, Division of Child Development and Early Education, the sum of
16 five million dollars (\$5,000,000) in recurring funds for each fiscal year of the 2025-2027 fiscal
17 biennium to enter into public-private partnerships with childcare facility owners to construct and
18 renovate childcare facilities, purchase equipment and materials, provide professional
19 development initiatives, and provide quality enhancement projects. A facility owner shall
20 contribute a minimum of \$25,000 for each project and the State a maximum of \$500,000 for each
21 project.

22 **SECTION 5.(b)** The Department of Health and Human Services, Division of Child
23 Development and Early Education, in collaboration with the Department of Public Instruction
24 shall administer a grant program to expand school-based care facilities. Eligible projects include
25 elementary school classroom conversions, installing modular units on school property, and
26 creating shared service arrangements with existing service providers.

27 **SECTION 5.(c)** Using funds from the Child Care and Development Fund and funds
28 appropriated from the General Fund for this purpose, the Department of Health and Human
29 Services, Division of Child Development and Early Education, shall establish 12 regional
30 hub-and-spoke support networks for family childcare. The networks shall share administrative
31 services such as billing and enrollment, substitute pool management, bulk purchasing,
32 professional development, business coaching and support, and quality improvement assistance.
33 This program shall be funded by using available funds from Child Care and Development Fund
34 and funds from the General Fund appropriated for this purpose.

35 **SECTION 5.(d)** The Department of Health and Human Services, Division of Child
36 Development and Early Education, shall develop and administer a universal Pre-K pilot program.
37 The pilot program shall be conducted in 5 counties selected by the Division as long as they meet
38 the following: one urban with a population of less than 500,000; two suburban with a population
39 of 100,000 or more but less than 500,000; and two rural counties with a population of less than
40 100,000. The pilot program shall provide for universal eligibility of all 4 years olds in the State;
41 a mixed delivery system of public schools, Head Start, and private childcare centers; a full day
42 of 6 hours or more required; standardized quality requirements across setting; and a common
43 enrollment system. The pilot program shall be funded with funds from the General Funds with a
44 match of fifteen percent (15%) provided by the counties in which the pilot program will be
45 conducted.

46 **SECTION 6.(a)** The Department of Health and Human Services, Division of Child
47 Development and Early Education, shall set aside twenty percent (20%) of the additional subsidy
48 dollars provided in this act to be given to parents who have infants and toddlers in a childcare
49 facility. Funds shall also be used to fund one family engagement navigator in each county to
50 assist with enrollment and to provide for a comprehensive database of all ECE professionals.
51 This program shall be funded from CCDF funds and the General Fund.

1 **SECTION 6.(b)** The Department of Health and Human Services, Division of Child
2 Development and Early Education, shall implement a program to assist businesses providing
3 childcare. The program shall include (i) fast tracking licensure with a 14-day review for employer
4 sponsored centers; tax credits of at least \$1,000 per employee for providing flexible work hours
5 (at least 20% of the workforce must participate); and regional childcare coordinators.

6 **SECTION 7.** This act becomes effective July 1, 2025.