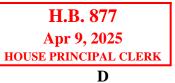
GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2025



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HOUSE BILL DRH10391-MQa-83

Short Title:	Childcare Pilot.	(Public)
Sponsors:	Representative Arp.	
Referred to:		

1	A BILL TO BE ENTITLED
2	AN ACT TO ESTABLISH A PILOT PROGRAM INVOLVING A PUBLIC-PRIVATE
3	PARTNERSHIP TO PROVIDE REDUCED COST CHILDCARE BY LEVERAGING
4	STATE RESOURCES TO REDUCE COSTS ASSOCIATED WITH ESTABLISHING A
5	CHILDCARE FACILITY.
6	Whereas, the General Assembly recognizes that childcare availability is essential to
7	enabling all those individuals who wish to participate in the workforce to do so; and
8	Whereas, the General Assembly also recognizes that the costs of childcare need to be
9	lowered to enable more individuals to be able to afford to leave home and either go to work or
10	return to work after having a child; and
11	Whereas, assuring quality childcare opportunities in every county within the State
12	supports the potential for employers to make economic investments in all the State's 100 counties;
13	and
14	Whereas, being able to take advantage of quality childcare facilities within their local
15	communities at a below market rate cost will enable more parents to enter or reenter the
16 17	workplace; and Whereas, the General Assembly recognizes that one of the ways to reduce the costs
17	of childcare to consumers is by lowering the one-time capital costs of the land, site infrastructure,
19	and the building that will house the childcare operation; and
20	Whereas, the General Assembly further recognizes that another way to lower those
20	capital costs is through the repurposing of an existing publicly owned building and its site
22	infrastructure; and
23	Whereas, to promote the development of quality childcare facilities in all counties of
24	the State, the General Assembly implements the following pilot public-private (P3) project as a
25	demonstration of how publicly owned property and one-time public capital funding can be
26	leveraged to result in a quality childcare facility; Now, therefore,
27	The General Assembly of North Carolina enacts:
28	SECTION 1.(a) The Legislative Services Office shall, by October 15, 2025, working
29	collaboratively with the State Construction Office and the Department of Administration,
30	develop a comprehensive process for implementing a demonstration pilot project to select a
31	third-party childcare operator as the public-private partner (P3) for the project. The process shall
32	include, at a minimum, (i) the development of a request for proposals to competitively select the
33	P3 partner to be the operator of the childcare facility, (ii) the basic methodology of scoring the
34	proposals received to select a P3 partner where that scoring criteria can be expanded to include
35	additional considerations being proposed a respondent, and (iii) a base P3 contract to be used to



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negotiate a final agreement with the selected P3 partner. The Legislative Services Office shall 1 2 issue the initial request for proposals no later than January 2, 2026.

3 The Legislative Services Office shall extend an invitation to participate, as a partner, 4 to a constituent institution of The University of North Carolina System that is located within the 5 same county as the demonstration project. If that constituent institution accepts, it may participate 6 by providing either a site for the facility or a portion of the funding, or some combination thereof. 7 Based upon the level of participation as mutually agreed by the consistent institution and the 8 Legislative Services Office, a commensurate share of the childcare spaces shall be made available 9 on a first priority basis for employees of that constituent institution.

10 **SECTION 1.(b)** The Legislative Services Office, in conjunction with the State 11 Construction Office, shall select a site from available State- or University-owned lands suitable 12 for the construction of a shell building and shall issue a request for information and a request for 13 proposal regarding the execution of a ground lease with a third party with evidence supporting 14 the ability to operate a childcare facility as described in subsection (c) of this section. The ground 15 lease shall not exceed five hundred dollars (\$500.00) per month, with a preferred initial term of 16 at least 10 years. Lease renewals of at least four years may be included in the agreement, provided 17 that the performance of the lessor is satisfactory to the Legislative Services Office. The third 18 party selected by the Legislative Services Office shall submit a site plan that will be adapted and 19 developed for the site and shell building. The third party selected to operate the childcare facility 20 will be responsible for the upfit of the building, building and site maintenance, utilities, and all 21 other operating costs. The State may also partner with a constituent institution of The University 22 of North Carolina in the selection of a University-owned site as described in subsection (a) of 23 this section.

24 **SECTION 1.(c)** The third party selected for the operation of the childcare facility 25 described in this section shall be able to meet at least all of the following criteria:

26	(1)	Demonstrates the ability and commits to provide childcare rates that are	
27	(-)	twenty-five percent (25%) or more below the current market rates for the area	
28		where the facility is to be located using a modified pro forma that eliminates	
29		the cost of land, the cost of site improvements, the cost of utility extensions	
30		and connection, the cost of the shell building and the anticipated costs of	
31		construction loan interest. The respondent with the greatest reduction below	
32		the current market rate shall receive the highest score for this category.	
33	(2)	Capable of operating a facility licensed under Chapter 110 of the General	
34		Statutes that will enroll at least 180 children.	
35	(3)	Agrees to pay a wage to all childcare providers employed by the facility equal	
36		to at least one hundred eighty percent (180%) of the federal minimum wage,	
37		as of January 1, 2025, for the first year services are provided under the lease	
38		agreement, and an annual increase of at least two and one-half percent (2.5%)	
39		for at least the first four years thereafter, without changing the rates charged	
40		to consumers for a period of at least four years.	
41	(4)	Agrees to provide health insurance for all of the full-time employees. For the	
42		purposes of this subdivision, the provision of health insurance means that the	
43		employer pays at least fifty percent (50%) of the premiums for health care	
44		coverage that equals or exceeds the minimum requirements for small group	
45		health benefit plans under State or federal law.	
46	(5)	Agrees to provide priority placement for eighty percent (80%) of available	
47		childcare capacity at the site to State employees, including employees of a	
48		constituent institution of The University of North Carolina that partners with	
49		the Legislative Services Office as described in this section.	
50		TON 2. Notwithstanding G.S. 143C-5-2, there is appropriated from the	
51	General Fund to the Legislative Services Office the sum of five million dollars (\$5,000,000) in		

- 1 nonrecurring funds for the 2025-2026 fiscal year to be used for the childcare pilot program
- 2 described in Section 1 of this act. The funds appropriated in this section shall not revert until July
- 3 1, 2027.
- 4 **SECTION 3.** Section 2 of this act becomes effective July 1, 2025. The remainder of 5 this act is effective when it becomes law.