

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 1086
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10608-LUa-113D

Short Title: Child Care Initiative Funds/Reform/Study. (Public)

Sponsors: Representative Arp.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH CAREER-READY LEAD TEACHER ACADEMIES TO PROVIDE
3 ALTERNATIVE PATHWAYS TO CAREERS IN CHILD CARE; TO APPROPRIATE
4 FUNDS TO THE NORTH CAROLINA PARTNERSHIP FOR CHILDREN, INC., TO
5 EXPAND MENTAL AND BEHAVIORAL HEALTH SERVICES FOR CHILDREN,
6 FAMILIES, AND STAFF IN CHILD CARE FACILITY SETTINGS AND ESTABLISH
7 THE NORTH CAROLINA PARTNERSHIP FOR CHILDREN, INC., SPECIAL FUND; TO
8 IMPLEMENT REFORMS REGARDING CHILD CARE CENTER ADMINISTRATORS
9 UNDER THE LAWS PERTAINING TO CHILD CARE; TO STUDY THE FEASIBILITY
10 OF PROVIDING LIABILITY INSURANCE COVERAGE FOR CHILD CARE
11 PROVIDERS; AND TO UPDATE THE BIDDING REQUIREMENTS FOR SMART
12 START.

13 The General Assembly of North Carolina enacts:

14
15 **PART I. CAREER-READY LEAD TEACHER ACADEMY PILOT PROGRAM**

16 **SECTION 1.1.** The purpose of this Part is to provide alternative pathways to career
17 advancement in licensed child care. To that end, the North Carolina Partnership for Children,
18 Inc., in collaboration with the North Carolina Community Colleges System Office, shall develop
19 and implement a two-year pilot program that expands the child care workforce academies
20 currently operating in Johnston and Wayne Counties. The pilot program shall establish
21 career-ready lead teacher academies across the State designed to provide free, comprehensive
22 training and support to individuals, with no experience or education in child care, who are
23 interested in pursuing a career in child care.

24 **SECTION 1.2.** Local partnerships in the following counties shall participate in the
25 pilot program described under this Part: Johnston and Wayne. The North Carolina Partnership
26 for Children, Inc. (NCPC), in collaboration with the Community Colleges System Office, shall
27 select 10 additional local partnerships to participate in the pilot program with at least one local
28 partnership selected from each of the four local partnership regions of the statewide Smart Start
29 network, which regions are the West, Mid-West, Mid-East, and East.

30 **SECTION 1.3.** The Community Colleges System Office and local community
31 colleges shall coordinate to ensure that graduates of the career-ready lead teacher academies meet
32 all requirements to be credentialed with the North Carolina Early Childhood Credential as lead
33 teachers in child care in this State.

34 **SECTION 1.4.(a)** Each child care career-ready lead teacher academy (academy)
35 shall seek to enroll no less than 10 students, with a goal of enrolling 15 students in each course.
36 The academy shall operate up to eight hours per day over a two- to three-week period. A



1 participating community college shall strive to offer an academy up to three times per year, with
2 at least one of the three academies occurring at the end of the traditional public school calendar
3 year to allow participation by interested high school and college students. The academy shall be
4 offered free-of-charge to applicants. Students participating in the academy shall receive the
5 knowledge, skills, and training, including the necessary health screenings, background checks,
6 and fingerprinting, required for employment as a lead teacher in a licensed child care program in
7 this State. Upon successful completion of the academy, each student shall receive a North
8 Carolina Early Childhood Credential that will enable the student to begin teaching in a licensed
9 child care program immediately upon graduation.

10 **SECTION 1.4.(b)** A local partnership may provide each graduate with a one-time
11 stipend. If a one-time stipend for completing the course is provided, the amount shall be at the
12 discretion of the local partnership but shall not be less than one hundred fifty dollars (\$150.00).

13 **SECTION 1.4.(c)** Students shall be eligible to receive an additional one-time stipend
14 in the amount of five hundred dollars (\$500.00) in State funds after completing one year of
15 employment as a lead teacher in a licensed child care program in this State. To receive the
16 additional stipend under this subsection, the graduate shall do each of the following:

- 17 (1) Begin full-time employment as a lead teacher in a licensed child care center
18 or family child care home within three months from the date of graduation
19 from an academy.
- 20 (2) Complete the one-year of employment required by this subsection within a
21 consecutive 12-month period at the same child care program.

22 **SECTION 1.4.(d)** The stipends provided under this section shall be available to a
23 graduate of an academy who is employed by a licensed child care facility in this State, including
24 a graduate who establishes a family child care home.

25 **SECTION 1.5.** The North Carolina Partnership for Children, Inc., and local
26 partnerships shall (i) collaborate with the community college in the county or counties in which
27 the local partnership is located, as practicable, to implement the career-ready lead teacher
28 academy and (ii) ensure information about the career-ready lead teacher academy in the
29 respective county is made available to the public.

30 **SECTION 1.6.** The North Carolina Partnership for Children, Inc. (NCPC), in
31 collaboration with the local partnerships and community colleges participating in the pilot
32 program, shall submit a progress report on the pilot program to the Joint Legislative Oversight
33 Committee on Health and Human Services and the Fiscal Research Division by March 31, 2027,
34 with any concerns or recommendations for program expansion. A final report shall be submitted
35 by December 31, 2027, and shall include, at a minimum, the following:

- 36 (1) The local partnerships and community colleges participating in the pilot
37 program.
- 38 (2) The number of students enrolled in each academy, by county.
- 39 (3) The number of students who successfully completed the academy, by county.
- 40 (4) The number of newly credentialed graduates employed as lead teachers in
41 licensed child care programs, by county.
- 42 (5) The outcomes achieved from the pilot program, including any
43 recommendations for expanding the program statewide.
- 44 (6) The number of new child care slots available as a result of adding the new
45 lead teachers.
- 46 (7) Total program costs, including any administrative costs borne by the county.
- 47 (8) The amount of funds needed to expand the program statewide.

48 **SECTION 1.7.** There is appropriated from the General Fund to the Department of
49 Health and Human Services, Division of Child Development and Early Education, the sum of
50 one million four hundred seventy-six thousand dollars (\$1,476,000) in nonrecurring funds for the

1 2026-2027 fiscal year to be allocated to the North Carolina Partnership for Children, Inc., to
2 provide the State match for implementing the pilot program described in this Part as follows:

- 3 (1) The sum of nine hundred seventy-two thousand dollars (\$972,000) for the
4 2026-2027 fiscal year for the State portion of tuition costs.
- 5 (2) The sum of five hundred four thousand dollars (\$504,000) for the 2026-2027
6 fiscal year for the stipends provided with State funds in accordance with
7 Section 1.4 of this Part.

8 **SECTION 1.8.** Funds described in Section 1.7 of this Part shall be used in
9 accordance with the following:

- 10 (1) The funds shall be allocated equally among the local partnerships selected to
11 participate in the pilot program.
- 12 (2) Local partnerships shall provide documentation of a twenty-five percent
13 (25%) local match as a condition of receiving State funds.
- 14 (3) Any unexpended and unencumbered funds at the end of the fiscal year from
15 the funds provided under this Part shall not revert to the General Fund but
16 shall remain available for use in accordance with this Part.
- 17 (4) The funds shall not be used for administrative costs.
- 18 (5) The funds are not subject to the administrative cost requirements under
19 Section 9D.5(b) of S.L. 2023-134, child care services funding requirements
20 under G.S. 143B-168.15(b), child care subsidy expansion requirements under
21 G.S. 143B-168.15(g), or match requirements under Section 9D.5(d) of S.L.
22 2023-134.

23 **SECTION 1.9.(a)** As a means to assist younger individuals with a career pathway
24 to provide child care services, the Department of Health and Human Services, Division of Child
25 Development and Early Education (DCDEE), shall establish a Provisional Early Childhood Care
26 Credential for individuals who are 16 or 17 years of age and preparing to work in licensed child
27 care programs in this State. To qualify for the credential, an individual shall complete each of the
28 following:

- 29 (1) An approved early childhood education course offered through a North
30 Carolina public high school (FE11), a Career and College Promise course
31 (EDU 119), an Intro to School-Age Care course (EDU 120 or EDU 2120), a
32 Career and College Promise Workforce Continuing Education pathway (EDU
33 3119), or Career-Ready Lead Teacher Academy.
- 34 (2) A series of micro credentials demonstrating competency in required child care
35 health and safety trainings applicable to employment in licensed child care
36 facilities.

37 **SECTION 1.9.(b)** By December 31, 2026, the North Carolina Community Colleges
38 System, the North Carolina Department of Public Instruction (DPI), the North Carolina Center
39 for Afterschool Programs (NC CAP), and DCDEE shall collaborate to develop the micro
40 credential opportunities required by subsection (a) of this section and through this collaboration,
41 DCDEE shall ensure its trainings are available in the Moodle platform. The Community Colleges
42 System, DPI, NC CAP, and DCDEE shall also collaborate to create pre-apprenticeship and
43 apprenticeship pathways aligned with the Provisional Early Childhood Credential. DCDEE shall
44 issue the Provisional Early Childhood Credential to individuals who meet the requirements
45 established under subsection (a) of this section. The Provisional Early Childhood Credential shall
46 enable those individuals to work in any out-of-school and summer programs, including those
47 located at licensed child care facilities, as group leaders according to the following staff-child
48 ratios and group sizes:

49 Age	Ratio Staff/Children
50 For a group that includes a child 5 years of age	1/10

1 For a group of children 6 years of age and older 1/14 to 1/16

2
3 No out-of-school or summer program providing child care pursuant to this section shall care for
4 more than 25 children in one group. The out-of-school or summer program providing care for 26
5 or more children shall provide for two or more groups according to the ages of children and shall
6 provide separate supervisory personnel.

7 **SECTION 1.9.(c)** When an individual who has received a credential pursuant to this
8 section reaches 18 years of age, the individual may notify the Division of Child Development
9 and Early Education (Division) of such and the Division shall issue the individual the full North
10 Carolina Early Childhood Credential which shall enable that individual to be employed as a lead
11 teacher in any licensed child care program in this State.

12
13 **PART II. CHILD CARE MENTAL AND BEHAVIORAL HEALTH SERVICES**
14 **FUNDING**

15 **SECTION 2.1.(a)** There is appropriated from the ARPA Temporary Savings Fund,
16 established in Section 1.3(a) of S.L. 2023-7, to the Department of Health and Human Services,
17 Division of Child Development and Early Education, the sum of fifteen million dollars
18 (\$15,000,000) in nonrecurring funds for the 2026-2027 fiscal year to be allocated to the North
19 Carolina Partnership for Children, Inc. (NCPC), to expand mental and behavioral health services
20 for children, families, and staff in child care facility settings and out-of-school programs,
21 including on-site services and behavioral health supports. The NCPC shall spend the funds
22 appropriated in this Part in the following budget codes: PSC 5415 Health Care Access and
23 Support, PSC 5505 Parent Education, PSC 3125 Quality Child Care, and PSC 5509 Parents as
24 Teachers. The NCPC shall distribute the funds appropriated in this Part to local partnerships, as
25 determined by the NCPC. These funds shall supplement and not supplant existing Smart Start
26 partnership behavioral health spending. Funds appropriated in this Part shall not revert at the end
27 of the 2026-2027 fiscal year but shall remain available for costs associated with mental and
28 behavioral health initiatives described in this subsection until expended.

29 **SECTION 2.1.(b)** The NCPC shall submit a progress report on the mental and
30 behavioral health initiatives described in subsection (a) of this section to the Joint Legislative
31 Oversight Committee on Health and Human Services, the Secretary of the Department of Health
32 and Human Services, and the Fiscal Research Division by March 15, 2027, and a final report by
33 November 15, 2028. The progress report and final report shall include all of the following:

- 34 (1) The name of each local partnership that received funds.
35 (2) The number of children served by each local partnership.
36 (3) The types of mental and behavioral health services provided by each local
37 partnership.
38 (4) Recommendations for continuing and/or expanding mental and behavioral
39 health initiatives for children, families, and staff in child care facility settings.

40 **SECTION 2.1.(c)** Additional funds allocated in this Part to the North Carolina
41 Partnership for Children, Inc., from the Department of Health and Human Services, Division of
42 Child Development and Early Education, for the 2026-2027 fiscal year are not subject to the
43 administrative cost requirements under Section 9D.5(b) of S.L. 2023-134, child care services
44 funding requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements
45 under G.S. 143B-168.15(g), or match requirements under Section 9D.5(d) of S.L. 2023-134.

46 **SECTION 2.2.(a)** G.S. 143B-168.15(h) reads as rewritten:

47 "(h) The North Carolina Partnership for Children, Inc., Special Fund is hereby established
48 as an interest-bearing, nonreverting special fund in the Department of Health and Human
49 Services. Funds appropriated from the General Fund to the Department for Smart Start and the
50 North Carolina Partnership for Children, Inc. (NCPC), shall be deposited in the Fund and shall
51 be used by the NCPC and local partnerships exclusively for the purposes authorized in this

1 section, unless otherwise expressly provided by law. State funds allocated to local partnerships
2 that are unexpended at the end of a fiscal year shall not revert but shall remain available to the
3 North Carolina Partnership for Children, Inc., to reallocate to local partnerships. Notwithstanding
4 G.S. 147-86.11 or any other provision of law to the contrary, the NCPC shall be allowed to hold
5 cash in excess of incurred expenditures at the end of each fiscal year up to five million dollars
6 (\$5,000,000). Not later than August 15 of each year, the NCPC shall provide to the Department
7 of Health and Human Services a financial status report for the preceding fiscal year that includes
8 all actual expenditures and remaining cash on hand."

9 SECTION 2.2.(b) This section is effective when it becomes law.

10 11 PART III. CHILD CARE REFORMS/CHILD CARE CENTER ADMINISTRATORS

12 SECTION 3.1. G.S. 110-91(8) is amended by adding the following sub-subdivisions
13 to read:

14 "a1. A licensed child care center may use the combined education and
15 experience of two staff persons to meet the requirements for a Level II
16 or Level III administrator designation as set forth in rules established
17 by the Commission and shall receive the same quality rating
18 improvement system (QRIS) credit toward a star-rated license as the
19 center would receive if the requirements were met by one staff person,
20 so long as the staff person who has the early childhood education and
21 experience is assigned to the center and on-site at least 20 hours per
22 week.

23 a2. The Department shall allow a child care center administrator to earn
24 the North Carolina Early Childhood Administration Credential
25 without completing coursework in EDU 261 and EDU 262, or the
26 equivalent of both, when the administrator has (i) an associate degree
27 or higher in business administration or a related field or (ii) two years
28 of verifiable business or administrative work experience."

29 SECTION 3.2. This Part is effective when it becomes law.

30 31 PART IV. STUDY INSURANCE PROGRAM FOR CHILD CARE PROVIDERS

32 SECTION 4.1.(a) The Department of Insurance shall utilize a consulting firm, an
33 actuarial firm, a brokerage firm, or any combination thereof, to study the feasibility of
34 establishing liability insurance coverage, including State-supported captive insurance,
35 risk-pooling, joint underwriting association, joint reinsurance, or other organizations, for North
36 Carolina child care providers in order to provide liability insurance coverage to participating
37 child care providers, which has the potential to support risk distribution while promoting strong
38 governance and shared accountability. All of the following shall be part of the study undertaken
39 in accordance with this subsection:

- 40 (1) The collection of loss data and operational information from child care
41 providers statewide in order to estimate program feasibility, premium
42 requirements, and necessary surplus levels.
- 43 (2) An evaluation of the viability of a program that is designed primarily to
44 provide general liability coverage, including a focus on sexual abuse and
45 molestation (SAM) coverage, whether offered separately or bundled.
- 46 (3) A determination of the amount of public funding needed to initially capitalize
47 the insurer and an exploration of potential alternative solutions to that public
48 funding.
- 49 (4) An analysis of conditions in the traditional, excess and surplus (E&S), and
50 unauthorized foreign reinsurance markets, including costs, affordability,

availability of liabilities coverages, and the barriers that child care providers experience in accessing adequate liability coverage.

(5) A determination of whether commercial insurance carriers would be willing to participate in this program, including discussion of developing an assigned risk pool.

(6) The recommended design for the most viable program for North Carolina child care providers.

(7) Identification of any legislative changes necessary to implement any recommendations contained within the report, including any funding recommendations.

SECTION 4.1.(b) The Department of Health and Human Services shall cooperate with the Department of Insurance, and any entity with which the Department of Insurance has contracted, for the purposes of supplying any information necessary to conduct the study required by this section.

SECTION 4.1.(c) No later than June 1, 2027, the Department of Insurance shall submit a report to the Joint Legislative Oversight Committee on General Government with the findings of the study required by this section.

SECTION 4.1.(d) Effective July 1, 2026, there is appropriated from the General Fund to the Department of Insurance the sum of three hundred fifty thousand dollars (\$350,000) in nonrecurring funds for the 2026-2027 fiscal year for the purposes of conducting the study required by this section.

PART V. UPDATE BIDDING REQUIREMENTS FOR SMART START

SECTION 5.1. Section 9D.5(e) of S.L. 2023-134 reads as rewritten:

"SECTION 9D.5.(e) Bidding. – The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

- (1) For amounts of ~~five-fifteen~~ thousand dollars ~~(\$5,000)-(\$15,000)~~ or less, the procedures specified by a written policy as developed by the Board of Directors of the North Carolina Partnership for Children, Inc.
- (2) For amounts greater than ~~five-fifteen~~ thousand dollars ~~(\$5,000)-(\$15,000)~~ but less than ~~fifteen-twenty-five~~ thousand dollars ~~(\$15,000)-(\$25,000)~~, three written quotes.
- (3) For amounts of ~~fifteen-twenty-five~~ thousand dollars ~~(\$15,000)-(\$25,000)~~ or ~~more but less than forty thousand dollars (\$40,000)~~, ~~more~~, a request for proposal ~~process~~ process with solicitation in appropriate venues, including, but not limited to, websites, major newspaper portals, or other options to ensure a strong competitive process.
- (4) For amounts of forty thousand dollars (\$40,000) or more, a request for proposal process and advertising in a major newspaper."

PART VI. EFFECTIVE DATE

SECTION 6.1. Except as otherwise provided, this act becomes effective July 1, 2026.