

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025**

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**HOUSE BILL 1086  
PROPOSED COMMITTEE SUBSTITUTE H1086-PCS10647-CI-52**

Short Title: Child Care Initiative Funds/Reform/Study.

(Public)

Sponsors:

Referred to:

April 30, 2026

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH CAREER-READY LEAD TEACHER ACADEMIES TO PROVIDE ALTERNATIVE PATHWAYS TO CAREERS IN CHILD CARE; TO APPROPRIATE FUNDS TO THE NORTH CAROLINA PARTNERSHIP FOR CHILDREN, INC., TO EXPAND MENTAL AND BEHAVIORAL HEALTH SERVICES FOR CHILDREN, FAMILIES, AND STAFF IN CHILD CARE FACILITY SETTINGS AND ESTABLISH THE NORTH CAROLINA PARTNERSHIP FOR CHILDREN, INC., SPECIAL FUND; TO IMPLEMENT REFORMS REGARDING CHILD CARE CENTER ADMINISTRATORS UNDER THE LAWS PERTAINING TO CHILD CARE; TO STUDY THE FEASIBILITY OF PROVIDING LIABILITY INSURANCE COVERAGE FOR CHILD CARE PROVIDERS; AND TO UPDATE THE BIDDING REQUIREMENTS FOR SMART START.

The General Assembly of North Carolina enacts:

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

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

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

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

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



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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 either a North  
8 Carolina Early Childhood Credential or a Provisional NC Early Childhood Credential that will  
9 enable the student to begin working as either a lead teacher or group leader in a licensed child  
10 care program immediately upon graduation.

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

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

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

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

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

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

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

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

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

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

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

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

**SECTION 1.9.(a)** As a means to assist younger individuals with a career pathway to provide child care services, the Department of Health and Human Services, Division of Child Development and Early Education (DCDEE), shall establish a Provisional Early Childhood Credential for individuals who are 16 or 17 years of age and preparing to work in licensed child care programs in this State. To qualify for the provisional credential, an individual shall complete an approved early childhood education course offered through a North Carolina public high school (FE11), a Career and College Promise course (EDU 119), an Intro to School-Age Care course (EDU 120 or EDU 2120), a Career and College Promise Workforce Continuing Education pathway (EDU 3119), or Career-Ready Lead Teacher Academy.

**SECTION 1.9.(b)** By March 31, 2027, the North Carolina Community Colleges System, the North Carolina Department of Public Instruction (DPI), the North Carolina Center for Afterschool Programs (NC CAP), and DCDEE shall collaborate to ensure the required child care health and safety trainings are embedded in each of the courses in subsection (a) of this section so that individuals who are working to obtain the Provisional Early Childhood Credential can access the required trainings through structured micro credentials, and, through this collaboration, DCDEE shall ensure its trainings are available in the Moodle platform. The Community Colleges System, DPI, NC CAP, and DCDEE shall also collaborate to create pre-apprenticeship and apprenticeship pathways aligned with the Provisional Early Childhood Credential. DCDEE shall issue the Provisional Early Childhood Credential to individuals who meet the requirements established under subsection (a) of this section. The Provisional Early Childhood Credential shall enable those individuals to work in any out-of-school and summer programs, including those located at licensed child care facilities, as group leaders as defined in the child care licensing rules according to the following staff-child ratios and group sizes:

<b>Age</b>	<b>Ratio Staff/Children</b>
For a group that includes a child 5 years of age	1/10
For a group of children 6 years of age and older	1/14 to 1/16

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

5 **SECTION 1.9.(c)** When an individual who has received a provisional credential  
6 pursuant to this section reaches 18 years of age and has obtained a high school diploma or its  
7 equivalent, the individual shall notify the Division of Child Development and Early Education  
8 (Division) of such, if they wish to receive the full Early Childhood Credential, and the Division  
9 shall issue the individual the full North Carolina Early Childhood Credential which shall enable  
10 that individual to be employed as a lead teacher in any licensed child care program in this State.

## 11 12 **PART II. CHILD CARE MENTAL AND BEHAVIORAL HEALTH SERVICES** 13 **FUNDING**

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

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

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

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

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

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

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

8 **SECTION 2.2.(b)** This section is effective when it becomes law.  
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### 10 **PART III. CHILD CARE REFORMS/CHILD CARE CENTER ADMINISTRATORS**

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

13 "a1. A licensed child care center may use the combined education and work  
14 experience of two staff persons to meet the requirements for Level II  
15 and Level III certificates or designation for the NC Early Childhood  
16 Administration Credential certificate established by the Commission  
17 and shall receive the same quality rating improvement system (QRIS)  
18 credit toward a star-rated license as the center would receive if the  
19 requirements were met by one staff person. To meet the requirements  
20 of this sub-subdivision, the following requirements must be met:

- 21 1. One individual must complete EDU 261 and EDU 262 as set  
22 out in the Child Care Rules in the Administrative Code, or the  
23 equivalent, or hold an associate degree or higher in business  
24 administration or a related field, or have at least two years of  
25 verifiable business or administrative work experience.
- 26 2. One individual must (i) hold an associate degree or bachelor's  
27 of science degree in early childhood education or child  
28 development as designated by the Commission, (ii) be  
29 responsible for the center's curriculum, program delivery, and  
30 compliance practices, and (iii) be physically on-site for at least  
31 the minimum number of hours required by the child care  
32 staffing requirements set out under the Child Care Rules in the  
33 Administrative Code.

34 a2. The Department shall allow an individual to earn the minimum  
35 mandatory North Carolina Early Childhood Administration Credential  
36 without completing coursework in EDU 261 and EDU 262, or the  
37 equivalent of both, when the individual has (i) an associate degree or  
38 higher in business administration or a related field or (ii) two years of  
39 verifiable business or administrative work experience."

40 **SECTION 3.2.** This Part is effective when it becomes law.  
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### 42 **PART IV. STUDY INSURANCE PROGRAM FOR CHILD CARE PROVIDERS**

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

- 1 (1) The collection of loss data and operational information from child care  
2 providers statewide in order to estimate program feasibility, premium  
3 requirements, and necessary surplus levels.
- 4 (2) An evaluation of the viability of a program that is designed primarily to  
5 provide general liability coverage, including a focus on sexual abuse and  
6 molestation (SAM) coverage, whether offered separately or bundled.
- 7 (3) A determination of the amount of public funding needed to initially capitalize  
8 the insurer and an exploration of potential alternative solutions to that public  
9 funding.
- 10 (4) An analysis of conditions in the traditional, excess and surplus (E&S), and  
11 unauthorized foreign reinsurance markets, including costs, affordability,  
12 availability of liabilities coverages, and the barriers that child care providers  
13 experience in accessing adequate liability coverage.
- 14 (5) A determination of whether commercial insurance carriers would be willing  
15 to participate in this program, including discussion of developing an assigned  
16 risk pool.
- 17 (6) The recommended design for the most viable program for North Carolina  
18 child care providers.
- 19 (7) Identification of any legislative changes necessary to implement any  
20 recommendations contained within the report, including any funding  
21 recommendations.

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

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

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

## 33 **PART V. UPDATE BIDDING REQUIREMENTS FOR SMART START**

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

35 **"SECTION 9D.5.(e)** Bidding. – The North Carolina Partnership for Children, Inc., and all  
36 local partnerships shall use competitive bidding practices in contracting for goods and services  
37 on contract amounts as follows:  
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- 39 (1) For amounts of ~~five-fifteen~~ thousand dollars ~~(\$5,000)-(\$15,000)~~ or less, the  
40 procedures specified by a written policy as developed by the Board of  
41 Directors of the North Carolina Partnership for Children, Inc.
- 42 (2) For amounts greater than ~~five-fifteen~~ thousand dollars ~~(\$5,000)-(\$15,000)~~ but  
43 less than ~~fifteen-twenty-five~~ thousand dollars ~~(\$15,000)-(\$25,000)~~, three  
44 written quotes.
- 45 (3) For amounts of ~~fifteen-twenty-five~~ thousand dollars ~~(\$15,000)-(\$25,000)~~ or  
46 more but less than forty thousand dollars (\$40,000), a request for proposal  
47 process-process with solicitation in appropriate venues, including, but not  
48 limited to, websites, major newspaper portals, or other options to ensure a  
49 strong competitive process.
- 50 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for  
51 proposal process and advertising in a major newspaper."

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**PART VI. EFFECTIVE DATE**

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