

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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HOUSE BILL 800

Short Title: Review Effectiveness & Delivery of Child Care. (Public)

Sponsors: Representatives Willis, Paré, Campbell, and Loftis (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

April 8, 2025

A BILL TO BE ENTITLED
AN ACT TO DIRECT THE DIVISION OF CHILD DEVELOPMENT AND EARLY
EDUCATION WITHIN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES
TO STUDY AND REPORT ON THE EFFECTIVENESS AND DELIVERY OF VARIOUS
CHILD CARE INITIATIVES; TO APPROPRIATE FUNDS TO ESTABLISH A PILOT
PROGRAM THAT WOULD ALLOW A CHILD CARE TEACHER EMPLOYED FULL
TIME BY A LICENSED CHILD CARE PROGRAM IN THE STATE TO BE DEEMED
AUTOMATICALLY ELIGIBLE FOR CHILD CARE SUBSIDY FOR THE TEACHER'S
PRESCHOOL-AGE CHILDREN; AND TO PROVIDE CERTAIN DIRECTIVES
REGARDING CHILD CARE IN THIS STATE.

The General Assembly of North Carolina enacts:

SECTION 1.(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall study the effectiveness and delivery model of the North Carolina Prekindergarten (NC Pre-K) program and the North Carolina Partnership for Children (Smart Start) program, as well as review various other child care initiatives as provided in this section. In conducting the study, the Division shall do the following:

- (1) Review the complete allocation of funds for both NC Pre-K and Smart Start.
- (2) Review other early childhood models to determine whether those other models could better maximize funds available for child care needs in this State and maximize the number of children placed in licensed child care.
- (3) Review the current rules and guidelines regarding the quality rating improvement system (QRIS) to determine what, if any, temporary changes need to be considered that may provide relief to child care providers and those providers' ability to offer child care for as many children as permitted by law.

SECTION 1.(b) The Division of Child Development and Early Education (Division) shall conduct a detailed analysis of the North Carolina Prekindergarten (NC Pre-K) program to ensure every funded slot can be filled. In conducting the analysis required by this section, if the Division determines there are open NC Pre-K slots for any reason, the Division shall reassign those slots for the remainder of the school year to another county that may have a waitlist for the NC Pre-K program. If a county has available slots but no additional teachers or classrooms to open, the Division may choose to increase the maximum class size to 22 students.

SECTION 1.(c) The Division of Child Development and Early Education (Division) shall study the current child care subsidy market rates and determine a recommended minimum amount to establish a reimbursement rate floor for subsidized child care.



SECTION 1.(d) The Division of Child Development and Early Education (Division) shall report its findings and recommendations, including any legislative proposals, regarding the studies and analysis required by this section to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on or before April 30, 2026.

SECTION 2.(a) There is appropriated from the General Fund to the Department of Health and Human Services, Division of Child Development and Early Education (Division), the sum of ten million dollars (\$10,000,000) in nonrecurring funds for each year of the 2025-2027 fiscal biennium to establish a pilot program that provides automatic eligibility for child care subsidy for the preschool-age children, 8 weeks to 5 years of age, of all child care teachers employed full time by a licensed child care program in this State. A child care teacher deemed automatically eligible for subsidy pursuant to this section shall have completed, be in the process of completing, or enroll at the first available semester in an Introduction to Early Childhood class at any local community college in this State. A child care teacher who does not already possess an Early Childhood Education Infant/Toddler Certificate or Child Development Certificate shall commit to remaining in college and completing either certificate within 18 months. Any coursework taken pursuant to this section shall be paid for by the T.E.A.C.H. Early Childhood North Carolina Scholarship Program, with no cost to the teacher. For purposes of this section, "full time" means a minimum of 35 hours per week.

SECTION 2.(b) The Division of Child Development and Early Education (Division) shall implement the pilot program within 120 days from the effective date of this section. The Division shall select counties from across the State to participate in the pilot program. In selecting counties, the Division shall focus on counties with the highest percentage of child care capacity lost during the past 10 years. In determining the applicable rate for a child care teacher eligible for subsidy under this section, the Division shall use the rate available in the county where the teacher resides. Child care centers shall accept the current market subsidy rates and may not charge copayment fees or any other fees in addition to the subsidy amount provided pursuant to this section. County agencies shall use existing child care subsidy funding first before applying for additional funding.

SECTION 2.(c) The Division of Child Development and Early Education (Division) shall submit an initial report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division of the General Assembly by March 31, 2026, of the number of child care teachers participating in the pilot program, by county. Thereafter, the Division shall submit a quarterly report on the number of participants in the program, with a detailed report by December 31 of each year the pilot program is in effect. The quarterly and annual detailed reports shall include, at a minimum, the following:

- (1) The number of teachers in the pilot program who were already teaching and became automatically eligible for child care subsidy on the effective date of this act.
- (2) The number of new teachers added to the pilot program, by county, on a monthly basis.
- (3) The retention of every teacher in the pilot program.

SECTION 2.(d) This section becomes effective July 1, 2025.

SECTION 3. Funds provided to the Division of Child Development and Early Education for the 2024-2025 fiscal year for the Pilot Program to Increase the Provision of In-Home Child Care in accordance with Section 9D.8 of S.L. 2023-134 and the Tri-Share Child Care Pilot Program in accordance with Section 9D.9 of S.L. 2023-134 shall be subject to review and approval by the General Assembly before those funds may be further expended for either of those pilot programs.

SECTION 4. Any county program that provides supplemental, local funds to families for subsidized child care shall allow those families to select a four- or five-star rated child care center of their choice rather than to be assigned a specific school.

1 **SECTION 5.** The Department of Health and Human Services shall collaborate with
2 the Department of Insurance to review and make suggestions to the General Assembly on how
3 to lower the costs of all of the various types of insurance required for the provision of child care
4 in this State.

5 **SECTION 6.** Except as otherwise provided, this act is effective when it becomes
6 law.