

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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SENATE BILL 594

Short Title: Care Center Cost Support Act. (Public)

Sponsors: Senators Chaudhuri and Chitlik (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 26, 2025

A BILL TO BE ENTITLED
AN ACT TO INCREASE CHILD CARE SUBSIDY RATES TO THOSE IN THE 2023
MARKET RATE STUDY, TO ESTABLISH A FLOOR FOR CHILD CARE SUBSIDY
RATES, AND TO APPROPRIATE FUNDS FOR THOSE PURPOSES.

The General Assembly of North Carolina enacts:

SECTION 1. Beginning October 1, 2025, the Department of Health and Human Services, Division of Child Development and Early Education, shall increase the child care subsidy market rates to the seventy-fifth percentile as recommended by the 2023 Child Care Market Rate Study for children in three-, four-, and five-star-rated child care centers and homes.

SECTION 2. Beginning October 1, 2025, provisions of payment rates for child care providers in counties that have a county rate below the State rate for center-based and home-based care are as follows:

(1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the seventy-fifth percentile statewide market rate as recommended by the 2023 Child Care Market Rate Study for children birth through 5 years of age for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 3. 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 one hundred ten million dollars (\$110,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium to implement the market rate increases and to establish a floor for child care subsidy rates as set forth in Sections 1 and 2 of this act.

SECTION 4. This act becomes effective July 1, 2025.

