

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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HOUSE BILL 1086

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

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

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

April 30, 2026

A BILL TO BE ENTITLED

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

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.



1 **SECTION 1.4.(a)** Each child care career-ready lead teacher academy (academy)
2 shall seek to enroll no less than 10 students, with a goal of enrolling 15 students in each course.
3 The academy shall operate up to eight hours per day over a two- to three-week period. A
4 participating community college shall strive to offer an academy up to three times per year, with
5 at least one of the three academies occurring at the end of the traditional public school calendar
6 year to allow participation by interested high school and college students. The academy shall be
7 offered free-of-charge to applicants. Students participating in the academy shall receive the
8 knowledge, skills, and training, including the necessary health screenings, background checks,
9 and fingerprinting, required for employment as a lead teacher in a licensed child care program in
10 this State. Upon successful completion of the academy, each student shall receive a North
11 Carolina Early Childhood Credential that will enable the student to begin teaching in a licensed
12 child care program immediately upon graduation.

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

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

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

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

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

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

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

1 **SECTION 1.7.** There is appropriated from the General Fund to the Department of
2 Health and Human Services, Division of Child Development and Early Education, the sum of
3 one million four hundred seventy-six thousand dollars (\$1,476,000) in nonrecurring funds for the
4 2026-2027 fiscal year to be allocated to the North Carolina Partnership for Children, Inc., to
5 provide the State match for implementing the pilot program described in this Part as follows:

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

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

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

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

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

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

Age	Ratio Staff/Children
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

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

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

PART II. CHILD CARE MENTAL AND BEHAVIORAL HEALTH SERVICES FUNDING

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

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

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

SECTION 2.1.(c) Additional funds allocated in this Part to the North Carolina Partnership for Children, Inc., from the Department of Health and Human Services, Division of Child Development and Early Education, for the 2026-2027 fiscal year 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 2.2.(a) G.S. 143B-168.15(h) reads as rewritten:

"(h) The North Carolina Partnership for Children, Inc., Special Fund is hereby established as an interest-bearing, nonreverting special fund in the Department of Health and Human

1 Services. Funds appropriated from the General Fund to the Department for Smart Start and the
2 North Carolina Partnership for Children, Inc. (NCPC), shall be deposited in the Fund and shall
3 be used by the NCPC and local partnerships exclusively for the purposes authorized in this
4 section, unless otherwise expressly provided by law. State funds allocated to local partnerships
5 that are unexpended at the end of a fiscal year shall not revert but shall remain available to the
6 North Carolina Partnership for Children, Inc., to reallocate to local partnerships. Notwithstanding
7 G.S. 147-86.11 or any other provision of law to the contrary, the NCPC shall be allowed to hold
8 cash in excess of incurred expenditures at the end of each fiscal year up to five million dollars
9 (\$5,000,000). Not later than August 15 of each year, the NCPC shall provide to the Department
10 of Health and Human Services a financial status report for the preceding fiscal year that includes
11 all actual expenditures and remaining cash on hand."

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

13 **PART III. CHILD CARE REFORMS/CHILD CARE CENTER ADMINISTRATORS**

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

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

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

32 **SECTION 3.2.** This Part is effective when it becomes law.

33 **PART IV. STUDY INSURANCE PROGRAM FOR CHILD CARE PROVIDERS**

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

- 42 (1) The collection of loss data and operational information from child care
43 providers statewide in order to estimate program feasibility, premium
44 requirements, and necessary surplus levels.
- 45 (2) An evaluation of the viability of a program that is designed primarily to
46 provide general liability coverage, including a focus on sexual abuse and
47 molestation (SAM) coverage, whether offered separately or bundled.
- 48 (3) A determination of the amount of public funding needed to initially capitalize
49 the insurer and an exploration of potential alternative solutions to that public
50 funding.
51

- 1 (4) An analysis of conditions in the traditional, excess and surplus (E&S), and
 2 unauthorized foreign reinsurance markets, including costs, affordability,
 3 availability of liabilities coverages, and the barriers that child care providers
 4 experience in accessing adequate liability coverage.
- 5 (5) A determination of whether commercial insurance carriers would be willing
 6 to participate in this program, including discussion of developing an assigned
 7 risk pool.
- 8 (6) The recommended design for the most viable program for North Carolina
 9 child care providers.
- 10 (7) Identification of any legislative changes necessary to implement any
 11 recommendations contained within the report, including any funding
 12 recommendations.

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

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

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

24 **PART V. UPDATE BIDDING REQUIREMENTS FOR SMART START**

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

26 "**SECTION 9D.5.(e)** Bidding. – The North Carolina Partnership for Children, Inc., and all
 27 local partnerships shall use competitive bidding practices in contracting for goods and services
 28 on contract amounts as follows:
 29

- 30 (1) For amounts of ~~five-fifteen~~ thousand dollars ~~(\$5,000)-(\$15,000)~~ or less, the
 31 procedures specified by a written policy as developed by the Board of
 32 Directors of the North Carolina Partnership for Children, Inc.
- 33 (2) For amounts greater than ~~five-fifteen~~ thousand dollars ~~(\$5,000)-(\$15,000)~~ but
 34 less than ~~fifteen-twenty-five~~ thousand dollars ~~(\$15,000)-(\$25,000)~~, three
 35 written quotes.
- 36 (3) For amounts of ~~fifteen-twenty-five~~ thousand dollars ~~(\$15,000)-(\$25,000)~~ or
 37 ~~more but less than forty thousand dollars (\$40,000)~~, more, a request for
 38 proposal ~~process~~ process with solicitation in appropriate venues, including,
 39 but not limited to, websites, major newspaper portals, or other options to
 40 ensure a strong competitive process.
- 41 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
 42 proposal process and advertising in a major newspaper."
 43

44 **PART VI. EFFECTIVE DATE**

45 **SECTION 6.1.** Except as otherwise provided, this act becomes effective July 1,
 46 2026.