



# HOUSE BILL 1086: Child Care Initiative Funds/Reform/Study.

2025-2026 General Assembly

<b>Committee:</b>	House Health. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	May 12, 2026
<b>Introduced by:</b>	Reps. Arp, Lambeth, Paré, Rhyne	<b>Prepared by:</b>	Debbie Griffiths Staff Attorney
<b>Analysis of:</b>	PCS to First Edition H1086-CSCI-52		

**OVERVIEW:** *The PCS to House Bill 1086 would create a career ready lead teacher pilot program that expands the current child care workforce academies, provide funding to expand mental and behavioral services for children, families, and staff in child care facility settings, establish the North Carolina Partnership for Children, Inc. Special Fund, expand alternative pathways for administrator credentials in assigning a star rated license to a child care center, require a feasibility study for establishing liability insurance coverage for participating North Carolina child care providers, and update bidding requirements for Smart Start contracts for goods and services.*

## PCS ANALYSIS:

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

**Sections 1.1-1.6.** The North Carolina Partnership for Children, Inc. (NCPC) in collaboration with the North Carolina Community College System Office would be required to develop a two-year pilot program expanding the child care academies currently operating in Johnson and Wayne counties to establish career-ready lead teacher academies across the State which provide free, comprehensive training and support to individuals with no child care experience or education who are interested in a career in child care.

The academies must do the following:

- Ensure graduates are able to be credentialed as lead teachers in child care.
- Enroll at least 10 students.
- Operate eight hours per day over a two- to three week-period and be offered three times per year.

The North Carolina Partnership for Children, Inc. (NCPC), in collaboration with the Community Colleges System Office, must select 10 local partnerships for the program, with at least one in each region of the state. The local partnerships could offer each graduate a one-time stipend of at least \$150. This stipend could be increased to \$500 after one year of employment as a lead teacher. NCPC and local partnerships must also collaborate with community colleges and make information about the academies available to the public.

NCPC would be required to provide the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division with a progress report no later than March 31, 2027, and a final report no later than December 31, 2027.

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Director



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**Sections 1.7 and 1.8.** The Department of Health and Human Services, Division of Child Development and Early Education (DCDEE) would be appropriated one million four hundred seventy-six thousand dollars (\$1,476,000) in nonrecurring funds from the General Fund for the 2026-2027 fiscal year to be allocated to NCPC to fund the career-ready lead teacher academy pilot program.

**Section 1.9.** DCDEE would be required to establish a provisional early childhood credential for individuals who are 16 or 17 years old and are preparing to work in the child care field. The provisional credential would allow these individuals to work in certain out of school care facilities and summer camps as a group leader when staff to child ratios and group size requirements are met. When the individual turns 18 and receives a high school diploma or its equivalent, the individual would be eligible to receive the full NC Early Childhood Credential and employed as a lead teacher at any licensed child care program in the State. 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 would be required to ensure the required trainings to earn the provisional credential are accessible to interested individuals no later than March 31, 2027.

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

**Section 2.1.** The DCDEE would be appropriated fifteen million dollars (\$15,000,000) in nonrecurring funds from the ARPA Temporary Savings Fund for the 2026-2027 fiscal year to be allocated to NCPC to expand mental and behavioral health services for children, families, and staff in child care facilities and out of school programs. The funds would supplement and not supplant existing Smart Start behavioral health spending and would not revert at the end of the 2026-2027 fiscal year but would remain available for behavioral health services until expended. NCPC would be required to submit an interim report by March 15, 2027 and a final report by November 15, 2028 to the Joint Legislative Oversight Committee on Health and Human Services, the Secretary of Health and Human Services, and the Fiscal Research Division.

**Section 2.2.** The North Carolina Partnership for Children, Inc., Special Fund would be established as an interest-bearing, nonreverting special fund to be used by NCPC and its local partnerships.

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

**Section 3.1.** Two alternative methods related to obtain the early childhood administrator credentials would be added as follows:

- A licensed child care center would be allowed to combine the education and experience of two employees to meet the requirements for the Level II or Level III requirements for an Early Childhood Administrator Credential certificate and receive the same star rating as if the center was staffed by one person meeting those requirements provided one individual meets the business related requirements and the other individual meets the early childhood development/education requirements and time onsite requirements.
- To obtain the minimum mandatory requirements for the North Carolina Early Education Childhood Administration Credential certificate, an individual would be allowed to substitute (i) an associates degree or higher in business administration or another related field or (ii) two years of verifiable business or administrative work experience for the requirement to complete EDU 261 and EDU 262, or the equivalents of both.

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

**Section 4.1.** The Department of Insurance (DOI) would be required to conduct a feasibility study regarding the establishment of liability insurance coverage for participating North Carolina child care

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providers. The study would be required to address seven areas including public and alternative funding sources for initial capitalization, program viability, and collection of statewide loss data and operational information from child care providers to estimate feasibility, premiums, and surplus requirements. DOI would be required to provide a report with the required study findings to the Joint Legislative Oversight Committee on General Government no later than June 1, 2027. Three hundred fifty thousand dollars (\$350,000) in nonrecurring funds for the 2026-2027 fiscal year would be appropriated to fund the study.

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

**Section 5.1.** The minimum thresholds for competitive bidding practices in contracting for goods and services for Smart Start would be increased.

**EFFECTIVE DATE:** Sections 2.2 and 3.1 of this act would become effective when the act becomes law. Except as otherwise provided, the act would become effective July 1, 2026.