



HOUSE BILL 412: Child Care Regulatory Reforms.

2025-2026 General Assembly

Committee:

Introduced by: Reps. Arp, Lambeth, Paré, Rhyne
Analysis of: Conference Committee Substitute
(H412-CCSCI-3)

Date:

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Prepared by:

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OVERVIEW: *The conference committee substitute (CCS) for House Bill 412 would do the following:*

- *Require the Department of Health and Human Services, Division of Child Development and Early Education (Division) to develop a proposed plan to separate the Quality Rating and Improvement System (QRIS) and subsidized child care subsidy reimbursement rates and complete a new market rate study by May 1, 2026.*
- *Make child care regulatory changes including the following:*
 - *Permit a lead teacher to plan and implement daily activities for no more than two groups, and if the lead teacher is responsible for two groups at least one other individual overseeing the group must be engaging in the Early Childhood Credential coursework or seeking on the job training for the five-year pathway to seek future Lead Teacher qualification.*
 - *Clarify the mandatory licensing standards regarding out-of-school child care provided at operational elementary and middle schools for school-aged children.*
 - *Increase the group size for infants and toddlers for child care centers meeting certain requirements.*
 - *Permit five years or more of documented work experience teaching in a licensed child care facility in North Carolina to serve as the equivalent to the North Carolina Early Childhood Credential and ensure this work experience is treated the same as if it were earned in other ways when awarding a star-rating.*
 - *Require administrators and lead teachers to have the North Carolina Early Childhood Credential or its equivalent, and all other staff to meet standards established by the North Carolina Child Care Commission (the Commission).*
- *Add the Weikart Youth Program Quality Assessment as an assessment tool for out-of-school child care programs and award of star rating.*
- *Require the Division to establish a school age/out-of-school care credential in consultation with North Carolina Community Colleges System.*
- *Require the Division to award the North Carolina Early Childhood Administration Credential or the North Carolina Family Child Care Credential to individuals who have completed continuing education courses equivalent to child care curriculum courses as determined by the Community College System.*

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- *Require the Commissioner of Insurance to establish a workgroup to examine the potential for the development of group liability insurance opportunities for all child care providers and for certain nongovernmental contractors that contract with the Department of Health and Human Services (DHHS) and any county or local agency for the provision of services to minors.*
- *Create an exemption for certain Department of Defense family child care homes from child care licensure requirements.*
- *Require the Division, in coordination with the Child Care Commission, to clarify rules governing multiuse child care centers.*
- *Allow a child care program that was licensed prior to a state of emergency to be deemed licensed during the state of emergency whether it expands provision of services to more children if the required staff-child ratio is maintained.*
- *Require the Office of State Fire Marshal, the Residential Code and Building Code Councils (Councils), and State and local governments enforcing the North Carolina State Building Code (Code) to follow family child care home requirements as provided in the CCS until the adoption of rules to create a family child care home occupancy classification in the Code.*
- *Establish the Licensed Childcare Licensure Workgroup to examine streamlining regulatory requirements related to the physical structures of licensed childcare facilities.*

CURRENT LAW AND BILL ANALYSIS:

PART I. DECOUPLE RATED LICENSE AND SUBSIDIZED CHILD CARE.

SECTION 1. By May 1, 2026, the Division would be required to:

- Develop a proposed plan to separate the QRIS rating from participation in the State subsidized child care program and make recommendations on plan implementation while meeting the federal Child Care and Development Fund requirements. The current plan would continue to be utilized until the proposed plan is first authorized by the General Assembly and then approved by the federal government.
- Provide an update on the QRIS Modernization rules process under S.L. 2024-34.
- Submit the plan to the chairs of the House and Senate Appropriations Committees, the chairs of the House and Senate Appropriations Committees on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division.
- Complete a new market rate study which must contain potential rates not segmented by the star-ratings and new market rates for the QRIS. The rates would not be implemented unless they are authorized by the General Assembly and approved by the federal Administration of Children and Families.
- Make the new market rate study available to the public.

The provisions of this act would not impact star-rating requirements for the NC Prekindergarten program.

PART II. REGULATORY CHANGES

SECTION 2. LEAD TEACHER. The definition of lead teacher in G.S. 110-86(5a) would be amended to allow planning and implementing the daily activities for no more than two groups of children. Currently, a lead teacher may only do so for one group.

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SECTION 5. G.S. 110-91 would be amended to clarify that any building and grounds approved for and being used as a public or private elementary or middle school also meets the space and equipment, sanitation, fire, and building code requirements for a licensed child care facility when serving only school-aged children in an out-of-school setting.

SECTION 6. Staff-Child Ratio and Capacity for Child Care Facilities. G.S. 110-91(7)a. would be amended to increase maximum group sizes as follows:

- The 0-12 months old group would increase from 10 to 15 children and the 12 to 24 months old group would increase from 12 to 18 children.
- If a center is operating under voluntary enhanced requirements, the 2-3 years old group may be increased from 18 to 20 children if the center maintains a 1/9 staff-child ratio.
- If a center is operating under the highest voluntary enhanced requirements:
 - 0-12 months old groups may have 12 children if the staff-child ratio is 1/4.
 - 12-24 months old groups may have 15 children if the staff-child ratio is 1/5.
 - 2-3 years old groups may have 20 children if the staff-child ratio is 1/8.

If a lead teacher is supporting two groups, at least one individual overseeing a group must be engaging in the North Carolina Early Childhood Credential coursework or seeking on the job training for the five-year pathway to seek future Lead Teacher qualification would be required.

SECTIONS 7.a. and 8. Qualifications for Staff. Five years or more of documented work experience teaching in a licensed child care facility in North Carolina would be allowed to serve as an equivalent to the North Carolina Early Childhood Credential required for lead teachers. The Division would be required to ensure this work experience is treated the same as if it were earned through other pathways when awarding a star-rating. Only administrators and lead teachers would be required to have a North Carolina Early Childhood Credential or its equivalent. The Commission would be required to establish standards that do not include the Early Childhood Credential or its equivalent for all other staff positions.

SECTION 9. The Weikart Youth Program Quality Assessment ("Weikart Program") would be added as an assessment tool for out-of-school child care program evaluation and awarding of star-rating. The Division would be required to complete the necessary crosswalk evaluation of the Weikart Program and have it available for applicants to use no later than one year after this act becomes law.

SECTION 10. The Division would be required to assign credit for continuing education courses the same as assigned by the NCCCS for curriculum courses offered by community colleges in the NCCCS for the purpose of providing any credential offered by the Division.

SECTION 11. The Division would be required to:

- Consult with the NCCCS to create a North Carolina School Age/Out-of-School Care Credential that aligns with a new curriculum and continuing education course entitled "Introduction to School Age Care and Education" by December 1, 2025.
- Award the North Carolina Early Childhood Administration or Family Child Care Credential to individuals who successfully completed continuing education classes equivalent to curriculum courses as determined by the NCCCS.

The NCCCS would be required to ensure the continuing education classes meet the curriculum course descriptions, competencies, and hour requirements and would be responsible for assigning which credential would be awarded for each continuing education course.

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SECTION 12. The Commissioner of the Department of Insurance would be required to establish a workgroup to examine the potential for the development of group liability insurance for all child care providers and for certain nongovernmental contractors that contract with DHHS and any county or local agency for the provision of services to minors and report the workgroup's findings and recommendations to the Joint Legislative Oversight Commission on Health and Human Services, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division by January 1, 2026.

SECTION 13. The Commission would be authorized to adopt or amend any rules necessary to ensure uniformity and consistency in application of the provisions of this act.

SECTION 14. would create an exemption for certain Department of Defense (DOD) family child care homes from child care licensure requirements provided certain conditions are met, including the DOD family child care home being fully compliant with DOD requirements and that certain State safety provisions are met for the dwelling unit in which the DOD family child care home is located.

SECTION 14.1. would require the Division, in coordination with the Child Care Commission, to work to clarify the rules governing multiuse child care centers to ensure (i) the use of existing buildings to house multiunit child care centers is allowed and that mixed-age centers are allowed if they meet the requirements for the multiunit child care center rules, and (ii) individual licenses granted within a multiunit child care center are based on the square footage used by each owner.

SECTION 14.2. would amend G.S. 119-98.5 to allow a program licensed prior to a state of emergency to be deemed licensed during the state of emergency whether it expands its capacity to provide services to more children so long as the required staff-child ratios are maintained.

PART III. BUILDING CODE REVISIONS

S.L. 2024-34 amended G.S. 110-86 to provide that for purposes of licensure, a family child care home is a child care arrangement located in a residence where more than two but less than 11 children receive child care. Prior to that amendment, a family child care home was classified as a Residential Group R-3 occupancy under the Code. The increase in the child care cap exceeded the number of children allowed for a Residential Group R-3 occupancy. Under the current definition, a family child care home is classified as a Residential Group R-4 occupancy which imposes additional Code requirements on the operation of a family child care home.

SECTIONS 15, 16, and 17 would do all of the following:

- Require that until rules are adopted, the Office of State Fire Marshal, the Councils, and State and local governments enforcing the North Carolina State Building Code treat a family child care home as a Residential Group R-3 occupancy provided that the area of the dwelling used for the family child care home meets certain requirements for exit locations, fire extinguishers, safety plans, carbon monoxide detection, and smoke alarms.
- Require that the Councils adopt rules amending the Code that are consistent with the act and that create a family child care home occupancy classification within a dwelling.

SECTION 18 would amend the definition of Child care facility in G.S. 110-86 and the mandatory standards for a license in G.S. 110-91 to conform to the changes made in Sections 15, 16, and 17.

SECTIONS 19.1, 19.2, and 19.3 would require the Division to establish the Licensed Childcare Licensure Workgroup to examine streamlining the regulatory requirements for physical structures of licensed child care facilities and report the findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division no later than one year of the act becoming law.

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EFFECTIVE DATE: This act would become effective when it becomes law.

Ike McRee and Jason Moran-Bates of Legislative Analysis substantially contributed to this summary.