



2025-2026 General Assembly

HOUSE BILL 412: Child Care Regulatory Reforms, Part I: Decouple Rated License and Subsidized Child Care

Analysis of: S.L. 2025-36, Part I

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Prepared by: Legislative Analysis
Division Staff

Part I of S.L. 2025-36 (House Bill 412) requires the Department of Health and Human Services, Division of Child Development and Early Education to do the following by May 1, 2026:

- Develop a proposed plan to separate the Quality Rating and Improvement System (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 will 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 containing potential rates not segmented by the star-ratings and new market rates for the QRIS. The rates cannot be implemented unless 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 requirements of this Part of the act do not impact the star-rating requirements for the N.C. Prekindergarten Program.

This Part became effective July 1, 2025.

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