



2025-2026 General Assembly

SENATE BILL 257: 2026 Appropriations Act, Sec. 9D.9: Child Care Mental and Behavioral Health Services Funding/Smart Start Special Fund

Analysis of: S.L. 2026-41, Sec. 9D.9

Date: August 14, 2026

Prepared by: Legislative Analysis
Division Staff

Section 9D.9 of S.L. 2026-41 (Senate Bill 257) allocates \$7.3 million in non-recurring funds to the North Carolina Partnership for Children, Inc. (NCPC). The allocation comes from the funds appropriated to the Division of Child Development and Early Education (Division) of the Department of Health and Human Services (Department).

The allocated funds are required to be distributed to local partnerships chosen by the NCPC and are to supplement existing Smart Start partnership behavioral health spending. The funds must be used 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 is required to submit a progress report on the mental and behavioral health initiatives to the Joint Legislative Oversight Committee on Health and Human Services, the Secretary of the Department, and the Fiscal Research Division by March 15, 2027. A final report is due by November 15, 2028.

The section also creates the North Carolina Partnership for Children, Inc., Special Fund (Fund), located in the Department. Funds appropriated from the General Fund to the Department for Smart Start and the NCPC are required to be deposited into the Fund and must be used by the NCPC and local partnerships for purposes laid out in statute. The NCPC is allowed to hold up to \$5 million in cash that exceeds incurred expenditures at the end of each fiscal year. The NCPC is required to provide the Division with a financial status report for the preceding fiscal year no later than August 1 of each year.

This section became effective on July 7, 2026.

Kara McCraw
Director



* S 2 5 7 - S M D C - 8 0 S L - V - 5 *

Legislative Analysis
Division
919-733-2578