

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H

1

HOUSE BILL 1158

Short Title: Increase Market Rate/Rate Floor/Child Subsidy. (Public)

Sponsors: Representatives Lofton, Prather, von Haefen, and Crawford (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

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

May 4, 2026

A BILL TO BE ENTITLED

1
2 AN ACT TO INCREASE CHILD CARE SUBSIDY RATES TO THE SEVENTY-FIFTH
3 PERCENTILE OF THE 2023 MARKET RATE STUDY, WITH AUTOMATIC
4 INCREASES UPON COMPLETION OF SUBSEQUENT NEW STUDIES, TO SET A
5 STATEWIDE RATE FLOOR, AND TO APPROPRIATE FUNDS FOR THOSE
6 PURPOSES.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.(a)** Beginning July 1, 2026, the Department of Health and Human
9 Services, Division of Child Development and Early Education, shall increase the child care
10 subsidy market rates to the seventy-fifth percentile as recommended by the 2023 Child Care
11 Market Rate Study for children in three-, four-, and five-star-rated child care centers and homes.
12 Whenever new rates are recommended in subsequent market rate studies, the Division shall
13 automatically increase the child care subsidy rates to the seventy-fifth percentile of those
14 recommended rates beginning July 1 of the next fiscal year.

15 **SECTION 1.(b)** There is appropriated to the Department of Health and Human
16 Services, Division of Child Development and Early Education (Division), from the General Fund
17 the sum of sixty million dollars (\$60,000,000) in recurring funds beginning in the 2026-2027
18 fiscal year and from the Child Care and Development Fund Block Grant the sum of twenty
19 million dollars (\$20,000,000) in recurring funds beginning in the 2026-2027 fiscal year. These
20 funds shall be used to implement the market rate increases set forth in subsection (a) of this
21 section.

22 **SECTION 2.(a)** Beginning July 1, 2026, provisions of payment rates for child care
23 providers in counties that have a county rate below the State rate for center-based and
24 home-based care are as follows:

- 25 (1) Except as applicable in subdivision (2) of this subsection, payment rates shall
26 be set at the seventy-fifth percentile statewide market rate as recommended
27 by the 2023 Child Care Market Rate Study for children birth through 5 years
28 of age for licensed child care centers and homes.
- 29 (2) If it can be demonstrated that the application of the statewide rate to a county
30 with fewer than 50 children in each age group is lower than the county market
31 rate and would inhibit the ability of the county to purchase child care for
32 low-income children, then the county market rate may be applied.

33 **SECTION 2.(b)** There is appropriated from the General Fund to the Department of
34 Health and Human Services, Division of Child Development and Early Education, the sum of



- 1 one hundred sixty million dollars (\$160,000,000) in recurring funds beginning in the 2026-2027
2 fiscal year to implement the statewide rate floor set forth in subsection (a) of this section.
3 **SECTION 3.** This act becomes effective July 1, 2026.