

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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SENATE BILL 1042

Short Title: Child Welfare/Foster Care/Child Care Funding. (Public)

Sponsors: Senator Burgin (Primary Sponsor).

Referred to: Rules and Operations of the Senate

May 4, 2026

A BILL TO BE ENTITLED

AN ACT TO PROVIDE ADDITIONAL FUNDING FOR CHILD WELFARE, FOSTER CARE,
AND CHILD CARE.

The General Assembly of North Carolina enacts:

**PART I. WEB AND MOBILE BASED COMMUNICATION PLATFORM FOR USE IN
CHILD WELFARE CASES**

SECTION 1.1. There is appropriated from the General Fund to the Department of Health and Human Services the sum of two hundred and fifty thousand dollars (\$250,000) in recurring funds beginning in the 2026-2027 fiscal year to be allocated to the Office of Indigent Defense Services to contract with an approved vendor, no later than October 1, 2026, for the implementation of a secure web and mobile based communications platform to ensure compliance with federal and State requirements for the following:

- (1) Advanced notification via automated electronic methods such as text messaging or email to all parties and their attorneys, to the persons providing care to the juvenile, and to any other person or agency designated by the court for all court hearings and for interagency team meetings initiated by the county department of social services such as permanency planning review meetings, child and family team meetings, and placement status change meetings.
- (2) Enhanced communication between attorneys and clients and between parties to reduce court continuances, share discovery, and reduce barriers to permanency.

SECTION 1.2. The Administrative Office of the Courts, Indigent Services of North Carolina, the Guardian Ad Litem Program, and the Division of Social Services of the North Carolina Department of Health and Human Services shall enter into a data sharing agreement to enable the vendor selected pursuant to Section 1.1 of this act to receive the data necessary to ensure timely notification of court hearings and interagency team meetings and to ensure the platform receives accurate information.

SECTION 1.3. Section 1.1 of this act becomes effective July 1, 2026. Section 1.2 of this act becomes effective when it becomes law.

PART II. SPORTS WAGERING/LOTTERY CHANGES

SECTION 2.1. G.S. 105-113.128(1) reads as rewritten:



"(1) ~~Two~~One hundred four million dollars ~~(\$2,000,000)-(\$104,000,000)~~ annually to the Department of Health and Human ~~Services for Services, to be used as follows:~~

- a. Four million dollars (\$4,000,000) for gambling addiction education and treatment programs.
- b. Twenty-five million dollars (\$25,000,000) for child welfare and foster care services.
- c. Seventy-five million dollars (\$75,000,000) for child-care services."

SECTION 2.2. The Department of Health and Human Services shall use the funds credited as provided in G.S. 105-113.128(1), as amended by Section 2.1 of this act, to annually provide the following:

- (1) Four million dollars (\$4,000,000) for gambling addiction education and treatment programs.
- (2) Twenty-five million dollars (\$25,000,000) to be used for child welfare and foster care services including:
 - a. Reimbursement for home inspections required to obtain and maintain foster home and therapeutic foster home licensure.
 - b. Reimbursement for training required to obtain and maintain licensure as a therapeutic foster parent.
 - c. Reimbursement for items needed by a child at the child's initial placement. Such items include school supplies, toiletries, clothing, diapers, and other items to assist in the transition, and which should be chosen with the child's input when possible. Reimbursement shall be up to two hundred fifty dollars (\$250) for children through five years of age and up to five hundred dollars (\$500) for children from six years of age.
 - d. Emergency placement.
- (3) Seventy-five million dollars (\$75,000,000) to be used for child-care services including:
 - a. Increasing the child-care subsidy market rates to the seventy-fifth percentile as recommended by the 2023 Child Care Market Rate Study for children in three-, four-, and five-star-rated child care centers and homes.
 - b. Extension of the Tri-Share Child-Care program established by S.L. 2023-134 and amended by S.L. 2024-34.
 - c. Increasing child-care providers inclusive of extending and expanding the in-home child-care pilot program established by S.L. 2023-134.

SECTION 2.3. G.S. 18C-162(a) reads as rewritten:

"(a) The Commission shall allocate revenues to the North Carolina State Lottery Fund in order to increase and maximize the available revenues for education purposes, and ~~to the extent practicable,~~ shall adhere to the following guidelines:

- (1) At least fifty percent (50%) of the total annual revenues, as described in this Chapter, shall be returned to the public in the form of prizes.
- (2) At least thirty-eight percent (38%) of the total annual revenues, as described in this Chapter, shall be transferred as provided in G.S. 18C-164.
- (3) No more than five percent (5%) of the total annual revenues, as described in this Chapter, shall be allocated for payment of expenses of the Lottery.
- (4) No more than seven percent (7%) of the face value of tickets or shares, as described in this Chapter, shall be allocated for compensation paid to lottery game retailers."

1 **SECTION 2.4.** The Department of Health and Human Services shall adopt or
2 amend any rules, policies, or procedures necessary to give effect to Sections 2.1 and 2.2 of this
3 act.

4 **SECTION 2.5.** Sections 2.1 and 2.2 of this act become effective July 1, 2026, and
5 apply to net proceeds credited on or after that date. Section 2.3 of this act becomes effective July
6 1, 2026.

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8 **PART III. PLAN FOR IMPLEMENTATION OF STATEWIDE FLOOR**

9 **SECTION 3.** The Department of Health and Human Services, Division of Child
10 Development and Early Education (Division), shall develop a plan for implementing a statewide
11 child care subsidy reimbursement rate floor. The Division shall submit a report with their
12 recommended plan no later than December 1, 2026 to the Joint Legislative Oversight Committee
13 on Health and Human Services and the Fiscal Research Division.

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15 **PART IV. EFFECTIVE DATE**

16 **SECTION 4.** Except as otherwise provided, this act becomes effective when it
17 becomes law.