

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

**H.B. 1158**  
**Apr 30, 2026**  
**HOUSE PRINCIPAL CLERK**

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HOUSE BILL DRH30577-LUa-145B

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

Sponsors: Representative Lofton.

Referred to:

1 A BILL TO BE ENTITLED  
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  
35 one hundred sixty million dollars (\$160,000,000) in recurring funds beginning in the 2026-2027  
36 fiscal year to implement the statewide rate floor set forth in subsection (a) of this section.



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**SECTION 3.** This act becomes effective July 1, 2026.