

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

**H.B. 877**  
**Apr 9, 2025**  
**HOUSE PRINCIPAL CLERK**

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HOUSE BILL DRH10391-MQa-83

Short Title: Childcare Pilot.

(Public)

Sponsors: Representative Arp.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH A PILOT PROGRAM INVOLVING A PUBLIC-PRIVATE  
3 PARTNERSHIP TO PROVIDE REDUCED COST CHILDCARE BY LEVERAGING  
4 STATE RESOURCES TO REDUCE COSTS ASSOCIATED WITH ESTABLISHING A  
5 CHILDCARE FACILITY.

6 Whereas, the General Assembly recognizes that childcare availability is essential to  
7 enabling all those individuals who wish to participate in the workforce to do so; and

8 Whereas, the General Assembly also recognizes that the costs of childcare need to be  
9 lowered to enable more individuals to be able to afford to leave home and either go to work or  
10 return to work after having a child; and

11 Whereas, assuring quality childcare opportunities in every county within the State  
12 supports the potential for employers to make economic investments in all the State's 100 counties;  
13 and

14 Whereas, being able to take advantage of quality childcare facilities within their local  
15 communities at a below market rate cost will enable more parents to enter or reenter the  
16 workplace; and

17 Whereas, the General Assembly recognizes that one of the ways to reduce the costs  
18 of childcare to consumers is by lowering the one-time capital costs of the land, site infrastructure,  
19 and the building that will house the childcare operation; and

20 Whereas, the General Assembly further recognizes that another way to lower those  
21 capital costs is through the repurposing of an existing publicly owned building and its site  
22 infrastructure; and

23 Whereas, to promote the development of quality childcare facilities in all counties of  
24 the State, the General Assembly implements the following pilot public-private (P3) project as a  
25 demonstration of how publicly owned property and one-time public capital funding can be  
26 leveraged to result in a quality childcare facility; Now, therefore,  
27 The General Assembly of North Carolina enacts:

28 **SECTION 1.(a)** The Legislative Services Office shall, by October 15, 2025, working  
29 collaboratively with the State Construction Office and the Department of Administration,  
30 develop a comprehensive process for implementing a demonstration pilot project to select a  
31 third-party childcare operator as the public-private partner (P3) for the project. The process shall  
32 include, at a minimum, (i) the development of a request for proposals to competitively select the  
33 P3 partner to be the operator of the childcare facility, (ii) the basic methodology of scoring the  
34 proposals received to select a P3 partner where that scoring criteria can be expanded to include  
35 additional considerations being proposed a respondent, and (iii) a base P3 contract to be used to



negotiate a final agreement with the selected P3 partner. The Legislative Services Office shall issue the initial request for proposals no later than January 2, 2026.

The Legislative Services Office shall extend an invitation to participate, as a partner, to a constituent institution of The University of North Carolina System that is located within the same county as the demonstration project. If that constituent institution accepts, it may participate by providing either a site for the facility or a portion of the funding, or some combination thereof. Based upon the level of participation as mutually agreed by the consistent institution and the Legislative Services Office, a commensurate share of the childcare spaces shall be made available on a first priority basis for employees of that constituent institution.

**SECTION 1.(b)** The Legislative Services Office, in conjunction with the State Construction Office, shall select a site from available State- or University-owned lands suitable for the construction of a shell building and shall issue a request for information and a request for proposal regarding the execution of a ground lease with a third party with evidence supporting the ability to operate a childcare facility as described in subsection (c) of this section. The ground lease shall not exceed five hundred dollars (\$500.00) per month, with a preferred initial term of at least 10 years. Lease renewals of at least four years may be included in the agreement, provided that the performance of the lessor is satisfactory to the Legislative Services Office. The third party selected by the Legislative Services Office shall submit a site plan that will be adapted and developed for the site and shell building. The third party selected to operate the childcare facility will be responsible for the upfit of the building, building and site maintenance, utilities, and all other operating costs. The State may also partner with a constituent institution of The University of North Carolina in the selection of a University-owned site as described in subsection (a) of this section.

**SECTION 1.(c)** The third party selected for the operation of the childcare facility described in this section shall be able to meet at least all of the following criteria:

- (1) Demonstrates the ability and commits to provide childcare rates that are twenty-five percent (25%) or more below the current market rates for the area where the facility is to be located using a modified pro forma that eliminates the cost of land, the cost of site improvements, the cost of utility extensions and connection, the cost of the shell building and the anticipated costs of construction loan interest. The respondent with the greatest reduction below the current market rate shall receive the highest score for this category.
- (2) Capable of operating a facility licensed under Chapter 110 of the General Statutes that will enroll at least 180 children.
- (3) Agrees to pay a wage to all childcare providers employed by the facility equal to at least one hundred eighty percent (180%) of the federal minimum wage, as of January 1, 2025, for the first year services are provided under the lease agreement, and an annual increase of at least two and one-half percent (2.5%) for at least the first four years thereafter, without changing the rates charged to consumers for a period of at least four years.
- (4) Agrees to provide health insurance for all of the full-time employees. For the purposes of this subdivision, the provision of health insurance means that the employer pays at least fifty percent (50%) of the premiums for health care coverage that equals or exceeds the minimum requirements for small group health benefit plans under State or federal law.
- (5) Agrees to provide priority placement for eighty percent (80%) of available childcare capacity at the site to State employees, including employees of a constituent institution of The University of North Carolina that partners with the Legislative Services Office as described in this section.

**SECTION 2.** Notwithstanding G.S. 143C-5-2, there is appropriated from the General Fund to the Legislative Services Office the sum of five million dollars (\$5,000,000) in

1 nonrecurring funds for the 2025-2026 fiscal year to be used for the childcare pilot program  
2 described in Section 1 of this act. The funds appropriated in this section shall not revert until July  
3 1, 2027.

4 **SECTION 3.** Section 2 of this act becomes effective July 1, 2025. The remainder of  
5 this act is effective when it becomes law.