

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 542

Short Title: Child Care Mental & Behavioral Services/Funds. (Public)

Sponsors: Representatives Lambeth, Arp, Paré, and Rhyne (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

March 27, 2025

A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS TO THE NORTH CAROLINA PARTNERSHIP FOR
CHILDREN, INC., TO EXPAND MENTAL AND BEHAVIORAL HEALTH SERVICES
FOR CHILDREN, FAMILIES, AND STAFF IN CHILD CARE FACILITY SETTINGS
AND TO ESTABLISH THE NORTH CAROLINA PARTNERSHIP FOR CHILDREN,
INC., SPECIAL FUND.

The General Assembly of North Carolina enacts:

SECTION 1.(a) There is appropriated from the ARPA Temporary Savings Fund, established in Section 1.3(a) of S.L. 2023-7, to the Department of Health and Human Services, Division of Child Development and Early Education, the sum of seven million five hundred thousand dollars (\$7,500,000) in nonrecurring funds for each fiscal year of the 2025-2027 fiscal biennium to be allocated to the North Carolina Partnership for Children, Inc., (NCPC) to expand mental and behavioral health services for children, families, and staff in child care facility settings and out-of-school programs. The NCPC shall spend the funds appropriated in this act in the following budget codes: PSC 5415 Health Care Access and Support, PSC 5505 Parent Education, PSC 3125 Quality Child Care, and PSC 5509 Parents as Teachers. The NCPC shall distribute the funds appropriated in this act to local partnerships, as determined by the NCPC. These funds shall supplement and not supplant existing Smart Start partnership behavioral health spending. Funds appropriated in this act shall not revert at the end of the 2025-2027 fiscal biennium but shall remain available for costs associated with mental and behavioral health initiatives described in this subsection until expended.

SECTION 1.(b) The NCPC shall submit a progress report on the mental and behavioral health initiatives described in subsection (a) of this section to the Joint Legislative Oversight Committee on Health and Human Services, the Secretary of the Department of Health and Human Services, and the Fiscal Research Division by March 15, 2026, and a final report by November 15, 2027. The progress report and final report shall include all of the following:

- (1) The name of each local partnership that received funds.
- (2) The number of children served by each local partnership.
- (3) The types of mental and behavioral health services provided by each local partnership.
- (4) Recommendations for continuing and/or expanding mental and behavioral health initiatives for children, families, and staff in child care facility settings.

SECTION 1.(c) Additional funds allocated in this act to the North Carolina Partnership for Children, Inc., from the Department of Health and Human Services, Division of Child Development and Early Education, for each year of the 2025-2027 fiscal biennium are not



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1 subject to the administrative cost requirements under Section 9D.5(b) of S.L. 2023-134, child
2 care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion
3 requirements under G.S. 143B-168.15(g), or match requirements under Section 9D.5(d) of S.L.
4 2023-134.

5 **SECTION 2.** G.S. 143B-168.15(h) reads as rewritten:

6 "(h) The North Carolina Partnership for Children, Inc., Special Fund is hereby established
7 as an interest-bearing, nonreverting special fund in the Department of Health and Human
8 Services. Funds appropriated from the General Fund to the Department for Smart Start and the
9 North Carolina Partnership for Children, Inc., (NCPC) shall be deposited in the Fund and shall
10 be used by the NCPC and local partnerships exclusively for the purposes authorized in this
11 section, unless otherwise expressly provided by law. State funds allocated to local partnerships
12 that are unexpended at the end of a fiscal year shall not revert but shall remain available to the
13 North Carolina Partnership for Children, Inc., to reallocate to local partnerships. Notwithstanding
14 G.S. 147-86.11 or any other provision of law to the contrary, the NCPC shall be allowed to hold
15 cash in excess of incurred expenditures at the end of each fiscal year up to five million dollars
16 (\$5,000,000). Not later than August 1 of each year, the NCPC shall provide to the Department of
17 Health and Human Services, Division of Child Development and Early Education, a financial
18 status report for the preceding fiscal year that includes all actual expenditures and remaining cash
19 on hand."

20 **SECTION 3.** This act is effective when it becomes law.