

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

February 18, 2025
Date

Committee on Health & Human Services.

After consideration on the merits, the Committee recommends the following:

HB25-1011 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, page 2, before line 2 insert:

2 **"SECTION 1. Legislative declaration.** (1) The general
3 assembly finds that:

4 (a) Colorado families need and deserve an abundance of
5 high-quality, affordable child care options, and such a system benefits
6 Colorado children, parents, communities, businesses, and the state
7 economy;

8 (b) Large for-profit child care center chains backed by
9 institutional investors have been proliferating in Colorado, and these child
10 care center chains have a profit maximization motive distinct from
11 nonprofit, community-based, or small noninstitutional investor-backed
12 for-profit child care programs;

13 (c) Child care center chains have, at times, engaged in
14 profit-driven actions contrary to the best interests of staff, enrolled
15 families, and the health of Colorado's overall child care system. These
16 actions include targeted or sudden closures of child care sites and real
17 estate transactions that harm the financial position of child care sites.

18 (d) As more public funding becomes available to support
19 Colorado's child care system, expansion of child care center chains is
20 likely and may result in the capture of public dollars for the private gain
21 of investors;

22 (e) The government has long taken an active role in establishing
23 guardrails against profit-maximizing behavior by private businesses,
24 particularly those in which there is a strong public interest, such as private
25 educational institutions, hospitals, banks, and airlines;

26 (2) Therefore, the general assembly declares that it is necessary to:

27 (a) Define large for-profit, institutionally backed child care center

1 chains as a distinct class of child care program; and
2 (b) Establish guardrails that mitigate profit-maximizing behavior
3 in child care, including preventing child care center chains from:
4 (I) Levying excessive ancillary fees, such as wait list fees;
5 (II) Not being transparent about the full price of services;
6 (III) Forcing sale-leaseback arrangements that enrich investors,
7 leaving child care sites with unnecessary debt; and
8 (IV) Conducting mass layoffs or site closures without reasonable
9 notice to staff and enrolled families."

10 Renumber succeeding sections accordingly.

11 Page 3, strike lines 6 through 26 and substitute:

12 "(2) A CHILD CARE CENTER OWNED BY AN INSTITUTIONAL
13 INVESTMENT ENTITY SHALL POST AND UPDATE CHILD CARE PRICING ON
14 THE CHILD CARE CENTER'S WEBSITE PURSUANT TO THE REQUIREMENTS OF
15 SECTION 26.5-5-332 (5).

16 (3) (a) UPON ACQUISITION OF A CHILD CARE CENTER, AN
17 INSTITUTIONAL INVESTMENT ENTITY SHALL PROVIDE AT LEAST SIXTY
18 DAYS' NOTICE TO CHILD CARE CENTER EMPLOYEES AND FAMILIES WHO
19 HAVE CHILDREN ENROLLED AT THE CHILD CARE CENTER IF THE
20 INSTITUTIONAL INVESTMENT ENTITY INTENDS TO LAY OFF CHILD CARE
21 CENTER EMPLOYEES OR CHANGE ENROLLMENT OR ELIGIBILITY
22 REQUIREMENTS FOR THE CHILD CARE CENTER AS A RESULT OF THE
23 INSTITUTIONAL INVESTMENT ENTITY'S ACQUISITION.

24 (b) THE DEPARTMENT MAY REQUIRE AN INSTITUTIONAL
25 INVESTMENT ENTITY TO ANNUALLY SUBMIT INFORMATION RELATED TO
26 THE INSTITUTIONAL INVESTMENT ENTITY'S GENERAL FINANCIAL
27 CONDITION. THIS INFORMATION MAY INCLUDE AUDITED FINANCIAL
28 STATEMENTS."

29 Page 4, after line 6 insert:

30 "(5) IF A CHILD CARE CENTER DOES NOT COMPLY WITH THE
31 REQUIREMENTS OF THIS SECTION, THE DEPARTMENT MAY TAKE FURTHER
32 DISCIPLINARY ACTION PURSUANT TO SECTION 26.5-5-317 (2).

33 **SECTION 3. Effective date.** This act takes effect upon passage;
34 except that section 26.5-1-118 (2), Colorado Revised Statutes, as enacted
35 in section 1 of this act, takes effect only if Senate Bill 25-004 becomes
36 law, in which case section 26.5-1-118 (2) takes effect on the effective
37 date of this act or Senate Bill 25-004, whichever is later."

1 Renumber succeeding section accordingly.

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