

**First Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**REVISED**

*This Version Includes All Amendments Adopted  
on Second Reading in the Second House*

LLS NO. 25-0090.01 Chelsea Princell x4335

**HOUSE BILL 25-1011**

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**HOUSE SPONSORSHIP**

**Garcia and Sirota**, Bacon, Brown, Froelich, Joseph, Lindsay, Story, Valdez, Willford, Zokaie

**SENATE SPONSORSHIP**

**Kipp and Jodeh**,

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**House Committees**

Health & Human Services  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING REQUIREMENTS FOR CHILD CARE CENTERS OWNED BY AN**  
102 **INSTITUTIONAL INVESTMENT ENTITY.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

The bill requires a child care center owned by an institutional investment entity to meet the following requirements in order to receive state funding:

- The child care center may only charge a wait list fee of no more than \$25; and
- The child care center shall post and update accurate child

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.*  
*Dashes through the words or numbers indicate deletions from existing law.*

SENATE  
2nd Reading Unamended  
April 7, 2025

HOUSE  
3rd Reading Unamended  
March 5, 2025

HOUSE  
Amended 2nd Reading  
March 4, 2025

care pricing on the child care center's website.

The bill requires an institutional investment entity to meet the following requirements in order to receive state funding:

- Allow a child care center to maintain ownership of the property used to operate the child care center; and
- Upon acquisition of a child care center, provide at least a 60-day notice to all child care center employees and families with children enrolled at the child care center if the institutional investment entity intends to lay off child care center employees or change enrollment or eligibility requirements for the child care center.

The requirements of the bill apply only to institutional investment entities that own 5 or more child care centers and to child care centers that are owned by an institutional investment entity that owns 5 or more child care centers.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 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.

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

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

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

10 (a) Define large for-profit, institutionally backed child care center  
11 chains as a distinct class of child care program; and

12 (b) Establish guardrails that mitigate profit-maximizing behavior  
13 in child care, including preventing child care center chains from:

14 (I) Levying excessive ancillary fees, such as wait list fees;

15 (II) Not being transparent about the full price of services;

16 (III) Forcing sale-leaseback arrangements that enrich investors,  
17 leaving child care sites with unnecessary debt; and

18 (IV) Conducting mass layoffs or site closures without reasonable  
19 notice to staff and enrolled families.

20 **SECTION 2.** In Colorado Revised Statutes, **add** 26.5-1-118 as  
21 follows:

22 **26.5-1-118. Private equity acquisition of child care centers -**  
23 **applicability - definition.** (1) AS USED IN THIS SECTION, UNLESS THE  
24 CONTEXT OTHERWISE REQUIRES, "INSTITUTIONAL INVESTMENT ENTITY"  
25 MEANS A PERSON OR COMPANY THAT WOULD BE CONSIDERED AN  
26 INVESTMENT COMPANY UNDER THE FEDERAL "INVESTMENT COMPANY  
27 ACT OF 1940", 15 U.S.C. SEC. 80a-3, EXCEPT FOR THE APPLICATION OF

1 SUBSECTION (c)(1) OR (c)(7); OR CONSIDERED A VENTURE CAPITAL FUND,  
2 AS DEFINED IN 17 CFR 275.203(I)-1; AND THAT HAS OWNERSHIP OF AT  
3 LEAST TWENTY PERCENT OF A CHILD CARE CENTER OR COMPANY THAT  
4 OPERATES OR FRANCHISES CHILD CARE CENTERS. "INSTITUTIONAL  
5 INVESTMENT ENTITY" INCLUDES AN ENTITY THAT HOLDS AT LEAST A  
6 TWENTY PERCENT SHARE OF A COMPANY THAT OPERATES OR FRANCHISES  
7 CHILD CARE CENTERS AND THAT IS PUBLICLY TRADED ON A STOCK  
8 EXCHANGE, AND ALSO INCLUDES AN ENTITY THAT IS THE BENEFICIAL  
9 OWNER OF A FRANCHISED CHILD CARE CENTER REGARDLESS OF WHETHER  
10 THE FRANCHISE IS INDEPENDENTLY OPERATED. ANY CENTER OR COMPANY  
11 THAT IS AT LEAST TWENTY PERCENT OWNED BY, OR HAS TWENTY PERCENT  
12 OF ITS PUBLIC SHARES OWNED BY, AN INSTITUTIONAL INVESTMENT ENTITY  
13 IS AN INSTITUTIONAL INVESTMENT ENTITY FOR PURPOSES OF THIS SECTION.

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

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

25 (b) THE DEPARTMENT MAY REQUIRE AN INSTITUTIONAL  
26 INVESTMENT ENTITY TO ANNUALLY SUBMIT INFORMATION RELATED TO  
27 THE INSTITUTIONAL INVESTMENT ENTITY'S GENERAL FINANCIAL

1     CONDITION. THIS INFORMATION MAY INCLUDE AUDITED FINANCIAL  
2     STATEMENTS.

3             (4) (a) THE REQUIREMENTS DESCRIBED IN SUBSECTION (2) OF THIS  
4     SECTION APPLY ONLY TO A CHILD CARE CENTER THAT IS OWNED BY AN  
5     INSTITUTIONAL INVESTMENT ENTITY THAT OWNS FIVE OR MORE CHILD  
6     CARE CENTERS.

7             (b) THE REQUIREMENTS DESCRIBED IN SUBSECTION (3) OF THIS  
8     SECTION APPLY ONLY TO AN INSTITUTIONAL INVESTMENT ENTITY THAT  
9     OWNS FIVE OR MORE CHILD CARE CENTERS.

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

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

18            **SECTION 4. Safety clause.** The general assembly finds,  
19     determines, and declares that this act is necessary for the immediate  
20     preservation of the public peace, health, or safety or for appropriations for  
21     the support and maintenance of the departments of the state and state  
22     institutions.