



**STATEMENT FOR THE RECORD BEFORE THE COLORADO HOUSE HEALTH
AND HUMAN SERVICES COMMITTEE ON HB25-1011: PRIVATE EQUITY
ACQUISITION OF CHILD CARE CENTERS**

February 18, 2025
Hunter Nelson, Colorado Director
Small Business Majority

Thank you, Chairman Brown and members of the Committee:

My name is Hunter Nelson and I'm the Colorado Director for Small Business Majority, a small business organization with a mission to empower America's diverse entrepreneurs to build a thriving and equitable economy. I'm pleased to provide testimony on House Bill 25-1011, legislation that would require institutional investment entity-owned childcare centers to meet state requirements to receive state funding. If passed, childcare centers owned by institutional investors can only charge a maximum wait list fee of \$25 and must provide accurate childcare pricing on their websites. Additionally, private equity-owned childcare centers must provide a 60-day notice to employees and families if they intend to lay off employees, or change enrollment or eligibility requirements.

It's no secret that accessing affordable childcare is a challenge, especially for Colorado small business owners and their employees. Small Business Majority's [research](#) found that 59% of entrepreneurs said that a lack of childcare for their own children was an impediment to growing their business. A lack of childcare also causes difficulties for small business employees; 30% of small businesses have had an employee quit due to their childcare issues. These struggles underscore the importance of supporting small childcare businesses so they can provide an essential service to their communities.

Given private equity's history, practices and frequently [negative outcomes](#) in other sectors like [healthcare](#), it's important that we take action to safeguard the childcare industry. Private equity-owned businesses are more likely to decrease the quality of services they provide and lower the competitive health of local markets. Market consolidation—both private equity and non-private equity driven—is harmful for small businesses as it threatens their stability and ability to compete. This is especially detrimental to women- and minority-owned small businesses, which face continuing inequities and disproportionately make up the childcare sector. Furthermore, market consolidation has the potential to raise the cost of care for families, which are already [overly burdened](#) by climbing childcare costs.

As state funding is limited, we want to ensure that resources are going toward the small childcare businesses that need them most to support their business model, and thus their ability to provide childcare to their communities. Therefore, we support this legislation's requirements for private equity-owned childcare centers to receive state funding, so that the majority of state funding goes to childcare businesses that need the most support to maintain business operations. This includes the \$25 cap on waitlist fees and the requirement to post up-to-date and accurate pricing information on the center's website. These requirements also better protect small business owners and their employees from the rising costs that may result if private equity acquires their childcare center.

As we continue to advocate for greater public investment in Colorado's childcare industry, it's important that we safeguard it from the potential negative impacts of private equity. By passing House Bill 25-1011, we would create guardrails that would help us better protect access to childcare for small business owners and their employees. Importantly, it would also protect our many small childcare businesses that are disproportionately owned by women and people of color. We urge you to pass this

legislation so that Colorado's entrepreneurs and workers continue to access care regardless of private equity's acquisition of their childcare center.

Sincerely,

Hunter Nelson
Colorado Director
Small Business Majority