



Colorado Association of Family Child Care (CAFCC)

"Moving Mountains One Stone at a Time"

March 7, 2025

Dear Representatives Garcia and Willford,

We are reaching out to you regarding [Senate Bill 25-004 Regulating Child Care Center Fees](#), which proposes unprecedented regulations on child care program fees, specifically those charged by home-based providers. The Colorado Association of Family Child Care (CAFCC) is the professional organization in Colorado representing home-based providers throughout the state, and we have significant concerns about the potential impact of this legislation. Our biggest concern is the fear that this bill originated out of misunderstanding of a child care center's policy, and it is not a widespread issue of predatory or unfair business practices by child care programs. We have yet to see any statewide data supporting the need for this legislation. CAFCC is in an opposed position due to the precedent of over regulation that potentially could be set by this bill, not only within the child care industry, but in other private business sectors as well.

CAFCC concerns with SB25-004

Refunding a waitlist fee is an administrative burden to an already fragile business community.

"If a prospective family pays a child care program an application fee, deposit fee, or wait list fee and is not enrolled time in the child care program after six months of paying the fee, the fee is refundable. A child care program may retain a reasonable administrative fee, as determined by the department, from a refundable fee before issuing a refund to the prospective family. Refunds may be issued only after the deduction of the reasonable administrative fee." Administrative costs vary from program to program. The child care market is not uniform; requiring the same reimbursement rate for all programs is not economical and places a greater burden on certain programs. If each program determines their own "reasonable administrative fee", families may receive anywhere from 90% of the original fee back as a refund down to maybe 5% depending upon the program, the amount of the original fee, and the administrative burden to refund it. Will this difference in refund amounts further confuse families?

One of the key advantages of capitalism is the promotion of healthy competition. This competition drives improvement across the child care market. When businesses vie for customers, they must enhance their range of services and elevate their customer support. It fosters growth and pushes child care programs to innovate and improve continuously, ensuring they do not become complacent and strive for greater accomplishments.

Impact to child care accessibility

This bill is being promoted as a way to increase accessibility to child care for families. This bill will do the opposite. CAFCC has heard from multiple programs that they will drop wait lists to avoid mandated administrative burdens through refunds and put the burden of getting into a preferred program solely on families which will result in more time-consuming work by families.

The current regulatory environment is taking a toll on providers, many of whom are aging and struggling to comply with the ever-increasing number of requirements. CAFCC feels SB25-004 would be an additional regulation that would create more hardship than benefits and has heard from several members that this piece



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of legislation will be the one that causes them to close their licensed programs, causing a further shortage of licensed child care programs.

Duplication of what already exists in child care licensing regulations

A recommendation that resulted from [SB19-063 Infant And Family Child Care Action Plan: Concerning a strategic action plan to address infant and family child care home shortages in Colorado](#) and subsequent [report](#) was to *"continue to review state child care licensing rules to eliminate unnecessary, duplicative, and/or outdated licensing rules and address barriers to obtaining or retaining a family child care home license."* A strategy suggested by the findings of SB19-63 to help eliminate duplicative rules is to *"regularly obtain stakeholder feedback on proposed changes and review existing data."* CAFCC strongly feels that stakeholder meetings before the bill was written and introduced would have addressed the duplications of FCCH rules found within SB25-004 language and could have been avoided.

The requirement to name and publish established fees is a duplication of current [FCCH licensing regulations](#) by the [Colorado Department of Early Childhood \(CDEC\)](#). FCCH rule 2.316.B.3-5 already states, *"written policies and procedures must be developed, implemented, and followed, by the primary provider, applicant 2, equally qualified providers, qualified substitutes, and all staff members including all amendments, and must include at a minimum the following information:...* 3. *An itemized fee schedule or individual fee agreement. This must include expectations regarding when fees may be reimbursed if a child does not attend the family child care home; when a child is requested to leave the family child care home; and for field trips;* 4. *Procedure, including fees, when a child arrives or departs at times other than during the agreed upon hours of care;* 5. *Parent and provider responsibilities for special activities or programs outside of the family child care home, such as inclusion and/or exclusion of children and the payment of additional fees;"*. [Licensing visits for FCCH](#) currently include the [review of policies](#) to assure fee schedules are covered and provided to enrolled families."

Furthermore, FCCH rule 2.316.A states, *"At the time of enrollment and upon any amendments to policies and procedures, the provider must give the parent(s) or guardian(s) a written statement of the family child care home's policies and procedures, and provide the opportunity to ask questions. Written copies must be available either electronically or in hard copy. The provider must obtain a signed document stating that the parent(s)/guardian(s) have received the policies and procedures. By signing the policies and procedures document, the parent(s)/guardian(s) agree to follow, accept the conditions of, and give authorization and approval for the activities described in the policies and procedures."* Families enrolling in a FCCH program are already provided information about fees and have the ability to accept these fees related to enrollment or find a different program that better aligns with their needs.

The dictation of how and when the waitlist fee is returned, complaints/violations related to refunds

"The Department shall not take disciplinary action against a child care program that makes a good-faith administrative error or is not in compliance for the first time. The department's enforcement shall focus on deliberate violations of the section." This wording is vague and open to interpretation by individual licensing specialists, and possibly opens the door to CDEC looking through a program's financial statements to prove a refund was issued.



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It should be clarified that not all FCCH providers charge waitlist fees, application fees, or deposits, but CAFCC feels this is a business decision that should be left to them to develop as it relates to their private businesses. Families, as consumers, have the right and ability to choose the child care program they wish to conduct business with and enter into a contract.

As you may know, many home-based providers operate on razor-thin margins, making it challenging to meet the increasing demands of delivering quality care during a child's most critical developmental stages. For many providers, one-time fees are necessary to cover administrative costs and ensure the sustainability of their programs without raising ongoing tuition families pay.

Capitalism has always encouraged entrepreneurship, innovation and allowed private owners to own and control their business in accordance with their interests, supply and demand, and freely set prices in markets in a way that can serve the best interests of their community. Governments must take a limited role in private business to protect our autonomy, to protect the rights of private citizens, and maintain an orderly environment that facilitates proper functioning of the child care market.

Recommendations

Page 3, strike lines 10-17 strike; Page 4, strike lines 1-8.

Page 4, edit line 17 to "SCHEDULE, POLICIES AND PROCEDURES, INCLUDING THE PROCESS ON FEE REFUNDS, IF ANY, DESCRIBED IN SUBSECTION 1"

Page 4, edit line 24 to "POLICIES AND PROCEDURES, INCLUDING THE PROCESS ON FEE REFUNDS, IF ANY, DESCRIBED IN SUBSECTION 1"

We urge you to consider the potential unintended consequences of SB25-004 on home-based child care providers. Our members are committed to providing high-quality early care and education, but additional regulations could exacerbate the challenges we already face. If bill sponsors and other legislators still feel this piece of legislation is truly necessary, we are requesting a short meeting where we can further discuss these issues and others concerning the bill.

Thank you for your attention to this important matter. We look forward to working together to ensure the continued success and sustainability of family child care in Colorado. CAFCC legislative chairs are always open to additional conversations about current legislation and extend an open invitation to our bi-monthly legislative committee meetings on the first and third Wednesday of the month from 6:00-7:30 pm on Zoom.

Sincerely,

Stacey Carpenter, CAFCC president and legislative committee chair
Carrie Kennedy, CAFCC public relations and legislative committee co-chair
CAFCC legislative committee

House Health & Human Services
03/11/2025 Upon Adjournment
SB25-004 Regulating Child Care Center Fees
Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
Franz von Haas Against Kiddie Academy of Denver	

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www.coloradocafcc.org

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