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CHILD CARE RULE AND REGULATORY RECOMMENDATIONS TO IMPROVE AVAILABILITY AND AFFORDABILITY

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ABOUT COMMON SENSE INSTITUTE

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

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CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

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KEY FINDINGS

Colorado's Child Care Sector was Heavily Legislated between 2019 and 2025

- Between 2019 and 2025, Colorado was tied for **second** among all states in the number of early childhood-related bills enacted, with **77 bills** becoming law, only behind California.
 - Over-regulating child care providers, particularly small centers or home providers, can drive up child care costs and decrease availability, as it becomes more expensive and challenging to navigate Colorado's regulatory framework.

Lower Child-to-Caregiver Ratios Don't Necessarily Improve Safety

- Mississippi's child care ratios are **larger in every age group after infants** compared to Colorado's, yet in FY2024-25, Mississippi had a lower rate of injuries requiring medical attention or hospitalization in child care centers with an injury rate of 0.164% compared to Colorado's 0.877%.
 - Both states recorded **zero** deaths in child care centers during this period.

KEY RECOMMENDATIONS

Expand Home-Based and Small Center Care by Easing Local Ordinances

- Local zoning laws can inhibit opening new child care centers, particularly smaller, residential centers. Improving Colorado's by-right siting to automatically treat child care facilities as a permitted use could expand supply and help bring down costs.
 - In 2024, the annual price of toddler care in Colorado was 22% cheaper in a home care setting than in a center-based setting. For infants, it was 35% cheaper.

Expanding the use of Shared Services Alliances (SSA) Could Benefit Small Centers and Home Child Care Providers

- **SSAs can materially lower the overhead costs of operating a center** by reducing administrative burden, lowering purchasing costs through negotiated discounts, and streamlining operations for small centers and home-based providers.
 - By making SSA participation an approved way to satisfy certain administrative or documentation requirements, the state could further encourage the expansion of SSA use among smaller child care providers.

Modestly Increasing Child-to-Teacher Ratios or Mixed Age Classroom Requirements Could Help Alleviate High Costs

- Data has shown that increasing the child-to-teacher ratio by one child across all age groups decreases child care center prices by **9-20%**.
- It is important to note that increasing child-to-teacher ratios will require discussion around square feet per child requirements, impacts to workforce, and other secondary impacts.

Adopt a More Explicitly Risk-Based Licensing/Inspection Model

- Currently, Colorado's 1-5 level Quality Rating and Improvement System (QRIS) captures more than **50** points of evaluation, creating a complex and likely ineffective system for determining true quality.
 - Smaller child care providers with few staff may not have the capacity to achieve a higher QRIS rating. Streamlining the system to capture fewer, more safety-focused points of evaluation indicative of true quality could help the system reflect quality in a more equitable fashion.

INTRODUCTION

The challenges Colorado faces with respect to the high expense and limited availability of child care are well established.ⁱ We can expect child care to be at least somewhat expensive because it requires labor-intensive services provided specifically for the age of the child. Additionally, the economics of operating child care centers are challenging.

This report looks at possible rules or regulatory changes that could be made in Colorado to improve availability and affordability without compromising safety. The recommendations covered in this report fall into three categories:

1. **Reducing child care operating costs by addressing labor expenses**
2. **Increasing child care availability by making it easier to open and operate child care centers**
3. **Expanding home-based and small center options by overcoming local hindrances**

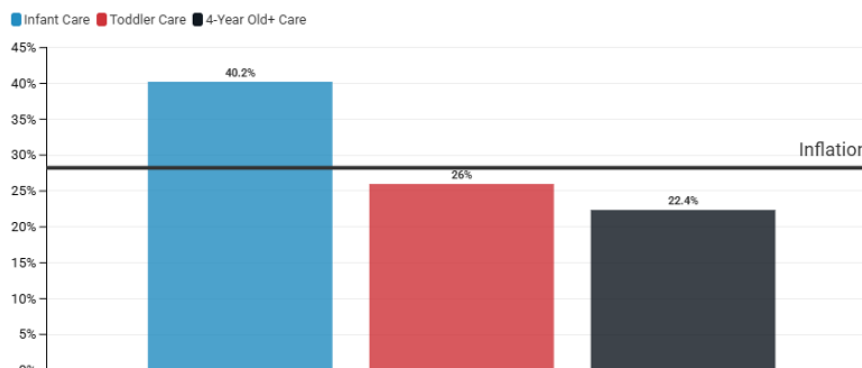
Most of the recommendations provided have precedents in other states. Those states' child care costs are shared for comparison; however, it is important to note there are many factors driving cost and availability of child care and no single change will entirely solve the challenges we currently face.

The cost of real estate, facility investments to meet regulatory requirements, and staffing all contribute to high, unavoidable costs that must be shouldered by families for the much-needed centers to stay afloat. Between 2017 and 2024, the cost of center-based infant care increased 40 percent, a rate greater than the rate of inflation.

FIGURE 1.

Change in the Average Annual Price of Full-Time Center-Based Child Care in Colorado Compared to Inflation, 2017-2024

Between 2017 and 2024, the annual price for center-based infant care soared by more than 40% in Colorado, while inflation grew by 28.5% over the same period. Prices of toddler and 4-year old care grew by 26% and 22% respectively.



Sources: Child Care Aware Annual Reports, BLS

Families with higher household incomes may choose to spend more on child care. Consistent with that pattern, a state-by-state comparison of median household income and average child care costs shows a strong positive correlation. Figure 2 shows that a state's median annual household income is strongly correlated with the price of child care for infants and toddlers. Note that a strong correlation is indicated by a correlation coefficient greater than 0.70. The correlation between states' median annual household income and infant care prices is 0.78, while the correlation with toddler care prices is 0.75.

This indicates that states with higher median incomes tend to have high child care costs. When affordable child care is unavailable for low-income families, it leads to demand substitution in which parents find cheaper, perhaps lower quality care or they depart from the workforce, leading to potential long-term impacts on employability and wealth-building for those parents and families.

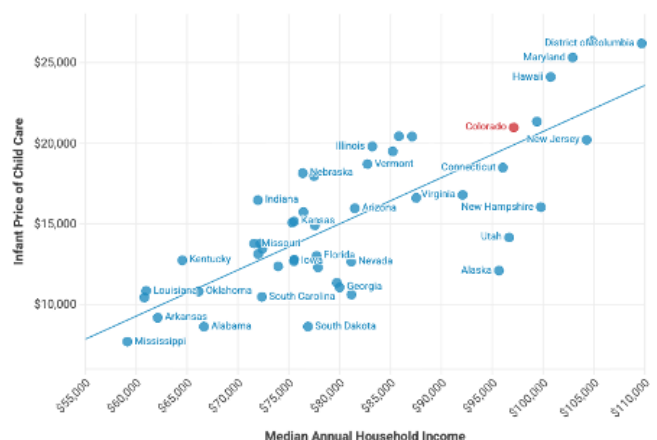
Although center-based child care is widely unaffordable, high prices are not an indication that child care centers are profiting. In most situations, the price charged does not actually cover the costs for each child. In fact, the cost of care consistently exceeds the current price in Colorado.ⁱⁱ

For infant care, parents currently pay just 91 percent of the cost of base-quality care and only 55 percent of the cost of high-quality care. For toddler care in Colorado, the current price matches the cost for base-quality care but is only 64 percent of the cost of high-quality care. The same is true for base quality care for preschoolers, while the current price only covers 69 percent of high-quality preschool care.

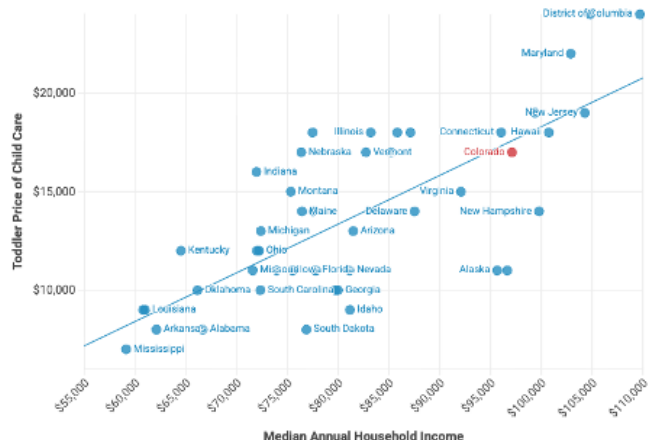
The table points to the need to balance the ages of children receiving care within a center. Because infants are the most expensive and time-intensive to care for, blending the ages of children in different rooms at a center helps ensure the resources can be shared across multiple age groups. For instance, keeping four-year-olds at centers for preschool, versus leaving to go to a local elementary school, helps to balance the economics of a child care center.

FIGURE 2.

Median Household Income and Infant Price of Care by State



Median Household Income and Toddler Price of Care by State

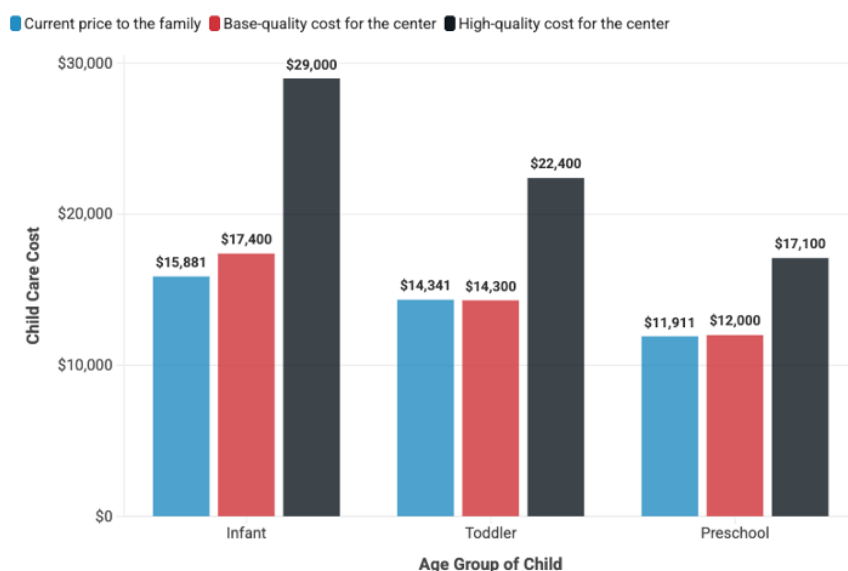


Because of the high fixed costs of operating child care centers, merely increasing availability alone will not necessarily drive down cost. Instead, we need to increase availability with more affordable options while also making changes to affect the high fixed costs found in centers.

Recent federal rule changes for Child Care Assistance Program (CCCAP) funding, as outlined in a previous report, have only exacerbated the challenges for low-income families needing child care, creating an urgent need to increase the number of affordable slots across the state.ⁱⁱⁱ

FIGURE 3.

Child Care Cost Exceeds Current Market Price



Source: Center for American Progress | The True Cost of High-Quality Child Care Across the United States



Regulation has an impact on availability and affordability

Between 2019 and 2025, Colorado tied for second in the nation for the number of early childhood-related bills enacted, with 77 bills becoming law during that period. The early childhood topics include the following: child care subsidy and quality, early childhood financing, early childhood governance, equity in early childhood, home visiting, other early childhood legislation, prekindergarten and school readiness, prenatal, infants and toddlers, and teachers and workforce.

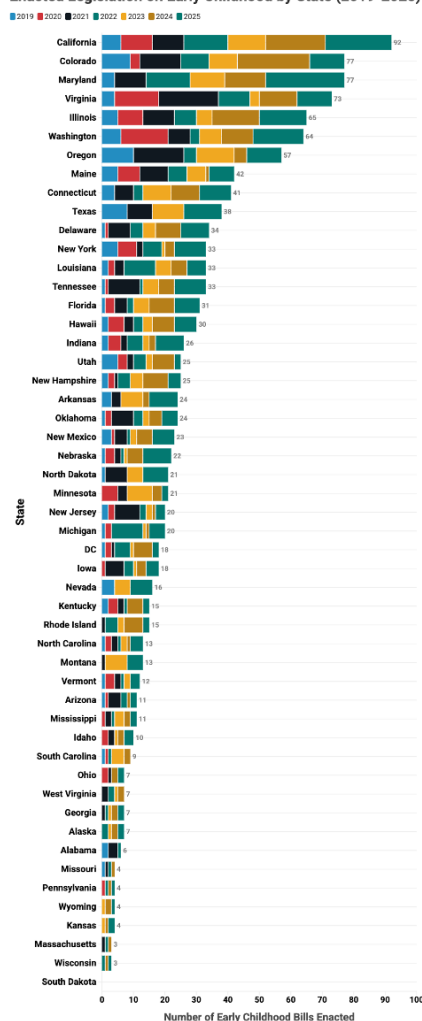
Although each bill targets a specific policy objective, the effort contributes to an increasingly regulated environment for child care providers. As new requirements are added to existing rules, child care centers, particularly smaller ones, may face greater uncertainty in how to comply with the evolving standards.

The child care business would understandably be more heavily regulated due to health and safety concerns accompanying small children. In Figure 5, CSI examined the number of reported injuries occurring annually in Colorado child care centers. The goal was to better understand if the relatively large number of bills passed between 2019 and 2025 was related to safety concerns rather than regulation of the business itself or other aims, because one might expect lower injury rates if significant safety-related legislation was passed.

Surprisingly, the rate of injury in center-based child care was higher in both 2024 and 2025 than in 2019. This should not be read as proof that the legislation was unrelated to safety. Instead, the higher injury rates alone cannot show that the bills improved safety outcomes, and they may suggest that some measures were directed toward broader policy, administrative, or operational objectives.

FIGURE 4.

Enacted Legislation on Early Childhood by State (2019-2025)

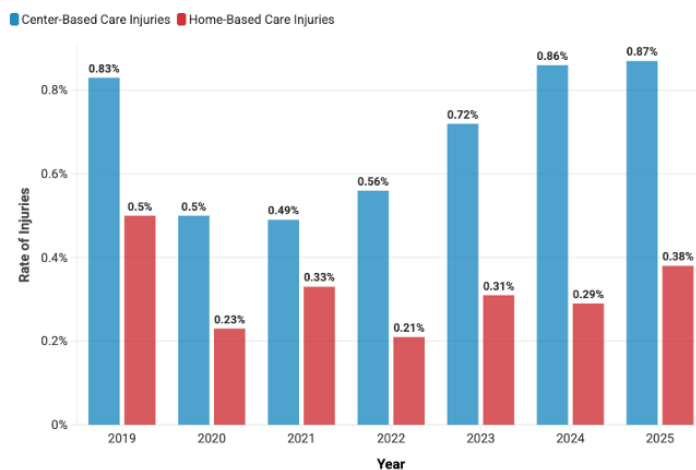


Source: National Conference of State Legislatures



FIGURE 5.

Rate of Injuries in Center-Based and Home-Based Child Care in Colorado



POTENTIAL LEVERS FOR REGULATORY/ RULE CHANGES TO AFFECT CHILD CARE COST/AFFORDABILITY AND AVAILABILITY IN COLORADO

Lever 1: Reduce Operating Costs by Addressing Labor Expenses

Labor costs make up the bulk of child care center budgetary burdens. The key factors that drive these costs are the number of children in each classroom and the educational requirements for teachers or caregivers. The revenue per room is limited by mandated child-to-teacher ratios and per-child square footage requirements. Child care centers spend an average of 60 to 70 percent of their budget on caregiver wages, including teachers and aides, even though these workers are notoriously underpaid.^{iv}

RECOMMENDATION 1: REASSESS CHILD-TO-TEACHER RATIOS AND CONSIDER MIXED-AGE FLEXIBILITY

Consistently, one of the first ideas that emerges when considering ways to reduce the cost of child care is to change the ratio of children-to-caregiver. The ratios between children and teachers/caregivers are regulated by the state along with the maximum number of children per room and the amount of square footage required for each child. When fewer children are allowed per teacher or caregiver, the revenue per caregiver or room is limited as well. Even a slight change—one additional child—could create additional revenue for a child care room that could help the center cover its costs or increase teacher pay.

There are several objections that emerge when considering increases in child-to-teacher ratios, with safety being the most common concern that comes up. However, there are reports that indicate that more stringent child-to-teacher ratios increase the price of care substantially with little benefit to quality or child outcomes.^v

As one example, Mississippi's ratios are more expansive than Colorado's. Mississippi allows the following ratios in a child care center:

- Infants (less than 1 year old): 1 staff member per 5 infants (same as Colorado)
- 1 year old: 1 staff member per 9 children
- 2 years old: 1 staff member per 12 children
- 3 years old: 1 staff member per 14 children
- 4 years old: 1 staff member per 16 children
- 5 through 9 years old: 1 staff member per 20 children
- 10 through 12 years old: 1 staff member per 25 children

Although these ratios (other than infants) are higher than Colorado's, Mississippi had a lower rate of injuries requiring medical attention or hospitalization in the 2024-2025 fiscal year. In Colorado, the rate of these injuries is 0.877%, while the rate in Mississippi is 0.164%.^{vi, vii} The licensed center capacities for both states are similar, with Colorado having a capacity of 136,397 children, while Mississippi has a capacity of 131,932 children. This is an example of how stricter child-to-teacher ratios may not directly correspond with lower reported injury rates.

In Colorado, the ratios by age can be found in figure 6.^{viii}

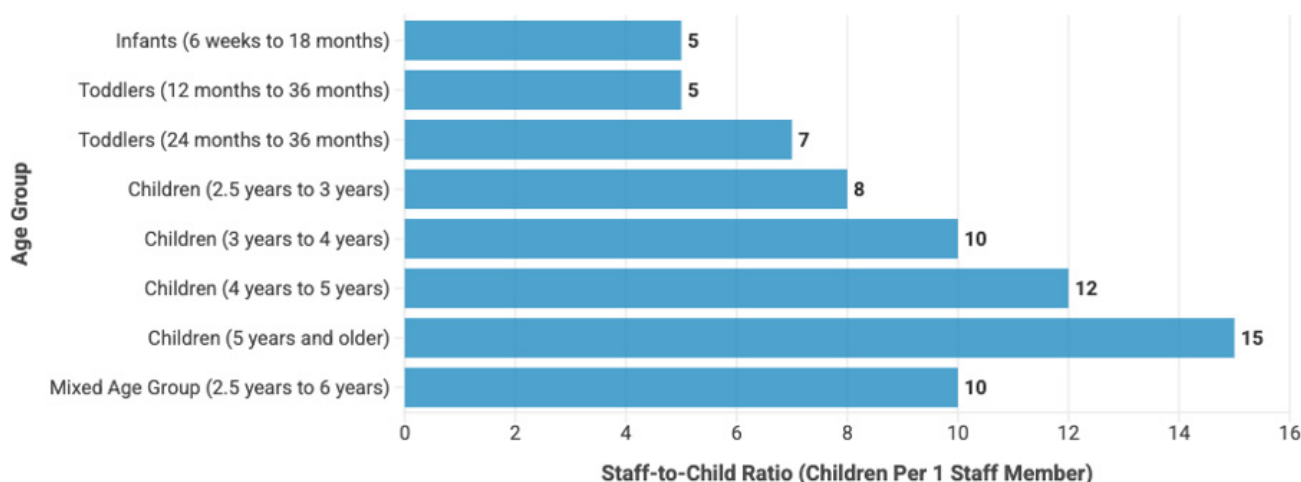
- **Infants (6 weeks to 18 months):** 1 staff member per 5 infants
- **Toddlers (12 months to 36 months):** 1 staff member per 5 toddlers
- **Toddlers (24 months to 36 months):** 1 staff member per 7 toddlers
- **Children (2-1/2 years to 3 years):** 1 staff member per 8 children
- **Children (3 years to 4 years):** 1 staff member per 10 children
- **Children (4 years to 5 years):** 1 staff member per 12 children
- **Children (5 years and older):** 1 staff member per 15 children
- **Mixed Age Group (2-1/2 years to 6 years):** 1 staff member per 10 children

Additional concerns about changing ratios are related to valid concerns about teacher burnout and feelings of emotional exhaustion from their work. An interesting study found that the more important drivers of emotional exhaustion and burnout for teachers were related to organizational and administrative challenges (poor leadership of centers) and low pay.^{ix}

Of course, it's important to note that more than the child-to-teacher ratios drive the number of children who can be in a room. The square footage requirements per child also impact the number of children who may be in a given room, and overcrowding can also affect safety. Any changes to the number of children per caregiver could only be made while keeping in mind the number of children allowed in a particular space; i.e., the primary constraint may be space, not teacher capacity.

FIGURE 6.

Staff-to-Child Ratios for Colorado Daycare Centers



An analysis of the effect of child-to-teacher ratios on cost to families leads to the conclusion that even slight changes to ratios could lower the cost of child care for families. In states requiring a ratio of one teacher for five infants (like Colorado), the average cost of care is \$14,109. Colorado's average cost of infant care in child care centers is \$19,573.^x

The average cost of toddler care (24 to 30 months) for states with a required ratio of one teacher for seven children (like Colorado) is \$13,912. Colorado's average cost of toddler care in centers is \$22,400 for high-quality care.^{xi} **One study estimated that increasing the child-to-teacher ratio by one child across all age groups decreases child care center prices by 9-20 percent.**^{xii}

Table 1 below depicts the potential cost savings for the annual price of center-based infant care in Colorado as a result of increasing ratios by one child.

TABLE 1.

Range of Potential Cost Savings Associated with Increasing Child-to-Teacher Ratios by One Child	
Low Savings Scenario – 9%	High Savings Scenario – 20%
Current Annual Cost - \$19,573	Current Annual Cost - \$19,573
Annual Cost Savings - \$1,762	Annual Cost Savings - \$3,915

Additionally, Colorado rules say that for mixed age groups of children in child care centers, if more than 20 percent of the group is from the younger age group, the child-to-teacher ratio for the youngest child must be used. Potentially, an increase in the allowable percentage of younger children—say up to 40 percent—before the ratio must revert to that required for the youngest child, could positively affect the economics of operating centers. It would be valuable to examine a group of centers and their attendance to see what this effect on cost savings for the centers might be.

Louisiana allows an average of the child-to-staff ratios to be applied to mixed age groups of children ages two, three, four, and five. This average system also applies to children ages five and older. Children under two are excluded from the averaging system. Louisiana's ratios are also larger than Colorado's for non-infants, as highlighted below:

Infants under 1 year: 5:1

- 1 year: 7:1
- 2 years: 10:1
- 3 years: 13:1
- 4 years: 19:1
- 6 years and up: 23:1

Louisiana's average center-based infant care costs roughly half of Colorado's.^{xiii}

Since Colorado's average cost of child care is significantly higher than the average across the U.S. for similar ratios, it can be assumed that child-to-teacher ratios are not the only factor driving the high cost of child care in the state. For instance, in Massachusetts, the child-to-teacher ratio for toddlers is 10:1 and the average annual cost of toddler care is \$24,314.^{xiv} Therefore, additional rule and regulatory changes must be considered.^{xv}

RECOMMENDATION 2: EXPAND COLORADO'S CHILD CARE DEVELOPMENT SPECIALIST APPRENTICESHIP PROGRAM

The child-to-teacher ratios may not be the greatest driver of the cost of child care on their own. Education credentialing and training requirements, which are determined by each state, have an effect as well. Higher teacher certification requirements can discourage workers from going into child care as a career because the debt they may need to incur to achieve their degrees can be hard to pay back with the prevailing child care worker wages. Standards for support workers and facilities may also be lowered because more of the center's revenue must pay the teachers who have degrees.

Many states allow child care teacher roles to be filled by individuals with a high school diploma and some early childhood education training, while Colorado more closely ties qualifications for child care teachers to early childhood coursework, credentials, and/or verified experience and then requires annual training.^{xvi} While not the most rigorous, Colorado's educational requirements may be driving up the price of care.

It's important to note that increased teacher credentialing impacts price but may not improve quality. When child care center teachers are required to have college credits, centers may opt for filling slots with aides who are required to have fewer credentials to decrease fixed costs.^{xvii}

For every additional year of education a center director must have child care prices increase by 3.2-3.8 percent.^{xviii} In 2023, Washington, D.C. implemented new education requirements for child care teachers in centers and home-based caregivers. However, in 2022, the Washington, D.C. Office of the State

Superintendent of Education reported that 78 percent of directors of child care centers were meeting their new educational requirement. The number is lower for teachers and assistant teachers at 40 percent and 34 percent respectively, and around 50 percent for caregivers at home-based daycare centers.^{xix}

Under these guidelines, teachers are required to have an associate's degree and teacher assistants must have either an associate's degree or Child Development Associate credential.^{xx} As the new rules

were set to be implemented, the price of care for 4-year-olds increased 27.67 percent from the previous year and the price of care for infants increased 4.35 percent.^{xxi} In 2024, Illinois' annual cost of infant care was similar to Colorado's (\$19,807), as were their education requirements for teachers (60 semester hours of coursework related to child development). These requirements for teachers are on par or even less than Colorado's but can serve to demonstrate the impact credentialing can have on child care prices.

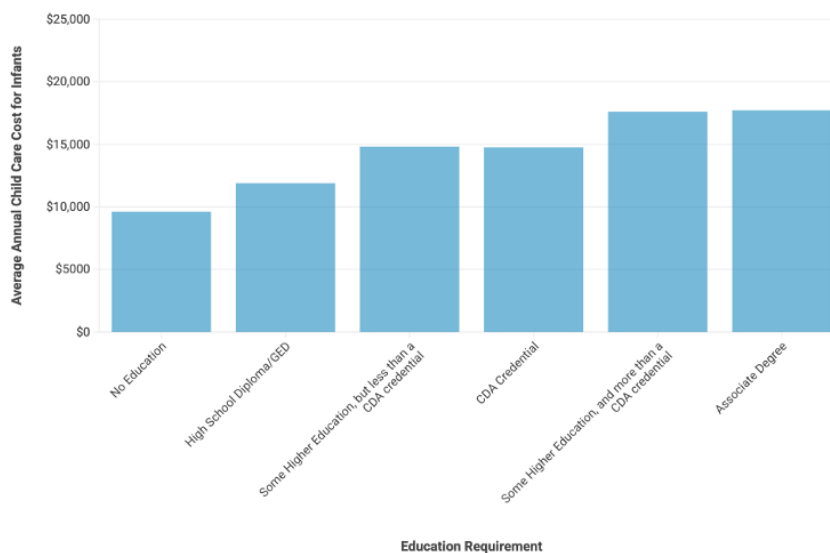
Acknowledging that Colorado has worked to provide multiple pathways to become an early childhood worker, it could further expand and support the availability of the Child Care Development Specialist Apprenticeship Program that is currently offered through Red Rocks Community College so that students could earn while they learn.^{xxii} This could give center directors more discretion to train their own caregivers. The state could consider streamlining duplicative training hours and prioritizing the requirements tied most closely to child safety and core development to avoid education requirements driving up the cost of operating child care centers.

RECOMMENDATION 3: CUT PROVIDER OVERHEAD AND DECREASE BURNOUT FOR OPERATORS WITH EXPANSION OF SHARED SERVICES ALLIANCES (SSA)

Shared services alliances are membership organizations for child care providers that provide services such as business coaching and training; deliver shared support like back office functions; and contract with vendors for discounts. **They can materially lower the overhead costs of operating a center by reducing administrative burden, lowering purchasing costs through negotiated discounts, and streamlining operations for small centers and home-based providers.** SSAs are widely used nationally to share accounting, human resources, billing, purchasing, and training.^{xxiii} The shared services model exists in Colorado but could benefit from expansion, perhaps through a formal shared services alliance. Opportunities Exchange, a national organization, provides a helpful guide to starting an SSA.^{xxiv}

FIGURE 7.

Infant Child Care Costs and Day Care Teacher Requirements



Source: AEI | Childcare Regulation and Affordability



Colorado has a dominant SSA called Early Learning Ventures (ELV) which is expanding its membership base. Their platform automates attendance, enrollment, and billing for hundreds of child care providers. They also provide access to business resources, discounts, forms, and toolkits for hundreds more.^{xxv} A study conducted by ELV found that child care centers in the alliance required between 2.4 - 6 months to pay back the cost of membership, while home child care providers saw a return on investment between 11 months and 2.5 years after joining. These savings can make the child care businesses more efficient and allow providers to offer care at a lower cost to families.^{xxvi}

The state could further encourage the expansion of SSA use by small centers and home care providers, by making SSA participation an approved way to satisfy certain administrative or documentation requirements (where appropriate), so rules are easier to comply with. The rules could also allow SSAs to act as documentation hubs for licensing and evaluation artifacts.

Lever 2: Increase Child Care Availability by Making it Easier to Open and Operate Child Care Centers

The price of child care is also affected by the non-staff operating costs that support regulatory requirements. State licensing processes can present delays and uncertainties around the timeline for approval. There are concerns relating to the subjectivity around how the rules and regulations are applied, which can lead to costly delays in opening child care locations.

There is an opportunity to review the regulations and business practices and potentially adopt solutions from other states.

RECOMMENDATION 1: ADOPT A MORE EXPLICIT “RISK-BASED” LICENSING AND INSPECTIONS MODEL

Colorado Shines Quality Rating and Improvement System (QRIS) is for licensed early learning programs serving children from birth to five years. Programs are rated on a scale of one to five, with one qualifying as a basic program and five qualifying as exceptional. Level 1 indicates that the program is licensed. A Level 2 rating means that the program is licensed and in good standing, has a quality improvement plan in place, has completed an e-learning course, has finished the quality indicator program assessment, and has registered staff in the state’s program development information system. Levels 3 through 5 indicate that all requirements for Levels 1 and 2 are met and that the program has been evaluated within five categories (workforce qualifications, family partnerships, administration, learning environment, and child health) by an assessor.^{xxvii}

This system presumes a higher rating is the primary indicator of quality. However, **a home child care operator who works alone may not be able to take time away from her care responsibilities to achieve the higher-level review, but this is not necessarily an indication of lower quality care for the children in her charge.** Additionally, research on rating systems like QRIS has found mixed evidence that they translate into meaningful improvements in children’s development outcomes.^{xxviii}

The QRIS system in Colorado creates an administrative burden on licensed child care centers and requires more than 50 points for evaluation. It is hard to imagine that all measures are essential to ensuring a safe environment. There may be an opportunity to prioritize the top five to ten metrics that are strongly correlated to safety and use them to evaluate a must-have standard for centers. The remaining quality metrics could be categorized as “recommended” to determine what impact the shift might have on making the rating accessible. These changes might focus regulators’ time on high-risk items and shorten inspections for strong-performing providers.

To be clear, changes in regulations would not involve putting children at risk but instead help centers focus on the qualities that are the most associated with risk. Regardless, it seems worth considering how meaningful the concept of quality is in child care. Currently in Colorado, it is used to indicate that the provider complies with regulations and indicators of quality child care.

Does compliance equate to quality? Further, does quality equate to safety?

In Colorado’s child care licensing rules, risk is often framed through health and safety danger thresholds (such as the definition for intoxicated being tied to whether the individual’s behavior presents an immediate danger to themselves or others) or potential safety risks that might require parental notification or approval with a waiver.^{xxix} Perhaps quality metrics could be refined through this risk-based lens.

Minnesota is in the midst of implementing a Weighted Risk System, developing key indicators for abbreviated inspections, and revised licensing standards as part of a child care regulation modernization project. The weighted system applies a numerical score from 1.00-10.00 for each licensing regulation, with 1 representing “almost no risk,” and 10 representing “certain risk.” This rating system helps to measure the potential impact on children if a regulation is violated.^{xxx}

If passed, Colorado SB26-020, as introduced, would create a child care licensure and quality task force to study and report on recommendations for a streamlined and easy-to-use child care licensure and quality system. The task force work and study would need to be funded through gifts, grants, or donations.^{xxxi}

RECOMMENDATION 2: EXPAND PROVISIONAL / TEMPORARY LICENSES TO START SERVING FAMILIES SOONER AND COMPEL LOCAL JURISDICTIONS TO ASSIST

A common child care supply bottleneck in Colorado stems from an all-or-nothing licensing system, where providers can’t open until every regulatory requirement is complete. There are instances in which there is a misalignment between state and local public entities, such as building or fire codes. Temporary or provisional licensing decreases some of the uncertainty and timing burdens that cost owners and operators money and allows them to operate while they resolve the issues.

Temporary or provisional licenses are not uncommon. In North Carolina, a temporary license may be issued to a new center or one with a change in ownership or location. It may also be issued when a center meets most of the requirements but is not yet fully compliant with all standards. The temporary license can be issued for six months and is subject to periodic reviews.^{xxxii}

Colorado currently offers six-month provisional licenses, which permit facilities to operate even if they are unable to meet every licensing rule as long as they show good-faith efforts to comply with those rules.^{xxxiii} Among other provisions, SB26-020 would allow the Colorado Department of Early Childhood (CDEC) to grant provisional licenses for up to nine months to a child care facility that has met all state-level licensing requirements, and has only local requirements holding up licensure. This bill also urges local municipalities to prioritize resolution of any zoning or other issues within that nine-month timeframe and provides for exemptions from some associated fees.^{xxxiv}

This time-limited provisional operating period allows low-risk applicants to begin serving children and families sooner. In addition to passing this legislation, the state could consider if there are other opportunities to provide longer provisional licenses while applicants resolve issues that do not present safety risks.

Lever 3: Expand home-based and small center options by overcoming local limitations

In Colorado, there is a growing movement to expand child care options in communities by incorporating them into housing developments. However, for older communities, local ordinances can inhibit new child care options.

Changes in zoning and permitting could include eliminating restrictive zoning rules that prohibit family child care homes, decreasing permitting fees for providers, and making permitting by right, not discretionary; e.g., homes permitted as residential uses and centers permitted as commercial uses.

RECOMMENDATION 1: IMPROVE “BY-RIGHT” SITING FOR FAMILY CHILD CARE HOMES

Expanding home child care could greatly enhance communities and decrease the burden on families to find affordable child care. In 2024, Colorado’s annual price of care in a center for a toddler was \$17,479, while the annual price of care in a family care center was \$13,666. Meanwhile, the price of care for an infant in a center was \$20,978, compared to \$13,666 in a family care center.^{xxxv}

With by-right siting, local zoning law automatically treats a use as permitted without requiring a special hearing or conditional use permit when basic standards are met. Colorado’s HB21-1222 was intended to limit burdensome local red tape barriers to starting a child care center in one’s home. It requires that family child care homes be classified as residences for purposes of licensure and local regulations, including zoning, land-use development, fire and life safety, and building codes.^{xxxvi} Colorado’s SB20-126 allows a homeowner in a community organized under an HOA to operate a licensed family child care home.^{xxxvii}

Despite these laws, implementation can vary in practice. For instance, zoning codes differ by city and/or county with respect to what is considered a residential property. Some localities still require home-business or home-occupation permits. For instance, Denver still requires home business or home

occupation zoning permits even though state law says that home child care is residential.^{xxxviii} Local communities would benefit from identifying outdated rules or ordinances (zoning, parking requirements, building codes, etc.) or aligning requirements from local departments such as zoning, fire, and building, that make it challenging to open and operate family child care homes.

A recent example of this concept occurred in 2024 when Broomfield, CO updated its municipal code to bring their local zoning into compliance with the state law by allowing large family child care homes of up to 12 children (up from 8 children) to be allowed as residential.^{xxxix} In October 2025, Westminster, CO City Council voted unanimously to allow child care in all zoning types except industrial. This paves the way for child care expansion in employment and office areas where parents can have easier access and treats child care as part of the infrastructure for a strong community. The city council found that making this change was cost neutral for the city.^{xi}

Other states have gone farther in pushing for residences to serve as child care centers. For instance, California's Senate Bill 234, passed in 2020, removed the ability for cities and counties to create special requirements for large family child care homes in the areas of spacing and concentration, traffic control, parking, and noise control. It also clarifies that licensed child care homes are allowed in apartments and other types of multi-family units.^{xli}

RECOMMENDATION 2: REDUCE CONDITIONAL USE PERMIT DELAYS BY ALLOWING MORE BY-RIGHT PERMITTING FOR CHILD CARE CENTERS ACROSS MOST ZONES

Land use rules allow cities and counties to limit uses of land under certain conditions. Conditional use permits are zone use exceptions that require discretionary approval from the local municipality. Obtaining such permits is crucial for all types of child care centers, but navigating the regulations and getting the permits can be complicated and time-consuming.

In Washington state, SB 5509 requires cities and towns to allow child care centers by right permitting without special review and approval in all zones except industrial, light industrial, and open space. Child care centers can be allowed in other zones, and the municipalities must provide conditional use approval in industrial or light industrial zones (except around high-hazard facilities). Another bill, SB 5184, removes local governments' ability to require a certain number of parking spaces for child care facilities.^{xlii}

Colorado could consider additional ways to do in-fill projects that are adaptive reuse for the benefit of communities. Colorado Department of Local Affairs (DOLA) recommends that municipalities review their local codes to expand the zone districts that allow child care through use by right.^{xliii} For instance, DOLA recommends revising regulations to classify onsite child care for employees as a by-right use in commercial and employment-based zoning districts. For instance, placing child care centers into vacant office or commercial spaces could help meet the need by bringing child care closer to the people who need it.

Douglas County allows large home child care facilities in residential districts only by special review.^{xliv} However, DOLA recommends expanding zone districts and viewing child care as a public benefit as a means for justifying changes in zoning requirements. For instance, perhaps there is a child care center that utilizes an infill opportunity but does not meet the requirements for outdoor space, however, it is close to a park. Allowing more shared or nearby outdoor space options such as parks and schools under clear rules could unlock more infill locations. There are many examples that demonstrate the benefits of using otherwise vacant space or bringing child care closer to parents' workplaces.

Decreasing the need for conditional use permitting does not mean that state regulations will be unmet; instead, it reduces the friction to change the use of a location and utilizes existing resources.

CONCLUSION

Child care continues to be both expensive and unavailable for Coloradan parents. Despite the cost of care rising, specifically infant care, child care providers continue to report mounting financial hardship which in turn leads to lower pay and higher burnout rates for child care professionals.

Between 2019 and 2025, Colorado enacted the second-highest number of child care–related bills in the country. The 77 bills certainly targeted a wide range of policy objectives, but the sheer volume of legislation enacted has likely contributed to a more financially taxing market in which to provide services.

To the extent that government intervenes in child care, it should help to ensure safety and help people move into and stay in the labor market. Generally, when a market faces mounting regulation, consumers can expect prices to rise. More regulatory hurdles, particularly for small child care providers who may not have the staff or time to navigate them, can disincentivize potential providers and result in new costs being passed onto consumers.

While there is no singular solution to this issue, this report looked to highlight potential strategic changes that could help balance the need for safety while reducing the regulatory burdens that often make operating child care centers a losing proposition.

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