
OLR Bill Analysis

sSB 266 (File 19, as amended by Senate "A")*

AN ACT LIMITING THE ACCESS OF PRIVATE EQUITY TO FUNDS FROM THE EARLY CHILDHOOD EDUCATION ENDOWMENT.

SUMMARY

The bill requires the early childhood commissioner to prioritize all other qualified childcare and preschool programs for funding from the Early Childhood Education Endowment before providing funds to otherwise qualified child care or preschool programs that private equity entities have a controlling interest in. This does not apply if there are no other eligible programs available to provide the services.

Under the bill, a private equity entity is one that (1) collects capital investments from individuals or entities and (2) buys, as a parent company or through another entity that the private equity entity completely or partially owns or controls, a direct or indirect ownership interest in an early care and education program.

“Controlling interest” means the direct or indirect power to control the management and policies of an early care and education program or preschool program, whether through ownership of voting securities, contract, or other means.

Under PA 25-93, §§ 3 & 4, each year the early childhood commissioner must spend the funds released from the endowment for purposes specified in law, including early childhood care and education program expansion and health insurance subsidies for program employees.

Qualified programs include any (1) state-licensed early care and education program providing child care services or (2) local or regional school board preschool programs (a) receiving financial assistance under the Early Start CT program; (b) participating in the Office of Early Childhood (OEC) quality improvement system; and (c) participating in

a federal food subsidy program, unless the OEC commissioner waives the requirement or the program is a public school offering free and reduced price lunches under federal law.

Under the bill, “indirect ownership interest” means an ownership interest in an entity that has an ownership interest in the entity in question, in this case an early care and education program. This term includes an ownership interest in any entity that has an indirect ownership interest in an early care and education program (42 C.F.R. § 455.101). Ownership interest means the possession of equity in the capital, the stock, or the profits of the entity in question.

*Senate Amendment “A” (1) amends the definition of private equity entity, (2) adds definitions of indirect ownership interest and controlling interest, and (3) adjusts when programs with controlling interests by private equity may receive funds.

EFFECTIVE DATE: October 1, 2026

COMMITTEE ACTION

Committee on Children

Joint Favorable Substitute

Yea 12 Nay 5 (03/03/2026)