

THE NUTS AND BOLTS OF CAMPAIGNS

Planning a private equity in childcare
campaign

Campaigns

1. Identify your base

- WHO has a common set of experiences or pain points that would give them a reason to unite make improvements?

2. Identify the issue(s)

- WHAT are the conditions/practices that impact your base, and may lead them to act to make change?

3. Understand the root problem

- WHAT are the conditions/practices that impact your base, and may lead them to act to make change?

4. Identify the decision maker(s)

- WHERE does the power to change/stop this live?

Campaigns

5. Create demands

- WHAT actions could a decision-maker(s) take that would remedy issues you've identified?

6. Create a strategy

- How do you get decision makers to implement your solutions? What is your north star goal? What campaign steps do you need to win along the way to get there? Do you need legislative, communications, basebuilding, and/or other strategies?

7. Develop tactics

- WHAT actions put pressure on decision-makers to act on the demands? What would motivate them to want to fix your problem?

8. Escalate

- WHEN do you plan to use these tactics, in what sequence and why? Tactics should build pressure. When will you reach peak pressure?

Theory Of Change

If we _____, then we
can win_____ from
_____.

How we win is by executing strategies, and tactics aligned with those strategies, that build enough pressure on decision makers to implement your demands

WHAT TO KNOW ABOUT CHILDCARE AND PRIVATE EQUITY

Background

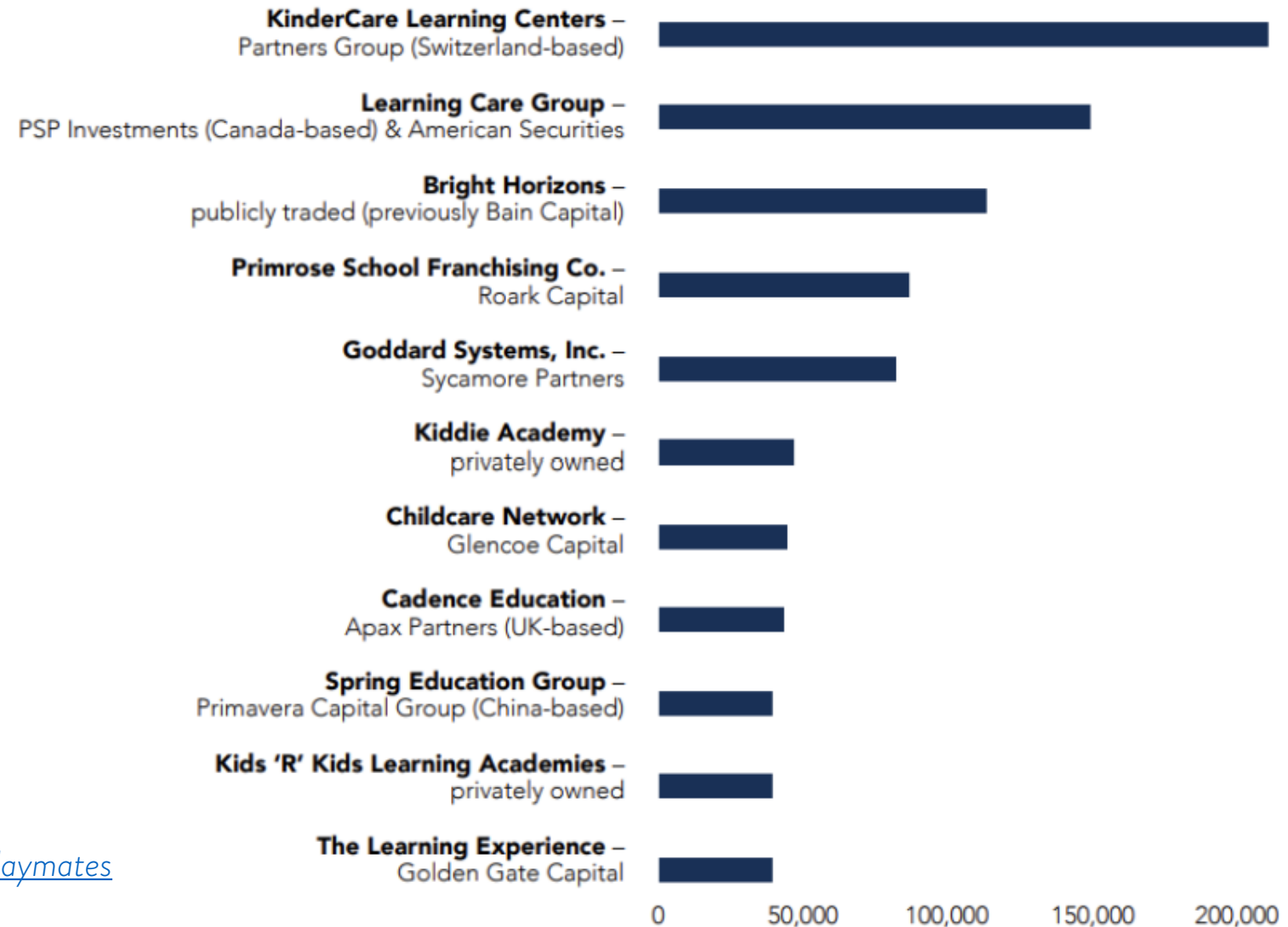


Investor-backed child care is 10-12% of the child care market in the United States - these centers care for 750,000 children every single day

The three largest, KinderCare, Learning Care Group, and Bright Horizons, operate [321 child care centers in California]

Resource: [*Toddlers and Investors Aren't Playmates: The Threat of Private Equity in Childcare*](#)

Size of private equity-owned chains



Source: [*Toddlers and Investors Aren't Playmates*](#)

Problems with Private Equity in childcare:

Kids aren't a business!

1. High Turnover

- These centers are almost twice as likely to have a high turnover rate among staff because they might cut pay, benefits, or staff hours — or hire fewer teachers — to save money.

2. Low Quality

- Program quality is lower because with fewer teachers and less money for toys, books, food, or repairs, the environment is harder to maintain.

3. Only Serve Families that Can Pay Big \$\$\$

- They intentionally cater to an affluent clientele or large businesses to charge excessive fees, investor-backed chains serve an extremely small proportion of low-income children. They want to make more money fast, so they may charge families higher tuition.

Problems with Private Equity in childcare:

Kids aren't a business!

4. Threaten Community based, Community owned childcare


- PE companies can use capital advantage to consolidate the CC market leaving smaller community-based child care programs vulnerable to buyouts. -They may lobby for public funding and regulations that place strain on small childcare businesses

5. Threat to the Sector

- PE companies sole pursuit of profit leads to high risk behavior- Childcare is a socially important industry that should be protected—especially if a significant share of their revenues come from public funding.

6. Childcare Worker Pay Effects Teachers and Kids

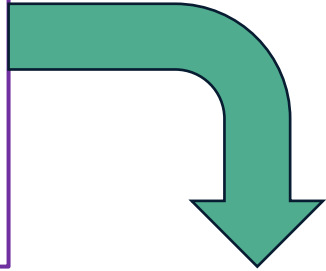
- Profit motives incentivizes low pay- Child well-being is directly tied to conditions, pay and benefits of classroom teachers.



Discuss how YOU are
affected by this.

What are Private Equity Firms? How Do They Operate?

Private Equity funds pool money from wealthy investors, and use that money and large bank loans to take control of businesses for a short period of time: They buy a business — like a child care center, housing, toy stores and take over the day-to-day operations.



They want to restructure those businesses and resell them at a profit: They cut costs to make more money and pay off their debts.

The need to increase profits quickly above anything else leads private equity firms to cut costs, lay off workers, and reduce quality of services and then they sell it fast for a profit.

Key Questions to Consider

What does private equity mean?

How are private equity companies getting involved in childcare, and what are the problems/risks?

What should statewide elected officials know about private equity in childcare?

How does private equity present an organizing opportunity?

How do
we curb
PE's
power in
childcare?



1. Corporate Campaigns

**2. Guardrails for
Funding**

**3. Executive/Regulatory
Action**

CASE STUDIES

Corporate Campaigns ex: Parent Voices CA

La Petite Academy is owned by Learning Care Group

Learning Care Group is the second largest childcare provider in the country

- 1,100 schools in 40 states

Learning Care Group is owned by American Securities, LLC

- Private equity firm based in New York
- Manages \$26 billion in assets
- CEO, Michael Fisch, has a purported net worth of \$10 billion



CORPORATE CAMPAIGN: PVCA and La Petite

Demands were generated by:

- Calling an organizing meeting of parents and teachers by Parent Voices of CA
- Learning about American Securities
- Identifying their problems
- Demanding to speak with decision makers

**SUPERHEROES CHOOSE KIDS
NOT BILLIONAIRES**

Campaigns for Funding, with Guardrails

Massachusetts

- Guardrails in state C3 grants program
- Won through state budget fight
- Building off momentum, press from collapse of PE-owned hospitals in the state

Vermont

- New payroll tax for public investment in childcare
- Coalition where business community was central
- Won guardrails after a PE takeover led to steep tuition hikes

Executive/Regulatory Campaigns

Structural changes to administering agencies

Educating and aligning policy personnel on private equity landscape

New dedicated ECE agencies in NM, OR, MN

Co-governance model with centralized decision maker

Listening sessions and community events for implementation