



The Privatisation **PLAYBOOK**

Facts on the finance sector's takeover
of early childhood education and care





**PUBLIC SERVICES
INTERNATIONAL**



Education International
Internationale de l'Éducation
Internacional de la Educación

EDITORS

**Huma Haq
Leo David Hyde**

ART DIRECTOR

Bojan Kanižaj

PRODUCER

Marcelo Netto

RESEARCHERS

**Dr Vera Wegmann
Al-hassan Adam**

2024

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Around the world, public funding for childcare services is failing to keep up with the needs of families. Meanwhile wealthy investors and private equity firms are extracting increased profits from the sector, with negative consequences for service quality, working conditions, outcomes for children and rising costs for parents and the public.

This factbook provides detailed statistics, research and quotes from around the world to illustrate the impact of increased privatisation and private equity penetration and solutions for unions and allies.



100%

increase in ownership of UK nurseries by investment funds since 2018

750K

children attend private equity owned childcare centres in the USA

+90%

of unions say privatisation is increasing in Early Childhood Education

(MULTI-COUNTRY STUDY BY EDUCATION INTERNATIONAL, 2014)

1/5TH

of large companies acquired through private equity go bankrupt within a decade

70%

OF EARLY CHILDHOOD EDUCATION IN GHANA IS PRIVATE

84%

OF EARLY YEARS PROVISION IN THE UK IS PRIVATE

HOT

"MARKET"

"HOT MARKET"

How investment advisor LaingBuisson describes privatized childcare

MARKET

FAILURE"

How The U.S. Treasury Department describes privatized childcare

"MARKET FAILURE"

"A DYSFUNCTIONAL MARKET FAILING THOSE THAT NEED IT MOST"

RESEARCH FROM UNIVERSITY COLLEGE LONDON



45%

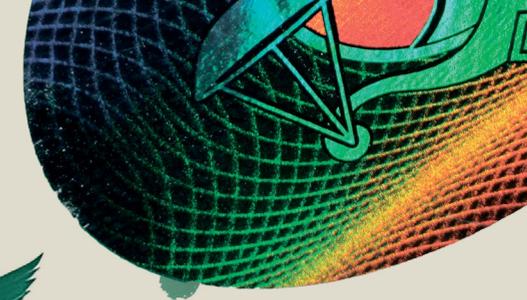
OF MAJOR FOR-PROFIT CARE CENTRES EXPERIENCE HIGH STAFF TURNOVER

US DEPARTMENT OF HEALTH AND HUMAN SERVICES STUDY, 2019

THE RATE AT NON-PROFIT & GOVERNMENT PROGRAMS IS MUCH LOWER

A 2007 Yale study found for-profit childcare chains underperform on nearly every metric:

- WORSE CHILD-TO-ADULT RATIOS
- HIGHER TEACHER TURNOVER
- LOWER WAGES



PRIVATE IS WORSE



IN GHANA

“Most educators in the private sector are poorly paid, have fewer allowances, and shorter leave periods.”

(EDUCATION INTERNATIONAL, 2014)

EPSU/PSIRU RESEARCH

In Sweden PUBLIC INSTITUTIONS HAVE HIGHER WAGES

than at AcadeMedia private equity owned childcare centres

IN PHILIPPINES

“Most teachers who are hired in day-care centres and privatised Early Childhood Education are non-licensed. They are not paid well compared to the standardised salary of teachers.”

(EDUCATION INTERNATIONAL, 2014)

“Quality is lower in for-profit services” according to a global team of researchers who examined the totality of childcare evidence

25% LOWER WAGES

for teachers at private equity-controlled Big Blue Marble Academy compared to US average

(PSIRU ANALYSIS)



Workers at UK private equity owned care chain Busy Bees earn **CLOSE TO MINIMUM WAGE**



PROFITING FROM PARENTS & THE PUBLIC PURSE

“We’re putting a lot of state money into the sector & they’re taking a lot of money out.”

SAM FREEDMAN, FORMER CONSERVATIVE ADVISER TO UK DEPARTMENT OF EDUCATION

Private equity companies increase executive remuneration and payouts to themselves while claiming their childcare centres are making losses, minimizing their tax liabilities

RESEARCH FROM UNIVERSITY COLLEGE LONDON

15-20%

PROFIT MARGINS ARE SOUGHT BY PRIVATE EQUITY FIRMS FROM CHILDCARE CHAINS, OFTEN THROUGH CUTTING COSTS, REDUCING STAFF & RAISING PRICES

£1600+

PER MONTH AVERAGE COST FOR NURSERY CARE IN UK, EQUIVALENT TO AN ENTIRE MONTHLY MINIMUM WAGE

EPSU/PSIRU RESEARCH

\$1200+

PER MONTH COST OF KINDERGARTEN AT PRIVATE EQUITY OWNED ISSP SCHOOL IN VIETNAM

“Safety versus the bottom line: I hit that wall several times, and I know peers that did as well.”

FORMER BRIGHT HORIZONS CARE CENTRE DIRECTOR

KINDERCARE MASSACHUSETTS

Repeatedly fined for breaking child-teacher ratios & unsanitary & hazardous conditions

Workers unable to take meal breaks due to understaffing

BAD FOR KIDS & WORKERS

“If private equity becomes the national model—we’re in big trouble. Children are going to be missing out on the many, many benefits of high-quality early care and education.”

VERNA ESPOSITO, FORMER CARE CHAIN EMPLOYEE

THE LATEST GLOBAL REPORT ON THE STATUS OF TEACHERS FROM EDUCATION INTERNATIONAL REVEALS THAT EARLY CHILDHOOD EDUCATION AND CARE IS ONE OF THE SECTORS MOST IMPACTED BY TEACHER SHORTAGES





ABC's bankruptcy in 2008 led to hundreds of job losses

2,238

ABC childcare centres globally at its peak

ABC LEARNING AUSTRALIA

23%

less revenue spent on staff costs, compared to non-profit providers

BANKRUPT PROFITS

AUD\$58M

in dividends were extracted for owners including private equity firms in 2007, despite the company owing over AUD \$1 billion in debt

AUD\$300M

in public subsidies given to ABC in 2008

"Guilty of Mismanagement"

A DUTCH COURT FOUND ESTRO MANAGERS PROVIDED MISLEADING INFORMATION TO UNIONS

\$455M

in debt loaded onto Estro in 2010 to fund acquisition by private equity owners.

Bankruptcy followed less than five years later. Over 1000 workers lost their jobs.



\$54M

in taxpayer subsidies given to Estro

"The parents, children and workers... were, without doubt, the biggest losers from this sorry story of serial plunder."

EWALD ENGELEN, FINANCE PROFESSOR AT THE UNIVERSITY OF AMSTERDAM

ESTRO CHILDCARE NETHERLANDS

4.3% GDP

COST TO PROVIDE FREE PUBLIC CHILDCARE AS PART OF A WIDER PACKAGE OF UNIVERSAL QUALITY PUBLIC SERVICES IN A TYPICAL OECD COUNTRY

(PSI/NEF RESEARCH)

OECD research finds the benefits of these services would greatly outweigh the costs

SOLUTION: PUBLIC PROVISION!

90%

OF THE COST OF FREE PUBLIC CHILDCARE WOULD BE RECOUPED THROUGH EMPLOYMENT GAINS, INCREASED TAX REVENUES & REDUCED INCOME SUPPORT PAYMENTS

UK EXAMPLE, WOMEN'S BUDGET GROUP RESEARCH



CANADA

Legislation requires programs receiving public money to publicly disclose ownership and ties fee increases to average child care wages

NEW ZEALAND

Community Services have "more qualified teachers, better ratios, and above-minimum physical surrounding"

VERMONT

Laws help ensure billions of public child care funding go to "primarily public and non-profit" providers

NORWAY

Public institutions have better child teacher ratios than some for-profit institutions

WHAT CRISIS?

KINDERCARE CEO PAUL THOMPSON

earns nearly \$2 million in salary and bonuses.

Much of his compensation is tied to the financial returns he delivers for KinderCare's Swiss Private Equity owners



PSI's campaign for ratification of ILO Convention 156 encourages governments to provide free childcare to all as a human right



Packed with fun facts, this Playbook teaches us

WHAT HAPPENS WHEN OUR CHILDCARE SYSTEMS PUT PROFITS AHEAD OF PLAY AND EDUCATION



Explore how Wall Street Wizards conjure up cost cutting spells, to cash out from kindergartens.

Learn how Private Equity Pirates and Hungry Hungry Hedgefunds are financializing your kid's care and future.

Dive into the clever tricks of Merger Monsters who build massive childcare chains that dominate the market and exploit workers.



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