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Big Daycare: The Growth of Private Equity in the U.S. Child Care Market*

Abstract

Anecdotal evidence suggests that private equity (PE) has become increasingly prominent in the U.S. child care market. Combining multiple proprietary datasets, we provide the first systematic analysis of PE ownership trends, characteristics, and locational preferences. The fraction of center-based child care teachers working at PE-owned providers has grown nationally from less than 1% in 1997 to 10% today, with considerable between- and within-state variation. PE-backed providers are larger and higher-revenue than non-PE providers. While PE-owned businesses charge higher prices than sole proprietors, they are slightly less expensive than other national chains. They are also more likely to be accredited by the National Association for the Education of Young Children, and to be in the top tier of states' quality rating systems. Geographically, we find that PE-owned providers are more likely to operate in higher-income communities, in markets with excess demand, and in states with less stringent regulations on staffing levels and education requirements. Together, our findings suggest that PE-backed providers tend to be located in areas where they can more easily extract rents and pursue observable signs of quality in order to attract consumers.

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child care, child care quality, private equity

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1 Introduction

Although private equity (PE) has operated within the U.S. early care and education market for decades, it has only recently emerged among researchers and policymakers as a key area of interest. Generally speaking, PE firms such as Kohlberg Kravis Roberts, the Carlyle Group, and Blackstone pool capital from institutional and wealthy investors to acquire mature businesses, aimed at maximizing short-run financial returns. Child care businesses, which typically operate on thin profit margins, are seemingly an unlikely target for such investment. Yet PE’s footprint in child care is now substantial: nine of the eleven largest child care chains are currently or have been owned by PE firms, collectively serving an estimated 750,000 children each day (Haspel, 2023). Furthermore, while many child care programs struggled to survive since the COVID-19 pandemic, the 10 largest U.S. chains—many of them PE-owned—grew more than 8% between 2020 and 2022 (Ligon and Peckham, 2022), with PE-backed providers reportedly achieving profit margins between 15% and 20% (Goldstein, 2022).

Concerns over PE’s presence in child care generally focus on whether the goal of maximizing investor returns comes at the expense of affordability, accessibility, and quality (Beggin, 2026; Goldstein, 2022; Huget, 2025; O’Toole and Turner, 2025). As is common in other sectors where PE operates, high profits could be obtained by a variety of revenue-enhancing and cost-cutting strategies, including cream-skimming (i.e., not accepting means-tested vouchers), charging high prices, operating closer to full capacity, and hiring fewer and/or less qualified workers (Ballou, 2023; Metrick and Yasuda, 2010; Kaplan and Stromberg, 2009; Stienon, 2026; Stienon and Boteach, 2024).¹ Higher prices could create financial burdens for parents, potentially pushing them out of the labor force (Herbst, 2010), and not accepting child care vouchers could reduce the accessibility of care for low-income families (Herbst, 2023). Larger enrollments may increase child-to-teacher ratios, while hiring less-skilled workers could reduce service quality—both of which might have implications for child well-being (Chetty et al., 2011; Auger et al., 2014; Herbst, 2025). And if PE-backed firms attract high-income families, who can afford to pay higher prices, other centers may not be able to maintain sufficiently high enrollment, thereby affecting the local supply of child care.

Despite the mounting concerns over PE-backed child care, to our knowledge there is no academic research documenting the growth of such businesses over time, the kinds of communities they serve, and the programmatic

¹Indeed, a multi-industry analysis of German firms finds that PE takeover reduces the number of employees, increases turnover, and leads to lower earnings (Antoni et al., 2019).

characteristics of PE versus non-PE owned child care facilities. This paper aims to fill this gap by providing a descriptive portrait of PE's involvement in the child care industry. Our analysis proceeds in three steps. First, we combine data from multiple proprietary sources, including an annual registry of child care programs from Data Axle as well as information on PE investments from PitchBook, to examine trends in the share of PE-owned child care businesses over the period 1997 to 2024. Given that PE penetration rates vary considerably both across and within states, we additionally examine the growth of PE at the state and county levels. Our analysis relies on two primary measures of PE concentration: the share of center-based businesses that are PE-owned and the share of workers employed at PE-owned businesses. Given the concern that PE-owned providers could behave in an anti-competitive manner by acquiring smaller businesses, we also examine the number of new openings and acquisitions by each PE parent company throughout the study period.

In the second step, we examine the determinants of local PE growth, asking which community and state policy characteristics are associated with a larger number of PE-owned facilities. Child care is an interesting setting for analyzing PE's locational preferences because supply tends to be sticky, entry barriers are high in the formal sector, and the industry is highly regulated. Our analysis casts a wide net by exploring how a range of programmatic features (e.g., employee and facility size), community demographic and economic characteristics (e.g., population density, median rent, educational attainment, and labor force participation), along with measures of local market competitiveness, states' regulatory environments (e.g., child-to-staff ratios and staff education requirements), and states' political climates (e.g., political party vote shares) are associated with PE ownership. Specifically, we make comparisons between PE and two groups of non-PE programs: all non-PE providers and non-PE national and regional chains. The comparison to other chains is important for determining whether any differences are attributable to PE ownership specifically or whether chains in general operate differently from other business types. Our analyses rely on t-tests of individual characteristics as well as firm-level regressions in which the outcome is a binary indicator of PE ownership, and the predictors are various programmatic, demographic, and policy characteristics measured at the state- or county-level.

In the final set of analyses, we once again rely on a variety of data sources to compare the characteristics of PE and non-PE owned child care businesses. Leveraging information from a multi-state provider survey, state-specific licensing records, and an accreditation database maintained by the National Association for the Education of Young

Children (NAEYC), our analysis considers a large number of firm characteristics, including programmatic characteristics (e.g., opening hours, prices and other fees, and waitlists) and quality-related characteristics. Regarding quality, we compare staff and child turnover rates, child-to-staff ratios, ratings on states' quality improvement systems, and accreditation by the National Association for the Education of Young Children (NAEYC). The NAEYC's accreditation, called the Early Learning Program (ELP), may be particularly salient given that it is widely considered one of the most rigorous and difficult-to-obtain quality accreditations in the child care industry, with at most only 17% of center-based providers receiving such a designation (Ali et al., 2024).

Our main results can be summarized as follows. First, we find that PE's presence in the child care market grew substantially throughout the late-1990's and early-2000's. In 1997, the first year we observe PE ownership, less than 1% of all center-based workers were employed at PE-backed facilities. By 2010, that share had risen to around 8%. Since then, the share of PE employment has continued to climb gradually, sitting at about 10% as of 2024. Our results also uncover significant heterogeneity across states. For example, several states in the upper Midwest (e.g., North and South Dakota), New England (e.g., Maine and Vermont), and deep South (e.g., Louisiana and Mississippi) have very low concentrations of PE ownership, while states like Nevada (18% PE ownership), Arizona (18%), Virginia (12%), Colorado (11%), and New Jersey (10%) have considerably higher concentrations. Our analysis of PE penetration within counties, a reasonable proxy for the size of a market, shows even higher levels of concentration. As of 2024, fully 81% of U.S. counties (2,561 of 3,143) had no PE-backed child care providers, while 75% of all PE businesses were located in just 5% of (or 150) counties.

Second, our analysis of locational preferences suggests that PE programs are more likely to locate in areas where households are financially better off, as measured by higher median rents, higher levels of education, and lower fractions of single parents. Such patterns imply that PE-backed providers may be better able to extract rents from households in these areas. We find no evidence that, controlling for an area's economic advantage, PE businesses are attracted to communities with a larger share of mothers in the labor force. The results also suggest that PE businesses tend to be located in states with smaller public pre-K programs (a potential competitor) and more lenient labor-related child care regulations, including higher child-to-teacher ratios and lower teacher education requirements. Given the labor-intensive nature of child care provision, such findings imply that PE is attracted to markets that allow for lower (labor) overhead in an attempt to keep costs down. However, PE is more likely

to locate in states that have required minimum liability insurance regulations, an area where they may have a competitive advantage due to scale. Finally, we show that PE-backed facilities locate in tighter child care markets (as characterized by excess demand compared to the available supply), another indication that such businesses may be attracted to communities with lower price sensitivity.

Third, the characteristics of PE-backed providers differ in important ways from their non-PE counterparts. On average, PE facilities are larger, employ more workers, and generate more revenue (per employee). This suggests that economies of scale may be important for profit. Also of note is that while non-PE-owned facilities reduced the size of their workforce since the end of the pandemic (i.e., between 2021 and 2024), PE-owned providers added workers, presumably allowing them to serve more children. Consistent with this expansion, we provide evidence that PE-backed businesses steadily acquire new facilities, either by constructing new ones (that open under the same business name) or by absorbing already-operating programs (under a different name) to a PE-run facility. The data also suggest that, relative to all non-PE providers, PE-backed businesses charge higher prices and fees and are less likely to accept child care subsidies and offer financial assistance. However, compared to other (non-PE) chains, PE-owned businesses have somewhat lower prices and fees, although they remain less likely to accept subsidized children or provide financial assistance.

Regarding quality, a complicated picture emerges. On the one hand, PE-backed providers experience higher child and teacher turnover rates than their non-PE counterparts, potentially indicating lower satisfaction with the care service or working environment. In addition, child-to-teacher ratios are a slightly higher at PE providers compared to all non-PE providers, though they are broadly similar to other chains. On the other hand, PE-owned facilities are more likely to be in the highest tier of states' quality rating systems (27% among PE compared to 22% among all non-PE), and they are more likely to be accredited by the NAEYC (26% among PE compared to 18% among non-PE chains and 5% among sole proprietors). Thus, readily observable indicators of quality (e.g., QRIS rating and NAEYC accreditation) are higher among PE-backed providers, while the (albeit limited set) of underlying quality measures we observe indicate that PE providers may be of similar or lower quality compared to their non-PE counterparts.

This paper makes several contributions to the nascent literature on the financialization of the care economy by providing the first comprehensive analysis of PE ownership in the U.S. child care sector. Specifically, by documenting

the expansion of PE investment from 1997 to 2024, this study establishes an empirical baseline for an industry that serves approximately 13 million young children each day and employs one million center-based teachers (Herbst, 2023). Indeed, while previous reports by journalists (Goldstein, 2022; Huget, 2025; O’Toole and Turner, 2025) and policy analysts (Haspel, 2023; Haspel and Rosso, 2023; Lynch and Su, 2024; Stienon and Boteach, 2024) have described the role of PE in the child care market, the current paper is the first to systematically characterize the level and trend in PE market penetration at the national and sub-national levels. Moreover, by identifying the determinants of PE penetration, our work extends the “private equity playbook” literature (Coffey, 2019)—which focuses on nursing homes (Gupta et al., 2024), hospitals (Bruch et al., 2020), and higher education institutions (Eaton et al., 2020)—into the domain of early childhood education, assessing how family demographics, market density, and regulatory environments incentivize capital entry. Finally, the comparison of PE and non-PE facilities is important for determining whether there are potential trade-offs between the profit-maximization goals of PE firms and the service quality needs of families and children. Given the importance of children’s early experiences to later life outcomes, PE’s impact on quality makes this issue particularly important in child care settings (Appelbaum and Batt, 2020; Borsa et al., 2023; Matthews and Roxas, 2023).

Our paper also contributes to research comparing firm characteristics by ownership type more broadly, particularly in the child care sector. A few studies examine differences in quality across for-profit and non-profit child care providers, both internationally (Japel et al., 2005) and in the U.S. (Blau, 2000; Sosinsky et al., 2007; Cleveland and Krashinsky, 2009). This work consistently finds that for-profit providers offer lower-quality services than non-profits. For example, Sosinsky et al. (2007) shows that non-profit centers have higher staff wages and education levels, along with lower child-to-staff ratios and staff turnover rates. Furthermore, in a carefully controlled study, Blau (2000) finds that for-profit providers score lower on a measure of overall classroom quality (i.e., ITERS and ECERS). Building on these insights, Cleveland and Krashinsky (2009) show that the non-profit quality advantage is particularly strong in thick markets, where a quality differentiation strategy may be financially beneficial for providers. We contribute to this research by making comparisons *within* the for-profit chain sector based on more granular ownership type.

The remainder of the paper proceeds as follows. Section 2 provides a description of the PE business model and summarizes the relevant literature on PE impacts in other, closely related industries. Section 3 introduces the

proprietary and publicly available data sources we use to construct our dataset on PE-owned child care businesses and describes the analytic strategy. Section 4 presents the main results. We conclude the paper in Section 5.

2 Background

2.1 Description of Private Equity Firms

Generally speaking, the PE business model can be summarized as follows: PE firms receive money from wealthy individuals or funds to purchase mature businesses with the goal of maximizing returns for investors (Ballou, 2023; Kaplan and Stromberg, 2009; Stienon and Boteach, 2024). They often take control of the management and operations of these businesses, even though they may not have any expertise in the sector in which the business operates. PE firms implement several strategies—including fee assessments, add-ons, and roll-ups—to extract as much money as possible from businesses while facing few incentives to invest in their long-term viability. Within a few years, the PE firm typically sells the company privately or takes it public. Below we provide additional information on how this industry works.

PE firms are usually organized as a partnership or limited liability corporation (LLC). Some of the most prominent examples of such firms include Blackstone, The Carlyle Group, Bain Capital, and Kohlberg Kravis Roberts and Co. (KKR). The PE firm raises capital through a “close-end” fund in which investors are not able to withdraw their funding until the fund is terminated. Investment professionals at the PE firm act as general partners who manage the capital funding on behalf of the investors, or limited partners. Investors are usually pension funds, endowments, and wealthy individuals. Once investors make their capital available to PE firms, they have minimal influence over how that capital is deployed, which portfolio companies the general partners choose to invest in, and how those companies are managed.

The primary objective of PE firms is to generate high levels of short-term returns for both themselves and their investors. These high returns are typically achieved by identifying undervalued or operationally inefficient companies, executing a control-oriented acquisition, and implementing rigorous strategic changes over a typical holding period of five to seven years. To fund the acquisition of portfolio companies, PE firms often perform a leveraged buy-out (LBO), which uses the target company’s assets as collateral, thereby minimizing its own monetary contribution and increasing the potential returns upon exit. In addition, PE firms utilize a number

of management strategies—ranging from simple cost-cutting measures to more strategic approaches like installing “hands-on” boards of directors, implementing new technologies, and buying competitors—to attempt to build value within the portfolio company. When the PE firm is ready to exit its investment in a portfolio company, it typically does so through an Initial Public Offering (IPO), facilitating a secondary buyout to another PE firm, or selling privately to a strategic corporate buyer.

As alluded to above, PE firms utilize several tactical maneuvers that maximize capital extraction and return on investment. Three strategies in particular—fee assessments, add-ons, and roll-ups—allow PE firms to generate revenue and equity value even before any organic growth occurs (Metrick and Yasuda, 2010; Stienon and Boteach, 2024). PE firms often charge transaction and monitoring fees directly to the portfolio companies under their control. The former are one-time charges levied when a PE firm buys or sells a company, to cover the costs of “advisory services” rendered during the deal. The latter are annual payments made by the portfolio company to the PE firm for “strategic oversight.” Because these fees are deducted from the company’s operating cash flow, they can sometimes strain the business’s liquidity. An add-on is a strategy where a PE-backed company acquires smaller competitors, thereby creating instant equity value for the PE firm without any actual changes to the underlying business operations. Finally, a roll-up is essentially an aggressive, large-scale application of add-on acquisitions, whereby the PE firm “rolls up” many small, local businesses into a single national brand, usually to achieve economies of scale.

2.2 Private Equity and the Child Care Industry

While Section 4 presents the complete set of results on the level and trend in PE concentration within the child care industry, below we provide some context on the major PE-owned companies providing child care services, when they entered (and exited) the market, and the subsequent growth in new acquisitions. Specifically, Table 1 provides a timeline of major PE entries and exits, while Table 2 shows for select years the growth experienced by those PE-owned firms.²

As shown in Panel A of Table 1, KinderCare became the first PE-backed child care provider in our data, when in 1998 the company (and its 1,303 facilities) received expansion funding from several PE firms. This was

²For the purposes of this analysis, we define growth to include newly constructed facilities that open under the PE-owned business name, already-operating facilities (under a different name) that are absorbed by a given PE firm, and the number of PE-owned facilities in the first year of PE ownership.

followed by additional PE purchases throughout the early- to mid-2000's, including of Goddard Systems, Spring Education Group, Child Development Schools, Primrose Schools, and Cadence Education. The period of active PE growth culminated in 2008, when Learning Care Group (1,322 facilities) and Bright Horizons (374 facilities) began receiving financing from PE firms.³ Major PE activity resumed in 2014, when The Learning Experience (87 facilities) came under PE ownership, when Busy Bees (35 facilities) was purchased in 2019, and when Lightbridge Academy (47) was purchased in 2021. A number of small acquisitions occurred throughout this period as well, including Rainbow Early Education, NY Kids Club, Endeavor Schools, Big Blue Marble Academy, O2B Kids, Small Miracles, Northstar Preschools, Little Newtons, The Nest Schools, Magical Beginnings, and Tierra Encantada.⁴ Panel B shows that Bright Horizons exited PE ownership in 2013, when the company was taken public, that Brightside Academy exited in 2016, when it was acquired by a different (non-PE) company, and that Endeavor Schools exited in 2023. Table 2 shows that once a PE firm assumes ownership of a child care business the number of new acquisitions grows persistently, if unevenly, over time. Most of this growth occurs because new facilities are constructed that open under the PE-owned business name or the business absorbs and converts already-operating programs (under a different name) to a PE-run facility.

As of 2024, we estimate that there were over 5,400 PE-owned child care facilities in the U.S. The predominant service providers are KinderCare and Learning Care Group, which operate about 1,750 and 1,100 centers, respectively.⁵ The other major PE-owned child care businesses include Goddard Systems (approximately 650 facilities) and Primrose Schools (530), followed by The Learning Experience (400), Child Development Schools (340), Cadence Education (200), Spring Education Group (200), Busy Bees North America (120), and Lightbridge Academy (70).

2.3 Relevant Literature

To our knowledge, one previous paper examines the causal impact of PE in the child care market (Bansraj and Xu, 2025). Analyzing the Dutch context, the paper finds that PE firms own 10% of child care providers in the Netherlands (as of 2023). Such firms locate in wealthier, more urbanized, and more competitive markets, and they generally grow by establishing new facilities as opposed to expanding existing ones. Furthermore, the paper finds

³The Learning Care Group is the name of the parent company that owns 11 separate brands, including Apple Tree, Children's Courtyard, Child Time, La Petite Academy, and Tutor Time. Child Development Schools includes three separate brands: Childcare Network, Sunrise Preschools, and My Small Wonders. Spring Education Group includes Chesterbrook Academy, Carrington Academy, Camelback Desert School, Enchanted Care Learning Center, Ready Set Grow, among other brands.

⁴The notes to Table 1 list these providers along with the number of facilities each held at entry.

⁵Although KinderCare issued an IPO in October 2024, a private equity company still holds an ownership share.

that PE-owned services charge more than other forms of ownership (by 3.4%), including foundations and other for-profit entities. However, PE-owned centers have lower regulatory violation rates, and the evidence suggests that this is not driven by selection. Thus the paper suggests that while PE firms appear to prioritize profit maximization by setting higher prices, they may also improve service quality. We contribute to this literature by studying PE in the U.S. child care market, which differs substantially from the Dutch context in that the market is much more fragmented, regulations differ across regions, and subsidies for parents are much less prevalent, all of which may affect PE's choices in the market.

Also relevant is the literature studying the impact of PE ownership on operational and patient outcomes in the nursing home sector. PE firms operate an estimated 5% to 9% of the 15,000 nursing homes in the U.S. (Gupta et al., 2024; U.S. GAO, 2023). PE ownership is associated with higher rates of leasebacks as well as an increased likelihood of acquiring chain- and hospital-owned facilities as opposed to smaller, independent providers (Braun et al., 2023; Gupta et al., 2024).⁶ In addition, PE ownership leads to increases in management fees (paid to directly to PE firms) (6%), real estate rental costs (77%), and debt payments (224%), while leaving nursing facilities with approximately the same profit margins as other for-profit companies. To offset these rising costs, PE owned nursing homes raise prices for residents (8% per patient), increase occupancy rates, and deny care to less profitable residents (Ballou, 2023; Gupta et al., 2024).

In terms of service quality and patient outcomes, a recent review article finds that PE ownership is associated with reductions in staffing hours and the availability of essential medical supplies as well as a deterioration in certain clinical practices (Orewa et al., 2025). The review also points to increases in regulatory deficiencies, including those that might lead to harmful effects on patients. Such patterns are evident in the most recent empirical work on nursing homes. For example, Gupta et al. (2024) shows that PE ownership leads to a patient cohort with fewer health risks but worse outcomes, including increases in mortality (11%), with declines in service quality and nurse staffing levels providing mechanisms for the mortality effects. Similarly, Braun et al. (2021) finds that residents in PE-owned facilities are more likely to be hospitalized or visit the emergency department for conditions that are manageable with routine care. Finally, an analysis of Florida's nursing homes finds that PE acquisition is associated with a decline in staffing levels equivalent to 33 fewer minutes of direct care per day and a reduction in

⁶A leaseback is the practice whereby a firm sells nursing homes' real estate holdings and then forces them to rent the very same holdings.

facilities’ (CMS) quality rating ([AARP, 2025](#)).

It should be noted, however, that several studies find null to positive effects of PE ownership on patient outcomes in the nursing home sector. [Huang and Bowblis \(2019\)](#) use a distance-to-facility instrumental variables approach and find that PE-owned facilities in Ohio show improvements in such patient outcomes as reductions in pain, fewer pressure ulcers, and lower contractures. In addition, [Stevenson and Grabowski \(2008\)](#) use a facility fixed effects model to show that while staffing levels decline in PE-owned facilities, there is no evidence of reduced care quality or patient outcomes.⁷

3 Data Sources and Methodology

3.1 Data Axle and PitchBook

The goals of this paper are to track the growth of PE-owned child care facilities over time, at both the national and sub-national level, to compare the characteristics of PE- and non-PE-owned facilities, and to understand the community and state characteristics associated with a higher density of PE-owned providers. Such analyses require, at a minimum, two kinds of data: detailed listings of businesses within the child care industry (available for multiple years) and a separate list of the subset of PE-backed providers. This information can then be leveraged into a measure of PE firm density.

There is no national database of child care providers, so we obtained a proprietary list of child care providers from the company Data Axle for each year between 1997 and 2024. Data Axle is a data aggregation and marketing services firm that provides comprehensive, longitudinal datasets of commercial enterprises. To capture and verify the existence of legitimate businesses, Data Axle utilizes a rigorous, multi-step data collection process that aggregates information from thousands of public sources, including government registries, utility connections, state licensing records, and postal service data. Crucially, the firm distinguishes its datasets through an extensive manual and automated verification processes, using telephone interviews and proprietary algorithms to validate and update business profiles.

The business listing data include the firm’s name, physical address, and precise geocoded location (i.e., latitude

⁷Positive effects on quality have been shown in other industries as well. Using data on health inspection records, [Bernstein and Sheen \(2016\)](#) find that PE-owned restaurants are safer and cleaner, especially when the PE firm utilizes managers with restaurant experience. Another multi-industry study finds that inspected businesses are less likely to be cited for health and safety violations after a PE buyout, and that PE-owned firms have lower employee injury rates ([Cohn et al., 2021](#))

and longitude) as well as its primary and secondary Standard Industrial Classification (SIC) and North American Industry Classification System (NAICS) codes. The data also include firms’ estimated sales volume, employee headcounts, and square footage. We limit the data to those businesses with a primary NAICS industry designation as “Child Day Care Services” or “Preschool and Kindergarten, Academic.”⁸ Given that PE-backed providers operate exclusively in the center-based sector, we also remove home-based providers (i.e., small businesses that are run out of the caregiver’s home) and Head Start programs from the dataset.⁹

To identify PE-owned child care businesses, we rely on proprietary information from PitchBook. This is a financial data provider specializing in the comprehensive tracking of global public and private capital markets, with a focus on private equity (PE), venture capital (VC), and mergers and acquisitions (M&A). PitchBook’s PE database is widely known as one of the most exhaustive firm- and fund-level directories available, detailing the creation of active and historical PE funds. Importantly, when a PE firm purchases (or invests in) a business, PitchBook provides users with information on the name of the PE firm making the purchase, its entry and exit dates, and the entity it was sold to (i.e., taken public, sold privately, or sold to another PE firm).

As noted above, we use these data sources to construct two primary measures of PE density within a given local child care market: (i) a simple binary indicator for whether a given market (e.g., county) has at least one PE-owned business, and (ii) a continuous measure of the share of child care providers within the market that are PE-owned.

3.2 Three-State Provider Survey

To supplement the provider information available in Data Axle, we use an original survey of center-based programs in Georgia, Ohio, and Pennsylvania. These states were selected both because they contain relatively large numbers of PE-owned facilities and their (publicly available) licensing databases include provider email addresses, thereby facilitating the distribution of surveys. The survey was first introduced in Georgia throughout February and March of 2025, followed by Ohio in the spring of 2025 and Pennsylvania in the fall of 2025. The sample frame for each state comes from publicly available lists of center-based providers. Amazon gift cards of varying amounts

⁸The primary NAICS code can change from year-to-year in the database. Our main sample consists of firms whose primary NAICS is ever listed as one of these two industries. In the Appendix, we perform robustness to including only firms where at least 25% or at least 50% of observations with one of these two industries as a primary NAICS code.

⁹We do so by removing firms with “Head Start”, “family”, or “home” in the name, providers whose name contains the owner’s name, and providers who never have more than two employees.

were offered to providers as an incentive to complete the survey. We received 437 provider responses in Georgia, 441 responses in Ohio, and 509 responses in Pennsylvania (partial plus full responses).

The NSECE’s center-based provider survey informed the questions included in our three-state survey. Specifically, we asked detailed questions about provider characteristics, including staffing levels, staff turnover, vacancies, child turnover, and enrollment along with several additional questions on the extent of waitlists. Specifically, for children of particular ages (i.e., infants, toddlers, and preschool-age), we asked providers how long the child would need to wait for a slot to become available. The waitlist questions can shed light on the demand for care at a particular center.

Using providers’ name and mailing address, drawn from the state licensing databases, the survey data were merged to our dataset of PE-owned businesses (for 2024 only). Because the merge across the data sets is fuzzy, not all providers in the licensing data could be merged to the Data Axle data. For the unmerged providers, we perform a name search to identify PE-backed providers and other national chains. Across all three states, 4.8% of child care providers are PE-owned (Georgia: 5.1%; Ohio: 4.8%; Pennsylvania: 4.5%). Such data will allow us to compare characteristics across PE and non-PE center-based providers in three key states.

3.3 State Licensing Data

As a further supplement, we rely on administrative licensing records of child care centers in Georgia, Ohio, and Pennsylvania. These data were obtained through a combination of direct downloads from agency websites and from formal public records requests submitted directly to the relevant state regulatory agencies (i.e., Pennsylvania Department of Human Services and Georgia Department of Early Care and Learning). The current analysis relies on a single cross-section of licensing information from 2024 (Pennsylvania) or 2025 (Georgia, Ohio), which are merged to our business registry data from 2024. Consistent with the other analyses, we are able to distinguish between PE- and non-PE-owned child care businesses.¹⁰

These data are advantageous because they represent official administrative records rather than self-reported survey data, allowing us to observe the near-universe of regulated, formal child care providers in these two states.

In addition, in some cases, the data contain detailed operational characteristics and regulatory compliance charac-

¹⁰We follow the same process for merging these data as we do with the three-state survey. We perform a fuzzy name and address match between the licensing data and the business registry data with PE identifiers. For providers who are not matched, we perform a name search to identify PE and chain status.

teristics for each licensed facility. At the firm level, the records include Quality Rating and Improvement System (QRIS) ratings and subsidy program participation for all states. The data also include prices, maximum licensed capacity, ages of children served (e.g., infant, toddler, preschool), and child-to-teacher ratios for some states. Data on ratios is for Georgia only and is collected during routine inspections, where information is recorded on the number of children and staff in each classroom. For the analysis, we use the ratio observed at the most recent inspection.

3.4 NAEYC Accreditation

The National Association for the Education of Young Children (NAEYC) is a non-profit organization that engages in a variety of activities targeting early childhood education, including its flagship Early Learning Program (ELP) accreditation. To achieve this accreditation, a center must demonstrate high levels of quality by meeting 10 comprehensive, research-based Program Standards in such areas as the physical environment, leadership and management, health and safety, child-teacher relationships, curriculum, staff training, and teaching practices. In addition, centers must comply with states' child care licensing regulations and pass mandatory health, fire, and criminal background checks. We therefore use NAEYC accreditation as a potential signal of quality.

Gaining and maintaining the ELP accreditation requires undergoing a rigorous and time-consuming multi-step application process that begins with an extensive self-study. Providers must gather stakeholder feedback, adjust their policies for continuous improvement, and compile a detailed program portfolio providing evidence of their practices. The process culminates with a site visit by NAEYC assessors, who evaluate the program against hundreds of specific assessment indicators to verify that the facility's environments, teaching strategies, and administrative operations reflect NAEYC's 10 Program Standards. In addition, providers bear significant costs: Xiao (2010) estimates that the cost of completing the initial accreditation process is approximately \$4,000, while the cost of subsequent maintenance (e.g., completing annual follow-up paperwork and maintaining staff quality and training) is approximately \$2,000 per year.

To capture the most comprehensive and up-to-date information on NAEYC participation across PE and non-PE owned providers, administrative data were drawn directly from NAEYC's online ELP "accredited program search" tool.¹¹ This tool provides information on each provider's name, mailing address, and beginning/end dates

¹¹This tool can be accessed via: <https://my.naeyc.org/s/searchdirectory?id=a2FHs000004giReMAI>.

of accreditation. After scraping these data, we merged them to our business registry data (for 2024 only) using the provider’s name and mailing address.¹² These data will allow us to calculate the share of PE and non-PE providers with the ELP accreditation.

3.5 Methodology

We first document trends in the fraction of the market under PE ownership at both the national and sub-national levels. For this analysis, we track the fraction of providers in the Data Axle database that are owned by PE as well as the fraction of employees who are employed at PE-backed firms. For these latter “employment-weighted” estimates, we use Data Axle’s estimates of the firm’s number of employees to measure the number of employees at PE-backed firms and the total number of employees working at all child care providers. As a robustness check, we provide an alternative measure of PE density using establishment and employment counts from the Quarterly Census of Employment and Wages (QCEW) as the denominator in these calculations.

We then compare the characteristics of PE-backed and non-PE-backed child care providers to determine whether PE-backed providers are statistically different from their non-PE-counterparts. We use t-tests to examine a wide range of firm characteristics drawing from Data Axle, the three-state provider survey, licensing data, and NAEYC administrative records, as described above. Given the smaller number of observations in the three-state provider survey, for analyses using this data, we also provide p-values from the Wilcoxon rank-sum test, which in our context gives the probability that the observations for PE and non-PE providers were drawn from the same distribution. In other words, it tests whether PE providers have systematically higher or lower values of a given variable compared to non-PE providers. This test is advantageous in our context because it is non-parametric and therefore does not rely on the normality assumption as a t-test does, an assumption that is less likely to be satisfied with a smaller number of observations.

We also examine differences in the characteristics of the communities in which PE- and non-PE owned providers are located, including local demographic profiles (e.g., Census tract-level education levels), policy environments (e.g., state child care regulations), and a measure of market tightness. Because PE-backed providers are large chains, in addition to comparing PE-backed providers to all non-PE providers, we also draw comparisons to non-PE *chain* providers. The comparison to other chains allows us to test whether part of the reason PE and non-PE providers

¹²We again use a name search to identify PE-backed providers that were not merged during the fuzzy name and address merge.

have different characteristics is because PE-backed providers tend to be large chains, and chains have different characteristics from non-chains. Comparing to other chains allows us to determine whether PE-backed providers also have different characteristics compared to other similar providers who are not backed by PE.

To understand the determinants of PE-owned providers' locational decisions, we also estimate ordinary least squares regressions, which will shed light on the community and policy differences that remain statistically significant after controlling for a range of other characteristics. These regressions take the form:

$$PE_{ics} = X_i + Z_c + \gamma_s + \epsilon_{ics}$$

where PE_{ics} equals one if firm i located in Census tract c in state s is under PE ownership and equals zero otherwise. Thus, the coefficients indicate whether firms with a given set of characteristics or located in communities or states with certain characteristics are more or less likely to be PE-owned. The vector X_i represents the set of firm characteristics from Data Axle: log of number of employees, log of facility square feet, and number of years in business.¹³ The Z_c are local policy and demographic characteristics. Policy characteristics are measured at the state level and include child care regulations (Norris et al., 2025), the fraction of 4-year-olds in public pre-K (Friedman-Krauss et al., 2025), and the Democratic vote share in the 2004 Presidential election (MIT Election Data and Science Lab, 2017). We use the Democratic vote share from 2004 as it provides a snapshot of the political environment around the time of rapid PE growth (late-1990s through early-2000s). We then add the following Census tract characteristics: fraction of the population with a bachelor's degree, log of median rent, labor force participation rate of mothers with children under 6 years old, fraction of single parents, log of population density, fraction white, fraction black, and fraction Hispanic.¹⁴ In addition, we add a county-level measure of market tightness from Brown (2026): an indicator for whether a given county is in the top quintile for the ratio of the number of children under 6 with all parents in the labor force to the number of licensed child care slots, measured in 2018. This is a reasonable proxy for communities with particularly high demand for child care services relative to the supply of those services. Finally, we add state fixed effects, γ_s , to determine whether these relationships hold once conditioning on providers'

¹³Data Axle provides facility square footage in buckets. We choose the midpoint of each range to distill the square footage to one number.

¹⁴Note that a small subset of observations are dropped for this regression because some tract-level characteristics are not available for all tracts.

state.¹⁵ We estimate separate regressions for the full set of child care providers (with non-missing values) as well as for the subset of chain providers. All models are estimated with heteroskedasticity-robust standard errors.

4 Results

4.1 The Growth and Geographic Spread of PE

We begin the discussion of results by presenting data on the evolution in the growth of PE’s presence in the child care industry—nationally and at the state and county levels. Subfigure (a) of Figure 1 shows the national trend in the share of child care centers that are PE-owned as well as the share that are chains not under PE ownership. Subfigure (b) shows the same shares weighted by employment. Given the labor intensity of the child care industry and the child-to-staff ratios required by state regulation, the share of employees working at PE-backed firms provides a reasonable approximation for the share of children cared for at PE-backed providers.

At the beginning of the sample in 1997, less than 1% of child care employment was at PE-backed providers. In 1998, this share rose to 3% when the large chain KinderCare was acquired by a PE firm. The PE employment share rose steadily throughout the early-2000s before experiencing another large jump in 2008 when Bright Horizons and Learning Care Group were acquired by PE (see Table 1 for a list of the largest PE entries and exits in our data). Since that time, the share of employment in PE centers has risen gradually and currently sits at 10%. The fraction of centers that are PE-owned (shown in subfigure a) follows a similar temporal pattern but is quantitatively smaller than the employment share, suggesting that PE providers tend to be larger than non-PE providers.¹⁶

Figure 2 shows that national trends mask substantial state-level heterogeneity in PE penetration.¹⁷ Some states, such as West Virginia, Wyoming, Vermont, and Montana, have no PE-backed child care providers. On the other hand, states like Nevada, Arizona, Virginia, Colorado, and New Jersey have substantially higher rates

¹⁵Note that the regressions with state fixed effects drop all state-level policy variables.

¹⁶As a robustness check, Figures A1 and A2 examine different measures of the numerator and denominator of the Data Axle and QCEW versions of the PE shares variables. Industry coding in Data Axle can change from year-to-year, and in our main sample we include any firm who is ever coded as a child care or preschool provider. The alternative versions restrict to firms coded as child care at least 25% or 50% of the time they are observed. Across all versions, the level and trend are very similar to those presented in the main text. Although for consistency, we prefer to construct PE shares where the numerator and denominator are coming from the same source (i.e., Data Axle), as a robustness check, these figures also include an alternative share definition where the denominator (total employment or total establishments) comes from the Quarterly Census of Employment and Wages (QCEW). In general, these figures show broadly the same pattern as the main figures, except they show that PE has been relatively flat since the 2008 acquisitions. The employment-weighted version also shows a spike in 2020, which we believe is an artifact of reporting during COVID-19, when the QCEW more nimbly adjusted to the decrease in employment, leading to a reduction in the denominator but not an adjustment in the numerator, which is necessarily sourced from Data Axle. Quantitatively, the estimates using QCEW as the denominator suggest slightly higher fractions of PE ownership than do the figures in the main paper, suggesting that Data Axle uses a broader definition of child care industry coding than the QCEW.

¹⁷Figure A3 shows the same figure using values from QCEW as the denominator. Results are qualitatively similar.

of PE ownership, at 18%, 18%, 12%, 11%, and 10%, respectively. In fact, most PE-backed providers are located in a handful of counties, with three-quarters of providers located in just 5% of U.S. counties (150 counties) and 81% of counties having no PE presence. Figure A4 shows the geographic distribution of PE-backed providers by county within the five states with the largest PE presence. PE-backed providers are most often located in or near counties with major cities, with a notable presence around Las Vegas, Phoenix, Tucson, the District of Columbia, and Denver. The expansion of PE in the child care market is thus more salient in some states and localities than others.

4.2 Community and Regulatory Characteristics

Table 3 further explores the types of communities where PE-backed providers are located. It compares community demographic characteristics surrounding PE providers to those of all non-PE providers and to non-PE chains. The latter comparison is critical because PE providers tend to be part of large chains, so it is important to determine whether any differences between PE and non-PE providers persist after restricting to a set of firms that may otherwise be more similar to PE providers. All characteristics are measured at the Census tract level. PE-backed providers are on average located in more upscale areas compared to other center-based providers. Specifically, PE-backed providers are in communities with higher average rents and a higher fraction of individuals with bachelor's and graduate degrees. They are also located in areas with a higher labor force participation rate among mothers of young children, which may reflect a higher demand for non-parental child care. When compared to other chains, however, PE-backed providers are located in areas with similar median rent and maternal labor force participation. PE-backed providers are consistently located in areas with lower average population densities, compared to all non-PE providers and other chains, suggesting that they are less likely to locate in central cities. Locating in areas with more educated and higher income families may allow PE-backed providers to extract rents by charging higher prices and fees to families who can afford to pay. However, these differences are attenuated (and for some characteristics erased) when restricting the comparison to other chains, suggesting that part of these differences is due to being a for-profit chain (and not a PE-backed provider specifically).

The remainder of Table 3 compares the state-level policy environments in which PE and non-PE providers operate, including public pre-K and child care regulations. Public pre-K represents a competitor to child care centers, and PE-backed providers are located in states that on average have a slightly smaller fraction of 4-year-

olds enrolled in public pre-K (1.6 percentage points lower compared to all providers and 3.3 percentage points lower compared to other chains). PE providers are located in areas that are on average more likely to require providers to keep a log of the child’s day, which may reflect that this requirement is not binding as they attempt to appeal to parents in more economically advantaged communities who might expect such communication. PE providers are also more likely than other providers to be located in areas that require minimum levels of liability insurance, which may reflect gains from scale that could allow them to purchase “bulk” insurance at a lower rate, giving them an advantage over smaller providers in these states.

However, PE-backed providers are less likely to be located in areas with more stringent labor-related skills requirements. Specifically, they operate in states with on average lower teacher educational requirements (i.e., not requiring at least a Child Development Associate credential) and higher child-to-teacher ratios. Given that labor is the most costly input for producing child care, locating in areas with less stringent labor requirements may reflect a choice to lower costs. Providers can hire less expensive teachers with lower levels of education and earn more revenue per teacher with higher ratios. Overall, PE providers are located in areas where the child care regulation index developed in [Norris et al. \(2025\)](#) is 0.04 to 0.07 standard deviations lower (i.e., less regulated) compared to other providers. They are also located in areas that lean slightly less toward the Democratic party, which is consistent with a desire to locate in states with less restrictive regulations. Overall, the average regulatory environments are consistent with PE-backed providers locating in areas where they have more market power due to reduced competition (i.e., less public pre-K), where they have a competitive advantage in complying with the regulations, and where they can have lower labor costs.

4.3 Firm Characteristics

We now turn to a comparison of the characteristics of PE- and non-PE-owned child care businesses using proprietary business registry data. Table 4 uses information from Data Axle for 2024 to compare firm characteristics at PE-backed providers to all non-PE-backed providers and to non-PE chains. PE providers tend to have been in business approximately the same amount of time as non-PE providers (17 years). However PE-backed providers have been in business longer on average than non-PE chains, which have been in business for an average of 11.5 years.¹⁸ More established firms may have stronger reputations and be more well-known in the community, reducing

¹⁸These tenure numbers are calculated as the current year minus the year the firm first appeared in the Data Axle data. In practice, this means that they are truncated at 27 years given that 1997 is the first available year in Data Axle’s database.

advertising costs and vacancy rates.

PE-backed providers also tend to be substantially larger than non-PE-backed providers, both in terms of the number of employees and the facility square footage.¹⁹ On average, PE facilities have 19 employees (compared to 12 employees among non-PE firms), and their average facility square footage is nearly double the size of non-PE firms. They are more similar in size to other child care chains, with slightly more employees (2.8) but smaller facilities. Given states' ratio requirements, the number of employees is closely tied to the number of children served. Larger providers may benefit from economies of scale, particularly in administration and advertising. Commensurate with their size, PE-backed providers also have significantly higher annual sales volume than non-PE entities, although this difference becomes smaller when restricting the comparison to chains only.²⁰

We also adjust the number of employees and annual sales for the provider's size, comparing the average number of employees per square foot of facility size and annual sales per employee. In many states, facility size is a proxy for the provider's licensed capacity, which is often based on the required number of square feet per child. Once adjusted, PE providers have fewer employees (per square foot) than both non-PE chains and all non-PE providers. These differences suggest that PE-backed providers may operate classrooms with more children per teacher, possibly near or at states' regulated levels for child-to-teacher ratios.²¹ Annual sales per employee is a suggestive measure of profitability since labor is usually a provider's most costly input. PE-backed providers earn about 15% more in sales per employee compared to non-PE-backed providers and 7% more compared to other chains. These findings provide suggestive evidence that PE-backed providers may be more profitable than other providers.

There is substantial heterogeneity in firm characteristics, and the means may be hiding this heterogeneity. Therefore, we provide kernel density plots of select firm characteristics in Figure 3. Subfigure (a) shows that (non-PE) non-chain providers tend to have particularly small staff sizes, clustering around 5 to 10 employees. Non-PE chains have a slightly later peak (but still less than 10) with a long tail. On the other hand, PE-backed providers peak around 15 to 20 employees and are much less likely than other types of providers to be very small. Figure 4 provides the empirical CDF, where we can see in subfigure (a) that at all points, both PE-backed providers and chains stochastically dominate non-chains in terms of the number of employees. In other words, for all values of the

¹⁹Data Axle reports square footage in buckets. We assign each firm the midpoint of their bucket for this calculation.

²⁰Employment and sales volume are both capped at the 99th percentile to reduce the influence of extreme outliers.

²¹While data exigencies in Data Axle prevent us from showing child-to-teacher ratios, we will present this information below using a different data source.

number of employees, non-chain providers have a smaller share of firms with more employees than the other two types of providers. PE-backed providers stochastically dominate other chains until about 30 employees, at which point the CDFs are similar.

Total sales volume in subfigure (b) of Figure 3 follows a similar pattern to the number of employees: non-chains have the lowest sales volumes, non-PE chains peak slightly later and have a long tail, and PE-backed providers peak much later. The CDFs in subfigure (b) of Figure 4 also show that both PE-backed providers and other chains stochastically dominate non-chains in terms of total sales volume. At every point, non-chains are more likely to have lower sales volumes than PE-backed providers and other chains. PE-backed providers stochastically dominate other chains until about \$700,000 in total annual sales volume, at which point their CDFs are similar.

Sales per employee, a proxy for profit, in subfigure (c) of Figure 3 shows few overall differences between PE-backed providers and other types of providers. However, one notable difference is that PE-backed providers are much less likely to have particularly low levels of sales per employee. The CDF in subfigure (c) of Figure 4 shows that PE firms stochastically dominate other firm types until approximately \$20,000 per employee in annual sales volume.

4.4 Comparison of Characteristics using OLS Regression

The prior analysis used t-tests to compare the characteristics of PE-backed and non-PE-backed providers. Table 5 examines these characteristics in a regression framework, testing the persistence of the association between each characteristic and the probability that a provider is PE-backed after holding the other characteristics fixed.²² Column (1) includes the firm characteristics and the state-level policy variables. We find that a 10% increase in the number of employees is associated with a 0.5 percentage point increase in the probability of being PE-owned.²³ A 10% increase in facility square footage is associated with a 0.2 percentage point increase in the probability of a provider being PE-owned. When restricting to chain providers in column (2), the number of employees becomes more predictive: a 10% increase in number of employees is associated with a 1.5 percentage point increase in the probability of PE ownership, although the dependent variable mean is much higher when restricting to chains, as

²²Note that these regressions are not directly comparable to the t-tests as the t-tests compare characteristics conditional on PE status, while the regressions compare the probability of PE ownership conditional on characteristics. We provide this analysis for the Data Axle Data only as the number of observations in the other data sources (presented later) provide insufficient support for such an analysis.

²³Note that the mean fraction of PE-owned providers is smaller than the mean employment-weighted fraction of providers since PE-backed providers tend to be much larger on average.

71% of chains in the data are PE-owned. The coefficients on facility square footage and years in business flip sign, so that among chains, facilities that are physically larger are less likely to be PE-owned, while those in operation longer are more likely to be PE-owned.

Columns (1) and (2) also include features of the state-level policy environment. Looking first at column (1), which compares to all non-PE providers, we find that states with a minimum required level of liability insurance is particularly salient: providers in these states are 1.7 percentage points more likely to be PE-owned. However, in other domains, PE businesses seem attracted to less stringent regulatory environments. For example, each additional infant a teacher can legally care for is associated with a 0.4 percentage point increase in the probability that a provider is PE-owned.²⁴ Many of these coefficients become quantitatively larger, or flip signs, when restricting to chain providers. For example, a one child increase in the number of infants a teacher can care for is associated with a 1.5 percentage point increase in the probability of being PE-owned. In addition, providers located in states that require lead teachers to have a CDA (at a minimum) are 5.2 percentage points less likely to be PE-owned. Together, these latter two results indicate that PE businesses are attracted to markets with less stringent labor-related regulations. Finally, we find that a 10 percentage point increase in the fraction of 4-year-olds in public pre-K programs—a potential competitor—is associated with a 1.2 percentage point decrease in the probability that a chain provider is backed by PE.

Column (3) of Table 5 adds the Census tract-level demographic characteristics. Generally speaking, the estimates confirm the findings from the t-test analysis that PE-owned providers are attracted to economically advantaged markets, with higher median rents, more highly educated adults, and smaller shares of single parents. Such patterns are consistent with the hypothesis that PE providers are particularly interested in markets with less price sensitive consumers, thereby allowing them to extract greater rents. Once controlling for all of these factors, the labor force participation rate of mothers with young children is not associated with the probability of a provider being PE-owned. In addition, in this model, population density is not correlated with PE status, suggesting that it was a proxy for other characteristics in the t-test analysis.²⁵

Finally, column (5) adds state fixed effects. This model therefore focuses on location decisions *within* states.

²⁴We chose to include only one child-to-staff ratio in the regression as ratios across age groups are highly correlated within state.

²⁵Note also that the coefficients on the policy variables often shift with the addition of demographic characteristics. Coefficients on requiring daily logs and child-to-staff ratios more than double. The coefficient on operating in a state that has minimum required liability insurance is also substantially larger.

These models necessarily exclude the state-level policy variables. Most relationships remain similar when conditioning on state fixed effects: larger providers (in terms of employees) are more likely to be owned by PE, as are providers located in higher rent, higher education, and fewer single parent markets. Conditional on state, a county being in the top quintile for market tightness (i.e., an area where demand is high relative to supply) is associated with a 1.3 percentage point increase in the probability of a provider being PE-backed. Though this relationship is no longer statistically significant when restricting to chain providers, the point estimate suggests a 5.5 percentage point increase in the probability that a provider is PE-backed. These findings suggest that within a state, PE-backed providers are more likely to be located in counties with relatively few competitors, potentially allowing them to extract more rents from parents seeking care.

4.5 Additional Firm Characteristics

For additional provider characteristics, we first turn to the results of the three-state provider survey in Table 6. This survey has the advantage of providing a rich set of characteristics but is limited by representing a relatively small sample of providers.²⁶ Due to the smaller sample, in column (4), we report p-values from a Wilcoxon rank-sum test alongside a standard t-test of the difference in mean characteristics across PE and non-PE businesses. The rank-sum test p-value gives the probability that the PE and non-PE provider characteristics are from the same distribution.²⁷ All differences in means are regression-adjusted to remove differences across states.²⁸ We begin with a discussion of some operational and programmatic features—including staff and child turnover—followed by some key measures of demand.

PE-backed providers are open for 2.5 more hours per week on average and 0.8 more weeks per year, perhaps reflecting PE’s interest in targeting dual-career, higher-income families who require more intensive child care. One revenue-raising strategy used by PE firms during takeovers is increasing fees. We find that while PE providers are no more likely to charge an application fee, when they do, it tends to be substantially higher than at non-PE providers.

We next consider teacher hiring practices. First, the share of teachers who are employed full-time is higher at

²⁶The smaller sample size only allows for a comparison between PE and all non-PE providers and is not sufficient to also compare to non-PE chains.

²⁷The Wilcoxon rank-sum test is appropriate in this context because small sample sizes generally lack the statistical power that motivate the use of parametric alternatives like the t-test. Because the Wilcoxon rank-sum test is a non-parametric method that evaluates rank orders rather than raw values, it remains statistically robust without assuming an underlying normal distribution.

²⁸Specifically, the table reports β from the regression $Y_{is} = \alpha + \beta PE_i + \gamma_s + \epsilon_{is}$, where γ_s are state fixed effects.

PE-backed firms. This difference does not seem to be due to differences in the schedules of enrolled children, given that the share of children enrolled full-time is similar. Holding the number of teachers fixed, having more full-time teachers may be beneficial for children, who will experience more stable care throughout the day. However, a higher share of full-time teachers could also reflect the hiring of fewer floaters, who can step into classrooms as needed and provide stable substitutes for teacher absences. We also find that teacher turnover is more prevalent at PE providers, with an annual turnover rate of 42% compared to 32% at non-PE providers. Although this difference is not statistically significant when using a t-test, the rank-sum p-value of 0.003 suggests that the turnover rates of the two providers are not drawn from the same distribution. In other words, the turnover rate for PE-backed providers tends to be in the upper end of the distribution more often than would be expected by chance. This result is important for two reasons. First, higher turnover might be indicative of poorer working conditions, either due to pecuniary or non-pecuniary amenities. Second, it is important in light of the need for young children to form stable bonds with caregivers, as some recent work shows that turnover among preschool teachers is detrimental to child outcomes (Markowitz, 2019).

Turning to the child enrollment variables, we similarly find that child turnover is higher at PE-backed providers: over the course of three months, the child turnover rate was 20% at PE providers, compared to 14% at non-PE providers, and this difference is statistically significant under the rank-sum test. Increased classmate turnover may increase instability in the care environment as classes adjust to children leaving and new children arriving.²⁹ In addition, higher-than-average leaving rates may indicate parental dissatisfaction with the center. Turning to enrollment, both PE and non-PE providers are equally likely to have turned away families in the past year, with about two-thirds of providers responding that they have done so. However, the estimated wait time for enrollment tends to be meaningfully lower at PE-backed providers. Such providers estimate that they will have an open slot for an infant in about three months, on average, while other providers give an estimate of nearly six months. These differences are highly statistically significant under both the t-test and rank-sum p-value. Similar wait time differences are reported for toddlers slots. Together, the turnover and waitlist results suggest that at current prices, the demand for PE child care services (relative to capacity) may be lower than for non-PE services.

We now turn to Table 7, which presents outcomes from the licensing data, thereby providing additional insight

²⁹In fact, research in elementary grades suggests negative effects of new students on the performance of existing students (Whitesell et al., 2016).

into PE provider characteristics. This table provides comparisons between PE and all non-PE providers and between PE and other chain providers. All differences in means are regression-adjusted to remove differences across states.³⁰ Recall that the licensing data come from three states (Georgia, Ohio, and Pennsylvania), and they provide a rich set of information on prices, QRIS participation, and child-to-teacher ratios.

In general, as with the outcomes explored in other data sets, PE-backed providers tend to look quite different from non-PE-backed providers, but these differences narrow and sometimes change direction when constraining the comparison to other chains. The first row of Table 7 shows that licensed capacity at PE providers is nearly 60% larger than at non-PE providers, consistent with the finding from Data Axle that PE providers have larger facilities (Table 4). However, they tend to have somewhat lower capacity than other chains, which is also consistent with the Data Axle results showing lower square footage of PE providers compared to other chains. Nearly all PE-backed providers serve infants, compared to only 79% of all non-PE facilities. However, other chains are just as likely to accept infants as PE providers. Serving infants may help PE providers attract higher income dual-working parents who require infant care when returning to work.

Similarly for prices, Table 7 shows that PE-backed providers charge higher prices when compared to the broad group of non-PE providers, both overall and across all age groups. However, these price differences are *reversed* when compared to other chains. And although PE providers charge higher registration fees than non-PE providers, their registration fees are lower relative to other chains. However, the data suggest that PE-backed providers are more likely to receive the full sticker price from parents. They are about four percentage points less likely to accept child care subsidies compared to all providers. This difference widens slightly when comparing to other chains. Child care subsidy reimbursement rates are below private pay rates for many providers, and accepting subsidies can add significant administrative burden, making them potentially less attractive to PE businesses. Furthermore, only 3% of PE providers offer scholarships or sliding scale fees compared to 22% of all providers, a difference of 19 percentage points. The difference narrows to seven percentage points when compared to other chains but remains statistically significant at the 5% level. Thus, although PE sticker prices are lower than those at other chain providers, families are less likely to be able to access financial assistance.

The remaining outcomes in Table 7 shed light on provider quality. All three state licensing databases provide

³⁰Specifically, the differences in means columns report β from the regression $Y_{is} = \alpha + \beta PE_i + \gamma_s + \epsilon_{is}$, where γ_s are state fixed effects.

information on ratings from their respective Quality Rating and Improvement System (QRIS). Although participation in the system is not mandatory in Georgia or Ohio (it is in Pennsylvania), providers who receive child care subsidies must participate. The likelihood of participating in QRIS is about the same across PE, all non-PE, and non-PE chains. However, we uncover evidence that PE providers are more likely to receive the highest quality rating in their respective state. Conditional on having a QRIS rating, 37% of PE-backed providers have the highest QRIS rating, which is nine and five percentage points higher than all non-PE providers and other chains, respectively. We also find that PE-backed providers are equally likely to have the lowest QRIS rating when compared to other providers.

The licensing data in Georgia contain information on observed child-to-teacher ratios, an important indicator of structural quality.³¹ We compare ratios in classrooms split by age and aggregate to the center level.³² Overall, PE-backed providers tend to have more children per teacher than non-PE providers, driven by more children per teacher in the two-, three-, and four-year-old age groups. These differences largely disappear, however, when restricting the comparison to other chain providers. Overall, these findings suggest that PE-backed providers may be of slightly lower quality on this dimension compared to all other providers but of similar quality relative to other chains.

Finally, Table 8 provides an analysis of an additional measure of quality (or at least a signal of quality): NAEYC accreditation. PE-backed providers are much more likely to be accredited by the NAEYC than other providers. Nearly 26% of PE child care facilities are accredited by the NAEYC, compared to 18% among non-PE chains and 5% among non-chains. Given the multi-dimensional nature of NAEYC's accreditation process, such differences likely reflect real differences in quality, but it could also be the case that PE businesses have access to financial resources and administrative capabilities that make the accreditation process feasible in the first place. It should also be noted that PE's accreditation rate is driven by KinderCare. Indeed, over half of all KinderCare facilities (51%) have attained the NAEYC accreditation. Once these providers are removed, the remaining PE-backed providers are accredited at similar or lower rates than their non-PE chain counterparts.

³¹Structural quality captures measurable inputs, while process quality captures service quality directly (i.e., interactions between caregivers and children).

³²Classrooms often include children from more than one age bin (i.e., both 1-year-olds and 2-year-olds). Classrooms were categorized into one-year age bins based on the age group to which at least 50% of the children observed in the classroom belong. If no one age group has at least 50% of the children, that classroom is dropped from the classroom-level analysis but is included in the center-level analysis. Classrooms with school age children are dropped for both analyses.

5 Conclusion

This paper provides the first comprehensive, longitudinal analysis of PE’s presence in the U.S. child care industry. Focusing on the center-based sector, we analyze the level and trend in the share of PE-backed child care facilities, the characteristics of those facilities, and the characteristics of local communities that attract PE. We find that while PE ownership increased dramatically throughout the late-1990’s and 2000’s, that growth slowed around 2010, and as of 2024 about 10% of center-based workers were employed at a PE-owned facility. In addition, PE-owned providers are larger and earn higher revenues than non-PE providers, they have experienced more growth in recent years, and some evidence suggests they are less expensive than other chains. While PE- and non-PE-owned chains have similar child-to-teacher ratios, PE businesses are more likely to obtain various quality accreditations. Finally, our results suggest that PE-owned businesses are more likely to locate in economically advantaged and capacity-constrained communities, as well as in states with more lenient labor-related regulations, including higher child-to-staff ratios and fewer requirements on teacher education.

One of the key concerns regarding PE’s expansion into the child care industry is the potential tension between short-term profit maximization and the provision of high-quality services (Appelbaum and Batt, 2020; Appelbaum et al., 2023; Haspel, 2023). Because the child care market is characterized by severe information asymmetries in which parents cannot perfectly observe daily classroom dynamics or even structural quality, providers face a strong incentive to invest in observable proxies of quality while minimizing more costly, unobservable inputs. Our results are largely consistent with this dynamic. On the one hand, PE-backed centers are significantly more likely to acquire formal quality accreditations, which operate as market signals to potential consumers. These quality signals are particularly salient for higher-educated and higher-income parents, whose care decisions are more likely to respond to changes in quality (Bodéré, 2026). Thus, these visible indicators of quality are particularly important in the markets in which PE firms tend to be situated. On the other hand, we find that PE providers operate with fewer employees per square foot and sort into regulatory environments that permit lower staff qualifications and larger child-to-teacher ratios. Together, these patterns suggest that PE firms might engage in a form of regulatory arbitrage, leveraging economies of scale and minimizing expensive labor inputs, while simultaneously relying on formal accreditations to signal quality and capture demand.

A second concern with PE’s growth in the child care market is that PE-backed providers may increase prices,

making child care less affordable for parents. Our results suggest that while PE-backed providers are located in areas that can sustain higher prices, sticker prices are in fact similar to those of other chains. PE-owned child care is highly concentrated geographically—most PE-owned facilities operate in a small number of markets—and those markets tend to be capacity-constrained and economically advantaged, with higher commercial rents, fewer single parents, and higher-education families. By locating in markets with tighter supply, PE-backed providers likely operate in communities where waitlists are more prevalent, outside options are limited, and consumers may be more price-inelastic. As a result, PE firms may be able to exercise market power. In addition, this spatial sorting is consistent with cream-skimming, wherein providers target high-willingness-to-pay households while leveraging local excess demand to extract greater rents than would be possible in a well-supplied market. Our findings that PE-owned businesses are able to charge higher prices overall while being less likely to accept subsidized families and provide needs-based discounts seem consistent with these dynamics. We emphasize, however, that PE providers charge similar (or even lower) prices as compared to other non-PE chains, suggesting that higher prices may be attributable to organizational type rather than PE ownership *per se*.

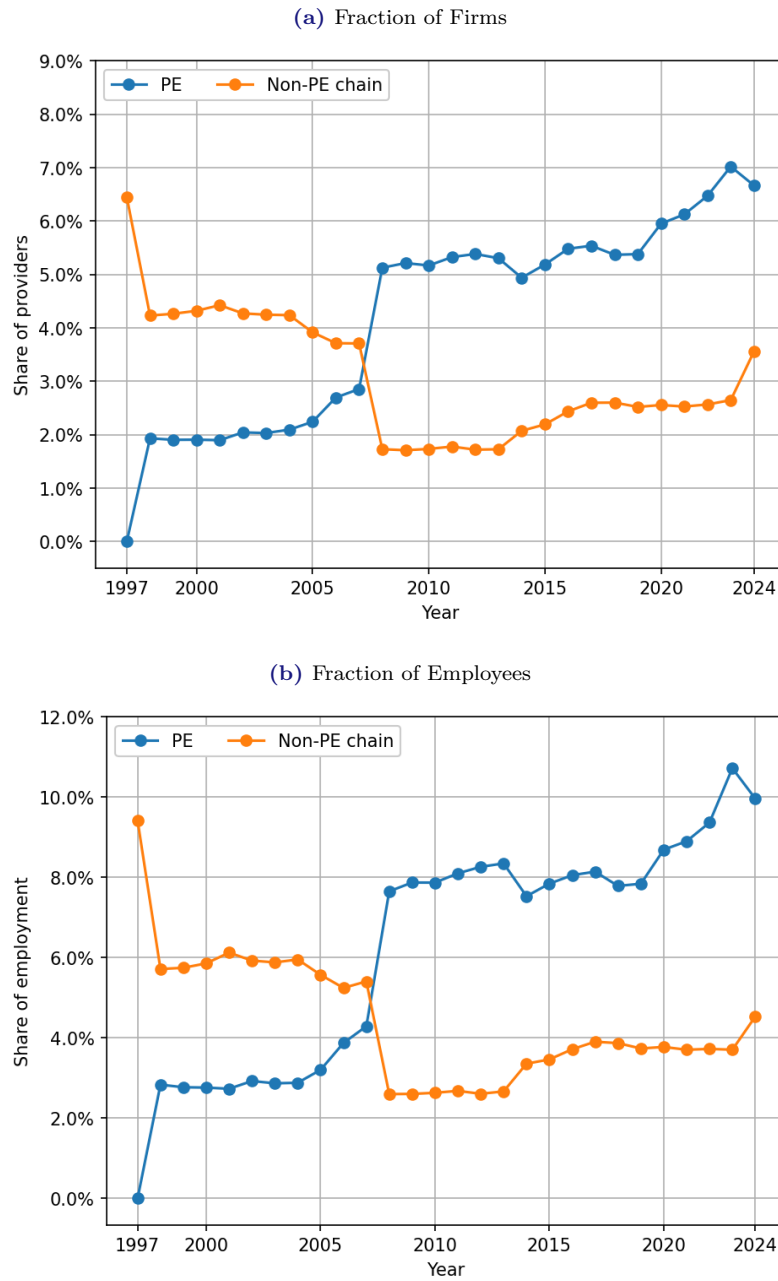
In addition to enhancing pricing power, targeting capacity-constrained markets is aligned with the operational model of PE generally. As noted above, PE-owned child care facilities are larger than their non-PE counterparts. Operating large-scale centers in urban areas likely entails substantial fixed costs, including higher commercial rents and utilities. To achieve profitability and fully exploit economies of scale, these facilities require rapid enrollment and sustained, high-capacity utilization. By systematically locating in markets with a deficit of child care slots, PE firms may be able to achieve full-capacity enrollment without incurring steep customer acquisition costs or engaging in price competition to draw families away from other providers. Overall, our results suggest that the PE business model in the child care sector relies heavily on strategic geographic positioning, identifying markets where unmet demand mitigates the risks of high fixed costs while sustaining high prices relative to independent providers.

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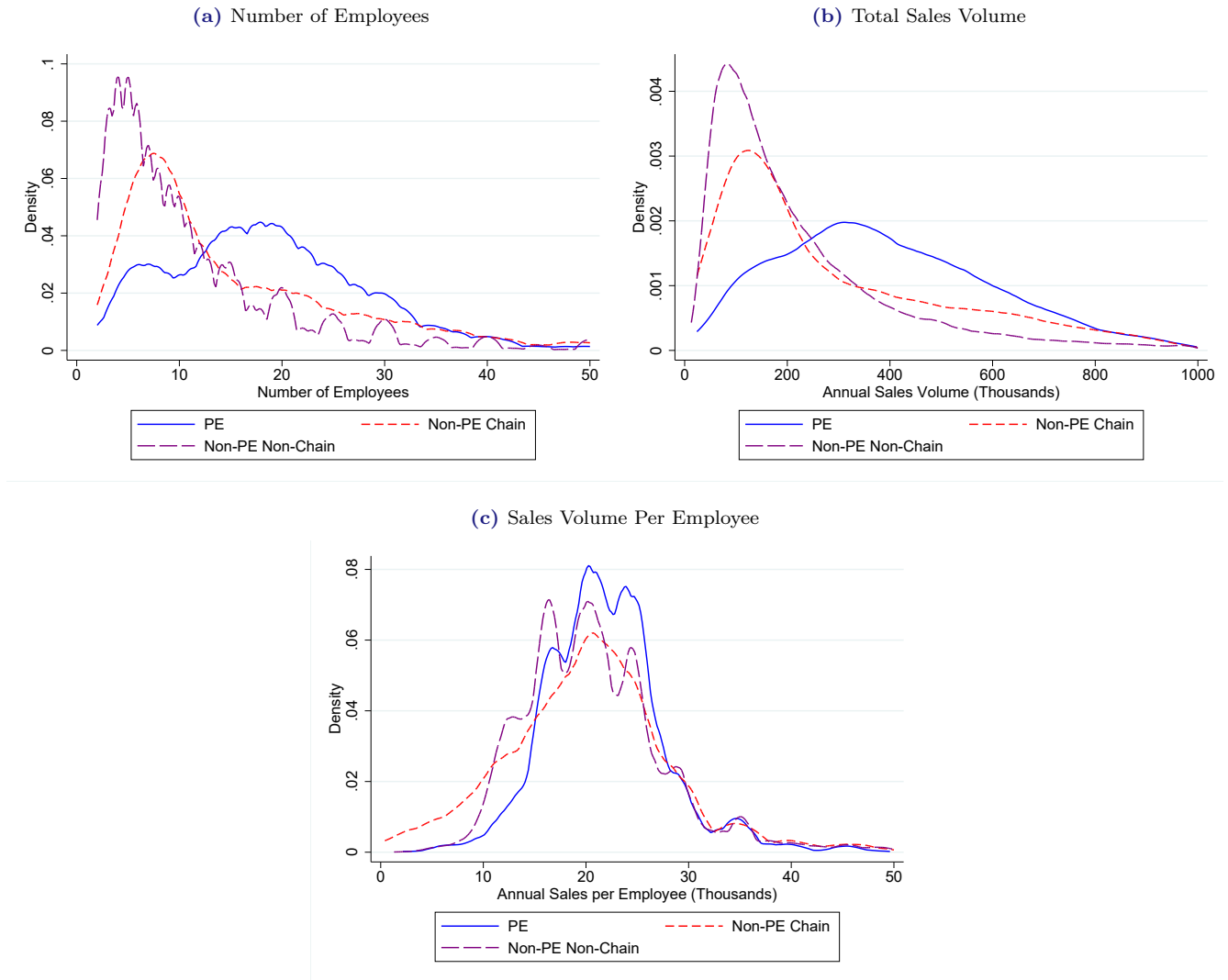
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Figure 1: National Share of PE-Owned Child Care Businesses, 1997-2024

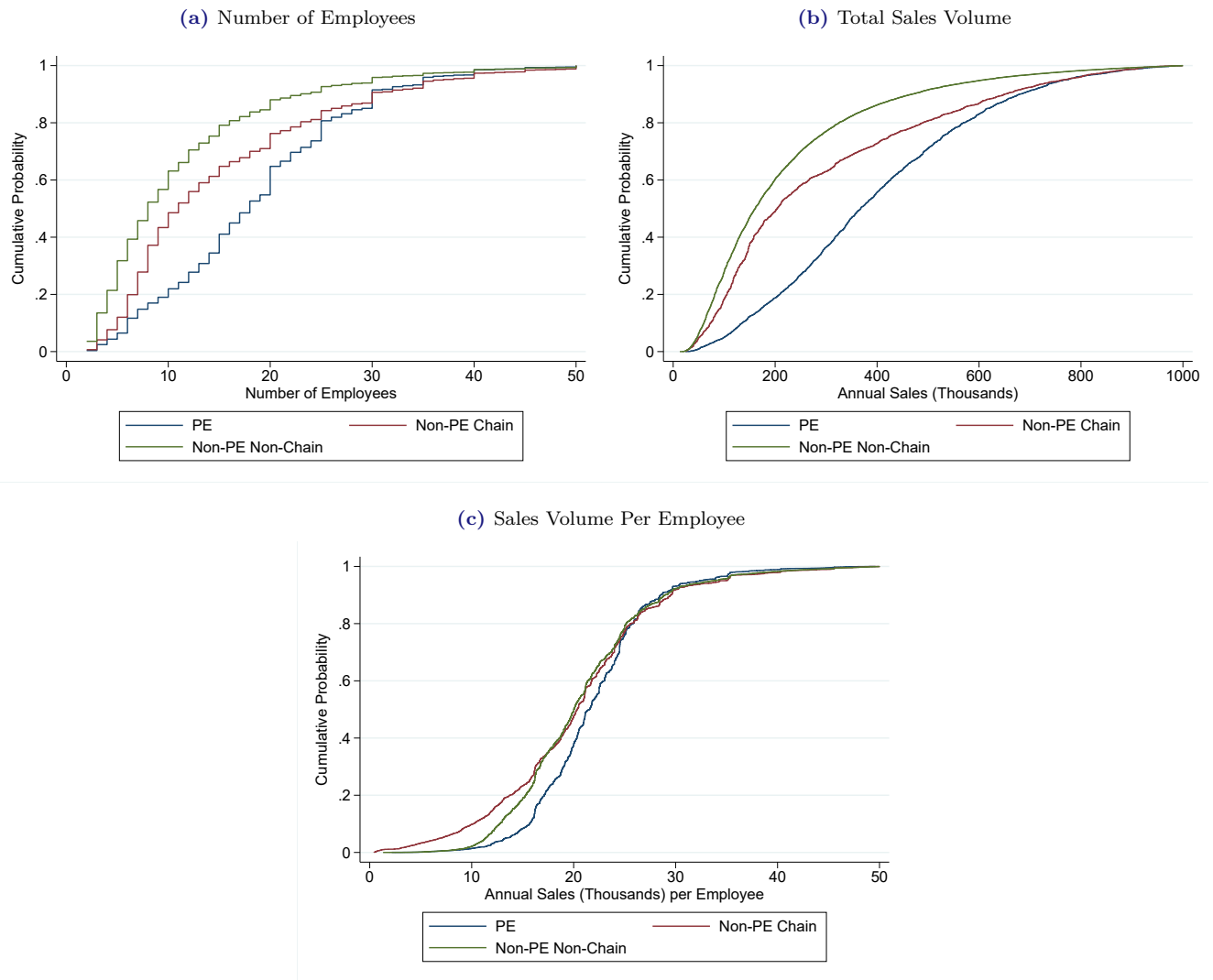
Source.—Data Axle (1997-2024) and PitchBook

Notes.—These figures present, respectively, the national share of child care businesses that are PE-owned and the share of child care workers employed at PE-owned businesses. Firms are included if their primary NAICS industry is listed as “Child Day Care Services” or “Preschool and Kindergarten, Academic” in at least one year. The data span the years 1997 to 2024.

Figure 3: Density of Firm Characteristics (PDF)

Source.—Data Axle (2024) and PitchBook

Notes.—Figures provide kernel density plots of the distribution of each characteristic across providers in Data Axle. Providers are separated into three mutually exclusive groups: PE, non-PE chain, and non-PE non-chain.

Figure 4: Density of Firm Characteristics (CDF)

Source.—Data Axle (2022-2024) and PitchBook

Notes.—Figures provide empirical CDFs of the distribution of each characteristic across providers in Data Axle. Providers are separated into three mutually exclusive groups: PE, non-PE chain, and non-PE non-chain.

Table 1: Dates of Major PE Entries and Exits in the Child Care Industry

	Total	Name (No. Locations)	Name (No. Locations)
Panel A: PE Entries			
1998	1,303	KinderCare (1,303)	—
2002	125	Goddard Systems (125)	—
2005	190	Spring Education Group (190)	—
2006	331	Child Development Schools (185)	Primrose Schools (146)
2007	55	Cadence Education (55)	—
2008	1,696	Learning Care Group (1,322)	Bright Horizons (374)
2014	87	The Learning Experience (87)	—
2019	42	Busy Bees North America (35)	—
2021	47	Lightbridge Academy (47)	—
Panel B: PE Exits			
2013	458	Bright Horizons (458)	—
2016	74	Brightside Academy (74)	—
2023	32	Endeavor Schools (32)	—

Source.—Data Axle (1997-2024) and PitchBook

Notes.—This table shows the number of providers each PE-backed firm had at the time it entered PE ownership or exited PE ownership; it does not count later acquisitions. For readability the table reports only the larger transactions. The remaining PE entries in our data, with the number of providers held at entry in parentheses, are: Brightside Academy in 2001 (19), Rainbow Early Education in 2010 (14), NY Kids Club in 2015 (8), Endeavor Schools (33), Big Blue Marble Academy (16) and O2B Kids (6) in 2018, Small Miracles (8) in 2019, Northstar Preschools (10) and Little Newtons (1) in 2021, The Nest Schools in 2022 (1), and Magical Beginnings (6) and Tierra Encantada (2) in 2024. Panel B lists all observed PE exits. Learning Care Group includes 11 separate brands, including Apple Tree, Children's Courtyard, Child Time, La Petite Academy, and Tutor Time. Child Development Schools includes three separate brands: Childcare Network, Sunrise Preschools, and My Small Wonders. Spring Education Group includes Chesterbrook Academy, Carrington Academy, Camelback Desert School, Enchanted Care Learning Center, Ready Set Grow, among other brands.

Table 2: New PE Acquisitions for Select Years

	1998	2000	2002	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022	2024
KinderCare	1,303	39	102	58	97	494	89	297	70	64	195	146	104	30
Brightside Academy	—	—	13	4	5	11	3	11	3	1	—	—	—	—
Goddard Systems	—	—	125	26	30	59	25	15	23	20	19	44	41	7
Spring Education	—	—	—	—	24	17	8	7	19	13	10	12	8	3
Primrose Schools	—	—	—	—	146	11	9	40	15	5	21	115	49	13
Child Development Schools	—	—	—	—	185	22	8	15	50	28	25	4	6	8
Cadence Education	—	—	—	—	—	6	9	23	1	—	20	39	65	1
Bright Horizons	—	—	—	—	—	374	47	63	—	—	—	—	—	—
Learning Care Group	—	—	—	—	—	1,322	35	88	55	34	26	17	46	17
The Learning Experience	—	—	—	—	—	—	—	—	87	27	6	151	36	61
Busy Bees North America	—	—	—	—	—	—	—	—	—	—	—	11	3	29
Lightbridge Academy	—	—	—	—	—	—	—	—	—	—	—	—	22	—

Source.—Data Axle (1997-2024) and PitchBook

Notes.—This table shows the number of new acquisitions by PE-owned child care businesses for select (even-numbered) years. A bolded number corresponds to the first year in which a PE firm owned a business. The table reports the larger PE-owned firms. Not shown are Rainbow Early Education, NY Kids Club, Endeavor Schools, Big Blue Marble Academy, O2B Kids, Small Miracles, Northstar Preschools, Little Newtons, The Nest Schools, Magical Beginnings and Tierra Encantada, which together account for 82 providers in 2024. Learning Care Group includes 11 separate brands, including Apple Tree, Child Time, La Petite Academy, and Tutor Time. Child Development Schools includes three separate brands: Childcare Network, Sunrise Preschools, and My Small Wonders. Spring Education Group includes Chesterbrook Academy, Carrington Academy, Camelback Desert School, Enchanted Care Learning Center, Ready Set Grow, among other brands.

Table 3: Community and Regulatory Characteristics Surrounding PE and Non-PE Child Care Businesses

	PE	Non-PE		Non-PE Chains	
	(1) Mean	(2) Mean	(3) Difference	(4) Mean	(5) Difference
Median Rent	1,841	1,504	338*** (10)	1,862	-21 (14)
Fraction with a Bachelor's Degree	0.482	0.360	0.122*** (0.003)	0.471	0.011*** (0.004)
Fraction with a Graduate Degree	0.197	0.145	0.052*** (0.002)	0.198	-0.001 (0.003)
LFP of Mothers with Young Children	0.753	0.744	0.009** (0.004)	0.753	0.000 (0.006)
Percent Change in Working Mother Population (2021-2024)	0.312	0.314	-0.002 (0.031)	0.225	0.088** (0.043)
Percent Change in Under 5 Population (2021-2024)	0.119	0.117	0.002 (0.023)	0.147	-0.028 (0.052)
Fraction of Single Parents	0.249	0.338	-0.089*** (0.003)	0.260	-0.011** (0.004)
Fraction White	0.622	0.586	0.036*** (0.004)	0.597	0.025*** (0.005)
Fraction Black	0.114	0.154	-0.040*** (0.003)	0.116	-0.003 (0.003)
Fraction Hispanic	0.144	0.179	-0.035*** (0.003)	0.166	-0.022*** (0.004)
Population Density	4,052	5,565	-1,513*** (175)	5,229	-1,177*** (191)
Top Quintile of Market Tightness	0.029	0.049	-0.019*** (0.003)	0.033	-0.003 (0.004)
Fraction of 4-year-olds in Public Pre-K	0.358	0.374	-0.016*** (0.003)	0.391	-0.033*** (0.004)
Required to Keep Log of Child's Day	0.547	0.469	0.079*** (0.007)	0.487	0.061*** (0.011)
Minimum Liability Insurance Required	0.308	0.238	0.070*** (0.006)	0.229	0.079*** (0.010)
Lead Teacher Education at least CDA	0.465	0.489	-0.024*** (0.007)	0.554	-0.089*** (0.011)
Max. Infants per Teacher	4.20	4.12	0.08*** (0.01)	4.08	0.13*** (0.02)
Max. 2-year-olds per Teacher	7.53	7.23	0.29*** (0.04)	7.15	0.37*** (0.05)
Max. 4-year-olds per Teacher	13.37	12.91	0.46*** (0.06)	12.87	0.50*** (0.09)
Regulation Index (Std. Dev.)	-0.16	-0.11	-0.04*** (0.02)	-0.08	-0.07*** (0.02)
Democratic Vote Share, 2004 Presidential Election	0.476	0.479	-0.003*** (0.001)	0.490	-0.015*** (0.002)
N	4,843	91,536		3,501	

Source.—Data Axle (2024), PitchBook, American Community Survey (ACS), NIEER Preschool Yearbooks, Archbridge Institute Regulations Database

Notes.—This tables provides descriptive statistics comparing child care providers who are currently PE-backed to those who are not. PE status information comes from PitchBook, area demographic characteristics come from the ACS 5-year county level estimates, the NIEER Preschool Yearbook 2024 (Friedman-Krauss et al., 2025), and the Archbridge Institute (Norris et al., 2025). Community characteristics are at the tract level, while regulatory characteristics and the fraction of 4-year-olds in public pre-K are measured at the state level. Population density is measured as average number of residents per square mile. The regulation index is a standardization of the regulation index in Norris et al. (2025), where it is standardized by the mean and standard deviation across states. “Top Quintile of Market Tightness” equals one if the county is in the top 20% of counties in terms of the county-level number of children under 6 with all parents in the labor force per licensed child care slot and equals zero otherwise. Column (1) provides the mean of each variable conditional on a provider being PE-backed. Column (2) provides the mean for providers who are not currently backed by PE (as of the 2024 data), and column (3) shows the difference in means between PE- and non-PE-backed providers. Column (4) provides the mean for providers who are not currently backed by PE but are part of a chain, while column (5) shows the difference between this group and PE-backed providers. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 4: Characteristics of PE and Non-PE Child Care Businesses in Data Axle

	PE	Non-PE		Non-PE Chains	
	(1) Mean	(2) Mean	(3) Difference	(4) Mean	(5) Difference
Years in Business	17.1	17.6	-0.5*** (0.2)	11.5	5.6*** (0.3)
Number of Employees	19.0	12.3	6.7*** (0.2)	16.2	2.8*** (0.3)
Facility Square Feet	22,625	12,888	9,737*** (326)	27,879	-5,254*** (657)
Annual Sales (Thousands)	432	262	170*** (4)	342	90*** (7)
Change in Num. Employees 2021-2024	0.451	-0.232	0.684*** (0.061)	-1.419	1.870*** (0.152)
Employees per Square Foot	0.0021	0.0046	-0.0025*** (0.0001)	0.0026	-0.0005*** (0.0001)
Annual Sales (Thousands) per Employee	69.03	59.92	9.12*** (0.33)	64.43	4.61*** (0.37)
N	5,431	75,322		2,893	

Source.—Data Axle (2021-2024) and PitchBook

Notes.—This tables provides descriptive statistics comparing child care providers who are currently PE-backed to those who are not. PE status information comes from PitchBook, and firm characteristics come from Data Axle. Column (1) provides the mean of each variable conditional on the provider being PE-backed. Column (2) provides the mean for providers who are not currently backed by PE (as of the 2024 data), and column (3) shows the difference in means between PE- and non-PE-backed providers. Column (4) provides the mean for providers who are not currently backed by PE but are part of a chain, while column (5) shows the difference between this group and PE-backed providers. For the means of annual sales and sales per employee, we excluded firms with zero reported sales. There are 4,384 PE-backed firms in this restricted sample along with 85,052 non-PE firms, including 2,300 non-PE chains. Number of employees, annual sales, and annual sales per employee were all capped at the 99th percentile. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 5: Relationship between Firm and Area Characteristics and the Probability of PE Ownership

	(1)	(2)	(3)	(4)	(5)	(6)
Log(Number of Employees)	0.0490*** (0.0013)	0.1508*** (0.0120)	0.0436*** (0.0013)	0.1462*** (0.0126)	0.0415*** (0.0015)	0.1373*** (0.0112)
Log(Facility Square Feet)	0.0172*** (0.0006)	-0.0402*** (0.0065)	0.0161*** (0.0006)	-0.0398*** (0.0068)	0.0168*** (0.0008)	-0.0336*** (0.0060)
Years in Business	-0.0006*** (0.0001)	0.0049*** (0.0005)	-0.0004*** (0.0001)	0.0053*** (0.0005)	-0.0003*** (0.0001)	0.0053*** (0.0006)
Required to Keep Log of Child's Day	0.0025 (0.0020)	0.0055 (0.0144)	0.0155*** (0.0021)	0.0097 (0.0156)		
Minimum Liability Insurance Required	0.0171*** (0.0027)	0.0362** (0.0159)	0.0112*** (0.0028)	0.0316* (0.0171)		
Lead Teacher Education at least CDA	0.0053** (0.0024)	-0.0522*** (0.0147)	-0.0054** (0.0025)	-0.0550*** (0.0157)		
Max. Infants per Teacher	0.0042*** (0.0014)	0.0150* (0.0085)	0.0185*** (0.0016)	0.0250*** (0.0094)		
Fraction of 4-year-olds in Public Pre-K	-0.0373*** (0.0052)	-0.1194*** (0.0342)	-0.0323*** (0.0055)	-0.0986*** (0.0362)		
Democratic Vote Share, 2004 Presidential Election	0.0397*** (0.0144)	0.2485** (0.1120)	-0.0335** (0.0155)	0.2292* (0.1197)		
Fraction with a Bachelor's Degree			0.0345*** (0.0069)	-0.1231*** (0.0449)	0.0276*** (0.0070)	-0.0898** (0.0453)
Log(Median Rent)			0.0725*** (0.0034)	0.0627*** (0.0218)	0.0728*** (0.0036)	0.0489** (0.0234)
LFP of Mothers with Young Children			-0.0044 (0.0031)	0.0110 (0.0228)	-0.0034 (0.0033)	0.0161 (0.0221)
Fraction of Single Parents			-0.0238*** (0.0048)	-0.0502 (0.0380)	-0.0226*** (0.0053)	-0.0737** (0.0369)
Log(Population Density)			-0.0008 (0.0005)	0.0027 (0.0067)	-0.0006 (0.0007)	0.0016 (0.0064)
Fraction White			-0.0389*** (0.0079)	0.1255** (0.0518)	-0.0582*** (0.0087)	0.1984*** (0.0535)
Fraction Black			-0.0390*** (0.0081)	-0.0165 (0.0682)	-0.0626*** (0.0101)	0.1384* (0.0723)
Fraction Hispanic			-0.0407*** (0.0070)	0.0347 (0.0620)	-0.0689*** (0.0087)	0.0600 (0.0633)
Top Quintile of Market Tightness			0.0071* (0.0038)	0.0507 (0.0348)	0.0131*** (0.0048)	0.0550 (0.0429)
Dep. Var. Mean	0.0628	0.7080	0.0631	0.7098	0.0631	0.7099
Chains Only		X		X		X
State Fixed Effects					X	X
R-squared	0.055	0.055	0.076	0.061	0.084	0.094
N	75,658	6,716	69,395	6,169	69,395	6,167

Source.—Data Axle (2024) and PitchBook

Notes.—This table provides OLS regressions of firm, county, and state characteristics on an indicator for whether a child care provider is PE-backed. PE status information comes from PitchBook, county characteristics come from the American Community Survey 5-year estimates, state-level regulations come from Archbridge Institute's database, and state-level pre-K enrollment comes from the NIEER State of Preschool Yearbooks. "Top Quintile of Market Tightness" equals one if the county is in the top 20% of counties in terms of the county-level number of children under 6 with all parents in the labor force per licensed child care slot and equals zero otherwise. The number of licensed slots per county was scraped from the Center for American Progress's 2018 child care desert map (Center for American Progress, 2018). * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 6: Characteristics of PE and Non-PE Child Care Businesses in the Three-State Provider Survey

	(1) PE Mean	(2) Non-PE Mean (Adj.)	(3) Difference	(4) Rank-Sum p-value	(5) N
Weekly Hours Open	56.76	54.26	2.50** (1.16)	0.001	1,318 [71]
Weeks Closed Annually	2.35	3.14	-0.79 (0.72)	0.004	1,317 [71]
Charge Application Fee	0.53	0.56	-0.04 (0.07)	0.624	999 [51]
Application Fee (\$)	80.00	54.00	26.00* (14.09)	0.029	993 [51]
Share of FT Teachers	0.85	0.75	0.10*** (0.03)	0.009	1,161 [64]
Teacher Turnover Rate (Annual)	0.42	0.32	0.10 (0.06)	0.003	1,139 [61]
Share of Teachers Left (Annual)	0.40	0.30	0.10 (0.08)	0.010	1,139 [61]
Share of New Teachers (Annual)	0.43	0.33	0.10* (0.06)	0.011	1,143 [62]
FT Child Turnover (Quarterly)	0.20	0.14	0.06 (0.04)	0.012	807 [36]
Share of FT Children Left (Quarterly)	0.18	0.11	0.07 (0.06)	0.054	811 [36]
Share of New FT Children Enrolled (Quarterly)	0.22	0.16	0.05 (0.04)	0.003	807 [36]
Share of Children Enrolled FT	0.89	0.86	0.02 (0.03)	0.404	908 [45]
Turned Away Families Within Last Year	0.61	0.64	-0.03 (0.06)	0.558	1,278 [69]
Wait Time, 3 month old (Months)	3.14	5.86	-2.72*** (0.69)	0.015	1,000 [64]
Wait Time, 2.5 year old (Months)	3.14	5.44	-2.30*** (0.77)	0.028	1,157 [66]

Source.—PitchBook and Three-State Provider Survey

Notes.—This table provides descriptive statistics comparing child care providers who are currently PE-backed to those who are not. PE status information comes from PitchBook, and firm characteristics come from an original survey of providers in three states. Column (1) provides the mean of each variable conditional on the provider being PE-backed (as of the 2024 data). Column (2) provides the regression-adjusted mean of each variable for non-PE backed providers. Specifically, column (2) is the difference between columns (1) and (3), where column (1) is the mean for providers who are backed by PE and column (3) reports the coefficient on PE from a regression of the characteristic on an indicator for whether the provider is PE-backed, controlling for state fixed effects. Thus, column (3) reports the average difference in the characteristic between PE- and non-PE-backed providers, differencing out the state of operation. Column (4) provides the p-value from a Wilcoxon rank-sum test, testing whether PE-backed and non-PE-backed providers have the same distributions. Column (5) provides the total number of observations in each comparison with the number of PE-backed providers in brackets. Number of responses differ due to survey attrition and non-response. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 7: Characteristics of PE and Non-PE Child Care Businesses from Licensing Data

	PE	Non-PE		Non-PE Chains				
	(1) Mean	(2) Mean (Adj.)	(3) Difference	(4) N	(5) Mean (Adj.)	(6) Difference	(7) N	(8) States
Licensed Capacity	161.09	101.38	59.71*** (2.24)	6,928 [529]	176.62	-15.53*** (4.91)	756 [529]	GA, PA
Serve Infants	0.98	0.79	0.19*** (0.01)	6,997 [516]	0.97	0.01 (0.01)	736 [516]	GA, PA
Participate in Child and Adult Care Food Program	0.36	0.51	-0.14*** (0.03)	2,918 [286]	0.38	-0.01 (0.05)	434 [286]	GA
Infant Price	186.22	142.17	44.05*** (4.46)	5,288 [474]	197.38	-11.16* (6.60)	669 [474]	GA, PA
1yo Price	178.55	135.76	42.78*** (3.58)	5,660 [478]	193.66	-15.12** (6.44)	676 [478]	GA, PA
2yo Price	171.97	131.53	40.44*** (3.45)	5,827 [479]	185.35	-13.38** (6.03)	676 [479]	GA, PA
3yo Price	161.88	124.32	37.56*** (3.32)	6,443 [484]	174.92	-13.04** (5.67)	684 [484]	GA, PA
4yo Price	239.97	185.04	54.93*** (6.28)	2,325 [249]	261.62	-21.65** (9.22)	373 [249]	GA
Registration Fee	114.98	101.21	13.77*** (3.58)	2,378 [252]	132.90	-17.92*** (6.83)	378 [252]	GA
Accept Child Care Subsidies	0.72	0.77	-0.04*** (0.02)	11,141 [798]	0.77	-0.05* (0.03)	1,124 [798]	GA, OH, PA
Provide Financial Aid	0.03	0.22	-0.19*** (0.01)	2,408 [254]	0.09	-0.07** (0.03)	382 [254]	GA
Have QRIS Rating	0.75	0.76	-0.02 (0.01)	11,651 [830]	0.74	0.01 (0.03)	1,176 [830]	GA, OH, PA
Highest QRIS Rating	0.27	0.22	0.06*** (0.02)	11,651 [830]	0.23	0.04* (0.03)	1,176 [830]	GA, OH, PA
Highest QRIS Rating (Conditional on having rating)	0.37	0.28	0.09*** (0.02)	9,084 [619]	0.31	0.05* (0.03)	872 [619]	GA, OH, PA
Lowest QRIS Rating	0.26	0.28	-0.01 (0.02)	11,651 [830]	0.27	-0.01 (0.03)	1,176 [830]	GA, OH, PA
Lowest QRIS Rating (Conditional on having rating)	0.35	0.36	-0.01 (0.02)	9,084 [619]	0.36	-0.01 (0.03)	872 [619]	GA, OH, PA
Overall Student:Teacher Ratio	6.38	5.82	0.56*** (0.15)	2,552 [265]	6.20	0.18 (0.21)	397 [265]	GA
Infant Student:Teacher Ratio	3.55	3.62	-0.06 (0.09)	1,466 [236]	3.53	0.03 (0.14)	346 [236]	GA
1yo Student:Teacher Ratio	4.97	4.82	0.15 (0.12)	1,612 [239]	4.82	0.15 (0.17)	353 [239]	GA
2yo Student:Teacher Ratio	6.79	6.00	0.78* (0.43)	1,909 [250]	6.34	0.44 (0.69)	376 [250]	GA
3yo Student:Teacher Ratio	8.20	7.56	0.63*** (0.23)	1,835 [241]	8.60	-0.40 (0.59)	353 [241]	GA
4yo Student:Teacher Ratio	9.13	7.99	1.15*** (0.31)	1,410 [223]	8.47	0.66* (0.38)	329 [223]	GA

Source.—PitchBook and State Licensing Data (2024, 2025)

Notes.—This table provides descriptive statistics comparing child care providers who are currently PE-backed to those who are not. PE status information comes from PitchBook, and firm characteristics come from child care licensing data from Georgia, Ohio, and Pennsylvania. Column (1) provides the mean of each variable conditional on the provider being PE-backed. Column (2) provides the regression-adjusted mean of each variable for non-PE-backed providers. Specifically, column (2) is the difference between columns (1) and (3), where column (3) reports the coefficient on PE from a regression of the characteristic on an indicator for whether the provider is PE-backed, controlling for state fixed effects. Thus, column (3) reports the average difference in the characteristic between PE- and non-PE-backed providers, conditional on state. Column (4) provides the total number of observations in that comparison with the number of PE-backed providers in brackets. Columns (5), (6), and (7) provide the analogues to columns (2), (3), and (4), respectively, for non-PE-backed chain providers. Column (8) lists the states for which the variable is available in the state administrative data. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

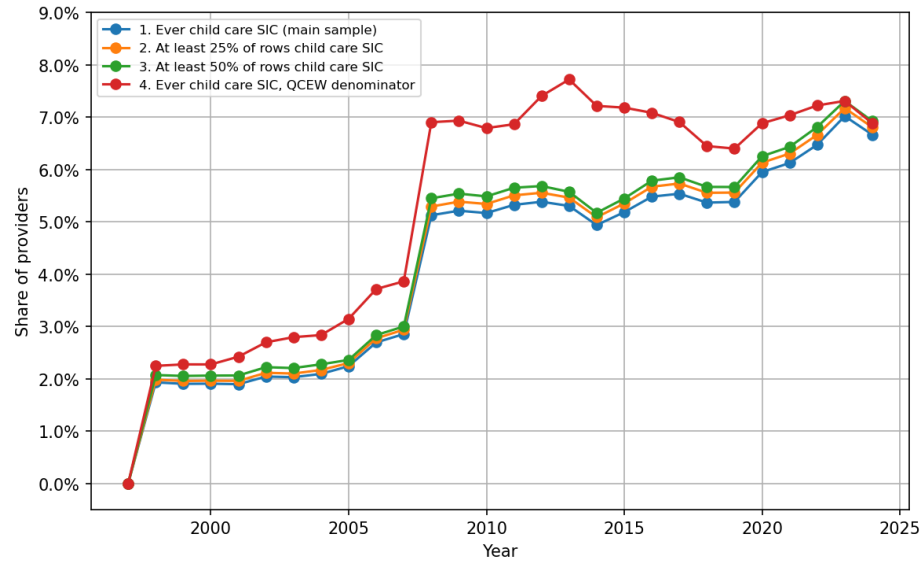
Table 8: NAEYC Accreditation Rate for PE and Non-PE Child Care Businesses

	Share Accred.
Overall	0.069
PE Overall	0.255
KinderCare	0.510
Spring Education	0.181
Goddard	0.141
Learning Care Group	0.120
Cadence Education	0.066
Lightbridge Academy	0.056
Primrose Schools	0.002
Child Development Schools	0.000
Non-PE Chains	0.181
Non-Chains	0.050

Source.—Data Axle (2022-2024), PitchBook, administrative data from the NAEYC (2026)
Notes.—This table presents information on the share of child care businesses that are accredited by the NAEYC. Administrative data from the NAEYC is first used to classify child care businesses as being PE-owned, a non-PE chain, or a (non-PE) non-chain. We then use counts of the total number of providers (in each category) in Data Axle to construct the accreditation rates.

A Appendix Figures and Tables

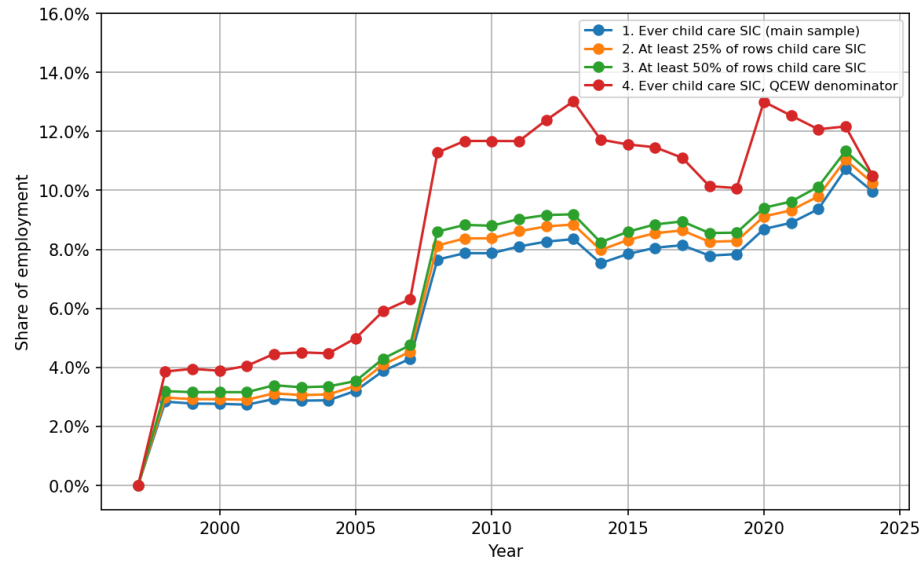
Figure A1: National Share of PE-Owned Child Care Businesses, 1997-2024, Alternative Industry Definitions



Source.—Data Axle (1997-2024), QCEW, and PitchBook

Notes.—This figure presents the national share of child care businesses that are PE-owned under three definitions of the sample: businesses ever assigned a child day care SIC code, and those assigned one in at least 25% and at least 50% of their observed years. The fourth series uses the first definition and the QCEW to measure the number of businesses.

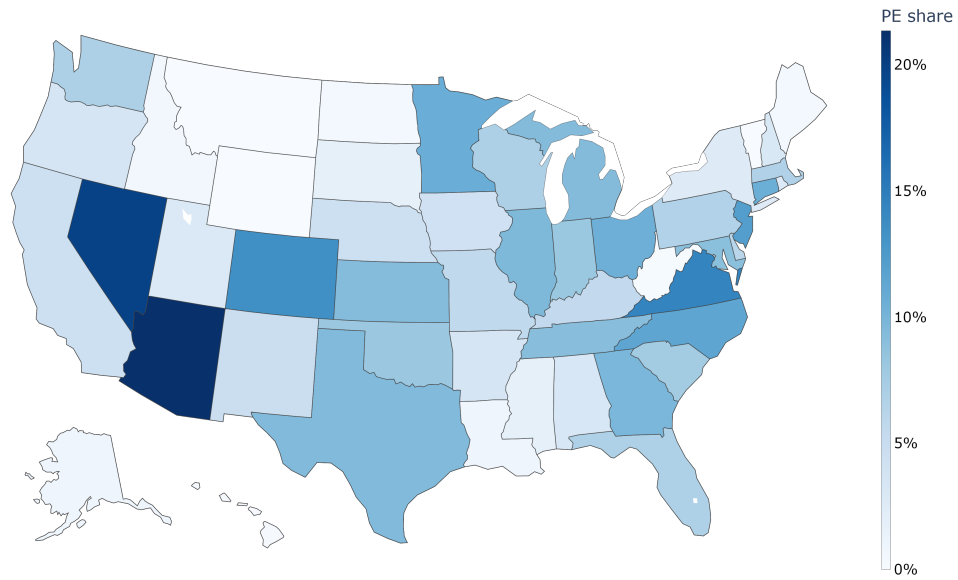
Figure A2: National Employment Share of PE-Owned Child Care Businesses, 1997-2024, Alternative Industry Definitions



Source.—Data Axle (1997-2024), QCEW, and PitchBook

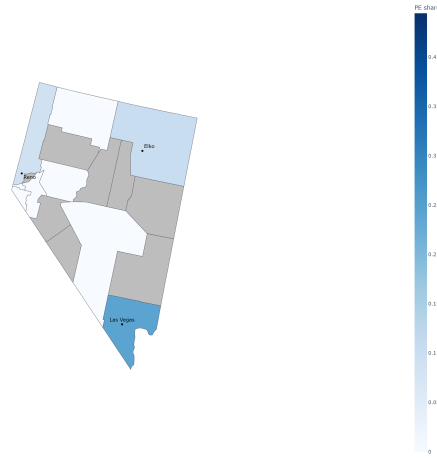
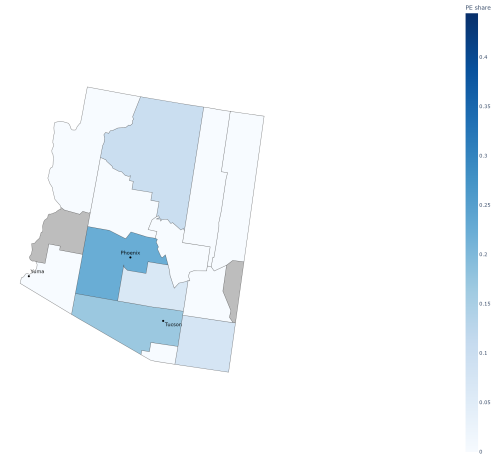
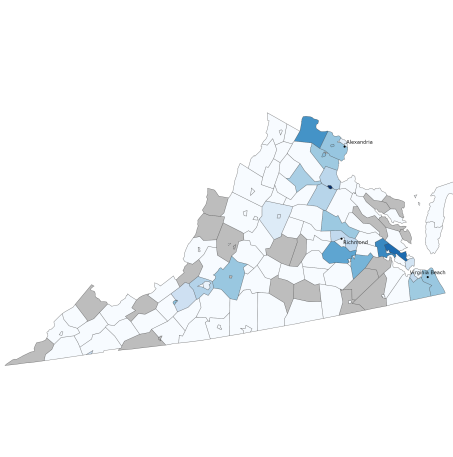
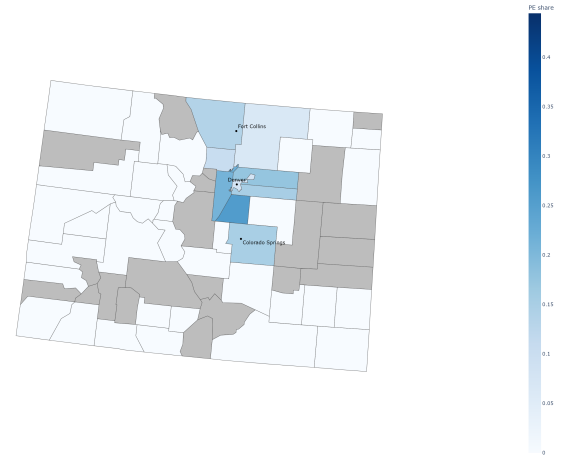
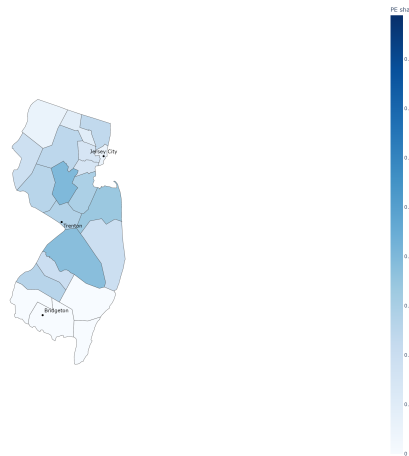
Notes.—This figure repeats Figure A1 using the share of child care workers employed at PE-owned businesses. The sample definitions are the same.

Figure A3: State-Level Share of PE-Owned Child Care Businesses, Pooled 2022-2024, QCEW Base



Source.—Data Axle (2022-2024) and PitchBook

Notes.—This figure presents state-specific data on the share of child care businesses that are PE-owned, pooling data over the period 2022 to 2024 and using the QCEW to measure the number of businesses.

Figure A4: County-level Share of PE-Owned Child Care Businesses, Top Five States, Data Axle Base**(a)** Nevada (PE Share: 18.0%)**(b)** Arizona (PE Share: 17.8%)**(c)** Virginia (PE Share: 11.6%)**(d)** Colorado (PE Share: 11.4%)**(e)** New Jersey (PE Share: 10.4%)

Source.—Data Axle (2022-2024) and PitchBook

Notes.—This figure presents county-specific data on the share of child care businesses that are PE-owned, pooling data over the period 2022 to 2024. The grey-shaded counties do not contain sufficient information to calculate a PE ownership rate. The white-shaded counties have a PE ownership rate of zero percent; that is, the county has eligible child care businesses in the denominator, but none are PE-owned