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United States Senate

COMMITTEE ON THE BUDGET

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NICK MYERS, MAJORITY STAFF DIRECTOR
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March 23, 2026

Mr. Tom Wyatt
CEO
KinderCare Learning Companies, Inc.
5005 Meadows Road #200
Lake Oswego, OR 97035

Mr. David Layton
Partner, CEO
Partners Group (U.S. Headquarters)
1200 Entrepreneurial Drive
Broomfield, CO 80021

Dear Mr. Wyatt and Mr. Layton:

As Ranking Member of the Senate Committee on the Budget, I write to request information and documents regarding the effects of private equity ownership in the child care sector, with a particular focus on the two largest private-equity-controlled child care organizations in the United States, which include KinderCare Learning Companies, Inc. (“KinderCare”) and its private equity owner, Partners Group, as well as Learning Care Group and its private equity owner, American Securities.

Some analysts suggest that the growing role of private equity and other profit-maximizing ownership models in child care centers increase challenges related to affordability, staffing, and access—particularly where investor strategies increase financial pressure to raise prices, constrain labor costs, or concentrate capacity in higher-revenue markets. A 2024 analysis reports that eight of the ten largest U.S. child care companies are currently owned by private equity.¹

Some studies have found that for-profit child care providers are more likely to have staffing and operational problems that can affect the quality of care children receive. For-profit centers exhibited lower caregiver wages and education, and worse outcomes on multiple quality-related measures than nonprofit centers, including staff turnover and caregiver practices for

¹ CONG. RSCH. SERV., R48252, *Private Equity Investments in Large For-Profit Child Care Organizations: In Brief* (Oct. 30, 2024) https://www.congress.gov/crs_external_products/R/PDF/R48252/R48252.3.pdf; Audrey Stienon & Melissa Boteach, *Children Before Profits: Constraining Private Equity Profiteering to Advance Child Care as a Public Good*, OPEN MKTS. INST. & NAT’L WOMEN’S L. CTR., (June 2024) <https://nwlc.org/wp-content/uploads/2024/05/Children-Before-Profits-Exec-Summary-WEB.pdf>.

toddlers and preschoolers.² In addition, emerging research finds that private equity ownership in child care can be associated with higher prices and other market effects.³

Background, Ownership Structure, and Dividends

KinderCare is the largest child care and early childhood education provider in the United States. In 2024, it served more than 200,000 children across approximately 1,500 child care centers in 40 states.⁴ The company operates a national network of centers, including the consumer-facing brands of KCLC, Crème School, and Champions.⁵ In fiscal year 2024 KinderCare reported \$2.66 billion in revenue.⁶

In 2015, Partners Group—a private equity firm headquartered in Switzerland—acquired a controlling ownership interest in KinderCare.⁷ Partners Group has continued to exercise control even after KinderCare’s October 2024 initial public offering (IPO).⁸ Prior to the IPO, Partners Group owned approximately 90 percent of KinderCare; following the IPO, it retained a controlling stake of approximately 69 percent.⁹ As long as Partners Group maintains majority ownership, it retains the ability to nominate more than half of KinderCare’s board of directors and to exercise consent rights over key corporate decisions, including executive leadership changes, major acquisitions, equity issuances, and the incurrence of significant new debt.¹⁰

KinderCare has issued large dividends and acquired substantial debt during its period of private equity ownership.¹¹ As of June 29, 2024, KinderCare reported approximately \$1.5 billion

² Laura S. Sosinsky, Heather Lord & Edward Zigler, *For-Profit/Nonprofit Differences in Center-Based Child Care Quality: Results from the National Institute of Child Health and Human Development Study of Early Child Care and Youth Development*, 28 J. APPLIED DEV. PSYCH. 390, 392 (2007)
<https://www.sciencedirect.com/science/article/abs/pii/S019339730700072X>.

³ Dyaran S. Bansraj & Dong Xu, *How Does Private Equity Shape Childcare? Implications for Competition, Pricing, and Quality* (SSRN Working Paper) (last revised Nov. 25, 2025), <https://ssrn.com/abstract=5045089>.

⁴ KinderCare Learning Companies, Inc., (Form S-1) 91, 108 (Oct. 7, 2024), <http://pdf.secdatabase.com/2073/0001193125-24-233295.pdf> [hereinafter IPO Prospectus]; KinderCare Learning Companies, Inc., (Form 10-K) 8 (Mar. 21, 2025), <https://www.sec.gov/Archives/edgar/data/1873529/000095017025043210/klc-20241228.htm>.

⁵ IPO Prospectus, *supra* note 4, at 2.

⁶ KinderCare Learning Companies, Inc., (Form 10-K) 65 (Mar. 21, 2025), <https://www.sec.gov/Archives/edgar/data/1873529/000095017025043210/klc-20241228.htm>.

⁷ *Partners Group to acquire Knowledge Universe’s US early-childhood educational business*, PARTNERS GRP. (July 9, 2015), https://www.partnersgroup.com/news-and-views/press-releases/investment-news/detail?news_id=a6e1a2d8-69bd-4ec6-999b-33374c32b653.

⁸ IPO Prospectus, *supra* note 4, at 41.

⁹ *Id.*; KinderCare Learning Companies, Inc., (Form 10-K) 31 (Mar. 21, 2025), <https://www.sec.gov/Archives/edgar/data/1873529/000095017025043210/klc-20241228.htm>.

¹⁰ IPO Prospectus, *supra* note 4, at 42.

¹¹ *Id.* at 30.

in outstanding debt.¹² Despite this leverage, KinderCare executed at least two large dividend payments to its owners, including Partners Group, financed by taking on additional debt: a \$300 million dividend in August 2017 and a \$320 million dividend in March 2024, shortly before the IPO.¹³ Following its October 2024 IPO, KinderCare’s stock price declined by more than 80 percent within a relatively short period, reflecting substantial investor concern about the company’s financial outlook.¹⁴

Further increasing concerns is that KinderCare is a significant recipient of public child care funding. According to the company’s 2024 IPO filings, KinderCare received approximately \$457 million in government subsidies during the first six months of 2024, reflecting substantial reliance on taxpayer-supported child care programs, including the Child Care and Development Fund.¹⁵

Tuition, Staffing, and Safety Violations

KinderCare’s financial and growth strategies appear to coincide with rising tuition costs, workforce strain, and a pattern of safety and compliance issues across multiple states. The company’s business strategy includes recurring tuition increases, reported to range from approximately 4 to 7 percent annually over the past three years—rates that in many years exceeded general inflation and wage growth for families.¹⁶ At the same time, KinderCare closed 380 “underperforming” child care centers between 2012 and 2017, while opening 108 new locations and acquiring 256 centers between 2018 and mid-2024.¹⁷ Taken together, these trends raise questions about whether KinderCare’s growth strategy has meaningfully expanded child care capacity or instead reflected consolidation and selective market participation—resulting in reduced access for certain communities.

Since 2023, state regulators in several states have cited KinderCare facilities for inadequate supervision, staff-to-child ratio violations, unsafe or unsanitary conditions, and failures to report or respond appropriately to alleged abuse. These enforcement actions have

¹² *Id.*

¹³ *Id.* at 158; see *Rating Action: Moody’s changes KinderCare Education’s outlook to stable from positive upon a dividend recap transaction*, MOODY’S (Aug. 2, 2017), https://www.moody.com/research/Moodys-changes-KinderCare-Educations-outlook-to-stable-from-positive-upon-Rating-Action--PR_370373 (“In a proposed transaction, the proceeds from KinderCare Education’s new \$260 million second lien term loan and \$50 million first lien term loan add-on will be used to fund a shareholder distribution.”).

¹⁴ *Tom Wyatt returns as KinderCare CEO, replacing Paul Thompson*, INVESTING.COM (Dec. 3, 2025, at 08:07 ET) <https://www.investing.com/news/company-news/tom-wyatt-returns-as-kindercare-ceo-replacing-paul-thompson-93CH-4388397>.

¹⁵ IPO Prospectus, *supra* note 4, at 65.

¹⁶ *Id.* at 102; see *Consumer Price Index – CPI*, U.S. BUREAU OF LAB. STAT., <https://www.bls.gov/cpi/> (last visited Jan. 22, 2026) (showing overall CPI increases near 2.9 percent in 2024 and similar moderate inflation in 2025); *Are Wages Keeping Up with Inflation?*, USAFACTS <https://usafacts.org/answers/are-wages-keeping-up-with-inflation/country/united-states/> (last visited Jan. 22, 2026) (showing nominal wage growth of approximately 3.8 percent from December 2024 to December 2025).

¹⁷ IPO Prospectus, *supra* note 4, at 97.

included license revocation, probationary status, pending revocation, and repeated citations across multiple facilities.¹⁸

KinderCare has also faced enforcement actions related to workforce practices. In Massachusetts, state authorities assessed significant penalties after finding that chronic understaffing prevented compliance with labor laws.¹⁹ In addition, reporting has noted that KinderCare pays comparatively low wages in some markets, a level that former child care directors say makes it difficult to recruit and retain qualified staff and can result in centers operating at the minimum staffing ratios permitted by law.²⁰

KinderCare's size, market influence, business practices, and reliance on taxpayer-supported child care funding carry a clear responsibility to ensure that financial and management decisions do not come at the expense of child safety or access to affordable child care for families. Therefore, I request the information and documents below to understand how these decisions were made and to determine whether additional oversight or legislative action is necessary.

Request for Information and Documents

Please provide the following information and documents by April 7, 2026. Unless otherwise specified, all requests apply to the period January 1, 2015, to the present. For purposes of this request, references to "KinderCare" include KinderCare Learning Companies, Inc. and any parent entities, sponsors, subsidiaries, or affiliated investment vehicles with decision-making authority over KinderCare or its subsidiaries, including but not limited to, operating, real estate, foreign, and commercial mortgage-backed securities subsidiaries. "KinderCare facility[ies]" means any child care center or site that is owned, operated, managed, branded, franchised,

¹⁸ Ella Rhoades, *Indiana FSSA Report Reveals Plainfield KinderCare Violated Health and Safety Regulations*, WTHR (Aug. 13, 2025, at 07:20 EDT), <https://www.wthr.com/article/news/local/indiana-fssa-report-reveals-plainfield-kindercare-violated-health-and-safety-regulations/531-19d90dda-592d-4059-9b65-80326db615aa>; Emily Davies & Dominique O'Neill, *Some Families Have to Find Different Child Care Following State Revoking Schofield Center's License*, WSAW (Jan. 29, 2024, at 08:53 EDT), <https://www.wsaw.com/2024/01/30/some-families-have-find-different-child-care-following-state-revoking-schofield-centers-license/>; see also *KinderCare, Provider #43619, SC CHILD CARE*, <https://www.scchildcare.org/provider/43619/kindercare/> (listing supervision, ratio, and background check deficiencies); *Negative and Disciplinary Actions Against Child Care Providers*, NEBRASKA DEP'T OF HEALTH & HUMAN SERVS. (Feb. 5, 2025), <https://dhhs.ne.gov/licensure/Documents/Feb15-25ccnegactions.pdf> (listing KinderCare learning center entries); *Kindercare Learning Centers LLC, License Profile #719531*, N.Y. ST. OFF. OF CHILDREN & FAMILY SERVS., <https://hs.ocfs.ny.gov/DCFS/Profile/Index/719531> (showing suspension action); Jenna DeAngelis, *Long Island Day Care Under Fire for Abruptly Suspending Service to Dozens of Families*, CBS NEWS (Feb. 5, 2024), <https://www.cbsnews.com/newyork/news/long-island-day-care-under-fire-for-abruptly-suspending-service-to-dozens-of-families/> (showing another example of suspension).

¹⁹ MASS. OFF. OF THE ATT'Y GEN., *AG Campbell Announces Over \$540,000 in Citations Against KinderCare Learning Centers for Wage, Sick Time, and Meal Break Violations*, MASS.GOV (Oct. 18, 2023), <https://www.mass.gov/news/ag-campbell-announces-over-540000-in-citations-against-kindercare-learning-centers-for-wage-sick-time-and-meal-break-violations> ("KinderCare was found to have violated wage laws by deducting breaks that were 20 minutes or less from employees' paychecks ... [but] [t]hese short breaks are considered compensable time and therefore must be paid.").

²⁰ *Private Equity Is Reshaping American Child Care*, ECONOMIST (Nov. 20, 2025), <https://www.economist.com/business/2025/11/20/private-equity-is-reshaping-american-child-care>.

licensed, or otherwise controlled, directly or indirectly, by KinderCare Learning Companies, Inc. or any of its subsidiaries or affiliates.

Requests for KinderCare and Partners Group

1. Describe the respective roles, decision-making authority, and formal or informal involvement of KinderCare management and Partners Group, and produce documents sufficient to reflect those roles—including board materials, internal analyses, and communications—in connection with decisions regarding:
 - a. child care facility acquisition, closure, or expansion, including consideration of public funding availability, household income levels, or other demographic factors;
 - b. staffing levels, wage and benefit policies;
 - c. capital investment budgets;
 - d. dividend payments or other distributions;
 - e. the incurrence of debt, refinancing transactions, or other changes to KinderCare’s capital structure; and
 - f. executive compensation and incentive plans.
2. Provide company-wide, state-level, and metropolitan area-level totals since 2015 for all federal, state, and local child care subsidies received, by program and year, and outline how the funds were allocated and used.
3. Produce board and board-committee minutes, materials, and presentations reflecting deliberations, oversight, or approvals concerning KinderCare facilities’ health and safety compliance, abuse or neglect allegations, licensing actions, labor-law enforcement actions, or related legal proceedings, including matters escalated to the board or a board committee under KinderCare’s governing documents, internal policies, or customary practices.
4. Describe how tuition increases at KinderCare facilities are determined and whether financial obligations to lenders or owners are considered in pricing decisions.
5. Produce merger and acquisition documents related to Partners Group acquisition of a majority stake in KinderCare including, but not limited to, letters of intent (LOIs), term sheets, merger agreements, stock or asset purchase agreements, amendments, and closing documents.
6. Produce the limited partnership agreements, distribution policies, shareholder agreements, and related governing documents for any Partners Group–managed fund or vehicle that held a direct or indirect ownership interest in KinderCare, to the extent such documents govern voting rights or the timing, priority, and allocation of distributions to investors, including distribution waterfalls, preferred return provisions, and carried interest arrangements.

7. Produce all management services agreements or similar arrangements in effect at any time since 2015 between KinderCare and any parent entity, affiliate, or Partners Group–managed fund or vehicle, and produce documents sufficient to reflect the services provided, fees charged, and the basis for those fees.
8. Produce organizational charts in effect at any time identifying KinderCare’s ownership structure, including managers, directors, officers, members, and other individuals with management or governance authority, including the identity of any Partners Group–affiliated personnel serving in such roles.
9. List all members of KinderCare’s board of directors and board committees from 2015 to present and provide short biographies for each.
10. Produce board and board-committee minutes, materials, and presentations reflecting deliberations, consideration, and approvals of financial transactions since 2015 that required board or board-committee approval or consent under KinderCare’s governing documents, including dividend payments, distributions, recapitalizations, refinancings, reorganizations, or other changes to KinderCare’s capital structure.
11. Produce KinderCare’s annual financial reports or equivalent annual financial statements prepared since 2015, including audited and unaudited financial statements, management financial reports, and any annual summaries of financial performance provided to the board, investors, or lenders.
12. Describe KinderCare’s financial strategy since 2015, including how leverage levels, borrowing, refinancing, and debt service obligations were evaluated in relation to acquisitions, center openings or closures, dividend payments or distributions, and investments in staffing, safety, and facility conditions, and produce documents sufficient to reflect that strategy.
13. Provide a summary, by year and by individual since 2015, of cash bonuses, equity awards, and other incentive compensation paid to KinderCare senior executives and key management personnel, including the performance metrics or benchmarks used to determine such compensation, and produce documents sufficient to reflect how those metrics were established and evaluated.
14. Describe how the proceeds from KinderCare’s October 2024 IPO were allocated and used, including amounts applied to debt repayment, refinancing, distributions, bonuses, capital expenditures, staffing or wage investments, safety or compliance initiatives, and other corporate purposes, and produce documents sufficient to reflect those allocations.

Requests for KinderCare

15. Describe KinderCare’s organizational and operating structure, including the extent to which KinderCare exercises control or oversight over individual child care centers with

respect to staffing, wages, training, safety protocols, budgeting, capital expenditures, and compliance with licensing requirements. In addition, describe KinderCare's real estate arrangements for its child care facilities, including whether facilities are owned, leased, or operated under other arrangements.

16. Provide annual data since 2015—by state and metropolitan area—on tuition rates charged by KinderCare facilities.
17. Provide a summary, by year, of:
 - a. the number and geographic location (by state and metropolitan area) of KinderCare facility openings, closures, acquisitions, and capacity reductions;
 - b. the stated reasons for each facility closure or capacity reduction; and
 - c. for each year, the number of licensed child care slots and the number of filled slots at KinderCare facilities, aggregated by state and metropolitan area.
18. Provide annual, aggregated workforce data for KinderCare facilities since 2015, disaggregated by state and metropolitan area, including:
 - a. average staffing levels by job classification;
 - b. staff turnover rates by job classification;
 - c. vacancy rates by job classification;
 - d. average staff-to-child ratios;
 - e. wage ranges by job classification;
 - f. use of overtime or temporary staffing; and
 - g. any internal targets, benchmarks, or policies governing staffing levels.
19. Produce all company-wide policies, manuals, and guidance in effect at any time since 2015 governing KinderCare employee qualifications (including minimum education, credentials, and experience), employee screening and background checks, training and certification requirements, employee discipline, suspension, termination, and procedures for responding to allegations or incidents of child abuse, neglect, or unsafe conduct for employees with direct responsibility for the care or supervision of children, including requirements for reporting to state authorities and for removing employees from contact with children pending investigation.
20. Describe how KinderCare ensures compliance with employee qualification, background check, and training requirements for KinderCare employees with direct responsibility for the care or supervision of children.
21. Provide annual, aggregate data—by state and metropolitan area—since 2015 regarding disciplinary actions involving employees with direct responsibility for the care or supervision of children at KinderCare facilities, including the number of suspensions, terminations, and other corrective actions, broken out by category of conduct, including safety violations, supervision failures, and allegations or findings of child abuse or neglect, and indicate how many such matters were reported to state or local authorities.

22. Describe and produce documents sufficient to reflect any internal audits, compliance reviews, or assessments conducted since 2015 evaluating adherence to qualification, background check, training, supervision, or disciplinary policies for child-facing employees, and provide aggregate data—broken out by state and metropolitan area—on any deviations or exceptions to those policies attributable to staffing shortages, operational disruptions, or other constraints.
23. Provide a summary—by year, state, and metropolitan area—of:
 - a. citations issued for health and safety violations; and
 - b. enforcement actions, including license revocations, probationary statuses, or pending revocations.
24. Identify the subset of KinderCare facilities since 2015 that:
 - a. experienced license revocation, probation, or pending revocation; or
 - b. were cited more than once in a three-year span for staffing, supervision, abuse, or neglect violations.

For this subset only, produce representative inspection reports and corrective action plans regarding remediation.
25. Identify all enforcement actions or litigation involving KinderCare since 2015 and provide summary descriptions of the allegations and outcomes.
26. Provide a list and brief summary of any federal or state investigations since January 1, 2015, involving KinderCare, and produce copies of any civil investigative demands, subpoenas, or similar compulsory process issued in connection with those matters.

Requests for Partners Group

27. Identify all Partners Group funds, co-investment vehicles, and affiliated entities that have held a direct or indirect ownership interest in KinderCare, including the percentage ownership held by each entity over time.
28. For each dividend, distribution, or other payment received by Partners Group or its affiliated funds from KinderCare, identify:
 - a. the amount received;
 - b. the date of payment;
 - c. the entity receiving the payment; and
 - d. whether the payment was funded through borrowing at the KinderCare level.
29. Produce the private placement memorandum, offering memorandum, investment strategy memorandum, or equivalent documents provided to current or prospective investors for any Partners Group fund that held a direct or indirect ownership interest in KinderCare, including all sections describing investment strategy, use of leverage, return targets, dividend or distribution strategy, and risk factors.

30. Describe how Partners Group evaluated the impact of dividend payments, distributions, or refinancing on KinderCare's leverage, liquidity, and ability to invest in staffing, safety, training, or facility improvements.
31. Produce investment committee memoranda, deal theses, and similar materials prepared by or for Partners Group in connection with the acquisition, ownership, and monetization of KinderCare, including analyses of leverage, operational changes, staffing, regulatory risk, and exit strategy.
32. Describe Partners Group's policies and practices for monitoring health, safety, licensing, labor compliance, and legal risk at KinderCare facilities.
33. Provide a list and brief summary of any federal or state investigations or enforcement actions since January 1, 2015, involving Partners Group, any Partners Group-managed fund or affiliate, or any portfolio company over which Partners Group exercised ownership, control, or oversight, that relate to (i) child care operations, health or safety, licensing, or labor practices; (ii) the use of public funds or government subsidies; (iii) financial disclosures, governance, or fiduciary obligations; or (iv) leverage, dividend payments, or other financial practices. For each such matter, produce copies of any civil investigative demands, subpoenas, or similar compulsory process issued in connection with the matter.

The Senate Committee on the Budget has broad jurisdiction to review matters related to the federal budget, including the Budget Act and the impact of federal spending, tax policy, and economic activity on the long-term fiscal health of the United States. In carrying out its responsibilities, the Committee has broad authority to investigate the budgetary effects of existing and proposed legislation, as well as matters—whether arising within or outside the federal government—that may affect the content, execution, or fiscal consequences of federal law, including the inclusion, exclusion, or calculation of amounts in the congressional budget. If you have any questions regarding this request, please contact staff at (202) 224-0642. Thank you for your prompt attention to this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Jeffrey A. Merkley". The signature is stylized and cursive.

Jeffrey A. Merkley
Ranking Member
Senate Committee on the Budget