

Spending More, Serving Less: The High Cost of Private Equity in Special Education

*A case study of West Contra Costa
Unified School District*

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EXECUTIVE SUMMARY

West Contra Costa Unified School District (WCCUSD), in the San Francisco Bay Area, has more than doubled its spending on outside vendors and contractors over the last five years, most recently spending \$14 million on just three private equity-owned special education contractors in 2024-2025 alone. These extravagant expenditures have led to a district budget that does not prioritize permanent in-house staffing, and results in a lack of support and instability for WCCUSD students.

This research brief looks at WCCUSD's actual expenditures with regards to support and services for the school district's nearly 4000 students with disabilities, who are guaranteed a free and appropriate public education under federal law.

Here is what our research found:

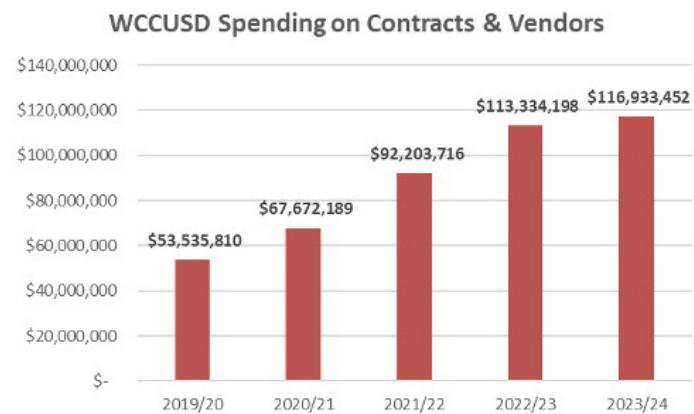
- Since the 2019-2020 school year, WCCUSD spending on outside contractors and vendors more than doubled – from \$59 million in the 2019-2020 school year to \$117 million in 2024-2025. This is a spike from an already-high 16% of overall district spending to an astounding 23%.
- In the 2024-2025 school year, WCCUSD spent more than \$14 million for three private equity-owned contractors to provide services for students with disabilities: The Stepping Stones Group (owned by Leonard Green & Partners), ProCare and Sunbelt Staffing (both owned by Vistria Group).
- If the work these three private equity-owned contractors provided in 2024-2025 had been done by school district employees, the district would have saved nearly six million dollars. With those funds, the district could have afforded over 200 permanent Special Education employees, who would have provided students with more classroom hours and the stability, personalized attention, and experience that is afforded by in-house educators.
- Last year, Stepping Stones agreed to a \$4.25 million settlement of a class action lawsuit from current and former employees who alleged widespread wage and hour violations.
- Soliant Healthcare, the parent company of WCCUSD contractors ProCare and Sunbelt Staffing, has links to the Trump administration, which has worked to dismantle the Federal Department of Education – the Department charged with enforcement of Civil Rights laws like the Individuals with Disabilities Act (IDEA) – and defund services for students with disabilities.

In the 2024-2025 school year, West Contra Costa Unified School District (WCCUSD), in the San Francisco Bay Area, spent more than \$14 million for three private equity-owned companies to provide support for students with disabilities. This choice by the school district deprived the nearly [4000](#) WCCUSD students with disabilities of 40 hours per student of support from Special Education teachers, specialists and aides last year, and moved some critical services online.

WCCUSD'S USE OF OUTSIDE CONTRACTORS HAS SKYROCKETED

Since the 2019-2020 school year, the amount that WCCUSD spent on outside contractors and vendors more than doubled – from \$54 million in the 2019-2020 school year to \$117 million in 2024-2025. This is a spike from 16% to 23% of district spending. Meanwhile, salaries and benefits for district staff decreased, dropping below the [national average for school district spending](#).

WCCUSD parents and educators have raised the alarm that this contracting out is harming students. Contractors often provide services over Zoom, change frequently, and therefore do not provide consistent and stable services for students with disabilities. These contract workers are hired online and often hail from outside the Bay Area, and have no ties to or familiarity with WCCUSD students, families or communities.



PRIVATE EQUITY IS BAD FOR PUBLIC SCHOOL STUDENTS

“These temporary outside providers don’t know our students. I had a student in our Extensive Support Needs (moderate/severe) program go months without receiving speech services because the contractor was pulling out a General Education student with a similar name by mistake. Unfortunately, this error impacted both the ESN student and the General Education student, who was already struggling to keep up.”

— Richelle Milford, WCCUSD School Psychologist

At least three of the contractors providing services for students with disabilities in WCCUSD are owned by private equity firms. Private equity-owned companies have demonstrated a pattern of problematic labor practices that hurt workers. Private equity firms typically [hold companies](#) they acquire for an average of five years before trying to find a buyer. In an attempt to extract as much value as possible in a short period, firms are notorious for pursuing cost-cutting measures that negatively affect workers, including poor management and training, dangerous

working conditions, lower wages, reduced working hours, and widespread layoffs.

In the education sector, private equity firms invest in hundreds of companies that contract with school districts to provide tools and services that were previously managed in-house. As schools struggle to fully staff positions at uncompetitive wages and benefits, private equity firms have seized an opportunity to profit.

“This year WCCUSD instructed the Speech and Language Pathologists (SLPs) to pick... which students would receive in person speech therapy and which would have to go virtually. Unfortunately, my student didn’t make the cut. So his desperately needed speech support consists of...having him get online with a virtual SLP...My student struggles to focus on the screen and stay in his seat. The virtual instructor cannot sit next to him, make eye contact with him, help move his mouth into the right position, or show how his tongue is supposed to touch the top of his mouth when he makes certain sounds. You can’t do that over a small, grainy computer screen. So is he really being provided the speech therapy that is his legal right? Because it sure doesn’t seem to have the same positive impact on his speech development the way that in person speech therapists had on students before the rise of the District’s virtual speech therapy proliferation.”

— Christina Baronian, a WCCUSD Elementary School Teacher

THE COST OF CONTRACTING TO PRIVATE EQUITY-OWNED COMPANIES IN WCCUSD

This research brief looks at three of the private-equity owned outside vendors of Special Education services used by WCCUSD: The Stepping Stones Group, ProCare/New Direction Solutions, and Sunbelt Staffing. Our research found that, according to school district documents, WCCUSD spent more than \$14 million to contract out positions that have historically been performed by unionized district staff to these three contractors alone. It is important to note that these contractors make up less than half of all outside vendors used by WCCUSD for

Special Education, so the dynamic is much more significant and harms even more students.

Rather than contracting out, the district could have hired 238 permanent employees with these funds. What's more, district invoices show that contracted employees spent 154,000 fewer hours with students than permanent employees would have, despite it costing an additional \$6 million. That is the equivalent of 40 fewer hours for each student with a disability in WCCUSD.

Total Spent on ProCare, Stepping Stones & Sunbelt (Invoiced)	Number of Full-Time Equivalent Staff That Could Have Been Hired	Additional Hours In-House Staff Would Have Worked	Potential Savings from Insourcing
\$14,393,343	238 FTEs	153,841 Hours Total or 40 Hours/Student	\$5,866,478

Positions Performed by Private Equity Contractors in WCCUSD:

Paraeducators:

Share classroom management tasks with teachers, and provide individualized support for students facing academic, behavioral, or physical challenges.

Speech Language Pathologists (SLPs):

Diagnose and treat students with speech and language disorders

Physical Therapists:

Help students with physical disabilities develop strength, balance and mobility to navigate their environment

School Psychologists:

Assess students for special education needs and provide direct support and interventions to students

WCCUSD Projected Contracts With Stepping Stones

Contract Year	Amount
2020-2021	\$1,577,240
2021-2022	\$3,525,000
2022-2023	\$5,752,000
2023-2024	\$3,920,672
2024-2025	\$2,056,680
2025-2026	\$1,774,080
Total	\$18,605,672

THE STEPPING STONES GROUP

- Acquired by private equity firm [Leonard Green and Partners](#) in December 2021. Leonard Green had [\\$75 billion](#) in assets under management as of December 2024.
- Since 2021, Stepping Stones has [acquired](#) 20 companies in the special education and behavioral health sector.

Failure to Pay Workers

In 2024, Stepping Stones Group [agreed to pay](#) \$4.25 million to settle a class action lawsuit alleging widespread wage and hour violations, including failure to pay all minimum wages, failure to provide meal periods or pay for missed meals, failure to provide rest periods, and untimely payment of wages. Despite agreeing to settle, Stepping Stones Group [denied all claims](#) and maintains that it has fully complied with the law.

Profits Over Patients

From 2010-2020, Leonard Green took approximately [\\$437 million](#) in fees and dividends from Prospect Medical Holdings, then a community health system in Southern California, by saddling it with debt and then pocketing the proceeds of loans. The Senate Budget Committee [found](#) that Leonard Green “spent board meetings discussing profit maximization tactics—cost cutting, increasing patient volume, and managing labor expenses—with little to no discussion of patient outcomes or quality of care at their hospitals.”

SOLIANT HEALTH: PROCARE AND SUNBELT STAFFING

- [Acquired](#) by private equity firm Vistria Group and Abu Dhabi sovereign wealth fund Mubadala Investment Company in July 2024.

- Vistria had [nearly](#) \$16 billion in assets under management, while Mubadala [managed](#) a staggering \$330 billion, as of December 2024.
- Soliant Health owns five public-facing brands, including WCCUSD contractors [ProCare](#) (now doing business as New Direction Solutions) and [Sunbelt Staffing](#).

Ties to Trump Administration Efforts to Defund Special Education

The Trump administration has taken steps to gut the Department of Education, recently focusing on cuts to the Office of Special Education and Rehabilitative Services. Companies like Soliant stand to profit from the privatization and outsourcing of these services. In January 2025, the administration [nominated](#) Penny Schwinn, a former operating partner at Vistria with [vested interests](#) in Soliant, to be deputy secretary of the Department of Education. Though she [withdrew](#) her bid, Schwinn still serves as senior adviser and chief strategist to the Secretary of Education.

Lawsuits From Employees

Despite serving students with disabilities, Soliant [settled](#) a lawsuit in January 2025, in which a former employee accused the company of denying accommodations for her own disability. In May of this year, New Direction Solutions also [agreed](#) to a \$2.5 million settlement for wage and hour violations in California.

Data Breaches

In June 2024, more than 13,000 people were [affected](#) by a data breach targeting Soliant, which exposed names, [social security numbers](#), and more.

WCCUSD Projected Contracts With ProCare

Contract Year	Amount
2021-2022	\$250,000
2022-2023	\$4,160,000
2023-2024	\$18,115,329
2024-2025	\$16,654,250
2025-2026	\$5,529,053
Total	\$44,708,632

CONCLUSION



This report identifies a disturbing trend of outsourcing crucial student services to private equity-owned, for-profit companies at an increased cost to taxpayers in the West Contra Costa Unified School District. The district should immediately review the costs and quality of private contracts and seek to insource these services to district employees, as well as improve wages and benefits to ensure sufficient staffing is possible.

