

Private Equity Impacts on Washington Workers

And how the state's pension system could be part of the solution

PRIVATE EQUITY STAKEHOLDER PROJECT

Research and report by the
Private Equity Stakeholder Project

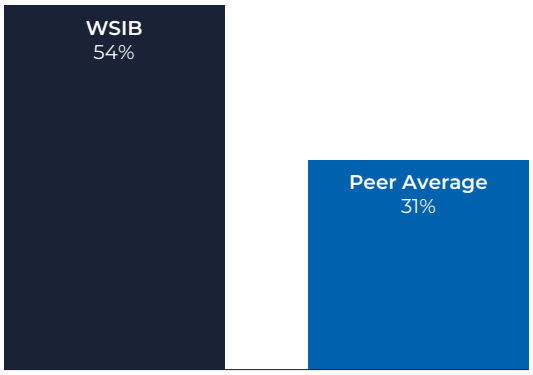
The Washington State Investment Board (WSIB) manages $185 billion in public workers' retirement money on behalf of 900,000 beneficiaries.

Washington State Investment Board

Private Equity Risks

The WSIB has **substantial exposure** to the **heightened risks** of private asset classes. WSIB allocates **54% of its portfolio** in private markets, a far higher share **than peers**, which average 31%. WSIB has around 28% in private equity ($52 billion) and 7% in tangible assets such as infrastructure ($13 billion).[1]

Washington was found to be among the highest risk states from private equity impacts in areas like healthcare, housing, and workers.



Percentage of Portfolio Invested in Private Markets

Private asset classes deprive investors of the governance tools of public markets. In order to address these governance gaps, it is imperative that institutional investors like the WSIB set policies for risk mitigation and value creation, such as labor principles.

Peer investors are **seeking better alignment** with general partners around long-term objectives and sustainable economic growth. State pension funds managing over a trillion dollars in combined retirement assets **have adopted Responsible Workforce Management policies** to help drive value and manage risk in their private equity portfolios, including New York State Common, Maryland, Massachusetts, Illinois, and CalPERS.

1 As of 4Q 2025, **WSIB Quarterly Report**

Impacts on Washington Workers

Below are a few examples of the impacts of private equity ownership of companies in Washington.

Compassus

Towerbrook Capital Fund V partnered with Ascension **to take over** Providence at Home Compassus, a home health and hospice provider.[2] The WSIB has invested over $1 billion in various Towerbrook funds, including the fund that has invested in Compassus.[3] In Washington, SEIU 1199NW represents members at two Compassus locations and workers have testified at the WSIB with their concerns about working conditions and patient care.

Education Outsourcing

School districts in Washington state outsource critical positions in special education to private equity-backed staffing companies such as Stepping Stones (owned by Leonard Green and Partners, with which the WSIB invests), Procare Therapy, and Soliant Health (both owned by The Vistria Group). At least eight WA school districts contract with companies owned by private equity firms, including Edmonds, Aberdeen, Highline, Auburn, Tacoma, Woodland, Camas, and South Kitsap. Privatization in schools is an ongoing issue that weakens schools, introducing profit motives to spaces that should prioritize student wellbeing over all else. The practice also impacts staff unions and public pension funds as district positions are filled by private sector workers. A PESP **review** of these three companies in one California school district found that returning the outsourced work to district employees would have saved nearly six million dollars of taxpayer money.

Windmill Farms

In February 2023, Canadian private equity firm Instar **acquired** a Sunnyside, WA mushroom farm and began running it under the name Windmill Farms. Since Instar's acquisition, the farm has: been **fined** by the US Department of Labor for unpaid wages and other federal violations, **settled** a discrimination lawsuit with the WA AG for $3.4 million, been **sued** by numerous current and former employees for federal and state violations. The company has refused to meet with farmworker representatives or numerous civic organizations concerned about the treatment of Windmill workers, leading to a **boycott** of the farm's products by the United Farm Workers union, which has been endorsed by the state labor councils in **Washington** and **Oregon**. Private equity data provider PitchBook ranks the Instar fund that owns Windmill Farms poorly, in the fourth quartile of IRR performance compared to its peers.[5]

2 According to Pitchbook data accessed 5/4/26
3 WSIB Private Equity Quarterly IRR Report, as of Sept. 30, 2025 https://www.sib.wa.gov/docs/reports/quarterly/ir093025.pdf
4 1199NW worker testimony starts at 00:06:50 at the June 18, 2026 WSIB meeting. https://tvw.org/video/washington-state-investment-board-2026061071/?eventID=2026061071
5 According to Pitchbook data accessed 3/13/26, performance as of the third quarter of 2025.

Grimmway Farms

Grimmway is the largest carrot grower in the world, with **operations** in Washington's Columbia Basin. It was acquired by private equity firm Teays River Investments in early 2021 and continues to grow by acquiring smaller carrot operations. Since acquisition by Teays River, the company has been **fined** over $59,000 in Federal OSHA fines over seven violations, including at least three involving a worker death. Two of those seven violations have been contested and the cases remain open as of April 2026. In 2015, WSIB made at least a $300 million **commitment** to Teays River Investments,[6] at the time, increasing the fund's exposure to agriculture to $1.1B.

Albertsons

The private equity firm Cerberus Capital Management has been an investor **in Albertons since 2006**. UFCW 3000 represents many grocery workers in Washington, including at Albertsons. In 2022, the **Washington state Attorney General sued Cerberus** to halt a $4 billion dividend payment to owners, although ultimately the courts **allowed Cerberus to proceed** with the payment **despite concerns** that it would deplete the finances of Albertsons to the detriment of workers.

Security Officers

Thousands of security officers across the country including in Washington provide essential security services that impact economies worldwide in which the WSIB invests. There are significant private equity investments in the security services industry that impact all stakeholders, including workers and pension funds.

Airport Service Workers

Thousands of airport service workers provide vital services that drive the economic engines of airports around the globe in locations where the WSIB invests. These workers include security officers, janitors, baggage handlers, wheelchair attendants, skycaps, cabin cleaners, and fuelers who help keep airports safe and running. There are significant private equity investments in the airport services industry that impact all stakeholders, including workers and pension funds.

6 WSIB's Tangible Assets Performance Summary as of Sept. 30, 2025 shows a $600 million commitment to the Teays River Investments fund.

Private equity sponsored bankruptcies in WA

Private equity-backed companies have **higher risk of bankruptcy** which often result in layoffs and other workforce harms. In 2025, private equity firms played a role in **51% of large U.S. corporate bankruptcies** (with liabilities over $500 million). Private equity backed firms facing distressed financial situations laid off tens of thousands of workers across the country, including many in Washington. Some of the private equity firms involved in 2025 bankruptcies are among the investments of the WSIB including Leonard Green & Partners and Warburg Pincus.

Eddie Bauer

The outdoor apparel company's retail stores **filed for bankruptcy** in February with **$1.7 billion in debt**, which closed its Seattle headquarters and liquidated stores. Eddie Bauer was founded in Seattle in 1920 and had been through a **series of private equity buyouts** and two previous bankruptcies over the past 15 years. The most recent leveraged buyout was in 2021 under Authentic Brands Group, which is backed by private equity firms CVC Capital, Leonard Green & Partners, and BlackRock.[7]

Joann

The craft and fabric retailer closed **over 20 stores in Washington** in 2025, laying off more than 20,000 workers across the country, after being taken into bankruptcy by private equity firm Leonard Green & Partners.

Forever 21

The clothing retailer closed **at least 9 Washington** locations and 200 nationally after being taken into bankruptcy by the same Authentic Brands Group (in which Leonard Green & Partners is an investor) and private equity firm Brookfield.

7 According to Pitchbook data accessed 2/11/26.

Private Equity Industry Troubles

The private equity industry **is facing prolonged headwinds**, with firms holding **an unprecedented $3.8 trillion dollar backlog of portfolio companies**. Private equity returns have **lagged over short- and long-term** timeframes, while economic volatility, competition for deals, and higher interest rates dampen prospects for improvement. The WSIB's portfolio is similarly impacted, with private equity returns failing to meet the custom benchmark over 1-, 3-, 5- and 10-year time frames.[8]

Private equity firms own **at least 32,000 companies** across many sectors of the economy, with high **concentrations in low-wage industries** like hospitality and retail. Private equity-backed portfolio companies employ **13 million US workers**. The current environment of **reduced regulatory oversight** and **declining enforcement of worker protections** could lead to greater undetected risks.

Investor-led oversight has long been an essential tool for protecting long-term value and ensuring sustainable business practices. By integrating workforce policies into manager selection, due diligence and monitoring, investors can better assess and manage potential labor-related risks within their portfolios.

Given the WSIB's substantial exposure to private equity, its beneficiaries and Washingtonians deserve strong accountability and governance tools like a responsible workforce management policy to address and mitigate risks.

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8 WSIB Quarterly Report, as of Dec. 31, 2025 https://www.sib.wa.gov/docs/reports/quarterly/qr123125.pdf

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