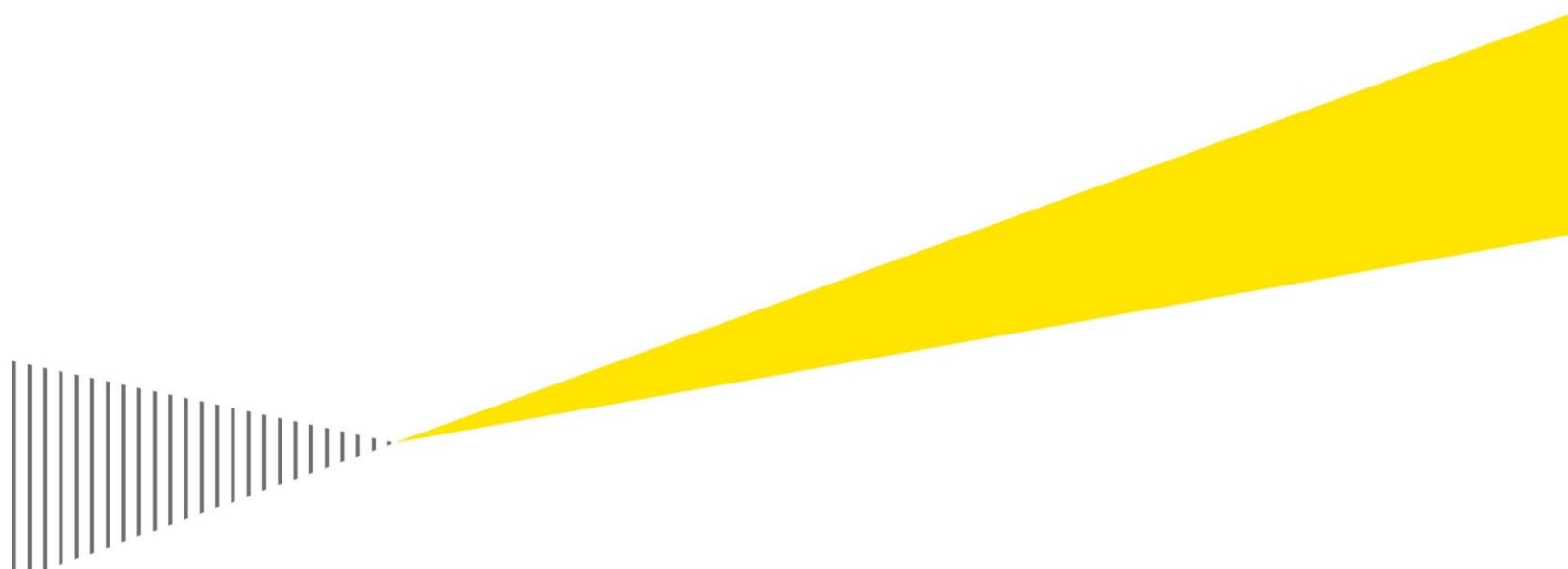


Economic contribution of the US private equity sector in 2024

Prepared for the American Investment Council

March 2025



Building a better
working world

Executive summary

This report estimates the current economic activity of, and related to, the US private equity sector – i.e., US private equity firms and private equity-backed companies – within the US economy in 2024.

Key findings include:

Economic activity of the US private equity sector

- ▶ **Employment and wage contribution.** The US private equity sector provides employment and earnings for millions of workers. Overall, in 2024, the US private equity sector directly employed 13.3 million workers earning \$1.1 trillion in wages and benefits.ⁱ This amounts to 8% of the total US nonfarm workforce.ⁱⁱ The average US private equity sector worker earned approximately \$85,000 in wages and benefits in 2024.ⁱⁱⁱ For a full-time worker this is approximately \$41 per hour. The median full-time US private equity sector worker earned approximately \$64,000 in 2024. The comparable average wage for the US economy is approximately \$77,000 and the comparable median wage is approximately \$60,000.
- ▶ **Tax contribution.** The US private equity sector generates tax revenue through US private equity firms, private equity-backed companies, and its employees. In 2024, the US private equity sector paid \$337 billion of federal, state, and local taxes. Approximately two-thirds of these were federal taxes (\$223 billion) with the remaining taxes paid to state and local governments (\$114 billion).
- ▶ **PE-backed small businesses.** In 2024, the median PE-backed business employed 72 workers. Moreover, approximately 85% of PE-backed businesses were small businesses (i.e., had fewer than 500 employees). PE-backed small businesses directly employed a total of 1.6 million workers throughout the US economy in 2024. These workers earned \$165 billion in wages and benefits and generated \$290 billion of GDP.
- ▶ **Manufacturing.** The US private equity sector employs 1.9 million workers in US manufacturing, amounting to 14% of US private equity sector direct employment. Additionally, it supports 0.8 million manufacturing jobs through supply chain activity, and 0.4 million manufacturing jobs related to consumer spending. Among private equity-backed small businesses, manufacturing accounts for 296,000 jobs, or 19% of private equity-backed small business employment.
- ▶ **Share of US economic activity.** The US private equity sector directly generated \$2.0 trillion of gross domestic product (GDP) in the United States in 2024. This is comparable

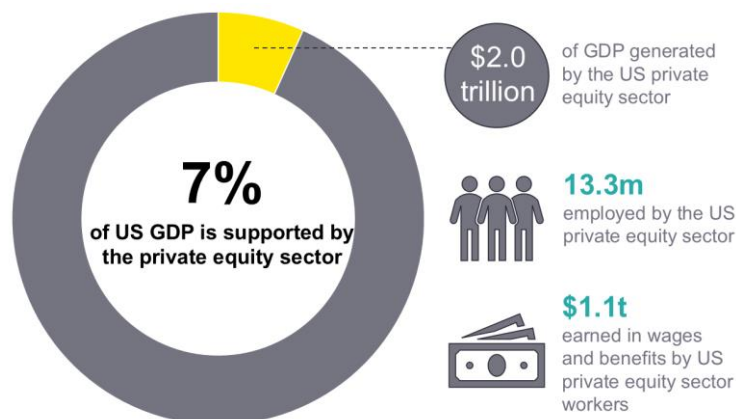
ⁱ All numbers are prorated to account for cases where private equity owns less than 100% of a company.

ⁱⁱ The total US nonfarm workforce, as of December 2024, was approximately 160 million workers according to the US Bureau of Labor Statistics.

ⁱⁱⁱ This \$85,000 is computed prior to rounding the wages and benefits and employment estimates. In particular, the \$1.1 trillion of wages and benefits is approximately \$1.136 trillion and 13.3 million employees is approximately 13.315 million employees.

to the size of GDP of the state of New York.^{iv} GDP measures a sector's or industry's contribution to the production of final goods and services produced in the United States. The US private equity sector comprised approximately 7% of US GDP in 2024.

Figure E-1. Economic contribution of the US private equity sector, 2024



Note: Figure only includes economic activity of the US private equity sector (i.e., the economic activity at US private equity firms and private equity-backed companies). Wages and benefits includes all labor income (i.e., employee cash compensation and benefits, as well as proprietors' income). Wages and benefits is a component of GDP.

Source: PitchBook; Dun & Bradstreet; US Bureau of Economic Analysis; EY analysis.

Economic activity related to the US private equity sector

- ▶ **Suppliers to the US private equity sector.** Suppliers to the US private equity sector employed an additional 8.3 million workers throughout the US economy earning \$700 billion in wages and benefits and generating \$1.3 trillion of US GDP in 2024. Suppliers to PE-backed small businesses (i.e., a subset of this) employed 1.4 million workers earning \$125 billion of wages and benefits and generating \$215 billion of US GDP. Wages and benefits is a component of GDP. This economic activity supported \$216 billion of taxes – federal (\$143 billion) and state and local (\$73 billion).
- ▶ **Related consumer spending.** The consumer spending of workers of the US private equity sector and the sector's suppliers supported an additional 11.8 million workers throughout the US economy earning \$800 billion in wages and benefits and generating \$1.4 trillion of US GDP in 2024. Consumer spending related to PE-backed small businesses and their suppliers (i.e., a subset of this) supported 1.9 million workers earning \$110 billion of wages and benefits and generating \$220 billion of US GDP. Consumer spending related to the US private equity sector supported \$233 billion of taxes – federal (\$155 billion) and state and local (\$79 billion).

^{iv} New York GDP was approximately \$2.2 trillion in 2023 according to the Bureau of Economic Analysis. Data for 2024 are not currently available.

Total economic activity of, and related to, the US private equity sector

In total, the US private equity sector, the sector's US suppliers, and the related US consumer spending supported an estimated 33.4 million workers, which is equivalent to nearly 21% of the total US nonfarm workforce.^v These workers earned \$2.6 trillion in wages and benefits and generated \$4.7 trillion in US GDP in 2024, which is equivalent to about 16% of US GDP.^{vi} PE-backed small businesses, their suppliers, and related consumer spending (i.e., a subset of this) together supported 4.8 million workers earning \$395 billion in wages and benefits and generating \$725 billion GDP. This GDP contribution is comparable to the size of GDP of the state of Virginia.^{vii} Additionally, the federal, state, and local taxes paid by, and related to, the US private equity sector totaled more than \$786 billion in 2024. This is equivalent to about 11% of all federal, state, and local taxes collected.

**Table E-1. Total economic activity of, and related to,
the US private equity sector, 2024**

Millions of jobs; trillions of dollars

	US private equity sector	Suppliers to US private equity	Related consumer spending	Total
Employment	13.3	8.3	11.8	33.4
Wages & benefits	\$1.1	\$0.7	\$0.8	\$2.6
GDP	\$2.0	\$1.3	\$1.4	\$4.7
Taxes paid	\$0.3	\$0.2	\$0.2	\$0.8

Note: Wages & benefits includes all labor income (i.e., employee cash compensation and benefits, as well as proprietors' income). Wages & benefits is a component of GDP. Figures may not sum due to rounding.

Source: EY analysis.

^v The total US nonfarm workforce, as of December 2024, was approximately 160 million workers according to the US Bureau of Labor Statistics.

^{vi} US GDP in 2024 was \$29 trillion according to the US Bureau of Economic Analysis.

^{vii} Virginia GDP was approximately \$720 billion in 2023 according to the US Bureau of Economic Analysis. Data for 2024 are not currently available.

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Economic contribution of the US private equity sector in 2024

I. Introduction

This report estimates the current economic activity of, and related to, the US private equity sector – US private equity firms and private equity-backed companies – within the US economy in 2024, a single point in time. As such, the estimates provide a snapshot of the economic footprint of the sector as measured by employment, wages & benefits, gross domestic product (GDP), and taxes. By providing information on the overall scope of the industry, measured and defined in several different ways, this report attempts to shed light on the reach of the private equity industry with the US economy.

Overall, the US private equity sector provides employment and earnings for millions of workers and contributes jobs and earnings to other sectors of the US economy that relate to private equity operations. In 2024, the US private equity sector directly employed 13.3 million workers throughout the US economy earning \$1.1 trillion in wages and benefits and generating \$2.0 trillion of GDP. Suppliers to the US private equity sector employed an additional 8.3 million workers throughout the US economy earning \$700 billion in wages and benefits and generating \$1.3 trillion of GDP. The consumer spending of workers of the US private equity sector and the sector's suppliers supported an additional 11.8 million workers throughout the US economy earning \$800 billion in wages and benefits and generating \$1.4 trillion of GDP.

Overview of private equity

Private equity firms partner with investors to form funds that invest in companies, primarily those in need of retooling or that are on the cusp of growth. The aim of the investment, which most often takes the form of a majority stake, is to help bolster the company through use of the private equity firm's access to capital and its strategic, financial, and operational expertise. Ultimately, transforming the target company's operations generates returns for the private equity fund, the private equity firm that manages the fund, and the fund's investors.

Private equity firms partner with a variety of investor types, including pension funds, university endowments, charitable foundations, and insurance companies. Private equity funds invest across a range of industries such as energy, healthcare, manufacturing, retail, and technology. In 2024, the US private equity sector included approximately 6,000 private equity firms and 21,000 PE-backed companies. Jobs at private equity firms are estimated to be less than 1% of US private equity sector employment.

Though some sector participants use the term private equity in different ways, for the purposes of this analysis private equity only includes private investment in growth capital or established companies aiming to improve the company. In contrast, venture capital – which is not included in the definition of private equity used for this analysis – consists of private investment in startup and early-stage companies.

The most common private equity fund types are: (1) buyout funds, and (2) growth equity funds. For the purposes of this report all deals in both subcategories will be referred to as private equity funds.

Private equity funds that invest in more mature businesses

An established company may, perhaps due to increased competition, the changing structure of an industry or its markets, or high overhead costs, perform below its potential. Identifying and addressing the root cause of underperformance, however, often requires expertise and potentially significant infusions of capital. A private equity fund can provide both.

Obtaining a controlling stake in such a company often requires significant investment. A private equity fund often finances acquisitions, in part through debt issuance, sometimes a cost-effective method for such transactions. In a typical case, the target company's future cash flows are the collateral. The private equity fund generates returns on its investment by maximizing profits net of interest expenses and payments of the debt principal. A successful private equity fund often has expertise in helping lift the performance of target companies, and both the private equity fund and target company can benefit from a buyout.

In addition, achieving higher performance may involve changes in higher-level management or refocusing of the target's business purposes by spinning off peripheral business components. Sweeping changes to a company are not always welcome by all stakeholders, particularly in the short term. The intervention of an outside actor can be not only beneficial, but critical to achieve change and realign a target company.

Growth equity funds

Growth equity funds are private equity funds that invest in companies to foster expansion. Growth equity target companies often have established business models, revenues, and operating profits, but are unable to raise sufficient capital to undertake a significant expansion. Such an expansion could include moving the company into new markets, facilitating new product development, or possibly a strategic acquisition.

The target company for a growth equity fund, were it not for such investors, could be in a difficult spot. There are significant cost and regulatory hurdles to raising public capital. The target company might also not be able to rely on venture capital investment. Venture capital generally specializes in providing relatively smaller levels of financing and generating returns from very high revenue growth from very young companies that might be less likely from a more established company. Growth equity private equity funds, in effect, are a middle ground between venture capital that targets startup companies and private equity funds that focus on well-established companies in need of retooling.

Growth equity investors rely on the company's revenue growth to generate returns, which can be accomplished by providing additional capital, as well as through strategic and operational support from the private equity firm. Growth equity funds typically undertake a significant role in the target company's day-to-day operations.

A study of growth equity investment in the United Kingdom, for example, found that growth equity-backed private companies grew faster than comparable companies not backed by growth equity. Specifically, the study examined growth in sales, assets, employment, and earnings over a 20-year period (2000-2021) for more than 1,500 growth equity-backed private companies. The higher growth was accompanied by increased access to credit and higher leverage relative to the comparable companies not backed by growth equity.¹

Private equity-backed company performance

Notably, given the access to capital and expertise of private equity firms, private equity-backed companies often have better prospects for experiencing rapid growth and restructuring as compared to similar companies without a private equity investment.

For example, a study analyzing the performance of 3,200 private equity-backed companies with more than 150,000 establishments from 1980 through 2005 estimates that, on average, two years after a private equity investment the productivity of a private equity-backed company increases significantly with a near-zero net employment change relative to a comparable company without private equity investment.² The study found that, relative to a comparable company, an average private equity-backed company was more likely to reduce a company's low-productivity establishments, grow a company's high-productivity establishments, and create new high-productivity establishments; that is, refocus the company on its higher-productivity activities.

II. Economic activity of the US private equity sector

The US private equity sector, comprised of US private equity firms and private equity-backed companies, provides employment and income for millions of workers and contributes to jobs in other sectors of the economy that are connected to private equity operations.

The economic activity described in this report includes the following indicators:










- ▶ **Employment.** Employment is measured as the total headcount of workers. For example, a company with three full-time workers and a company with two full-time workers and one part-time worker would both be measured as having three workers.
- ▶ **Wages and benefits.** Wages and benefits includes employee cash compensation and benefits as well as proprietor income.³ Wages and benefits is a component of GDP.
- ▶ **GDP.** GDP measures a sector's contribution to the production of all final goods and services produced in the United States.

As displayed in Table 1, the US private equity sector supported 13.3 million jobs in 2024. The table also displays the number of jobs by sector.⁴ However, the vast majority of US private equity sector workers were estimated to be employed at private equity-backed companies, as opposed to private equity firms. Jobs at private equity firms are estimated to comprise less than 1% of US private equity sector employment.⁵

The largest share of US private equity sector employment was estimated to be in business services. Business services accounted for 4.5 million jobs, or 33% of US private equity sector employment in 2024. These services include finance and insurance, real estate and rental and leasing, professional, scientific, and technical services, management of companies and enterprises, administrative and support services, and waste management and remediation services. Included in business services are US private equity firms.

Personal services employed the second largest share of US private equity sector workers with 3.9 million jobs, or 29% of US private equity sector employment. Personal services includes healthcare, accommodation, food services, recreation, and other personal services. US private equity sector employment in manufacturing is the third largest segment of the sector's employment with 1.9 million workers, or in 2024, or 14% of total US private equity sector employment. These three segments of the US private equity sector – personal services, business services, and manufacturing – comprise approximately three-quarters of the sector's total employment. Other significant segments of the sector include retail trade (0.9 million jobs; 6% of total), information (0.8 million jobs; 6% of total), wholesale trade (0.6 million jobs; 4% of total), transportation and warehousing (0.4 million jobs; 3% of total), and construction (0.3 million jobs; 2% of total).

Table 1. US private equity sector employment by type of economic activity, 2024
Millions of jobs

	Jobs	% of total	
Business services	4.5	33%	
Personal services	3.9	29%	
Manufacturing	1.9	14%	
Retail trade	0.9	6%	
Information	0.8	6%	
Wholesale trade	0.6	4%	
Transportation and warehousing	0.4	3%	
Construction	0.3	2%	
Utilities	0.2	1%	
Mining, quarrying, and oil and gas extraction	0.1	*	
Agriculture, forestry, fishing, and hunting	*	*	
Total employment	13.3	100%	

*Less than 0.05 million jobs or 0.5%.

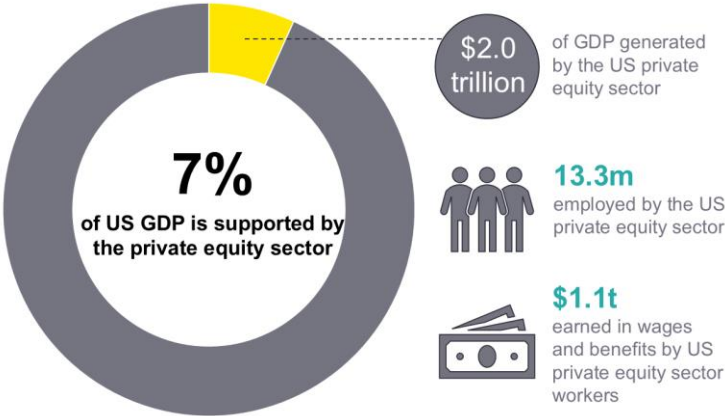
Note: Companies industry classifications use the North American Industry Classification System (NAICS), which is commonly used in government statistics. Company NAICS classifications were generally identified using Dun & Bradstreet. Figures may not sum due to rounding.

Source: PitchBook; Dun & Bradstreet; and EY analysis.

Overall, in 2024, the US private equity sector employed 13.3 million workers throughout the US economy earning \$1.1 trillion in wages and benefits and generating \$2.0 trillion of GDP.⁶ Wages and benefits is a component of GDP. This amounts to an average worker in the US private equity sector earning approximately \$85,000 in wages and benefits.⁷ The comparable average wages and benefits for the US economy was approximately \$77,000.⁸ For a full-time worker this is approximately \$41 per hour.⁹ The median full-time US private equity sector worker earned approximately \$64,000 in 2024.¹⁰ The comparable median for the US economy was approximately \$60,000 in 2024.¹¹

As displayed in Figure 1, the \$2.0 trillion of GDP of the US private equity sector in 2024 was approximately 7% of US GDP (\$29.2 trillion) in 2024.¹²

Figure 1. Economic contribution of the US private equity sector, 2024



Note: Figure only includes economic activity of the US private equity sector (i.e., the economic activity at US private equity firms and private equity-backed companies). Wages and benefits includes all labor income (i.e., employee cash compensation and benefits, as well as proprietors' income). Wages and benefits is a component of GDP.
Source: PitchBook; Dun & Bradstreet; US Bureau of Economic Analysis; EY analysis.

III. Economic activity related to the US private equity sector

In addition to the economic activity of the US private equity sector, this report also estimates the related economic activity of: (1) suppliers to the US private equity sector, and (2) related consumer spending:

- ▶ **Suppliers to the US private equity sector.** The US private equity sector purchases goods and services from other businesses, which support jobs, wages and benefits, and GDP at these supplier businesses. For example, the US private equity sector's expenditures on utilities, telecommunications, raw materials, and security, among other goods and services, support sales at suppliers. Moreover, demand for these goods and services leads to additional rounds of economic activity as suppliers to the US private equity sector purchase operating inputs from their own suppliers. Goods and services imported from abroad are not included in this report's estimates of US economic activity.
- ▶ **Related consumer spending.** Related consumer spending refers to the consumer spending supported by workers in the US private equity sector and their suppliers. When these workers spend their earnings at US businesses (e.g., grocery stores, retailers, movie theaters), they support economic activity in those sectors. The earnings that these workers spend on food at a restaurant, for example, creates jobs at the restaurant and at farms, transportation companies, and other industries that are involved in the restaurant's supply chain.

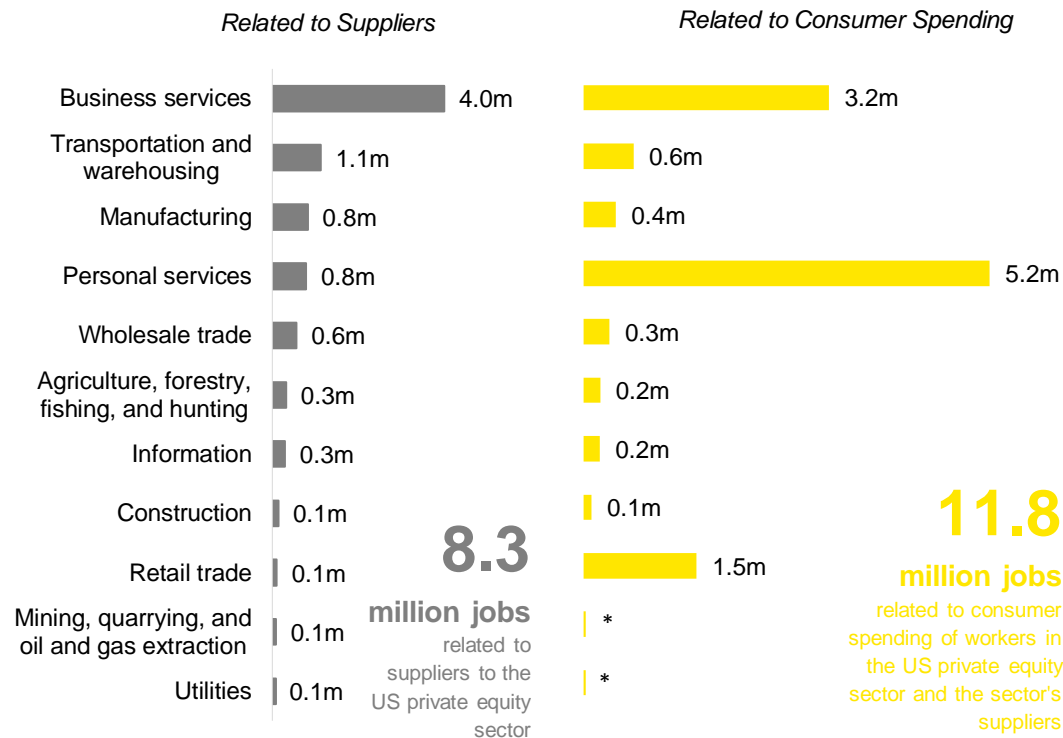
The 2023 Impacts for Planning (IMPLAN) input-output model of the United States is used to estimate the economic activity related to the US private equity sector. Unlike other economic models, IMPLAN includes the interaction of more than 500 industries, thus identifying the interplay between industries related specifically to the US private equity sector. See the Appendix for further details.

As displayed in Figure 2, suppliers to the US private equity sector were estimated to support 8.3 million jobs throughout the US economy in 2024. The largest segments of suppliers to the US private equity sector were estimated to be business services (4.0 million jobs; 48% of total), transportation and warehousing (1.1 million jobs; 14% of total), and manufacturing (0.8 million jobs; 10% of total). These three supplier industries comprise nearly three-quarters of the total employment related to suppliers to the US private equity sector. The remaining related supplier employment includes personal services (0.8 million jobs; 9% of total), wholesale trade (0.6 million jobs; 7% of total), agriculture, forestry, fishing, and hunting (0.3 million jobs; 4% of total), information (0.3 million jobs; 4% of total), construction (0.1 million jobs; 2% of total), retail trade (0.1 million jobs; 1% of total), mining, quarrying, and oil and gas extraction (0.1 million jobs; 1% of total), and utilities (0.1 million jobs; 1% of total).

Consumer spending of workers in the US private equity sector and the sector's suppliers was estimated to support 11.8 million jobs throughout the US economy in 2024. The largest segments of employment related to the consumer spending of workers in the US private equity sector and the sector's suppliers were estimated to be personal services (5.2 million jobs; 44% of total), business services (3.2 million jobs; 27% of total), and retail trade (1.5 million jobs; 12% of total). These three industries comprise more than three-quarters of the related economic activity. The

remaining employment related to the consumer spending of workers in the US private equity sector and the sector’s suppliers includes transportation and warehousing (0.6 million jobs; 5% of total), manufacturing (0.4 million jobs; 4% of total), wholesale trade (0.3 million jobs; 3% of total), agriculture, forestry, fishing, and hunting (0.2 million jobs; 2% of total), information (0.2 million jobs; 2% of total), and construction (0.1 million jobs; 1% of total).

Figure 2. Economic activity related to the US private equity sector, 2024



*Less than 0.05m.
 Note: Industry definitions are based on the North American Industry Classification System (NAICS).
 Figures may not sum due to rounding.
 Source: EY analysis.

Table 2 summarizes the estimated economic activity of, and related to, the US private equity sector in the 2024 US economy. The private equity sector directly employed a total of 13.3 million workers throughout the US economy who earned \$1.1 trillion in wages and benefits and generated \$2.0 trillion of GDP. Wages and benefits is a component of GDP. Suppliers to the US private equity sector employed an additional 8.3 million workers throughout the US economy who earned \$700 billion in wages and benefits and generated \$1.3 trillion of GDP. In addition, the consumer spending of workers in the US private equity sector and its suppliers employed 11.8 million workers throughout the US economy who earned \$800 billion in wages and benefits and generated \$1.4 trillion of GDP.

**Table 2. Total economic activity of, and related to,
the US private equity sector, 2024**
Millions of jobs; trillions of dollars

	US private equity sector	Suppliers to US private equity	Related consumer spending	Total
Employment	13.3	8.3	11.8	33.4
Wages and benefits	\$1.1	\$0.7	\$0.8	\$2.6
GDP	\$2.0	\$1.3	\$1.4	\$4.7

Note: Wages & benefits include all labor income (i.e., employee cash compensation and benefits, as well as proprietors' income). Wages and benefits is a component of GDP. Figures may not sum due to rounding.
Source: EY analysis.

IV. Economic contribution of US PE-backed small businesses

As previously noted, in 2024, the private equity sector included approximately 21,000 PE-backed companies. As displayed in Table 3, approximately 85% were businesses with fewer than 500 employees. Moreover, 15% had fewer than 10 employees, 40% had fewer than 50 employees, and more than 60% had fewer than 100 employees. Throughout this report, small businesses refers to PE-backed companies with fewer than 500 employees. The median PE-backed business employed 72 employees.

Table 3. PE-backed companies and jobs, by company size

Thousands of companies; thousands of jobs

Number of employees	Companies	Share of companies	Jobs	Share of jobs
<10	3.1	15%	15	0%
11 to 50	5.2	25%	140	1%
51 to 100	4.5	21%	325	2%
101 to 500	5.1	24%	1,193	9%
501 to 1,000	1.2	6%	873	7%
1,001 to 5,000	1.6	7%	3,484	26%
5,001+	0.4	2%	7,285	55%
Total	21.0	100%	13,315	100%

*Less than 0.5%.

Note: Figures are rounded. The numbers reflect PE-backed companies only, without PE firms themselves.

Source: PitchBook; Dun & Bradstreet; and EY analysis.

As displayed in Table 4, PE-backed small businesses supported 1.6 million jobs in 2024. The largest share of PE-backed small business employment was in business services, which employed 571,000 workers, or comprised 36% of PE-backed small business employment in 2024. The second largest sector was manufacturing, which employed 296,000 workers, or comprised 19% of PE-backed small business employment. The third largest sector was personal services, which employed 235,000 workers, or comprised 15% of PE-backed small business employment. These three sectors (business services, manufacturing, and personal services) comprised approximately 70% of total PE-backed small business employment in 2024.

Table 4. PE-backed small businesses by type of economic activity, 2024

Thousands of jobs

	Jobs	% of total
Business services	571	36%
Manufacturing	296	19%
Personal services	235	15%
Information	141	9%
Wholesale trade	115	7%
Construction	73	5%
Retail trade	69	4%
Transportation and warehousing	41	3%
Mining, quarrying, and oil and gas extraction	21	1%

Utilities	19	1%
Agriculture, forestry, fishing, and hunting	6	*
Total Employment	1,588	100%

*Less than 0.5%.

Note: Companies industry classifications use the North American Industry Classification System (NAICS), which is commonly used in government statistics. Company NAICS classifications were generally identified using Dun & Bradstreet. Figures may not sum due to rounding.

Source: PitchBook; Dun & Bradstreet; and EY analysis.

Table 5 displays the estimated economic activity of, and related to, PE-backed small businesses in 2024. PE-backed small businesses directly employed a total of 1.6 million workers throughout the US economy. These workers earned \$165 billion in wages and benefits and generated \$290 billion of GDP. Wages and benefits is a component of GDP.

Suppliers to PE-backed small businesses employed an additional 1.4 million workers throughout the US economy. These workers earned \$125 billion in wages and benefits and generated \$215 billion of GDP. In addition, the consumer spending of workers at PE-backed small businesses and their suppliers employed 1.9 million workers throughout the US economy. These workers earned \$110 billion in wages and benefits and generated \$220 billion of GDP.

In total, the economic activity of, and related to, PE-backed small businesses supported 4.8 million workers earning \$395 billion in wages and benefits and \$725 billion of GDP.

**Table 5. Total economic activity of, and related to,
the US PE-backed small businesses, 2024**

Millions of jobs; billions of dollars

	US private equity sector	Suppliers to US private equity	Related consumer spending	Total
Employment	1.6	1.4	1.9	4.8
Wages & benefits	\$165	\$125	\$110	\$395
GDP	\$290	\$215	\$220	\$725

Note: Wages & benefits include all labor income (i.e., employee cash compensation and benefits, as well as proprietors' income). Wages and benefits is a component of GDP. Figures may not sum due to rounding.

Source: EY analysis.

V. State distribution of economic activity of, and related to, the US private equity sector

The distribution of jobs, wages and benefits, and GDP by state (plus the District of Columbia) of the economic activity of the US private equity sector is displayed in Table 6 and Figure 3. The states estimated to have the most US private equity sector employment are: (1) California (1.6 million jobs), (2) Texas (1.2 million jobs), (3) Florida (852,000 jobs), (4) New York (831,000 jobs), and (5) Illinois (543,000 jobs).

Table 6. Direct economic activity of the US private equity sector by state, 2024

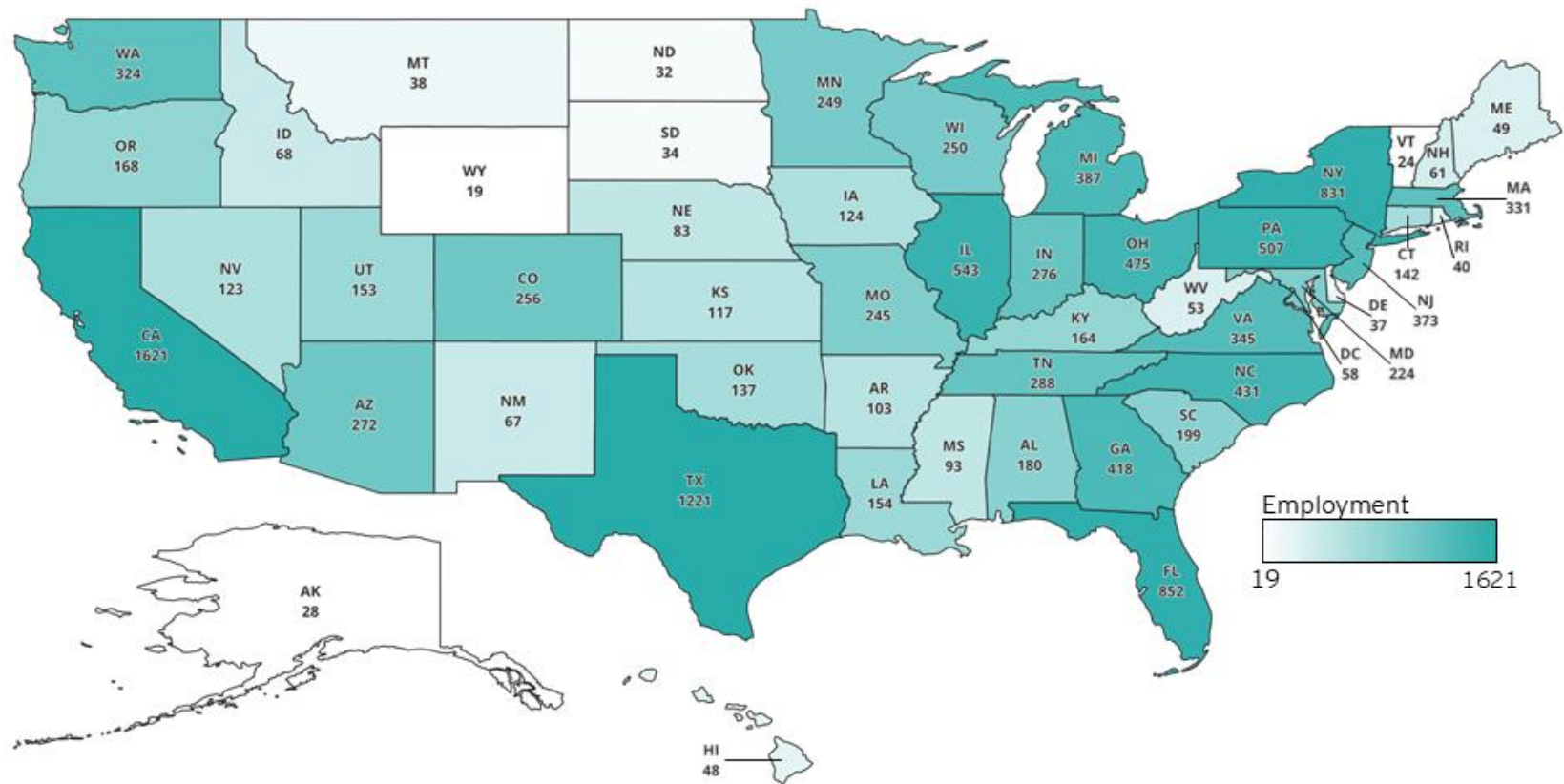
Thousands of jobs; billions of dollars

	Jobs	Wages & benefits	GDP		Jobs	Wages & benefits	GDP
Alabama	180	\$15	\$27	Montana	38	\$3	\$5
Alaska	28	\$3	\$5	Nebraska	83	\$7	\$13
Arizona	272	\$22	\$39	Nevada	123	\$9	\$16
Arkansas	103	\$8	\$15	New Hampshire	61	\$5	\$9
California	1,621	\$143	\$246	New Jersey	373	\$32	\$56
Colorado	256	\$23	\$40	New Mexico	67	\$6	\$10
Connecticut	142	\$12	\$21	New York	831	\$73	\$125
Delaware	37	\$3	\$5	North Carolina	431	\$36	\$62
District of Columbia	58	\$5	\$8	North Dakota	32	\$3	\$5
Florida	852	\$68	\$116	Ohio	475	\$39	\$69
Georgia	418	\$35	\$61	Oklahoma	137	\$11	\$20
Hawaii	48	\$3	\$6	Oregon	168	\$14	\$25
Idaho	68	\$6	\$10	Pennsylvania	507	\$43	\$74
Illinois	543	\$46	\$79	Rhode Island	40	\$3	\$5
Indiana	276	\$23	\$40	South Carolina	199	\$16	\$29
Iowa	124	\$10	\$18	South Dakota	34	\$3	\$5
Kansas	117	\$10	\$17	Tennessee	288	\$24	\$42
Kentucky	164	\$14	\$24	Texas	1,221	\$106	\$188
Louisiana	154	\$13	\$24	Utah	153	\$13	\$23
Maine	49	\$4	\$7	Vermont	24	\$2	\$3
Maryland	224	\$19	\$31	Virginia	345	\$30	\$49
Massachusetts	331	\$31	\$52	Washington	324	\$31	\$56
Michigan	387	\$33	\$56	West Virginia	53	\$4	\$8
Minnesota	249	\$22	\$37	Wisconsin	250	\$21	\$36
Mississippi	93	\$7	\$13	Wyoming	19	\$2	\$3
Missouri	245	\$21	\$37	United States	13,315	\$1,136	\$1,972

Note: Table only includes employment at US private equity firms and private equity-backed companies. Wages and benefits includes all labor income (i.e., employee compensation and proprietor income). Wages and benefits is a component of GDP. Figures may not sum due to rounding.

Source: EY analysis.

Figure 3. Economic activity of the US private equity sector by state, 2024
Thousands of jobs



Note: Figure only includes employment at US private equity firms and private equity-backed companies. Figures may not sum due to rounding.
 Source: EY analysis.

The distribution of jobs, wages and benefits, and GDP by state (plus the District of Columbia) of economic activity of, and related to, the US private equity sector is displayed in Table 7 and Figure 4. The states estimated to have the most employment in or related to the US private equity sector are: (1) California (4.1 million jobs), (2) Texas (3.1 million jobs), (3) Florida (2.2 million jobs), (4) New York (2.1 million jobs), and (5) Illinois (1.4 million jobs).

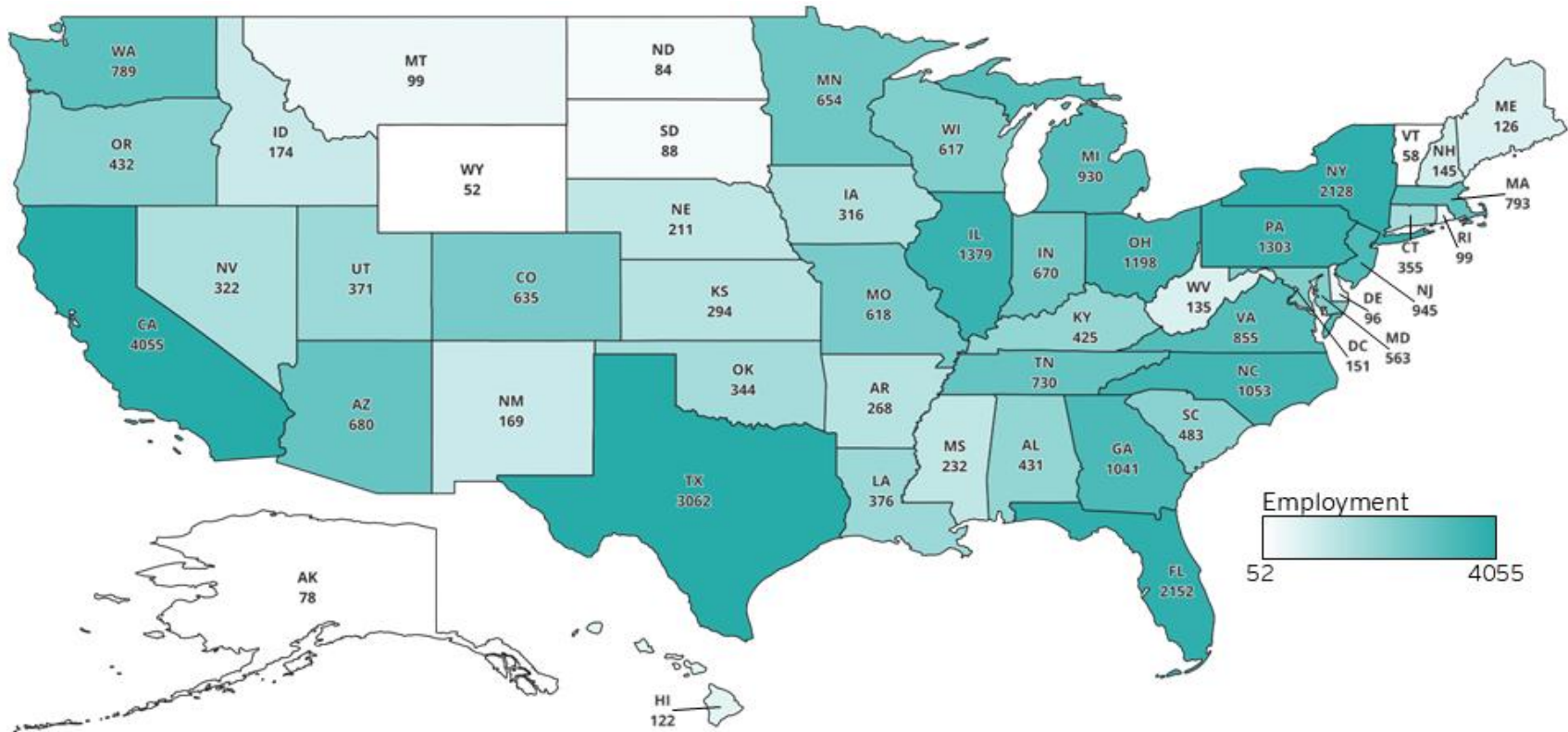
**Table 7. Total economic activity of, and related to,
the US private equity sector by state, 2024**
Thousands of jobs; billions of dollars

	Jobs	Wages & benefits	GDP		Jobs	Wages & benefits	GDP
Alabama	431	\$34	\$62	Montana	99	\$8	\$13
Alaska	78	\$7	\$15	Nebraska	211	\$17	\$30
Arizona	680	\$52	\$93	Nevada	322	\$23	\$40
Arkansas	268	\$21	\$37	New Hampshire	145	\$12	\$19
California	4,055	\$321	\$566	New Jersey	945	\$74	\$130
Colorado	635	\$52	\$92	New Mexico	169	\$13	\$23
Connecticut	355	\$28	\$48	New York	2,128	\$162	\$289
Delaware	96	\$7	\$12	North Carolina	1,053	\$83	\$146
District of Columbia	151	\$12	\$20	North Dakota	84	\$7	\$13
Florida	2,152	\$162	\$290	Ohio	1,198	\$97	\$173
Georgia	1,041	\$82	\$144	Oklahoma	344	\$28	\$49
Hawaii	122	\$9	\$15	Oregon	432	\$34	\$59
Idaho	174	\$13	\$23	Pennsylvania	1,303	\$105	\$182
Illinois	1,379	\$110	\$195	Rhode Island	99	\$8	\$13
Indiana	670	\$53	\$93	South Carolina	483	\$37	\$68
Iowa	316	\$25	\$43	South Dakota	88	\$7	\$12
Kansas	294	\$24	\$41	Tennessee	730	\$56	\$99
Kentucky	425	\$32	\$56	Texas	3,062	\$253	\$462
Louisiana	376	\$32	\$57	Utah	371	\$30	\$53
Maine	126	\$10	\$17	Vermont	58	\$5	\$8
Maryland	563	\$44	\$75	Virginia	855	\$69	\$115
Massachusetts	793	\$66	\$112	Washington	789	\$67	\$120
Michigan	930	\$75	\$131	West Virginia	135	\$11	\$20
Minnesota	654	\$55	\$98	Wisconsin	617	\$49	\$85
Mississippi	232	\$17	\$31	Wyoming	52	\$4	\$8
Missouri	618	\$49	\$86	United States	33,386	\$2,649	\$4,682

Note: Table includes employment at US private equity firms and private equity-backed companies, as well as the related supplier and consumer spending employment. Wages and benefits includes all labor income (i.e., employee compensation and proprietor income). Wages and benefits is a component of GDP. Figures may not sum due to rounding.

Source: EY analysis.

Figure 4. Total economic activity of, and related to, the US private equity sector by state, 2024
Thousands of jobs



Note: Figure includes employment at US private equity firms and private equity-backed companies, as well as the related supplier and consumer spending employment. Figures may not sum due to rounding.
 Source: EY analysis.

VI. Taxes paid by, and related to, the US private equity sector

The US private equity sector generates tax revenue through US private equity firms, private equity-backed companies, and their employees. Private equity funds generally realize their investments to return capital and profits to their investors upon exit, which can generate tax revenue. Taxes are also paid by the suppliers of the US private equity sector and paid on worker-related consumer spending. Table 8 summarizes the federal, state, and local taxes paid by, and related to, the US private equity sector in 2024. The estimates of taxes paid include all major federal, state, and local taxes (e.g. corporate and individual income taxes, sales and excise taxes, property taxes), where applicable. Taxes paid by the US private equity sector are displayed separately for those paid by businesses and those paid by its employees.

As displayed in Table 8, the US private equity sector generated \$337 billion of federal, state, and local taxes in 2024. Approximately two-thirds of these were federal taxes (\$223 billion) with the remaining taxes being paid to state and local governments (\$114 billion). About two-thirds of the \$223 billion of federal taxes paid were employee taxes (\$144 billion). These were primarily individual income taxes (\$100 billion) and payroll taxes (\$39 billion). State and local taxes were more evenly split between major tax types: property taxes (\$31 billion), sales taxes (\$27 billion), individual income taxes (\$29 billion), excise, license, and other taxes (\$19 billion), and corporate income taxes (\$8 billion).

Table 8 also summarizes the federal, state, and local taxes related to the US private equity sector. Suppliers to the US private equity sector paid \$216 billion of federal (\$143 billion) and state and local (\$73 billion) taxes. Additionally, consumer spending related to the US private equity sector supported \$233 billion of federal (\$155 billion) and state and local (\$79 billion) taxes. Overall, the federal, state, and local taxes paid by, and related to, the US private equity sector totaled nearly \$786 billion in 2024.

Table 8. Federal, state, and local taxes paid by, and related to, the US private equity sector, 2024
Billions of dollars

	US private equity sector			Suppliers of US private equity	Related consumer spending	Total
	Business taxes	Employee taxes	Total			
Federal taxes	\$79	\$144	\$223	\$143	\$155	\$521
Individual income taxes	14	100	113	73	79	265
Payroll taxes	39	39	78	50	54	182
Corporate income taxes	24	0	24	16	17	57
Excise taxes	1	3	4	3	3	10
Customs duties and fees	1	3	3	2	2	8
State and local taxes	\$46	\$68	\$114	\$73	\$79	\$265
Property taxes	17	14	31	20	22	73
Sales taxes	11	16	27	17	19	63
Individual income taxes	0	29	29	18	19	66
Excise, license, and other taxes	10	9	19	12	14	45
Corporate income taxes	8	0	8	5	5	17
Total taxes	\$125	\$212	\$337	\$216	\$233	\$786

Note: Figures may not sum due to rounding.
Source: EY analysis.

The distribution of state and local taxes paid by state (plus the District of Columbia) by the US private equity sector is displayed in Table 9. The states estimated to have the most taxes paid by the US private equity sector are: (1) California (\$18.2 billion), (2) New York (\$11.3 billion), (3) Texas (\$8.6 billion), (4) Illinois (\$5.2 billion), and (5) Florida (\$4.7 billion).

**Table 9. State and local taxes paid directly by
the US private equity sector by state, 2024**

Billions of dollars

Alabama	1.3	Montana	0.3
Alaska	0.3	Nebraska	0.7
Arizona	1.8	Nevada	0.9
Arkansas	0.8	New Hampshire	0.4
California	18.2	New Jersey	3.7
Colorado	2.1	New Mexico	0.8
Connecticut	1.3	New York	11.3
Delaware	0.3	North Carolina	3.0
District of Columbia	0.7	North Dakota	0.4
Florida	4.7	Ohio	3.7
Georgia	3.0	Oklahoma	0.9
Hawaii	0.5	Oregon	1.5
Idaho	0.5	Pennsylvania	4.2
Illinois	5.2	Rhode Island	0.3
Indiana	2.1	South Carolina	1.4
Iowa	1.0	South Dakota	0.2
Kansas	1.0	Tennessee	1.8
Kentucky	1.3	Texas	8.6
Louisiana	1.2	Utah	1.3
Maine	0.4	Vermont	0.3
Maryland	2.0	Virginia	2.7
Massachusetts	3.1	Washington	2.8
Michigan	2.8	West Virginia	0.5
Minnesota	2.4	Wisconsin	1.9
Mississippi	0.7	Wyoming	0.1
Missouri	1.7	United States	\$114.0

Note: Table reports the state and local tax contribution of the private equity sector. This table does not include the state and local taxes paid by suppliers of the private equity sector or state and local taxes supported by consumer spending related to the private equity sector. Figures may not sum due to rounding.

Source: EY analysis.

The distribution of state and local taxes paid by state (plus the District of Columbia) by the US private equity sector and related economic activity is displayed in Table 10. The states estimated to have the most taxes paid by, and related to, the US private equity sector are: (1) California (\$40.9 billion), (2) New York (\$25.2 billion), (3) Texas (\$20.5 billion), (4) Illinois (\$12.5 billion), and (5) Florida (\$11.3 billion).

Table 10. Total state and local taxes paid by, and related to, the US private equity sector by state, 2024

Billions of dollars

Alabama	3.0	Montana	0.7
Alaska	0.7	Nebraska	1.6
Arizona	4.3	Nevada	2.1
Arkansas	1.9	New Hampshire	0.9
California	40.9	New Jersey	8.4
Colorado	4.7	New Mexico	1.9
Connecticut	3.0	New York	25.2
Delaware	0.8	North Carolina	7.0
District of Columbia	1.7	North Dakota	0.9
Florida	11.3	Ohio	9.1
Georgia	7.1	Oklahoma	2.3
Hawaii	1.3	Oregon	3.5
Idaho	1.1	Pennsylvania	10.1
Illinois	12.5	Rhode Island	0.8
Indiana	4.9	South Carolina	3.2
Iowa	2.5	South Dakota	0.5
Kansas	2.2	Tennessee	4.2
Kentucky	3.0	Texas	20.5
Louisiana	3.0	Utah	2.9
Maine	1.1	Vermont	0.6
Maryland	4.7	Virginia	6.3
Massachusetts	6.8	Washington	6.2
Michigan	6.5	West Virginia	1.1
Minnesota	6.0	Wisconsin	4.5
Mississippi	1.7	Wyoming	0.3
Missouri	3.9	United States	\$265.2

Note: Table reports state and local taxes paid by, and related to, the private equity sector. This table includes the state and local taxes paid by suppliers of the private equity sector and the state and local taxes supported by consumer spending related to the private equity sector. Figures may not sum due to rounding.

Source: EY analysis.

VII. Caveats and limitations

The estimates of the economic contribution of the US private equity sector presented in this report are based on an input-output model of the US economy and the data and assumptions described elsewhere in the report. Readers should be aware of the following limitations of the modeling approach and limitations specific to this analysis.

- ▶ **The results show a snapshot of current economic contributions.** The input-output modeling approach used in this analysis shows the 2024 economic contribution of the US private equity sector based on its relationships with other industries and households in the US economy. The analysis is at a single point in time (i.e., 2024). The results do not reflect or attempt to estimate an expansion, contraction, or any other changes, or related impacts, of the sector.
- ▶ **Estimates are limited by available public information.** The analysis relies on information reported by federal government agencies (primarily the US Bureau of Economic Analysis, US Bureau of Labor Statistics, US Census Bureau, and Congressional Budget Office), and other publicly available sources (i.e., PitchBook, Dun & Bradstreet, and IMPLAN model). The analysis did not attempt to verify or validate this information using sources other than those described in the report.
- ▶ **Modeling the economic contribution of the US private equity sector relies on government industry classifications.** This report relates the activities of US private equity sector companies to the operating profiles of various industries as defined by the North American Industry Classification System (NAICS) to most effectively estimate the economic contribution of the US private equity sector. Workers in the US private equity sector are assumed to receive the average wages and benefits of workers in their respective industry and to require the level of operating input purchases characteristic of the industries into which they have been categorized. This analysis relies on estimates of the domestically purchased inputs from the IMPLAN model, which are estimated using aggregate trade flow data and may vary by industry.
- ▶ **Modeling the average and median wage of the US private equity sector relies on industry averages.** This report relates the activities of US private equity sector companies to the operating profiles of various industries as defined by the NAICS industry classification system to most effectively estimate the average and median wage of the US private equity sector.
- ▶ **Estimates do not reflect the economic impact of the PE industry.** This analysis does not attempt to estimate or indicate the effect or impact of the PE industry or sector on the US economy. Rather, the analysis presents estimates of the economic contribution or footprint of the PE sector. An economic impact analysis might instead analyze the impact on the US economy of a change to or in an industry or sector, perhaps due to a policy change, natural disaster, or some other exogenous factor. An economic impact analysis might attempt to account for the economic dynamics that occur in response to such a change and show the impact net of shifts of economic activity across different parts of the economy (e.g., industries, sectors) as impacts ripple through the economy.¹³

- ▶ **Input-output modeling can include double counting.** Input-output modeling can include double counting in its indirect and induced estimates. For example, a PE-backed company's suppliers or suppliers of suppliers could be a PE-backed company and consumer re-spending of income supported by private equity could be at PE-backed businesses or businesses with PE-backed suppliers. This potential double counting is due to the use of industry averages in estimating indirect and induced economic contributions in input-output modeling. This analysis attempts to remove such double counting by assuming the private equity sector is included in the indirect and induced contributions, by industry, proportional to its direct employment share in each industry.
- ▶ **State-level results are high-level estimates.** The state-level results are an allocation of the national results to the 50 states (plus the District of Columbia) with a high-level estimate based on the industries in which the private equity sector operates. An allocation approach is used because sufficiently detailed data on the US private equity sector are not available by state from publicly available sources. For example, for a given private equity-backed company only total employment is available, not state-by-state employment.
- ▶ **Taxes paid by, and related to, the US private equity sector based on historical averages.** In general, estimates of federal, state, and local taxes paid are based on the historical relationship between federal, state, and local tax collections (by tax type) to economic activity.
- ▶ **Results are not sensitive to including or excluding employment and labor income of private equity firms.** Employment and labor income at private equity firms contribute less than 1% of the total for the private equity sector. Results included throughout this report are not sensitive to including or excluding the economic activity of the private equity firms. That is, the economic and tax contribution estimates are primarily a result of PE-backed companies.

Appendix. Modeling approach/IMPLAN model of the US economy

This analysis uses an input-output model to estimate the economic contribution of the US private equity sector in 2024. The economic multipliers in this report were estimated using the 2023 Impacts for Planning (IMPLAN) input-output model of the United States. IMPLAN is used by more than 500 universities and government agencies. Unlike other economic models, IMPLAN includes the interaction of more than 500 industries, thus identifying the interaction of specific industries that are related to the US private equity sector.

The multipliers in the IMPLAN model are based on the Leontief production function, which estimates the total economic requirements for every unit of direct output in a given industry based on detailed inter-industry relationships documented in the input-output model. The input-output framework connects commodity supply from one industry to commodity demand by another. The multipliers estimated using this approach capture all of the upstream economic activity (or backward linkages) related to an industry's production by attaching technical coefficients to expenditures. These output coefficients (dollars of demand) are then translated into dollars of GDP and wages and benefits and number of employees based on industry averages.

The multipliers presented in this report include the US private equity sector, suppliers to US private equity, and related consumer spending. Economic activity at suppliers to the US private equity sector is attributable to operating input purchases from US suppliers. Economic activity related to consumer spending is attributable to spending by US private equity sector and supplier employees based on household spending patterns. The US private equity sector is estimated to have an employment multiplier of 2.5, a wages and benefits multiplier of 2.3, and a GDP multiplier of 2.4.

In general, estimates of federal, state, and local taxes paid are based on the historical relationship between federal, state, and local tax collections (by tax type) to economic activity (measured as personal income). This ratio estimates the effective tax rates for each tax type as a share of total personal income.

Endnotes

¹ This paper is highlighted as the United Kingdom is one of the largest private capital markets and more financial information is publicly available for private companies in the United Kingdom than in the United States, which generally facilitates such academic research. See Paul Lavery, William L. Megginson, and Alina Munteau, "Growth Equity Investment Patterns and Performance," Mimeo, November 24, 2024.

² In particular, the analysis' estimates of the net differential in the employment growth rate of the private equity-backed companies relative to the comparable companies not backed by private equity after two years range from a 0.26 percentage-point increase to a 0.88 percentage-point decrease. This reflects the net effect of (1) higher rates of job destruction at a company's shrinking and exiting establishments, (2) greater job creation at a company's expanding establishments, and (3) greater job creation at new company establishments. See Steven J. Davis, John Haltiwanger, Kyle Handley, Ron Jarmin, Josh Lerner, and Javier Miranda, (2014), "Private equity, jobs, and productivity," *American Economic Review* 104(12): pp. 3956-3990. An analysis using a similar methodology for approximately 5,100 private equity buyouts between 1980 and 2011 found similar results (i.e., a statistically insignificant impact on employment and significant productivity increases), but highlighted heterogeneity within the data. In particular, on average, public-to-private buyouts resulted in significant employment declines and private-to-private buyouts and secondary deals resulted in significant employment increases. See Steven J. Davis, John Haltiwanger, Kyle Handley, Ben Lipsius, Josh Lerner, and Javier Miranda, "The Social Impact of Private Equity Over the Economic Cycle," Working Paper, 2019.

³ Proprietor income includes the payments received by self-employed individuals and unincorporated business owners.

⁴ Companies are classified based on the North American Industry Classification System (NAICS), which is commonly used for industry classification in government statistics. Company NAICS classifications were generally identified using Dun & Bradstreet. All numbers are prorated to account for cases where private equity owns less than 100% of a company.

⁵ The only available employment data from PitchBook on US private equity firms was for the number of investment professionals. This report estimated the total number of employees at US private equity firms based on the ratio of non-investment professionals to investment professionals for the securities, commodity contracts, and other financial investments and related activities industry with data from the US Bureau of Labor Statistics.

⁶ EY was provided data on 2024 private equity-backed companies by PitchBook. Private equity-backed companies only included those headquartered in the United States with an ownership status of privately held (backing), in IPO registration, or publicly held. Companies backed by venture capital were not included in these data. In order to classify each company based on the NAICS hierarchy, as well as supplement PitchBook's data with additional employment data for entities lacking this information through PitchBook, the PitchBook company list was matched to data from Dun & Bradstreet (D&B). The resulting dataset was reviewed and cleaned as per the following steps: verifying NAICS code matching for a subset of companies, as well as additional review of the top 250 companies (based on PitchBook employment data, or D&B employment data when PitchBook data was missing).

The next step of the data cleaning procedure was to verify NAICS code matching for a subset of companies, given that certain issues arise in the process of matching PitchBook data to D&B data. For instance, certain companies were classified under NAICS codes associated with holding companies as opposed to the NAICS code associated with the company's primary activity. In addition, companies may have been matched incorrectly, resulting in an incorrect NAICS code classification, or a NAICS code may simply not be provided. To address these issues, EY manually reviewed the NAICS codes for the top 250 companies (based on PitchBook employment data, or D&B employment data when PitchBook data was missing), and when errors were identified, manually updated the NAICS codes based on PitchBook descriptions of the company's primary function.

For the top 250 companies, EY verified whether there are active investors in the business according to PitchBook, and manually reviewed and excluded transactions involving portfolio acquisitions.

The wages and benefits paid to employees of private equity-backed companies and GDP generated by private equity-backed companies were estimated from industry averages with the IMPLAN model, which is discussed in the appendix to this report.

⁷ This \$85,000 is computed prior to rounding the wages and benefits and employment estimates. In particular, the \$1.1 trillion of wages and benefits is approximately \$1.136 trillion and 13.3 million employees is approximately 13.315 million employees.

⁸ The \$85,000 average wage estimated in this analysis is based on industry-level labor income data from the IMPLAN model. Accordingly, the comparable average wage is the average wage for the overall US economy in the IMPLAN model, which is approximately \$77,000. The main IMPLAN economic data sources are Census of Employment and Wages (Bureau of Labor Statistics), Regional Economic Accounts (Bureau of Economic Analysis), County Business Patterns (Census Bureau), and National Income and Product Accounts (Bureau of Economic Analysis).

⁹ In particular, the average wages and benefits per worker number was converted to a full-time equivalent average wages and benefits per worker number and then divided by the number of hours a full-time worker works. This estimate assumes that a full-time worker works 40 hours per week 52 weeks a year (i.e., 2,080 hours).

¹⁰ In order to calculate the median wage of employees in the private equity sector, this analysis used the American Community Survey (ACS) 2023 micro-level data of individual wage earners. The ACS is a survey conducted by the US Census Bureau that is representative of the overall United States. In particular, this analysis assumes that the wage distribution of employees in the private equity sector, by industry, follows that of the overall United States. This assumption then facilitates the calculation of a median wage for the private equity sector.

¹¹ As discussed in endnote 9, to calculate the median wage of employees in the private equity sector, this analysis used the American Community Survey (ACS) 2023 micro-level data of individual wage earners. The comparable calculation of median earnings for the overall US economy is approximately \$60,000 (full-time, year-round workers 16 years and over with earnings).

¹² This is 2024 US GDP as reported by the US Bureau of Economic Analysis.

¹³ A key point is that an economic impact analysis typically attempts to estimate impacts that net out shifts in economy activity across industries and sectors as the economy moves from its initial equilibrium to its new equilibrium. In contrast, an economic contribution analysis shows the gross amount of economic activity tied to an industry or sector directly, and through its suppliers and related consumer spending. The EY Quantitative Economics and Statistics (QUEST) practice has other modeling frameworks it uses to account for the shifts in economic activity and estimate net impacts (e.g., EY Macroeconomic Model of the US Economy).