

THE MIDDLE MARKET IS THE POWERFUL ENGINE OF THE U.S. ECONOMY

The middle market, defined by the National Center for the Middle Market (NCMM) as companies with between \$10 million and \$1 billion in annual revenue, provides unique benefits to the economy through its stability, strength, and proven track record of growth. By increasing jobs, driving revenue, investing in innovation, and leading in manufacturing, the middle market carries the torch for increasing U.S. economic prosperity.

TO KEEP THE U.S. ECONOMIC ENGINE RUNNING, CONGRESS MUST ACTIVELY SUPPORT THE MIDDLE MARKET THROUGH FEDERAL POLICIES THAT FOSTER CONTINUED INVESTMENT, CAPITAL FORMATION, AND GROWTH THROUGHOUT THE LIFECYCLE OF A BUSINESS.

- » **The middle market is the single largest contributor to growing U.S. jobs.** Accounting for over half of the 51.8 million jobs created since the financial crisis (2011-2017), the middle market produces more new jobs than large or small businesses combined.
- » **Revenue growth is highest for middle market companies.** Last year, revenue at middle market companies grew by 8.6 percent, a higher growth rate than large companies in the S&P 500.
- » **The middle market invests heavily in innovation.** Middle-market companies consistently invest roughly 8% of revenue in research and development. This investment in innovation propels economic growth.
- » **The middle market is the leader in manufacturing.** Manufacturers, who are at the core of a healthy economy, represent approximately 17% of U.S. middle market companies compared to approximately 12% of the economy as a whole.

Congress can ensure the middle market continues to be a strong and reliable leader for economic growth by adopting polices which:

- ✓ Enhance access to capital
- ✓ Incentivize private capital investment
- ✓ Stimulate job creation
- ✓ Reflect marketplace realities

THE MIGHTY MIDDLE MARKET

THE MIDDLE MARKET INCLUDES COMPANIES THAT HAVE \$10 MILLION TO \$1 BILLION IN ANNUAL REVENUES.

33%

ACCOUNTS FOR ONE-THIRD OF PRIVATE SECTOR GDP

200k

MIDDLE-MARKET COMPANIES IN THE UNITED STATES

2.2m

JOBS ADDED DURING THE 2007-2010 FINANCIAL CRISIS

48m

WORKERS EMPLOYED BY MIDDLE-MARKET COMPANIES

PRIVATE CAPITAL PROVIDES UNIQUE BENEFITS AND HAS A PROVEN TRACK RECORD FOR STIMULATING GROWTH

Access to capital and operational expertise is essential for companies to operate and grow. Unfortunately, for small and mid-size companies, there can be significant challenges to obtaining bank loans, important business reasons for not selling company stock, and significant impediments to accessing the public markets. Private capital provides a critical alternative that fills this void. As experienced experts in growth, middle-market private capital providers partner with companies to provide financial support, along with operational and strategic expertise, to help small and mid-size businesses achieve their growth objectives.

TO FACILITATE STRONG ECONOMIC GROWTH, CONGRESS MUST RECOGNIZE THE POSITIVE IMPACT OF PRIVATELY-BACKED COMPANIES AND ACTIVELY SUPPORT FEDERAL POLICIES THAT PROMOTE PRIVATE CAPITAL INVESTMENT IN THE MIDDLE MARKET.

- » **Private capital provides an important financing alternative to the traditional public model for growing middle-market businesses.** Not only do privately-backed companies receive a strong injection of capital, but partnering with a middle market private capital provider can deliver higher value to a company, faster growth based on operational and strategic expertise, and a long-term partnership where interest and success are aligned.
- » **Public pension funds and university endowments are the principal investors in private funds.** The consistent high performance of private capital investment benefits retired teachers, firefighters, police officers and other public employees, as well as scholarships and research grants at colleges and universities.
- » **Robust data continues to demonstrate the substantial impact made by middle-market companies supported by private capital.** This data, updated through 2017 on GrowthEconomy.org, continues to show that not only do privately-backed companies grow jobs and sales by significantly higher rates than their public counterparts, but that middle-market companies specifically are overwhelmingly responsible for growth.

IMPACT OF PRIVATE CAPITAL IN THE UNITED STATES

1998 – 2017

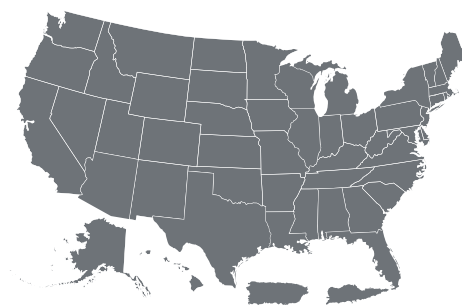
SUMMARY

Private Capital-Backed Jobs Grew 59.4%

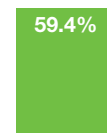
Private equity-backed companies in the middle market led the way with over **72% of this growth**.

Private Capital-Backed Sales Grew 103.6%

Private equity-backed companies in the middle market led the way with over **80% of this growth**.



COMPARATIVE JOBS DATA



PE-Backed

24.7%

All

COMPARATIVE SALES DATA

103.6%

PE-Backed

28.9%

All

Data courtesy of GrowthEconomy.org



Association for Corporate Growth

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The Association for Corporate Growth (ACG) was founded in 1954 and has more than 14,500 members throughout 59 chapters around the world, 45 of which are located within the United States. ACG members are professionals who invest in, own, advise or lend to middle-market companies and are dedicated to driving middle-market growth.

For more information about ACG and its policy efforts, please contact Maria Wolvin, ACG's Vice President and Senior Counsel of Public Policy at mwolvin@acg.org.