



Background

Review of Education Policy Research and Action

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Private Equity Investment: Impact of Uncertainty, Bankruptcy, and Sudden Closures on Public and Private Sectors

Increased Likelihood of Bankruptcy & Job Loss Across Industries

- 21 of the 41 largest bankruptcies in 2025 – corporations valued at \$500 million or more – were private equity-owned (PEQ) companies
- A report on 13 of those bankruptcies showed 36,802 layoffsⁱ
- Leverage buyouts result in a 18% greater likelihood of acquired firms filing for bankruptcy (typical of PEQ)ⁱⁱ
- 10% employment decline following a private equity buyout in the private sectorⁱⁱⁱ

Pension Plan Depletions and Retirement Losses

- 102,000 retirees and active employees lost \$128 million in benefits between 2001 and 2015^{iv}
- 14.2% more likely to be frozen or terminated within five years by private equity-owned firm plans.^v
- 22.2% reduction in contributions to pension plans by private equity-owned companies^{vi}
- \$4.5 billion loss in retirement benefits via terminations and reductions in health insurance, life insurance, and pension benefits for 190,000 active and retired U.S. steel industry workers^{vii}
- \$800 million in lost health insurance benefits for retired and active workers in voided collective bargaining agreements covering approximately 3,800 union workers at a mining company^{viii}

Hospitals & Healthcare

- 7 of the 8 largest healthcare bankruptcies in 2024 were private equity-owned companies^{ix}
- Nearly 90% of financially stressed healthcare companies are private equity owned, as of 2022^x
- Steward Health Care (SHC) with 31 hospitals and Prospect Medical Holdings (PMH) with 16 hospitals declared bankruptcy in 2024 and 2025, respectively
- 6 hospitals closed by PMH;^{xi} 8 closed by SHC,^{xii} leaving communities without safety net hospitals
- Closure of Waterbury Hospital would have meant 350,000 residents losing hospital services
- From Waterbury Hospital alone, Prospect Medical still owes the state of Connecticut \$127 million in taxes;^{xiii} the city of Waterbury was forced to write off \$18.4 million in taxes as "uncollectible"^{xiv}
- 2 Connecticut nursing homes closed after violations, as private equity-owned Genesis went bankrupt

Retail Job Loss and Food Deserts

- 1.3 million lost jobs in 2012-2019 in retail via leveraged buyouts by private equity and hedge funds
- 4,680 store closures across 33 private equity-owned retailers in the first quarter of 2019^{xv}
- Food deserts created by closures of private equity-owned A&P brands & Fairway in Connecticut
- High-profile bankruptcies & closures include Toys "R" Us^{xvi}, Red Lobster^{xvii}, Hertz^{xviii}, Forever 21^{xix}, Kmart^{xx}

Background

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- ^v Zhong, Wensong, How Do Private Equity Buyouts Affect Employee Pension Plans? (December 19, 2024). Available at SSRN: <https://ssrn.com/abstract=4818003> or <http://dx.doi.org/10.2139/ssrn.4818003> (study of period between 1999-2021)
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- ^x Vollers Stateline, A. C. (2026, August 27). *As states tighten oversight, private equity's healthcare deals decline*. CT Mirror. <https://ctmirror.org/2026/08/27/private-equity-healthcare-deals-declined/>
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