Investing in Politics: Private Equity and Coordinated Political Activity*

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Abstract

Despite the private equity industry's rapidly growing presence in the U.S. economy, we know far more about its influence on corporate governance than its role in shaping public policy. In this paper, we document how private equity's distinctive ownership structure facilitates coordinated political activity among its portfolio companies, revealing a covert channel of influence over policymaking. We assemble a novel dataset of U.S. leveraged buyouts from 2000-2018, which we match to federal lobbying records. Applying a doubly robust difference-in-differences estimator, we show that portfolio companies acquired by private equity subsequently increase their federal lobbying. Then using an issue-level dataset, we find that after a buyout, portfolio companies are five times more likely to lobby on the very issues their PE acquirers had themselves lobbied on. These findings demonstrate that private equity's success owes not just to financial and operational engineering, but also to deliberate coordination of political influence across portfolios.

Key Words: Non-market strategy, private equity, business-government relations, American politics, interest groups, lobbying

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Private equity (PE) has become one of the most powerful, and most divisive, corporate actors in the United States. By 2024, the industry managed over $3 trillion in assets, with its portfolio companies employing more than 13 million workers and contributing roughly 7 percent of U.S. GDP.[1] Private equity firms control thousands of companies across sectors as diverse as healthcare, housing, energy, education, and defense, and are fast-growing worldwide. As one former partner at Apollo Global Management, a top-tier private equity firm, put it: "we cannot overestimate the reach of private equity across the global economy".[2]

But private equity's breakneck expansion has fueled criticism that managers chase short-term gains at the expense of long-term stability. Critics blame private equity for mass layoffs, asset stripping, excessive debt burdens, and the bankruptcies of once-thriving firms. For example, the collapse of private equity–backed Steward Health Care System, once the largest for-profit hospital network in the United States, has become a flashpoint for calls to strengthen government oversight. Yet for all the criticism, private equity not only has preserved its massive tax and regulatory privileges, but is also poised to gain access to the cornerstone of America's retirement investment system, the 401(k) plan.[3]

In this paper, we present the first investigation of how private equity has leveraged corporate political activity over the past two decades. We argue that private equity's ability to carve out preferential political treatment owes much to the ways it coordinates political activity among the portfolio companies it owns. In doing so, we reveal a new and stealthy mechanism through which large, diversified institutional investors capture representative politics. Although private equity firms themselves are relatively few in number, they are already among the most active lobbyists in U.S. politics. Yet this tally understates their true influence, since it excludes the much greater lobbying expenditures made by the thousands of portfolio companies they control.

To illustrate this, we first match data on 3,519 private equity deals executed from 2000-2018 to disclosures of lobbyists hired to contact and/or influence US Members of Congress and their staff. Data on private equity deals comes from Preqin, a leading third-party aggregator of data on alternative asset investments, while we source lobbying information from the LobbyView dataset (Kim, 2018). Each deal involves a private equity firm (or firms) acquiring a specific portfolio company; capital to fund the acquisition is raised mainly from passive limited partners

[1] "US private equity AUM hits $3.128 trillion in 2024." S&P Global Market Intelligence, April 2, 2025. McCutcheon, Zachary. "New EY Report Shows Private Equity Strengthens U.S. Economy with More Jobs, Higher Pay, and Increased Investment." American Investment Council, March 25, 2025.

[2] Blasdel, Alex. "Slash and burn: is private equity out of control?" the Guardian, January 22, 2025

[3] Kaye, Danielle. "Private Equity in Your 401(k). What Could Go Wrong?" New York Times, August 9, 2025.

though PE firms contribute a small share. Using a staggered difference-in-differences design and the doubly robust estimator introduced by Callaway and Sant'Anna (2021*b*), we then estimate the treatment effect of being bought out by private equity on a portfolio company's lobbying activity.

Our results clearly show that portfolio companies acquired by private equity expanded their federal lobbying efforts in the years after the deal was completed. We observe a roughly 18% increase in the probability of companies lobbying across the full sample (compared to the baseline). This marks a major change in how these companies engage in politics. When private equity buys a company, it can fundamentally reshape its policy agenda and the intensity of its lobbying.

Next, we examine heterogeneity in the treatment effect to uncover several mechanisms through which the PE industry shapes political activity. First, the effect of being acquired by PE is especially pronounced for the largest portfolio companies in the sample; private equity focuses its political playbook on firms for which federal lobbying is the most strategically useful. We also find that lobbying increases are concentrated among companies acquired by PE firms that themselves have an established record of lobbying in Washington. Using placebo tests, we show these effects are specific only to deals where private equity assumes day-to-day managerial control, rather than when they provide merely equity or loan capital.

Finally, we assess how PE ownership shapes the specific policy agendas pursued by acquired companies in Washington. We find that after being bought out, portfolio companies are five times more likely to lobby on the very issues that their PE acquirers had lobbied on before. Notably, the issue area where this effect of PE acquisition is strongest involves lobbying on taxation. We also find evidence that portfolio companies contract with the same lobbyists as their PE owners to pursue these advocacy goals. In our view, these findings provide clear evidence that private equity buyouts lead to coordination in lobbying strategies between portfolio companies and their private equity parents.

In doing so, we make several contributions to the study of corporate influence on policymaking. To our knowledge, this is among the first papers to study the political activity of privately held companies. Privacy laws make collecting data on the ownership or operations of private firms notoriously difficult. We overcome this empirical challenge by combining administrative records aggregated by third parties, regulatory filings, and proprietary datasets to construct a comprehensive view of firm-level activity and investor structure. Through this approach, we extend a large body of research that has to date only looked at lobbying and campaign contributions by publicly traded companies (such as through their PACs) (Richter, Samphantharak, and

Timmons, 2009; Cooper, Gulen, and Ovtchinnikov, 2010; Claessens, Feijen, and Laeven, 2008).

We also advance a new research agenda about the importance of political activity for private equity, a critical industry whose influence over public policy and markets has never been greater and yet, has never been systematically studied. Dozens of papers in economics, management, and related disciplines have identified the various operational and financial changes adopted by private equity firms (for reviews, see Wood and Wright (2009) and Bernstein (2022)). Our data cover the growth of the PE industry from 2000 onwards to show how lobbying is a key part of their playbook. To date, research has shown that institutional context, and in particular partisan leadership, can influence which types of portfolio companies are acquired by PE firms (Pe'Er and Gottschalg, 2011). Other work has shown how politically connected PE-backed portfolio companies may increase employment in order to exchange quid pro quo favors with politicians (Faccio and Hsu, 2017). This paper highlights how private equity prioritizes political advocacy within its management strategy. In doing so, we shed new light on how the industry transforms portfolio companies in pursuit of profit (Jenkinson, Kim, and Weisbach, 2021; Appelbaum and Batt, 2014; Gompers, Kaplan, and Mukharlyamov, 2016).

Finally, we provide evidence that common ownership leads to coordination across political strategies, suggesting behind-the-scenes alignment of lobbying efforts across holdings. PE firms adopt a top-down approach, drawing on political experience from across their diversified structures. This relates to recent work demonstrating how shareholders can use acquired companies to push for their political goals, for example, foreign sovereign wealth funds taking stakes in publicly traded US-based firms that are able to contribute to political campaigns (Calluzzo, Dong, and Godsell, 2017). Similarly, wealthy individuals may circumvent monetary limits on their political contributions by acquiring equity in large companies and influencing the donations of their Political Action Committees (PACs) (Bertrand et al., 2020). The private equity industry may view its own acquisitions as intermediaries for covertly pushing its political aims, relating to work on concealment, in this case of ownership, within corporate political activity (Jia, Markus, and Werner, 2021).

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1 How Private Equity Works

Broadly defined, private equity is "risk capital provided outside the public markets," that is, private investment being channeled into companies (Gilligan and Wright, 2020, 14). As an umbrella

term, it can also include venture capital, e.g. investments early in a company's development, such as into start-up companies. For the purposes of this paper, however, we focus on private equity defined as later-stage investments into mature businesses, such as the leveraged buyout of an established business, the infusion of growth capital, or even the taking of publicly traded firms private.

Private equity deals begin with the *PE firm* (e.g., fund manager), which assumes responsibility for the most important operations surrounding the investment. PE firms first raise money from private and institutional investors (limited partners, or LPs) into 'closed-end' investment vehicles called *funds*, which generally have a life span of roughly 10 years (Kaplan and Stromberg, 2009).[4] Funds are used to acquire individual companies, often using significant amounts of leverage; these acquisition targets are known as *portfolio companies*. PE firms actively manage portfolio companies and realize returns for LPs, who expect higher than market returns given the riskier, less liquid nature of most PE investments (Jenkinson, Kim, and Weisbach, 2021).[5]

The central premise behind the private equity model is that PE firms more effectively align the incentives of portfolio company managers and ultimate owners, particularly through the use of stock-based compensation (Jensen, 1997; Kaplan, 1989). PE firms frequently swap out management teams, and offer substantial equity incentives to new leadership in order to maximize returns. PE managers often bring a range of specialized expertise in financial restructuring, governance, and operational improvements, which they apply to enhance firm efficiency and create value for shareholders (Gompers, Kaplan, and Mukharlyamov, 2016; Kaplan and Stromberg, 2009). These changes can include cost reductions, supply chain optimization, consolidation of business units, or even the privatization of certain public services (Bernstein and Sheen, 2016; Bloom, Sadun, and Van Reenen, 2015; Jenkinson, Kim, and Weisbach, 2021). By using large amounts of leverage to finance acquisitions, PE firms also place pressure on managers to eliminate inefficiencies expenditures and improve cash flow (Kaplan and Stromberg, 2009).

The consequences of this type of leveraged buyout have generated significant debate among economists. One body of academic work argues that private equity on average improves operating performance and labor productivity, while generating revenue growth (Cohn, Hotchkiss, and Towery, 2020; Kaplan and Stromberg, 2009; Davis et al., 2014). In particular, Morris and

[4]PE firms also act as a General Partner by contributing a small portion of their own money to the funds they create, giving them a direct stake in the fund's performance.

[5]The PE firms themselves receive financial returns in the form of dividend recapitalizations, management fees, as well as 20% of gains ('carried interest') from the sale or IPO of portfolio companies.

Phalippou (2020) find private equity takeovers to increase excess returns for investors, often significantly above those delivered by public markets. Operationally, Cohn, Nestoriak, and Wardlaw (2021) find that workplace safety improves after buyouts, complementing other work showing adoption of better management practices (Bloom, Sadun, and Van Reenen, 2015). However, more recently Davis et al. (2021) suggest that the positive effects of private equity buyouts on outcomes such as employment and productivity depend on whether the target firm is publicly or privately held.

In contrast, other research has found more negative outcomes associated with private equity. Many critics point to the industry's heavily reliance on aggressive cost-cutting strategies to deliver profits back to PE executives; criticism has focused particularly on workforce reductions (Davis et al., 2014) and cuts to employee compensation (Antoni, Maug, and Obernberger, 2019). Such practices can hurt well-being, particularly in sectors such as health care, where private equity investment has been linked to higher short-term mortality rates in nursing homes (Gupta et al., 2021). PE-backed companies are also much more likely to experience defaults (Tykvová and Borell, 2012), though some evidence suggests that they manage such financial distress better than other types of companies (Hotchkiss, Smith, and Strömberg, 2012). And overall, the PE industry has found ways to reduce its effective tax rate by as much as 15% (Olbert and Severin, 2023). Nevertheless, such concerns have done little to slow the industry's expansion. As of 2025, private equity firms held over $1.2 trillion in dry powder, e.g. unallocated capital available for financing future acquisitions.[6]

1.1 Corporate Political Activity by PE Firms

Notably absent in this academic discussion of leveraged buyouts and firm performance has been a role for politics. As the volume of assets under private equity management has ballooned over the past several decades, so too has the industry's footprint in Washington. The private equity industry now trails only the insurance sector as the largest source of contributions to congressional campaigns and lobbying on the Hill. According to data from OpenSecrets, overall campaign contributions from the PE industry have increased tenfold from 2010-2024, as new PACs funded by private equity managers regularly pop up on the political scene. And employees at leading firms such as the Blackstone Group and Bain Capital consistently rank among the

[6] "Private Equity Outlook 2025: Is a Recovery Starting to Take Shape?" Bain, April 10, 2025

biggest donors in US politics.[7]

It is hard to deny the favorable regulatory treatment that private equity currently enjoys. Portfolio companies are not legally treated like subsidiaries, meaning PE firms can extract resources but not be financial liable in the event of bankruptcy.[8] Leading observers have labeled private equity funds as "among the least transparent legal entities" (Appelbaum, 2014). The Securities and Exchange Commission has also imposed minimal reporting requirements. In contrast to publicly traded firms, the public has little to no visibility into either the acquisitive behavior or the performance of the PE industry. Beyond opacity, the PE industry benefits from its revenue being taxed as carried interest rather than normal capital gains. This loophole, together with their aggressive tax avoidance strategies, contributes to the markedly lower effective tax rate paid by PE-backed portfolio companies (Badertscher, Katz, and Rego, 2009). Industry trade groups and PE firms have also successfully lobbied for inclusion in many of the most extensive pandemic relief programs under the CARES Act, winning access to billions in public funds (Li et al., 2021).

When policymakers have pushed for more regulation, large PE firms, both individually and through the trade association American Investment Council, have coordinated industry-wide efforts to protect their tax shelter and favorable rates.[9] Targeted advertising campaigns have tried to counter negative rhetoric by telling a story of an industry creating jobs and economic growth.[10] As Congress attempted to increase patient protections against surprise medical bills, private equity firms spent more than $53 million on an advertising blitz through an organization called Doctor Patient Unity and gave large donations to influential lawmakers.[11] Ultimately, Congress determined that arbitration would be used for resolving payment disputes, a clear win for private equity-backed healthcare providers.[12]

The anecdotes presented above describe lobbying and donation activity both by fund managers and their portfolio companies to protect their market advantages and limit regulation. We argue that since PE managers are deeply familiar with the benefits of political activity, they will

[7]Shieber, Jonathan and Mohammed Aly Sergie."Private Equity Dives Into Politics With Record Contributions." *The Private Equity Analyst*, August 2012

[8]Matt Stoller. "How Private Equity Companies Are Lobbying to Profit from The Covid-19 Economic Fallout - ProMarket." ProMarket, May 14, 2020

[9]McElhaney, Alicia. "Inside the Private Equity Lobby" *Institutional Investor*, November 8, 2017.

[10]Cumming, Chris. "Private Equity Lobby Group Mounts Campaign to Counter Critics." *Wall Street Journal*, October 21, 2019.

[11]Spratt, Alexandra. "Part 3: As Purveyors of Surprise Medical Billing, Private Equity Has Fought Lawmakers' Attempts to Protect Patients." *Arnold Ventures*, September 9, 2020.

[12]Perlberg, Heather and Melissa Karsh "Private Equity Dodges Worst From Surprise-Billing Crackdown." *Bloomberg*, December 22, 2020.

transfer their knowledge and experience with lobbying to the portfolio companies they acquire. We therefore should expect an increase in overall corporate political activity after acquisitions are complete. Private equity managers often use their connections with policymakers to influence regulations in ways that boost portfolio company performance, protect their market position, and set up profitable exits. Lobbying is therefore an overlooked but important part of what PE firms do after buying a company. Alongside operational changes, it can help raise returns on their investment.(Richter, Samphantharak, and Timmons, 2009; Borisov, Goldman, and Gupta, 2016; Kang, 2016).

Nevertheless, despite this wealth of anecdotal evidence, there has been no systematic research about how private equity firms develop and deploy political strategies to achieve such influence. Existing studies tend to overlook the possibility that changes in ownership structure, particularly through leveraged buyouts, may alter portfolio companies' approach to politics. In the next section, we examine whether corporate political activity is a deliberate and recurring strategy within the private equity playbook by analyzing the political consequences of leveraged buyouts.

2 Data

2.1 Private Equity Deals

We begin our investigation by assembling data on all private equity deals in the United States from 2000 to 2018 as recorded by Preqin. Preqin is one of the premier third-party aggregators of data on private equity, venture capital, and other alternate asset investments. To build its database, it sources information from public filings, limited partners, Freedom of Information Requests for financial records on public institutional investors, and other types of reports.[13] Because our lobbying data (described below) is only available from 2000 to 2020, we restrict the deal sample to the 2000-2018 period. This allows us to better analyze the potential effects of private equity ownership over the first several years following the deal. We also exclude all deals classified as venture capital, as these deals occur much earlier in a company's life cycle, before they reach the scale where federal lobbying is likely to be strategically important. Finally, to focus on the effect of private equity ownership, we remove all deals where both the buyer and the seller are both classified as private equity firms. For each portfolio company in our dataset, we include the first instance they appear in Preqin as being acquired in a private equity deal.

[13]Other providers used by academics include Pitchbook, Cambridge Associates and Burgiss. Benchmarking shows that coverage of North American deal-making is extremely similar among the four different providers (Brown et al., 2015). http://www.preqin.com

Private equity firms acquire stakes in portfolio companies through a variety of mechanisms. In some cases, their investments are purely financial. They acquire equity stakes or provide loan capital without exerting meaningful control over management decisions. However, for private equity to shape a company's political strategy, the investors need to exercise managerial influence, not merely hold a financial interest. To isolate such cases, we rely on Preqin's classification system to restrict our sample of deals to only those that grant PE firms control over firm strategy: Buyouts (a leveraged acquisition when a PE firm acquires the whole, majority or a controlling stake in a private company), Public to Private (when a publicly traded company is bought and de-listed by the PE firm), and Restructuring (the PE firm makes significant modifications to the debt, operations or structure of a portfolio company).[14] In the Appendix, we report analysis using the remaining five deal types that do not involve such changes in management or where the targeted company is merged or absorbed: Add-ons, Growth Capital, Private Investments in Public Equity, Recapitalizations and Mergers. We treat this as a placebo test of our main results.

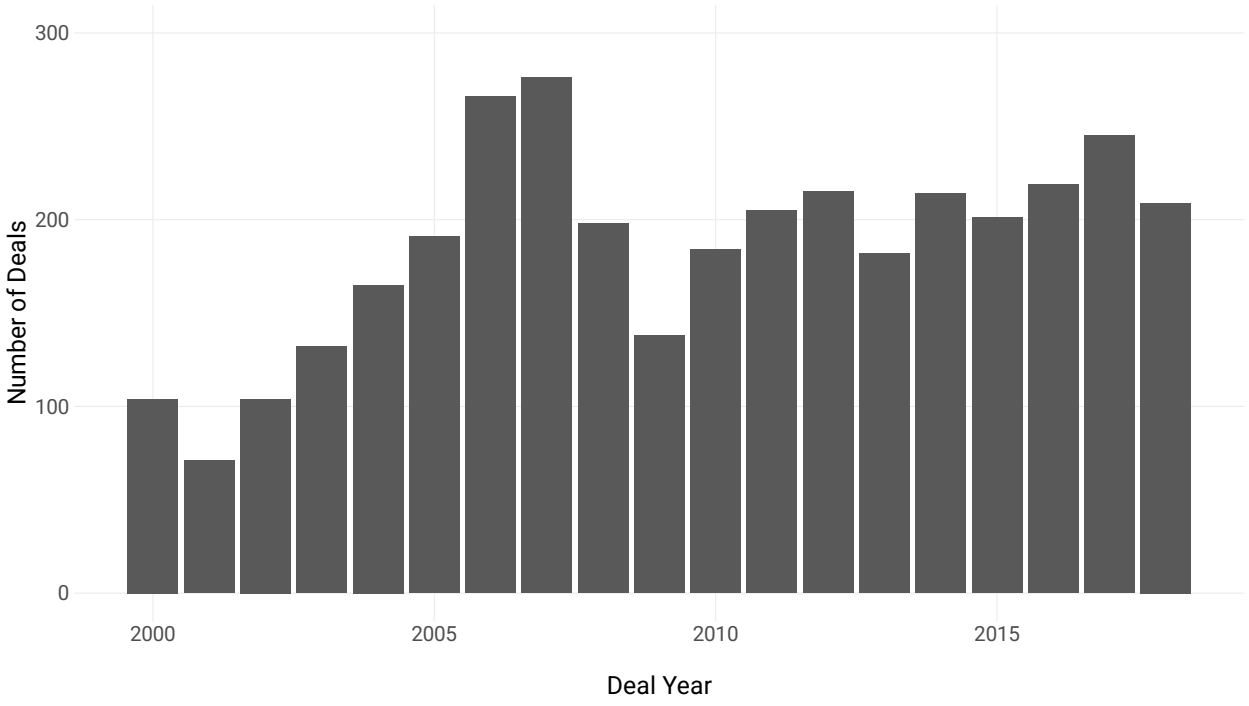
Next, portfolio companies are acquired at several late stages of development, from medium-sized, family-owned businesses to large publicly traded companies with complex ownership structures. Prior research has shown that firm size is a strong predictor of engagement in federal political activity, with larger firms more likely to lobby and contribute to campaigns (Hillman, Keim, and Schuler, 2004; Hart, 2001; Egerod and Aaskoven, 2021). To align with this insight, we focus on companies with the financial resources and regulatory exposure necessary to justify investment in national political influence. Because Preqin provides estimated company valuations for only 20% of the deals in our sample, this information alone is insufficient for tracking changes in firm behavior over time. To evaluate the effects of buyouts and properly control for other factors influencing political activity, we require more detailed firm-level financial data.

In the US, privately-held companies are not legally required to disclose financial data. However, third-party aggregators such as Orbis (Bureau Van Dijk) source proprietary data on revenue and employees for a select number of US companies.[15] To determine firm size, we match portfolio company information from Preqin to their company records in Orbis. We then limit our sample to firms located in Orbis that were classified as *Large* (over 13 million USD in revenue,

[14] "Guidance on Using the Preqin Website", Preqin, https://docs.preqin.com/support/Preqin_Glossary.pdf Accessed February 24, 2025

[15] We also tried matching portfolio companies to their entries in the Dun and Bradstreet database, but were left with much noisier estimates of firm size because of how subsidiaries and enterprises are classified. Another advantage of matching to Orbis records is that the LobbyView data (from which the lobbying outcomes are drawn) include unique Orbis IDs, facilitating more precise matching.

Figure 1: Number of Deals Per Year



Note: This figure plots the number of private equity deals (treatments) involving Large and Very Large portfolio companies in our sample.

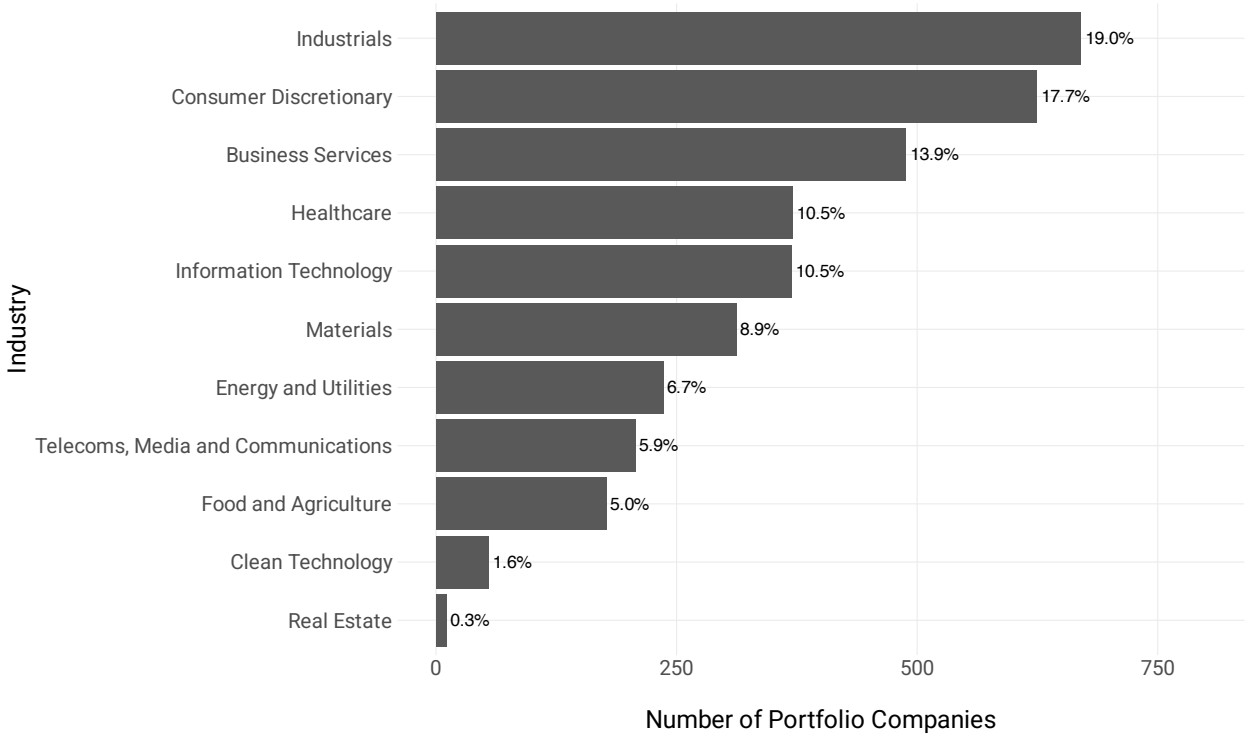
total assets of 26 million USD or more than 150 employees) or *Very Large* (over 130 million USD in revenue, total assets of 260 million USD or at least 1000 employees) at the time of their takeover by a private equity firm. Below we show that size as measured this way strongly predicts the likelihood of federal lobbying, and we show our results subset to each subsample. Altogether, we retain 3,519 unique private equity deals in our dataset that meet the above criteria.[16]

Figure 1 plots the number of PE deals per year for Large and Very Large companies in our sample. We see a steady increase over the period that maps onto other analytical coverage of the rise in private equity over the past two decades in the US.[17] Preqin also provides an indicator of the sector for each portfolio company, which we plot in Figure 2. In our sample, industrial companies were most commonly targeted by private equity, followed by those operating in consumer products, business services, and health care. Overall, private equity is active across most industries.

[16]Note that we code companies as either *Large* or *Very Large*, such that the two groups are mutually exclusive.

[17]Figure A.1 in the Appendix shows the distribution of treatment (deal) dates, as well as pre- and post-buyout periods for our sample.

Figure 2: Number of Deals Per Industry



Note: This figure plots the number of private equity deals in each of the industries as assigned by Preqin. The labels for each bar indicate the share of each industry out of all targeted portfolio companies. Industrial companies were bought out most frequently, followed by portfolio companies in consumer products, business services, and healthcare.

2.2 Measuring Corporate Political Activity

We explore the political consequences of PE deals by looking at the incidence and volume of lobbying behavior by companies before and after they are bought out by PE firms. Our primary outcome data come from the LobbyView dataset, which contains the universe of lobbying reports filed under the Lobbying Disclosure Act of 1995 (Kim, 2018). LobbyView not only standardizes disclosures about when and how firms lobby, but also includes unique Orbis firm identifiers for 68% of those that lobby. We use this identifier to match to portfolio companies from Preqin, for which we assigned Orbis ids as described above. For all those lobbying entities that lack an Orbis ID, we connect them to our deal dataset using a fuzzy matching algorithm based on standardized names, addressed, and websites. All matches were first manually reviewed by a research assistant and then by the authors.

Once portfolio companies were matched to their records in LobbyView, we created two measures of lobbying activity. First, we use a binary indicator for whether a portfolio company had

Table 1: Summary Statistics

	Portfolio Company Size		
	Large	Very Large	All Companies
Type of Deals:			
Total	2,191	1,328	3,519
Buyout	2,092	1,061	3,153
Public To Private	74	228	302
Restructuring	25	39	64
Deal Characteristics:			
Num. investors (avg)	1.2	1.4	1.3
Included foreign PE firm (%)	5.3	8.5	6.5
Included PE firm that lobbied - ever (%)	11.6	28.6	18
Included PE firm that lobbied - 2Y pre-deal (%)	4.6	13.9	8.1
Portfolio Companies:			
Num. Employees pre-deal (avg)	394	5,061	4,194
Operating Revenue pre-deal (avg in million USD)	61	1,054	886
Lobbied pre-deal (%)	4.5	15.6	8.7
Lobbied post-deal (%)	5.7	22	11.8
Lobbied ever (%)	8.1	27.8	15.5

Note: Table summarizes our main sample of deals with changing managerial control by deal type, characteristics of the deal and the portfolio companies. The first two columns show statistics for portfolio companies classified as Large and Very Large, respectively. The third column shows the statistics for all portfolio companies. Company revenue and employee averages are calculated over all non-missing observations. The share of missingness differs by size category.

registered as a client of any lobbying firm during a given year. Between 2008 and 2020, lobbying disclosures were reported semi-annually and later quarterly; we aggregate these filings to the annual level to maintain consistency across years. Second, we calculate each company's total annual lobbying expenditures and apply an inverse hyperbolic sine (IHS) transformation to address skewness and accommodate zero values.[18]

Table 1 shows descriptive statistics across all portfolio companies in our analysis dataset, i.e., those subset to the size thresholds described above. The two left columns divide the sample based on whether a portfolio company was classified as Large or Very Large (based on Orbis

[18]The inverse hyperbolic sine (IHS) transformation, defined as $\text{IHS}(x) = \ln\left(x + \sqrt{x^2+1}\right)$, which is similar to the natural logarithm for large $|x|$ but is defined for all real values, including zero and negatives. It is important to note that for any expenditure under \$5,000, the expenditure does not have to be specified and is coded as zero in the *LobbyView* data. Since expenditure is unlikely to be zero, we code recode expenditure to \$5,000 for those firms with active registrants but no declared expenses.

data), while the rightmost column provides statistics for the entire sample. Overall, there are 3,519 deals in the sample, the vast majority of which (89.6%) are Buyouts. However, for Very Large firms, we see roughly 20% of the deals involving the taking of public companies private or significant restructuring.

Next, most deals are executed by a single private equity firm; just 17.9% of the sample involves several private equity firms teaming up, leading to the average number of investors being 1.2. We also see just a small role for foreign private equity firms (as coded by the location of firm's headquarters) active in the US market in the 2000s. However, this only applies to the actual PE firm managing the deal and not the source of capital. Foreign investors are heavily engaged in US private equity as limited partners in the funds used to provide capital for the acquisitions. As passive investors, however, limited partners do not participate in management decisions at the acquired portfolio companies.

Moving onto lobbying behavior, we see that 8.7% of portfolio companies lobbied before they were taken over by private equity, while 11.8% of portfolio companies lobbied after the deal was completed. Together, this results in 15.5% of all portfolio companies lobbying at some point over the time period.[19] Importantly, there are significant differences across all three measures based on whether firms were classified as *Large* or *Very Large*. On average, Very Large firms are roughly 3.5 times more likely to be engaged in any kind of lobbying, confirming the point above that federal politics is not potentially as important for or accessible to smaller firms.

2.3 Empirical Strategy

Our primary dataset consists of a panel of portfolio companies bought out by private equity firms between 2000 and 2018 and their lobbying activity over the same time period. To identify the causal effect of the PE deals on lobbying activity, we estimate difference-in-differences models as our primary specification. In our case, the treatment timing is staggered, specific to each portfolio company, and defined used the year of the deal. Given the structure of our panel data, estimating two-way fixed effects (TWFE) models is highly problematic. We observe treatments in all years, and treatment effects are likely to be dynamic and heterogeneous, leading to bias in the TWFE estimator (Sun and Abraham, 2021; Goodman-Bacon, 2020; Callaway and Sant'Anna,

[19] Due to the staggered treatment, the pre- and post-deal time periods vary in length across firms which could lead to a higher probability of lobbying if post-treatment periods are longer on average. In our main sample, we observe on average 9.98 pre-deal and 9.02 post-deal years per portfolio firm. We observe a similar pattern when we simply compare pre- and post-deal lobbying patterns for the shortened time-series which only include data three years pre- and five years post-deal (see Table A.15 in the Appendix).

2021*b*; Baker, Larcker, and Wang, 2021).

Given these concerns, we apply the doubly robust estimation method introduced by Callaway and Sant'Anna (2021*b*) and implemented in the *did* package in *R* (Callaway and Sant'Anna, 2021*a*). To avoid the pitfalls of the TWFE, the Callaway and Sant'Anna (2021*b*) method estimates cohort specific treatment effects for each period after treatment ($ATT_{t,G}$). These specific effects can then be aggregated into dynamic event time effects (ATT_t), average cohort effects ((ATT_G), or total average effects (ATT). Following Callaway and Sant'Anna's (2021*b*) recommendation, we present the overall effects as the average of the average cohort effects, i.e. avoiding overweighting of longer treated units. In addition, we also present the dynamic event time effects, which are the average treatment effects for each year after treatment. In all estimations, we cluster standard errors at the level of treatment assignment (the portfolio company).

The opacity around private equity firms and the limited information available for private companies make studying the effects of private equity buyouts a difficult problem for several reasons. As noted above, since private companies have few requirements to publish information, sparse data is available on their performance, size, and other characteristics. Nevertheless, firms bought out by private equity are likely very different from the universe of all firms. Private equity deals are carefully planned and executed strategic moves, where new acquirers target what they view as undervalued or attractive companies. Characteristics such as age, industry, operating performance, and dependence on external financing strongly predict private equity interest (Cohn, Hotchkiss, and Towery, 2020). In addition to lacking potential covariates, it is impossible to collect ownership or operations information for all portfolio companies over the whole time period studied.

To deal with these issues, we employ several strategies in both sample construction and estimation. First, we restrict our analysis to companies that are firms that are, or will be, held by private equity firms during the sample period. Our data thus consists only of ever-treated portfolio companies. For each treatment year, the relevant comparison group are always the *not-yet-treated* portfolio companies with available data at that time: firms that will be bought out at later stages. The restriction to ever-treated firms enhances the comparability of observations by ensuring that all firms in the sample are similarly situated in terms of their likelihood of PE acquisition, avoiding bias that could arise from including all private firms in the US economy. The tradeoff is that our treatment effect estimates may be less generalizable to firms that are never acquired. On the other hand, this design may return the more relevant quantity of interest

anyway, as the estimated effects pertain to the population of firms that are likely to attract private equity investment.

Additionally, restricting our sample to eventually treated companies helps with limiting treatment contamination due to unobserved private equity ownership. We do observe sellers in the private equity deals, thereby ensuring that portfolio companies are not owned by private equity immediately before the observed buyout. For our sample, we thus know that companies were *untreated* right before the buyout and *treated* in the period immediately after. While imperfect, we believe the threat from lack of data on ownership is limited. First, since the miscoding of ownership would result in *treated* units in the control group pre-treatment, but *untreated* units in the treatment group post-treatment, any potential bias should be downward. Second, to further account for the uncertainty over ownership and company status, we limit our interpretation of the ATT to years close to the treatment date, where ownership is less likely to have changed again and companies are likely to still be in operation. Specifically, we calculate overall average treatment effects on the treated only for the first six years after the buyout. As an additional robustness check, we also present all our main results on a subset of the panel where we keep only three years before and five years after the buyout for each portfolio company (Section A.4 in the Appendix).

As we are unable to include any pre-treatment covariates due to the sparsity of data available for the private portfolio companies, our estimation relies on the unconditional parallel trends assumption. In the staggered difference-in-differences setting with *not-yet-treated* portfolio companies as the only comparison group, this implies that had they not been treated, the lobbying activities of bought out companies in each treatment cohort would have developed in parallel to the relevant control group (*not-yet-treated* cohort). The higher comparability due to restricting the sample to only ever-treated companies, in our view, makes the parallel trends assumption more likely to hold. When presenting dynamic treatment effects, we plot the pre-treatment trends with universal base periods to allow for the evaluation of pre-trends (Roth, 2024).

3 Main Results

We first present general models in which the treatment is an indicator for a company being acquired by private equity and the primary outcome is a binary indicator for whether a company has registered any lobbying activity in a given year. We estimate all models on the full sample of portfolio companies and then split the sample by company size, based on the Orbis classifications

Table 2: Private Equity Deals and Lobbying Activity

Outcome:	Any Lobbying		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Deal (ATT)	0.007*	0.002	0.017*
	(0.004)	(0.003)	(0.008)
Pre-Deal Mean	0.04	0.018	0.084
Treated Portfolio Companies	3,206	1,982	1,224

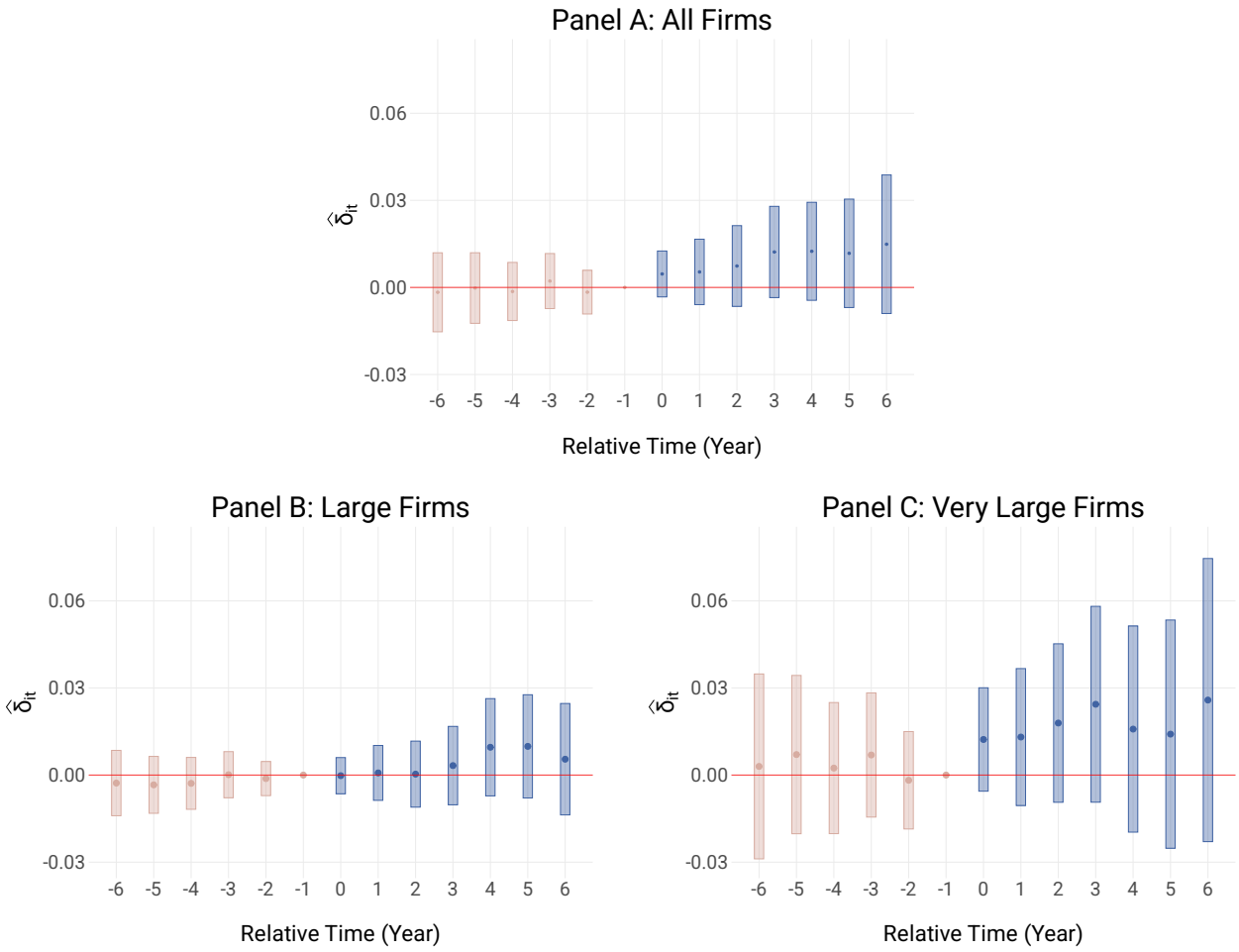
Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

of firms as *Large* or *Very Large*. Figure A.1 in the Appendix illustrates the treatment history for a random subset of portfolio companies, showing both the full time series (Panel A), as well as when we restrict the sample to only include data within four years before and after the buyout for each portfolio company (Panel B). Given the rarity of the outcome, we focus our analysis on a binary indicator of any lobbying activity in a given company-year.

Table 2 shows the overall results for our main specifications on the full sample of portfolio companies, as well as split by portfolio company size. The overall treatment effect is calculated as the mean of the average cohort treatment effects calculated over the first five years after the deal. The first three columns show the effect of private equity deal on the probability of any lobbying activity. Across the full sample of portfolio companies the probability of lobbying activity prior to the deal is 0.04. A PE deal increases the probability of lobbying on average by 0.007, in other words a 17.5% increase from the baseline and a statistically significant effect. The effect is largely driven by *very large* portfolio companies. As shown in column 2, for *large* companies the average effect is smaller and not statistically significant. In contrast, *very large* portfolio companies are not just more likely to lobby before a buyout (probability of lobbying is 0.084 pre-treatment), but the effect of a buyout on later lobbying for these companies is substantially larger. The overall average treatment effect on the treated in the first five years after the buyout is 0.017, approximately a 20% increase from the baseline.

In Figure 3, we show the dynamic ATTs based on the models any lobbying activity as the dependent variable (Columns 1-3 in Table 2). Panel A shows the dynamic ATTs for the full sample

Figure 3: Private Equity Deals and Lobbying Activity



Notes: This figure shows the over time ATT for private equity takeovers on our main dependent variable: (1) a binary indicator for whether a firm had any active registrants. Panel A shows the estimates for all firms, whereas the middle (B) and bottom (C) plots show estimates for *large* and *very large* firms, respectively. Portfolio firms increase lobbying activity in the period after a private equity takeover, especially in the immediate aftermath. Plots are based on the estimates from the models presented in Table 2.

of portfolio companies and shows an immediate and lasting effect of private equity buyouts on the probability of lobbying activity, with yearly effects between 0.005 and 0.015. Panel B shows the same estimates for *large* companies, here the initial effects are effectively zero and only increase to 0.01 in the years four and five. The strongest effects are visible in Panel C, which shows the dynamic ATTs for *very large* portfolio companies. Here we also see an immediate effect, but it is strongest in year three with an estimated ATT of 0.025. Across all three figures, there is no indication of pre-trends.[20]

[20]Recall that to evaluate pre-trends, we plot the event time ATTs with a universal baseline, as recommended by Roth (2024).

In Table A.2 in the Appendix, we also present results where the outcome is the IHS transformed yearly lobbying expenditure. Columns 1 through 3 in Table A.2 show the estimated average ATTs for all three samples of portfolio firms with the IHS transformed yearly lobbying expenditure as the dependent variable. The results are somewhat similar to those with the binary outcome: they are strongest for *very large* companies, while small and insignificant for *large* portfolio companies. For the full sample, the estimated average ATT is 0.09, which would correspond to an approximate 9.4% increase in spending. For *very large* companies, the average ATT is significantly larger with an estimate of 0.2, which would correspond to an approximate 22% increase. Overall, the results show that at a minimum, *very large* companies are expanding their corporate political activity after PE buyouts. Columns 4 through 6 show the results when we limit the sample to portfolio companies that ever lobby, in that case, we see a significantly larger estimated average ATT for all three types of company sizes.

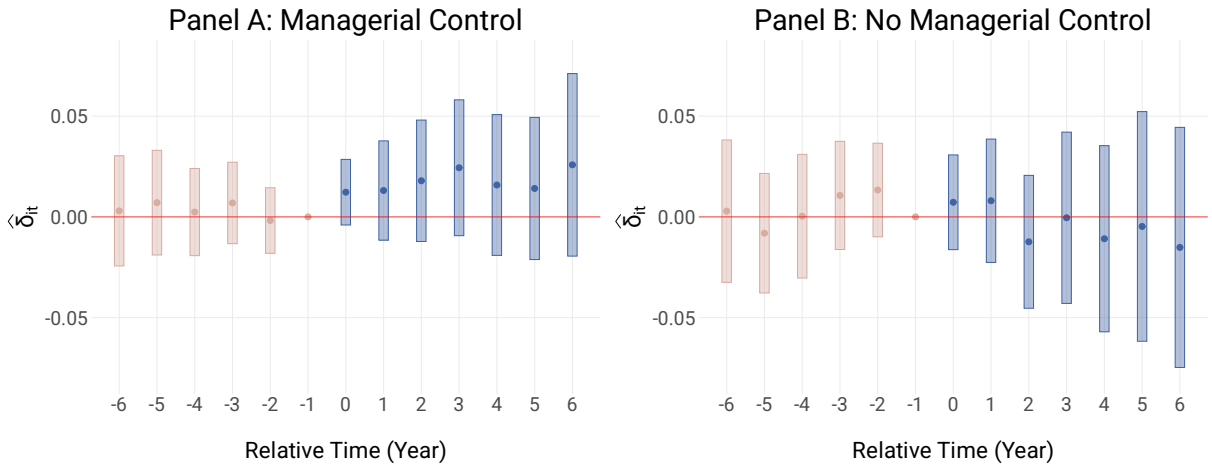
To address potential concerns about missingness in either ownership or registration data, in the Appendix in Table A.16, we estimate the same models as presented in Table 2 on shorter time series, specifically only including data four years before and after a given buyout. The results are substantively the same, though overall ATT estimates for the effect on lobbying spending are slightly smaller. Next, to ensure that our findings are not driven by mismatches between records, we also present results for a subset of the data where we only use matches of very high certainty, resulting in a smaller sample to work with. The findings from the main models are quite similar, though average effects are slightly smaller and less precise (see Table A.11 in the Appendix). For both the full sample and *very large* portfolio companies the 90% confidence intervals for the overall average ATTs do not cover zero.[21]

3.1 Importance of Managerial Control

As noted in Section 2.1, private equity firms must have influence over management decisions in order to shape portfolio companies' political strategy and their lobbying activity. To illustrate this, we compare the effects of deals based on what private equity firms acquired. Panel A in Figure 4 shows the dynamic event time ATT estimates for those three types of deals where the PE firm gains control over management: Buyouts, Public to Private, and Restructuring (i.e, the same

[21] In the Appendix we present results investigating whether the effects differ by the number (Table A.9) or origin of PE firms (Table A.7), we do not find evidence of substantive differences. In addition, Figure A.2 and Table A.8 presents results for our main model when we split the sample by the four most common industrial sectors of portfolio companies. There is some suggestive evidence that the effects are strongest for the consumer services and healthcare sector.

Figure 4: Deal Type and Lobbying Activity



Notes: This figure shows the over time ATT for private equity takeovers for our main models, subset based on whether the deal conferred management control. Panel A looks at deal types that conferred management control (Buyouts, Public to Private, and Restructuring) while Panel B looks at those that only involved a financial investment (Add-ons, Growth Capital, Private Investment in Private Equity (PIPE) deals, Recapitalizations, and Distressed Debt). The sample in both panels is limited to *very large* portfolio companies based on Orbis classification.

model as presented in column 3 of Table 2 above). Panel B shows the results for the five types of PE deals that only involved a financial investment or transaction: Add-ons, Growth Capital, Private Investment in Private Equity (PIPE) deals, Recapitalizations, and Distressed Debt Deals. We limit the sample to *very large* portfolio companies, where the effect of PE buyouts on lobbying has been shown to be the strongest.

It is quite clear that only deals where the PE firms acquire management control change lobbying activity in subsequent years. For deals without management control, the overall average group ATT is just slightly below zero (-0.005) and the largest positive event time ATT is 0.08 in the year one after the deal, with wide confidence intervals (the average group ATTs are presented in Table A.1 in the Appendix). The differential results for the two types of deals provide additional credence to our argument. The effect of private equity buyouts on lobbying activity is driven by PE firms taking control over management decisions, rather than simply providing financial capital to portfolio companies.

3.2 Politically Experienced Private Equity

These results suggest that private equity managers are introducing a new emphasis on political strategy into acquired portfolio companies. PE firms immediately deploy portfolio company

financial resources towards Washington. One empirical implication of this 'politics from above' interpretation is that PE firms that have more experience with lobbying should be more likely to introduce corporate political activity into acquisitions. The familiarity of politically active PE firms with the federal government, whether it be pre-existing networks with lobbyists or an understanding of the types of inroads that could pay off financially, drives their focus on lobbying as part of their management strategy. In other words, they transfer their own knowledge of the importance of federal lobbying, and connections to facilitate those efforts.

To test this mechanism, we coded whether the (acquiring) private equity firms had any history of lobbying themselves and then split the sample of deals based on the lobbying history of the PE firms.[22] We first code for each year whether the PE firm had either registered in-house lobbyists or were registered as clients of lobbying firms. We then create two types of lobbying history variables for investors involved in a given deal. First, for each deal, we code whether one of the involved private equity firms had *ever* lobbied in the time period covered by our data. Second, to narrow on more recent experience, we code whether any PE firms involved in the deal had registered lobbying activity only in the two years preceding the specific date of each deal. In all, out of the 3,519 deals in our full sample, 635 involved PE firms as buyers that had any lobbying experience in Washington (18%). In contrast, only 284 (8%) deals included PE firms that had lobbied in the previous two years. As Table 1 shows, the share of politically active PE firms involved is significantly higher for deals involving *very large* portfolio companies. Over one-quarter (28.6%) of buyouts of *very large* companies involved PE firms that had ever lobbied while 13.9% involved buyers that had lobbied in the previous two years.

To investigate whether politically active PE firms are more likely to introduce lobbying in their acquisitions, we run the same DiD models as above but split our sample based on the two binary indicators of PE firm lobbying history. Table 3 shows the average group ATTs for the probability of lobbying splitting the samples by whether any investor lobbied two year prior to the deal (columns 1 & 2) or ever had any lobbying activity (columns 3 & 4).

The results are quite striking and relatively similar across the measures of lobbying history. In deals where PE firms have either no immediate or no lobbying history at all, there is no evidence of a positive effect of the deal on lobbying activity. The average group ATTs are very close to zero

[22]To code lobbying by private equity firms, we complement the LobbyView data with data on lobbying from OpenSecrets. While both datasets are derived from the same underlying source, we found that the coverage of a handful of large PE firms in LobbyView was incomplete, namely The Blackstone Group. We thus code investor lobbying activity based on whether we can match them to lobbying activity recorded in either LobbyView or OpenSecrets (2024).

Table 3: PE Firm Lobbying History and Portfolio Company Lobbying

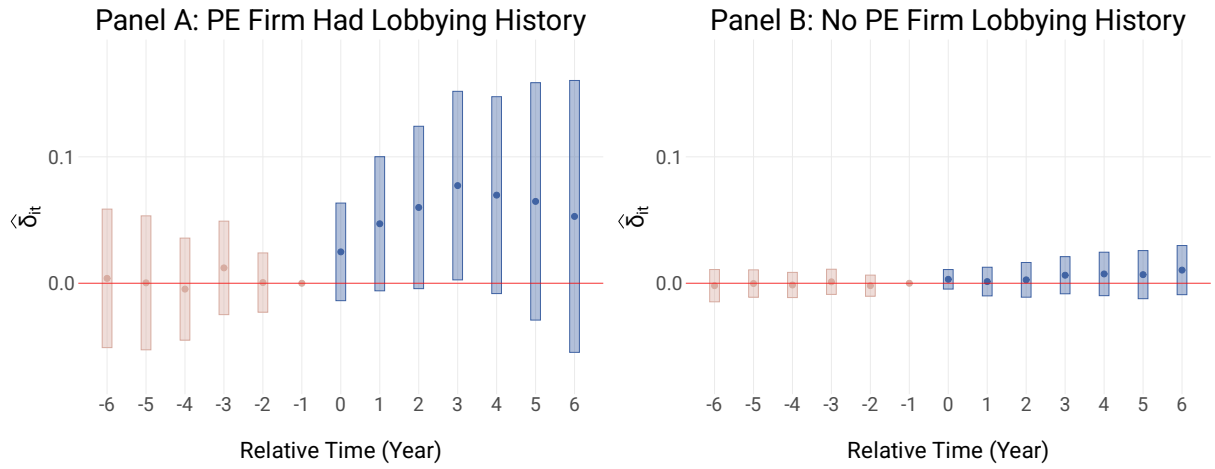
Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
PE Firm Lobby History:	Two years pre-Deal		Ever	
	Yes	No	Yes	No
PE Deal (ATT)	0.051*	0.004	0.025*	0.003
	(0.017)	(0.003)	(0.012)	(0.003)
Pre-Deal Mean	0.101	0.035	0.086	0.031
Treated Portfolio Companies	284	2,929	586	2,617

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Columns 1 and 2 split the sample based on whether the PE firm(s) involved in the deal had lobbied in the two years prior to the deal date. Columns 3 and 4 split the sample based on whether the PE firm(s) involved in the deal had ever lobbied during the time period. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

and precisely estimated. In contrast, when PE firms practice their own lobbying strategies, we find a positive and significant effect. In those cases, a deal increases the probability of lobbying by the portfolio company by 0.025. This translates to almost a 30% increase from the baseline probability (pre-deal mean) in this sample. In deals where investors lobbied in the two years prior the deal, the probability of portfolio companies lobbying increases by 0.05 in the first five years after the deal, a 50% increase from the baseline. As one can see, the probability of lobbying before any deal is higher for firms being bought out by politically active PE firms (columns 1 & 3 in Table 3. Such baseline differences are interesting in themselves, but do not affect identification. In each subsample, the treated portfolio companies are compared to companies of the same acquirer-history classification. As long as parallel trends hold, as Figure 5 suggests, the identification assumptions are met. Moreover, as Table A.3 shows, the results hold when we limit the samples to *very large* portfolio companies where baseline probabilities are more similar across groups.

Figure 5 shows the dynamic event time ATTs for the samples when investors lobbied in the two years before a deal (Panel A) and for deals where investors did not lobby in the two years prior (Panel B). We can see an immediate and large increase in lobbying activity that remains over the next 6 years for portfolio firms bought out by politically active PE firms. In contrast, for companies bought out by PE firms that are inactive, we see no such effect. Again, neither plot displays any signs of pre-trends.

Figure 5: Differential Effects Based on PE Firm Lobbying history



Notes: This figure shows the over time ATT for private equity deals using our main model specifications. The panels are split into samples based on whether any of the investors in the deal (PE firms) had lobbied in the two years prior to the deal (Panel A) and those where PE Firms had not lobbied (Panel B) in the two years prior. Both large and very large portfolio companies are included. We observe a strong positive effect of buyouts where investors themselves had lobbied, starting in the first year after the deal. In contrast, where investors had not lobbied, the dynamic ATTs are close to zero and quite precisely estimated. The plots are based on the estimates from the models presented in columns 1 & 2 in Table 3.

One possible explanation for this finding is that political active PE firms are more likely to buy into *very large* portfolio companies, which are more likely to lobby. As a robustness check we therefore redo the same analysis only including *very large* portfolio companies. While the samples are significantly smaller, Table A.3 in the Appendix shows that the results are even more stark. Buyouts from politically active firms cause *very large* portfolio companies to lobby, while there is no evidence that buyouts from politically inactive firms has any effect on lobbying of *very large* firms.[23]

Politically active PE firms are thus more likely to introduce lobbying in portfolio companies after a buyout. These results also allows us to exclude concerns that the operational and financial changes inherent in a leveraged buyout (e.g., increased scale, higher debt loads, industry consolidation) independently increase a firm's regulatory exposure and thus its demand for lobbying. Rather we see clear evidence that a PE firm's political experience is predictive of what kind of political strategies its portfolio companies adopt. As one additional illustration, we rank the PE

[23]Some investors in private equity deals may be corporations, who are more likely to have a lobbying history. As a robustness check, we estimate all models that include investor lobbying history where we only include investor lobbying history for investors that are most likely to be private equity firms, excluding, for example, corporate investors and pension funds. We present these results in Appendix A.5, where we also explain the coding of investors. The results are substantially the same.

firms in our sample based on their total lobbying expenditures, and then split the sample into four groups based on the lobbying activities of the investors.[24] We create four different samples: deals with investors that do not lobby and three groups based how much investors in the deals have spent on lobbying, specifically the groups are based on terciles of total PE firm lobbying expenditures.

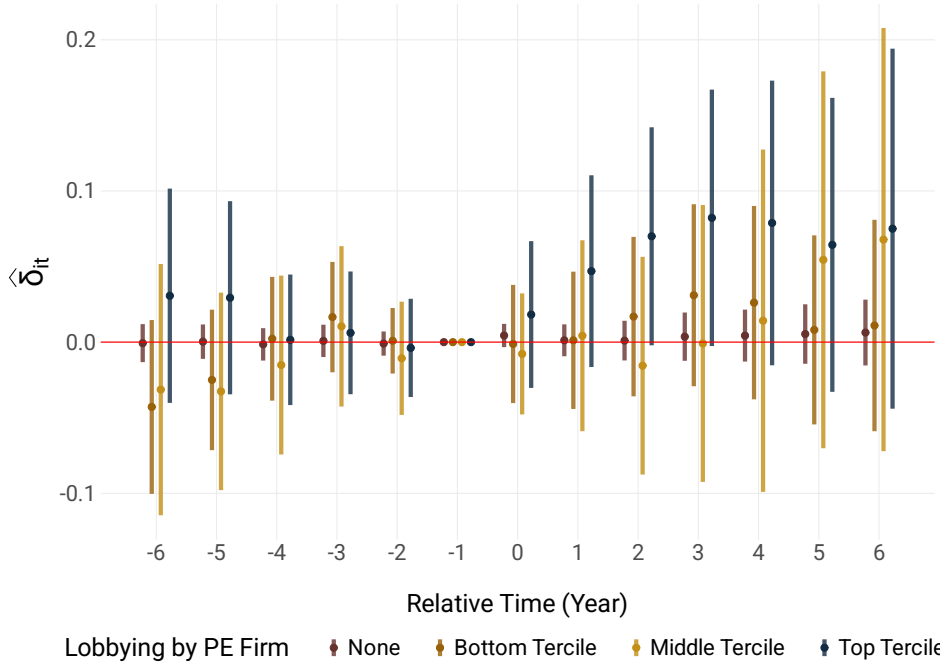
Figure 6 compares the dynamic event time ATTs of buyouts for the non-lobbying PE firms and the three terciles based on lobbying expenditures. The plot shows a clear pattern, in that the results are to a large extent driven by PE firms that themselves spent significant resources on lobbying. More specifically, we see essentially no effect of buyouts when investors do not lobby or are in the bottom or middle tercile. In contrast, for deals that include investors in the top tercile, we see an immediate and lasting impact of buyouts on lobbying activity of portfolio firms. The top tercile includes notable PE firms, such as Blackstone, Bain Capital, Apollo Global Management, Carlyle Group, Ares Capital, and Blackrock.[25] Table A.4 shows the overall average group ATTs for the four models. For deals with investors in the top tercile, the probability of lobbying after the deal increases by 0.044 or close to a 40% increase from the baseline.[26]

[24]For buyouts with multiple investors, we use the rank of the highest ranked investor in the specific deal.

[25]PE firms in the top tercile of lobby expenditure are involved in 283 deals in our sample.

[26]In the Appendix Table A.6, we show the results are robust to splitting the sample based on a ranking of the number of years investors can be identified as having lobbied in our data instead of using expenditures.

Figure 6: Heterogenous Effects by PE Firm Lobbying Expenditures



Note: This figure plots the event time ATT of PE deals split based on the degree of lobbying expenditures by the PE Firms involved in the deal. Expenditures are grouped based on terciles, with all PE firms without any lobbying history grouped in the "None" category.

4 Coordinated Lobbying

As we have shown, private equity buyouts with management control increase the lobbying activity of portfolio companies, in particular when the investors themselves are politically active. We argue that the main mechanism explaining this effect is that private equity companies coordinate lobbying strategies across their portfolio companies. By centralizing political engagement, PE firms share established networks and reduce the costs of lobbying for individual firms. Portfolio companies are pushed to lobby on issues of highest priority to the PE firm, even if they may be less relevant for their day-to-day operations. The more portfolio companies that PE firms take stakes in, the greater the number of entry points where executives can make their case to policymakers.

Moreover, there is little transparency about where PE firms are investing their money. That makes it exceedingly difficult for either the public or policymakers to recognize the underlying political coordination going on under the PE umbrella. As we discussed above, access to

Table 4: PE Firm Expenditures and Portfolio Company Lobbying

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
Level of PE Firm Lobbying:		Tercile		
	None	Bottom	Middle	Top
PE Deal (ATT)	0.003	0.013	-0.001	0.044*
	(0.003)	(0.017)	(0.020)	(0.021)
Pre-Deal Mean	0.031	0.059	0.073	0.113
Treated Portfolio Companies	2,617	202	113	262

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

up-to-date data on PE firm holdings generally requires expensive subscriptions to third-party aggregators, not to mention the challenges of making the link to lobbying records. This opacity limits external scrutiny and complicates efforts to trace patterns of political activity back to the ultimate controlling investors. In other words, by distributing lobbying engagements across an array of seemingly unconnected portfolio companies, PE firms gain an additional competitive advantage in the form of reduced reputational risk. Portfolio companies thus become one arm of a larger, strategically managed political operation. PE firms continue to lobby themselves, but they can amplify their voice by aligning the rest of their portfolio on the same issues. These separate legal entities that lobby help maintain the fiction of independent corporate advocacy.

To test for this potential mechanism, we investigate whether portfolio companies start lobbying on the same issues as their new owners. According to the Lobbying Disclosure Act, registrants (including both private equity firms and their portfolio companies) must report which of the 69 official issue categories they lobbied on in their disclosures. Registrants may list multiple issues in a single filing, and these data are incorporated into the standard *LobbyView* dataset. Table 5 shows the ten most lobbied issues for the top tercile of lobbying PE firms, the portfolio companies in our sample before being bought out, and the portfolio companies after buyouts. For each group, the issues are ranked based on the number of lobbying reports that include the issue and the percent of reports that mention a given issue. As one can see, the most important issue for PE firms are related to tax, with 35% of lobbying reports involving tax issues. Taxation increases in importance for portfolio company lobbying after a buyout, increasing from appear-

ing in 16.9% to 21.1% of lobbying reports. In general, a number of issues are shared between the most active PE firms and portfolio companies.

First, we create a new panel dataset that considers all 69 potential issues coded by *LobbyView* that we observe firms lobbying on in our sample. More specifically, the unit of analysis here is the portfolio firm-issue-year. For each of the issue categories observed in the sample, we code whether the portfolio company was lobbying on that specific issue in a given year. We then merge information on deals and PE firm lobbying history to this panel dataset. In this analysis, we consider a portfolio company-issue combination as treated only after a deal and only if one of the PE firms involved in that deal had lobbied on that same specific issue prior. For instance, a specific company-issue pair (e.g., "Aurora Diagnostics - Budget") becomes treated after being acquired by a PE firm, GSO Capital Partners, known to have lobbied on budget-related issues, while another issue pair for the same portfolio company ("Aurora Diagnostics - Defense") remains in the control group because the GSO Capital Partners had never engaged on that issue. Formally, this means that if portfolio company i is bought out in year t and the PE firms involved in the deal only ever lobbied on issue j, then portfolio company i would be considered not-treated for all issues $\neg j$ and only be treated starting in time t for issue j.

We begin by looking at the sample of deals where the private equity firm has lobbied in the two years before the deal. The issue specific coding means that at the portfolio firm-issue level lobbying is quite a rare outcome. Figure 7 show the dynamic event time ATTs for the probability of lobbying on issues that have at least one PE firm having lobbied in the two years prior to the deal.

The plot clearly shows the PE firms strongly influence the specific lobbying efforts of their acquired portfolio companies. Almost immediately following a deal, portfolio companies begin to lobby the same issues as those previously prioritized by the PE firm that purchased them. Table 6 shows the overall average group ATTs calculated over five years post treatment. Bought out portfolio companies are four times more likely to begin lobbying on issues of importance to their PE firm. This increase is being driven by alignment of *very large* firms.

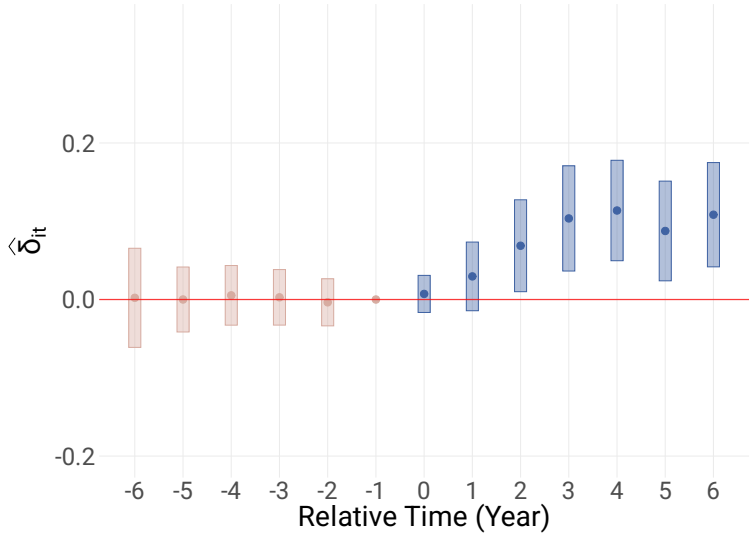
These results are robust to an array of different specifications. In Appendix Table A.23, we present the same models but code portfolio company-issue combinations as treated for issues that were *ever* lobbied by one of the investors in the deal, instead of only looking at issues lobbied in the two years before the deal. While the results are similar and statistically significant for *very large* portfolio companies and the full sample, the effect sizes are about 18% smaller. We believe

Table 5: Top 10 Issues Lobbied by Private Equity Firms and Portfolio Companies

PE Firms			Portfolio Companies					
			Pre-Deal			Post-Deal		
Issue	Num.	%	Issue	Num.	%	Issue	Num.	%
Taxation	3,198	35.2	Defense	1,285	18.5	Taxation	2,993	21.1
Financial Institutions	2,036	22.4	Taxation	1,173	16.9	Energy	2,336	16.5
Health Issues	1,762	19.4	Health Issues	1,056	15.2	Health Issues	2,223	15.7
Budget	1,481	16.3	Budget	1,001	14.4	Defense	2,027	14.3
Defense	1,139	12.5	Energy	783	11.3	Budget	1,994	14.1
Banking	987	10.9	Medicare / Medicaid	777	11.2	Medicare / Medicaid	1,851	13.1
Trade	908	10.0	Education	528	7.6	Trade	1,130	8.0
Medicare / Medicaid	869	9.6	Environmental	503	7.2	Environmental	957	6.8
Telecommunications	800	8.8	Trade	472	6.8	Telecommunications	937	6.6
	751		Transportation	414		Transportation	850	
Total Reports	9,087			6,957			14,170	

Note: The table shows the top 10 issues lobbied by private equity firms and portfolio companies in the sample. The issues are based on the LobbyView dataset.

Figure 7: Private Equity Deals and Issue Specific Lobbying Activity



Note: This figure shows the over time ATT for private equity takeovers on our main dependent variable: (1) a binary indicator for whether a firm had any active registrants lobbying the specific issues that were lobbied on by one of the deal investors in the two years before the deal. The dataset in the analysis is a portfolio company-issue-year panel based on the subset of deals with private equity firms that have lobbied in the two years before the deal in combination with all issue topics in the sample. A portfolio-issue combination is coded as treated only after a potential deal and if the particular issue has been lobbied by one of the buyers in the two years before the deal. Portfolio firms specifically start lobbying on issues that have most recently been lobbied by their investors.

this strengthens the idea that investors drive portfolio companies to lobby on issues that are most relevant, since the effect is stronger for issues that were lobbied by investors most recently before the deal.[27] In addition, we show the results are substantially similar using using the *clean investor* lobbying sample (Appendix Table A.25), subsetting to the *strict match* sample (Appendix Table A.26), and finally limiting to the time window to five years before and after the deals (Appendix Table A.28).

In our view, there is strong evidence that private equity buyouts lead to coordination of lobbying activity. Not only are portfolio companies more likely to lobby in general, but they start lobbying on the same issues as their new owners. Of primary importance are taxes. Appendix Table A.29 shows that private equity deals almost double the probability that portfolio companies lobby on issues of taxation.[28]

[27] We also show the results are robust to including the full sample of deals, regardless of whether the involved PE firms lobbied (Table A.24).

[28] In this specification, we return to our main analysis sample: the portfolio company-year panel. The treatment is any private equity deal, however, the dependent variable is coded one only for portfolio company years in which they lobby on tax issues and zero otherwise.

Table 6: Private Equity Deals and Issues Lobbied (2-Year Pre-Deal)
Sample: Deals with PE Firms Lobbying 2-Year Pre-Deal

Outcome:	Any Issue Specific Lobbying		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Buyout + Issue Lobbied (ATT)	0.061*	-0.003	0.076*
	(0.015)	(0.010)	(0.020)
Control Mean	0.015	0.002	0.022
Treated Portfolio Companies-Issues	22,436	7,900	14,536

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-issue-year. A portfolio company-issue pair is coded as treated after a buyout only if one of the investors lobbied on that specific issue in the two years prior to the deal. Standard errors are clustered at the company-issue level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Lastly, it is not just that private equity firms coordinate which issues to lobby on, they also direct their portfolio companies to retain the same lobbyists as they do in Washington. In Appendix Table A.30, we analyze whether the portfolio company lobbies and uses a lobbying registrant that has been hired by one of the PE firms involved in the deal. While this analysis is imperfect, as the outcome combines the decision to lobby and using a specific registrant, it provides suggestive evidence that resources and political know-how are being shared as part of the private equity deal.

5 Conclusion

Taken together, our results show that the private equity playbook extends into the political arena. Companies acquired by private equity firms are subsequently much more likely to lobby the federal government, with these effects concentrated among firms bought out by already politically active PE firms. What is more, portfolio companies acquired by the subset of politically active PE firms appear to most closely mimic the political strategies of their investors, suggesting a knowledge transfer is occurring from manager/investor to companies. This is especially pronounced with regard to the specific issues that portfolio companies are lobbying for after being acquired by private equity. We find strong evidence of alignment: private equity firms reshape the political priorities of their acquired companies to reflect their own. By harnessing the full array

of companies within their corporate structures, the private equity industry is able to amplify its presence in Washington. PE firms can leverage the industry-specific credibility of their portfolio companies, while not exposing how they will benefit from policy change.

This effect of private equity ownership on corporate political activity is substantial. In 2018, the private equity firms in our sample collectively spent $69.8 million on federal lobbying. That same year, those firms controlled over three thousand portfolio companies which spent an additional $79.6 million on lobbying. In other words, the bulk of political influence linked to the private equity industry flows not through the firms themselves, but through the companies they own. Leveraging their sprawling portfolios has enabled private equity to multiply its political presence without significantly increasing its visible footprint in Washington.

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Supplementary Appendix

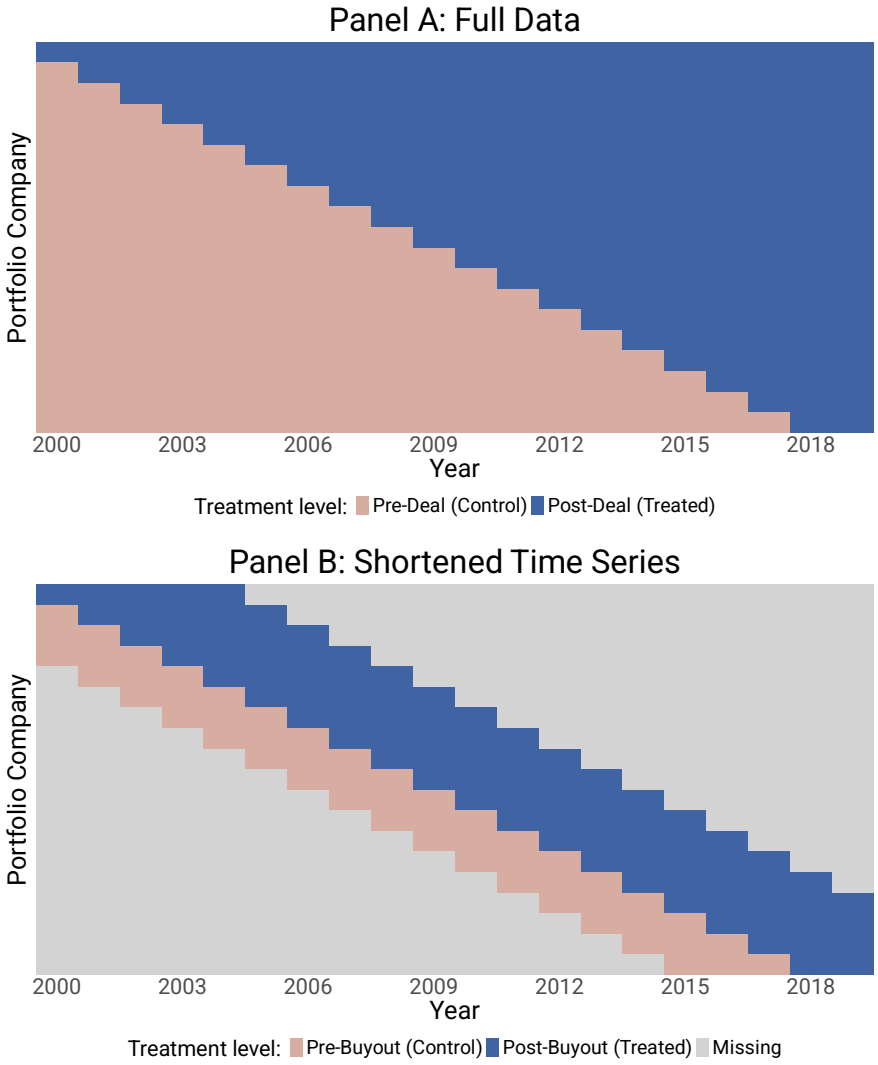
Investing in Politics:

Private Equity and Coordinated Political Activity

Contents

A.1 Main Results: Robustness

Figure A.1: Treatment Plots for Full & Shortened Sample



Notes: Plots show the distribution of treatment timing for a random subset of portfolio companies. Panel A shows the treatment histories when the full time series for all portfolio companies are included. Panel B shows the treatment histories and missingness when we subset the data to only include to four pre- and post-buyout years for each portfolio company. As one can see, the number of relevant control groups for each treatment cohort shrinks significantly.

Table A.1: Deal Type and Lobbying Activity
Sample: Very Large Companies

Outcome:	Any Lobbying	
	(1)	(2)
Deal Type:	With Managerial Control	Without Managerial Control
PE Deal (ATT)	0.017*	-0.005
	(0.008)	(0.011)
Pre-Deal Mean	0.084	0.084
Treated Portfolio Companies	1,224	772

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. The deal types with managerial change are: Buyouts, Public To Private, and Restructuring deals. The deal types without managerial change include Add-ons, Growth Capital, Recapitalization, PIPE, and Distressed Debt deals. Standard errors are clustered at the company level. The sample is limited to companies that are classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.2: Private Equity Deals and Lobbying Expenditure

Outcome:	Lobbying Expenditure (IHS)					
	(1)	(2)	(3)	(4)	(5)	(6)
Sample	All			Ever Lobbying		
Portfolio Company Size:	All	Large	Very Large	All	Large	Very Large
PE Deal (ATT)	0.090*	0.017	0.204*	0.516+	0.174	0.666*
	(0.042)	(0.030)	(0.095)	(0.272)	(0.389)	(0.338)
Pre-Deal Mean	0.04	0.018	0.084	3.502	2.865	3.837
Treated Portfolio Companies	3,206	1,982	1,224	503	161	342

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. For columns 2 and 4 the sample is limited to companies that are classified as *large*, columns 3 and 5 are based on companies classified as *very large*. Columns 4-6 show results for the sample limited to portfolio companies that ever lobby. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.3: PE Firm Lobbying History and Portfolio Company Lobbying
Sample: Very Large Companies

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
PE Firm Lobby History:	2 year pre-Deal		Ever	
	Yes	No	Yes	No
PE Deal (ATT)	0.081*	0.007	0.044*	0.006
	(0.026)	(0.008)	(0.018)	(0.008)
Pre-Deal Mean	0.148	0.073	0.133	0.067
Treated Portfolio Companies	184	1,042	355	869

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Columns 1 and 2 split the sample based on whether the PE firm(s) involved in the deal had lobbied in the two years prior to the deal date. Columns 3 and 4 split the sample based on whether the PE firm(s) involved in the deal had ever lobbied during the time period. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.4: PE Firm Expenditures and Portfolio Company Lobbying

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
Level of PE Firm Lobbying:		Tercile		
	None	Bottom	Middle	Top
PE Deal (ATT)	0.003	0.013	-0.001	0.044*
	(0.003)	(0.017)	(0.020)	(0.021)
Pre-Deal Mean	0.031	0.059	0.073	0.113
Treated Portfolio Companies	2,617	202	113	262

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.5: PE Firm Lobbying Expenditure and Portfolio Company Lobbying
Sample: Very Large Companies

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
Level of PE Firm Lobbying:		Tercile		
	None	Bottom	Middle	Top
PE Deal (ATT)	0.006	0.032	0.013	0.060*
	(0.008)	(0.033)	(0.046)	(0.027)
Pre-Deal Mean	0.031	0.106	0.106	0.152
Treated Portfolio Companies	869	96	53	203

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

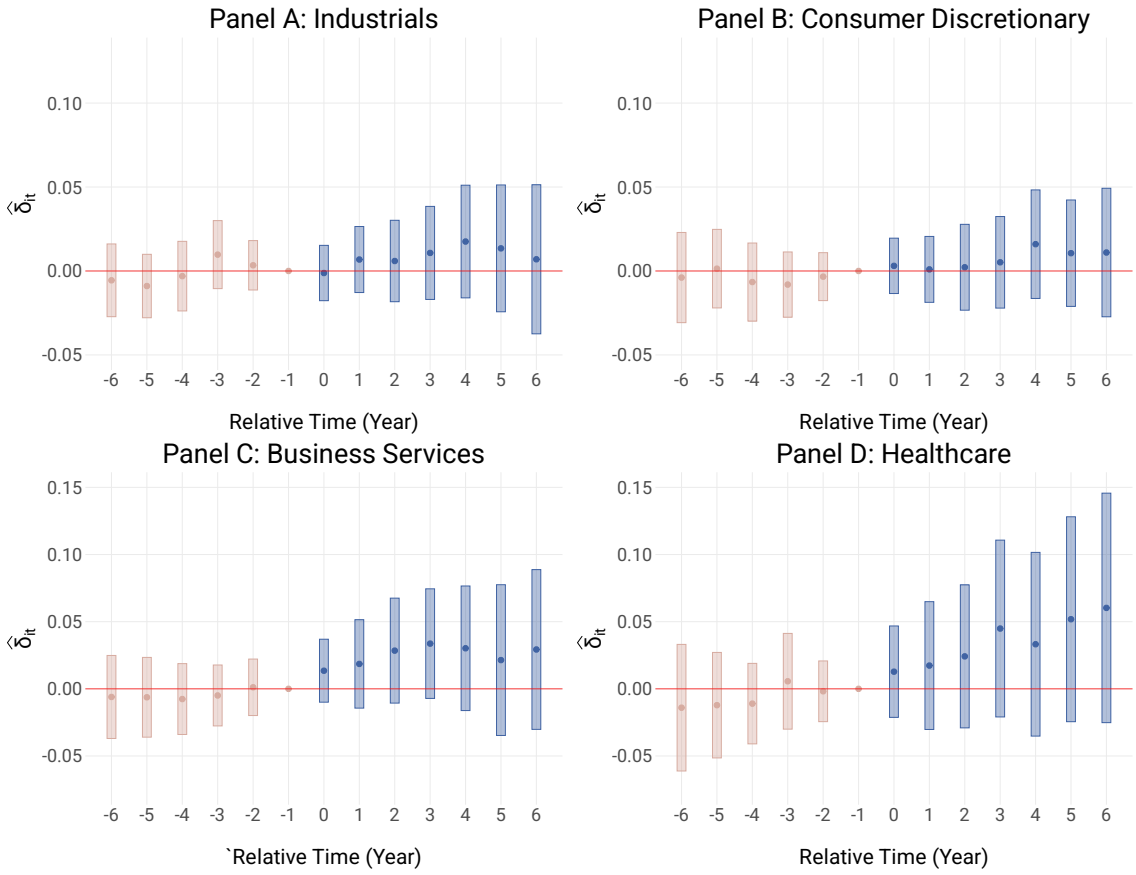
Table A.6: PE Firm Years Lobbied and Portfolio Company Lobbying

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
Level of PE Firm Lobbying:		Tercile		
	None	Bottom	Middle	Top
PE Deal (ATT)	0.003	0.009	0.003	0.048*
	(0.003)	(0.016)	(0.020)	(0.021)
Pre-Deal Mean	0.031	0.059	0.061	0.115
Treated Portfolio Companies	2,617	194	115	272

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

A.2 Main Results: Heterogeneity

Figure A.2: Private Equity Deals and Lobbying Activity: By Industry



Notes: This figure shows the over time ATT for private equity takeovers for our main models but split into samples for deals by industry.

Table A.7: Buyer Origin and Lobbying Activity

Outcome:	Any Lobbying	
	(1)	(2)
Buyer Origin:	All US	Some Foreign
PE Deal (ATT)	0.007+	0.017
	(0.004)	(0.016)
Pre-Deal Mean	0.058	0.042
Treated Portfolio Companies	2,768	206

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.8: Industry and Lobbying Activity

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
Industry:	Industrials	Consumer Discretionary	Services	Healthcare
PE Deal (ATT)	0.007	0.002	0.022*	0.024
	(0.008)	(0.007)	(0.011)	(0.015)
Pre-Deal Mean	0.032	0.026	0.057	0.059
Treated Portfolio Companies	618	570	440	336

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.9: Deal Structure and Lobbying Activity

Outcome:	Any Lobbying	
	(1)	(2)
Deal Structure:	Single Buyer	Multiple Buyers
PE Deal (ATT)	0.006+	0.011
	(0.004)	(0.011)
Pre-Deal Mean	0.036	0.059
Treated Portfolio Companies	2,613	590

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

A.3 Strict Match Sample

In our primary analysis, we rely on matching portfolio companies from Preqin to Orbis using a fuzzy matching algorithm that is based on standardized names, addressed, and websites. Nevertheless, this matching algorithm is not perfect and may include false positives. As an additional robustness check, we therefore also estimate all models using a sample of portfolio companies based on more strict matching criteria. Specifically, the strict match sample is a more restrictive sample of portfolio companies where we excluded matches that where matches with lower confidence were excluded. This reduces the sample to 3,364 portfolio companies.

Table A.10: Summary Statistics
Sample: Strict Match

	Portfolio Company Size		
	Large	Very Large	All Companies
Type of Deals:			
Total	2,088	1,276	3,364
Buyout	1,992	1,018	3,010
Public To Private	71	221	292
Restructuring	25	37	62
Deal Characteristics:			
Num. investors (avg)	1.2	1.4	1.3
Included foreign PE firm (%)	5.3	8.5	6.5
Included PE firm that lobbied - ever (%)	11.6	28.8	18.1
Included PE firm that lobbied - 2Y pre-deal (%)	4.7	13.9	8.2
Portfolio Companies:			
Num. Employees pre-deal (avg)	399	4,846	4,003
Operating Revenue pre-deal (avg in million USD)	61	1,026	860
Lobbied pre-deal (%)	4.5	15.6	8.7
Lobbied post-deal (%)	5.7	22	11.9
Lobbied ever (%)	8.2	27.7	15.6

Note: Table summarizes the main strict match sample of deals with changing managerial control by deal type, characteristics of the deal and the portfolio companies. The first two columns show statistics for portfolio companies classified as Large and Very Large, respectively. The third column shows the statistics for all portfolio companies. Company revenue and employee averages are calculated over all non-missing observations. The share of missingness differs by size category.

Table A.11: Private Equity Deals and Lobbying Activity
Word Sample: Strict Match

Outcome:	Any Lobbying		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Deal (ATT)	0.006+	0.001	0.014+
	(0.004)	(0.003)	(0.008)
Pre-Deal Mean	0.041	0.018	0.084
Treated Portfolio Companies	3,065	1,887	1,178

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.12: Deal Type and Lobbying Activity
Sample: Strict Match & Very Large Firms

Outcome:	Any Lobbying	
	(1)	(2)
Deal Type:	With Managerial Control	Without Managerial Control
PE Deal (ATT)	0.014+	0.001
	(0.008)	(0.009)
Pre-Deal Mean	0.084	0.083
Treated Portfolio Companies	1,178	738

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. The deal types with managerial change are: Buyouts, Public To Private, and Restructuring deals. The deal types without managerial change include Add-ons, Growth Capital, Recapitalization, PIPE, and Distressed Debt deals. Standard errors are clustered at the company level. The sample is limited to companies that are classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.13: PE Firm Lobbying History and Portfolio Company Lobbying
Sample: Strict Match

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
PE Firm Lobby History:	Two years pre-Deal		Ever	
	Yes	No	Yes	No
PE Deal (ATT)	0.049*	0.003	0.024*	0.002
	(0.017)	(0.003)	(0.012)	(0.003)
Pre-Deal Mean	0.098	0.035	0.087	0.032
Treated Portfolio Companies	277	2,795	566	2,496

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Columns 1 and 2 split the sample based on whether the PE firm(s) involved in the deal had lobbied in the two years prior to the deal date. Columns 3 and 4 split the sample based on whether the PE firm(s) involved in the deal had ever lobbied during the time period. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.14: PE Firm Lobby Expenditure and Portfolio Company Lobbying
Sample: Strict Match

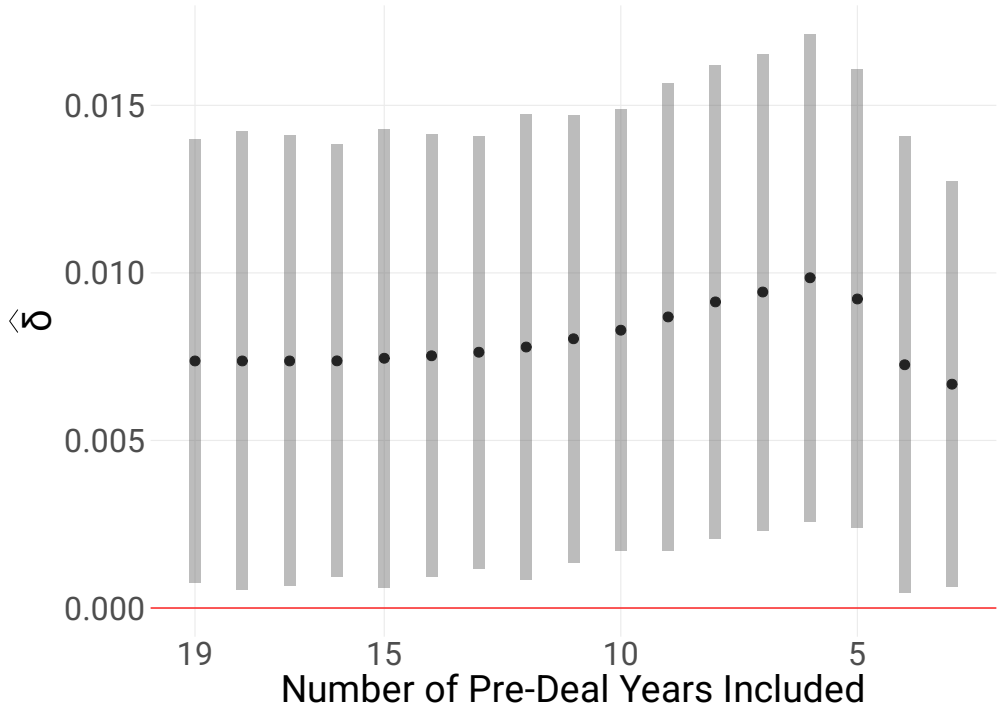
Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
Level of PE Firm Lobbying:		Tercile		
	None	Bottom	Middle	Top
PE Deal (ATT)	0.002	0.012	-0.002	0.042*
	(0.003)	(0.018)	(0.023)	(0.021)
Pre-Deal Mean	0.032	0.063	0.074	0.11
Treated Portfolio Companies	2,496	194	109	254

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

A.4 Short Panels

As outlined in the main text, since we do not observe the full ownership history of privately owned portfolio companies in our sample, one concern is that the portfolio companies may be owned by private equity firms prior to the observed deal or sold by the private equity investors in the years after the deal. As a robustness check, we therefore estimate our main models using a shorter panel that only includes three pre- and five post-deal years for each portfolio company. The results are presented below. In addition, Figure A.3 shows the overall average group ATT for our main analysis sample as calculated in Table 2 for decreasing pre-deal periods included.

Figure A.3: Average Group ATT by Included Pre-Deal Period



Notes: This figure shows the average group ATT for private equity takeovers for our main model for all types of portfolio firms and the binary measure of any lobbying activity as the dependent variable (column 1 in Table 2) when we subset the sample to include fewer pre-deal periods. As is evident, the estimated effect is quite stable across different lengths of pre-deal periods included and remains statistically significant even when only three pre-deal years remain in the data.

Table A.15: Summary Statistics
Sample: Short Panel

	Portfolio Company Size		
	Large	Very Large	All Companies
Type of Deals:			
Total	2,191	1,328	3,519
Buyout	2,092	1,061	3,153
Public To Private	74	228	302
Restructuring	25	39	64
Deal Characteristics:			
Num. investors (avg)	1.2	1.4	1.3
Included foreign PE firm (%)	5.3	8.5	6.5
Included PE firm that lobbied - ever (%)	11.6	28.6	18
Included PE firm that lobbied - 2Y pre-deal (%)	4.6	13.9	8.1
Portfolio Companies:			
Num. Employees pre-deal (avg)	394	5,061	4,194
Operating Revenue pre-deal (avg in million USD)	61	1,054	886
Lobbied pre-deal (%)	4.5	15.6	8.7
Lobbied post-deal (%)	5.7	22	11.8
Lobbied ever (%)	8.1	27.8	15.5

Note: Table summarizes our main sample of deals with changing managerial control by deal type, characteristics of the deal and the portfolio companies but each time-series limited to three years before and five year after the deal. The first two columns show statistics for portfolio companies classified as Large and Very Large, respectively. The third column shows the statistics for all portfolio companies. Company revenue and employee averages are calculated over all non-missing observations. The share of missingness differs by size category.

Table A.16: Private Equity Deals and Lobbying Activity
Word Sample: Short Panel

Outcome:	Any Lobbying		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Deal (ATT)	0.007*	0.001	0.016*
	(0.003)	(0.003)	(0.007)
Pre-Deal Mean	0.045	0.02	0.088
Treated Portfolio Companies	3,206	1,982	1,224

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. For columns2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of three pre- and five post-treatment years.

Table A.17: Deal Type and Lobbying Activity
Sample: Short Panel & Very Large Firms

Outcome:	Any Lobbying	
	(1)	(2)
Deal Type:	With Managerial Control	Without Managerial Control
PE Deal (ATT)	0.016*	0.016
	(0.007)	(0.010)
Pre-Deal Mean	0.088	0.111
Treated Portfolio Companies	1,224	772

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. The deal types with managerial change are: Buyouts, Public To Private, and Restructuring deals. The deal types without managerial change include Add-ons, Growth Capital, Recapitalization, PIPE, and Distressed Debt deals. Standard errors are clustered at the company level. The sample is limited to companies that are classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of three pre- and five post-treatment years.

Table A.18: PE Firm Lobbying History and Lobbying Activity
Sample: Short Panel

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
PE Firm Lobby History:	Two years pre-Deal		Ever	
	Yes	No	Yes	No
PE Deal (ATT)	0.047*	0.004	0.026*	0.004
	(0.015)	(0.003)	(0.011)	(0.003)
Pre-Deal Mean	0.107	0.04	0.097	0.034
Treated Portfolio Companies	284	2,929	586	2,617

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Columns 1 and 2 split the sample based on whether the PE firm(s) involved in the deal had lobbied in the two years prior to the deal date. Columns 3 and 4 split the sample based on whether the PE firm(s) involved in the deal had ever lobbied during the time period. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of three pre- and five post-treatment years.

Table A.19: PE Lobby Expenditure and Lobbying Activity
Sample: Short Panel

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
Level of PE Firm Lobbying:		Tercile		
	None	Bottom	Middle	Top
PE Deal (ATT)	0.004	0.027	0.008	0.057*
	(0.003)	(0.018)	(0.019)	(0.022)
Pre-Deal Mean	0.034	0.087	0.067	0.119
Treated Portfolio Companies	2,617	202	113	262

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of three pre- and five post-treatment years.

A.5 Investor Lobbying Data

As noted in the manuscript, our main sample only includes private equity deals with management change, specifically this includes the Preqin deal types: *Buyout*, *Public To Private*, and *Restructuring*. Nevertheless, some of these deals include investors that are not private equity firms, such as corporate investors or pension funds. These firms, especially corporate investors, may be more likely to lobby and thus influence the results when it comes to investor lobbying history. In our main models, we exclude investor lobbying data for investor types that are classified as the following types of investors by *Preqin*: *Investment Bank*, *Secondary Fund of Funds Manager*, *Sovereign Wealth Fund*, *Private Sector Pension Fund*, *Public Pension Fund*, *Bank*, *Corporate Investor*, *Family Office - Single*, *Family Office - Multi*, *Fund of Hedge Funds Manager*, *Private Debt Fund of Funds Manager*, *Insurance Company*. Remaining in the data and included as potentially lobbying investors are thus firms with the following investor types by *Preqin*: *Private Equity Firm*, *Private Equity Fund of Funds Manager*, *Private Equity Firm (Investor)*, *Asset Manager*, *Investment Company*, *Private Debt Firm*, or where investor type is empty.

Building on the baseline results in the main text and to address the possibility that non-PE investors where the type is unclassified drive our results, we estimate all models that include investor lobbying history with alternative lobby history measures that exclude lobbying activities of firms with the non-PE types above and where we also exclude all investors with unclassified type that are not easily identified as financial firms. Specifically, we additionally exclude all investors with empty investor type unless: (1) they are coded as active in *Finance or Insurance* based on the NAICS industry code; or (2) the investors name includes any of the following terms: *goldman sachs*, *capital*, *bank*, *financial*, *finance*, *holding*, *ventures*, *fund*, *equity*, *capital*, *asset*, *management*, *group*, *associates*, *partners*, *invest*, *securities*, *credit*, *insurance*.

As noted above, the results with the alternative lobbying history measures are substantially the same and are included below.

Table A.20: PE Firm Lobbying History and and Portfolio Company Lobbying
Sample: Clean Investor Lobbying

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
PE Firm Lobby History:	2 year pre-Deal		Ever	
	Yes	No	Yes	No
PE Deal (ATT)	0.052*	0.004	0.025*	0.003
	(0.018)	(0.003)	(0.013)	(0.003)
Pre-Deal Mean	0.104	0.035	0.088	0.031
Treated Portfolio Companies	278	2,934	579	2,624

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Columns 1 and 2 split the sample based on whether the PE firm(s) involved in the deal had lobbied in the two years prior to the deal date. Columns 3 and 4 split the sample based on whether the PE firm(s) involved in the deal had ever lobbied during the time period. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.21: PE Firm Lobbying Expenditure and and Portfolio Company Lobbying
Sample: Clean Investor Lobbying

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
Level of PE Firm Lobbying:			Tercile	
	None	Bottom	Middle	Top
PE Deal (ATT)	0.003	0.013	-0.002	0.050*
	(0.003)	(0.017)	(0.019)	(0.023)
Pre-Deal Mean	0.031	0.06	0.064	0.123
Treated Portfolio Companies	2,624	200	129	241

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.22: PE Firm Years Lobbied and Portfolio Company Lobbying
Sample: Clean Investor Lobbying

Outcome:	Any Lobbying			
	(1)	(2)	(3)	(4)
Level of PE Firm Lobbying:			Tercile	
	None	Bottom	Middle	Top
PE Deal (ATT)	0.003	0.009	0.003	0.049*
	(0.003)	(0.017)	(0.021)	(0.020)
Pre-Deal Mean	0.031	0.059	0.062	0.118
Treated Portfolio Companies	2,624	194	113	267

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.23: Private Equity Deals and Issues Lobbied (Ever Lobbied)
Sample: Deals with PE Firms Ever Lobbying

Outcome:	Any Issue Specific Lobbying		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Buyout + Issue Lobbied (ATT)	0.043*	-0.003	0.056*
	(0.008)	(0.005)	(0.010)
Control Mean	0.014	0.006	0.019
Treated Portfolio Companies-Issues	50,012	20,118	29,894

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-issue-year. A portfolio company-issue pair is coded as treated after a buyout only if one of the investors ever lobbied on that specific issue. Standard errors are clustered at the company-issue level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

A.6 Issue Specific Lobbying

Table A.24: Private Equity Deals and Issues Lobbied (2-Year Pre-Deal)
Sample: All Deals

Outcome: Issue Specific Lobbying by Portfolio Company			
	Portfolio Company Size		
	All	Large	Very Large
	(1)	(2)	(3)
PE Buyout + Issue Lobbied (ATT)	0.062*	-0.003	0.077*
	(0.016)	(0.010)	(0.020)
Treated Portfolio Companies-Issues	278,001	173,089	104,912

* indicates 95% confidence interval excludes 0. Models estimated using the did package in R. Unit of analysis is the portfolio company-issue-year. Standard errors are clustered at the company-issue level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Overall Average Group ATTs calculated based on 4 pre- and post-treatment years.

Table A.25: Private Equity Deals and Issues Lobbied (2-Year Pre-Deal)
Sample: Deals with PE Firms Lobbying 2-Year Pre-Deal & Strict Investor Lobbying

Outcome:	Any Issue Specific Lobbying		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Buyout + Issue Lobbied (ATT)	0.063*	-0.003	0.080*
	(0.016)	(0.011)	(0.020)
Control Mean	0.015	0.002	0.022
Treated Portfolio Companies-Issues	22,436	7,900	14,536

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-issue-year. A portfolio company-issue pair is coded as treated after a buyout only if one of the investors lobbied on that specific issue in the two years prior to the deal. Standard errors are clustered at the company-issue level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.26: Private Equity Deals and Issues Lobbied (2-Year Pre-Deal)
Sample: Strict Match & Deals with PE Firms Lobbying 2-Year Pre-Deal

Outcome:	Any Issue Specific Lobbying		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Buyout + Issue Lobbied (ATT)	0.062*	-0.003	0.077*
	(0.018)	(0.010)	(0.021)
Control Mean	0.015	0.002	0.022
Treated Portfolio Companies-Issues	21,883	7,821	14,062

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-issue-year. A portfolio company-issue pair is coded as treated after a buyout only if one of the investors lobbied on that specific issue in the two years prior to the deal. Standard errors are clustered at the company-issue level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.27: Private Equity Deals and Issues Lobbied (2-Year Pre-Deal)
Sample: Strict Match, Clean Investor Lobbying & Deals with PE Firms Lobbying 2-Year Pre-Deal

Outcome:	Any Issue Specific Lobbying		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Buyout + Issue Lobbied (ATT)	0.065*	-0.003	0.081*
	(0.018)	(0.010)	(0.022)
Control Mean	0.015	0.002	0.022
Treated Portfolio Companies-Issues	21,883	7,821	14,062

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-issue-year. A portfolio company-issue pair is coded as treated after a buyout only if one of the investors lobbied on that specific issue in the two years prior to the deal. Standard errors are clustered at the company-issue level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.28: Private Equity Deals and Issues Lobbied (2-Year Pre-Deal)
Sample: Deals with PE Firms Lobbying 2-Year Pre-Deal & Short Panel

Outcome:	Any Issue Specific Lobbying		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Buyout + Issue Lobbied (ATT)	0.062*	-0.002	0.078*
	(0.016)	(0.011)	(0.019)
Control Mean	0.017	0.003	0.025
Treated Portfolio Companies-Issues	22,436	7,900	14,536

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-issue-year. A portfolio company-issue pair is coded as treated after a buyout only if one of the investors lobbied on that specific issue in the two years prior to the deal. Standard errors are clustered at the company-issue level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Table shows the overall average group ATTs which are calculated based on a data windows of five pre- and post-treatment years.

Table A.29: Private Equity Deals and Tax Issue Lobbying Activity

Outcome:	Any Lobbying on Tax		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Deal (ATT)	0.052+	0.010+	0.061
	(0.028)	(0.006)	(0.038)
Control Mean	0.072	0.008	0.111
Treated Portfolio Companies	284	100	184

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Overall Average Group ATTs are calculated based on five pre- and post-treatment years.

Table A.30: Private Equity Deals and Registrant Use

Outcome:	Any Lobbying w. Same Registrant		
	(1)	(2)	(3)
Portfolio Company Size:	All	Large	Very Large
PE Deal (ATT)	0.001*	0.000	0.003*
	(0.000)	(0.000)	(0.001)
Control Mean	0.001	0.002	0.001
Treated Portfolio Companies	3,206	1,982	1,224

Note: * indicates 95% confidence interval excludes 0, + indicates 90% confidence interval excludes 0. Models are estimated using the did package in R. The unit of analysis is the portfolio company-year. Standard errors are clustered at the company level. For column 2 the sample is limited to companies that are classified as *large*, column 3 is based on companies classified as *very large*. Overall Average Group ATTs are calculated based on five pre- and post-treatment years.