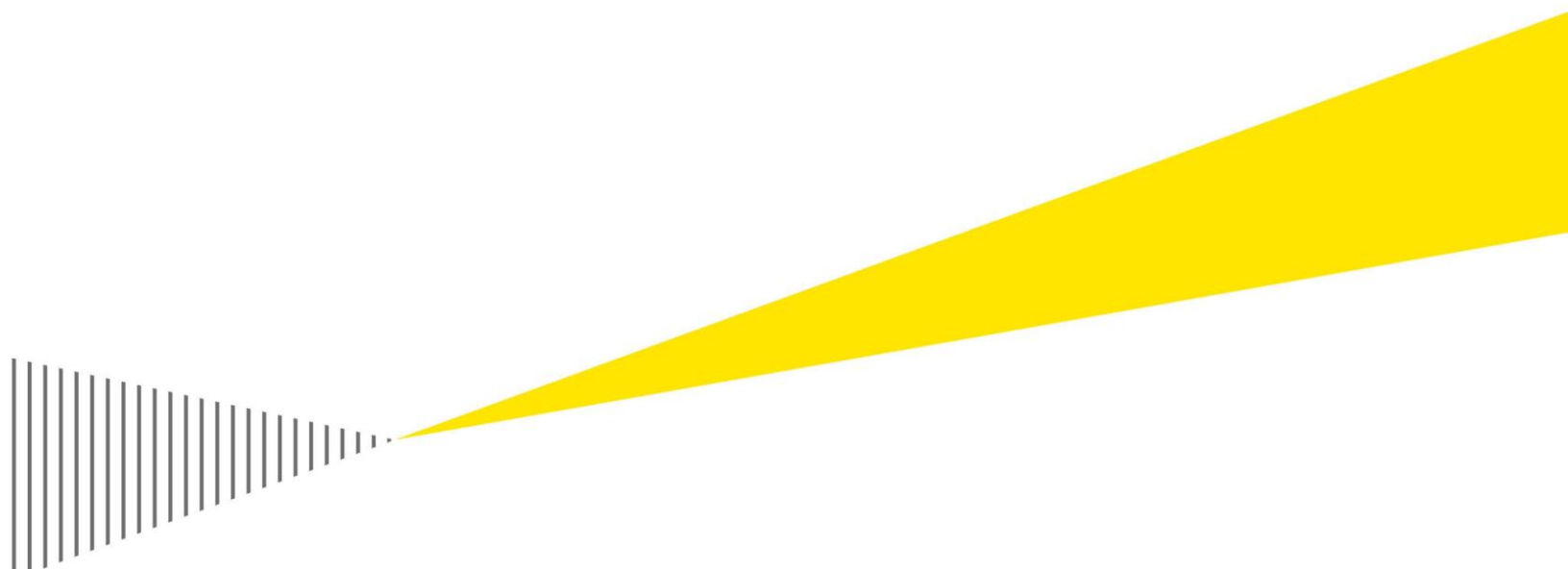


Economic contribution of partnerships in the core living expenditures sector in 2023

Prepared for Small Business & Entrepreneurship Council

March 2024



Building a better
working world

Executive summary

Recent research finds that nearly two-thirds of lower-income Americans and more than one-third of middle-income Americans worry almost daily about paying their bills.¹ Core living expenditures – a measure of the goods and services sometimes considered necessary to maintain a basic standard of living in the United States – are a significant share of household budgets. US Bureau of Labor Statistics data show that the lowest income quintile spends more than 80% of their household budget on core living expenditures. Moreover, the middle-income quintile spends roughly three-quarters of their household budget on core living expenditures.²

Partnership businesses play a significant role in providing Americans with core living expenditures that help many lower- and middle-income households maintain a basic standard of living. In 2023, partnerships employed nearly 5 million workers providing such goods and services. Providing these goods and services also supported 5.7 million jobs in related economic activity resulting in an overall economic footprint for core living expenditures of over 10 million jobs. This report highlights the economic contribution of partnerships in the core living expenditures sector to show the potential consequence of any policy involving businesses in this sector.

Partnerships in the core living expenditures sector

A partnership is an unincorporated legal form of business organization in which two or more persons or entities join together to conduct business and have a shared financial interest in the business. Each partner contributes resources (e.g., money, labor, expertise) and receives a portion of the business' profits or losses in return. Rather than paying federal income taxes at the entity level, partnerships pass through their profits or losses to respective partners, who then report and pay taxes based on their respective shares of profits or losses. Many partnerships are small businesses; in 2021, there were 13.0 million workers employed at partnerships with fewer than 500 employees and 11.8 workers employed at partnerships with fewer than 250 employees.

This analysis primarily relies on the US Census Bureau's County Business Patterns data to estimate the economic footprint of core living expenditure sector partnerships and generally follows the definitions of those data. Note that limited liability companies with more than one economic member are classified as partnerships. Also note that partnerships include corporate-owned partnerships.

This analysis defines the core living expenditures sector as the consumer-facing businesses that provide the goods and services generally considered necessary to maintain a basic standard of living in the United States. This report follows a 2021 analysis by the President's Council of Economic Advisers (CEA) to define core living expenditures and generally includes primarily consumer-facing businesses that provide:

- 1) housing,
- 2) transportation,

¹ See Pew Research Center, Most Americans Say the Current Economy Is Helping the Rich, Hurting the Poor and Middle Class, 2019.

² For more details, see Council of Economic Advisors, "The Cost of Living in America: Helping Families Move Ahead," The White House, August 11, 2021; and US Bureau of Labor Statistics, "Consumer Expenditure Surveys."

- 3) food,
- 4) health,
- 5) child and elder care,
- 6) clothing, and
- 7) education.

Core living expenditures represent 70% of the annual expenditures for all consumers and 80% of average annual expenditures of consumers in the lowest quintile of the pre-tax income distribution in 2022.

This report estimates the current US economic activity – jobs, wages, and gross domestic product – at, and related to, partnerships in the core living expenditures sector in 2023. The estimates are based on a widely used economic model for economic contribution analyses.

Key results

- ▶ **The total economic contribution of partnerships in the core living expenditures sector in 2023 was an estimated 10.6 million workers earning \$779 billion in wages and benefits and generating \$1.3 trillion of GDP in the United States.** The total economic contribution, or economic footprint, of partnerships in the core living expenditures sector consists of the operations of partnerships in the core living expenditures sector in the United States, as well as the related supplier activity and consumer spending.
 - Partnerships in the core living expenditures sector. Partnerships in the core living expenditures sector employed 4.9 million workers earning \$339 billion in wages and benefits and generating \$566 billion of GDP in the United States. The average worker at a partnership in the core living expenditures sector earned approximately \$69,000 in wages and benefits in 2023. Wages and benefits is a component of GDP.
 - Related supplier activity. Suppliers to partnerships in the core living expenditures sector supported 2.4 million workers throughout the US economy earning \$202 billion in wages and benefits and generating \$324 billion of GDP in the United States. The average wages and benefits of workers supported by related supplier activity was approximately \$83,000.
 - Related consumer spending. The consumer spending of workers at partnerships in the core living expenditures sector and the sector's suppliers supported 3.3 million workers throughout the US economy earning \$238 billion in wages and benefits and generating \$421 billion of GDP in 2023. The average wages and benefits of workers supported by related consumer spending was approximately \$73,000.
 - Tax contribution. Partnerships in the core living expenditures sector generated tax revenue through their businesses and employees. In 2023, the partnerships in the core living expenditures sector generated \$108 billion of federal, state, and local taxes. Roughly two-thirds of these were federal taxes (\$74 billion) with the remaining taxes paid to state and local governments (\$33 billion).

Figure E-1. Total economic activity at, and related to, partnerships in the core living expenditures sector, 2023

10.6 million



\$779 billion of wages and benefits



\$1.3 trillion of GDP



Note: Wages & benefits includes all labor income (i.e., employee cash compensation and benefits, as well as proprietors' income). Wages & benefits is a component of GDP. Figures are rounded.
 Source: EY analysis.

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Economic contribution of partnerships in the core living expenditures sector in 2023

I. Introduction

Recent research finds that nearly two-thirds of lower-income Americans and more than one-third of middle-income Americans worry almost daily about paying their bills.¹ Core living expenditures – measure of the goods and services sometimes considered necessary to maintain a basic standard of living in the United States – are a significant share of household budgets. US Bureau of Labor Statistics data show that the lowest income quintile spends more than 80% of their household budget on core living expenditures. Moreover, the middle-income quintile spends roughly three-quarters of their household budget on core living expenditures.²

Partnership businesses have a significant role in providing Americans with core living expenditures that may help many lower- and middle-income households maintain a basic standard of living. In 2023, partnerships employed nearly 5 million workers providing such goods and services. Providing these goods and services also supported 5.7 million jobs in related economic activity resulting in an overall economic footprint of over 10 million jobs.

This report estimates the economic contribution of partnerships in the core living expenditures sector in 2023 to show the potential consequence of any policy involving businesses in this sector.³ Specifically, this report estimates the jobs, wages and benefits, and gross domestic product (GDP) supported by partnerships in the core living expenditures sector. The estimates are based on a widely used economic model for economic contribution analyses.

The total economic contribution of partnerships in the core living expenditures sector includes the operations of partnerships in the core living expenditures sector, as well as the related supplier activity and consumer spending. Related supplier activity accounts for partnerships in the core living expenditures sector purchasing goods and services from other businesses, which support jobs, wages and benefits, and GDP at these supplier businesses. Related consumer spending refers to consumer spending supported by workers at partnerships in the core living expenditures sector and their suppliers. That is, when these workers spend their earnings at US businesses (e.g., grocery stores, retailers, movie theaters), they support economic activity.

This report estimates the economic footprint at a single point in time – 2023. As such, a snapshot of the economic footprint of the sector is provided as measured by employment, wages and benefits, and GDP, which helps shed light on the reach of partnerships in the core living expenditures sector within the US economy.

Partnerships

A partnership is an unincorporated legal form of business organization in which two or more persons or entities join together to conduct business and have a shared financial interest in the business. Each partner contributes resources (e.g., money, labor, expertise) and receives a portion of the business' profits or losses in return. Rather than paying federal income taxes at the entity level, partnerships pass their profits or losses through to respective partners, who then report and pay taxes based on their respective shares of profits or losses. Many partnerships are

small businesses; in 2021, there were 13.0 million workers employed at partnerships with fewer than 500 employees and 11.8 workers employed at partnerships with fewer than 250 employees.

This analysis primarily relies on the US Census Bureau's County Business Patterns (CBP) data to estimate the economic footprint of core living expenditure sector partnerships and generally follows the definitions of those data. Note that limited liability companies with more than one economic member are classified as partnerships. Also note that partnerships include corporate-owned partnerships.

Core living expenditures

This report follows a 2021 analysis by the President's Council of Economic Advisers (CEA) to define the core living expenditures sector as the consumer-facing businesses that provide the goods and services generally considered necessary to maintain a basic standard of living in the United States. The CEA defines core living expenses, which generally includes expenditure categories viewed as necessities by the CEA, as primarily consumer-facing businesses that provide:

- 1) housing,
- 2) transportation,
- 3) food,
- 4) health,
- 5) child and elder care,
- 6) clothing, and
- 7) education⁴

Core living expenditures represent 70% of the annual expenditures for all consumers and 80% of average annual expenditures of consumers in the lowest quintile of the pre-tax income distribution in 2022.⁵

Below is a brief description of the seven categories and their component parts:

- ▶ **Housing** includes partnerships providing owned and rented dwellings, residential real estate services, residential repair and maintenance, fuel and energy to dwellings, household furnishings, public services (water, garbage removal, cell phone plans, etc), and mortgage providers. This includes single-family houses, multi-family apartments, department stores, home construction/remodeling contractors, hardware stores, furniture stores, mortgage services, etc. This category does not include goods or services provided to commercial customers.⁶
- ▶ **Transportation** includes partnerships that offer vehicle purchases or rentals, automobile repair and maintenance, gas stations, car insurance, and public transportation services. This includes gas stations, automobile dealers, mechanics, automotive repair stores, buses, intercity train, taxis, school transportation, etc. This category does not include goods or services provided to commercial customers.⁷

- ▶ **Food** includes partnerships that are grocery stores, convenience stores, warehouse clubs, supercenters, food markets (meat, seafood, fruit, vegetable, etc), baked goods and confectionary stores, and community food services. This category does not include businesses that are restaurants or primarily sell retail alcoholic beverages such as beer, wine, or liquor.⁸
- ▶ **Health** includes partnerships that offer insurance, medical services and procedures, prescription drugs, and medical supplies as well as other personal care items. This includes doctors, health insurance, pharmacies, medical laboratories, home health care services, barber shops, salons, etc.⁹
- ▶ **Child and elder care** includes partnerships that provide babysitting and childcare; care for elderly people, invalids, and handicapped people; adult day care centers; and day care centers, nurseries, and preschools.¹⁰
- ▶ **Clothing** includes partnerships that sell clothing, footwear, and accessories, and related expenses such as dry cleaning. This includes men's and women's clothing stores, department stores, shoe stores, coin-operated laundries, dry cleaners, footwear repair, etc.¹¹
- ▶ **Education** includes partnerships that provide elementary, secondary, and post-secondary education; provide workforce training, publish newspapers, sell books; and create software. This includes elementary and secondary schools, colleges and universities, apprenticeship training, bookstores, newspaper publishers, libraries, software, etc.¹²

II. Economic activity at partnerships in the core living expenditures sector

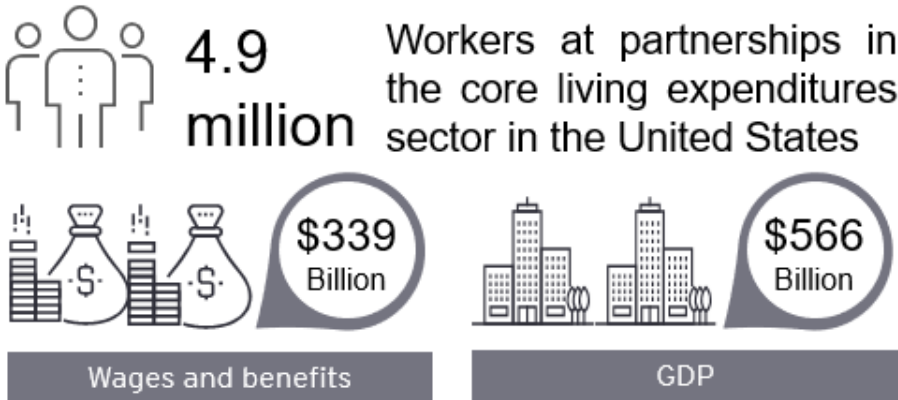
Partnerships in the core living expenditures sector provide employment and income for millions of workers and contribute to jobs in other sectors of the economy that are connected to partnerships in the core living expenditures sector.

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

- ▶ **Employment.** Employment is measured as the total headcount of workers. For example, a company with three full-time workers and a company with two full-time workers and one part-time worker would each be measured as having three workers.
- ▶ **Wages and benefits.** Wages and benefits includes employee cash compensation and benefits, as well as proprietor income.¹³ Wages and benefits is a component of GDP.
- ▶ **GDP.** GDP measures an industry’s contribution to the production of all final goods and services produced in the United States.

In 2023, partnerships in the core living expenditures sector employed 4.9 million workers earning \$339 billion in wages and benefits and generating \$566 billion GDP. Accordingly, the average wages and benefits of workers at partnerships in the core living expenditures sector businesses in 2023 was roughly \$69,000 per worker. The comparable average wages and benefits for workers throughout the US economy was approximately \$82,000 in 2023.¹⁴

Figure 1. Economic activity at partnerships in the core living expenditures sector, 2023
Millions of jobs; billions of dollars

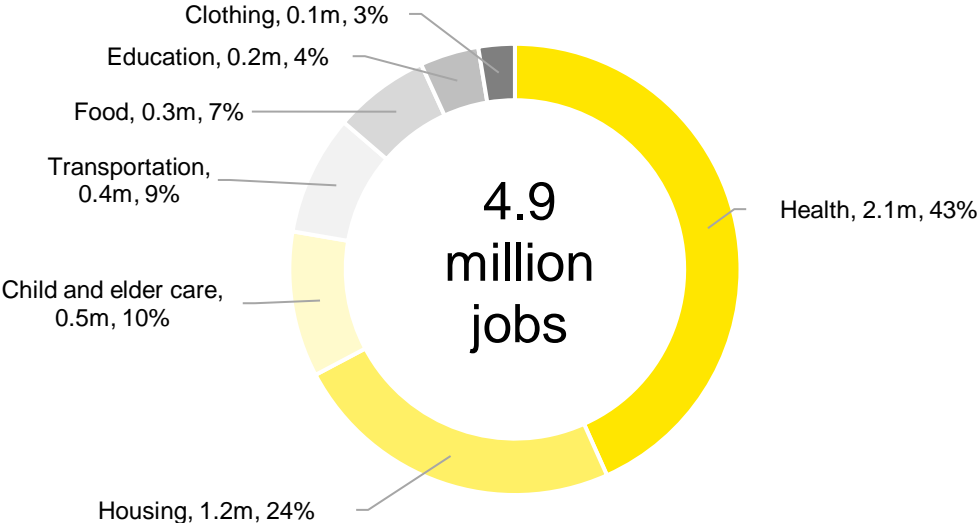


Note: Wages & benefits includes all labor income (i.e., employee cash compensation and benefits, as well as proprietors’ income). Wages & benefits is a component of GDP. Figures are rounded.
 Source: EY analysis.

As displayed in Figure 2, health employed the most workers with over 2.1 million workers (43%) of jobs at partnerships in the core living expenditures sector. The next largest segment in the core living expenditures sector was housing, and it employed 1.2 million workers (24% of the total). These two spending segments represented roughly two thirds of the employment at partnerships in the core living expenditures sector. The remaining employment by segment includes child and

elder care (0.5 million; 10% of total), transportation (0.4 million; 9% of total), food (0.3 million; 7% of total), education (0.2 million; 4% of total), and clothing (0.1 million; 3% of total).

Figure 2. Employment at partnerships in the core living expenditures sector by spending category, 2023



Note: Figures are rounded.
Source: EY analysis.

III. Economic activity related to partnerships in the core living expenditures sector

In addition to the economic activity at partnerships in the core living expenditures sector, this report also estimates the related economic activity of: (1) suppliers to partnerships in the core living expenditures sector, and (2) related consumer spending (described below).

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

The magnitude of the economic activity related to partnerships in the core living expenditures sector is estimated with the 2021 Impacts for Planning (IMPLAN) multi-region input-output model of the United States.¹⁵ Unlike other economic models, IMPLAN includes the interaction of more than 500 industries, thus identifying the interaction of specific industries that are related to partnerships in the core living expenditures sector. See the Appendix for further details.

Suppliers to partnerships in the core living expenditures sector

As displayed in Figure 3, suppliers to partnerships in the core living expenditures sector were estimated to support 2.4 million jobs throughout the US economy in 2023. The largest supplier segments to partnerships in the core living expenditures sector companies were estimated to be professional, management, and business services (925,000 jobs; 38% of total); finance, insurance, and real estate (436,000 jobs; 18% of total); personal services (329,000 jobs; 14% of total); transportation and warehousing (228,000 jobs; 9% of total); and manufacturing (155,000; 6% of total). These five supplier industries comprise roughly 85% of the total employment related to suppliers to partnerships in the core living expenditures sector companies.

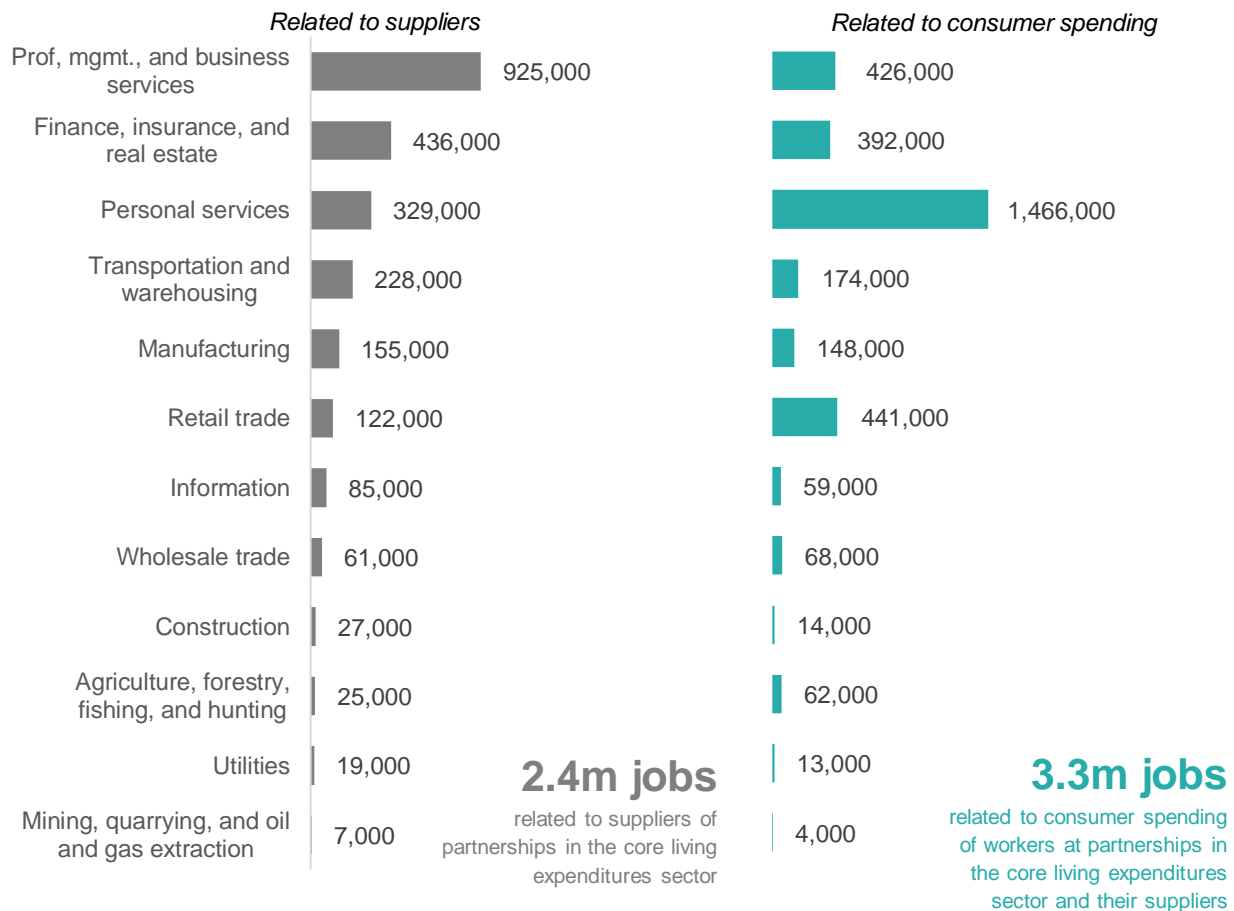
The remaining related supplier employment includes retail trade (122,000; 5% of total), information (85,000 jobs; 4% of total), wholesale trade (61,000 jobs; 3% of total), construction (27,000; 1% of total), and agriculture, forestry, fishing, and hunting (25,000 jobs; 1% of total). Each of the other supplier segments are less than 1% of the total.

Related consumer spending

Consumer spending of workers at partnerships in the core living expenditures sector and the sector's suppliers was estimated to support 3.3 million jobs throughout the US economy in 2023. The largest segments were estimated to be personal services (1.5 million jobs; 45% of total), retail trade (441,000 jobs; 13% of total), and professional, management, and business services (426,000 jobs; 13% of total). These three industries comprise more than 70% of this related economic activity.

The remaining employment related to the consumer spending of workers at partnerships in the core living expenditures sector and those companies' suppliers includes finance, insurance, and real estate (392,000 jobs; 12% of total); transportation and warehousing (174,000 jobs; 5% of total); manufacturing (148,000 jobs; 5% of total); wholesale trade (68,000 jobs; 2% of total); agriculture, forestry, fishing, and hunting (62,000 jobs; 2% of total); and information (59,000 jobs; 2% of total).

Figure 3. Economic activity related to partnerships in the core living expenditures sector, 2023



Note: Industry definitions are based on the North American Industry Classification System (NAICS). Figures are rounded.

Source: EY analysis.

Economic activity at, and related to, partnerships in the core living expenditures sector

Table 1 displays the estimated economic activity at, and related to, partnerships in the core living expenditures sector in the 2023 US economy. Partnerships in the core living expenditures sector employed 4.9 million workers throughout the US economy who earned \$339 billion in wages and benefits and generated \$566 billion of GDP. Wages and benefits is a component of GDP. Suppliers to partnerships in the core living expenditures sector supported 2.4 million workers throughout the US economy who earned \$202 billion in wages and benefits and generated \$324 billion of GDP. The consumer spending of workers at partnerships in the core living expenditures sector and their suppliers supported 3.3 million workers throughout the US economy who earned \$238 billion in wages and benefits and generated \$421 billion in GDP.

Table 1. Total economic activity at, and related to, partnerships in the core living expenditures sector, 2023
Millions of jobs; billions of dollars

	Partnerships in the core living expenditures sector	Suppliers to partnerships in the core living expenditures sector	Related consumer spending	Total
Employment	4.9	2.4	3.3	10.6
Wages and benefits	\$339	\$202	\$238	\$779
GDP	\$566	\$324	\$421	\$1,311

Note: Wages & benefits include all labor income (i.e., employee cash compensation and benefits, as well as proprietors' income). Wages and benefits is a component of GDP. Figures are rounded. Source: EY analysis.

IV. State distribution of economic activity

The distribution of jobs, wages and benefits, and GDP by state (plus the District of Columbia) at partnerships in the core living expenditures sector is displayed in Table 2 and Figure 4. The states estimated to have the most jobs at partnerships in the core living expenditures sector are: (1) Texas (554,000 jobs), (2) California (442,000 jobs), (3) New York (369,000 jobs), (4) Florida (307,000 jobs), and (5) New Jersey (206,000 jobs).

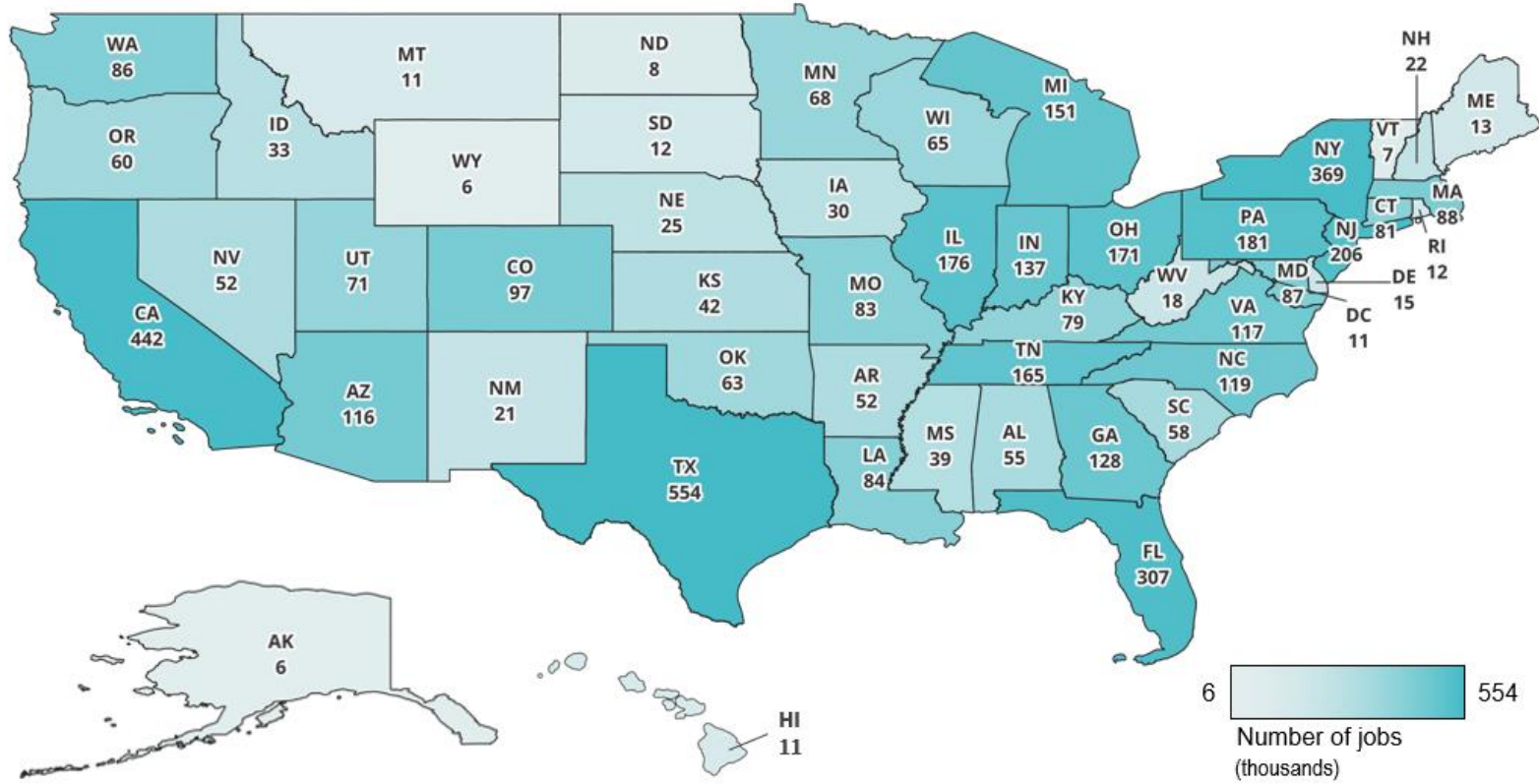
Table 2. Economic activity at partnerships in the core living expenditures sector, 2023
Thousands of jobs; millions of dollars

	Jobs	Wages & benefits	GDP		Jobs	Wages & benefits	GDP
United States	4,908	339,100	566,060				
Alabama	55	3,190	5,420	Missouri	83	4,650	7,020
Alaska	6	510	730	Montana	11	700	1,080
Arizona	116	8,060	13,860	Nebraska	25	1,690	3,410
Arkansas	52	2,920	5,020	Nevada	52	3,570	6,430
California	442	40,270	67,110	New Hampshire	22	1,530	2,210
Colorado	97	6,980	10,870	New Jersey	206	15,430	24,750
Connecticut	81	5,960	8,770	New Mexico	21	1,130	1,990
Delaware	15	1,010	1,640	New York	369	27,840	49,520
District of Columbia	11	1,190	2,860	North Carolina	119	7,590	13,540
Florida	307	20,620	35,330	North Dakota	8	470	830
Georgia	128	8,880	18,970	Ohio	171	9,420	16,600
Hawaii	11	830	1,700	Oklahoma	63	3,860	5,770
Idaho	33	2,030	2,970	Oregon	60	4,100	6,490
Illinois	176	11,490	20,590	Pennsylvania	181	11,950	20,480
Indiana	137	8,380	11,970	Rhode Island	12	870	1,340
Iowa	30	1,720	3,040	South Carolina	58	3,390	6,660
Kansas	42	2,670	4,800	South Dakota	12	830	1,210
Kentucky	79	3,990	6,000	Tennessee	165	11,280	16,160
Louisiana	84	5,310	7,380	Texas	554	39,310	59,120
Maine	13	720	1,240	Utah	71	4,710	8,470
Maryland	87	6,180	11,720	Vermont	7	400	580
Massachusetts	88	6,970	11,100	Virginia	117	7,490	13,040
Michigan	151	8,720	14,120	Washington	86	7,050	12,730
Minnesota	68	4,230	7,960	West Virginia	18	960	1,560
Mississippi	39	1,970	2,980	Wisconsin	65	3,740	6,330
				Wyoming	6	350	580

Note: The table only includes economic activity at partnerships in the core living expenditures sector. Wages and benefits includes all labor income (i.e., employee compensation and proprietor income). Wages and benefits is a component of GDP. Figures are rounded.

Source: EY analysis.

Figure 4. Employment at partnerships in the core living expenditures sector by state, 2023
Thousands of jobs



Note: The figure only includes employment at partnerships in the core living expenditures sector. Figures are rounded.
 Source: EY analysis.

The distribution of jobs, wages and benefits, and GDP by state (plus the District of Columbia) at, and related to, partnerships in the core living expenditures sector is displayed in Table 3 and Figure 5. In addition to the economic activity at partnerships in the core living expenditures sector, this also includes the related economic activity of: (1) suppliers to partnerships in the core living expenditures sector, and (2) related consumer spending. The states estimated to have the most jobs at, and related to, the partnerships in the core living expenditures sector are: (1) Texas (1.2 million jobs), (2) California (1.0 million jobs), (3) New York (844,000 jobs), (4) Florida (669,000 jobs), and (5) New Jersey (454,000 jobs).

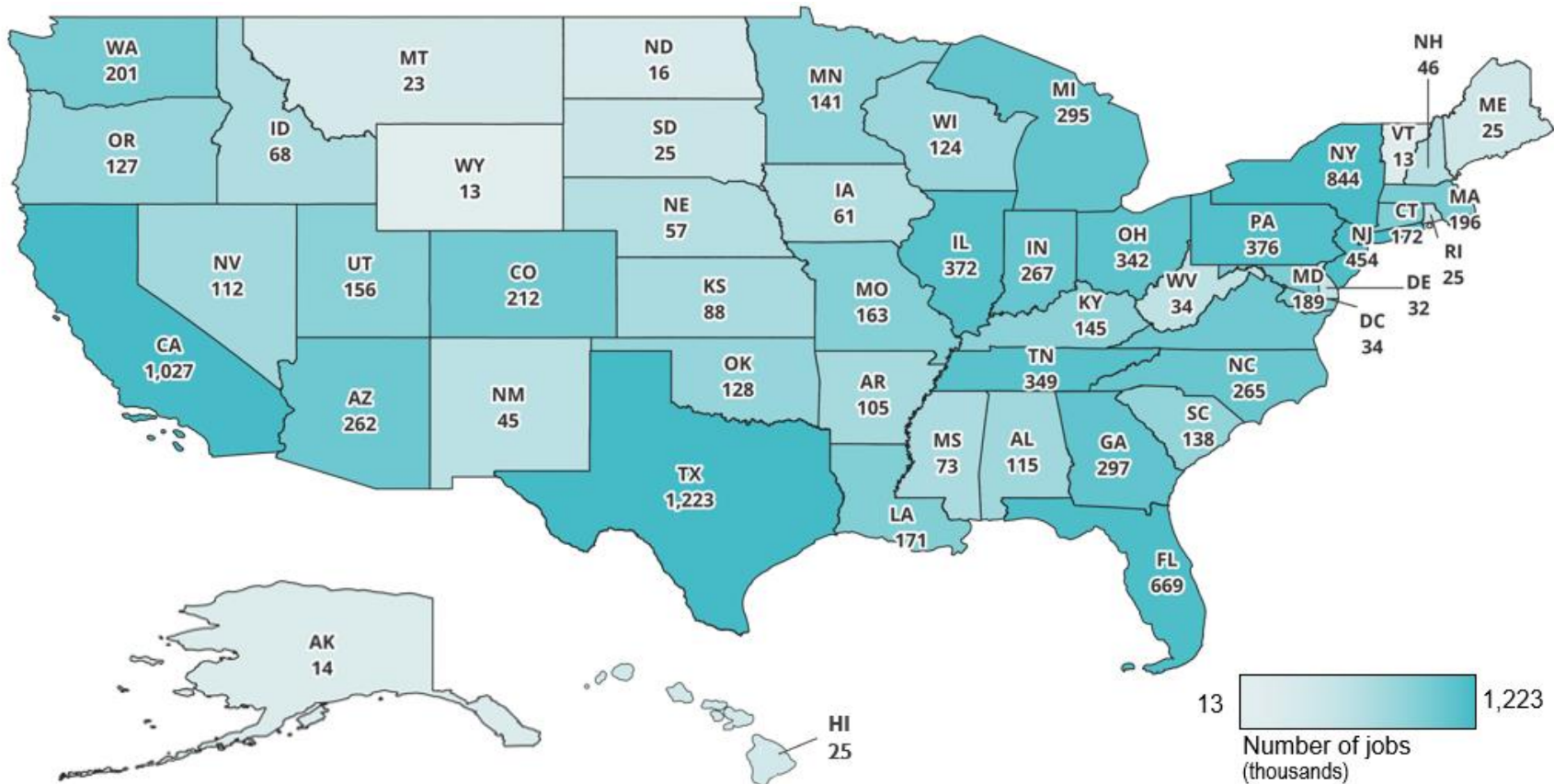
Table 3. Total economic activity at, and related to, partnerships in the core living expenditures sector by state, 2023
Thousands of jobs; millions of dollars

	Jobs	Wages & benefits	GDP		Jobs	Wages & benefits	GDP
United States	10,596	779,030	1,311,480	Missouri	163	10,800	17,440
Alabama	115	7,900	13,350	Montana	23	1,630	2,660
Alaska	14	1,100	1,730	Nebraska	57	4,170	7,590
Arizona	262	19,420	33,030	Nevada	112	8,210	14,300
Arkansas	105	7,010	11,930	New Hampshire	46	3,420	5,410
California	1,027	84,980	143,510	New Jersey	454	34,540	57,210
Colorado	212	15,890	25,980	New Mexico	45	3,020	5,170
Connecticut	172	12,910	20,610	New York	844	64,570	111,700
Delaware	32	2,320	3,870	North Carolina	265	19,030	32,790
District of Columbia	34	2,990	5,880	North Dakota	16	1,140	1,950
Florida	669	48,720	82,840	Ohio	342	22,660	38,950
Georgia	297	22,100	41,220	Oklahoma	128	8,870	14,270
Hawaii	25	1,890	3,500	Oregon	127	9,250	15,230
Idaho	68	4,790	7,630	Pennsylvania	376	27,020	46,060
Illinois	372	26,710	46,370	Rhode Island	25	1,860	3,030
Indiana	267	18,390	29,020	South Carolina	138	9,660	17,130
Iowa	61	4,100	7,050	South Dakota	25	1,890	3,010
Kansas	88	6,250	10,860	Tennessee	349	25,470	40,240
Kentucky	145	9,130	14,710	Texas	1,223	91,120	146,850
Louisiana	171	11,980	18,690	Utah	156	11,390	19,740
Maine	25	1,670	2,850	Vermont	13	880	1,400
Maryland	189	14,060	25,080	Virginia	242	17,180	29,460
Massachusetts	196	15,240	25,180	Washington	201	15,940	27,820
Michigan	295	19,840	32,980	West Virginia	34	2,220	3,690
Minnesota	141	9,890	17,530	Wisconsin	124	8,330	14,140
Mississippi	73	4,590	7,420	Wyoming	13	850	1,420

Note: Table includes economic activity at partnerships in the core living expenditures sector as well as that of related supplier and consumer spending. Wages and benefits includes all labor income (i.e., employee compensation and proprietor income). Wages and benefits is a component of GDP. Figures are rounded.

Source: EY analysis.

Figure 5. Total economic activity at, and related to, partnerships in the core living expenditures sector by state, 2023
Thousands of jobs



Note: Figure includes employment at partnerships in the core living expenditures sector as well as the related supplier and consumer spending employment. Figures are rounded.
 Source: EY analysis.

V. Taxes paid by, and related to, partnerships in the core living expenditures sector

Partnerships in the core living expenditures sector generate tax revenue through their business operations and their employees. Moreover, taxes are paid by the suppliers to partnerships in the core living expenditures sector and paid on worker-related consumer spending.

Table 4 summarizes the federal, state, and local taxes paid by, and related to, partnerships in the core living expenditures sector in 2023. The estimates of taxes paid include all major federal, state, and local taxes (e.g., corporate and individual income taxes, sales and excise taxes, property taxes), where applicable. Note that the individual income tax result includes both individual income tax paid on the wages of employees and the partnership income of individual partners. Additionally, note that statistics related to the economic footprint of partnerships in the core living expenditures sector include corporate-owned partnerships.

As displayed in Table 4, partnerships in the core living expenditures sector generated \$108 billion of federal, state, and local taxes in 2023. Over two-thirds of these were federal taxes (\$74 billion) with the remaining taxes being paid to state and local governments (\$33 billion). Roughly 60% of the \$74 billion of federal taxes generated by partnerships in the core living expenditures sector were individual income taxes (\$44 billion).

Partnerships in the core living expenditures sector also generated payroll taxes (\$23 billion), corporate income taxes via corporate-owned partnerships (\$5 billion), customs duties and fees (\$2 billion), and excise taxes (\$1 billion). State and local taxes were more evenly split between major tax types: property taxes (\$10 billion), individual income taxes (\$9 billion), sales taxes (\$8 billion), and excise, license, and other taxes (\$6 billion).

Table 4 also summarizes the federal, state, and local taxes related to partnerships in the core living expenditures sector. Suppliers to partnerships in the core living expenditures sector generated \$63 billion in total taxes and roughly 70%, or \$44 billion, of that were federal taxes. Suppliers also generated \$19 billion in state and local taxes. Moreover, consumer spending related to partnerships in the core living expenditures sector generated \$75 billion of in total taxes and roughly 70%, or \$52 billion, of that were federal taxes and the remaining \$23 billion were state and local taxes. Overall, the federal, state, and local taxes paid by, and related to, the core living expenditures sector totaled nearly \$246 billion in 2023.

**Table 4. Federal, state, and local taxes paid by, and related to,
partnerships in the core living expenditures sector, 2023**
Billions of dollars

	Partnerships in the core living expenditures sector	Suppliers of partnerships in the core living expenditures sector	Related consumer spending of partnerships in the core living expenditures sector	Total
Federal taxes	\$74	\$44	\$52	\$170
Individual income taxes [^]	\$44	\$24	\$29	\$97
Payroll taxes	\$23	\$14	\$16	\$53
Corporate income taxes [^]	\$5	\$4	\$5	\$13
Excise taxes	\$1	\$1	\$1	\$3
Customs duties and fees	\$2	\$1	\$1	\$4
State and local taxes	\$33	\$19	\$23	\$76
Property taxes	\$10	\$6	\$7	\$23
Sales taxes	\$8	\$5	\$5	\$18
Individual income taxes [^]	\$9	\$5	\$6	\$19
Excise, license, and other taxes	\$6	\$3	\$4	\$13
Corporate income taxes [^]	\$1	\$1	\$1	\$3
Total taxes	\$108	\$63	\$75	\$246

[^] Individual income tax result includes both individual income tax paid on the wages of employees and the partnership income of individual partners. Note that statistics related to the economic footprint of partnerships in the core living expenditures sector include corporate-owned partnerships.

Note: Figures are rounded.

Source: EY analysis.

The distribution of state and local taxes supported by partnerships in the core living expenditures sector and related economic activity by state (plus the District of Columbia) is displayed in Table 5. The states estimated to have the most state and local taxes paid by, and related to, partnerships in the core living expenditure sector are: (1) California (\$10.2 billion), (2) New York (\$8.8 billion), (3) Texas (\$7.3 billion), (4) Florida (\$3.4 billion), and (5) New Jersey (\$3.8 billion).

Table 5. Total state and local taxes paid by, and related to, partnerships in the core living expenditures sector, 2023
Millions of dollars

Alabama	670	Montana	145
Alaska	70	Nebraska	425
Arizona	1,600	Nevada	685
Arkansas	660	New Hampshire	255
California	10,205	New Jersey	3,785
Colorado	1,415	New Mexico	305
Connecticut	1,515	New York	8,805
Delaware	265	North Carolina	1,645
District of Columbia	410	North Dakota	120
Florida	3,390	Ohio	2,125
Georgia	1,805	Oklahoma	720
Hawaii	240	Oregon	975
Idaho	405	Pennsylvania	2,645
Illinois	2,925	Rhode Island	190
Indiana	1,735	South Carolina	810
Iowa	420	South Dakota	135
Kansas	635	Tennessee	1,910
Kentucky	830	Texas	7,315
Louisiana	1,065	Utah	1,130
Maine	195	Vermont	110
Maryland	1,475	Virginia	1,590
Massachusetts	1,485	Washington	1,430
Michigan	1,750	West Virginia	215
Minnesota	1,105	Wisconsin	790
Mississippi	440	Wyoming	60
Missouri	895	United States	75,915

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

Source: EY analysis.

V. Caveats and limitations

Any modeling effort is only an approximate depiction of the economic forces it seeks to represent, and the economic modeling developed for this analysis is no exception. The estimates of the economic contribution of partnerships in the core living expenditures sector presented in this report are based on an input-output model of the US economy and the data and assumptions described elsewhere in the report. Although various limitations and caveats might be listed, several are particularly noteworthy:

- ▶ **Estimates based on a specific definition of core living expenditures.** There is not a standard definition of spending that is necessary to provide the goods and services generally considered necessary to maintain a basic standard of living in the United States. Moreover, necessary spending will vary based on the different circumstances of individuals and families. The analysis generally uses a specific definition of necessities from the CEA. A different definition of necessities could lead to lower or higher estimates depending on which categories of consumer spending are included.
- ▶ **The estimates are for a snapshot of the economic contribution in 2023.** The input-output modeling approach used in this analysis shows the 2023 economic contribution of partnerships in the core living expenditures sector based on their relationships with other industries and households in the US economy. The analysis is at a single point in time (i.e., 2023). The results do not reflect or attempt to estimate an expansion, contraction, or any other changes, or related impacts, of the sector or companies therein.
- ▶ **Estimates do not reflect the economic impact of partnerships in the core living expenditures sector.** This analysis does not attempt to estimate or indicate the effect or impact of partnerships in the core living expenditures sector on the US economy. Rather, the analysis presents estimates of the economic contribution or economic footprint of partnerships in the core living expenditures sector.

By providing information on the overall scope of the sector, measured and defined in several different ways, this report attempts to shed light on the reach of the partnerships in the core living expenditures sector within the US economy. In contrast, an economic impact analysis might instead analyze the impact on the US economy of a change to or in an industry or sector, perhaps due to a policy change, natural disaster, or some other exogenous factor. An economic impact analysis might also attempt to account for the economic dynamics that occur in response to such a change and show the impact net of shifts of economic activity across different parts of the economy (e.g., industries, sectors) as impacts ripple through the economy.¹⁶

As compared to economic impact analyses, in input-output modeling there is generally no consideration of what the economic activity being examined would otherwise be engaged in (e.g., workers in the examined activity may have otherwise been employed in another economic activity). Nor is there generally any consideration of whether the economic activity being examined is an efficient use of resources. There is also no fixed relationship between the results of an economic contribution analysis and an economic impact analysis; the relationship can change, for example, depending on the current unemployment and labor

force participation rates. As such, an economic contribution analysis should not be confused for an economic impact analysis.

- ▶ **Estimates are limited by available public information.** The analysis relies on information reported by federal government agencies (primarily the US Census Bureau, US Bureau of Economic Analysis, and US Bureau of Labor Statistics), and other publicly available sources (i.e., IMPLAN model). The analysis did not attempt to verify or validate this information using sources other than those described in the report.
- ▶ **Modeling the economic contribution of partnerships in the core living expenditures sector relies on government industry classifications.** This report relates the activities of partnerships in the core living expenditures sector to the operating profiles of various industries as defined by the North American Industry Classification System (NAICS) to most effectively estimate the economic contribution of partnerships in the core living expenditures sector. Workers at partnerships in the core living expenditures sector are assumed to receive the average wages and benefits of workers in their respective industries and to require the level of operating input purchases characteristic of the industries into which they have been categorized. This analysis relies on estimates of the domestically purchased inputs from the IMPLAN economic model, which are estimated using aggregate trade flow data and may vary by industry.
- ▶ **Modeling the average wage at partnerships in the core living expenditures sector relies on industry averages.** This report relates the activities of partnerships in the core living expenditures sector to the operating profiles of various industries as defined by the NAICS industry classification system to most effectively estimate the average wage at partnerships in the core living expenditures sector. Workers at partnerships in the core living expenditures sector companies are assumed to receive the average wages and benefits of workers in their respective industries and to require the level of operating input purchases characteristic of the industries into which they have been categorized.
- ▶ **Input-output analyses can produce overestimates.** Suppliers of a partnership in the core living expenditures sector or suppliers of suppliers could be partnerships in the core living expenditures sector. Additionally, consumer re-spending of income supported by partnerships in the core living expenditures sector could be at partnerships in the core living expenditures sector. In these cases, jobs at core living expenditure sector partnerships would be counted more than once between results for: (1) partnerships in the core living expenditures sector, (2) suppliers of partnerships in the core living expenditures sector, and (3) related consumer spending of partnerships in the core living expenditures sector.

This analysis includes an adjustment to remove this potential double counting. Specifically, this analysis reduces the economic activity included in the supplier and consumer spending related estimates, by industry, proportional to the direct employment share in each industry. This reduces the total amount of economic activity (i.e., jobs, wages & benefits, and GDP) supported via suppliers of partnerships in the core living expenditures sector and the related consumer spending of partnerships in the core living expenditures sector.

- ▶ **Partnership legal entities and entities classified as partnerships for US federal income tax purposes do not necessarily overlap.** This analysis primarily relies on the US Census Bureau’s County Business Patterns data to estimate the economic footprint of core living expenditure sector partnerships and generally follows the definitions of those data. For detailed definitions, see the report endnotes. Specifically, a partnership is defined as an “unincorporated business where two or more persons join to carry on a trade or business with each having a shared financial interest in the business.” Note that limited liability companies with more than one economic member are classified as partnerships. Also note that partnerships include corporate-owned partnerships.

Appendix. Modeling approach

This analysis uses an input-output model to estimate the economic contribution of partnerships in the core living expenditures sector in 2023. The economic multipliers in this report were estimated using the 2021 Impacts for Planning (IMPLAN) multi-region input-output model of the United States. IMPLAN is used by more than 500 universities and government agencies. Unlike other economic models, IMPLAN includes the interaction of more than 500 industries, thus identifying the interaction of specific industries that are related to the partnerships in the core living expenditures sector industry.

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

The multipliers presented in this report include the US partnerships in the core living expenditures sector, suppliers to US partnerships in the core living expenditures sector industry, and related consumer spending. Economic activity at suppliers to partnerships in the core living expenditures sector is attributable to operating input purchases from US suppliers. Economic activity related to consumer spending is attributable to spending by workers at partnerships in the core living expenditures sector and their suppliers based on household spending patterns. Partnerships in the core living expenditures sector are estimated to have an employment multiplier of 2.2, a wages and benefits multiplier of 2.3, and a GDP multiplier of 2.3.

Endnotes

¹ See Pew Research Center, [Most Americans Say the Current Economy Is Helping the Rich, Hurting the Poor and Middle Class](#), 2019.

² For more details, see Council of Economic Advisors, [“The Cost of Living in America: Helping Families Move Ahead,”](#) The White House, August 11, 2021; and US Bureau of Labor Statistics, [“Consumer Expenditure Surveys.”](#)

³ This analysis primarily relies on the US Census Bureau’s County Business Patterns (CBP) data to estimate the economic footprint of core living expenditure sector partnerships and generally follows the definitions of those data. CBP is a Census Bureau dataset that provides annual information on the number of establishments, employment levels, and payroll data in the United States. It details economic activity for different legal forms of organization (sole proprietors, partnerships, S-corporations, corporations, etc) and employment size at various geographies across the United States and across industries based on the North American Industry Classification System (NAICS). CBP sources its data from administrative records and economic surveys that encompass more than 6 million single-unit establishments and more than 2 million multi-unit establishments. CBP employment data excludes self-employed individuals, employees of private households, railroad employees, agricultural production employees, and most government employees. CBP covers most NAICS industries excluding Crop and Animal Production (NAICS 111,112); Rail Transportation (NAICS 482); Postal Service (NAICS 491); Pension, Health, Welfare, and Other Insurance Funds (NAICS 525110, 525120, 525190); Trusts, Estates, and Agency Accounts (NAICS 525920); Offices of Notaries (NAICS 541120); Private Households (NAICS 814); and Public Administration (NAICS 92).

⁴ This definition of core living expenditures is based on a report by the Council of Economic Advisors report and it maps to Bureau of Labor Statistics Consumer Expenditure Surveys major expenditure categories. For more details, see Council of Economic Advisors, [“The Cost of Living in America: Helping Families Move Ahead,”](#) The White House, August 11, 2021; and US Bureau of Labor Statistics, [“Consumer Expenditure Surveys.”](#)

⁵ Based on the Bureau of Labor Statistics consumer expenditures survey data for average annual expenditures; food at home; owned dwellings; rented dwellings; utilities, fuels, and public services; household operations; housekeeping supplies; household furnishings and equipment; apparel and services; transportation; healthcare; personal care products and services; reading; and education. The income distribution is based on pre-tax income and does not include adjustments to account for after-tax income or transfers. For more details and data see, Bureau of Labor Statistics, [“Consumer Expenditures--2022,”](#) September 8, 2023.

⁶ The housing sector in this report is comprised of 60 North American Industry Classification System (NAICS) codes: (1) NAICS 442110 furniture stores; (2) NAICS 442210 floor covering stores; (3) NAICS 442291 window treatment stores; (4) NAICS 442299 all other home furnishings stores; (5) NAICS 443141 household appliance stores; (6) NAICS 443142 electronics stores; (7) NAICS 444110 home centers; (8) NAICS 444120 paint and wallpaper stores; (9) NAICS 444130 hardware stores; (10) NAICS 444190 other building material dealers; (11) NAICS 444210 outdoor power equipment stores; (12) NAICS 444220 nursery, garden center, and farm supply stores; (13) NAICS 452319 all other general merchandise stores; (14) NAICS 453210 office supplies and stationery stores; (15) NAICS 453310 used merchandise stores; (16) NAICS 453930 manufactured (mobile) home dealers; (17) NAICS 454110 electronic shopping and mail-order houses; (18) NAICS 454310 fuel dealers; (19) NAICS 454390 other direct selling establishments; (20) NAICS 484210 used household and office goods moving; (21) NAICS 511191 greeting card publishers; (22) NAICS 517311 wired telecommunications carriers; (23) NAICS 517312 wireless telecommunications carriers (except satellite); (24) NAICS 517410 satellite telecommunications; (25) NAICS 517911 telecommunications resellers; (26) NAICS 517919 all other telecommunications; (27) NAICS 522292 real estate credit; (28) NAICS 522310 mortgage and nonmortgage loan brokers; (29) NAICS 524127 direct title insurance carriers; (30) NAICS 524128 other direct insurance (except life, health, and medical) carriers; (31) NAICS 524210 insurance agencies and brokerages; (32) NAICS 524298 all other insurance related activities; (33) NAICS 531110 lessors of residential buildings and dwellings; (34) NAICS 531190 lessors of other real estate property; (35) NAICS 531210 offices of real estate agents and brokers; (36) NAICS 531311 residential property managers; (37) NAICS 531320 offices of real estate appraisers; (38) NAICS 531390 other activities related to real estate; (39) NAICS 532210 consumer electronics and appliances rental; (40) NAICS 532283 home health equipment rental; (41) NAICS 532310 general rental centers; (42) NAICS 541191 title abstract and settlement offices; (43) NAICS 541320 landscape architectural services; (44) NAICS 541350 building inspection services; (45) NAICS 561730 landscaping services; (46) NAICS 561740 carpet and upholstery cleaning services; (47) NAICS 561790 other services to buildings and dwellings; (48) NAICS 562111 solid waste collection; (49) NAICS 562119 other waste collection; (50) NAICS 562991 septic tank and related services; (51) NAICS 562998 all other miscellaneous waste management services; (52) NAICS 624221 temporary shelters; (53) NAICS 624229 other community housing services; (54) NAICS 811211 consumer electronics repair and maintenance; (55) NAICS 811212 computer and office machine repair and maintenance; (56) NAICS 811213 communication equipment repair and maintenance; (57) NAICS 811411 home and garden equipment repair and maintenance; (58) NAICS 811412 appliance repair and maintenance; (59) NAICS 811420 reupholstery and furniture repair; and (60) NAICS 811490 other personal and household goods repair and maintenance. All NAICS codes within the utilities industry (22) in this sector are scaled to remove commercial

applications using Energy Information Agency (EIA) data on the ratio of residential electricity sales to total electricity sales in the United States in 2022. NAICS codes within the real estate and rental leasing industry (53) that are not specifically residential real estate are scaled to remove commercial applications using Census CBP data on the ratio of residential real estate establishments to total real estate establishments (“residential proration”). Mortgage and nonmortgage loan brokers (NAICS 522310) is scaled to remove commercial applications using Federal Reserve Financial Account data on the ratio of residential mortgages to total real estate debt. Lessors of residential buildings and dwellings (NAICS 531110); residential property managers (NAICS 531311); all other general merchandise stores (NAICS 452319); manufactured (mobile) home dealers (NAICS 453930); temporary shelters (NAICS 624221); and other community housing services (NAICS 624229) are not adjusted. All other NAICS codes are scaled to remove commercial applications with the residential proration.

⁷ The transportation sector in this report is comprised of 40 NAICS codes: (1) NAICS 441110 new car dealers; (2) NAICS 441120 used car dealers; (3) NAICS 441228 motorcycle, ATV, and all other motor vehicle dealers; (4) NAICS 441310 automotive parts and accessories stores; (5) NAICS 441320 tire dealers; (6) NAICS 447110 gasoline stations with convenience stores; (7) NAICS 447190 other gasoline stations; (8) NAICS 481111 scheduled passenger air transportation; (9) NAICS 481211 nonscheduled chartered passenger air transportation; (10) NAICS 481219 other nonscheduled air transportation; (11) NAICS 482111 line-haul railroads; (12) NAICS 482112 short line railroads; (13) NAICS 483112 deep sea passenger transportation; (14) NAICS 483114 coastal and great lakes passenger transportation; (15) NAICS 483212 inland water passenger transportation; (16) NAICS 485111 mixed mode transit systems; (17) NAICS 485112 commuter rail systems; (18) NAICS 485113 bus and other motor vehicle transit systems; (19) NAICS 485119 other urban transit systems; (20) NAICS 485210 interurban and rural bus transportation; (21) NAICS 485310 taxi service; (22) NAICS 485320 limousine service; (23) NAICS 485410 school and employee bus transportation; (24) NAICS 485510 charter bus industry; (25) NAICS 485991 special needs transportation; (26) NAICS 485999 all other transit and ground passenger transportation; (27) NAICS 488410 motor vehicle towing; (28) NAICS 524126 direct property and casualty insurance carriers; (29) NAICS 532111 passenger car rental; (30) NAICS 532112 passenger car leasing; (31) NAICS 811111 general automotive repair; (32) NAICS 811112 automotive exhaust system repair; (33) NAICS 811113 automotive transmission repair; (34) NAICS 811118 other automotive mechanical and electrical repair and maintenance; (35) NAICS 811121 automotive body, paint, and interior repair and maintenance; (36) NAICS 811122 automotive glass replacement shops; (37) NAICS 811191 automotive oil change and lubrication shops; (38) NAICS 811192 car washes; (39) NAICS 811198 all other automotive repair and maintenance; and (40) NAICS 812930 parking lots and garages. All NAICS in the retail trade (44); finance and insurance (52); and other services (except public administration) (81) industries are scaled to remove commercial applications using Department of Energy (DOE) and EIA data on automobiles by type and EIA data on energy usage by vehicle type to estimate the ratio of energy use by non-commercial vehicles to total energy use by vehicles. Air, water, and rail (not including commuter rail) transportation in the transportation and warehousing industry (48) are scaled to remove commercial with the residential proration. All other NAICS codes in the transportation sector are not adjusted.

⁸ The food sector in this report is comprised of 11 NAICS codes: (1) NAICS 445110 supermarkets and other grocery (except convenience) stores; (2) NAICS 445120 convenience stores; (3) NAICS 445210 meat markets; (4) NAICS 445220 fish and seafood markets; (5) NAICS 445230 fruit and vegetable markets; (6) NAICS 445291 baked goods stores; (7) NAICS 445292 confectionery and nut stores; (8) NAICS 445299 all other specialty food stores; (9) NAICS 452311 warehouse clubs and supercenters; (10) NAICS 624210 community food services; and (11) NAICS 624230 emergency and other relief services. The NAICS code in the food sector are not adjusted.

⁹ The health sector in this report is comprised of 39 NAICS codes: (1) NAICS 446110 pharmacies and drug stores; (2) NAICS 446130 optical goods stores; (3) NAICS 446191 food (health) supplement stores; (4) NAICS 446199 all other health and personal care stores; (5) NAICS 524114 direct health and medical insurance carriers; (6) NAICS 621111 offices of physicians (except mental health specialists); (7) NAICS 621112 offices of physicians, mental health specialists; (8) NAICS 621210 offices of dentists; (9) NAICS 621310 offices of chiropractors; (10) NAICS 621320 offices of optometrists; (11) NAICS 621330 offices of mental health practitioners (except physicians); (12) NAICS 621340 offices of physical, occupational and speech therapists, and audiologists; (13) NAICS 621391 offices of podiatrists; (14) NAICS 621399 offices of all other miscellaneous health practitioners; (15) NAICS 621410 family planning centers; (16) NAICS 621420 outpatient mental health and substance abuse centers; (17) NAICS 621491 HMO medical centers; (18) NAICS 621492 kidney dialysis centers; (19) NAICS 621493 freestanding ambulatory surgical and emergency centers; (20) NAICS 621498 all other outpatient care centers; (21) NAICS 621511 medical laboratories; (22) NAICS 621512 diagnostic imaging centers; (23) NAICS 621610 home health care services; (24) NAICS 621910 ambulance services; (25) NAICS 621991 blood and organ banks; (26) NAICS 621999 all other miscellaneous ambulatory health care services; (27) NAICS 622110 general medical and surgical hospitals; (28) NAICS 622210 psychiatric and substance abuse hospitals; (29) NAICS 622310 specialty (except psychiatric and substance abuse) hospitals; (30) NAICS 623110 nursing care facilities (skilled nursing facilities); (31) NAICS 623210 residential intellectual and developmental disability facilities; (32) NAICS 623220 residential mental health and substance abuse facilities; (33) NAICS 623990 other residential care facilities; (34) NAICS 624310 vocational rehabilitation services; (35) NAICS 812111 barber shops; (36)

NAICS 812112 beauty salons; (37) NAICS 812113 nail salons; (38) NAICS 812191 diet and weight reducing centers; and (39) NAICS 812199 other personal care services. The NAICS code in the health sector are not adjusted.

¹⁰ The child and elder care sector in this report is comprised of six NAICS codes: (1) NAICS 623311 continuing care retirement communities; (2) NAICS 623312 assisted living facilities for the elderly; (3) NAICS 624110 child and youth services; (4) NAICS 624120 services for the elderly and persons with disabilities; (5) NAICS 624190 other individual and family services; and (6) NAICS 624410 child day care services. The NAICS code in the child and elder care sector are not adjusted.

¹¹ The clothing sector in this report is comprised of 14 NAICS codes: (1) NAICS 448110 men's clothing stores; (2) NAICS 448120 women's clothing stores; (3) NAICS 448130 children's and infants' clothing stores; (4) NAICS 448140 family clothing stores; (5) NAICS 448150 clothing accessories stores; (6) NAICS 448190 other clothing stores; (7) NAICS 448210 shoe stores; (8) NAICS 448310 jewelry stores; (9) NAICS 448320 luggage and leather goods stores; (10) NAICS 451130 sewing, needlework, and piece goods stores; (11) NAICS 452210 department stores; (12) NAICS 811430 footwear and leather goods repair; (13) NAICS 812310 coin-operated laundries and drycleaners; and (14) NAICS 812320 drycleaning and laundry services (except coin-operated). The NAICS code in the clothing sector are not adjusted.

¹² The education sector in this report is comprised of 26 NAICS codes: (1) NAICS 451211 book stores; (2) NAICS 451212 news dealers and newsstands; (3) NAICS 511110 newspaper publishers; (4) NAICS 511120 periodical publishers; (5) NAICS 511130 book publishers; (6) NAICS 511210 software publishers; (7) NAICS 519120 libraries and archives; (8) NAICS 519130 internet publishing and broadcasting and web search portals; (9) NAICS 519190 all other information services; (10) NAICS 611110 elementary and secondary schools; (11) NAICS 611210 junior colleges; (12) NAICS 611310 colleges, universities, and professional schools; (13) NAICS 611410 business and secretarial schools; (14) NAICS 611420 computer training; (15) NAICS 611430 professional and management development training; (16) NAICS 611511 cosmetology and barber schools; (17) NAICS 611512 flight training; (18) NAICS 611513 apprenticeship training; (19) NAICS 611519 other technical and trade schools; (20) NAICS 611610 fine arts schools; (21) NAICS 611620 sports and recreation instruction; (22) NAICS 611630 language schools; (23) NAICS 611691 exam preparation and tutoring; (24) NAICS 611692 automobile driving schools; (25) NAICS 611699 all other miscellaneous schools and instruction; and (26) NAICS 611710 educational support services. Software publishers NAICS (511210); internet publishing and broadcasting and web search portals NAICS (519130); and all other information services NAICS (519190) are scaled to remove commercial applications. All other NAICS codes in the education sector are not adjusted.

¹³ Proprietor income includes the payments received by self-employed individuals and unincorporated business owners. That is, this includes the pre-tax income of sole proprietorships, partnerships, and other private for-profit businesses that are not classified as corporations. For more information see chapter 11 of US Bureau of Economic Analysis, "[NIPA Handbook: Concepts and Methods of the U.S. National Income and Product Accounts](#)," December 2023.

¹⁴ The comparable average wage is the average wage for the overall US economy in the IMPLAN model, which was approximately \$73,000 in 2021. The \$73,000 salary in 2021 is equivalent to around \$82,000 in 2023 based on personal consumption expenditures price index. The main IMPLAN economic data sources are Census of Employment and Wages (Bureau of Labor Statistics), Regional Economic Accounts (Bureau of Economic Analysis), County Business Patterns (Census Bureau), and National Income and Product Accounts (Bureau of Economic Analysis).

¹⁵ The 2021 dollars were grown to 2023 dollars with the personal consumption expenditures price index (PCEPI) and 2021 employment results were grown to 2023 with BLS nonfarm payroll data.

¹⁶ A key point is that an economic impact analysis typically attempts to estimate impacts that net out shifts in economic activity across industries and sectors as the economy moves from its initial equilibrium to its new equilibrium. In contrast, an economic contribution analysis shows the gross amount of economic activity tied to an industry or sector directly, and through its suppliers and related consumer spending. The EY Quantitative Economics and Statistics (QUEST) practice has other modeling frameworks it uses to account for the shifts in economic activity and estimate net impacts.