PRMSDC

ECONOMIC IMPACT REPORT 2024

ECONOMIC IMPACT EXPLAINED

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an "Input-Output" economic model to estimate the number of times each dollar of "input," or direct revenues, cycles through the economy in terms of "indirect and induced output," or additional revenues, personal income, and employment.

There are several Input-Output models used by economists to estimate multiplier effects. Supplier. io employed the IMPLAN input-output model in developing estimates of revenues, income, and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional, and national economies.

The Input-Output multipliers are derived from a comprehensive and complex set of inputs based on the collection of business and employment data.

Indirect impacts of economic activity in a targeted geographic area are calculated by applying multiplier coefficients to the direct impact spending. Since most of the businesses in the study are considered as local businesses, each supplier was assumed to have operations primarily in one state.

These multipliers consider an amount of "leakage" from the state economy because some wages and expenditures will be spent outside of the state.

The economic activity is calculated by state and these state-level results are aggregated to determine the national totals.

Assumptions & Business Rules

This analysis relies on the following assumptions:

- For suppliers that have multiple locations, all impact is evaluated at the headquarters location. This may overestimate the impact in the headquarters state and underestimate the impact in other states.
- For suppliers that provide services in multiple NAICS codes, unless otherwise indicated, all impact is calculated using the supplier's primary NAICS code.

A supplier impact is assumed to be localized within a state.

The model predicts impact results based on industry averages and is an aggregate across all companies. The calculations cannot be applied to individual companies and may differ from actual jobs and incomes at specific companies.

Analysis was performed using the following business rules:

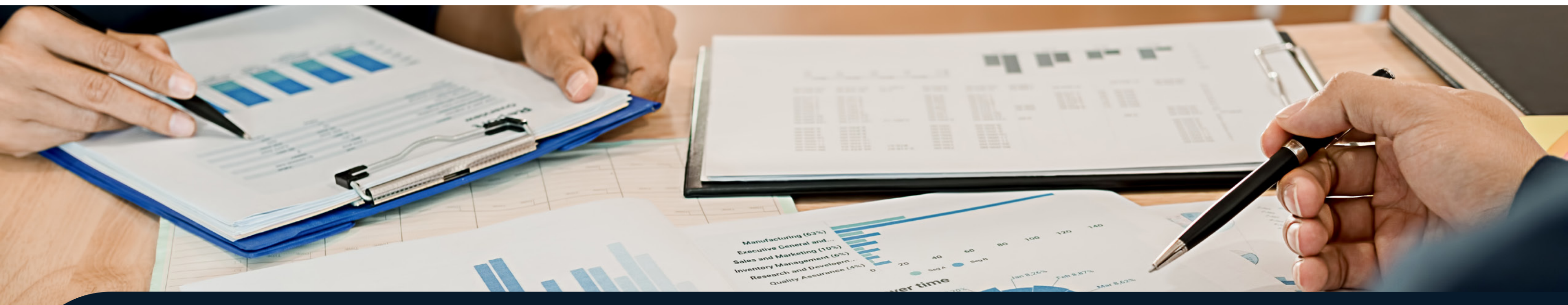
- Initial year end data, pulled in early January 2025, included MBEs that expired in December 2024, under the assumption that a majority to all would complete certification renewal.
- If an MBE was missing revenue data in the most recent year, the previous year's revenue was included in the most recent year's revenue field.
- If an MBE was missing data in both years, had zero revenue in both years, or had negative revenue, these MBEs were removed from the analysis.
- If an MBE had a status of expired, these MBEs were removed from the analysis.

Based on these data analysis rules, NMSDC's 2024 Minority Businesses Economic Impact Report may vary from regional affiliate economic impact reports or otherwise published data from the regional affiliates or NMSDC that may use different business rules during the analysis.

REFERENCES

This report is based on an analysis of NMSDC data and information from the following sources:

- 2023 Minority Business Economic Impact Report
- Bureau of Economic Analysis (BEA)
- United States GDP
- What is NAICS
- IMPLAN
  - Multipliers Changing Over Time – IMPLAN - Support
  - Generation and Interpretation of IMPLAN's Tax Impact Report
  - Taxes: How the Pandemic Ruined My Tax Results – IMPLAN - Support
  - Pandemic: Analyzing the Economic Impacts of the Coronavirus – IMPLAN - Support



sdc@prmsdc.org 787-627-7272, Ext. 920, 925 prmsdc.org