Puerto Rico
Minority Supplier
Development Council

ECONOMIC IMPACT REPORT:

Year-over-Year Comparison and Total Economic Impact for 2023

INTRODUCTION

This report presents a year-over-year comparison of the economic impact of certified Minority Business Enterprises (MBEs) under the Puerto Rico Minority Supplier Development Council (PRMSDC) from 2022 to 2023. Key metrics include the number of certified MBEs, total revenue generated by these MBEs, and the number of direct jobs created. Additionally, the total economic impact of PRMSDC for 2023 is detailed, including total production, the combined number of direct and indirect jobs, and total wages.

YEAR-OVER-YEAR COMPARISON OF CERTIFIED MBES

Number of Certified MBEs

2022: 501 MBEs

2023: 542 MBEs

8.2% GROWTH

The number of certified MBEs increased by 41 from 2022 to 2023, representing an 8.2% growth. This increase indicates a positive trend in the certification and support of minority-owned businesses within the PRMSDC network.

Total MBEs Revenue

2022: $5.5 billion

2023: $7.0 billion

27.3% INCREASE

The total revenue generated by certified MBEs saw a significant increase of $1.5 billion, or 27.3%, from 2022 to 2023. This substantial rise in revenue underscores the growing economic contributions of MBEs to the local and broader economy.

Direct Jobs

2022: 27,000 jobs

2023: 38,000 jobs

40.7% GROWTH

Direct employment by certified MBEs increased by 11,000 jobs, marking a 40.7% growth. This considerable increase reflects the expanding workforce, and the pivotal role MBEs play in job creation.

TOTAL ECONOMIC IMPACT OF PRMSDC FOR 2023

Total Production $9.8 billion

Total production for PRMSDC-certified MBEs in 2023 reached $9.8 billion. This figure includes all goods and services produced by these enterprises, highlighting their significant contribution to the economy.

Total Direct and Indirect Jobs 61,000 jobs

The total number of direct and indirect jobs associated with PRMSDC-certified MBEs in 2023 was 61,000. This figure combines direct employment within the MBEs and the additional jobs created indirectly through their economic activities.

Total Wages $2.6 billion

Total wages paid by PRMSDC-certified MBEs amounted to $2.6 billion in 2023. This substantial wage sum underscores the importance of these enterprises in providing well-paying jobs and supporting the livelihoods of many individuals and families.

CONCLUSION

The year-over-year data comparison highlights significant growth in the number of certified MBEs, their total revenue, and the number of direct jobs created from 2022 to 2023. The overall economic impact of PRMSDC-certified MBEs in 2023 is profound, with a total production value of $9.8 billion, 61,000 direct and indirect jobs, and $2.6 billion in total wages. These figures illustrate the vital role of MBEs in driving economic development and job creation, demonstrating the effectiveness of PRMSDC's support and certification programs.

Proprietary & Confidential. ©2024 PRMSDC©. All rights reserved.
sdc@prmsdc.org 787-627-7272, Ext. 920, 925 prmsdc.org

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

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.

References

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

- 2022 Minority Business Economic Impact Report
- Bureau of Economic Analysis (BEA)
- U.S. Government Revenues
- Office and Administrative Support Occupations: Occupational Outlook Handbook: U.S. Bureau of Labor Statistics
- United States GDP
- What is NAICS
  - » 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