

**ECONOMIC IMPACT OF MARYLAND
MINORITY BUSINESS ENTERPRISE PROGRAM
FISCAL YEAR 2008**



**GOVERNOR'S OFFICE OF
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ECONOMIC IMPACT OF MARYLAND MINORITY BUSINESS ENTERPRISE PROGRAM FISCAL YEAR 2008

EXECUTIVE SUMMARY

The Maryland Minority Business Enterprise (MBE) program was established in 1978 to assist small, minority and women-owned firms in gaining greater access to State government contract and procurement opportunities. The MBE program supports the State's economic development goals of job creation, expanded industry and increased tax revenues. The benefits of the program are not limited to the minority enterprises. Through secondary financial transactions between MBEs and other industries and institutions, the program reaches well beyond the Maryland minority network. These transactions help employ many Marylanders in manufacturing, transportation, utilities, financial services, retail and other supporting establishments.

The Office of Research of Maryland Department of Housing and Community Development (DHCD) in collaboration with the Governor's Office of Minority Affairs (GOMA) estimated the direct, secondary and total economic impacts resulting from the MBE procurements by 59 State agencies across Maryland in FY2008. The estimates are obtained from the Resource Allocation Model of DHCD (RAM-DHCD), based on the nationally known IMPLAN input-output system of the University of Minnesota IMPLAN Group.

In FY2008, the State MBE program funded a total of \$1.1 billion in direct expenditures in communities throughout Maryland. These expenditures resulted in 11,489 direct full-time equivalent jobs, \$363.8 million in direct wages and salaries, and about \$24.4 million in selected direct State and local tax receipts. The secondary impacts of the MBE program, or the economic spin-off, include \$696.5 million in expenditures, 7,150 jobs, \$259.1 million in wages and salaries, and about \$17.7 million in State and local tax revenues. The total economic impact of the MBE program -- sum of the direct and secondary impacts -- amounted to \$1.8 billion in expenditures, 18,639 jobs, \$29.0 million in wages and salaries, and about \$42.1 million in State and local tax revenues. Every \$1 million of State funds allocated to the MBE program generated a total of 16.7 full-time equivalent jobs and \$37,677 in state and local tax receipts throughout Maryland. The MBE program generated a total of \$1.6 in total economic impact per dollar of State procurement funds.

ECONOMIC IMPACT OF MARYLAND MINORITY BUSINESS ENTERPRISE PROGRAM FISCAL YEAR 2008

INTRODUCTION

The Maryland Minority Business Enterprise (MBE) program was established in 1978 to assist small, minority and women-owned firms in gaining greater access to State government contract and procurement opportunities. Initially, the program required that State procurement agencies spend at least 10 percent of their procurement dollars with certified minority firms. The procurement agencies include any principal department or independent unit of the Executive Branch of the State. In 1995, the 10 percent spending goal was increased to 14 percent, and in 2001, it was increased to the current goal of 25 percent – the highest in the nation – with sub-goals of 7 percent for African-American and 10 percent for Women-owned businesses.

The Governor's Office of Minority Affairs (GOMA) is the agency responsible for statewide oversight of the MBE program and serves in an advisory capacity to the Governor on key MBE issues in the State. GOMA directs the managerial and organizational framework of the MBE program – by developing MBE program policies and procedures for State procurement agencies and providing support and monitoring to ensure compliance.

The Maryland Department of Transportation is the agency designated to certify, recertify, and decertify minority business enterprises. A procurement agency may not permit a business to participate in procurement as a certified MBE unless the Department of Transportation has certified the business as a minority business enterprise. The certified minority enterprises include any legal entity, other than a joint venture, organized to engage in commercial transactions, which is at least 51% owned, managed, and controlled by one or more minorities or a non-profit entity organized to promote the interests of the physically or mentally disabled. Minority enterprises include the following socially or economically disadvantaged groups: African American; Asian; Hispanic; Native American; women; physically or mentally disabled; non-profits — organized to promote the interests of physically or mentally disabled individuals; and Certified Sheltered Workshops. The latter includes an entity, the net income of which does not inure in whole or in part to the benefit of any shareholder or other individual that is:

- Organized under the laws of the United States or the State of Maryland;
- Accredited by the Division of Vocational Rehabilitation of Department of Education;
- Operated in the interests of handicapped individuals; and
- Certified as a sheltered workshop by the Wage and Hour Division of the United States Department of Labor.

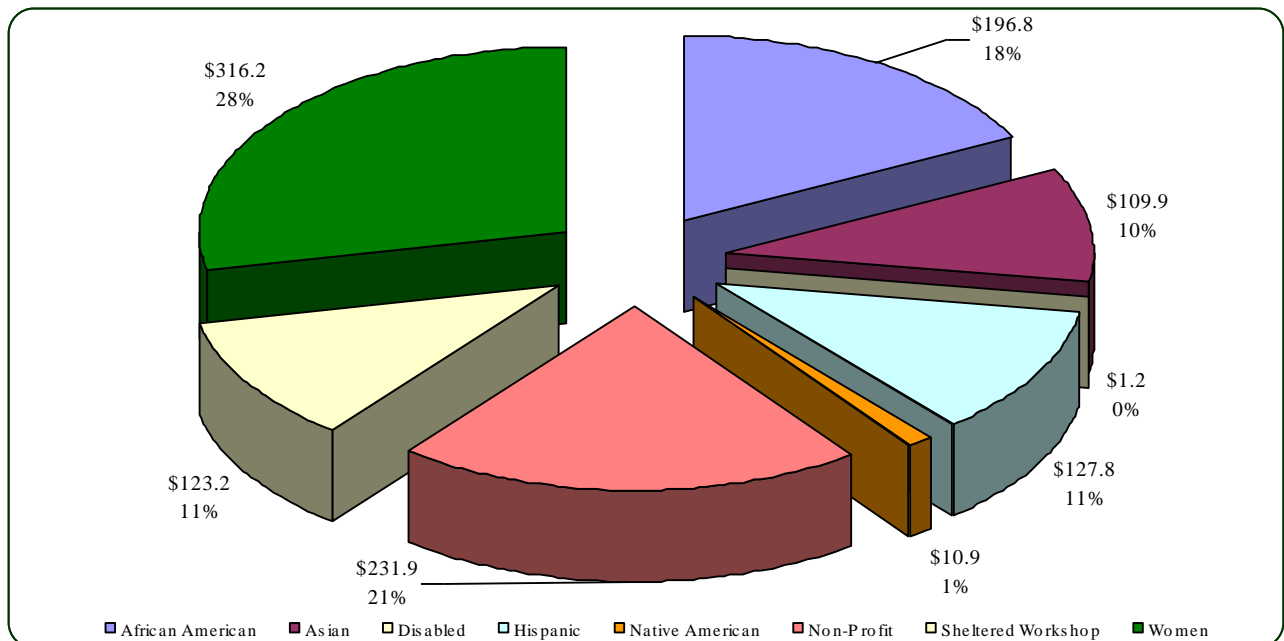
Maryland's MBE program supports the State's economic development goals of job creation, expanded industry and increased tax revenues. The benefits of the MBE program are not limited to the retention and expansion of output, jobs and incomes in minority enterprises. Through secondary financial transactions between MBEs and other industries and institutions, the MBE program reaches well beyond the Maryland minority network. These transactions help employ many Marylanders in manufacturing, transportation, utilities, financial services, retail and other supporting establishments.

The Office of Research of Maryland Department of Housing and Community Development (DHCD) in collaboration with the Governor's Office of Minority Affairs (GOMA) estimated direct, secondary and total economic impacts resulting from the MBE procurements in FY2008. The direct economic benefits represent the MBE procurements by 59 State agencies across Maryland. The businesses supporting the operations of the minority enterprises, in turn, must increase their own transactions – produce, restock inventories and transport – to meet the demands of the principal enterprises. These backward supplier effects are identified as indirect impacts. The increased worker payrolls associated with these direct and indirect economic activities are then largely spent on household consumer items. This forward spending and the resultant increases in economic activity are identified as induced impacts. All indirect and induced economic impacts of the MBE program are estimated using the Resource Allocation Model of Maryland Department of Housing and Community Development (RAM-DHCD), based on the nationally known IMPLAN input-output system of the University of Minnesota IMPLAN Group.

MBE PAYMENTS BY CLASSIFICATION

In FY2008, State MBE procurements totaled \$1.1 billion, including \$757.2 million in prime contract payments -- or 67.7 percent of all payments -- and \$360.1 million in subcontract payments, accounting for the remaining 32.3 percent of the payments (Chart 1 and Table 1). A total of \$316.2 million was spent on goods and services procured from women-owned enterprises, representing 28.3 percent of all procurements, the largest share among all MBE classifications. About 24.0 percent of all prime contracts and 37.3 percent of subcontracts were awarded to women-owned MBEs. Procurements from non-profit enterprises totaled \$231.9 million or 20.7 percent of the total, the second largest share. The bulk of these procurements (99.4 percent) were prime contract payments. Within prime contract payments, non-profit enterprises accounted for 30.4 percent of the procurements, the largest share. African-American enterprises with \$196.7 million, or 17.6 percent of the total, received the third largest share of the MBE procurements. Procurements from African-American MBEs represented the largest segment of the subcontract payments statewide, or 43.3 percent of the total. MBE payments to Hispanic enterprises totaled \$127.8 million or 11.4 percent of the total. Procurements from Sheltered Workshops were \$123.2 million or 11.0 percent of the total, followed by payments to Asian enterprises (\$109.9 million or 9.8 percent), Native American firms (\$10.9 million or 1.0 percent), and the disabled (\$1.2 million or 0.1 percent).

CHART 1
DISTRIBUTION OF MBE PAYMENTS BY CLASSIFICATION (\$MILLIONS): FY 2008



**TABLE 1
VALUE AND DISTRIBUTION OF MBE PAYMENTS BY CLASSIFICATION: FY 2008**

Classification	Prime Payments			Subcontract Payments			All Payments	
	Value	% of All Payments	% of Total Value	Value	% of All Payments	% of Total Value	Value	% of Total Value
African American	\$40,752,333	20.7%	5.4%	\$155,999,462	79.3%	43.3%	\$196,751,796	17.6%
Asian	\$72,699,357	66.1%	9.6%	\$37,212,563	33.9%	10.3%	\$109,911,920	9.8%
Disabled	\$673,081	56.6%	0.1%	\$515,946	43.4%	0.1%	\$1,189,026	0.1%
Hispanic	\$107,481,187	84.1%	14.2%	\$20,285,215	15.9%	5.6%	\$127,766,403	11.4%
Native American	\$236,469	2.2%	0.0%	\$10,638,749	97.8%	3.0%	\$10,875,218	1.0%
Non-Profit	\$230,549,864	99.4%	30.4%	\$1,335,679	0.6%	0.4%	\$231,885,543	20.7%
Sheltered Workshop	\$123,211,132	100.0%	16.3%	\$0	0.0%	0.0%	\$123,211,132	11.0%
Women	\$181,589,973	57.4%	24.0%	\$134,621,263	42.6%	37.3%	\$316,211,236	28.3%
Total	\$757,193,397	67.7%	100.0%	\$360,608,877	32.3%	100.0%	\$1,117,802,274	100%

Source: Governor's Office of Minority Affairs

MBE PAYMENTS BY JURISDICTION

Table 2 shows the value and distribution of MBE payments by jurisdiction for FY2008. Procurements from the MBEs in Baltimore County totaled \$136.5 million or 12.2 percent of all payments, the largest share among all Maryland jurisdictions. The MBE enterprises of Baltimore City with \$134.0 million, or 12.0 percent of the total, received the second largest share of the MBE procurements, followed by the MBEs in Anne Arundel County (\$122.8 million or 11.0 percent) and the MBEs in Howard County (\$86.2 million or 7.7 percent). A total of \$119.4 million or 10.7 percent of all procurements were spent on goods and services supplied by out-of-state MBEs, while \$331.5 million or 29.7 percent of all payments went to Maryland MBE enterprises with multiple locations statewide.

**TABLE 2
VALUE AND DISTRIBUTION OF MBE PAYMENTS BY JURISDICTION: FY 2008**

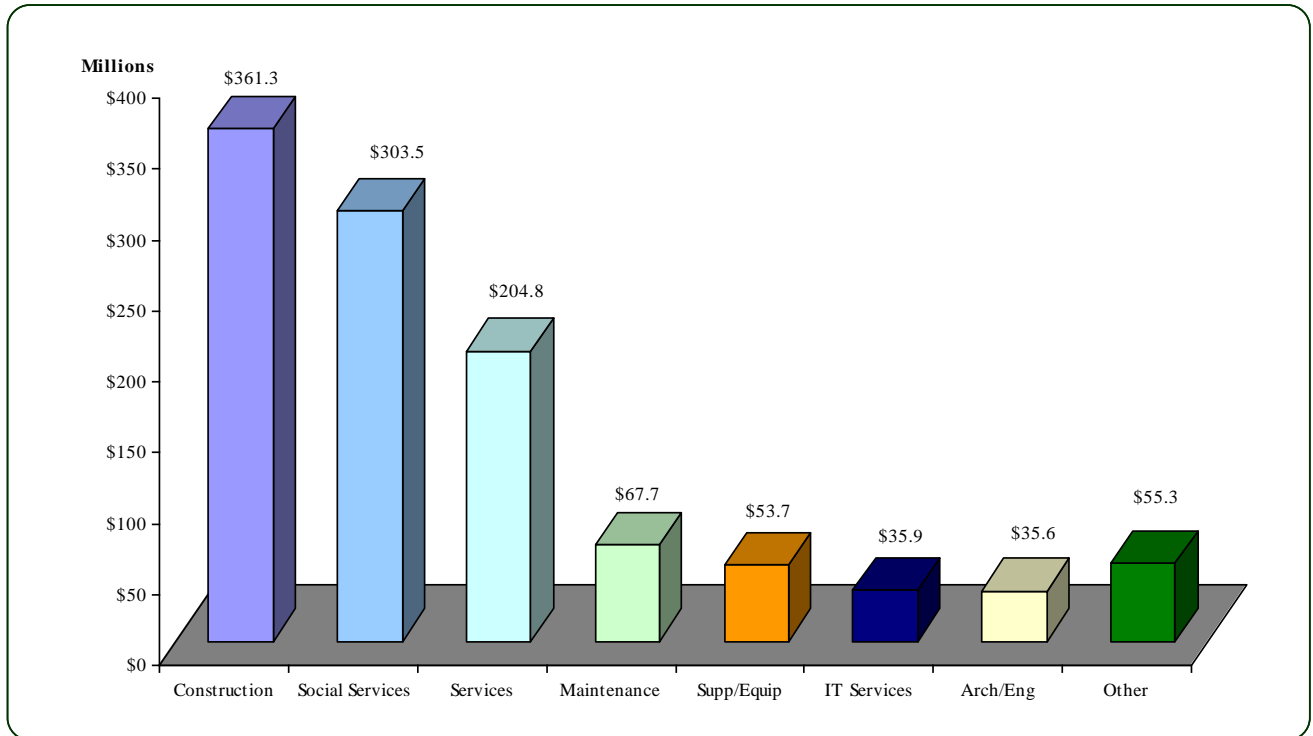
Jurisdiction	Prime Payments			Subcontract Payments			All Payments	
	Value	% of All Payments	% of Total Value	Value	% of All Payments	% of Total Value	Value	% of Total Value
Allegany	\$2,053,528	21.5%	0.3%	\$7,517,073	78.5%	2.1%	\$9,570,601	0.9%
Anne Arundel	\$96,870,414	78.9%	12.8%	\$25,926,933	21.1%	7.2%	\$122,797,347	11.0%
Baltimore	\$57,153,436	41.9%	7.5%	\$79,365,759	58.1%	22.0%	\$136,519,196	12.2%
Baltimore City	\$70,684,412	52.7%	9.3%	\$63,369,844	47.3%	17.6%	\$134,054,256	12.0%
Calvert	\$96,850	19.8%	0.0%	\$391,494	80.2%	0.1%	\$488,344	0.0%
Caroline	\$2,080	93.7%	0.0%	\$139	6.3%	0.0%	\$2,219	0.0%
Carroll	\$1,440,898	14.7%	0.2%	\$8,343,761	85.3%	2.3%	\$9,784,659	0.9%
Cecil	\$51,499	100.0%	0.0%	\$0	0.0%	0.0%	\$51,499	0.0%
Charles	\$1,236,180	63.9%	0.2%	\$698,162	36.1%	0.2%	\$1,934,342	0.2%
Dorchester	\$499,502	93.4%	0.1%	\$35,046	6.6%	0.0%	\$534,548	0.0%
Frederick	\$2,414,123	66.2%	0.3%	\$1,232,447	33.8%	0.3%	\$3,646,570	0.3%
Garrett	\$54,556	33.3%	0.0%	\$109,193	66.7%	0.0%	\$163,749	0.0%
Harford	\$3,595,820	16.2%	0.5%	\$18,560,437	83.8%	5.1%	\$22,156,257	2.0%
Howard	\$39,263,944	45.5%	5.2%	\$46,968,043	54.5%	13.0%	\$86,231,987	7.7%
Kent	\$0	0.0%	0.0%	\$0	0.0%	0.0%	\$0	0.0%
Montgomery	\$27,635,753	60.9%	3.6%	\$17,779,116	39.1%	4.9%	\$45,414,868	4.1%
Other State	\$53,943,986	45.2%	7.1%	\$65,498,171	54.8%	18.2%	\$119,442,157	10.7%
Prince George's	\$60,173,857	73.4%	7.9%	\$21,808,328	26.6%	6.0%	\$81,982,184	7.3%
Queen Anne's	\$880,987	52.5%	0.1%	\$796,704	47.5%	0.2%	\$1,677,691	0.2%
Somerset	\$18,300	60.8%	0.0%	\$11,822	39.2%	0.0%	\$30,122	0.0%
St. Mary's	\$728,231	100.0%	0.1%	\$0	0.0%	0.0%	\$728,231	0.1%
Talbot	\$105,677	20.5%	0.0%	\$409,377	79.5%	0.1%	\$515,054	0.0%
Washington	\$1,966,331	60.7%	0.3%	\$1,275,134	39.3%	0.4%	\$3,241,465	0.3%
Wicomico	\$4,809,092	91.0%	0.6%	\$474,397	9.0%	0.1%	\$5,283,490	0.5%
Worcester	\$9,642	20.5%	0.0%	\$37,497	79.5%	0.0%	\$47,139	0.0%
Statewide	\$331,504,299	100.0%	43.8%	\$0	0.0%	0.0%	\$331,504,299	29.7%
Total	\$757,193,397	67.7%	100.0%	\$360,608,877	32.3%	100.0%	\$1,117,802,274	100.0%

Source: Governor's Office of Minority Affairs

MBE PAYMENTS BY INDUSTRY

Table 3 shows the value and distribution of MBE payments by industry for FY2008. Procurements from the construction industry totaled \$361.3 million or 32.3 percent of all payments, the largest share among all Maryland industries that participated in the MBE program. Expenditures on human, cultural, social & educational services amounted to \$303.5 million or 27.2 percent of the total, the second largest share. Services accounted for the third largest share of the MBE payments with \$204.8 million in procurements or 18.3 percent of the total.

CHART 2
DISTRIBUTION OF MBE PAYMENTS BY INDUSTRY (\$MILLIONS): FY 2008



**TABLE 3
VALUE AND DISTRIBUTION OF MBE PAYMENTS BY JURISDICTION: FY 2008**

Industry	Prime Payments			Subcontract Payments			All Payments	
	Value	% of All Payments	% of Total Value	Value	% of All Payments	% of Total Value	Value	% of Total Value
Architectural/Engineering	\$10,282,027	28.9%	1.4%	\$25,337,033	71.1%	7.0%	\$35,619,060	3.2%
Construction	\$99,660,607	27.6%	13.2%	\$261,615,599	72.4%	72.5%	\$361,276,206	32.3%
Construction Related Services	\$2,418,522	60.9%	0.3%	\$1,554,537	39.1%	0.4%	\$3,973,059	0.4%
Corporate Credit Card	\$16,389,163	100.0%	2.2%	\$0	0.0%	0.0%	\$16,389,163	1.5%
Supplies & Equipment	\$46,166,812	85.9%	6.1%	\$7,573,347	14.1%	2.1%	\$53,740,159	4.8%
IT Supplies & Equipment	\$13,502,818	98.5%	1.8%	\$200,568	1.5%	0.1%	\$13,703,386	1.2%
IT Services	\$29,673,300	82.6%	3.9%	\$6,256,297	17.4%	1.7%	\$35,929,597	3.2%
Maintenance	\$53,061,683	78.4%	7.0%	\$14,601,947	21.6%	4.0%	\$67,663,630	6.1%
Human, Cultural, Social & Educational Services	\$301,528,597	99.3%	39.8%	\$1,991,092	0.7%	0.6%	\$303,519,689	27.2%
Services	\$163,301,667	79.7%	21.6%	\$41,478,458	20.3%	11.5%	\$204,780,125	18.3%
Direct Voucher	\$21,208,201	100.0%	2.8%	\$0	0.0%	0.0%	\$21,208,201	1.9%
Total	\$757,193,397	67.7%	100.0%	\$360,608,877	32.3%	100.0%	\$1,117,802,274	100.0%

Source: Governor's Office of Minority Affairs

ECONOMIC IMPACT OF THE MBE PROGRAM

The Maryland MBE program helps retain and expand output, jobs and incomes for minority business enterprises. In addition, through secondary financial transactions between MBEs and other Maryland industries and institutions, the program helps employ many Marylanders in manufacturing, transportation, utilities, financial services, retail and other supporting establishments. The overall economic impact of the MBE program is the sum of the direct and all those secondary economic benefits. The secondary benefits, in turn, are estimated using economic impact multipliers obtained from an input-output model of the State economy. The model is constructed using the nationally known IMPLAN input-output system of the University of Minnesota IMPLAN Group. The IMPLAN generated model produces output, employee income and employment multipliers associated with each broad category of MBE activity.

Table 4 shows the number of activities (industries) included in each of the MBE broad sectors as well the corresponding average multipliers and economic coefficients. These coefficients, when applied to State procurements by sector for FY2008, provide a proxy for the number of direct jobs and employee income generated from MBE activities. The multipliers, in turn, measure the amount of additional output, income and employment that will result in all other Maryland industries and institutions that support the principal activities. For example, the MBEs in the construction sector consist of seven different industries that allocate approximately 28.6 percent of their expenditures to employee income. The construction industry, on average, employs an estimated six full-time equivalent persons per \$1 million of the industry output or expenditures. Every one dollar of output generated in the construction sector produces an additional \$0.82 in economic activity across all other Maryland industries. Every one dollar of employee income generated in the construction sector produces an additional \$0.50 income in other industries. Finally, every job created in the construction sector supports an additional 0.81 jobs in other industries.

TABLE 4
ECONOMIC IMPACT MULTIPLIERS FOR MBE SECTORS

Sector Name	# of Activities	Multipliers			Coefficients	
		Output	Income	Jobs	Income	Jobs
Architectural/Engineering	1	1.82	1.50	1.81	52.7%	8
Construction	7	1.63	1.90	2.03	28.6%	6
Construction Related Services	4	1.60	1.80	2.12	25.0%	5
Corporate Credit Card	12	1.60	1.47	1.32	39.4%	16
Direct Voucher	12	1.60	1.47	1.32	39.4%	16
Human, Cultural, Social & Educational Services	24	1.76	1.66	1.42	41.8%	19
IT Services	8	1.70	1.77	2.22	32.3%	5
IT Supplies & Equipment	1	1.68	1.41	1.44	49.3%	12
Maintenance	5	1.73	1.67	1.63	37.5%	11
Services	35	1.72	1.69	1.83	37.7%	9
Supplies & Equipment	15	1.66	1.71	1.76	34.1%	10

Source: IMPLAN 2007

In FY2008, the State MBE program funded a total of \$1.1 billion in direct expenditures in communities throughout Maryland (Table 5). These expenditures resulted in 11,489 direct full-time equivalent jobs, \$363.8 million in direct wages and salaries, and about \$24.4 million in selected direct State and local tax receipts. The secondary impacts of the MBE program, or the economic spin-off, include \$696.5 million in expenditures, 7,150 jobs, \$259.1 million in wages and salaries, and about \$17.7 million in State and local tax revenues. The total economic impact of the MBE program -- sum of the direct and secondary impacts -- amounted to \$1.8 billion in expenditures, 18,639 jobs, \$29.0 million in wages and salaries, and about \$42.1 million in State and local tax revenues. Every \$1 million of State funds allocated to the MBE program generated a total of 16.7 full-time equivalent jobs and \$37,677 in state and local tax receipts throughout Maryland. The MBE program generated a total of \$1.6 in total economic impact per dollar of State procurement funds.

TABLE 5
ECONOMIC IMPACT OF MBE PROCUREMENTS IN MARYLAND: FY2008

Impact Indicator	Direct	Secondary	Total
Expenditures (\$millions)	\$1,117.8	\$696.5	\$1,814.3
Employee Income (\$millions)	\$363.8	\$259.1	\$622.9
Employment (Full-Time Equivalent Jobs)	11,489	7,150	18,639
State Tax Receipts (\$millions)	\$16.8	\$12.2	\$29.0
Retail Sales Tax	\$4.9	\$3.3	\$8.1
Personal Income Tax	\$12.0	\$8.9	\$20.9
Local Income Surtax (\$millions)	\$7.5	\$5.6	\$13.1
State and Local Tax Receipts (\$millions)	\$24.4	\$17.7	\$42.1
Economic Impact per \$1 of Procurement	\$1.0	\$0.6	\$1.6
Jobs Created per \$1 million of Procurement	10.3	6.4	16.7
State and Local Taxes per \$1 million of Procurement	\$21,810	\$15,868	\$37,677

Source: GOMA and DHCD, Office of Research

ECONOMIC IMPACT BY CONTRACT CATEGORY

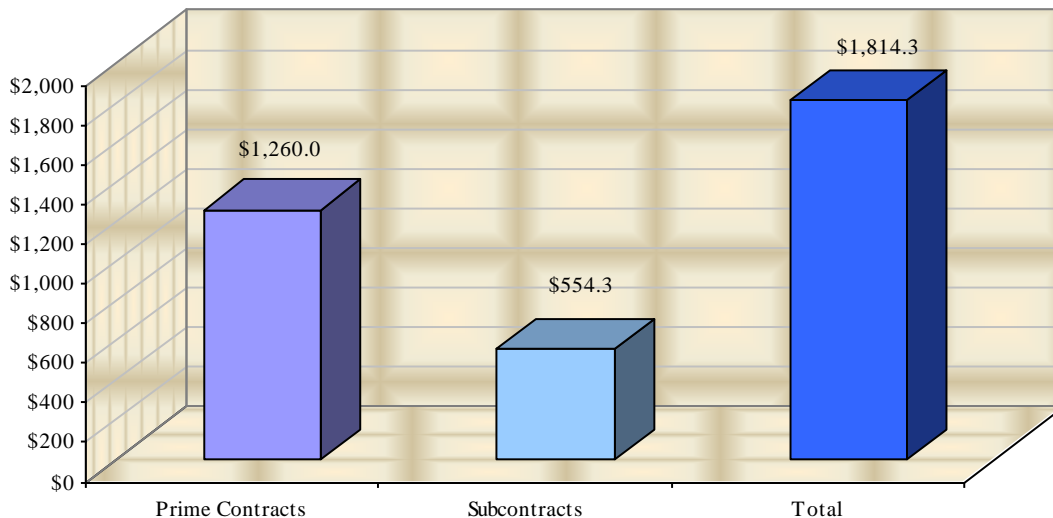
Table 6 summarizes total economic impact data by contract category. As expected, prime contracts accounted for the bulk of the impact, representing \$1.26 billion in overall expenditures, 14,607 jobs, \$452.8 million in employee income and about \$30.5 million in State and local tax receipts. MBE funds paid to subcontractors helped generate \$554.3 million in economic impact, 4,032 jobs, \$170.1 million in employee income and about \$11.6 million in State and local tax receipts

TABLE 6
ECONOMIC IMPACT OF MARYLAND MBE PROCUREMENTS
BY TYPE OF CONTRACT: FY2008

Impact Indicator	Prime	Subcontract	Total
Expenditures (\$millions)	\$1,260.0	\$554.3	\$1,814.3
Employee Income (\$millions)	\$452.8	\$170.1	\$622.9
Employment (Full-Time Equivalent Jobs)	14,607	4,032	18,639
State Tax Receipts (\$millions)	\$21.2	\$7.8	\$29.0
Retail Sales Tax	\$6.2	\$2.0	\$8.1
Personal Income Tax	\$15.0	\$5.9	\$20.9
Local Income Surtax (\$millions)	\$9.4	\$3.8	\$13.1
State and Local Tax Receipts (\$millions)	\$30.5	\$11.6	\$42.1
Economic Impact per \$1 of Procurement	\$1.7	\$1.5	\$1.6
Jobs Created per \$1 million of Procurement	19.3	11.2	16.7
State and Local Taxes per \$1 million of Procurement	\$40,301	\$32,168	\$37,677

Source: GOMA and DHCD, Office of Research

CHART 3
MBE IMPACT BY TYPE OF CONTRACT: FY2008 (\$MILLIONS)



ECONOMIC IMPACT BY MINORITY CLASSIFICATION

Table 7 highlights the direct economic impact of the MBE program by minority classification. MBE funds awarded to women-owned enterprises resulted in \$316.2 million in direct spending in the State economy, the largest share among various minority groups. These direct expenditures helped produce 2,488 jobs, \$99.3 million in employee income and about \$6.6 million in State and local tax receipts. Non-profit MBEs accounted for the second largest share of the direct impact, representing \$231.9 million in expenditures, 3,852 jobs, \$94.3 million in employee income and about \$6.3 million in State and local tax receipts. African American MBEs generated the third largest share of the direct impact, accounting for \$196.8 million in expenditures, 1,308 direct jobs, \$53.3 million in direct income, and \$3.6 million in combined State and local tax receipts. Sheltered workshops produced \$123.2 million in direct expenditures, 2,315 direct jobs, \$51.5 million in direct income, and \$3.4 million in tax receipts. The Hispanic MBEs helped generate \$127.8 million in direct expenditures, 809 direct jobs, \$34.4 million in direct income, and \$2.3 million in tax receipts. Asian MBEs produced \$109.9 million in expenditures, 666 jobs, \$28.8 million in employee income, and \$2.0 million in tax receipts. The direct economic impact of Native American MBEs amounted to \$10.9 million in expenditures, 41 jobs, \$1.9 million in employee income, and about \$123,700 in tax receipts. Finally, contracts awarded to the disabled MBEs helped produce \$1.2 million in spending, 10 jobs, \$319,000 in employee income, and \$21,200 in State and local tax receipts.

**TABLE 7
DIRECT ECONOMIC IMPACT OF MBE PROCUREMENTS BY CLASSIFICATION IN MARYLAND: FY2008**

Impact Indicator	African American	Asian	Disabled	Hispanic	Native American	Non Profit	Sheltered Workshop	Women	Total
Expenditures (\$millions)	\$196.8	\$109.9	\$1.2	\$127.8	\$10.9	\$231.9	\$123.2	\$316.2	\$1,117.8
Income (\$millions)	\$53.3	\$28.8	\$0.3	\$34.4	\$1.9	\$94.3	\$51.5	\$99.3	\$363.8
Employment	1,308	666	10	809	41	3,852	2,315	2,488	11,489
State Tax Receipts (\$millions)	\$2.4	\$1.3	\$0.0	\$1.6	\$0.1	\$4.5	\$2.4	\$4.6	\$16.8
Retail Sales Tax	\$0.6	\$0.3	\$0.0	\$0.4	\$0.0	\$1.5	\$0.8	\$1.2	\$4.9
Personal Income Tax	\$1.8	\$1.0	\$0.0	\$1.2	\$0.1	\$3.0	\$1.6	\$3.4	\$12.0
Local Income Surtax (\$millions)	\$1.1	\$0.6	\$0.0	\$0.8	\$0.0	\$1.9	\$1.0	\$2.1	\$7.5
State and Local Taxes (\$millions)	\$3.6	\$2.0	\$0.0	\$2.3	\$0.1	\$6.3	\$3.4	\$6.6	\$24.4
Jobs per \$1 million of Procurement	6.6	6.1	8.2	6.3	3.8	16.6	18.8	7.9	10.3
Taxes per \$1 million of Procurement	\$18,075	\$17,840	\$17,801	\$18,165	\$11,374	\$27,345	\$27,704	\$21,004	\$21,810

Source: GOMA and DHCD, Office of Research

Table 8 shows the overall economic impact of the MBE program by minority classification. MBE funds awarded to women-owned firms generated a total of \$511.0 million in total economic impact, 4,488 jobs, \$172.4 million in employee income and about \$11.7 million in State and local tax receipts. Every \$1 million of the State procurement funds awarded to women-owned MBEs helped produce 14.2 full-time equivalent jobs and about \$37,000 in State and local tax receipts. Non-profit MBEs produced a total of \$404.5 million in total economic impact, 5,648 jobs, \$156.7 million in employee income and about \$10.4 million in State and local tax receipts. African American MBEs generated the third largest economic impact, accounting for \$304.2 million in expenditures, 2,407 jobs, \$94.6 million in employee income, and \$6.5 million in State and local tax receipts. Sheltered workshops produced \$216.7 million in total spending, 3,291 jobs, \$85.6 million in employee income, and \$5.6 million in tax receipts. The Hispanic MBEs helped generate \$198.4 million in total expenditures, 1,520 total jobs, \$61.6 million in total employee income, and \$4.3 million in tax receipts. Asian MBEs produced \$162.9 million in expenditures, 1,185 jobs, \$47.9 million in employee income, and \$3.3 million in tax receipts. The overall economic impact of Native American MBEs amounted to \$14.9 million in expenditures, 82 jobs, \$3.5 million in employee income, and about \$245,500 in tax receipts. Finally, contracts awarded to the disabled MBEs helped produce \$1.8 million in total spending, 16 jobs, \$529,500 in employee income, and \$35,800 in State and local tax receipts.

CHART 4
TOTAL ECONOMIC IMPACT OF MBES BY MINORITY CLASSIFICATION: FY2008 (\$MILLIONS)

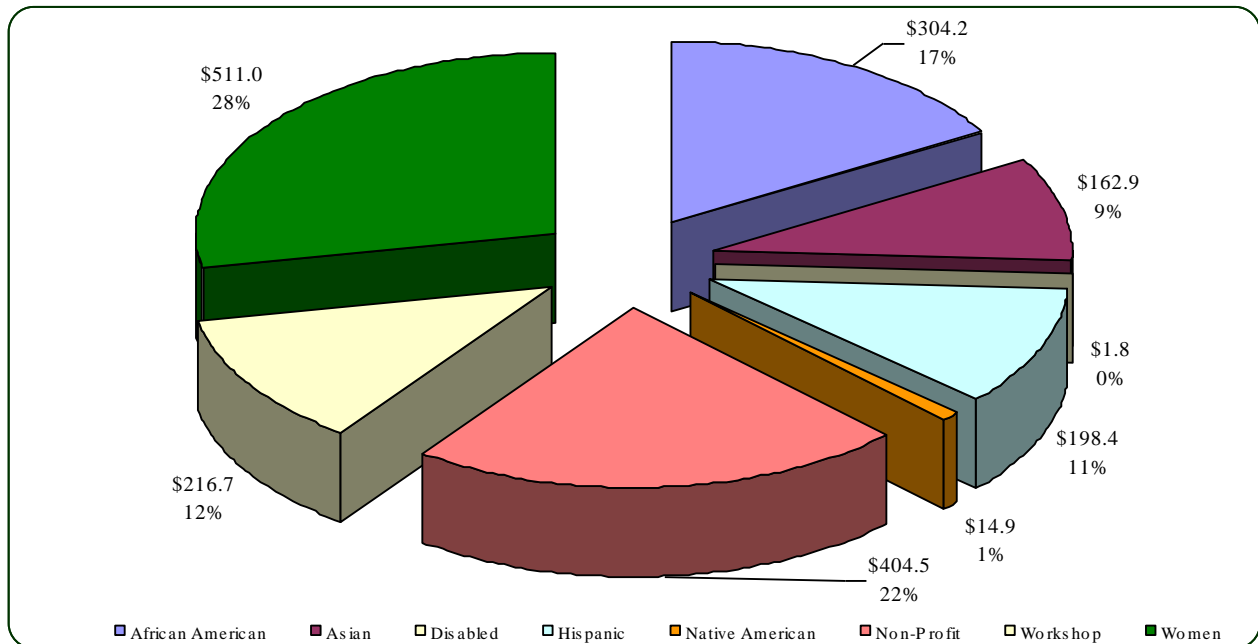


TABLE 8
TOTAL ECONOMIC IMPACT OF MBE PROCUREMENTS BY CLASSIFICATION IN MARYLAND: FY2008

Impact Indicator	African American	Asian	Disabled	Hispanic	Native American	Non Profit	Sheltered Workshop	Women	Total
Expenditures (\$millions)	\$304.2	\$162.9	\$1.8	\$198.4	\$14.9	\$404.5	\$216.7	\$511.0	\$1,814.3
Income (\$millions)	\$94.6	\$47.9	\$0.5	\$61.6	\$3.5	\$156.7	\$85.6	\$172.4	\$622.9
Employment	2,407	1,185	16	1,520	82	5,648	3,291	4,488	18,639
State Tax Receipts (\$millions)	\$4.4	\$2.2	\$0.0	\$2.9	\$0.2	\$7.3	\$4.0	\$8.1	\$29.0
Retail Sales Tax	\$1.1	\$0.6	\$0.0	\$0.7	\$0.0	\$2.3	\$1.3	\$2.1	\$8.1
Personal Income Tax	\$3.3	\$1.6	\$0.0	\$2.1	\$0.1	\$5.0	\$2.7	\$6.0	\$20.9
Local Income Surtax (\$millions)	\$2.1	\$1.1	\$0.0	\$1.4	\$0.1	\$3.1	\$1.7	\$3.6	\$13.1
State and Local Taxes (\$millions)	\$6.5	\$3.3	\$0.0	\$4.3	\$0.2	\$10.4	\$5.6	\$11.7	\$42.1
Total Impact per \$1 of Procurement	\$1.5	\$1.5	\$1.5	\$1.6	\$1.4	\$1.7	\$1.8	\$1.6	\$1.6
Jobs per \$1 million of Procurement	12.2	10.8	13.2	11.9	7.6	24.4	26.7	14.2	16.7
Taxes per \$1 million of Procurement	\$32,954	\$29,936	\$30,136	\$33,463	\$22,575	\$45,008	\$45,747	\$37,037	\$37,677

Source: GOMA and DHCD, Office of Research

ECONOMIC IMPACT BY MBE SECTOR

Table 9 shows the direct and total economic impact of the MBE program by industry sector. The MBE funds awarded to the construction sector resulted in \$361.3 million in direct spending in the State economy, the largest share among industry groups. These direct expenditures produced 1,852 jobs, and \$85.9 million in direct employee income. The total economic impact generated by the MBEs in the construction sector amounted to \$549.1 million in expenditures, 3,761 jobs, supporting \$162.9 million in employee income. The human, cultural, social and educational services produced the second largest direct (\$303.5 million) and total (\$532.3 million) economic impacts. The MBE funds awarded to the services sector produced the third largest direct (\$204.8 million) and total (\$337.9 million) impacts statewide.

CHART 5
TOTAL ECONOMIC IMPACT OF MBES BY INDUSTRY SECTOR: FY2008 (\$MILLIONS)

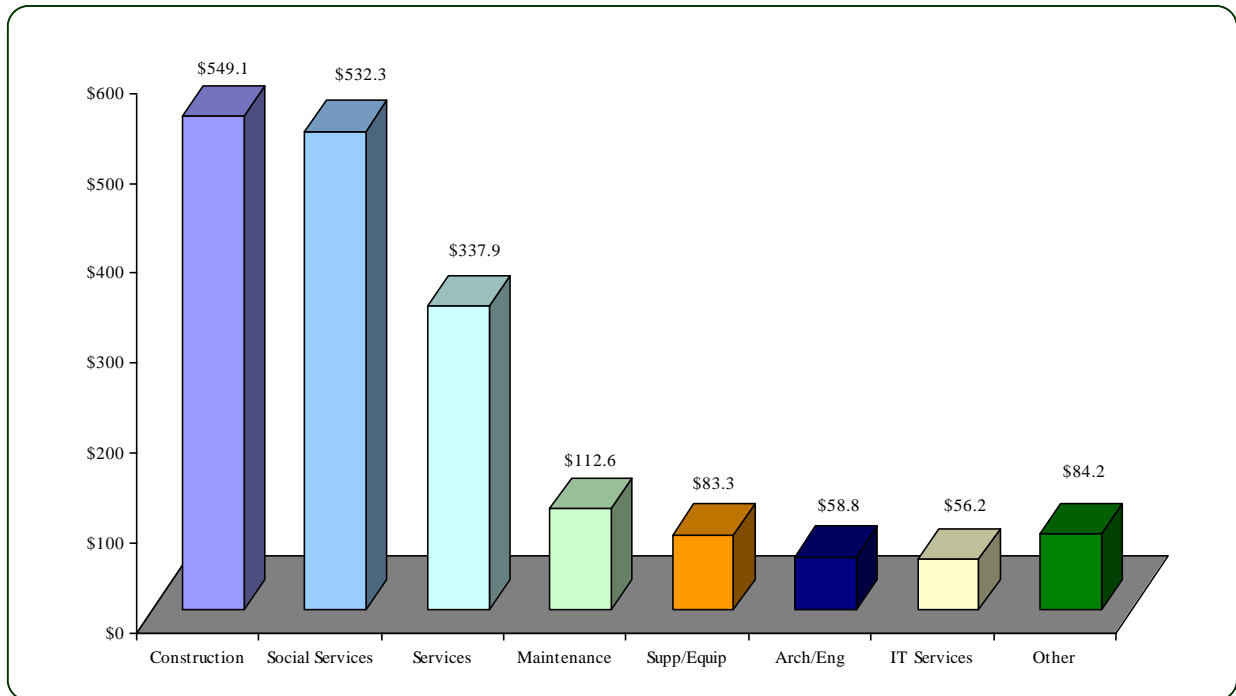


TABLE 9
ECONOMIC IMPACT OF MBE PROCUREMENTS BY INDUSTRY SECTOR IN MARYLAND: FY2008

MBE Sector	Direct Impact			Total Impact		
	Expenditures (\$millions)	Income (\$millions)	Employment	Expenditures (\$millions)	Income (\$millions)	Employment
Architectural/ Engineering	\$35.6	\$14.9	235	\$58.8	\$22.4	425
Construction	\$361.3	\$85.9	1,852	\$549.1	\$162.9	3,761
Construction Related Services	\$4.0	\$0.9	17	\$6.1	\$1.6	36
Corporate Credit Card	\$16.4	\$5.9	238	\$25.4	\$8.7	314
Supplies & Equipment	\$53.7	\$15.3	464	\$83.3	\$26.2	818
IT Supplies & Equipment	\$13.7	\$4.9	116	\$20.4	\$6.9	168
IT Services	\$35.9	\$9.4	147	\$56.2	\$16.6	325
Maintenance	\$67.7	\$23.2	698	\$112.6	\$38.8	1,136
Human, Cultural, Social & Educational Services	\$303.5	\$126.0	5,677	\$532.3	\$209.5	8,068
Services	\$204.8	\$70.0	1,747	\$337.9	\$118.4	3,195
Direct Voucher	\$21.2	\$7.4	298	\$32.4	\$10.9	393
Total	\$1,118	\$363.8	11,489	\$1,814	\$622.9	18,639

Source: GOMA and DHCD, Office of Research

Table 10 shows the direct and total fiscal impact of the MBE program by industry sector. The MBE funds awarded to human, cultural, social and educational services helped generate \$8.4 million in direct and \$13.8 million in total fiscal impact statewide, the largest impact among industry groups. The fiscal impact generated by the MBEs in the construction sector amounted to \$5.5 million in direct and \$11.1 million in total State and local tax receipts, the second largest. The MBE funds awarded to the services sector produced the third largest direct (\$5.1 million) and total (\$8.4 million) fiscal impacts statewide.

TABLE 10
FISCAL IMPACT OF MBE PROCUREMENTS BY INDUSTRY SECTOR IN MARYLAND: FY2008 (\$THOUSANDS)

MBE Sector	Direct Impact				Total Impact			
	State Taxes		Local Income Surtax	Total	State Taxes		Local Income Surtax	Total
	Retail Sales	Personal Income			Retail Sales	Personal Income		
Architectural/ Engineering	\$145.1	\$504.9	\$317.3	\$967.3	\$230.2	\$720.4	\$455.7	\$1,406.3
Construction	\$902.1	\$2,787.9	\$1,776.9	\$5,467.0	\$1,831.8	\$5,660.8	\$3,608.0	\$11,100.5
Construction Related Services	\$10.4	\$36.2	\$22.9	\$69.4	\$18.8	\$57.6	\$36.7	\$113.1
Corporate Credit Card	\$87.0	\$161.2	\$102.1	\$350.3	\$121.2	\$247.8	\$155.3	\$524.2
Supplies & Equipment	\$207.9	\$526.8	\$333.1	\$1,067.7	\$366.6	\$928.7	\$587.3	\$1,882.6
IT Supplies & Equipment	\$56.7	\$175.3	\$114.7	\$346.7	\$79.7	\$233.6	\$153.3	\$466.6
IT Services	\$90.6	\$315.1	\$199.1	\$604.8	\$177.4	\$583.4	\$370.4	\$1,131.2
Maintenance	\$312.8	\$792.6	\$496.0	\$1,601.4	\$508.8	\$1,289.1	\$806.7	\$2,604.7
Human, Cultural, Social & Educational Services	\$2,077.8	\$3,849.0	\$2,439.4	\$8,366.3	\$3,148.9	\$6,562.7	\$4,104.3	\$13,815.8
Services	\$850.9	\$2,629.6	\$1,615.7	\$5,096.2	\$1,499.7	\$4,273.3	\$2,636.8	\$8,409.9
Direct Voucher	\$108.9	\$201.8	\$130.8	\$441.5	\$151.7	\$310.2	\$198.8	\$660.8
Total	\$4,850	\$11,980.3	7,548	\$24,378.8	\$8,135	\$20,867.5	13,113	\$42,115.7

Source: GOMA and DHCD, Office of Research