

The Economic Impacts of the Massachusetts Manufacturing Extension Partnership Program on the Massachusetts Economy

Executive Summary

The Massachusetts Manufacturing Extension Partnership (MEP) program is supported by the National Institute of Standards and Technology in the U.S. Dept. of Commerce and the state of Massachusetts to help small- and medium-size manufacturers identify and implement advanced manufacturing and management technologies. Through a network of resources, the MEP links client firms with local and national sources of expertise to address specific problems. This study estimates the total economic contribution to the Massachusetts economy from firms whose employment, sales, or investment activity changed as a direct result of assistance provided by the Massachusetts MEP program.

Massachusetts MEP clients are surveyed, by an independent third party survey company, to determine the economic impact resulting from their relationship with the MEP program. Clients are surveyed one year after the completion of a project and asked a number of questions relating to changes in efficiency and output as well as questions relating to the quality of the MEP services they received. Over the past year¹ Massachusetts MEP clients have reported that they:

- **Created or retained 982 jobs that otherwise would not have existed**
- **Increased and retained \$151 million in sales**
- **Spent \$18 million on new investments**
- **Experienced \$21.8 million in cost savings**

The effects of this increased economic activity, however, extend beyond the client firms. Increased sales by Massachusetts MEP client firms require that they increase their purchases of intermediate goods and services from companies located in Massachusetts and elsewhere to support their increased output. The supplying companies, in turn, generate additional demands of their own. The linkages continue backward until the effect becomes insignificant as dollars leak out of the local economy. In this way, dollar expenditures for final demand can be traced backward to all of the affected industries in the regional economy. In addition, the income from new jobs generated by Massachusetts MEP clients and the supplying firms results in increased demand for consumer goods. Each of these effects, in turn, generates subsequent, although diminishing ripples throughout the Massachusetts economy. The sum of these direct, indirect, and induced effects suggests that small- and medium-size manufacturing companies that increased or retained jobs or sales and/or increased investments with assistance from the Massachusetts MEP are responsible for:²

- **Creating or retaining more than 2,504 jobs that paid a total of \$132.1 million in employee wages and benefits**
- **Increasing or retaining economic output worth more than \$386.8 million**
- **Contributing or retaining more than \$205.2 million of gross state product**
- **Generating or retaining over \$52.7 million in additional tax and non-tax revenues at the federal, state, and local government levels, including \$14.1 million at the state and local levels.**

¹ No client is surveyed more than once in a 12 month period. Data is from four quarterly surveys, Quarter 1 2005 – Quarter 4 2005, which were conducted from March 2005 – February 2006. Clients are asked about impacts experienced over the past year.

²Reported impacts modeled using IMPLAN Pro version 2.0 software. All results, except tax and employment, are presented in 2005 dollars. Modeling procedures available upon request.