

U.S. Department of Commerce  
Minority Business Development Agency



Budget Estimates, Fiscal Year 2011  
Congressional Submission

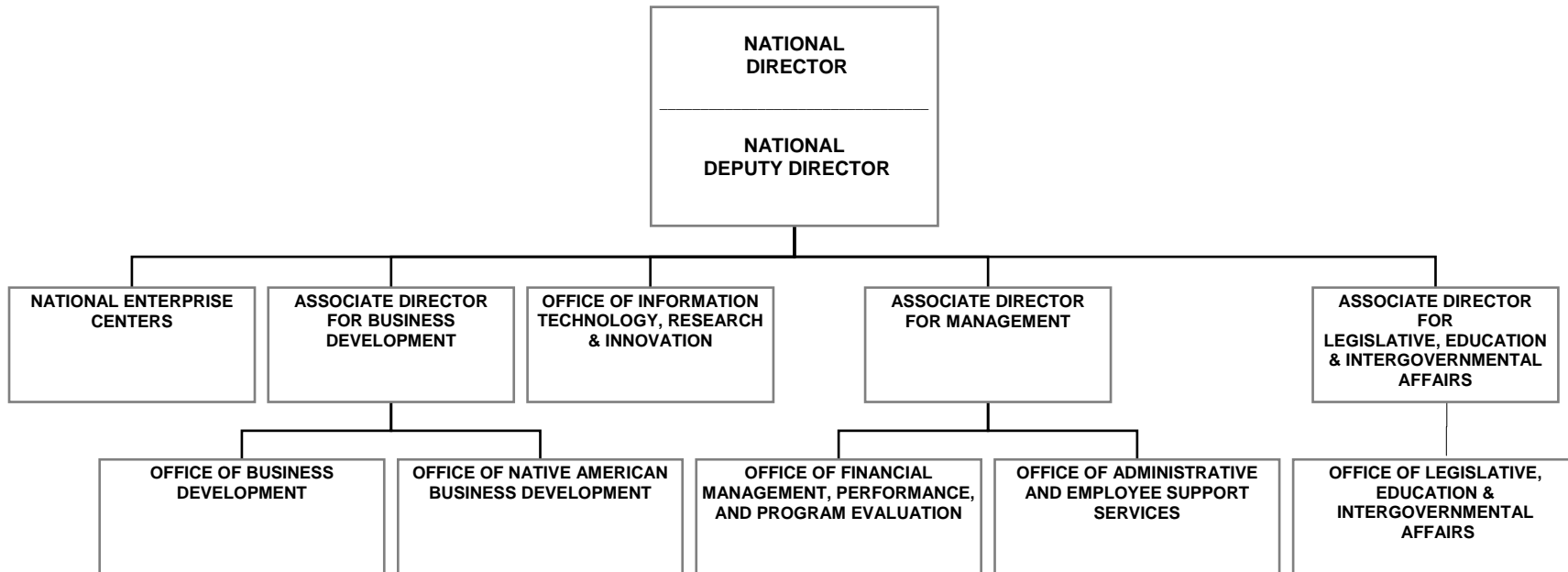


DEPARTMENT OF COMMERCE  
 MINORITY BUSINESS DEVELOPMENT AGENCY  
 Budget Estimates, Fiscal Year 2011  
 Congressional Submission

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DEPARTMENT OF COMMERCE  
MINORITY BUSINESS DEVELOPMENT AGENCY  
Organization Chart



**Department of Commerce  
Minority Business Development Agency  
Executive Summary**

<b>Department of Commerce Strategic Goal:</b>	Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.
<b>Department of Commerce Objective:</b>	Foster domestic economic development as well as export opportunities.
<b>Minority Business Development Agency Goal:</b>	To increase access to the marketplace and financing for minority-owned businesses.

The vision of the Minority Business Development Agency (MBDA) is for economic prosperity for all American business enterprises. MBDA serves as the only Federal agency dedicated to the establishment, growth and competitiveness of U.S. businesses that are minority owned.

MBDA's primary objective is to foster the growth and global competitiveness of U.S. businesses that are minority-owned. Although minority businesses with revenues of \$1 million or more constituted 2% of the overall minority business community in 2002, these businesses were responsible for 64% of the total revenues of minority-owned enterprises and 58% of employment in that year. Promoting the success of high-growth minority enterprises can have a significant impact on employment and the tax base in their communities. An objective of MBDA is to achieve entrepreneurial parity for minority business enterprises. Entrepreneurial parity is defined as reaching proportionality between the minority population percentage and the percentage share of business development measures such as number of firms, gross receipts, and employment. In pursuit of entrepreneurial parity, MBDA has engaged in a Strategic Growth policy. The Strategic Growth policy is designed to address the issue of sustainable business value for minority firms operating in high-growth industries, such as green technology and clean energy. MBDA works to provide these firms with access to capital and markets.

Recent research shows that business participation rates for most minority groups fall below the non-minority business participation rate. Participation rates show the number of business owners in a particular ethnic group for every 1,000 persons of the same ethnic group. Minority businesses are significantly smaller, with fewer employees and lower revenues, than comparable majority-owned businesses. In reaching parity between these business communities, access to financing, education, and technology are the "keys to entrepreneurial success," according to findings from the Economics and Statistics Administration.

A strategic goal of MBDA is to become the agency of choice for businesses that are minority-owned, policymakers, and the private sector. MBDA will continue its market-segmented approach to provide high quality, customer-focused business development services. Electronic commerce and a willingness to engage in strategic alliances and joint ventures will continue to be promoted by MBDA in the minority business community. MBDA has realigned its organization and programs, and streamlined operating costs to ensure that the agency is operating more efficiently. This focus on optimal service delivery guides day-to-day operations so that MBDA is able to provide high quality services to businesses that are minority-owned across the Nation.

MBDA is requesting \$800,000 in funding for the Office of Native American Business Development (ONABD). The Department of Commerce has never received appropriated funds to implement the Native American Business Development, Trade Promotion, and Tourism Act of 2000 or to implement the Indian Tribal Regulatory Reform and Business Development Act of 2000. The ONABD has operated with one expert liaison dedicated to the execution of the Native American Business Development, Trade Promotion, and Tourism Act of 2000. The initiative would expand the staff from just one liaison to also include: one program manager, two business development specialists and one program analyst. In addition to the increase in staff, the proposed budget includes the funding for Native American trade promotion research and a report on economic disparities on Indian Territories. The expansion of the ONABD will support Native American business development, trade promotion and tourism and the hiring of an experienced program manager will increase the office's effectiveness and foster improved relations between Indian tribes and the Federal government.

MBDA is requesting \$600,000 to fund two additional minority business development centers. The additional centers would be Minority Business Enterprise Centers (MBEC) and would provide a full array of business development services, including loan packaging assistance, the identification of contracting opportunities, and general minority business advocacy. The centers will be selected through a competitive grant process focused in an area of the country where minority businesses have been most affected by the current economic downturn.

MBDA is currently developing a plan for increased service delivery on a national basis to incorporate support of Department of Commerce and White House initiatives. MBDA will provide increased awareness of American Recovery and Reinvestment Act (ARRA) opportunities for businesses that are minority-owned at the state and local level, and will encourage minority business enterprises (MBE) to take advantage of opportunities in green technology, clean energy, quality education and modernized transportation. The FY 2011 budget request seeks to provide the highest level of service to the minority business community while supporting the President's overall economic stimulus and recovery efforts in focusing on job creation.

## 2011 Annual Performance Plan Minority Business Development Agency

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### Section 1 Mission Statement

To foster the growth and global competitiveness of U.S. businesses that are minority-owned

### Section 2 Corresponding DOC Strategic Goals

**Corresponding DOC Strategic Goal:** Strategic Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers

**Corresponding DOC Objective:** Objective 1.1: Foster domestic economic development as well as export opportunities

**Performance Goal/Outcome:** To increase access to the marketplace and financing for minority-owned businesses

#### Internal Goals:

1. Maximize job creation, innovation and global competitiveness for minority business enterprises
2. Establish MBDA as the agency of choice for businesses that are minority-owned, policymakers, and the private sector
3. Implement operational efficiencies throughout MBDA

#### Objectives:

MBDA's internal objectives are to:

- o Achieve \$1 billion in contracts and financings in each region
- o Encourage and finalize five merger and acquisition deals exceeding \$50 million
- o Secure at least five contracts or financings exceeding \$100 million for businesses that are minority owned
- o Globalize businesses that are minority-owned through international deal-making
- o Establish marketing and outreach plans associated with the MBDA brand
- o Establish all MBDA staff as ambassadors to enhance MBDA relationships nationwide
- o Complete at least two significant research studies in collaboration with a major think tank
- o Restructure agency to focus on deals in specific growth industries
- o Increase percentage of employees focused on deals
- o Enhance level of intellectual capital within MBDA through enhanced training and development

- Develop plan for increased service delivery on a national basis to incorporate support of Commerce and White House initiatives

**Rationale:**

MBDA fully supports the Department of Commerce efforts to ensure the full participation of businesses that are minority-owned competing in the United States and global marketplaces. MBDA works to remove barriers to entry and open doors to economic opportunity. Based on the last Census Bureau's "2002 Survey of Business Owners," minority business enterprises (MBE) were growing at significant rates. Likewise, the MBDA Strategic Growth Initiative (SGI) has made progress, providing performance dividends for minority business. Many high growth minority firms have successfully competed for larger prime contracts and financial awards, and have had a significant economic impact within the minority community. The MBDA funded network of Business Enterprise Centers provides management and technical assistance and offers business services to grow and expand local minority firms. MBDA has aligned staff performance metrics with agency goals. MBDA's objective is to ensure the successful execution of all tasks and assignments in accord with established goals and priorities.

## **Section 3 Impact of Recovery Act (for bureaus with Recovery Act funds)**

### **Section 3. Impact of Recovery Act**

N/A

## **Section 4 Priorities and Management Challenges**

The Agency has updated its Strategic Plan through 2012 and identified future priorities and activities necessary to achieve positive results. These include:

- Enhancing grants administration processes and establishing regional offices as national enterprise centers
- Developing a long term disaster recovery and rebuilding program
- Creating strategic alliances that result in MBE access to the global economy
- Improving Customer Relationship Management (CRM)
- Enhancing advocacy efforts on behalf of MBEs
- Increasing access to capital for MBEs

MBDA's management challenges include:

- Improving organizational efficiency, effectiveness, and responsiveness
- Improving contracting and procurement opportunities for MBEs who lack the size, scale and scope to compete
- Improving access to capital for MBEs in high-growth industries including green technology, clean energy, health care, infrastructure and broadband technology
- Obtaining research and knowledge to effectively address the business needs of the growing minority population
- Becoming a recognized knowledge management and information center for minority businesses in the public and private sectors
- Funding grantees at sufficient levels to meet existing demand for services and allow current and future centers the ability to proactively pursue additional clients



## Section 5 Targets and Performance Summary

### Outcome 1: To increase access to marketplace opportunities and financings for minority-owned businesses

#### Measure 1a Dollar Value of contract awards to Minority Business Enterprises (MBEs)

<b>Measure Description</b>	MBDA accomplishes its performance goal through the implementation of several business development programs. The success of these programs is measured by the dollar value of contract awards obtained by MBEs and facilitated by MBDA's grantees and staff. The certainty that MBEs will realize the proceeds associated with these awards varies from contract to contract. Multiple year contracts with option years are less certain as the options may or may not be exercised. MBDA includes the full potential value of multiple year contract awards obtained in its annual reporting for this performance measure, and discloses the dollar value of option years in a footnote. For indefinite delivery contracts, only actual dollar values realized or guaranteed are included in the annual reporting of this outcome performance measure.					
<b>Target and Performance Table</b>						
	<b>FY2006 Actual</b>	<b>FY2007 Actual</b>	<b>FY2008 Actual</b>	<b>FY2009 Actual</b>	<b>FY2010 Target</b>	<b>FY2011 Target</b>
<b>Original Funds</b>	\$1.2B	\$1.2B	\$1.0B	\$2.1B	\$1.0B	\$1.1B
<b>Impact of Recovery Funds</b>						
<b>Adjusted Targets reflecting Original and Recovery Act Funds</b>						
<b>Comments on Changes to Targets</b>	Based on the FY 2011 budget request, MBDA plans to increase current performance levels by \$74M in FY 2011. Specifically, the Office of Native American Business Development request is targeted to increase contract awards by \$24M and the Business Development Grants request by \$50M.					
<b>Impact of Recovery Act Funds</b>						
<b>Relevant Program Changes</b>	<b>Program Changes</b>	<b>Title of Program Change</b>				<b>Exhibit 13 Page Number</b>
-	-					-
<b>Validation &amp; Verification Information</b>	<b>Data Source</b>	<b>Reporting Frequency</b>	<b>Data Storage</b>	<b>Internal Control Procedures</b>	<b>Data Limitations</b>	<b>Actions to be Taken</b>
	Secured Internet transmission to Program Performance system	On-going submission after obtaining documentation by projects and staff	Oracle platform	Client and Source Verification by Regional Project Managers	Data integrity dependent on agency verification policy and timeliness of review	Quarterly desk assessment and semi-annual site visit and review

## Section 5 Targets and Performance Summary

### Outcome 1: To increase access to marketplace opportunities and financings for minority-owned businesses

#### Measure 1b Dollar Value of financial awards obtained

<b>Measure Description</b>	MBDA works to obtain financial awards (loans, bonds, lines of credit, letters of credit, equity, etc) for minority clients. Using the funded network, strategic partners, agency staff and the MBDA Internet portal, assistance is provided to package successful financial packages. These awards allow minority firms to expand and grow, to provide products and services, and hire new employees.					
<b>Target and Performance Table</b>						
	<b>FY2006 Actual</b>	<b>FY2007 Actual</b>	<b>FY2008 Actual</b>	<b>FY2009 Actual</b>	<b>FY2010 Target</b>	<b>FY2011 Target</b>
<b>Original Funds</b>	\$0.4B	\$0.6B	\$1.1B	\$0.8B	\$0.6B	\$0.6B
<b>Impact of Recovery Funds</b>						
<b>Adjusted Targets reflecting Original and Recovery Act</b>						

<b>Funds</b>						
<b>Comments on Changes to Targets</b>	Based on the FY 2011 budget request, MBDA plans to increase current performance levels by \$38M in 2011. Specifically, the Office of Native American Business Development initiative request is targeted to increase financial awards obtained by \$8M and Business Development Grants request by \$30M.					
<b>Impact of Recovery Act Funds</b>						
<b>Relevant Program Changes</b>	<b>Program Changes</b>	<b>Title of Program Change</b>				<b>Exhibit 13 Page Number</b>
-	-				-	
<b>Validation &amp; Verification Information</b>	<b>Data Source</b>	<b>Reporting Frequency</b>	<b>Data Storage</b>	<b>Internal Control Procedures</b>	<b>Data Limitations</b>	<b>Actions to be Taken</b>
	Secured Internet transmission to Program Performance system	On-going submission after obtaining documentation by projects and staff	Oracle platform	Client and Source Verification by Regional Project Managers	Data integrity dependent on agency verification policy and timeliness of review	Quarterly desk assessment and semi-annual site visit and review

## Section 5 Targets and Performance Summary

### Outcome 1: To increase access to marketplace opportunities and financings for minority-owned businesses

#### Measure 1c Number of new job opportunities created

<b>Measure Description</b>	By assisting minority firms to compete in the marketplace for contracts and financial awards, MBDA increases the number of new employees within minority businesses. This demonstrates MBDA's long-term goal for economic parity and its contribution to the Nation's economy.					
<b>Target and Performance Table</b>						
	<b>FY2006 Actual</b>	<b>FY2007 Actual</b>	<b>FY2008 Actual</b>	<b>FY2009 Actual</b>	<b>FY2010 Target</b>	<b>FY2011 Target</b>
<b>Original Funds</b>	4,254	3,506	5,316	3,024	4,000	4,300
<b>Impact of Recovery Funds</b>						
<b>Adjusted Targets reflecting Original and Recovery Act Funds</b>						
<b>Comments on Changes to Targets</b>	Based on the FY 2011 budget request, MBDA plans to increase current performance levels by 300 in FY 2011. Specifically, the Office of Native American Business Development request is targeted to increase jobs by 100 and Business Development Grants request by 200.					

<b>Impact of Recovery Act Funds</b>						
<b>Relevant Program Changes</b>	<b>Program Changes</b>	<b>Title of Program Change</b>				<b>Exhibit 13 Page Number</b>
-	-				-	
<b>Validation &amp; Verification Information</b>	<b>Data Source</b>	<b>Reporting Frequency</b>	<b>Data Storage</b>	<b>Internal Control Procedures</b>	<b>Data Limitations</b>	<b>Actions to be Taken</b>
	Secured Internet transmission to Program Performance system	Quarterly reports as available directly from clients	Oracle platform	Client Source documents forwarded to Region Project Managers	Data integrity dependent on agency verification policy and timeliness of review	Quarterly desk assessment and semi-annual site visit and review

## Section 5 Targets and Performance Summary

### Outcome 1: To increase access to marketplace opportunities and financings for minority-owned businesses

#### Measure 1d Percent increase in client gross receipts

<b>Measure Description</b>	Profiles of assisted businesses help determine the average client receipts for the year. Through its Strategic Growth Initiative, MBDA seeks to grow and expand minority firms. MBDA measures the increases in gross receipts to determine the growth in assisted firms					
<b>Target and Performance Table</b>						
	<b>FY2006 Actual</b>	<b>FY2007 Actual</b>	<b>FY2008 Actual</b>	<b>FY2009 Actual</b>	<b>FY2010 Target</b>	<b>FY2011 Target</b>
<b>Original Funds</b>	6%	5%	6%	6%	6%	6%
<b>Impact of Recovery Funds</b>						
<b>Adjusted Targets reflecting Original and Recovery Act Funds</b>						
<b>Comments on Changes to Targets</b>	MBDA plans to maintain the client gross receipt level of 6% in FY 2011.					
<b>Impact of Recovery Act Funds</b>						
<b>Relevant Program Changes</b>	<b>Program Changes</b>	<b>Title of Program Change</b>				<b>Exhibit 13 Page Number</b>
-	-					-
<b>Validation &amp; Verification Information</b>	<b>Data Source</b>	<b>Reporting Frequency</b>	<b>Data Storage</b>	<b>Internal Control Procedures</b>	<b>Data Limitations</b>	<b>Actions to be Taken</b>
	Secured Internet transmission to Program Performance system	Quarterly reports as available directly from clients	Oracle platform	Client Source documents forwarded to Region Project Managers	Data integrity dependent on agency verification policy and timeliness of review	Quarterly desk assessment and semi-annual site visit and review

## Section 5 Targets and Performance Summary

### Outcome 1: To increase access to marketplace opportunities and financings for minority-owned businesses

#### Measure 1e Satisfaction rating for the American Customer Satisfaction Index (ACSI)

<b>Measure Description</b>	MBDA requires funded projects and agency staff to demonstrate customer relations management in providing services to minority clients. The agency includes this in projects evaluations and staff performance plans. MBDA contracts with the Federal Consulting Group at the Department of the Treasury and the University of Michigan to measure customer satisfaction and establish an American Customer Satisfaction Index (ACSI). The ACSI survey is conducted every other year.					
<b>Target and Performance Table</b>						
	<b>FY2006 Actual</b>	<b>FY2007 Actual</b>	<b>FY2008 Actual</b>	<b>FY2009 Actual</b>	<b>FY2010 Target</b>	<b>FY2011 Target</b>
<b>Original Funds</b>	N/A	72%	N/A	67%	N/A	75%
<b>Impact of Recovery Funds</b>						
<b>Adjusted Targets reflecting Original and Recovery Act Funds</b>						
<b>Comments on Changes to</b>	FY 2011 target consistent with survey cycle.					

<b>Targets</b>						
<b>Impact of Recovery Act Funds</b>						
<b>Relevant Program Changes</b>	<b>Program Changes</b>	<b>Title of Program Change</b>				<b>Exhibit 13 Page Number</b>
-	-	-				-
<b>Validation &amp; Verification Information</b>	<b>Data Source</b>	<b>Reporting Frequency</b>	<b>Data Storage</b>	<b>Internal Control Procedures</b>	<b>Data Limitations</b>	<b>Actions to be Taken</b>
	Contracted Survey with Federal Consulting Group	Two year follow-up Survey	Develop a revised model to review projects, Staff and regions for benchmark	Client Performance System and Phoenix Database Systems Portal Clients Served	Data integrity dependent on agency verification policy and timeliness of review	Quarterly desk assessment and semi-annual site visit and review

## Section 5 Targets and Performance Summary

### Outcome 1: To increase access to marketplace opportunities and financings for minority-owned businesses

#### Measure 1f Cumulative Economic Impact

<b>Measure Description</b>	In reviewing its annual activities related to the dollar value of contracts and financial awards, the long term goal of achieving \$30 billion dollars in cumulative economic impact by 2020 has been established (base year of FY 1999). Progress toward this goal is tracked annually. This long-term, outcome measure was instituted as a result of the 2005 PART review.					
<b>Target and Performance Table</b>						
	<b>Unused</b>	<b>Unused</b>	<b>FY2005 Actual</b>	<b>FY2010 Target</b>	<b>FY2015 Target</b>	<b>FY2020 Target</b>
			\$11B	\$16B	\$23B	\$30B
<b>Comments on Changes to Targets</b>	Targets reflect the cumulative effect of annual targets for measures described above					
<b>Impact of Recovery Act Funds</b>						
<b>Relevant Program Changes</b>	<b>Program Changes?</b>	<b>Title of Program Change</b>				<b>Exhibit 13 Page Number</b>
	No	None				NA
<b>Validation &amp; Verification Information</b>	<b>Data Source</b>	<b>Reporting Frequency</b>	<b>Data Storage</b>	<b>Internal Control Procedures</b>	<b>Data Limitations</b>	<b>Actions to be Taken</b>
	Contracted Survey with Federal Consulting Group	Two year follow-up Survey	Develop a revised model to review projects, Staff and regions for benchmark	Client Performance System and Phoenix Database Systems	Data integrity dependent on agency verification policy and timeliness of review	Quarterly desk assessment and semi-annual site visit and review

## Section 6 2011 Program Changes

### Program Funding Changes Table

Program Changes?	Program Name	Accompanying APP Page No.	GPRA Performance Measure Name and Number	Base FTEs	Base Amount	Increase /Decrease FTEs	Increase / Decrease Amount	Exhibit 13 Page No.
Yes	Office of Native American Business Development Funding Increase	MBDA 26-30	1a, 1b, 1c	1	200	3	800	MBDA-26
Yes	Business Development Grants	MBDA 31-33	1a, 1b, 1c	99	30,716	0	600	MBDA-31

## Section 8 Resource Requirements

### Outcome 1: To increase access to marketplace opportunities and financings for minority-owned businesses

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Available	FY 2011 Base	Increase/Decrease	FY 2011 Request
<b>Total Funding</b>	29.8	29.9	28.5	30.1	31.8	31.2	1.4	32.6
<b>Total Direct</b>	29.5	29.6	28.2	29.8	31.5	30.9	1.4	32.3
<b>Total Reimbursable</b>	0.3	0.3	0.3	0.3	0.3	0.3	0	0.3
<b>Total IT Funding</b>	2.0	2.0	2.0	2.0	2.0	2.0	0	2
<b>Total FTE</b>	94	94	75	82	100	100	3	103

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Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 SUMMARY OF RESOURCE REQUIREMENTS  
 (Dollar amounts in thousands)

Page  
No.

	Positions	FTE	Budget Authority	Obligations
FY 2010 Omnibus Appropriation	110	100	31,500	31,500
less earmarks			-1,100	-1,100
plus: 2011 adjustments to base	0	0	516	516
2011 base	110	100	30,916	30,916
plus: 2011 program changes	4	3	1,400	1,400
2011 estimate	114	103	32,316	32,316

		2009		2010		2011		2011		Increase/	
		Actual	Amount	Currently Available	Amount	Base	Amount	Estimate	Personnel	Amount	(Decrease) over 2011 Base
<u>Comparison by activity:</u>											
Minority Business Development:											
Minority Business Development	Pos./BA	110	29,825	110	31,500	110	30,916	114	32,316	4	1,400
	FTE/Obl.	82	29,335	100	31,535	100	30,916	103	32,316	3	1,400
Total											
	Pos./BA	110	29,825	110	31,500	110	30,916	114	32,316	4	1,400
	FTE/Obl.	82	29,335	100	31,535	100	30,916	103	32,316	3	1,400
Adjustments to Obligations:											
Recoveries											
	Unobligated Balance, SOY		(35)		(35)						
	Unobligated Balance, Transferred										
	Unobligated Balance, EOY		35								
	Unobligated Balance, Expiring		(490)								
Financing from transfers:											
Transfer from other accounts											
Transfer to other accounts											
Appropriation		29,825		31,500		30,916		32,316			1,400

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Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 SUMMARY OF FINANCING  
 (Dollar amounts in thousands)

	2009 Actual Amount	2010 Currently Available Amount	2011 Base Amount	2011 Estimate Amount	Increase/ Decrease Amount
Total Obligations	29,543	31,800	31,216	32,616	1,400
Financing:					
Offsetting collections from:					
Federal funds	(257)	(300)	(300)	(300)	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	0				
Unobligated balance, start of year	(35)	0	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	574	0	0	0	0
Unobligated balance expiring	0	0	0	0	0
Budget Authority	29,825	31,500	30,916	32,316	1,400
Transfer from other accounts (-)	0	0	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	29,825	31,500	30,916	32,316	1,400

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 ADJUSTMENTS TO BASE  
 (Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
Other Changes:		
2010 Pay Raise		58
2011 Pay Raise		121
Payment to Working Capital Fund		9
2011 Full Year Cost of Position Financed in 2010		23
Civil Service Retirement System (CSRS)		(28)
Federal Employees Retirement System (FERS)		82
Thrift Savings Plan		8
Federal Insurance Contribution Act (FICA)-OASDI		30
Health Insurance		47
Employee's Compensation Fund		1
Travel		
Mileage		(4)
Per Diem		6
Rental Payments to GSA		25
HCHB Electricity		21
Printing and reproduction		1
Other services:		
Working capital fund		93
General Pricing Level Adjustment		
Other Services		20
Communications, utilities, and miscellaneous charges		1
Rental of Office copying equipment		1
Supplies and Materials		1
Total, Adjustments to Base	<u>0</u>	<u>516</u>

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 JUSTIFICATION OF ADJUSTMENTS TO BASE  
 (Dollar amounts in thousands)

Object Class	FTE	Amount
2010 Pay Raise.....	0	58
A pay raise of 2.0% will become effective January 1, 2010.		
Total cost in 2011 of 2010 pay increase.....		233,015
Less amount funded in 2010.....		174,761
Less amount absorbed.....		0
Amount requested in 2011 to provide cost of 2010 pay increase.....		58,254
2011 Pay Raise.....	0	130
A general pay raise of 1.4% is assumed to be effective January 1, 2011.		
The cost in 2011 of pay increase.....		120,743
Less amount absorbed in FY 2011.....		0
Amount requested for 2011 pay increase.....		120,743
Payment to Working Capital Fund.....		9,000
Total, adjustment for 2011 pay increase.....		129,743
2011 Full Year Cost of Position Financed in 2010.....	0	23
Annual salary of new positions in 2010 budget.....	1	86,927
Salary Adjusted for the 2010 pay raise.....		1,739
Less lapse.....		-4,433
Full-year cost of personnel compensation.....	1	84,233
Less personnel compensation included in the 2010 budget.....	(1)	-66,499
Subtotal, personnel compensation.....	0	17,734
Adjustment for 2011 pay raise for 3/4 of year.....		186
Amount required for personnel compensation.....		17,920
Amount required for benefits.....		5,134
Total, 2011 Full Year Cost of Position Financed in 2010.....	0	23,054

Civil Service Retirement System (CSRS)..... 0 (28)

The number of employees covered by Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 26.5% in 2010 to 22.4% in 2011 for regular employees. Contribution rates will remain the same.

2011	\$9,722,000 x .224 x .0700.....	152,441
2010	\$9,722,000 x .265 x .0700.....	180,343
Total adjustment-to-base.....		<u>(27,902)</u>

Federal Employees Retirement System (FERS)..... 0 82

The number of employees covered by FERS will continue to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 73.5% in 2010 to 77.6% in 2011 for regular employees. The contribution rate will rise from 11.2% to 11.7%.

2011	\$9,722,000 x .776 x .1170.....	882,680
2010	\$9,722,000 x .735 x .1120.....	800,315
Total adjustment-to-base.....		<u>82,365</u>

Thrift Savings Plan (TSP)..... 0 8

The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to remain at 2% in 2011.

2011	\$9,722,000 x .776 x .020.....	150,885
2010	\$9,722,000 x .735 x .020.....	142,913
Total adjustment-to-base.....		<u>7,972</u>

Federal Insurance Contribution Act (FICA)..... 0 30

As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax will rise from \$110,400 to \$114,975 in 2011. The OASDI tax rate will remain at 6.20% in 2010.

Regular:	
2011	\$9,722,000 x .776 x .942 x .062..... 440,616
2010	\$9,722,000 x .735 x .928 x .062..... <u>411,133</u>
Subtotal	..... 29,483
Other Salaries:	
2011	\$53,000 x .776 x .942 x .062..... 2,402
2010	\$53,000 x .735 x .928 x .062..... <u>2,241</u>
Subtotal	..... 161
Total adjustment-to-base	..... 29,644

Health Insurance..... 0 47

Effective January 2009, MBDA's contribution to Federal employees' health insurance premiums increased by 7.1%. Applied against the 2010 estimate of \$655,000, the additional amount required is \$46,505.

Employee's Compensation Fund..... 0 1

The Employee's Compensation Fund bill for the year ending June 30, 2009 is \$1,000 more than the bill for the year ending June 30, 2008. The charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C 8147.

Mileage rate increase..... 0 (4)

Effective January 1, 2009, the General Services Administration decreased the mileage rate from 58.5 cents per mile, to 55 cents per mile, a 6% decrease. This percentage was applied to the 2010 estimate of \$65,000 to arrive at a decrease of \$3,889.

Per Diem..... 0 6

Effective October 1, 2009, the General Services Administration changed per diem rates. This change results in a 3.9% increase to MBDA. This percentage was applied to the 2010 estimate of \$167,000 to arrive at an increase of \$6,433.

Rental Payments to GSA.....	0	25
<p>GSA rates are projected to increase 1.4% in 2011. This percentage was applied to the 2010 estimate of \$1,759,000 to arrive at an increase of \$24,626.</p>		
HCHB Electricity.....	0	21
<p>Electricity cost share in the Herbert C. Hoover building.</p>		
Printing and Reproduction.....	0	1
<p>Printing and reproduction is estimated to increase 0.8%. This percentage was applied to the 2010 estimate of \$103,000 to arrive at an increase of \$824.</p>		
Other Services.....	0	93
<p>This request applies to working capital fund increases at the Department of commerce (\$93,000 in increased costs)</p>		
General Pricing Level Adjustment.....	0	23
<p>This request applies OMB economic assumptions for FY 2011 to sub-object classes where the prices that the government pays are established through the market system. Factors are applied to communications, utilities and miscellaneous charges (excluding postage &amp; FTS 2000) (\$1,272); other services (\$20,408); rental of office copying equipment (\$616); supplies and materials (\$648); transportation of things (\$88); rental payment to others (\$208) and equipment (\$56).</p>		
Total FY 2010 Adjustments to Base and Built-in-Changes.....	0	516

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS  
 (Dollar amounts in thousands)

Activity: Minority Business Development  
 Subactivity: Minority Business Development

		2009		2010		2011		2011		Increase/ (Decrease)	
		Actual		Currently Available		Base		Estimate		over 2011 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Minority Business Development	Pos./BA	110	29,825	110	31,500	110	30,916	114	32,316	4	1,400
	FTE/Obl.	82	29,335	100	31,535	100	30,916	103	32,316	3	1,400
Total	Pos./BA	110	29,825	110	31,500	110	30,916	114	32,316	4	1,400
	FTE/Obl.	82	29,335	100	31,535	100	30,916	103	32,316	3	1,400

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Minority Business Development

Subactivity: Minority Business Development

**Goal and Objectives**

<b>Department of Commerce Strategic Goal:</b>	Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.
<b>Department of Commerce Objective:</b>	Foster domestic economic development as well as export opportunities.
<b>Minority Business Development Agency Goal:</b>	To increase access to the marketplace and financing for minority-owned businesses.

**Activities and Objectives:**

The vision of the Minority Business Development Agency (MBDA) is for economic prosperity for all American business enterprises. MBDA serves as the only Federal agency dedicated to the establishment, growth and competitiveness of U.S. businesses that are minority owned. MBDA's primary objective is to foster the growth and global competitiveness of U.S. businesses that are minority-owned. Although minority businesses with revenues of \$1 million or more constituted 2% of the overall minority business community in 2002, these businesses were responsible for 64% of the total revenues of minority-owned enterprises and 58% of employment in that year. Promoting the success of high-growth (i.e. clean energy and green technology) minority enterprises can have a significant impact on employment and the tax base in their communities. Entrepreneurial parity is defined as reaching proportionality between the minority population percentage and the percentage share of business development measures such as number of firms, gross receipts, and employment. In pursuit of entrepreneurial parity, MBDA has engaged in a Strategic Growth policy. The Strategic Growth policy is designed to address the issue of sustainable business value for minority firms operating in high-growth industries. MBDA works to provide these firms with access to capital and markets.

A strategic goal of MBDA is to become the agency of choice for businesses that are minority-owned, policymakers, and the private sector. MBDA will continue its market-segmented approach to provide high quality, customer-focused business development services. Electronic commerce and a willingness to engage in strategic alliances and joint ventures will continue to



be promoted by MBDA in the minority business community. MBDA has realigned its organization and programs, and streamlined operating costs to ensure that the agency is operating more efficiently. This focus on optimal service delivery guides day-to-day operations so that MBDA is able to provide high quality services to businesses that are minority-owned across the Nation.

### **Measures of Performance:**

- To increase the dollar value of contracts awarded to (MBEs).
- To increase the dollar value of financial awards obtained.
- To increase the number of new job opportunities created.
- To promote the percent increase in client gross receipts.
- To improve the satisfaction rating for the American Customer Satisfaction Index (ACSI).
- To expand the cumulative economic impact.

### **Base Program**

In 1969, President Richard M. Nixon issued Executive Order 11458, which created the Office of Minority Business Enterprise (OMBE) to foster the competitiveness of minority business enterprises (MBEs). Two years later, Executive Order 11625 expanded OMBE's scope by prescribing the development of a national program for MBEs. President Ronald Reagan further expanded the Agency's authority in 1983 through Executive Order 12432 calling for each Federal agency to develop plans to assist the minority business community. Today, MBDA remains the only Federal agency dedicated to the establishment, growth, and competitiveness of MBEs.

MBDA provides business development services to the minority business community. MBDA develops policies and designs programs to increase minority business participation in the national and global economies. MBDA continues to make investments in the future of minority business. MBDA enhances the success of minority entrepreneurs by expanding the availability of market and financing opportunities and providing consulting services.

Throughout the United States, MBDA's National and Regional Enterprise Centers (NECs and RECs) continue to serve as the frontline service providers for client business development services that are innovative and entrepreneurially focused. The focal point of MBDA's enterprise centers continues to be servicing strategic growth firms and identifying new opportunities from public and private sector organizations. The NECs and RECs respond to minority business enterprises using a variety of electronic business tools and services, strategic alliances, and outreach activities.

MBDA has continued to use electronic tools to provide business development services and to foster access to information about minority business development. The Minority Business Internet Portal (MBIP) is a menu driven, user-friendly system that assists clients with business development needs and information. The MBIP includes a variety of online resources such as the Phoenix/Opportunity On-line Bid-Matching system, the interactive Business Planner, Business Loan Analyzer, and the Capital Access business tool. MBDA also uses the Internet Portal as an

information clearinghouse and national center for referral of minority-owned businesses of all sizes to the vast network of public and private business development resources.

The future growth of minority-owned businesses is dependent on access to growth markets and the availability of resources necessary to penetrate those markets. MBDA has broadened its reach to the minority business community through the use of electronic commerce by promoting and providing business information that can assist minority businesses in these areas.

MBDA will continue to leverage its resources and expand its outreach. The agency has formed partnerships with other government agencies such as the International Trade Administration (ITA), other trade institutions, and the minority business community to promote and expand opportunities for minority firms in the global marketplace. MBDA accomplishes this through a series of activities that are designed to take advantage of the historical, cultural, and language affinities that provide natural competitive benefits to minority businesses with ties to countries in Africa, Latin America, Europe, and Asia.

MBDA's focus is to help MBEs achieve entrepreneurial parity. The provision of entrepreneurial development services addresses the need to start, maintain, and expand businesses in efforts that go beyond the historical focus on increased penetration of the Federal government marketplace. The goal is to impact the total number of entrepreneurially focused minority-owned firms in the United States and their earnings potential.

### **Business Development Network**

MBDA has successfully provided business development services to MBEs through a network that includes the MBDA's staff and funded organizations. MBDA has continued to build on this base by using the services of the Minority Business Opportunity Centers (MBOC), Minority Business Enterprise Centers (MBEC), and Native American Business Enterprise Centers (NABEC).

MBECs, NABECs and MBOCs make up MBDA's network of private and public organizations that provide an array of business development services to the minority business community. These centers are funded through cooperative agreements commonly referred to as grants that are awarded annually based on a three-year agreement. Through these programs, MBDA has been able to standardize services, expand its outreach, and leverage its resources.

The MBDA programs provide:

- management and technical assistance to MBEs;
- identification of market and contracting opportunities for minority firms;
- growth in the dollar values and numbers of actual contract awards with a commensurate increase in jobs;
- expansion of the dollar value and number of financial awards to MBEs;
- increased access to equity and working capital;
- training in management skills and business acumen for minority entrepreneurs; and
- assistance in gaining and maintaining access to profitable markets.

### **Capital and Market Access**

Capital access programs for minority business development have historically focused on debt capital guarantee programs run by the Federal government. However, there is a much greater need for equity capital. Based on a Milken Institute study, capital demands of minority businesses are in excess of \$144 billion annually, consisting of approximately \$1 billion in equity capital and \$143 billion in debt financing. Nevertheless, estimates indicate that less than \$20 billion per year in debt financing has been made available to minority businesses by commercial banks. Minority businesses continue to have difficulty obtaining capital through the commercial markets.

### **Advocacy**

MBDA supports minority business participation in the economy because helping MBEs reach entrepreneurial parity benefits the entire country. Therefore, MBDA uses advocacy, research, and information to promote the development and delivery of services and to advance key policy initiatives.

The most prominent traditional advocacy activity has been the Minority Enterprise Development (MED) Week event. This annual event has been held throughout the country since 1982. MED Week recognizes the achievements of minority entrepreneurs who were assisted by the Agency as well as the public/private sector entities that have supported them. At local MED Week events, businesses are nominated for regional and national honors. The local events culminate in the National MED Week event held in Washington, DC in September. During MED Week, MBDA hosts such events as a minority youth summit that includes business plan competitions for college students. National MED Week attracts more than 1,000 participants annually.

MED Week promotes business growth through a variety of networking opportunities and constitutes a forum that allows minority businesses to:

- participate in workshops and seminars on issues of importance to the minority business community;
- gather information about available business opportunities;
- network with governmental and private sector purchasing officials;
- market their goods and services through the purchase of exhibit booths; and
- receive Congressional and Presidential recognition for significant achievements.

MBDA will continue to partner with the Small Business Administration (SBA), other governmental entities, and the private sector to produce this forum for advocating on behalf of the minority business community.

### **Electronic Access to Markets**

Through MBDA's Internet Portal, the Agency's Phoenix and Opportunity Databases electronically match minority business capabilities with contract and other opportunities. The Phoenix Database consists of minority-owned firms that register their capabilities online through the MBDA Internet Portal, and the Opportunity Database permits any individual or institution to register procurement opportunities online. The system automatically matches firms with opportunities and provides follow-up tracking. MBDA also uses these databases to broker

relationships among minority businesses seeking to enter partnerships, joint ventures, and other strategic alliances in order to enhance their capability to conduct large scale business transactions. MBDA will continue to populate the system by conducting workshops and seminars for minority companies and providing direct linkages to electronic commerce through Minority Business Enterprise Centers and Minority Business Opportunity Centers.

MBDA continues to provide outreach, training, and customer service initiatives designed to encourage minority-owned firms to actively participate in electronic commerce. For example, MBDA and the National Institutes of Standards and Technology (NIST) have partnered and sponsored training courses for minority executives in electronic commerce.

MBDA is using state-of-the-art electronic tools to address the needs of MBEs on a global scale. One example of these tools is the Business Development Geographic Information System. Geographic Business Information Systems (GBIS) software delivers market research technology for minority firms via the Internet. This innovative technological approach provides timely and cost effective information to entrepreneurs to solve business problems, and may be used as:

- a resource locator that can electronically identify a network of public and private business assistance resources available within the user's local market; and
- as a market analysis tool that can assist in conducting comprehensive market research that develops effective entrepreneurial strategies for market penetration.

Any business having access to the Internet can search for business development resources by selecting the type of resource they need and simply clicking on a map. MBDA's GBIS brings much-needed clarity to the intricate and often frustrating web of available private and public resources, thereby substantially reducing the time and costs typically associated with locating available assistance. This user-friendly software identifies local, regional, or national resources to the benefit of the firm. These resources may have never been found using traditional, manual search techniques.

**Department of Commerce  
Minority Business Development Agency  
Office of Native American Business Development  
(Dollar amounts in thousands)**

	<u>2011 Base</u>		<u>2011 Estimate</u>		<u>Increase</u>	
	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Pos/BA	1	\$200	5	\$1,000	4	\$800
FTE/Obl.	1	\$200	4	\$1,000	3	\$800

**Objective:** MBDA is requesting \$800,000 in funding for the Office of Native American Business Development (ONABD).

**Background:** Section 4(a)(1) of the Native American Business Development, Trade Promotion, and Tourism Act of 2000 (25 U.S.C. § 4301 *et seq.*) requires the establishment of ONABD within the Department of Commerce. Section 4(b)(1) of the Act charges ONABD with “the coordination of Federal programs that provide assistance...to eligible entities for increased business, the expansion of trade by eligible entities, and economic development on Indian lands.” Sections 5 and 6 of the Act require ONABD to implement a Native American trade and export promotion program, and a Native American tourism program, respectively. Section 7 of the Act requires the Secretary of Commerce, in consultation with ONABD, to report on an annual basis to the Senate Committee on Indian Affairs and the House Committee on Resources a summary of the activities of ONABD in carrying out Sections 4 through 6 of the Act and any recommendations for legislation determined to be necessary to carry out Sections 4 through 6 of the Act.

Section 4(a)(1) of the Indian Tribal Regulatory Reform and Business Development Act of 2000 (25 U.S.C. § 4301 note) requires the Secretary to establish an authority known as the Regulatory Reform and Business Development on Indian Lands Authority (Authority). As set forth in Section 4(a)(2) of the Act, the purpose of the Authority is to “facilitate the identification and subsequent removal of obstacles to investment, business development, and the creation of wealth with respect to the economies of Native American communities.” The membership of the Authority shall be comprised of 21 members, of which 12 members shall be representatives of the Indian tribes recognized by the Bureau of Indian Affairs and no fewer than 4 members shall be representatives of non-governmental economic activities carried out by private enterprises in the private sector. The Authority is responsible for conducting “a review of laws (including regulations) relating to investment, business, and economic development that affect investment and business decisions concerning activities conducted on Indian lands” and for preparing and submitting a report to the Senate Committee on Indian Affairs, the House Committee on Resources, and to the governing body of each Indian tribe a report that includes the Authority’s findings and recommendations, including proposed revisions to the laws and regulations reviewed by the Authority. See Sections 4(d) and 5 of the Act.

In March 2003, the Secretary of Commerce delegated to MBDA<sup>[1]</sup> his authorities and responsibilities under the Native American Business Development, Trade Promotion, and Tourism Act of 2000 and under the Indian Tribal Regulatory Reform and Business Development Act of 2000. MBDA established the ONABD within the Agency's Office of Business Development in June 2005.

The Department of Commerce has never received appropriated funds to implement the Native American Business Development, Trade Promotion, and Tourism Act of 2000 or to implement the Indian Tribal Regulatory Reform and Business Development Act of 2000. As a result, MBDA directed the use of some of its base resources in support of establishing an expert position. An ONABD Coordinator was selected and hired in 2005 to execute ONABD activities. In addition, MBDA provided infrastructural support and a discretionary budget to compliment outreach activities nationally since FY 2005. However, due to limited budgetary and human resources, ONABD has not engaged in any activities under the Indian Tribal Regulatory Reform and Business Development Act of 2000.

**Program Description:** MBDA proposed expanding the Office on Native American Business Development (ONABD) to ensure full compliance with the Native American Business Development, Trade Promotion, and Tourism Act of 2000 and with the Indian Tribal Regulatory Reform and Business Development Act of 2000. The ONABD has operated with one expert liaison person dedicated to the execution of the Native American Business Development, Trade Promotion, and Tourism Act of 2000. The initiative would expand the staff from just one liaison to also include: one program manager, two business development specialists and one program analyst.

In addition to the increase in staff, the proposed budget also provides funding for Native American trade promotion research and a report on economic disparities on Indian Territories. ONABD will continue to work in six key areas for economic development that Native Americans are well positioned to capture: banking and finance; manufacturing; state and federal procurement; international trade; tourism; and energy development in Indian Country.

In collaboration with the White House Intergovernmental Affairs Office, ONABD will also continue to work with the Indian Affairs Executive Working Group (IAEWG). The IAEWG is designed and activated to be the first government wide project to train all federal employees on the role and responsibility of the federal government in fulfilling the vital trust responsibility to tribes. The IAEWG conducts a comprehensive review of federal consultation policies and reports out to federal agencies.

ONABD will continue to facilitate meetings and strategic partnerships between the Department of the Interior and other Federal agencies. ONABD will conduct educational outreach to Native American communities and participate in various conferences, training seminars, and meetings. ONABD will continue to nurture existing relationships with non-governmental organization stakeholders.

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<sup>[1]</sup> See Department Organizational Order 25-4A (March 25, 2003)

**Economic Impact:** MBDA works to obtain financial awards (loans, bonds, lines of credit, letters of credit, equity, etc) for minority clients. Using the funded network, strategic partners, agency staff and the MBDA Internet portal, assistance is provided to prepare successful financial packages. The success of these programs is measured by the dollar value of contract awards obtained by MBEs and facilitated by MBDA’s grantees and staff. By assisting minority firms to compete in the marketplace for contracts and financial awards, MBDA increases the number of new employees within minority businesses. This demonstrates MBDA’s long-term goal for economic parity and its contribution to the Nation’s economy.

The expansion of the ONABD will support Native American business development, trade promotion and tourism and the hiring of an experienced program manager will increase the office’s effectiveness and foster improved relations between Indian tribes and the Federal government. The addition of a program manager and of professional staff will provide capacity to work with Native American communities to generate economic activities and results. MBDA anticipates ONABD staff will work directly with Native American firms and tribal entities to secure contract opportunities, financings and job creation.

The establishment of an Authority will foster improved relations between Indian tribes and the Federal government. The anticipated dialogue and review of relevant laws and regulations will foster open communication and better understanding of the economic needs of tribal entities and the coordination of Federal resources for continued growth and development.

**FY 2011    FY 2012    FY 2013    FY 2014    FY 2015**

**Performance Measures without Increase:**

Dollar value of contract awards obtained	\$0M	\$0M	\$0M	\$0M	\$0M
Dollar value of financial awards obtained	\$0M	\$0M	\$0M	\$0M	\$0M
Number of new job opportunities created	0	0	0	0	0
Number of “Authority” meetings	0	0	0	0	0

**Performance Measures with Increase:**

Dollar value of contract awards obtained	\$24M	\$24M	\$24M	\$24M	\$24M
Dollar value of financial awards obtained	\$8M	\$8M	\$8M	\$8M	\$8M
Number of new job opportunities created	100	100	100	100	100
Number of “Authority” meetings	2	2	2	2	2

**Cost and Benefits:**

Direct Obligations - Uncapitalized	\$800	\$800	\$800	\$800	\$800
Budget Authority	\$800	\$800	\$800	\$800	\$800
Outlays	\$400	\$752	\$800	\$800	\$800
FTE	3	3	3	3	3

Department of Commerce  
 Minority Business Development Agency  
 Salaries and Expenses  
 PROGRAM CHANGE PERSONNEL DETAIL  
 (Dollar amounts in thousands)

Activity: Minority Business Development  
 Subactivity: Minority Business Development  
 Program Change: Native American Business Development

Title:	Grade	Number	Annual Salary	Total Salaries
Program Manager	14	1	105,211	105,211
Business Development Specialist	13	1	89,033	89,033
Business Development Specialist	12	1	74,872	74,872
Program Analyst	12	1	74,872	74,872
Total		4		343,988
Less Lapse			25.00%	(85,997)
Total Full-time permanent (FTE)		<u>3</u>		<u>257,991</u>
FY 2011 Pay Raise (1.4%)				3,612
Total				<u>261,603</u>

Personnel Data

Full-time Equivalent Employment				
Full-time permanent		3		
Other than full-time permanent		<u>0</u>		
Total		3		
Authorized Positions:				
Full-time permanent		4		
Other than full-time permanent		<u>0</u>		
Total		4		



Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 PROGRAM CHANGE DETAIL BY OBJECT CLASS  
 (Dollar amounts in thousands)

Exhibit 15

Activity:	Minority Business Development	
Subactivity:	Minority Business Development	2011
Program Change:	Native American Business Development	Increase/
Object Class		<u>(Decrease)</u>
<hr/>		
11	Personnel compensation	
11.1	Full-time permanent	262
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
<hr/>		
11.9	Total personnel compensation	262
12.1	Civilian personnel benefits	62
13	Benefits for former personnel	
21	Travel and transportation of persons	56
22	Transportation of things	
23.1	Rental payments to GSA	
23.2	Rental payment to others	
23.3	Commun., util., misc. charges	
24	Printing and reproduction	
25.1	Advisory and assistance services	117
25.2	Other services	
25.3	Purchases of goods and services from Government accounts	
25.4	Operations and maintenance of facilities	
25.5	Research and development contracts	
25.6	Medical care	
25.7	Operation and maintenance of equipment	
25.8	Subsistence and support of persons	
26	Supplies and materials	3
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	300
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	Total obligations	<hr/> 800

**Department of Commerce  
Minority Business Development Agency  
Business Development Grants  
(Dollar amounts in thousands)**

	<u>2011 Base</u>		<u>2011 Estimate</u>		<u>Increase</u>	
	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Pos/BA	109	\$11,400	109	\$12,000	0	\$600
FTE/Obl.	99	\$11,400	99	\$12,000	0	\$600

**Objective:** MBDA is requesting \$600,000 to fund two additional minority business development centers.

**Background:** The average yearly grant award for an MBEC is \$260,000, for a NABEC is \$219,000 and for an MBOC is \$219,000. These awards allow MBDA to work with local organizations (institutes of higher education, minority serving institutes, minority chambers of commerce, community development corporations, non-profit and for profit entities), through public-private partnerships, to provide management and technical assistance to minority business enterprises. The centers provide a full array of business development services, including loan packaging assistance, the identification of contracting opportunities, and general minority business advocacy.

MBDA centers are leveraging resources. Currently, MBECs and MBOCs contribute a minimum 20% non-federal cost share, while the NABECs contribute a minimum 10% non-federal cost share. In addition, the centers work collaboratively with other local service providers such as local chambers of commerce to effectively meet the needs of minority businesses. MBDA conducts 100% verification of all awarded transactions reported by MBECs, NABECs and MBOCs.

**Program Description:** The additional centers would be Minority Business Enterprise Centers (MBEC) and would provide a full array of business development services, including loan packaging assistance, the identification of contracting opportunities, and general minority business advocacy. The centers will be selected through a competitive grant process focused in an area of the country where minority businesses have been most affected by the current economic downturn.

**Economic Impact:** MBDA works to obtain financial awards (loans, bonds, lines of credit, letters of credit, equity, etc) for minority clients. Using the funded network, strategic partners, agency staff and the MBDA Internet portal, assistance is provided to prepare successful financial packages. These awards allow minority firms to expand and grow, to provide products and services, and hire new employees. MBDA accomplishes its performance goal through the implementation of several business development programs. The success of these programs is measured by the dollar value of contract awards obtained by MBEs and facilitated by MBDA's grantees and staff. The certainty that MBEs will realize the proceeds

associated with these awards varies from contract to contract. Multiple year contracts with option years are less certain as the options may or may not be exercised. MBDA includes the full potential value of multiple year contract awards obtained in its annual reporting for this performance measure. For indefinite delivery contracts, only actual dollar values realized or guaranteed are included in the annual reporting of this outcome performance measure. By assisting minority firms to compete in the marketplace for contracts and financial awards, MBDA increases the number of new employees within minority businesses.

MBDA's centers and the overall agency provide the following services to its constituents:

- management and technical assistance to MBEs;
- identification of market and contracting opportunities for minority firms;
- growth in the dollar values and numbers of actual contract awards with a commensurate increase in jobs;
- expansion of the dollar value and number of financial awards to MBEs;
- increased access to equity and working capital;
- training in management skills and business acumen for minority entrepreneurs; and
- assistance in gaining and maintaining access to profitable markets.

With an annual budget of \$29.8 million and approximately \$11 million in funding across its network of centers, MBDA reported \$2.9 billion in awarded contracts and financial transactions and over 3,000 new jobs created in FY 2009. MBDA achieved \$97 in awarded contracts and financial transactions for every \$1 spent in FY 2009 despite an economic downturn across the Nation. The goal for FY 2009 was \$1.4 billion in awarded contracts and financial transaction and 3,000 new jobs. Adding two new centers would allow MBDA to pursue an additional \$80 million in awards contracts and financial transaction and 200 new jobs.

**FY 2011    FY 2012    FY 2013    FY 2014    FY 2015**

**Performance Measures without New Centers:**

Dollar value of contract awards obtained	\$1,000M	\$1,000M	\$1,000M	\$1,000M	\$1,000M
Dollar value of financial awards obtained	\$600M	\$600M	\$600M	\$600M	\$600M
Number of new job opportunities created	4,000	4,000	4,000	4,000	4,000

**Performance Measures with New Centers:**

Dollar value of contract awards obtained	\$1,050M	\$1,050M	\$1,050M	\$1,050M	\$1,050M
Dollar value of financial awards obtained	\$630M	\$630M	\$630M	\$630M	\$630M
Number of new job opportunities created	4,200	4,200	4,200	4,200	4,200

**Cost and Benefits:**

Direct Obligations - Uncapitalized	\$600	\$600	\$600	\$600	\$600
Budget Authority	\$600	\$600	\$600	\$600	\$600
Outlays	\$300	\$540	\$600	\$600	\$600
FTE	0	0	0	0	0

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 PROGRAM CHANGE DETAIL BY OBJECT CLASS  
 (Dollar amounts in thousands)

Exhibit 15

Activity:	Minority Business Development	
Subactivity:	Minority Business Development	
Program Change:	Business Development Grants	
<u>Object Class</u>		<u>2011 Increase/ (Decrease)</u>
11	Personnel compensation	
11.1	Full-time permanent	
11.3	Other than full-time permanent	
11.5	Other personnel compensation	
11.8	Special personnel services payments	
11.9	Total personnel compensation	
12.1	Civilian personnel benefits	
13	Benefits for former personnel	
21	Travel and transportation of persons	
22	Transportation of things	
23.1	Rental payments to GSA	
23.2	Rental payment to others	
23.3	Commun., util., misc. charges	
24	Printing and reproduction	
25.1	Advisory and assistance services	
25.2	Other services	
25.3	Purchases of goods and services from Government accounts	
25.4	Operations and maintenance of facilities	
25.5	Research and development contracts	
25.6	Medical care	
25.7	Operation and maintenance of equipment	
25.8	Subsistence and support of persons	
26	Supplies and materials	
31	Equipment	
32	Lands and structures	
33	Investments and loans	
41	Grants, subsidies and contributions	600
42	Insurance claims and indemnities	
43	Interest and dividends	
44	Refunds	
99	Total obligations	600

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 SUMMARY OF REQUIREMENTS BY OBJECT CLASS  
 (Dollar amounts in thousands)

Object Class	2010				Increase / (Decrease)
	2009 Actual	Currently Available	2011 Base	2011 Estimate	
11 Personnel compensation					
11.1 Full-time permanent	9,303	9,722	9,933	10,194	261
11.3 Other than full-time permanent	0	0	0	0	0
11.5 Other personnel compensation	53	53	53	53	0
11.8 Special personnel services payments	0	0	0	0	0
11.9 Total personnel compensation *	9,356	9,775	9,986	10,247	261
12.1 Civilian personnel benefits	1,855	2,010	2,150	2,212	62
13 Benefits for former personnel	0	0	0	0	0
21 Travel and transportation of persons	410	457	459	515	56
22 Transportation of things	11	11	11	11	0
23.1 Rental payments to GSA **	1,716	998	1,023	1,023	0
23.2 Rental payment to others	11	26	26	26	0
23.3 Commun., util., misc. charges	232	449	472	472	0
24 Printing and reproduction	102	103	104	104	0
25.1 Advisory and assistance services ***	513	1,938	1,938	2,055	117
25.2 Other services **	2,023	1,344	1,364	1,364	0
25.3 Purchases of goods and services from Government accounts	2,347	2,300	2,393	2,393	0
25.4 Operations and maintenance of facilities	0	0	0	0	0
25.5 Research and development contracts	0	0	0	0	0
25.6 Medical care	0	0	0	0	0
25.7 Operation and maintenance of equipment	30	30	30	30	0
25.8 Subsistence and support of persons	0	0	0	0	0
26 Supplies and materials	78	81	82	85	3
31 Equipment	5	7	7	7	0
32 Lands and structures	0	0	0	0	0
33 Investments and loans	0	0	0	0	0
41 Grants, subsidies and contributions	11,171	11,971	10,871	11,771	900
42 Insurance claims and indemnities	0	0	0	0	0
43 Interest and dividends	0	0	0	0	0
44 Refunds	0	0	0	0	0
99 Total obligations	29,860	31,500	30,916	32,316	1,400
Less: Recoveries					
Less: Unobligated Balance, SOY		(35)			
Plus: Unobligated Balance, Transferred					
Plus: Unobligated Balance, EOY					
Plus: Unobligated Balance, Expiring					
Less: Transfer from other accounts					
Less: Transfer to other accounts					
99.1 Total Budget Authority	29,825	31,500	30,916	32,316	1,400

\* The FY 2009 and FY 2011 Currently Available Budget for Personnel Compensation has been updated and does not match the President's Budget

\*\* The FY 2010 Currently Available Budget for Rental Payments to GSA and Other Services has been updated to reflect current rent estimates and other services estimates and does not match the President's Budget.

\*\*\* The FY 2009 Currently Available Budget for Advisory and assistance services has been updated and does not match the President's Budget

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 SUMMARY OF REQUIREMENTS BY OBJECT CLASS  
 (Dollar amounts in thousands)

Personnel Data	2009	2010	2011	2011	Increase /
	Actual	Currently Available	Base	Estimate	(Decrease)
Full-Time Equivalent Employment:					
Full-time permanent	82	100	100	103	3
Other than full-time permanent	0	0	0		
Total	<u>82</u>	<u>100</u>	<u>100</u>	<u>103</u>	<u>3</u>
Authorized Positions:					
Full-time permanent	110	110	110	114	4
Other than full-time permanent	0	0	0		
Total	<u>110</u>	<u>110</u>	<u>110</u>	<u>114</u>	<u>4</u>

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 DETAILED REQUIREMENTS BY OBJECT CLASS  
 (Dollar amounts in thousands)

Object Class	2011 Adjustment to Base	2011 Base	2011 Estimate	Increase / (Decrease)
11 Personnel compensation				
11.1 Full-time permanent				
Executive level				
Senior executive service	0	575	575	0
General schedule	211	9,358	9,619	261
Commissioned officers	0	0	0	0
Wage board/wage marine	0	0	0	0
Scientific & professional (P.L. 80-313)	0	0	0	0
Examiners of patent appeals (P.L. 82-593, 98-622)	0	0	0	0
Examiners of trademark appeals (P.L. 98-622)	0	0	0	0
Senior foreign service	0	0	0	0
Foreign service staff	0	0	0	0
Foreign service nationals	0	0	0	0
Consultants & experts	0	0	0	0
Students	0	0	0	0
[Law enforcement]	0	0	0	0
Subtotal	211	9,933	10,194	261
11.3 Other than full-time permanent				
General schedule	0	0	0	0
Wage board	0	0	0	0
Experts & consultants	0	0	0	0
Hourly	0	0	0	0
Subtotal	0	0	0	0

Object Class	2011					
	Adjustment to Base	2011 Base	2011 Estimate	Increase / (Decrease)		
11.5	Other personnel compensation					
		Overtime	0	33	33	0
		SES performance awards	0	0	0	0
		Cash awards	0	0	0	0
		Merit pay awards	0	0	0	0
		Other	0	20	20	0
		Subtotal	0	53	53	0
11.8	Special personnel services payments					
		Foreign service officers (State)	0	0	0	0
		Other	0	0	0	0
		Subtotal	0	0	0	0
11.9	Total personnel compensation					
	211	9,986	10,247	261		
12.1	Civilian personnel benefits					
	(28)	50	52	2		
	82	740	762	22		
	8	116	119	3		
	30	315	324	9		
	47	702	722	20		
	0	11	11	0		
	1	230	237	7		
	0	(14)	(14)	(0)		
	140	2,150	2,212	62		



Object Class	2011			Increase / (Decrease)	
	Adjustment to Base	2011 Base	2011 Estimate		
13	Benefits for former personnel				
		0	0	0	
		0	0	0	
		0	0	0	
		0	0	0	
		0	0	0	
21	Travel and transportation of persons				
		0	215	271	56
		(4)	61	61	0
		6	173	173	0
		0	10	10	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		2	459	515	56
22	Transportation of things [Overseas estimates]				
		0	11	11	0
23.1	Rental payments to GSA				
		25	1,023	1,023	0
23.2	Rental payment to others				
		0	26	26	0
23.3	Commun., util., misc. charges				
		0	0	0	0
		1	78	78	0
		0	0	0	0
		0	82	82	0
		1	78	78	0
		0	2	2	0
		21	232	232	0
		0	0	0	0
		23	472	472	0

Object Class	2011			Increase / (Decrease)	
	Adjustment to Base	2011 Base	2011 Estimate		
24	Printing and reproduction				
		1	32	32	0
		0	2	2	0
		0	2	2	0
		0	68	68	0
		0	(88)	(88)	0
		0	0	0	0
		1	104	104	0
25.1	Advisory and assistance services				
		0	1,938	2,055	117
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	1,938	2,055	117
25.2	Other services				
	Training:				
		0	0	0	0
		0	42	42	0
		0	1,215	1,215	0
		0	87	87	0
		0	0	0	0
		20	20	20	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
		20	1,364	1,364	0

Object Class	2011			
	Adjustment to Base	2011 Base	2011 Estimate	Increase / (Decrease)
25.3	Purchases of goods and services from Government accounts			
	Office of Personnel Management Training	0	0	0
	GSA reimbursable services	0	0	0
	Payments to GA, WCF	93	2,393	2,393
	Other	0	0	0
	Subtotal	93	2,393	2,393
25.4	Operations and maintenance of facilities	0	0	0
25.5	Research and development contracts	0	0	0
25.6	Medical care	0	0	0
25.7	Operation and maintenance of equipment	0	30	30
25.8	Subsistence and support of persons	0	0	0
	Subtotal	0	30	30
26	Supplies and materials			
	Office supplies	1	62	65
	ADP supplies	0	20	20
	Other	0	0	0
	[Overseas estimates]	0	0	0
	Subtotal	1	82	85
31	Equipment			
	Office machines and equipment	0	3	3
	ADP hardware	0	3	3
	ADP software	0	1	1
	Other	0	0	0
	[Overseas estimates]	0	0	0
	Subtotal	0	7	7

Object Class		2011			
		Adjustment to Base	2011 Base	2011 Estimate	Increase / (Decrease)
32	Lands and structures	0	0	0	0
33	Investments and loans	0	0	0	0
41	Grants, subsidies and contributions	0	10,871	11,771	900
42	Insurance claims and indemnities	0	0	0	0
43	Interest and dividends	0	0	0	0
44	Refunds	0	0	0	0
99	Total Obligations	516	30,916	32,316	1,400
	Less amount absorbed		0	0	0
	Total Budget Authority	516	30,916	32,316	1,400

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 SUMMARY OF INFORMATION TECHNOLOGY RESOURCES  
 (Dollar amounts in thousands)

<b>IT Projects by activity/subactivity: with totals by activity</b>	Unique Project Identifier	IT Investment Title	2009 Actual	2010 Currently Available	2011 Estimate	Increase/ Decrease
Minority Business Development						
	006-40-02-00-02-1010-02	MBDA Infrastructure	2,000	2,000	2,000	0
<b>Total</b>			<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>

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CONSULTING AND RELATED SERVICES  
 (Obligations in thousands of dollars)

	FY 2009 Actual -----	FY 2010 Estimate -----	FY 2011 Estimate -----
Consulting Services.....	0	500	550
Management and professional services.....	458	1,388	1,205
Special studies and analyses.....	55	50	300
Management and Support services for research and development.....			
Total.....	513	1,938	2,055

MBDA has annual management and professional services requirements associated with Minority Enterprise Development Week. Additional requirements in FY 2011 include support for studies and stakeholder input associated with economic recovery activities.

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PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS  
 (Obligations in thousands of dollars)

	FY 2009 Actual -----	FY 2010 Estimate -----	FY 2011 Estimate -----
Periodicals.....	8	8	8
Pamphlets.....	5	5	5
Audiovisuals.....	<u>0</u>	<u>0</u>	<u>0</u>
Total.....	13	13	13

Executive Order 11625 authorizes the Minority Business Development Agency (MBDA) to provide "for the development, collection, summarization, and dissemination of information that will be helpful to persons and organizations throughout the nation in undertaking or promoting the establishment and successful operation of minority business enterprise". MBDA's Office of Legislation, Education, and Intergovernmental Affairs is responsible for the creation of periodicals, publications, and audiovisuals to carry out the mandate set forth in Executive Order 11625.

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Average Grade and Salaries

	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
Average ES salary.....	\$ 166,459	\$ 170,144	\$ 173,911
Average GS/GM grade.....	12	12	13
Average GS/GM salary.....	\$ 91,940	\$ 93,976	\$ 96,056
Total compensable workyears:			
Full-time equivalent employment.....	82	100	103
Full-time equivalent of overtime and holiday hours.....	0	0	0