

# The Minority Business Development Agency VITAL TO MAKING AMERICA GREAT



By 2044, the Nation's prosperity will rely even more on minorities, the fastest growing segment of the population. Entrepreneurship is a sure pathway to wealth creation and a thriving national economy. Today, U.S. minority business enterprises represent 29% of all firms but only 11% have paid employees. If MBEs were to obtain entrepreneurial parity, the U.S. economy would realize 13 million more jobs.

## **BUILDING PROSPERITY FOR AMERICAN FAMILIES**

- Create a new generation of minority-owned firms with \$100M in annual revenue to **generate more jobs and help grow the U.S. economy** through targeted programs and services.
- **Increase wealth creation** that secures personal and family well-being, reduces dependence on government resources, and contributes to overall economic vitality.
- Cultivate successful minority-owned firms to **foster economic activity in local communities** and increase utilization of community benefits, such as transportation, infrastructure, housing and quality education.

## **EXPANDING ECONOMIC INVESTMENTS**

- MBDA secures an annual average of **\$5.4B worth of contracts and financial investment** in minority-owned firms, increasing the number of businesses with revenues that exceed \$1M and **create jobs for Americans**.
- **MBDA leverages public-private partnerships** whereby the private sector contributes nearly \$5.5M annually in non-federal investments to the national network of MBDA programs.
- Minority-owned businesses **expand and diversify the tax base** creating sustainable communities with a steady rate of economic growth.

## **STRENGTHENING AMERICA'S COMPETITIVENESS**

- **Position minority-owned firms to perform** in high growth industries, emerging markets, and corporate supply chains.
- **Reduce the trade deficit** by leveraging the unique assets of minority-owned firms in global markets.
- **Commission research reports and business analytics** that demonstrates the minority business community as a vibrant and growing business sector.

**RETURN ON INVESTMENT:** For every federal \$1 spent MBDA gets one of the highest returns for business assistance in the Federal Government. Over the past 10 years the Agency's programs and services have secured more than \$40B in contracts and capital, with accelerated performance averages and returns on investment.

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## UNIQUE CHALLENGES FACED BY MINORITY FIRMS

Overall, minority-owned firms are smaller in size and scale than their non-minority counterparts. The gap in combined gross receipts is 10:1, with only 2% of minority firms generating gross receipts of more than \$1M and only 11% of minority-owned firms with paid employees.

### CAPITAL

- Minority firms are more likely to be denied loans at a rate nearly 3x's higher than non-minority firms
- Minority firms are likely to pay higher interest rates; on average 7.8% while non-minority firms pay on average 6.4%
- Minority firms are less likely to receive loans; and when approved, receive lower loan amounts.

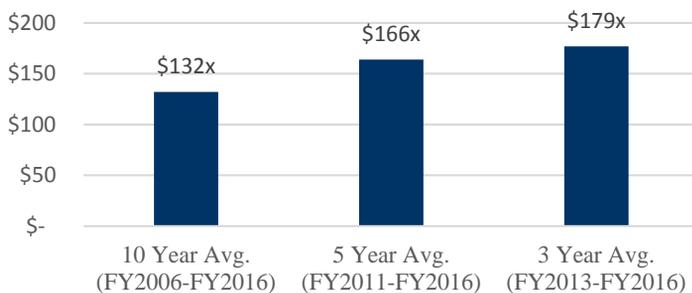
### CONTRACTS

- Minority firms secure a lower number and dollar amount of contracts in proportion to the number of available minority firms in the relevant market.
- Pervasive barriers cited in contracting disparities studies include:
  - access to capital;
  - large contract sizes;
  - network access; and
  - marketplace inequities.

## MBDA – THE SOLUTION PROVIDER

The only Federal Government agency solely dedicated to the growth and global competitiveness of minority business enterprise.

### Return on Investment



### Performance in Billions



### MBDA:

- Provides access to market-based financing solutions.
- Facilitates teaming arrangements and mergers and acquisitions.
- Partners with private-sector Fortune 500 firms to provide access to global supply chains.
- Transitions minority 8(a) [SBA program] graduate firms to the private sector.
- Develops policy recommendations that address minority business inequities.