



**STATEMENT OF PEGGY E. GUSTAFSON, INSPECTOR GENERAL
U.S. SMALL BUSINESS ADMINISTRATION**

**BEFORE THE SENATE SMALL BUSINESS AND
ENTREPRENEURSHIP COMMITTEE**

JUNE 16, 2011

Introduction:

Chair Landrieu, Ranking Member Snowe, and distinguished members of the Committee, thank you for giving the Small Business Administration (SBA) Office of Inspector General (OIG) an opportunity to discuss some of our current activities.

As you know, I head an independent office established within SBA by statute to deter and detect waste, fraud, abuse and inefficiencies in SBA programs and operations. Every year, our staff of approximately 110 employees, which includes criminal investigators, auditors, attorneys, and program analysts, conducts numerous criminal investigations to identify fraud and other wrongdoing throughout the country and issues dozens of audit reports identifying weaknesses and deficiencies in SBA programs and operations.

Based upon my office's discussions with Committee staff, my testimony today will focus on three areas: (1) an update to my testimony on March 3, 2011 regarding fraud and abuse in SBA preferential contracting programs; (2) fraud and abuse in SBA's business loan programs; and (3) my correspondence to the Committee earlier this year in which I identified areas of potential cost savings in SBA programs. I am also happy to answer questions about the SBA OIG's work in other areas.

Fraud and Abuse in SBA Preferential Contracting Programs

As I noted in my testimony before this Committee on March 3, 2011, my office remains very concerned about continued fraud and improper activity in SBA's preferential contracting programs, including the 8(a), Service-Disabled Veteran-Owned (SDVO), and HUBZone programs. My March testimony highlighted examples of our recent cases involving these programs. The bottom line is that there is a real societal cost when ineligible companies improperly profit from preferential contracting through fraud and illegal conduct – this fraud thwarts congressional intent behind these programs and deprives legitimate small businesses of contracting opportunities. My office will continue to investigate these cases aggressively and to pursue criminal prosecution, civil fraud recovery, and suspension and debarment remedies whenever warranted.

However, our current efforts to bring wrongdoers to justice is hampered by various laws and Federal guidelines. Therefore, I want to commend the Chair, the Ranking Member and other members of this Committee for their support of S. 633, the Small Business Contracting Fraud Prevention Act of 2011. We believe this important legislation will greatly assist our efforts -- and the efforts of law enforcement organizations throughout the Government -- to prosecute those who make false statements regarding their eligibility for contracts set aside for small or disadvantaged business and those who fraudulently use front companies to divert profits from

set-aside contracts awarded to eligible businesses towards large and non-disadvantaged companies. In particular, the legislation's definition of the term "loss" as being equal to the amount that the Government pays the wrongdoer under the contract will help prosecution efforts.

I also want to recognize SBA's efforts to introduce a plan to promote suspension and debarment in the Agency's government contracting programs. We believe that implementing a robust suspension and debarment process is critical to improving the level of integrity in the various preferential contracting programs. This plan, which the SBA Office of General Counsel presented to the Agency in late March, provides for greater training of agency personnel to recognize suspicious activity, and better processes for ensuring that suspicious activity is referred to my office and to the appropriate agency suspension and debarment officials. The Agency is working with my office to improve the communication and coordination between our offices, and we appreciate the Agency's efforts in this regard.

Since my testimony in March, my office has referred an additional 14 contracting cases for suspension or debarment to SBA. The Agency has acted to debar or suspend the wrongdoer in seven of these cases, and has advised my office that it intends to issue debarment or suspension notices on the remaining referrals shortly.

I mentioned in my March testimony that the OIG was close to completing an audit of SBA surveillance reviews, which are on-site reviews that the Agency conducts of the contract files of procuring agencies to determine, among other things, whether contracting offices are properly awarding and monitoring preferential contracts consistent with applicable regulations. Since then, my office has issued this report and posted it on our website at www.sba.gov/ig.

To summarize our findings: our review found that SBA had only evaluated a limited number of procuring offices over the past seven years, and did not use a systematic, thorough, or consistent approach in identifying which offices were reviewed or which information was evaluated. In addition, although SBA had previously indicated that it would use these surveillance reviews to determine whether procuring agencies were ensuring that 8(a) contractors were performing the legally required amount of work on set-aside contracts, we found that SBA's review teams generally did not evaluate whether small businesses and 8(a) firms were performing the required percentage of work. Although we recognize that SBA has limited resources, SBA's inconsistent approach in conducting surveillance reviews has limited its ability to assess whether procuring agencies are adequately overseeing performance of work on 8(a) contracts. This type of oversight by procuring agencies, if conducted, can limit opportunities for fraudulent pass-through contracts. I am pleased to report that SBA has agreed to implement all of the OIG's recommendations in the audit report.

We understand that the Committee is also concerned about large businesses obtaining contracts that are set aside for small business concerns. My office has identified this issue as a management challenge for SBA since 2005, and my predecessor, Eric Thorson, testified about our concerns before this Committee on July 12, 2006 (this testimony is available on the SBA OIG website at www.sba.gov/ig). SBA has made some progress in this area, such as making corrections to procuring agency data when agencies erroneously claim credit towards meeting their small business contracting goals for a contract awarded to a large company. SBA has also issued regulations to limit the time that a company which grows from a small business to a large business can remain on long-term GSA schedules and other government-wide acquisition

contracts. However, we believe SBA can do more, including working to see that contracting officers are getting more training on small business procurement to prevent government errors that allow ineligible large businesses to perform on small business set-asides. Congress could also act to require contracting officers to conduct more oversight of subcontracting on small business set-aside contracts to ensure that large businesses are not performing an excessive amount of the work. We also believe that passage of S. 633, which I mentioned above, would strengthen the Government's ability to prosecute and seek civil fraud recovery for fraudulent and excessive subcontracting.

Fraud and Abuse in SBA Business Loan Programs

Another priority for my office is investigating fraud in SBA's business loan programs (the 7(a) Loan Guaranty Program and the 504 Certified Development Company (CDC) Program). This includes fraud by small businesses that apply for guaranteed loans, fraud by lenders in making false statements to SBA, and fraud by loan agents in assisting borrowers with the 7(a) loan applications. Since October 1, 2008, in cases relating to the business loan programs, we opened 84 investigations of alleged fraud and obtained 114 indictments, 82 guilty pleas and convictions, and recoveries in excess of \$91.5 million in restitution, civil fraud recoveries, asset forfeitures.

Here are a few examples of recent cases we have worked on:

An investigation we are conducting jointly with the FBI in Missouri initially charged 11 individuals with various Federal crimes in a 185-count indictment that resulted from a scheme to defraud a Missouri bank and the SBA. The charges involved at least 31 fraudulent business loans, totaling more than \$10 million, issued by the bank. The defendants included a former executive vice president and chief lending officer of the bank, a former SBA branch manager, and two Missouri business consultants. Recently, our continuing investigation resulted in additional indictments and convictions including:

- The indictment of a former vice president/loan compliance officer of the bank for conspiracy and making false statements to the SBA in connection with a \$1.6 million SBA loan from the bank. As part of the conspiracy, the indictment alleges that the former vice president/compliance officer assisted others in preparing false affidavits representing that the business was not overdue in paying its debts and hiding a previous loan taken out by the business, and forging the signature of another bank official on an affidavit.
- A businessman pled guilty to making false statements by using a sham company to obtain an SBAExpress loan, which was not used to purchase equipment for the man's purported business, but rather was used for personal expenses and to pay a third party's outstanding debts.

In another recent case, a business owner pled guilty to making false statements on three loan applications submitted to a bank for SBA-guaranteed loans totaling over one million dollars. On all three loan applications, the individual falsely reported that neither he, nor his business, were involved in any pending lawsuits or had any business indebtedness when, in fact, he was a

defendant in two civil lawsuits that resulted in judgments against him totaling approximately \$1.9 million.

Another example of fraud we encounter arises under the 504 CDC Program, in which lenders make initial loans that generally fund real estate improvements, and then SBA authorizes the issuance of debentures that are sold to investors with an SBA guarantee. Proceeds from the debenture sale pay off part of the lender's loan, reducing the lender's risk on the transaction. In one recent case, in order to induce SBA to authorize the debenture sale, the lender falsely certified to SBA that there had been no adverse changes in the borrower's financial condition when, in fact, the lender was aware that the borrower was experiencing financial difficulties. An investigation led to the lender paying \$2.2 million dollars to the Government to settle False Claims Act allegations.

In addition to fraud by lenders and borrowers, an area of significant concern for my office is an ongoing pattern of fraud by third parties in 7(a) program transactions, notably, loan brokers, loan packagers, consultants, and other loan agents. Although loan agents often serve a useful purpose by helping to connect borrowers with guaranteed lenders, unscrupulous agents have exploited the program by pursuing fraudulent schemes. In the last decade alone, my office has obtained convictions and guilty pleas on numerous cases involving loan agent fraud, totaling hundreds of millions of dollars in SBA guaranteed loans.

For example, a loan broker recently pled guilty to one count of conspiracy to commit bank fraud. The subject was a member of a group that had obtained credit cards and loans from various lending institutions using false identities, documents, and business names. The defendant obtained or brokered 28 loans from various financial institutions for fictitious businesses totaling approximately \$1.5 million.

Earlier this year, in an investigation we conducted jointly with the FBI, another businessman was indicted on five counts of bank fraud and five counts of false statements. The individual was an owner of a group that received loan applications from potential borrowers. The investigation identified that when submitting applications to various banks on 26 loans/lines of credit, the defendant inflated the income information provided by the applicants. Five of these loans were guaranteed by the SBA.

For many years, my office has also identified as a management challenge for SBA the need to establish tracking and enforcement procedures to monitor loan agent activity and kick bad agents out of the program. We are pleased that the Agency has finally issued procedures to implement SBA's regulations at 13 C.F.R. Part 103, which authorize the Agency to suspend or revoke a loan agent's privilege to conduct business with SBA, and that SBA is putting a process in place to develop a loan agent tracking system. But, SBA should make this more of a priority.

My office has also taken steps over the years to help lenders identify fraud trends, including issuing several notices identifying "red flags," and giving fraud presentations at lender conferences, including the recent National Association of Guaranteed Government Lenders conference in April 2011. We are currently working with SBA's Office of General Counsel to help implement a fraud awareness and prevention program in the business loan programs.

Cost Savings at SBA

In mid-March, I wrote to Chair Landrieu and Ranking Member Snowe responding to a request for my office to identify areas of potential cost savings in SBA programs and operations. My letter, a copy of which is attached to my testimony, noted several recent audit recommendations for SBA that could reduce spending:

(1) Improper Payments - An OIG audit estimated the improper payment rate to be 27 percent, or approximately \$234 million of the \$869 million in 7(a) loan guaranty payments that SBA made between April 1, 2007 and March 31, 2008. The audit recommended that SBA (1) consult with a statistician in developing the sample design and projection methodology for its improper payment reviews, (2) revise the checklists that SBA uses when reviewing loans for improper payments, (3) fully implement a corrective action plan to reduce improper payments, and (4) establish timeframes for the recovery of improper payments.

As background to this issue, the OIG has recommended recovery of improper payments relating to specific loans we reviewed and that SBA implement a process for timely resolving disputed denial and repair decisions on loans. Nevertheless, it has been almost two years and SBA has yet to make final determinations on some of these loans. These determinations are needed to seek recovery of the improper guarantee payments. Of further concern, the person who was making those decisions has been detailed, starting this week, to another agency for two years, which may delay determinations even further. The lack of diligence in monitoring guarantee payments and recovering improper guarantee payments has been a recurring problem and is especially troubling given the amount of potential improper payments at issue.

(2) Use of HUD grants to pay off SBA Disaster Loans – Last Fall, the OIG issued a report identifying potential duplicate benefits in response to the Gulf Hurricanes of 2005 and the Midwest flooding in 2008. In an effort to reduce duplication of disaster assistance benefits, SBA identified when parties that had received disaster loans were also scheduled to obtain, or had previously obtained, grants under the Community Development Block Grant (CDBG) program administered by the Department of Housing and Urban Development. When a potential duplication of benefits was identified, SBA obtained money from certain states that had obtained the CDBG funding, and used these funds to pay down the unpaid balance of the disaster loans. These efforts resulted in \$643.8 million of funds being sent to SBA to pay down 19,449 fully-disbursed SBA loans, and the undisbursed balance of 5,675 loans being reduced by \$281.8 million. The Agency has addressed some, but not all, of the report's recommendations.

My March letter also identified several issues that the Committee may want to consider as possible ways of cutting costs:

(1) Eliminate the federal subsidy for the business loan programs - In previous years, SBA has relied on fees charged to borrowers and lenders to create the funds necessary to finance the business loan programs, without the need for a taxpayer-funded subsidy. Returning to a "zero subsidy" policy for these programs through fees charged to borrowers and lenders would result in considerable savings. (\$215 million requested for FY 2012).

(2) Eliminate or reduce sole source contracts in the 8(a), HUBZone, and Veteran Contracting Programs - Studies have shown that sole source contracts do not generally provide

as good a value for the Government as contracts awarded through a competitive basis. For FY 2009, the Agency advised the following total sole source awards were made government-wide:

- 8(a) Sole Source - \$11.6 billion;
- HUBZone Sole Source - \$102 million;
- Service Disabled Veteran Sole Source - \$671 million;
- Veteran Sole Source - \$48 million.

Although we do not have data that would allow us to compute the exact amount of savings, if, for example, competed contracts saved 10% over sole-source contracts, the savings in FY 2009 would have been over \$1.24 billion. We also believe that eliminating sole source contracts would reduce the amount of fraud and abuse in these programs.

(3) Adjust the fees charged to lenders making guaranteed loans based upon the risk profile of their 7(a) loan portfolio. Currently, all lenders in the 7(a) guaranteed loan program pay fees to SBA, based upon a percentage of the amount of their loans. Rather than charging all lenders the same percentage, SBA could charge those lenders that had higher default rates a higher fee (i.e., a higher percentage of the loan) than other lenders with better performing portfolios.

(4) Consider charging fees to those contractors that obtain significant financial benefits from the SBA 8(a) and HUBZone programs. Oversight of these programs is essential to reduce the potential for fraud and abuse by ineligible participants who get federal contracts. To offset oversight costs, SBA could charge a fee to those contractors that had obtained 8(a) or HUBZone contracts that exceeded a certain dollar amount during the previous fiscal year.

(5) Reduce duplicative business counseling. Small Business Development Centers, Women's Business Centers, Veteran's Centers, SCORE Chapters, and the Department of Commerce's Minority Business Development Agency Business Development Centers all obtain Federal grants and offer similar services by providing counseling, training and management, technical assistance, and other information to small businesses and would-be entrepreneurs to help them start or grow their businesses. Many of these facilities are located very close to each other. It might be appropriate to consider whether some of these entities could be eliminated or consolidated.

Conclusion

The SBA OIG will continue to investigate fraud in SBA procurement, loan, and other programs and to seek effective solutions to limit waste and inefficiencies and promote the benefits of these programs. Thank you for the opportunity to comment, and I look forward to answering any questions that you may have.



**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
WASHINGTON, D.C. 20416**

March 15, 2011

The Honorable Mary L. Landrieu, Chair
The Honorable Olympia J. Snowe, Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
428A Russell Senate Office Bldg
Washington, DC 20510

Dear Chair Landrieu and Ranking Member Snowe:

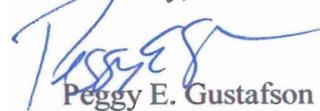
This letter responds to your correspondence of January 25, 2011, in which you asked for input regarding actions that could be taken to reduce or eliminate wasteful, duplicative or ineffective operations of the Small Business Administration (SBA) without undermining the SBA's ability to serve the needs of small business owners. Our responsive suggestions are contained in the Attachment to this letter.

As you may be aware, the SBA Office of Inspector General (OIG) has, over the years, issued numerous audit reports identifying improper payments, questionable expenditures, recommendations that funds be put to better use, and other findings regarding cost-savings and inefficiencies in SBA programs and operations. We discuss several of these recent reports in the attachment. Often, however, it should be noted that that OIG audits have found that waste and inefficiencies occurred not because SBA had expended too many resources, but because SBA had insufficient personnel assigned to some functions, had not expended the resources to develop adequate internal controls, or had cut corners by disregarding the controls that had been put into place.

Please note further that we have not addressed the extent to which SBA programs are duplicative of programs administered by other agencies, other than our discussion of the Department of Commerce Minority Business Development Agency Business Development Centers below, because the Government Accountability Office is currently performing such an analysis. *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars and Enhance Revenue*, (GAO Rep. No. GAO-11-318SP, March 2011).

We appreciate your interest in hearing our ideas on this subject. If you would like to meet to discuss our analysis or if there are any questions, please call me at 202 205-6586.

Sincerely,


Peggy E. Gustafson
Inspector General

Attachment to Letter to:
The Honorable Mary L. Landrieu, Chair
The Honorable Olympia J. Snowe, Ranking Member
Senate Committee on Small Business and Entrepreneurship

Agency Suggestions

We concur with the Agency's proposed reductions as outlined in the President's budget for Fiscal Year (FY) 2012¹:

- (1) Drug Free Workplace Program (\$1 million appropriations for FY 2010).
- (2) PRIME Technical Assistance Program (\$8 million appropriations for FY 2010).
- (3) Special Purpose Counseling Grants
- (4) The elimination of congressional line-item earmarks, which received approximately \$56 million in funding in FY 2010 and \$59 million in FY 2011.

OIG Suggestions based on recent audits

- Improper Payments - An OIG audit estimated the improper payment rate to be 27 percent, or approximately \$234 million of the \$869 million in 7(a) loan guaranty payments that SBA made between April 1, 2007 and March 31, 2008. The audit recommended that SBA fully implement a corrective action plan to reduce improper payments to include a revision of the checklist that SBA used when reviewing lender requests for payment of loan guaranties. Subsequent to the report, the amount of loan guaranty payments made by the Agency doubled; therefore, the potential savings are likely to be greater than the OIG reported. Although the Agency has agreed to take corrective action, it remains unclear whether these efforts will effectively address this situation. The OIG continues to identify guarantee payments that are improper.
- Use of HUD grants to pay off SBA Disaster Loans - OIG recently issued a report identifying potential duplicate benefits in response to the Gulf Hurricanes of 2005 and the Midwest flooding in 2008.^[1] In an effort to reduce duplication of disaster assistance benefits, SBA identified when parties that had received disaster loans were also scheduled to obtain, or had previously obtained, grants under the Community Development Block Grant (CDBG) program administered by the Department of Housing and Urban Development (HUD). When a potential duplication of benefits was identified, SBA obtained money from certain states that had obtained the CDBG funding, and used these funds to pay down the unpaid balance of the disaster loans. These efforts resulted in \$643.8 million of funds being sent to SBA to pay down 19,449 fully-disbursed SBA loans, and the undisbursed balance of 5,675 loans being reduced by \$281.8 million.

¹ U.S. Small Business Administration FY 2012 Congressional Budget Justification and FY 2010 Annual Performance Report,.

^[1] *SBA's Role in Identifying Duplicate Benefits from Community Development Block Grants* (OIG Report # 10-13), <http://www.sba.gov/office-of-inspector-general/869/5249>.

While SBA's action eliminated duplicate benefits, use of the CDBG funds to replace SBA disaster assistance was inconsistent with Federal Emergency Management Administration (FEMA) regulations regarding the appropriate sequence of delivery of disaster assistance benefits. This transfer of funds also created additional costs for taxpayers because it resulted in the application of grant funds, which do not need to be repaid, to reduce the debts of borrowers that SBA had already determined had sufficient resources to repay their loans.

Among other recommendations, we recommended that SBA coordinate with FEMA and HUD to formalize a memorandum of understanding with HUD which defines each agency's role in a manner that is consistent with the FEMA regulations. While the amount of future savings that would result from implementation of the OIG's recommendation is not quantifiable due to the difficulty in predicting the number and cost of future disasters involving CDBG grants, implementing the recommendation should generate significant savings for taxpayers.

Other OIG suggestions

To the extent the Committee is looking for other ideas to reduce appropriations associated with SBA programs, the OIG offers the following list of possible areas of consideration. Without extensive audit work or other analysis on the issues discussed here, we do not feel we can definitively recommend that these proposed steps be taken. However, there are potential savings to the government to be had here, and the Committee may find the policy issues raised worth discussing.

- Eliminate the federal subsidy for the business loan programs - In previous years, SBA has relied on fees charged to borrowers to create the funds necessary to finance the business loan programs, without the need for a taxpayer-funded subsidy. Returning to a "zero subsidy" policy for these programs through fees charged to borrowers, would result in considerable savings. (\$215 million requested for FY 2012,)
- Eliminate or reduce sole source contracts in the 8(a), HUBZone, and Veteran Contracting Programs - Studies have shown that sole source contracts do not generally provide as good a value for the Government as contracts awarded through a competitive basis.

For FY 2009, the Agency advised the following total sole source awards were made government-wide:

- 8(a) Sole Source - \$11.6 billion
- HUBZone Sole Source - \$102 million
- Service Disabled Veteran Sole Source - \$671 million
- Veteran Sole Source - \$48 million

By law, 8(a) participants may obtain sole source awards of up to \$6.5 million for manufacturing contracts or \$4 million for all other contracts.^[2] Further, 8(a) companies owned by Alaska Native Corporations (ANCs) and other tribal entities are not subject to any cap on the size of sole source contracts they can obtain. HUBZone and veteran-owned businesses also qualify for sole-source contracts. Although we do not have data that would allow us to compute the exact amount of savings, if competed contracts saved 10% over sole-source contracts, the savings in FY 2009 would have been over \$1.24 billion. We also believe that eliminating sole source contracts would reduce the amount of fraud and abuse in these programs.

- Adjust the fees charged to lenders making guaranteed loans based upon the risk profile of their 7(a) loan portfolio - Currently, all lenders in the 7(a) guaranteed loan program pay fees to SBA, based upon a percentage of the amount of their loans. Rather than charging all lenders the same percentage, SBA could charge those lenders that had a higher default rates a higher fee (i.e., a higher percentage of the loan) than other lenders with better performing portfolios. Charging a higher fee to lenders with higher default rates would reduce the costs of the 7(a) program, and, we believe, incentivize lenders to exercise greater diligence in making federally guaranteed loans.
- Consider charging fees to those contractors that obtain significant financial benefits from the SBA 8(a) and HUBZone programs - Oversight of these programs is essential to reduce the potential for fraud and abuse through ineligible participants getting federal contracts. To offset oversight costs, SBA could charge a fee to those contractors that had obtained 8(a) or HUBZone contracts over a certain dollar amount during the previous fiscal year. Contractors that earned less would not be required to pay a fee. This type of fee would be analogous to the fees paid by lenders for SBA's oversight of the lending programs.²
- Reduce duplicative business counseling - Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), Veteran's centers, SCORE Chapters, and the Department of Commerce's Minority Business Development Agency (MBDA) Business Development Centers all obtain Federal grants and offer similar services by providing counseling, training and management, technical assistance, and other information to small businesses and would-be entrepreneurs to help them start or grow their businesses. In the United States and its territories, there are 63 Lead SBDCs, one in every state (Texas has four, California has six), the District of Columbia, Guam, Puerto Rico, Samoa, and the U.S. Virgin Islands – with a network of more than 900 service locations, 368 SCORE Chapters, 26 Veteran centers, 41 MBDA centers and 109 WBCs.

SBA's budget request for FY 2012 seeks the following funding for these programs:

SBDC Grants: \$103 million
SCORE Chapters: \$7 million

^[2] These thresholds just became effective on March 14, 2011.

² Fees that lenders pay to fund SBA lender oversight activities are risk-based unlike the loan fees discussed in the preceding bullet.

WBC Grants: \$14 million
Veteran Centers: \$2.5 million

Our review of the locations of SBDCs, SCORE Chapters, WBCs, and Veterans Centers found significant overlap. There are 109 WBCs listed on SBA's web site. Of these, 104 are located within 25 miles or less from either an SBDC, SCORE address or both. Likewise, there are 16 Veteran centers, 7 of which are at the same college or university as an SBDC (some even the same address), 6 of which have an SBDC within less than 10 miles (most less than 5 miles), 2 are 20 miles or less, and the last is 33 miles away.

In addition, we note that the U.S. Department of Commerce Minority Business Development Agency (MBDA) maintains 41 Business Development Centers around the country.^[3] These centers are designed to provide small business counseling services to minority-owned firms similar to the services provided by SBDCs, SCORE Chapters, WBCs and Veteran centers.^[4] Our review found that all 41 MBDA Business Development Centers are located within 25 miles or less of an SBA funded SBDC or SCORE Chapter or both. The MBDA website indicated that annual appropriations for Business Development Centers is approximately \$8.7 million.

^[3] Excluding MBDA regional centers, the MBDA website lists 42 centers. Two of these centers, however, are identified as being at the same address in Falls Church, Virginia, and we assume that these are duplicative. <http://www.mbda.gov/main/offices>

^[4] MBDA Minority Business Centers provide minority entrepreneurs with one-on-one assistance in writing business plans, marketing, management and technical assistance and financial planning to assure adequate financing for business ventures. (<http://www.mbda.gov/main/who-is-mbda>.)