

## SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

*“Nominations of Ms. Susie Feliz, to be Assistant Secretary for Legislative and Intergovernmental Affairs, Department of Commerce; and Mr. Donald Cravins, Jr., to be Under Secretary for Minority Business Development”*

10:00 AM, July 14, 2022

### **Question for the Record Submitted by Senator Duckworth to Mr. Donald Cravins**

**NOFO.** In April, the MBDA published the NOFO for the Minority Colleges and Universities grant program which will provide funds to eligible institutions to develop entrepreneurship curriculum and training activities. The grant program, along with the MBDA, was authorized as part of the Infrastructure Investment and Jobs Act, which specifically defined eligible institutions as “an institution of higher education described in any of paragraphs (1) through (7) of section 371(a) of the Higher Education Act of 1965 (20 U.S.C. 1067q(a))”, includes Predominantly Black Institutions (PBIs) and Asian American and Native American Pacific Islander-Serving Institutions (AANAPISI) along with Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), Tribal Colleges and Universities (TCUs), Native Hawaiian Serving Institutions (NHSIs) and Alaska Native Serving Institutions (ANSIs). However, in the NOFO, MBPA decided to exclude PBIs and AANAPISIs in their definition of eligible minority serving institutions.

Question 1. Please describe the unique role and impact of PBIs and ANNAPISIs have in higher education.

**Answer: Minority Serving Institutions are an integral part of our U.S. higher education system. Predominantly Black Institutions were first recognized by Congress through the Predominantly Black Institution Act of 2007. As that law states, PBIs are essential and often mission-driven in providing postsecondary access and training to low- and middle-income black and other minority students. In addition, the institutional category of PBIs officially emerged in the Higher Education Opportunity Act of 2008, the bill that reauthorized the Higher Education Act of 1965. Unlike Historically Black Colleges and Universities, a group of institutions that initially came into being in 1837, which are primarily four-year institutions, and 1890 land-grant institutions established under the Second Morrill Act of 1890; the vast majority of PBIs are public two-year colleges.**

**PBIs are concentrated in the South, Midwest, and East, predominantly in urban areas. While most PBIs enroll a student body that is more than 50 percent black, some have a student body that is as much as 75% black. White and Latino students are usually the second largest racial group enrolled. Like other MSIs, PBIs serve a population of students who are mainly low-income and are often the first in their families to attend college. Additionally, PBIs account for 3% of all postsecondary institutions, yet enroll 9% of all Black college students. Given the chang-ing demographics of the United States and the role of higher education in promoting upward mobility, PBIs play a critical role in their**

communities by providing access and credentials to an increasingly diverse student body.

**The role of Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs) and their contributions to the success of AAPI college students is also a vital one. AANAPISIs received their designation as an MSI in 2007 through the College Cost Reduction and Access Act, which expanded in 2008 under the Higher Education Opportunity Act. The AAPI population is composed of over 48 ethnicities that are diverse in socioeconomic class, language, religion, educational attainment, and migration history, among other attributes. AAPIs are among the fastest-growing minority groups in the United States, with a predicted population increase of 125 % (to over 40.1 million) by 2060. Given these increasing numbers and the complex, heterogeneous composition of the AAPI population, higher education institutions must have a deeper understanding of AAPI students and their needs.**

*Question 2.* Please describe how MBE benefit from MSIs, including PBIs and ANNAPISIs.

*Answer:* **MBEs benefit from MSIs, such as PBIs, AANAPISIs, and NHSIs, because MSIs serve and enrich their communities, not just their students. MBEs can access talent, skills, and technology support from MSIs. Specifically, MBEs can find employees or partners who look like them and understand their culture, heritage, and, potentially, linguistic abilities. Similarly, PBIs and AANAPISIs are helping to train and develop the next generation of Black, Asian American, Native Hawaiian, and Pacific Islander (AA & NHPI), and other indigenous entrepreneurs, which would mean more established MBEs in our communities and decreasing the MBE to non-MBE gap in our economy.**

*Question 3.* If confirmed, will you continue to exclude PBIs and ANNAPISIs from MBDA programs and funding opportunities?

*Answer:* **If confirmed, I can commit to you that PBIs and AANAPISIs will be included in MBDA programs and funding opportunities.**

**It is my understanding that the law requires AANAPISIs to be included within the groups eligible to receive MBDA's services. The language of Executive Order 11625 and 15 CFR part 1400 include Asian Pacific Americans, Alaskan Natives, and Asian Indians, and notes that MBDA serves these groups in its MBDA Business Center program and other programs. However, I know that AANAPISIs were not included in MBDA's recent Minority Colleges and Universities Notice of Funding Opportunity because the Notice is based on the congressional language and committee report identifying the specific colleges and universities that should be eligible to compete for the funding, which included Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), Tribal Colleges and Universities (TCUs), Native Hawaiian Serving Institutions (NHSIs), and Alaska Native Serving Institutions (ANSIs).**

**If confirmed, I would welcome the opportunity to work with your team to ensure that MBDA programs and funding opportunities are inclusive of more MSIs that serve students of color.**

## Questions for the Record from Senator Rosen to Mr. Donald Cravins

**Entrepreneurial Development Assistance For Underrepresented Students.** In Nevada, minority-owned businesses are an integral part of our communities, but unfortunately the pandemic posed a significant challenge to their continued success. It is vital that minority-owned businesses have access to adequate resources to foster growth, and Congress must begin these investments earlier, providing aid to startups and entrepreneurs. That's why I introduced the Minority Entrepreneurship Grant Program Act with Senator Tillis. This bipartisan legislation would establish a Minority Entrepreneurship Grant Program to award grants to Minority Serving Institutions (MSIs) and Historically Black Colleges and Universities (HBCUs) to promote and increase opportunities for minority student business ownership and entrepreneurship.

*Question 1.* Mr. Cravins, how important is it to extend outreach and mentorship to communities of color to jumpstart more entrepreneurship?

***Answer:* It is of the utmost importance to extend outreach and mentorship to communities of color to promote and grow the idea of entrepreneurship. As you are likely aware, while growth rates in entrepreneurship are increasing compared to rates of participation in the labor market, there are systemic challenges for minority entrepreneurs. HBCUs and MSIs have historically played an integral role in supporting communities of color, giving graduates the tools and experience to enrich civic and economic life/engagement. HBCUs and MSIs are important engines of economic growth and public service and are proven pillars for intergenerational advancement. However, often, these institutions lag sufficient resourcing. I understand that MBDA currently plays a role in supporting HBCUs and MSIs through their investments and if confirmed, I will continue to connect with and engage HBCUs and MSIs across the country to see how we can further cultivate the next generation of entrepreneurs.**

**Outside of engagement with MSIs, MBDA also has several pilot programs that focus on the unique needs of minority entrepreneurs – such as the Enterprising Women of Color Initiative and the Formerly Incarcerated Entrepreneurship Program. In fact, the MBDA Act even calls for the development of Rural Business Centers to be created around the country in connection with MSIs; investments like this help jumpstart entrepreneurship for communities that are too often left behind. If confirmed, I would welcome the opportunity to partner with you and the Committee to discuss outreach and mentorship opportunities to help jumpstart minority entrepreneurship.**

*Question 2.* Mr. Cravins, under your leadership, how will the Minority Business Development Agency (MBDA) address the needs of aspiring young student entrepreneurs at Minority Serving Institutions (MSIs)? And how will you support greater diversity in entrepreneurship?

*Answer:* I think implementing the MBDA Act as you and your collegiate envisioned will be a crucial first step. I understand that MBDA's current grants to MSIs invest in the next generation of students and young entrepreneurs who will help lead the way. The current program provides funding for entrepreneurship programs, including curricula, courses, seminars, and replicable products and tools, that teach students how to develop businesses and commercialize products and services in the domestic and global marketplace. The MBDA Act calls for an expansion of this work through national coverage of MBDA's traditional Business Centers and implementation of the Rural Business Center program—which requires partnership with MSIs. I confirmed, commit to working with the team at MBDA and of course, you and the Committee, to understand other ways MBDA can support MSIs across the country.

## Questions for the Record from Hon. Sinema to Mr. Cravins

**Minority Business Development Agency Codification.** The Minority Business Development Agency (MBDA) was codified under the provisions of the Infrastructure Investment and Jobs Act (IIJA). The legislation also expands MBDA's national footprint by authorizing regional offices and creates the Undersecretary of Commerce for Minority Business Development.

*Question 1.* If confirmed, how will you strengthen and expand the Minority Business Development Agency consistent with the IIJA?

*Answer:* **Through the MBDA Act – Congress provided valuable tools for strengthening and expanding the MBDA in a number of ways. First, the Act calls for MBDA to meet our communities where they are. If appropriated the full funding amount, MBDA will be able to implement the (1) Rural Business Center Program, (2) establish regional offices, and (3) invest in community-based organizations already fighting for MBEs and minority entrepreneurs. Second, the Act provides MBDA with the authority to coordinate across the federal government on matters involving minority businesses. Lastly, the Act codifies and expands MBDA's current programs, including the flagship Business Centers and investments in Minority Serving Institutions through the Parren J. Mitchell Program.**

*Question 2.* How will MBDA determine where to locate regional offices? If confirmed, are there any specific criteria you intend to use?

*Answer:* **If confirmed, I will work with the career and political staff at MBDA to understand the work that is being done in this space. I will also consult with you and other members of the Committee on how best to establish a presence to meet the needs of your constituents. As you may be aware, MBDA previously ran and operated various regional offices throughout the nation before being eliminated by a previous administration.**

**Now, with the passage of the MBDA Act of 2021, it is my understanding the law requires the Agency to establish a regional office for each of the regions of the United States. Furthermore, according to the Act, the purpose of these regional offices will be to expand the reach of the Agency and enable the Federal Government to better serve the needs of minority business enterprises in the region. This would be accomplished by (1) working with MBDA Centers that are in that region; (2) working with resource and lending partners of other appropriate Federal agencies that are in that region; (3) seeking out opportunities to collaborate with regional public and private programs that focus on minority business enterprises; and (4) promoting business continuity and preparedness, among other priorities provided by the Act.**

**If confirmed, I intend to fully carry out the law as envisioned by Congress.**

**Small Business Opportunities on Tribal Lands.** Tribal communities face unique challenges in starting new businesses. In northern Arizona, the Navajo Nation and Hopi Tribe continue to face repercussions from the closure of Navajo Generating Station (NGS) near Page, and the resulting closure of the Kayenta Mine that supplied NGS. The power plant and mine provided stable, good-paying jobs to many tribal members.

*Question.* How can the MBDA provide assistance to tribal members looking to open their own small business in economically distressed communities?

*Answer:* **Thank you so much for this question. If confirmed, I will continue the work MBDA is doing through American Indian, Alaska Native, and Native Hawaiian (AIANNH) and MSI programs to further support Tribal and native business growth by addressing strategic initiatives such as (1) innovation and entrepreneurship, (2) strategic planning, and (3) transformative projects.**

**I also believe that, if fully funded, the MBDA will implement a Rural Business Center Program that can and will assist Tribal and indigenous communities and entrepreneurs. These programs are operated by community-based organizations and/or MSIs that are engrained in the community and understand the unique challenges they face.**

## Questions for the Record from Senator Luján to Mr. Donald Cravins, Jr.

**FY2023 Budget.** The Minority Business Development Agency serves a vital role uplifting minority owned and operated businesses, like the many that power New Mexico's economy. Last year, I was proud to work the Ranking Member and other members of this Committee to fully authorize the Minority Business Development Agency, making it permanent in statute for the first time in its 50-year history. I'm glad that Mr. Cravins has been nominated as the first undersecretary in the Agency's history, and am confident that the experience and expertise he brings to the Agency will allow them to expand and grow pursuant to the mandate in the Infrastructure Investment and Jobs Act.

The bipartisan infrastructure bill authorized \$110 million to enable the Agency to fully meet its mission and reach every corner of our nation to uplift and support minority owned and operated businesses. This includes establishing regional centers, and standing up a new program to establish Rural Business Centers at minority-serving institutions. During the FY22 funding cycle, Congress appropriated only \$55 million—half of what was authorized. As a result, the Agency did not have sufficient funding to stand up several vital programs established in the bipartisan infrastructure bill, including the Rural Business Center program.

*Question.* Mr. Cravins, can you speak to the importance of MBDA receiving the full \$110 million for Fiscal Year 2023, as requested by President Biden, to carry out its mission?

*Answer:* **As you know, the \$110 million requested by President Biden for Fiscal Year 2023 is identical to the authorization level set by this Committee in the MBDA Act. The very same Act that created the Under Secretary position I am being considered for. This funding is profoundly important to implementing the MBDA Act and carrying out the mission of MBDA as envisioned by Congress. This mission includes (1) strengthening the administration of existing and new programs, (2) providing technical assistance and research opportunities to our business centers and enterprises, (3) hiring additional staff or otherwise increasing capacity to reestablish regional offices, and (4) establishing Rural Business Centers which you have helped champion. The Rural Business Centers would partner with Minority Serving Institutions around the country to support MBEs which is particularly close to my heart as a person born in rural Louisiana. These are just a few of the tenants of the MBDA Act that are critical to MBDA's ability to support communities around this country and are contingent on funding.**

## Questions for the Record from Senator Raphael Warnock to Mr. Donald Cravins, Jr.

**MBDI.** Minority and community development financial institutions are time-honored institutional forms. Only 2.6 percent of insured institutions are currently designated as Minority Deposit Institutions (MDIs). Since 2014, the number of MDIs has decreased across the United States from 175 to 142. MDI community banks have generally decreased since 2001 with only 20 currently in the United States, which is less than half of the number that existed in 2001.

*Question.* What role do you see the Minority Business Development Agency in supporting MDIs? How will you partner with other federal agencies to support MDIs going forward?

*Answer:* **If confirmed, I look forward to working with you and your staff on this very important issue and commit to engaging with the career and political staff at MBDA to discuss the importance of MDIs as they play a vital role in assisting minority and underserved communities and are resources to foster the economic viability of these communities.**

**Today, access to capital continues to be the number one barrier for minority businesses. The MBDA Act gives MBDA the ability to coordinate across federal agencies like the Department of Treasury on matters impacting MBEs. Minority depository institutions (MDIs) are federally insured depository institutions for which 51% or more of the voting stock is owned by minority individuals, and thus, are MBEs. Just as with all MBEs, the Agency will ensure that MDIs are represented in intergovernmental/agency discussions and prioritized to ensure their success and growth in an everchanging market and economy.**

**Federal Suppliers.** The U.S. Federal government is the largest purchaser of goods and services in the world. Federal government purchases can have a substantial impact on the success of small businesses. The current government target is that 5% of all procurement should go to small, disadvantaged businesses, a significant portion of which are minority-owned.

*Question.* What role do you see the Minority Business Development Agency in encouraging a diverse base of federal suppliers?

*Answer:* **It is my understanding that MBDA already plays a role in this space, specifically through the Business Center & Specialty Center Programs which provide technical assistance to MBEs seeking federal contracts. The MBDA also funds a Federal Procurement Center which is located right here in Washington, D.C. The MBDA Act also provides MBDA with the authority to coordinate across the federal government on matters involving MBEs, including federal procurement. If confirmed, I commit to working with the team on this matter and leveraging the tools Congress provided MBDA through the MBDA Act. If fully funded, MBDA regional offices will allow the Agency to build and strengthen relationships with state and local officials and work to make MBEs more competitive for federally funded programs at the local level.**



