



UNITED STATES DEPARTMENT OF  
COMMERCE  
Minority Business Development Agency  
Washington, D.C. 20230

## **Guidance to MBDA Business Center Operators**

To: MBDA Business Center Operators

From: Donald R. Cravins, Under Secretary for Minority Business Development

Re: Guidance Regarding Eligibility

Date: October 23, 2023

This memorandum provides guidance on the MBDA Act eligibility requirements for MBDA Business Center Program services.

The purpose of the MBDA Business Center Program is to create and fund a national network of centers that assist minority business enterprises in accessing capital, contracts, and grants and creating and maintaining jobs. 15 U.S.C. § 9522. These centers also provide counseling and mentoring to minority business enterprises and facilitate the growth of minority business enterprises by promoting trade. 15 U.S.C. § 9522.

The MBDA Act defines “minority business enterprise” as “a business enterprise--(i) that is not less than 51 percent-owned by 1 or more socially or economically disadvantaged individuals; and (ii) the management and daily business operations of which are controlled by 1 or more socially or economically disadvantaged individuals.” 15 U.S.C. § 9501(9)(A).

The MBDA Act defines “socially or economically disadvantaged individual” as “an individual who has been subjected to racial or ethnic prejudice or cultural bias (or the ability of whom to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities, as compared to others in the same line of business and competitive market areas) because of the identity of the individual as a member of a group, without regard to any individual quality of the individual that is unrelated to that identity.” 15 U.S.C. § 9501(15)(A).

The MBDA Act explains that the Under Secretary of Commerce for Minority Business Development “shall presume” that “socially or economically disadvantaged individual” “includes any individual who is--(i) Black or African American; (ii) Hispanic or Latino; (iii) American Indian or Alaska Native; (iv) Asian; (v) Native Hawaiian or other Pacific Islander; or (vi) a member of a group that the Agency determines under part 1400 of title 15, CFR, as in effect on November 23, 1984, is a socially disadvantaged group eligible to receive assistance.” 15 U.S.C. § 9501(15)(B). 15 C.F.R. 1400.1(b) codifies Executive Order 11625, which designates “Blacks, Puerto-Ricans, Spanish-speaking Americans, American Indians, Eskimos, and Aleuts”

as individuals who are socially or economically disadvantaged. 15 CFR 1400.1(c) also designates “Hasidic Jews, Asian-Pacific Americans, and Asian Indians” as such.

**Under the MBDA Act, an individual may meet the definition of “socially or economically disadvantaged individual” and thus be eligible to receive Business Center services if:**

1. [Socially disadvantaged individual] The individual has been subjected to racial or ethnic prejudice or cultural bias because of the identity of the individual as a member of a group, without regard to any individual quality of the individual that is unrelated to that identity; *or*
2. [Economically disadvantaged individual] The individual’s ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities, as compared to others in the same line of business and competitive market area . . . because of the identity of the individual as a member of a group, without regard to any individual quality of the individual that is unrelated to that identity.

Under the Act, an individual who identifies as a member of one or more of the groups listed in 15 U.S.C. § 9501(15)(B) is presumed to be socially or economically disadvantaged: Black or African American; Hispanic or Latino; American Indian or Alaska Native; Asian (including South Asian); Native Hawaiian or other Pacific Islander; Hasidic Jews.

An individual does not need to identify as a member of one of these groups to be a socially or economically disadvantaged individual eligible to receive Business Center services under the MBDA Act. An individual may meet the definition if their membership in a group has resulted in their subjection to racial or ethnic prejudice or cultural bias or impaired their ability to compete in the free enterprise system. A “member of a group” may include, but is not limited to, a member of a religious group, a geographically defined group, or some other group sharing a common characteristic.

Business Centers should ensure that their operations and communications, including promotional materials, websites, and intake processes, as well as reporting under performance metrics that employ the definition of MBE, align with the MBDA Act as described above and in the updated client engagement form, which MBDA expects to implement in the near future.