

June 14, 2013

The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
United States House of Representatives
Washington, DC 20515

Dear Representative Velázquez:

Administrator Mills has asked me to respond to your recent letter, which requested certain information on the Small Business Administration's (SBA) efforts in connection with the Investing in Manufacturing Communities Partnership (IMCP). The IMCP is an Administration-wide initiative to help accelerate the resurgence of manufacturing and support communities as they cultivate an environment for businesses to create well-paying manufacturing jobs in cities across the country. The effort is intended to link, leverage, and align cross-agency programs and efforts to better assist businesses and communities by reducing duplication, overlap, and "siloing" of programs.

With respect to our legal authority to participate in IMCP, SBA will rely upon the inherent legal authority of agencies to enter into contracts, and on its general authority under the Small Business Act to assist small businesses. Please note that SBA will use contracts, not grants as the vehicle to support the IMCP effort. The U.S. Department of Commerce press release dated May 9, 2013, which introduced the IMCP, inadvertently referred to the SBA funding vehicles as grants, rather than contracts.

For Fiscal Year (FY) 2013, SBA plans to spend approximately \$500,000 on our portion of the IMCP initiative. The funds used will be from SBA's "Salaries and Expenses" (S&E) account, specifically from the amounts Congress recommended for Entrepreneurial Development Initiatives (Clusters). As such, the use of those funds will be consistent with Congressional expectations for appropriations made available for the S&E account. No funds are being drawn from existing SBA programs such as Small Business Development Centers, Women's Business Centers or SCORE.

Pending the passage of a budget for FY 2014, SBA has not yet determined the amount of funding that may be used to support IMCP next year. None of the funding used for IMCP initiative was part of a reprogramming of funds, and there are no arrangements for a transfer of funds between SBA and another agency for this effort.

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In terms of the language for each contract, SBA will seek proposals from entities to conduct supply chain analyses of disrupted or at-risk regional manufacturing communities/clusters in order to improve small business viability. The statement of work has not yet been finalized; however, the following is a synopsis of the services the Agency expects from a successful offeror:

- Conduct a new—or expand an existing—supply chain analysis within a regional manufacturing sector, with specific analysis of high-potential small business nodes, which will identify, at a minimum:
 - a) Opportunities to expand nodes in which small businesses have a strong foothold; and
 - b) New segments and opportunities for small business integration into the supply chain.
- Create one or a series of matchmaking events designed to integrate small businesses into the supply chain through opportunities identified in the analysis process.

With respect to SBA personnel who have supported the IMCP, it is difficult to itemize SBA personnel and overhead time devoted exclusively to IMCP support; however, we estimate that no more than 250 full-time equivalent work hours have been spent on IMCP-related activities, including the preparation and creation of the contract opportunity.

We appreciate the Committee's continued support of the small business community. If you and your staff should have any additional questions or concerns regarding this matter, please contact me at (202) 205-6700. A similar response is being sent to Chairman Graves.

Sincerely,

Nicholas J. Coutsos
Assistant Administrator
for Congressional and Legislative Affairs