

MBE Program & Certification. What It Is & How It Works

THE MBE PROGRAM:

What Is An MBE? What Does It Stand For?

Otherwise known as a minority-owned business, MBE stands for Minority Business Enterprise. An MBE is a corporation or supplier comprised of Asian, Black, Hispanic and Native American individuals. In order to qualify, you must be certified.

What Is The MBE Program?

The MBE program was created to make all government sponsored contracts for construction, transportation and services available to minority-owned businesses without discrimination. It was designed to include MBE entrepreneurs in the bidding and awarding of state and federal projects.

Certain states, such as California, also offer tax incentives for corporations that do business with MBE's. They may also stipulate that a percentage of the work performed on a job be awarded to a minority or women-owned enterprise.

What Year Was The MBE Program Established?

President Nixon's administration implemented the MBE program in the 1970's. However, as early as 1953, the Small Business Act encouraged using minority-owned companies for federal contracts.

As of 2019, a total of 38 states have devised state-run programs to boost minority businesses growth. Washington D.C. and Puerto Rico are also included.

MBE CERTIFICATION:

Why Is Certification Important?

MBE certification is important for corporate entities so they can be eligible for big government projects and tax incentives. For PRL, it's important so we can be suppliers for them, gain a larger clientele and bring in more revenue.

Without this certification, an enterprise or vendor won't be eligible to bid on, or supply materials for, state or federal jobs.

How Do You Get Certified?

MBE certification can be acquired through two minority business advocacy organizations; the SCMSDC- Southern California's Minority Supplier Development Council or the NMSDC-National Minority Supplier Development Council.

Getting certified is a process. For each organization your company must meet minority-owned status, submit several documents, have an interview and an on-site visit with an affiliate, and pass their stringent review processes. PRL obtained its national MBE certification from SCMSDC in 2017.

What Are The Requirements For Certification?

The corporation or vendor must be a for-profit business

51% of applicants must be U.S. citizens

51% of applicants must be a minority group member: At least 25% Asian, Black, Hispanic or Native American

In Summary This Means:

The entity or supplier must be minority-owned, operated *and* controlled according to the above stipulations.

What Does Certification Mean? How Does It Benefit PRL?

Being certified means PRL's a qualified vendor for companies that want to bid on government contracts. Also, this means we're listed in the SCMSDC and NMSDC databases so they can find us.

Being certified holds great value with corporations seeking MBE suppliers. Because PRL passed SCMSDC's review process, it shows prospective partners our enterprise upholds the highest business standards and practices.

Additionally, membership through SCMSDC gives us access to numerous business development workshops, seminars and networking events. So, this not only can help PRL's business grow, but also benefits us since entities may be more likely to work with PRL because we have access to these valuable resources.

GOVERNMENT REQUIREMENTS:

Why Do Large Corporations Seek MBE Suppliers?

Often federal, state and local government clients require companies to maintain a certain level of MBE spend before they will even consider doing business with them.

These enterprises rely heavily on government contracts to increase their revenue. So, large corporations seek MBE vendors to maintain supplier diversity and meet these spend requirements to increase their chances of winning government jobs.

What is MBE Spend? Why Does It Matter to PRL?

MBE spend is an amount of money the government requires businesses use to hire minority-owned vendors. Because PRL is an MBE supplier, it's to their benefit to partner with us so they can achieve their MBE spend quota.

This matters to PRL because it opens financial, marketing and networking doors for us. Large companies will want to seek us out to maintain vendor diversity, and this will bring us more clients and business. Word spreads, and the more customers who know PRL's a certified supplier, and the advantages of working with us, increases the likelihood they'll spread the word too.

TAX INCENTIVES:

Does Being A Minority-Owned Business Qualify PRL For Tax Breaks?

No, minority-owned businesses are not qualified for tax breaks. But corporations that *hire* them to provide materials and services do. These tax incentives are another benefit of working with us. Since PRL's MBE certified, we're qualified to supply materials for them.

What Are The Tax Incentives For Companies That Source MBE's?

There are numerous state and federal programs sponsored by the U.S. Small Business Administration and the Department of Transportation. The amount and type of tax benefits depend on the specific program. All require the bidder to use minority-owned enterprises, such as PRL, to supply labor, services or materials.

Some Examples Include:

For Large Entities: Reduced tax liabilities for projects funded with state or federal grants and loans

For Contractors & Subcontractors: Rebates or state income tax credits

SUMMARY: UNDERSTANDING THE MBE PROCESS:

How Does The Program Work? Where Does PRL Come In?

Explained simply, this is how the process works. Say a large corporation wants to bid on a multi-million-dollar government job. However, due to the MBE program, this project must be awarded to a business that utilizes a minority supplier and satisfies their diversity spend requirements. So, how do they achieve this?

That's where PRL comes in. We're the minority vendor that can help this company land the job. Partnering with us qualifies them for bidding and helps meet their MBE spend requirements. It's a win-win for everyone. If awarded the contract, the large enterprise makes millions by hiring us, and PRL makes money by scoring a big account. Additionally, the corporation, or contractor, will also be entitled to the tax benefits outlined above.

PROMOTING PRL'S MBE STATUS:

How Can I Help PRL Acquire More MBE Clients?

The answer is simple. Spread the word! When talking with, or emailing, customers remind them we're an MBE supplier. Pointing out the benefits of working with us can go a long way.

What Should I Tell Customers? What Are Key Benefits To Mention?

Tell Clients:

PRL is a, "certified MBE vendor". These buzz words will get their attention.

Let them know they can find us in the SCMSDC and NMSDC databases. They'll know what this is.

Point Out Partnering With PRL Can:

Provide more opportunities to get large, government-funded construction and transportation projects

Qualify your business to bid on state and federal contracts

Help your company meet the government's MBE spend requirements. (This is an important point and great promotional tool).

Increase your chances of winning big state and federal jobs

Entitle your corporation to tax breaks such as rebates, credits and reduced tax liabilities. (Another important point and promotional tool).

Assure we uphold the highest standards and practices since we're certified through SCMSDC