



*United States*  
**Department of Transportation**

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**American Recovery and Reinvestment Act**

**Office of the Secretary**

**Disadvantaged Business Bonding  
Assistance**

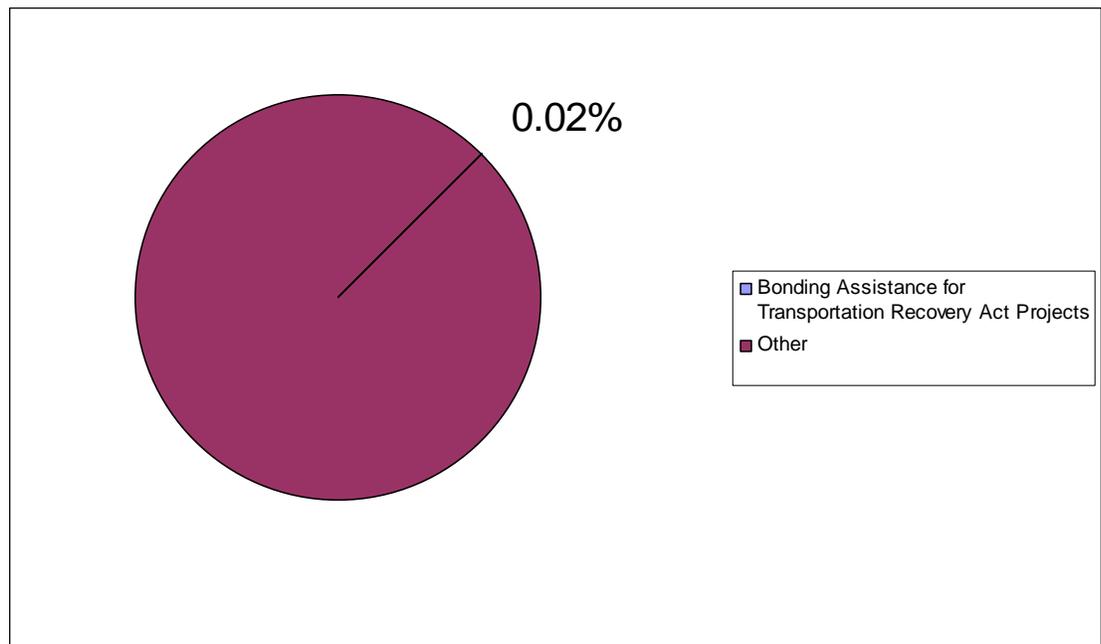


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Funding

**Funding:** \$20,000,000

**Percentage of DOT total Recovery Act funding:**



**Type:** Direct Expenditure

**Period of Availability:** Two year funding (thru 2010)

**Time line for announcing:** All funds will be announced and made available by May 31, 2009. Date subject to change.

**Amount allotted for administrative cost:** \$132,237

**Amount allotted for distribution:** \$19,867,763

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Program Description

**Program objectives:**

The objective of the Disadvantaged Business Enterprise (DBE) Recovery Act Bonding Assistance Program is to assist DBEs to obtain bid, payment, and performance bonds in a timely and efficient manner, which will enable DBEs to

compete for and perform transportation-related projects receiving Recovery Act funding from DOT.

**Public benefits:**

Disadvantaged Business Enterprise business owners will benefit by obtaining bonding that may have otherwise been unavailable to them to compete for and perform transportation-related projects. Thus enabling Disadvantaged Business Enterprise companies to continue to grow their small businesses, create jobs, and stimulate the economy.

**Project level activities:**

The surety company will determine that a contractor is eligible for both a guaranteed bond and the Disadvantaged Business Enterprise Recovery Act bonding assistance program, and then submit the application package to the appropriate Small Business Administration (SBA) field office. SBA will review the application, verify eligibility for DOT's fee subsidy, and approve the application in SBA's Surety Bond Guarantee (SBG) system. The SBG system will identify the bond as DBE Recovery Act bonding assistance program if a DOT Recovery Act project number was entered. If the project exceeds \$2 million, the bond will also be flagged as an SBA Recovery Act bond. SBA will issue a guarantee to the surety company. The surety company will issue the bond to the DBE. The DBE will pay the surety company's bond fee. SBA will bill DOT for the SBA fee.

**Funding determination:**

This is not a formula-based program. Bonding assistance will be equally available to primary and sub-tier contractors competing for and performing transportation-related projects receiving Recovery Act funding from DOT.

**Project selection criteria:**

This is not a formula-based program. Bonding assistance will be equally available to primary and sub-tier contractors competing for and performing transportation-related projects receiving Recovery Act funding from DOT.

**Funding decisions made by:** US Department of Transportation

**Contracting vehicle(s):** The Recovery Act funds will be fully utilized in accordance to the agreement between the Small Business Administration and the Department of Transportation.

**Primary recipients:** Non-Government – General Recipients:  
Minority Groups

**Beneficiaries:** General Public

Significant program challenges and mitigation strategies:

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Program Activities

**Summary of implementation process:**

DOT will distribute about \$35 billion in Recovery Act appropriated infrastructure funds, which are subject to the same disadvantaged business enterprise (DBE) program requirements as non-ARRA formula funded projects. DOT issued guidance to program administrators suggesting steps to take to mobilize underutilized DBE capacity that may be needed to meet increased demand fueled by the Recovery Act to be communciated.

To disseminate information about the DBE bonding assistance program, DOT will develop an in-house outreach campaign at the state and local level to promote and distribute information related to this program. This campaign will be a joint effort between DOT and state DOTs, Office of Civil Rights at the state and local levels, and other government agencies such as Small Business Administration, Minority Business Development Agency, and others. Part of the communication effort to disseminate information to small business will be coordinated through the nine Small Business Transportation Resource Centers (SBTRCs). Cooperative agreements with business organizations across the country are already in place to assist small businesses.

**Milestones:**

	<b>Milestone</b>	<b>Date</b>	<b>Anticipated Accomplishment</b>
1	Request for Applications	June 2009 <b>Date subject to change.</b>	Determination of project selection criteria and publication of solicitation of applications
2	Partner With Small Business Administration to craft a program to provide timely bonding assistance to Disadvantaged Business Enterprises	May 2009 <b>Date subject to change.</b>	Signed Memorandum of Agreement to implement the program
3	Design and implement processes, financial systems requirements, marketing and information dissemination strategies, and guidance to Disadvantaged Business Enterprises to execute the program	June 2009 <b>Date subject to change.</b>	Fully functional program made available to Disadvantaged Business Enterprises

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## Anticipated Results

### **Expected Outcome**

Between 1,000 and 2,000 Disadvantaged Business Enterprises (DBE) will receive bonding assistance beyond what would otherwise be available from the Small Business Administration or the private sector. Thus more DBE companies will be able to compete for projects.

Related Outputs: The number of bonds only. To be eligible for bonding assistance, DBEs must first be competing for or performing on transportation-related projects receiving Recovery Act funding from other DOT Operating administrations.

**Measure** Number of Disadvantaged Business Enterprises (DBE) that will get bonds through the bonding assistance program.

Explanation of Measure: Data received from surety companies and U.S. Small Business Administration will allow us to monitor how many DBEs are getting bonds through the program.

There are no targets set at this time because the program is still underdevelopment.

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## Risk Management & Evaluation

### **Risk:**

The Department of Transportation created a common risk management protocol for each of its Recovery Act programs to follow. It includes (1) completing a risk assessment to identify risks, (2) completing a risk profile to assess risks, (3) developing a risk mitigation strategy to address identified risks, and (4) participating in a validation and testing process to ensure that risks are being addressed. This Recovery Act program is participating fully in the established risk-management process and may even enhance that process with additional program-specific risk management actions.

General Risk	OSDBU performed a risk assessment to identify gaps and assign overall risk. We have identified three gaps, to which we are addressing. We plan to mitigate risk by thoroughly considering DOT's and Small Business Administration's roles and responsibilities in order to meet Recovery Act requirements and clearly identify them in the Memorandum Of Agreement.
Reporting Risk	The program performed a risk assessment to identify gaps and assign overall risk. We have identified 2 gaps, to which we are addressing. Although section 4.17 of OMB Memorandum M-09-10 Updated Implementation Guidance for the American Recovery and Reinvestments Act of 2009 clearly identifies the reporting requirements of the performing agency and indicates that the performing agency may report back to the ordering agency, DOT is requesting Small Business Administration to provide a copy for our review.
Human Resources Risk	The program performed a risk assessment to identify gaps and assign overall risk. We have not identified any gaps. We are in the process of preparing a risk profile and devising a plan to mitigate and monitor identified risks.
Grants Risk	Not Applicable
Procurement Risk	Not Applicable
Budget/Financial Risk	The program performed a risk assessment to identify gaps and assign overall risk. We have not identified any gaps. We are in the process of preparing a risk profile and devising a plan to mitigate and monitor identified risks.
Systems Risk	The program performed a risk assessment to identify gaps and assign overall risk. We have not identified any gaps. We are in the process of preparing a risk profile and devising a plan to mitigate and monitor identified risks.
Audit/Investigations Risk	The program performed a risk assessment to identify gaps and assign overall risk. We have not identified any gaps. We are in the process of preparing a risk profile and devising a plan to mitigate and monitor identified risks.
Performance Risk	There is only an average to low risk of our ability to meet our performance objectives and Recovery Act

	requirements.
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**Planned program assessment / evaluation**

Nature and Purpose: Determine if the bonding assistance provided to Disadvantaged Business Enterprises through our program has increased the ability to compete and receive contracts. The program will determine whether or not the bonding assistance provided increased the number of Disadvantaged Business Enterprise business owners that are competing and receiving contracts from Recovery Act funds.

<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>
August 2009	November 2009

**Results of recent program assessment / evaluation:**

Not applicable – this is a new program.

<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>
Not Applicable	Not Applicable

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## Accountability & Transparency

### **Scheduling reviews:**

The program will be reviewed on a monthly basis.

### **Communicating with recipients:**

Not Applicable-project-level data collected by the Department's Recovery Act program providing project funding.

### **Communicating with public and stakeholders:**

All bond recipient data will be posted by the Small Business Administration on Recovery.gov. The public and the stakeholders will be encouraged to call the Office of Small and Disadvantaged Business Utilization hotline or send their inquiries and comments to the Recovery Act bonding assistance email address.

### **Collecting and validating project-level data:**

Not Applicable-project-level data collected by the Department's Recovery Act program providing project funding.

### **Ensuring best use of federal funds:**

For jobs creation and retention	Bonding assistance does not generate job retention or creation. The transportation-related project that the Disadvantaged Business Enterprise has won, for which they then must be bonded, generates job retention and creation. The program relies on the operating administration's vetting of transportation-related projects to ensure the best use of federal funds in this area.
For program or project outputs	The only program output is the number and amount of Disadvantaged Business Enterprise (DBE) bonds issued in support of providing supplies or services to transportation-related projects receiving Recovery Act funding. Program guidance will clearly state eligibility requirements and the procedure for the application for DBE Recovery Act bonding assistance. In addition, the guidance will clearly indicate that all DBEs providing supplies or services on DOT Recovery Act-funded projects already vetted by the Department's Recovery Act programs granting Recovery Act funding to transportation-related projects are equally eligible. DBEs must submit proof of DBE certification and a contract for a project with a federal project ID Number receiving DOT funding from the Recovery Act programs. The project numbers will be verified by

	DOT for eligibility.
For other public benefits	DOT was legislatively directed to use up to \$20 million to provide Disadvantaged Business Enterprise (DBE) Bonding Assistance. There is no other option. It is in the public's social interest to assist disadvantaged businesses to participate in the economy. Program guidance will clearly state eligibility requirements and the procedure for the application for DBE Recovery Act bonding assistance. In addition, the guidance will clearly indicate that all DBEs providing supplies or services on DOT Recovery Act-funded projects already vetted by the OAs granting Recovery Act funding to transportation-related projects are equally eligible. DBEs must submit proof of DBE certification and a contract for a project with a federal project ID Number receiving DOT funding from Recovery Act programs. The project numbers will be verified by DOT for eligibility.

**Holding program managers and recipients accountable:**

Not applicable, recipient data collected by the Department's Recovery Act program providing project funding.

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## Compliance & Results

### **Reducing environmental impacts:**

Not Applicable - bonding assistance will be available to all Disadvantaged Business Enterprises competing for or performing on any transportation-related project receiving DOT Recovery Act funding. The design and selection of the projects will be performed and monitored by the Department's Recovery Act programs providing project funding. The program relies on the Department's Recovery Act program granting project-related funding to ensure that the projects are fully vetted and exercise leadership on renewable energy, energy and water efficiency, and/or reduce environmental impacts.

### **Complying with National Environmental Policy:**

Not Applicable - bonding assistance will be available to all Disadvantaged Business Enterprises competing for or performing on any transportation-related project receiving DOT Recovery Act funding. The design and selection of the projects will be performed and monitored by the DOT Recovery Act programs providing project funding. The bonding program relies on the other Department's Recovery Act programs granting project-related funding to ensure that the projects are fully vetted and in compliance with national environmental policy.

### **Complying with National Historic Preservation Standards:**

Not Applicable - bonding assistance will be available to all Disadvantaged Business Enterprises competing for or performing on any transportation-related project receiving DOT Recovery Act funding. The design and selection of the projects will be performed and monitored by the DOT Recovery Act programs providing project funding. The bonding program relies on the other Department's Recovery Act programs granting project-related funding to ensure that the projects are fully vetted and in compliance with national environmental policy.

### **Holding recipients accountable for energy efficiency and/or green building standards:**

Not Applicable - bonding assistance will be available to all Disadvantaged Business Enterprises competing for or performing on any transportation-related project receiving DOT Recovery Act funding. The design and selection of the projects will be performed and monitored by the DOT Recovery Act programs providing project funding. The bonding program relies on the other Department's Recovery Act programs granting project-related funding to ensure that the projects are fully vetted and in compliance with national environmental policy.