SEC. 815. FIVE-YEAR EXTENSION OF DEPARTMENT OF DEFENSE MENTOR-PROTEGE PILOT PROGRAM.

(a) EXTENSION OF PROGRAM.—Subsection (j) of section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 10. U.S.C. 2302 note) is amended—

(1) in paragraph (1), by striking "September 30, 2010" and inserting "September 30, 2015"; and

(2) in paragraph (2), by striking "September 30, 2013" and inserting "September 30, 2018".

(b) EXTENSION OF REQUIREMENT FOR ANNUAL REPORT.—Subsection (l)(3) of such section is amended by striking "2010" and inserting "2015".

Section-by-Section Analysis

The Department of Defense (DoD) Mentor-Protege Program (MPP) was established under section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 10 U.S.C. 2302 note). The purpose of this program is to develop the technical capabilities of small disadvantaged business (SDB), including organizations employing the severely disabled (as defined in subsection (m)(7) of that section), women-owned small business (WOSB), service-disabled veteran-owned small business (SDVOSB), and historically underutilized business zone (HUBZone) small business. The program enables major prime contractors (mentors) to transfer and/or develop technology that is critical to National Defense, to SDB, WOSB, SDVOSB, and HUBZone small businesses (protégés). In so doing, the DoD MPP helps to increase supplier diversity in DoD's industrial base.

The DoD MPP has expanded the number of qualified SDBs able to support DoD contracts, strengthening competition potential and the industrial base. Historically, 12 percent of all SDB prime contract awards made by DoD were to former or current protégés. Extending the MPP to 2015 will continue to contribute substantially to the Department's continued progress in meeting these and other small business statutory goals.

Budgetary Implications: This proposal, to extend the DoD Mentor Protege Program, is fully funded in the Fiscal Year (FY) 2010 Presidential Budget. Subject to the appropriation, this section would require $27.9 million in FY 2011, increasing to $33.9 million in FY 2015, as demonstrated in the exhibit below. This would support an increasing number of MPP agreements from 120 in FY 2011 to more than an estimated 200 in FY 2015. This proposal

would be funded from the Defense-wide Procurement account to support activities in the Army, Navy, Air Force, Defense Intelligence Systems Agency, Missile Defense Agency, National Geospatial Intelligence Agency, Special Operations Command, Joint Robotics Initiative, National Security Agency, and the Department of Defense Office of Small Business Programs.

NUMBER OF PERSONNEL AFFECTED*						
	FY 2011	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**Personnel Type**
Total	51	51	51	51	51	CIVPERS

RESOURCE REQUIREMENTS ($MILLIONS)*								
	FY 2011	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**
Total	27.966	30.370	31.360	31.500	33.869	Procurement, Defense-wide	01 (Major Equipment)	47 (P-1/Mentor Protégé Program)

***Positive and negative resource requirements described above are in relation to the FY 2009 base.** No offsets have been identified in support of this small business program. Funding is requested in support of meeting the established Department of Defense small business participation goals.

Costing Methodology: The Department of Defense calculated the projected programmatic requirement increases based on prior year successes and current trends, and future year requests from the military departments. These future year requirements are reflected in the FY 2011 President's Budget. In projecting program growth, added value to the Warfighter was prioritized with the consideration that funds will be used to invest in near-term delivery of cost effective and proven technologies to protect and empower the Warfighter, reduce injuries, and enhance security.

Changes to Existing Law: This proposal will amend section 831 of the National Defense Authorization Act for Fiscal Year 1991, Public Law 101-510, as follows:

SEC. 831. MENTOR PROTEGE PILOT PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—The Secretary of Defense shall establish a pilot program to be known as the "Mentor-Protege Program".

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(j) EXPIRATION OF AUTHORITY.— (1) No mentor-protege agreement may be entered into under subsection (e) after September 30, ~~2010~~ **2015**.

(2) No reimbursement may be paid, and no credit toward the attainment of a subcontract goal may be granted, under subsection (g) for any cost incurred after September 30, ~~2013~~ **2018**.

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(l) REPORTS AND REVIEWS.—(1) The mentor firm and protege firm under a mentor-protege agreement shall submit to the Secretary of Defense an annual report on the progress made by the protege firm in employment, revenues, and participation in Department of Defense contracts during the fiscal year covered by the report. The requirement for submission of an annual report applies with respect to each fiscal year covered by the program participation term under the agreement and each of the two fiscal years following the expiration of the program participation term. The Secretary shall prescribe the timing and form of the annual report.

(2)(A) The Secretary shall conduct an annual performance review of each mentor-protege agreement that provides for reimbursement of costs. The Secretary shall determine on the basis of the review whether—

(i) all costs reimbursed to the mentor firm under the agreement were reasonably incurred to furnish assistance to the protege firm in accordance with the requirements of this section and applicable regulations; and

(ii) the mentor firm and protege firm accurately reported progress made by the protégé firm in employment, revenues, and participation in Department of Defense contracts during the program participation term covered by the mentor-protege agreement and the two fiscal years following the expiration of the program participation term.

(B) The Secretary shall act through the Commander of the Defense Contract Management Command in carrying out the reviews and making determinations under subparagraph (A).

(3) Not later than 6 months after the end of each of fiscal years 2000 through ~~2010~~ **2015**, the Secretary of Defense shall submit to Congress an annual report on the Mentor-Protege Program for that fiscal year.

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