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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

PROCUREMENT, LOGISTICS,
AND READINESS DIVISION

B-206599

MARCH 23, 1982

The Honorable David A. Stockman
Director, Office of Management
and Budget

Dear Mr. Stockman:

Subject: Duplicate Programs to Identify Minority Businesses
(PLRD-82-58)

We would like to bring to your attention an area where similar programs exist and may in fact produce duplicate results. We identified this duplication during a survey of Federal agency activities designed to promote Government contracting with socially and economically disadvantaged businesses. Our objective was to determine if activities run by the executive branch were duplicative.

Of six agencies that we reviewed, we found that duplication existed among three of them. The Small Business Administration (SBA), the Minority Business Development Agency (MBDA), and the Department of Defense (DOD) are sponsoring, or have sponsored, programs designed to identify minority-owned businesses for the purpose of providing Government and private contracting opportunities.

SBA's Procurement Automated Source System (PASS) began operating in October 1978 to collect the names, addresses, and general capabilities of nearly 60,000 small businesses, of which about 12,000 are minority owned. PASS' annual operating cost is estimated at \$750,000.

MBDA began operating its PROFILE system in August 1981 and has collected the same type information on about 9,000 minority-owned firms, regardless of size. The estimated cost for the first quarter of fiscal year 1981 was \$38,700.

DOD awarded a contract in March 1979 for a program to expand the participation of minority-owned business firms in the DOD acquisition program. The contract was to identify minority-owned business firms to DOD acquisition activities and to DOD prime contractors and to adequately describe the capabilities of each

firm. The total price of the contract through December 31, 1981, was \$5.9 million. However, the tasks of identifying the firms and describing their capabilities were not separately priced. Through December 1981 about 900 firms had been identified.

MBDA appears to be running its PROFILE system contrary to direction from your Office. In September 1980 MBDA submitted a survey form to your Office for approval as required under the Federal Reports Act (replaced in April 1981 by the Paperwork Reduction Act). Although your Office approved the survey form, approval was contingent on maintaining the data on the PASS data base. MBDA currently maintains its own data base.

DOD's program was not submitted to your Office for approval. As you know, the Paperwork Reduction Act requires that any data gathering of information from 10 or more members of the public be approved by your Office. This applies whether done directly or through a contractor and whether or not a form is used. The purpose of this requirement is to avoid duplication and undue burden on the public.

The three agencies discussed have similar programs to identify socially and economically disadvantaged businesses. Because our survey covered only six agencies--SBA, MBDA, DOD, and three others--the potential exists that similar activities are occurring in other agencies.

RECOMMENDATIONS

We recommend that you direct your staff to meet with SBA, MBDA, and DOD officials to clarify authority to collect and maintain data on socially and economically disadvantaged businesses.

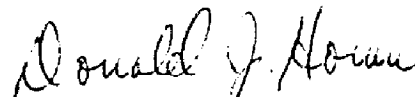
We also recommend that you survey all executive branch agencies to determine if similar activities are occurring, and if so, take appropriate action to eliminate duplication.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

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We are sending copies of this report to the Chairmen of the above-mentioned Committees and the Chairmen of the House Committee on Small Business and the Senate Select Committee on Small Business.

Sincerely yours,

A handwritten signature in cursive script that reads "Donald J. Horan".

Donald J. Horan
Director