

Why GAO Did This Study

Each year, the government obligates billions in contracts to businesses—nearly \$537 billion in fiscal year 2011. About \$104 billion (19.4 percent) was obligated to small businesses, and over \$36 billion of this amount was obligated to small businesses that identified themselves as minority-owned (see figure). In this report, GAO describes (1) what federal agency officials and advocacy groups identified as challenges small, minority-owned businesses may face in seeking federal government contracts—including any linguistic or cultural barriers—and agencies' efforts to address them, and (2) what information is available on federal efforts to assist small, minority-owned businesses in contracting with the federal government. For selected agencies, GAO analyzed data on obligations to minority-owned businesses, reviewed information on programs and resources that can assist minority-owned businesses, reviewed relevant information from the Department of Justice on agencies' Limited English Proficiency plans, and interviewed officials from selected federal agencies and advocacy groups that provide assistance to minority-owned businesses. In written comments, Commerce said that GAO had not covered all federal efforts to support small, minority-owned business contracting. As GAO noted in the report, this study focused on selected agencies and contracting activities that accounted for about 70 percent of total federal obligations to small, minority-owned businesses in fiscal year 2010.

View [GAO-12-873](#). For more information, contact William Shear at (202) 512-8678 or shearw@gao.gov.

GOVERNMENT CONTRACTING

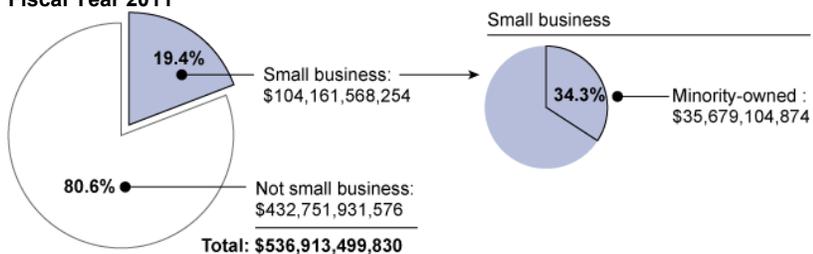
Federal Efforts to Assist Small Minority-Owned Businesses

What GAO Found

While their views varied to some degree, federal agency officials and advocacy groups GAO contacted identified a number of challenges that small, minority-owned businesses may face in pursuing federal government contracts. For example, officials and advocacy groups pointed to a lack of performance history and knowledge of the federal contracting process as significant barriers. Officials from advocacy groups cited additional challenges, such as difficulty gaining access to contracting officials and decreased contracting opportunities resulting from contract bundling—the consolidation of two or more contracts previously performed under smaller contracts, into a single contract. Officials from agencies that accounted for 70 percent of federal contracting with small, minority-owned businesses—the Departments of Defense, Health and Human Services, and Homeland Security, and the General Services Administration) told GAO that they conducted outreach to help small, minority-owned businesses with these challenges. Their outreach efforts include one-on-one interviews between contracting office staff and businesses seeking federal contracts. Linguistic and cultural barriers were identified as a challenge on a limited basis.

Federal agencies GAO contacted collected and reported some information on the contracting assistance provided to small disadvantaged businesses—including those that are minority-owned. Two agencies GAO reviewed collected and reported data by minority group. The Minority Business Development Agency in the Department of Commerce—created to foster the growth of minority-owned businesses of all sizes—reported that its business centers helped these businesses obtain 1,108 financings and contracts worth over \$3.9 billion in fiscal year 2011. For the same fiscal year, the Small Business Administration (SBA) reported that more than 90 percent of its primary business development program participants were minority-owned businesses. Federal agencies that GAO contacted said that the goals SBA negotiated with federal agencies for contracting with various socioeconomic categories, including small disadvantaged businesses, provided some information on efforts to assist minority-owned businesses. In fiscal year 2011, agencies GAO contacted met their prime contracting goal and three out of four agencies met their subcontracting goals. GAO generally found limited data on participants in agency outreach efforts because the agencies are not required to, and therefore generally do not, collect data on the minority group or socioeconomic category of businesses that participate in outreach events for federal contracting opportunities.

Percentage of Obligated Funds for Contracts to Small, Minority-Owned Businesses, Fiscal Year 2011



Source: GAO analysis of data from the Federal Procurement Data System – Next Generation.