

GAO Highlights

Highlights of [GAO-17-550](#), a report to congressional committees

Why GAO Did This Study

SBA administers several programs nationwide and in Puerto Rico that provide federal contracting preferences to small businesses. The Puerto Rico Oversight, Management, and Economic Stability Act includes a provision for GAO to review the application and utilization of SBA programs in Puerto Rico.

GAO examined, among other things, (1) trends in small business contracting and the use of SBA programs in Puerto Rico that provide contracting preferences to small businesses and (2) stakeholder views on any challenges that small businesses in Puerto Rico face in obtaining federal contracting opportunities.

To analyze trends in the use of SBA programs, GAO obtained data on prime contracts for Puerto Rico for fiscal years 2006 through 2016 and used nationwide data as a reference point. GAO interviewed stakeholders such as federal agency contracting officials, industry associations in Puerto Rico, and economic development entities about any challenges small businesses in Puerto Rico face in obtaining federal contracts and steps SBA has taken to promote participation in its programs. Additionally, GAO conducted a literature review to identify challenges cited for the 8(a), HUBZone, WOSB, and SDVOSB programs and challenges faced by small businesses in federal contracting in Puerto Rico.

GAO makes no recommendations in this report.

View [GAO-17-550](#). For more information, contact William Shear at (202) 512-8678 or shearwj@gao.gov.

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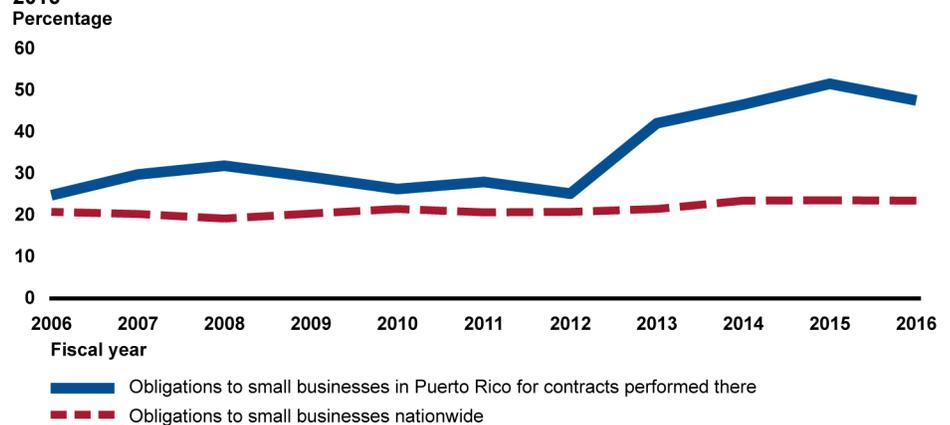
PUERTO RICO

Information on Trends and Challenges to Small Business Federal Contracting

What GAO Found

From fiscal years 2006 through 2016, a higher percentage of federal contracting obligations was awarded to small businesses within Puerto Rico for contracts performed there compared to the percentage for small businesses nationwide, particularly in the last 4 fiscal years of the period (see fig.). In fiscal year 2016, small businesses in Puerto Rico received about 47 percent of federal contracting obligations to Puerto Rico (about \$319 million out of \$682 million) compared to 23 percent of federal obligations awarded to small businesses nationwide. Of the four Small Business Administration (SBA) programs that provide contracting preferences based on socioeconomic designations, a higher percentage of obligations was awarded in Puerto Rico through the 8(a) Business Development program compared to the Historically Underutilized Business Zone (HUBZone), Women-Owned Small Business (WOSB), and Service-Disabled Veteran-Owned Small Business (SDVOSB) programs. The use of 8(a) contract awards in Puerto Rico was somewhat higher than nationwide, while the use of the other three SBA programs was roughly comparable.

Percentage of Small Business Obligations for Puerto Rico and Nationwide, Fiscal Years 2006–2016



Source: GAO analysis of data from Federal Procurement Data System-Next Generation. | GAO-17-550

Agencies and industry associations GAO interviewed identified several challenges small businesses in Puerto Rico may face in obtaining federal contracting opportunities. Challenges they identified included a lack of knowledge about the federal contracting process; difficulty meeting procurement requirements; and difficulty accessing bonding, financing, and capital. Many of these challenges are similar to those GAO identified in a September 2012 report (GAO-12-873) that small businesses in general face in seeking federal contracting opportunities. However, stakeholders indicated that some challenges may be exacerbated by Puerto Rico's geography and economic conditions. Stakeholders did not identify any federal laws that have created unique contracting challenges for small businesses in the region. SBA and the three other federal agencies GAO contacted identified examples of conducting outreach, providing training and seminars, coordinating with local organizations, and other efforts intended to help Puerto Rican small businesses obtain federal contracting opportunities.