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 combined.

Stakeholders 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.