



Highlights of [GAO-07-698T](#), a testimony before the Committee on Small Business, House of Representatives

### Why GAO Did This Study

In response to Hurricane Katrina, the Departments of Homeland Security (DHS) and Defense (DOD), the General Services Administration (GSA), and the U.S. Army Corps of Engineers (Corps) were responsible for over 90 percent of the federal funds awarded for relief efforts via contracting as of March 2007.

GAO initiated work and completed a report under the Comptroller General's authority last month describing the extent to which small businesses participated in these contracting opportunities. This testimony, which summarizes information from that report, discusses (1) the amounts that small and local businesses received directly from contracts with DHS, GSA, DOD, and the Corps for relief and recovery efforts related to Hurricane Katrina and (2) the extent to which small businesses received subcontracts for relief and recovery efforts.

### What GAO Recommends

GAO recommended in its March 2007 report that DHS, GSA, and DOD take steps designed to ensure compliance with federal contracting regulations and more transparently disclose the extent to which subcontracting opportunities are available to small businesses. These agencies generally agreed with GAO's recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-07-698T](http://www.gao.gov/cgi-bin/getrpt?GAO-07-698T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact William B. Shear at (202) 512-8678 or [shearw@gao.gov](mailto:shearw@gao.gov).

## HURRICANE KATRINA

# Agency Contracting Data Should Be More Complete Regarding Subcontracting Opportunities for Small Businesses

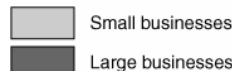
### What GAO Found

Small businesses received a total of 28 percent of the \$11 billion in contracting dollars that DHS, GSA, DOD, and the Corps directly awarded in response to Hurricane Katrina between August 2005 and June 2006 (see fig. below). DHS awarded the highest dollar amount to small businesses (about \$1.6 billion) and GSA awarded the highest percentage of its Katrina-related contracting dollars directly to small businesses (72 percent of about \$658 million). Small businesses in Alabama, Mississippi, and Louisiana received 66 percent of the \$1.9 billion awarded to businesses in these states.

Required information on small business subcontracting was not consistently available in official procurement data systems for the four agencies we reviewed. For example, the systems had no information on whether DHS or GSA required small business subcontracting plans for 70 percent or more of their contracting funds. In addition, the four agencies often did not provide or document reasons for their determinations that plans were not required, even though federal rules require such documentation when prime contracts meet criteria for having these plans. Incomplete information about subcontracting limited GAO's ability to determine the extent to which agencies complied with contracting rules and gave small businesses maximum opportunities to win subcontracts.

**Percentage of Katrina-Related Contract Dollars Awarded to Small Businesses, by DHS, GSA, DOD, and the U.S. Army Corps of Engineers**

	Dollars (in millions) by business size			Total	
	Small		Large		
DHS	\$1,559.9	24%	76%	\$4,858.6	\$6,418.5
GSA	474.7	72%	28%	183.0	657.8
DOD	332.7	34%	66%	653.9	986.6
Corps	728.2	23%	77%	2,381.7	3,109.9
Total	3,095.6	28%	72%	8,077.2	11,172.8



Source: GAO analysis of FPDS-NG and DD-350 data on contracting actions awarded from August 1, 2005, to June 30, 2006.