

GAO Highlights

Highlights of [GAO-19-563T](#), a testimony before the Subcommittee on Contracting and Infrastructure, Committee on Small Business, House of Representatives

Why GAO Did This Study

In 2000, Congress authorized the WOSB program, allowing contracting officers to set aside procurements to women-owned small businesses in industries in which they are substantially underrepresented. To be eligible to participate in the WOSB program, firms have the option to self-certify or be certified by a third-party certifier. However, the 2015 NDAA changed the WOSB program by (1) authorizing SBA to implement sole-source authority, (2) eliminating the option for firms to self-certify as being eligible for the program, and (3) allowing SBA to implement a new certification process.

This testimony is based on a report GAO issued in March 2019 ([GAO-19-168](#)). For that report, GAO examined (1) the extent to which SBA has addressed the 2015 NDAA changes, (2) SBA's efforts to address previously identified deficiencies, and (3) use of the WOSB program. GAO reviewed relevant laws, regulations, and program documents; analyzed federal contracting data from April 2011 through June 2018; and interviewed SBA officials, officials from contracting agencies selected to obtain a range of experience with the WOSB program, and the three (out of four) private third-party certifiers that agreed to meet with GAO.

What GAO Recommends

GAO recommended in March 2019 that SBA develop a process for periodically reviewing the extent to which WOSB program set-asides are awarded for ineligible goods or services and use the results to address identified issues, such as through targeted outreach or training on the WOSB program. SBA agreed with the recommendation.

View [GAO-19-563T](#). For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov

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WOMEN-OWNED SMALL BUSINESS PROGRAM

Actions Needed to Address Continued Oversight Issues

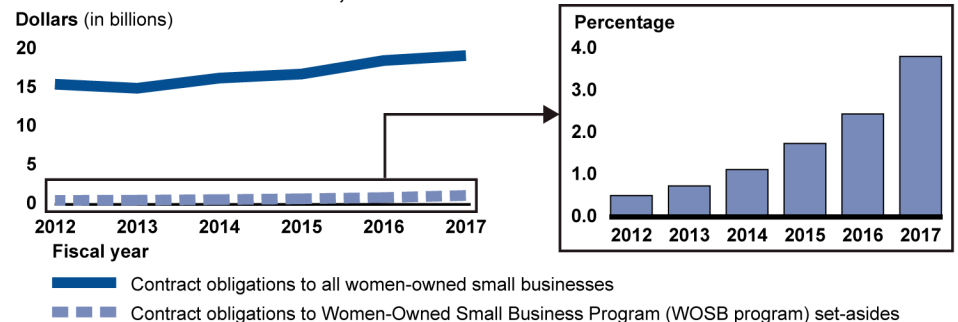
What GAO Found

The Small Business Administration (SBA) has implemented one of the three changes to the Women-Owned Small Business (WOSB) program authorized in the National Defense Authorization Act of 2015 (2015 NDAA). In September 2015 SBA published a final rule to implement sole-source authority (to award contracts without competition), effective October 2015. As of early May 2019, SBA had not eliminated the option for program participants to self-certify that they are eligible to participate, as required by the 2015 NDAA. SBA officials stated that the agency intended to address the third change made by the 2015 NDAA (meaning implement a new certification process for the WOSB program).

SBA has not addressed WOSB program oversight deficiencies and recommendations in GAO's 2014 report ([GAO-15-54](#)). For example, GAO recommended that SBA establish procedures to assess the performance of four third-party certifiers—private entities approved by SBA to certify the eligibility of WOSB firms. While SBA generally agreed with GAO's recommendations and conducted a compliance review of the certifiers in 2016, it has no plans to regularly monitor their performance. By not improving its oversight, SBA is limiting its ability to ensure third-party certifiers are following program requirements. Further, the implementation of sole-source authority in light of these continued oversight deficiencies can increase program risk. GAO maintains that its recommendations aimed at improving oversight should be addressed. In addition, GAO's March 2019 ([GAO-19-168](#)) report found that about 3.5 percent of contracts using a WOSB set-aside were awarded for ineligible goods or services from April 2011 through June 2018. At that time, SBA was not reviewing contracting data that could identify which agencies may need targeted training. GAO recommended that SBA review such data to help address identified issues. In early May 2019, SBA said it had initiated such efforts.

While federal contract obligations to all women-owned small businesses and WOSB program set-asides have increased since fiscal year 2012, WOSB program set-asides remain a small percentage (see figure).

Obligations for the Women-Owned Small Business Program and to All Women-Owned Small Businesses in Similar Industries, Fiscal Years 2012–2017



Source: GAO analysis of Federal Procurement Data System-Next Generation (FPDS-NG) data. | [GAO-19-563T](#)

Note: Obligations to women-owned small businesses represent contract obligations to women-owned small businesses under WOSB-program-eligible North American Industry Classification System codes. FPDS-NG obligation amounts have been adjusted for inflation.