



July 2018

# FEDERAL ADVERTISING

Contracting with Small  
Disadvantaged  
Businesses and  
Those Owned by  
Minorities and Women  
Has Increased in  
Recent Years

# GAO Highlights

Highlights of [GAO-18-554](#), a report to congressional requesters.

## Why GAO Did This Study

The federal government spends close to \$1 billion annually for advertising activities that, among other things, inform the public about programs and services. The government seeks to provide procurement opportunities for these services to businesses such as SDBs and those owned by minorities and women. SDBs are those primarily owned by one or more socially and economically disadvantaged individuals.

GAO was asked to analyze federal advertising obligations to these types of businesses. This report discusses (1) the amount federal agencies have obligated towards advertising contracts over the most recent 5 fiscal years (2013 through 2017) and the amount going to SDBs and businesses owned by minorities and women; and (2) the agencies that have directed the most advertising contract obligations to these businesses and how this has changed over time.

GAO analyzed data on advertising contracts from the Federal Procurement Data System – Next Generation database for fiscal years 2013 through 2017. GAO also interviewed Small Business Administration officials.

The Small Business Administration provided technical comments on this report, which GAO incorporated as appropriate.

View [GAO-18-554](#). For more information, contact Tranchau (Kris) T. Nguyen, 202-512-6806, [NguyenTT@gao.gov](mailto:NguyenTT@gao.gov)

July 2018

## FEDERAL ADVERTISING

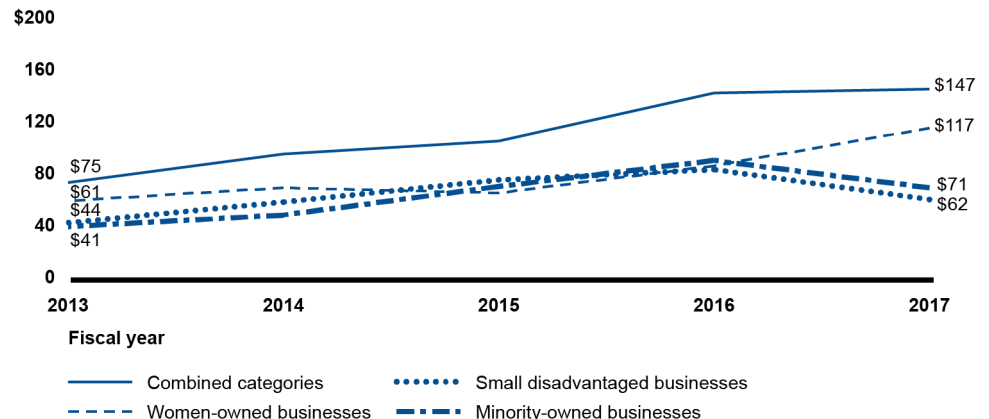
### Contracting with Small Disadvantaged Businesses and Those Owned by Minorities and Women Has Increased in Recent Years

## What GAO Found

Federal advertising contract obligations to small disadvantaged businesses (SDB) and businesses of all sizes owned by minorities and women (specified businesses) generally increased from fiscal years 2013 through 2017, and constituted 13 percent of all advertising obligations over this period. This figure is consistent with the percentage of all federal contract obligations to these businesses over this period. Overall, advertising contract obligations to all three categories of businesses increased between fiscal years 2013 and 2017, as shown in the figure below. Within the minority-owned business category, which includes businesses owned by Asian-Pacific-, Subcontinent-Asian-, Black-, Hispanic-, and Native-Americans, over half of the obligations went to those owned by Hispanic-Americans.

**Federal Advertising Contract Obligations to Small Disadvantaged Businesses and Those Owned by Minorities and Women, Fiscal Years 2013 – 2017**

Contract obligations (nominal dollars in millions)



Source: GAO analysis of Federal Procurement Data System-Next Generation data as of January 17, 2018. | GAO-18-554

Notes: Businesses may be counted under more than one category. For example, a small disadvantaged business may also be women-owned. When calculating the amount going to all three categories combined, GAO only counted each business' obligations once. Therefore, the amounts in the line showing all three categories combined are less than the sums of the individual categories.

Data reflect obligations made on contracts classified under the "support: management – advertising" or "support: management – public relations" product service codes in the Federal Procurement Data System-Next Generation database. Changes from year to year may be associated with a small number of contracts.

Three agencies—the departments of Defense (DOD), Health and Human Services, and Homeland Security—were responsible for nearly three-quarters of advertising contract obligations to the three categories of businesses from fiscal years 2013 through 2017. These agencies were associated with much of the increase in these obligations to specified businesses over the 5-year period. Although some agencies obligated higher shares of their advertising contract obligations to these businesses, they generally obligated fewer dollars than DOD and the two other agencies. For example, the National Aeronautics and Space Administration directed 98 percent of its obligations to these businesses, but the agency's total advertising contract obligations were \$21 million over the 5-year period. DOD obligated \$2.6 billion for these contracts over the same period.

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## Abbreviations

DHS	Department of Homeland Security
DOD	Department of Defense
DOT	Department of Transportation
FPDS-NG	Federal Procurement Data System – Next Generation
HHS	Department of Health and Human Services
NAICS	North American Industry Classification System
SBA	Small Business Administration
SDB	small disadvantaged business
VA	Department of Veterans Affairs

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July 17, 2018

## Congressional Requesters

In recent years, federal spending on advertising contracts has approached \$1 billion annually, making the federal government one of the top advertisers in the country.<sup>1</sup> Federal agencies contract with advertising agencies, public relations firms, and other organizations to provide, among other things, information to the public about programs and services. As it does for virtually all of the products and services it procures, the government seeks to provide procurement opportunities to socially and economically disadvantaged small businesses as well as minority- and women-owned businesses.<sup>2</sup> For example, the Small Business Act, as amended, requires federal agencies to, among other things, establish annual goals for contracting with small businesses owned and controlled by socially and economically disadvantaged individuals.<sup>3</sup>

Given the federal government's advertising spending and its emphasis on contracting with certain business types, you requested that we report on federal advertising contracts with minority-owned businesses and women-owned businesses, regardless of size, and small disadvantaged businesses (SDB)—which are those that self-identify as an SDB, those that have been certified by the Small Business Administration (SBA) as

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<sup>1</sup>The federal government's advertising contract obligations constituted less than 1 percent of total federal contracting obligations in fiscal year 2017. See also GAO, *Public Relations Spending: Reported Data on Related Federal Activities*, [GAO-16-877R](#) (Washington, D.C.: Sept. 30, 2016).

<sup>2</sup>In 2007, we reported on federal advertising contracts awarded to businesses classified as small disadvantaged, minority-owned, or in the Small Business Administration's (SBA) 8(a) business development program. SBA's 8(a) business development program was established to help small disadvantaged businesses—those that are primarily owned by socially and economically disadvantaged individuals, among other criteria—compete in the federal procurement market. See GAO, *Federal Advertising: Established Programs Were Largely Used to Address Executive Order Directive to Ensure Small and Minority-Owned Business Participation*, [GAO-07-877](#) (Washington, D.C.: July 12, 2007).

<sup>3</sup>15 U.S.C. § 644(g). For purposes of eligibility, individuals presumed to be socially disadvantaged include Asian-Pacific-, Subcontinent-Asian-, Black-, Hispanic-, and Native-Americans. To be considered economically disadvantaged, business owners must have net worth and income under certain thresholds. A business is considered small if it is independently owned and operated, is not dominant in its field of operations, and meets any definitions or standards established by the SBA Administrator.

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participants in the agency's 8(a) businesses development program, or both.<sup>4</sup> We determined (1) the amount federal agencies have obligated on advertising contracts over the most recent five fiscal years (2013 through 2017) and the amount going to these business categories; and (2) the agencies that have directed the most advertising contract obligations to these business categories and how this has changed over time.

To address both objectives, we analyzed data from the Federal Procurement Data System – Next Generation (FPDS-NG) database for fiscal years 2013 through 2017. The FPDS-NG database includes data for most federal contract actions that have an estimated value of over \$3,500.<sup>5</sup> We reviewed obligations data for contracts coded under the “support – management: advertising” or “support – management: public relations” product service codes, focusing on those contracts categorized as being awarded to (1) SDBs, 8(a) businesses, or both, (2) businesses owned by minorities and/ or (3) businesses owned by women. Businesses may self-identify in the government's System for Award Management as an SDB, minority-owned, or women-owned, among other categories.<sup>6</sup> For purposes of this report, we refer to the three categories of businesses we examined as “specified businesses.” In addition to analyzing FPDS-NG data, we interviewed SBA officials, who are responsible for assessing government-wide and agency contracting with small and other business categories, about their perspectives on trends in federal contracting.

We assessed the reliability of FPDS-NG data through steps such as considering known strengths and weaknesses based on our past work and looking for obvious errors and inconsistencies in the data we used for our analysis. We also interviewed SBA officials, who use FPDS-NG data in assessing federal contracting, about the database's reliability. Based on these steps, we concluded that the data were sufficiently reliable for

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<sup>4</sup>For purposes of this report, “advertising contracts” means contract actions to include contracts, orders, and modifications categorized in the Federal Procurement Data System-Next Generation database under the advertising or public relations product service codes.

<sup>5</sup>FPDS-NG does not include data from intelligence agencies, the U.S. Postal Service, judicial branch, and most of the legislative branch. Prior to fiscal year 2015, the threshold for inclusion in FPDS-NG was contract actions over \$3,000.

<sup>6</sup>The System for Award Management is the primary government repository for prospective federal awardee information. It includes data collected from prospective federal awardees that is required in order to conduct business with the government.

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our purposes. Additional details on our scope and methodology can be found in appendix I.

We conducted this performance audit from October 2017 to July 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

Federal statutes and a number of executive orders reflect the federal government's policy to encourage the participation of small businesses, including those owned and controlled by socially and economically disadvantaged individuals, in federal contracting. One key statute is the Small Business Act, which established SBA and directed it to aid, counsel, assist, and protect the interests of small business concerns, among other things.<sup>7</sup> The Small Business Act, as amended over the years, as well as executive orders, emphasize the government's policies on contracting with SDBs and businesses owned by women and minorities.<sup>8</sup>

The Small Business Act sets a minimum government-wide goal for small business participation of not less than 23 percent of the total value of all prime contracts for each fiscal year and makes SBA responsible for reporting annually to the President and Congress on agencies' progress in meeting this goal, and making this information available on a public website. SBA reported that the federal government reached this goal for the fifth consecutive year in fiscal year 2017, awarding about 24 percent of total federal contract dollars to small businesses. SBA also negotiates specific goals with agencies to ensure the government-wide goal is met.

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<sup>7</sup>15 U.S.C. §§ 631, 633.

<sup>8</sup>For example, all federal agencies with procurement authority are required by law to have an Office of Small and Disadvantaged Business Utilization that works specifically on contracting issues for these businesses. See 15 U.S.C. § 644(k). An example of an executive order emphasizing these policies is *Increasing Opportunities and Access for Disadvantaged Businesses*, Exec. Order 13170, 65 Fed. Reg. 60827 (Oct. 12, 2000).



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Each agency's progress toward meeting its goals is generally based on the percentage of obligations on contracts with small businesses.<sup>9</sup>

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## Categories of Specified Businesses

The three categories of businesses we examined for this report are small disadvantaged, minority-owned, and women-owned.

**Small disadvantaged business.** Because SBA's 8(a) business development program and SDB criteria are similar, in this report we use the term "small disadvantaged business" or "SDB" to refer to both categories of businesses. Section 8(a) of the Small Business Act established the 8(a) business development program, which authorizes the SBA to enter into contracts with other agencies and award subcontracts for performing those contracts to firms eligible for program participation. To be certified under the 8(a) program, a business must, in general, satisfy requirements for size, be at least 51 percent unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are U.S. citizens, and demonstrate potential for success. Similar to the 8(a) program, SDBs are defined as those that are primarily owned and controlled by one or more socially and economically disadvantaged individuals, though there are some differences in criteria for the 8(a) program and SDB classification. For example, businesses in the 8(a) program must demonstrate the potential for success and business principals must demonstrate good character, but the requirements to demonstrate these do not apply to SDB classification. A business's self-identification as SDB in the federal government's System for Award Management does not automatically lead to acceptance into SBA's 8(a) business development program.

**Minority-owned business.** Businesses of all sizes that are at least 51 percent owned by one or more members of a minority group may self-identify as minority-owned businesses in the federal government's System for Award Management. Minority-owned businesses are further broken down into businesses owned by Asian-Pacific-, Subcontinent-Asian-, Black-, Hispanic-, Native-Americans, and other.

**Women-owned business.** Businesses of all sizes that are at least 51 percent owned by one or more women and whose management and daily

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<sup>9</sup>SBA excludes certain contract dollars, such as acquisitions made on behalf of foreign governments, when calculating the percentages of dollars obligated to small businesses.

business operations are controlled by one or more women may self-identify as a women-owned business in the System for Award Management.

These three categories of specified businesses overlap. For example, an SDB may be women-owned and therefore be counted in FPDS-NG as both an SDB and a women-owned business. To avoid double-counting when presenting consolidated data, we counted obligations and businesses classified under more than one category only once.

Federal Advertising Activities

As we have previously reported, there are several types of activities that are supported by federal advertising contracts.<sup>10</sup> Table 1 provides descriptions and examples of some of these activities.

Table 1: Examples of Federal Advertising Activities

Activity	Description	Examples
Public education and awareness	Providing educational resources and information on public health and safety issues, informing the public of its rights and entitlements, discouraging harmful or dangerous behavior	<ul style="list-style-type: none"><li>• The Internal Revenue Service publicizes information on eligibility for the Earned Income Tax Credit.</li><li>• The Department of Transportation campaigns against distracted driving.</li></ul>
Customer service	Providing information to users of agency services	<ul style="list-style-type: none"><li>• The Department of Education provides information on college costs and post-graduation earnings to people applying for the Free Application for Federal Student Aid.</li></ul>
General information	Keeping the public informed of agency activities	<ul style="list-style-type: none"><li>• The Smithsonian's National Zoo has webcams that allow website visitors to view selected animals.</li></ul>
Recruitment	Advertising to support recruitment	<ul style="list-style-type: none"><li>• The military service components advertise in support of their recruitment missions.</li></ul>
Compliance with laws and policies	Making information available to comply with statutes, executive orders, policies, and procedures	<ul style="list-style-type: none"><li>• Agencies publish information on regulations, in part to meet requirements that the public be informed and given an opportunity to provide input.</li><li>• Agencies publicize information on available contracts and grants to potential applicants.</li></ul>

Source: GAO analysis of agency information | GAO-18-554.

<sup>10</sup>We recently issued two reports on federal advertising contracts. See [GAO-16-877R](#) and GAO, *Public Relations Spending: Selected Agencies' Activities Supported by Contracts and Public Affairs Staff*, [GAO-17-711](#) (Washington, D.C.: Sept. 12, 2017).

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## Federal Agencies Have on Average Directed 13 Percent of Advertising Contract Obligations to Specified Businesses over the Past 5 Years

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### Specified Businesses Generally Received an Increasing Share of Advertising Dollars

Over the past 5 fiscal years (2013 through 2017), federal agencies have obligated on average about \$870 million annually for advertising contracts, with about 13 percent (approximately \$114 million annually) of these obligations going to specified businesses.<sup>11</sup> This share of advertising contract obligations going to these businesses over fiscal years 2013 through 2017 was consistent with the share of total federal contracting obligations going to these businesses (also on average 13 percent over this period).

Advertising contract obligations to specified businesses and the number of these businesses receiving advertising contract obligations have both generally increased over fiscal years 2013 through 2017. The amount of advertising contract obligations going to these businesses nearly doubled from fiscal year 2013 to 2017 (from \$75 million to \$147 million) and also increased as a percent of total advertising contract obligations (from 9 percent of these obligations to 16 percent).<sup>12</sup> Specified businesses also represented an increasing share of businesses receiving advertising contract obligations, from 30 percent (194 businesses) in fiscal year 2013 to 39 percent (250 businesses) in fiscal year 2017. Figure 1 shows advertising contract obligations to specified businesses and the number

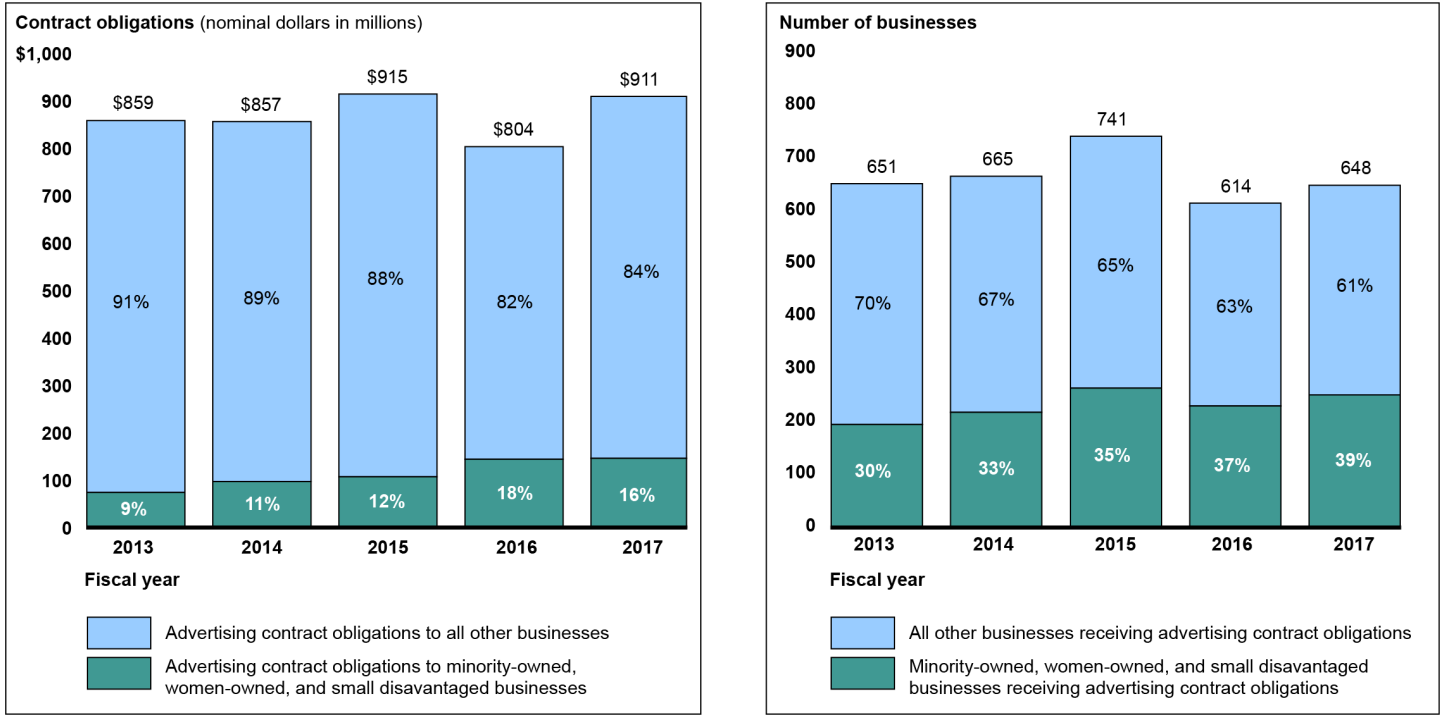
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<sup>11</sup>Note that this percentage describes federal advertising contracts with the three business categories we examined—SDBs and businesses of all sizes owned by minorities and women. The small business procurement goal of 23 percent established by Congress focuses on all federal contracts to all small businesses, and thus reflects a broader group of contracts and a different group of businesses.

<sup>12</sup>When adjusted for inflation, the \$75 million obligated in fiscal year 2013 is equal to \$79 million in fiscal year 2017 dollars. The trend shown in figure 1 is similar when amounts from years prior to fiscal year 2017 are adjusted for inflation.

of these businesses receiving these obligations over fiscal years 2013 through 2017.

**Figure 1: Type and Number of Businesses Receiving Federal Advertising Contract Obligations, Fiscal Years 2013 – 2017**



Source: GAO analysis of Federal Procurement Data System-Next Generation data as of January 17, 2018. | GAO-18-554

Notes: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management – public relations” product service codes in the Federal Procurement Data System-Next Generation database.

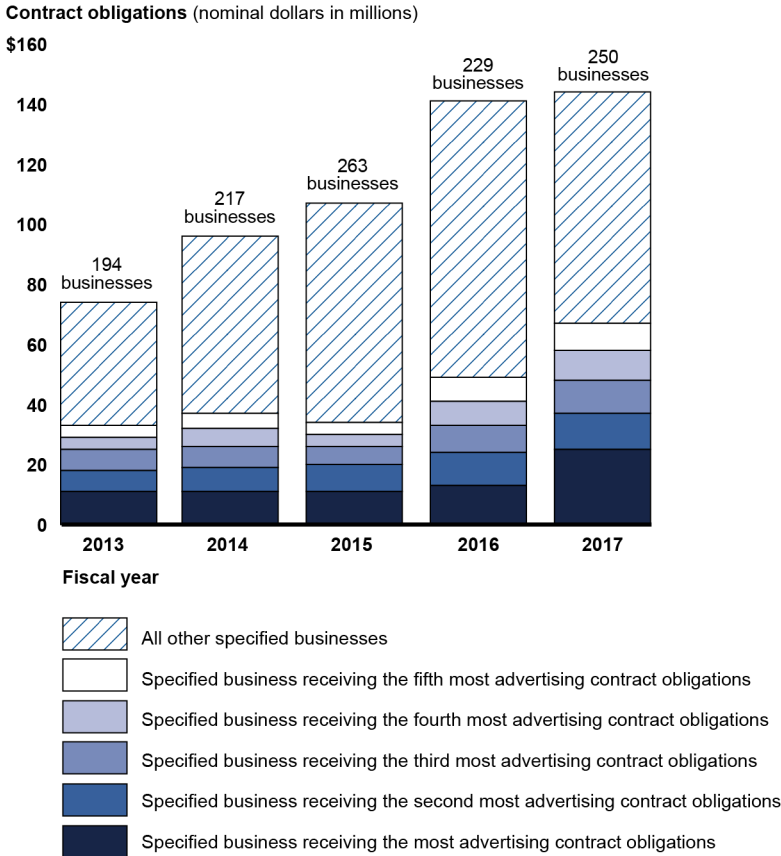
The small disadvantaged business category includes businesses that self-identify as small disadvantaged businesses and those that are certified by SBA for the 8(a) business development program.

In the 5 years from fiscal year 2013 through 2017, a relatively small number of specified businesses received a relatively large amount of federal advertising contract obligations. For example, the top five businesses received about 40 percent of annual advertising contract obligations to specified businesses over the 5-year period. Consistent with findings from our previous work, obligations were also concentrated among a relatively small number of contracts.<sup>13</sup> Figure 2 shows the

<sup>13</sup>GAO-17-711.

distribution of advertising contract obligations among specified businesses, with amounts going to the five largest businesses (in terms of advertising contract obligations received) and all others.<sup>14</sup>

**Figure 2: Number of Small Disadvantaged Businesses and Those Owned by Minorities and Women (Specified Businesses) Receiving Advertising Contract Obligations and Amounts Received by Five Top Businesses and All Others**



Source: Federal Procurement Data System-Next Generation data as of January 17, 2018. | GAO-18-554

Notes: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management – public relations” product service codes in the Federal Procurement Data System-Next Generation database.

Each fiscal year shows the top five specified businesses in that year, by advertising contract obligations received. In some cases the top five firms varied from year to year.

<sup>14</sup>The share of advertising contract obligations going to select businesses is the same when amounts prior to fiscal year 2017 are adjusted for inflation.

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Federal advertising contract obligations to all three categories of specified businesses generally increased between fiscal years 2013 and 2017, although some years showed decreases. (The amount going to women-owned businesses declined between fiscal years 2014 and 2015 and the amounts going to minority-owned businesses and SDBs declined between fiscal years 2016 and 2017.) The most notable increase over the 5-year timeframe, both in dollars and percentage terms, was in the women-owned category, which increased by \$56 million, or 93 percent.<sup>15</sup> Figure 3 shows the amounts obligated to each specified business category, and to the three categories combined.<sup>16</sup> Table 2 in appendix II shows the amounts obligated to each specified business category, in dollars and as a percentage of federal advertising contract obligations, in each of the 5 years.

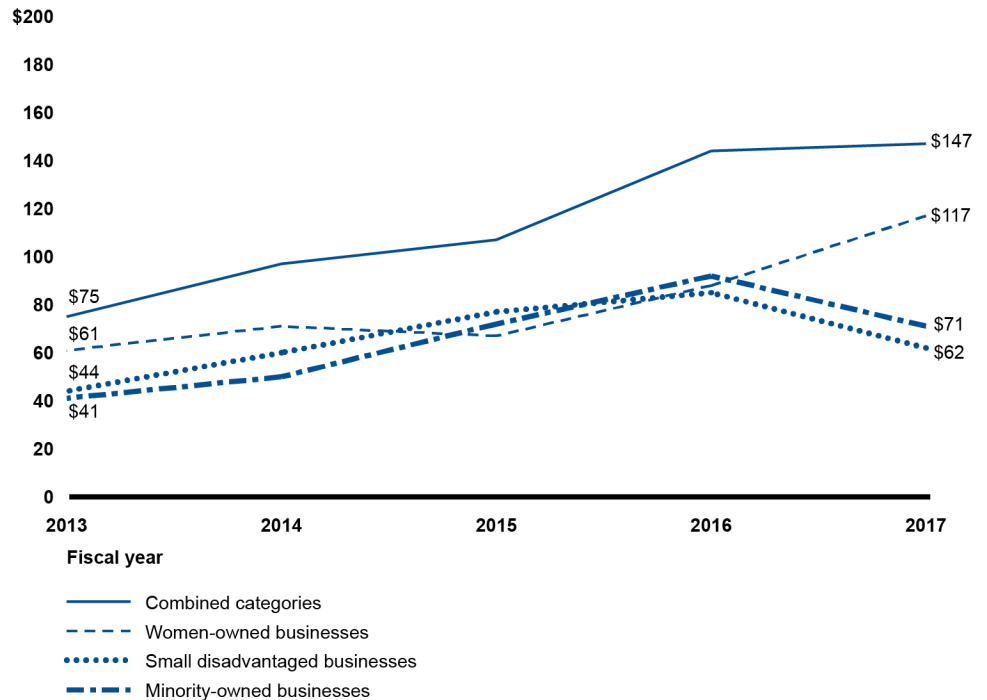
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<sup>15</sup>When adjusted for inflation, the \$61 million obligated in fiscal year 2013 to women-owned businesses is equal to \$65 million in fiscal year 2017 dollars.

<sup>16</sup>Even after adjusting for inflation, the amounts obligated to each category of specified business generally increased over the 5-year period.

**Figure 3: Federal Advertising Contract Obligations to Small Disadvantaged Businesses and Those Owned by Minorities and Women, Fiscal Years 2013 – 2017**

Contract obligations (nominal dollars in millions)



Source: GAO analysis of Federal Procurement Data System-Next Generation data as of January 17, 2018. | GAO-18-554

Notes: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management – public relations” product service codes in the Federal Procurement Data System-Next Generation database.

The amounts in the “combined categories” line are less than the sum of the individual business categories because some businesses are classified under more than one category, but we only count them once when summing obligations to all three categories combined. For example, a small disadvantaged business may be women-owned and therefore the obligations it received would be reflected in both the small disadvantaged and the women-owned rows.

The small disadvantaged business category includes businesses that self-identify as small disadvantaged businesses and those that are certified by SBA for the 8(a) business development program.

Changes in obligations from year to year may be associated with a small number of contracts.

SBA officials we interviewed told us that a program they started in 2011, the Women-Owned Small Business Federal Contracting Program, may have accounted for some of the increase in contracting rates with women-owned businesses over the past 5 years. This is because the program aims to help women-owned small businesses have an equal opportunity to participate in federal contracting and to assist agencies in achieving their goals for contracting with women-owned small businesses. The

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program generally allows women-owned small businesses to compete for set-aside contracts or receive sole source awards in industries where these businesses are underrepresented or substantially underrepresented.<sup>17</sup>

Changes in advertising contract obligations to specified businesses were in some cases associated with a small number of contracts. For example, the \$29 million increase in advertising contract obligations to women-owned businesses between fiscal years 2016 and 2017 was due in large part to two contracts with an advertising agency with combined obligations of about \$22 million in fiscal year 2017. In addition, two contracts that had each been classified under both the SDB and minority-owned categories contributed to the decrease in these two categories between fiscal years 2016 and 2017. Obligations to these two contracts declined by about \$16 million over this period, a substantial portion of the overall declines in these two categories. (Obligations to SDBs declined by about \$23 million; those to minority-owned businesses declined by about \$21 million.) Although obligations to the SDB and minority-owned categories decreased from fiscal year 2016 to 2017, the numbers of these businesses receiving advertising contract obligations both increased. The number of SDBs receiving these obligations went from 123 to 134; the number of minority-owned businesses went from 95 to 98.

Federal agencies are also required to set-aside procurements exclusively for small businesses or businesses in the 8(a) program under certain circumstances, and specific authorities exist to allow award of a contract on a sole source basis to a business in the 8(a) program. However, these authorities were in place prior to fiscal year 2013 and therefore, according

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<sup>17</sup>With regard to setting aside a proposed contract, an agency may restrict competition to women-owned small businesses for requirements designated by SBA as substantially underrepresented by women-owned businesses if there is a reasonable expectation that two or more women-owned small businesses will submit offers and a contract may be awarded at a fair and reasonable price. With regard to sole source awards, an agency may award a contract to a women-owned small business on a sole source basis for requirements designated by SBA as substantially underrepresented by women-owned businesses where there is no reasonable expectation that offers would be received from two or more women-owned small businesses. Set-asides and sole source awards to women-owned small businesses are also subject to other conditions set forth in the Federal Acquisition Regulation. Additional details on the Women-Owned Small Business program can be found in our 2014 report on the program. See GAO, *Women-Owned Small Business Program: Certifier Oversight and Additional Eligibility Controls Are Needed*, [GAO-15-54](#) (Washington, D.C.: Oct. 8, 2014).



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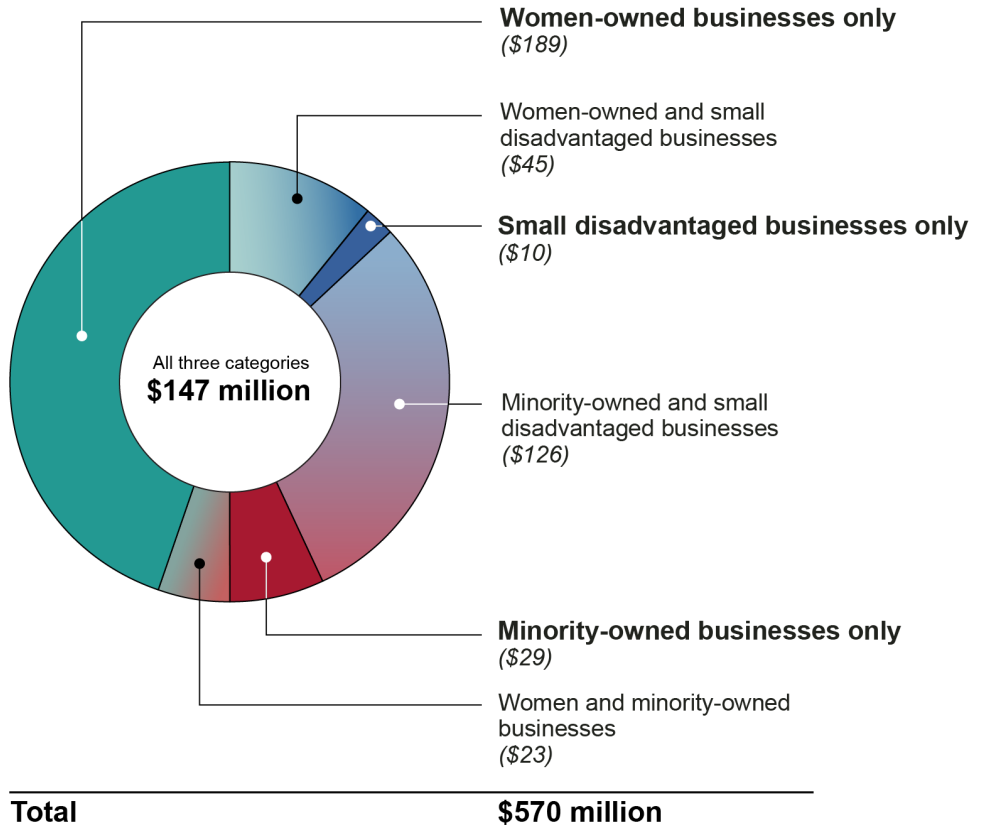
to SBA officials, it is unlikely they would have caused a change in contracting activity over the past 5 years.

As mentioned above, businesses may be classified as more than one category, and thus there is overlap in obligations and contracts among specified business categories. For example, about one-quarter (\$147 million) of the \$570 million in advertising contract obligations directed to specified businesses over the 5-year period went to businesses classified under all three categories. Figure 4 shows the amount of advertising contract obligations going to each business category and combination of categories.<sup>18</sup>

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<sup>18</sup>The amount of overlap shown is similar when obligations made in years prior to fiscal year 2017 are adjusted for inflation.

**Figure 4: Overlap in Federal Advertising Contract Obligations Going to Small Disadvantaged Businesses and Those Owned by Minorities and Women, Fiscal Years 2013 – 2017 (dollars in millions)**



Source: GAO analysis of Federal Procurement Data System-Next Generation data as of January 17, 2018. | GAO-18-554

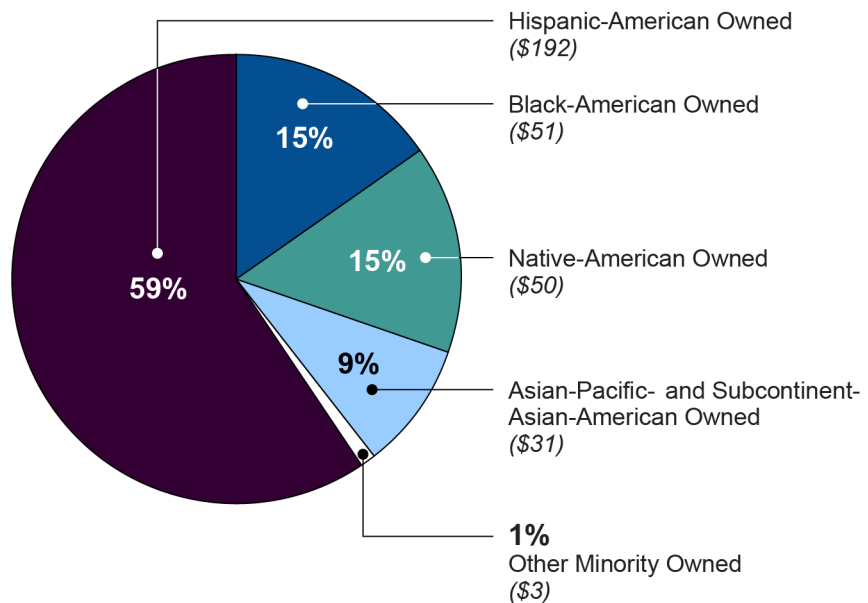
Notes: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management – public relations” product service codes in the Federal Procurement Data System-Next Generation database.

The small disadvantaged business category includes businesses that self-identify as small disadvantaged businesses and those that are certified by SBA as those in the 8(a) business development program.

## Over Half of Federal Advertising Contract Obligations to Minority-Owned Businesses Went to Those Owned by Hispanic-Americans

Among the different types of minority-owned businesses, those classified as being owned by Hispanic-Americans received the most obligations (just over half) from federal advertising contracts over fiscal years 2013 through 2017. Figure 5 shows the breakdown of amounts obligated over these fiscal years to minority-owned businesses.<sup>19</sup>

**Figure 5: Breakdown of \$327 Million in Federal Advertising Contract Obligations to Minority-Owned Businesses, Fiscal Years 2013 – 2017 (dollars in millions)**



<b>Total</b>	<b>\$327 million</b>
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Source: GAO analysis of Federal Procurement Data System-Next Generation data as of January 17, 2018. | GAO-18-554

Notes: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management – public relations” product service codes in the Federal Procurement Data System-Next Generation database.

Six contracts classified as going to minority-owned businesses were missing data on the particular minority group that owned the businesses. Obligations to these contracts totaled -\$28,817 and are not reflected in the figure.

<sup>19</sup>The distribution shown is similar when obligations made in years prior to fiscal year 2017 are adjusted for inflation.

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As with the other specified business categories, advertising obligations to specific minority groups were concentrated among a relatively small number of businesses. For example, advertising contract obligations to one particular Native-American-owned business—for graphic design, print, and other communications services—represented 34 percent of all obligations to Native-American-owned businesses. See table 3 in appendix II for additional details on each business category’s contracts.

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## DOD, DHS, and HHS Directed the Most Advertising Contract Obligations to Specified Businesses, though Other Agencies Directed Greater Percentages of These Obligations to the Businesses

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### DOD, DHS, and HHS Were Responsible for Nearly Three-Fourths of Federal Advertising Obligations to Specified Businesses

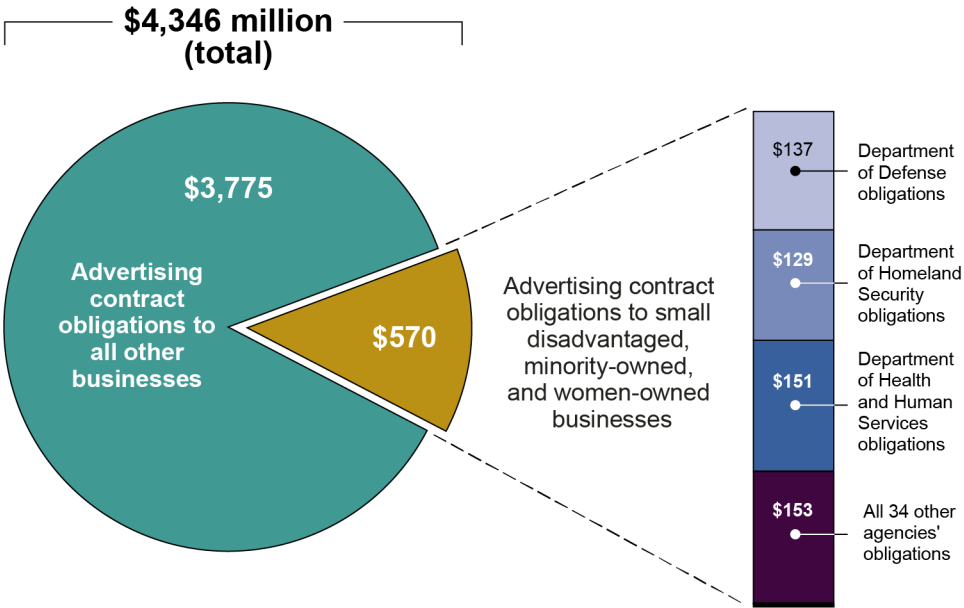
The departments of Defense (DOD), Homeland Security (DHS), and Health and Human Service (HHS) were responsible for 73 percent of the \$570 million of federal advertising contract obligations that went to specified businesses over fiscal years 2013 through 2017. Thirty four other agencies were responsible for the remaining 27 percent of these obligations.<sup>20</sup> Figure 6 shows the breakdown of total federal advertising contract obligations, with the amount of obligations going to specified

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<sup>20</sup>The advertising contract obligations to specified businesses from the 34 other agencies totaled about \$27 million in each of the 5 years we examined but one. In fiscal year 2016, obligations from these 34 agencies totaled approximately \$43 million. In that year, the Departments of State and Justice increased obligations to specified businesses by a total of approximately \$18 million, which accounts for most of the increase in fiscal year 2016.

businesses, and amounts obligated by DOD, HHS, DHS, and all other agencies.<sup>21</sup>

**Figure 6: Federal Advertising Contract Obligations to Small Disadvantaged Businesses and Those Owned by Minorities and Women, by Selected Agencies, Fiscal Years 2013 – 2017 (dollars in millions)**



Source: Federal Procurement Data System-Next Generation data as of January 17, 2018. | GAO-18-554

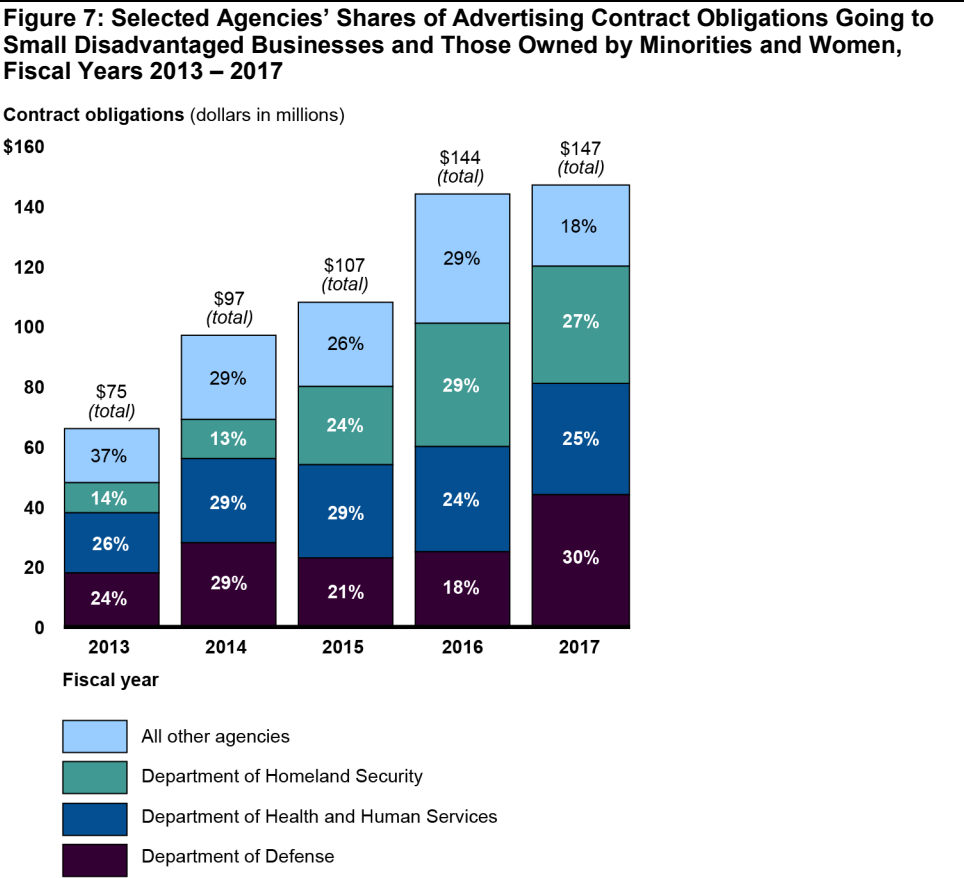
Note: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management - public relations” product service codes in the Federal Procurement Data System-Next Generation database.

The small disadvantaged business category includes businesses that self-identify as small disadvantaged businesses and those that are certified by SBA for the 8(a) business development program.

For each of the 5 years we reviewed, DOD, HHS, and DHS were consistently the top three agencies in terms of the amount of advertising contract obligations they directed to specified businesses. Additionally, all three generally increased the amounts they obligated to these businesses. For example, in fiscal year 2013, these three agencies obligated over 60 percent of all federal advertising contract obligations to specified businesses; in 2017 they accounted for more than 80 percent of

<sup>21</sup>The distribution shown is similar when obligations from years prior to fiscal year 2017 are adjusted for inflation

these obligations. Figure 7 shows breakdowns of these and all other agencies' advertising contract obligations to specified businesses.<sup>22</sup>



Source: GAO analysis of Federal Procurement Data System-Next Generation data as of January 17, 2018. | GAO-18-554

Notes: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management - public relations” product service codes in the Federal Procurement Data System-Next Generation database.

The small disadvantaged business category includes businesses that self-identify as small disadvantaged businesses and those that are certified by SBA for the 8(a) business development program.

Much of the increase in these obligations from year to year is associated with increases in obligations by DOD, DHS, and HHS. For example, advertising contract obligations to these businesses increased by about

<sup>22</sup>The percent breakdown in each year is the same when adjusted for inflation.

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\$37 million between fiscal years 2015 and 2016, with these three agencies responsible for about \$22 million, or 60 percent, of the increase.

DOD, DHS, and HHS are also among the agencies that obligated the most to advertising contracts overall. Together they obligated about \$3.4 billion for these types of contracts over the 5-year period, which represents 79 percent of the federal government's obligations. DOD obligated the most—over \$2.6 billion—to advertising contracts over the 5-year period, which accounted for over 60 percent of these obligations over fiscal years 2013 through 2017. Table 4 in appendix II provides more details on the agencies that obligated the most overall for advertising contracts and those that directed the most to specified businesses.

In our prior report on advertising contract obligations going to small disadvantaged and minority-owned businesses, we highlighted annual obligations data for five agencies.<sup>23</sup> As an update to that analysis, we examined annual advertising contract obligations to the five agencies that obligated the most on advertising contracts over the past 5 years – DOD, DHS, HHS, and the departments of Transportation (DOT) and Veterans Affairs (VA). Figure 8 illustrates these agencies' advertising contract obligations and the percent going to specified businesses in each year.<sup>24</sup>

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<sup>23</sup>[GAO-07-877](#).

<sup>24</sup>The percent of each agency's obligations going to each business category is the same when years prior to fiscal year 2017 are adjusted for inflation.

**Figure 8: Top Five Agencies' Advertising Obligations to Small Disadvantaged Businesses and Those Owned by Minorities and Women, Fiscal Years 2013 – 2017**

Advertising Contract Obligations (nominal dollars in millions)												
	Fiscal year	Amount to small disadvantaged businesses			Amount to minority-owned businesses			Amount to women-owned businesses			Total to specified businesses	Total to all businesses
		Total obligations	Percent of total	Amount to select business type	Total obligations	Percent of total	Amount to select business type	Total obligations	Percent of total	Amount to select business type		
<b>Department of Defense</b>	2013		2 %	\$8.8		2 %	\$7.2		3 %	\$14.2	\$17.6	\$450
	2014		4	20.2		3	14.3		3	16.6	28.0	540
	2015		3	18.9		2	14.3		3	14.8	22.8	579
	2016		4	20.1		4	17.9		4	17.4	25.3	471
	2017		4	23.7		4	21.2		6	35.3	43.7	587
	Number of businesses: (187)											
	Number of contracts: (289)											
	Total		3	91.7		3	75.0		4	98.3	137.4	2,628
<b>Department of Health and Human Services</b>	2013		6 %	\$14.9		7 %	\$17.3		8 %	\$18.0	\$19.5	\$236
	2014		14	21.3		16	24.2		16	23.7	28.4	150
	2015		19	21.5		21	24.3		23	26.5	31.2	114
	2016		35	18.8		47	25.2		59	31.9	35.2	54
	2017		32	20.3		42	26.8		51	32.9	36.9	64
	Number of businesses: (78)											
	Number of contracts: (127)											
	Total		16	96.9		19	117.8		22	133.1	151.1	617
<b>Department of Transportation</b>	2013		2 %	\$0.7		3 %	\$1.5		3 %	\$1.6	\$1.8	\$46
	2014		1	0.5		1	0.5		1	0.6	0.7	44
	2015		1	0.4		1	0.5		1	0.6	0.6	45
	2016		2	0.9		2	0.9		1	0.7	1.0	54
	2017		1	0.5		0	0.2		1	0.5	0.6	57
	Number of businesses: (17)											
	Number of contracts: (18)											
	Total		1	3.0		1	3.6		2	3.9	4.6	246
<b>Department of Homeland Security</b>	2013		32 %	\$7.6		27 %	\$6.4		30 %	\$7.1	\$10.1	\$23
	2014		30	7.6		24	6.2		27	6.9	12.6	26
	2015		43	19.7		47	21.5		13	5.9	25.5	46
	2016		32	17.9		51	28.6		26	14.7	41.4	56
	2017		13	6.3		33	16.0		54	26.2	39.5	49
	Number of businesses: (30)											
	Number of contracts: (48)											
	Total		29	59.0		39	78.7		30	60.9	129.1	200
<b>Department of Veterans Affairs</b>	2013		2 %	\$1.0		1 %	\$0.8		12 %	\$7.6	\$8.1	\$63
	2014		2	0.9		2	0.9		17	6.4	6.6	38
	2015		1	0.3		1	0.3		11	2.3	2.7	22
	2016		2	0.3		1	0.2		7	1.2	1.5	17
	2017		2	0.3		1	0.1		7	1.1	1.3	15
	Number of businesses: (36)											
	Number of contracts: (40)											
	Total		2	2.9		2	2.4		12	18.6	20.1	156

Source: GAO analysis of Federal Procurement Data System-Next Generation data as of January 17, 2018. | GAO-18-554

Notes: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management – public relations” product service codes in the Federal Procurement Data System-Next Generation database.



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The small disadvantaged business category includes businesses that self-identify as small disadvantaged businesses and those that are certified by SBA for the 8(a) business development program.

Percentage and dollar amounts cannot be totaled across columns because businesses may be counted in more than one category. For example, a small disadvantaged business may also be women-owned and therefore obligations to this business would be counted in both of the relevant columns. For this reason, the sums of the amounts obligated to individual business categories do not equal the total obligated to all three categories combined.

As shown in the figure above, top-spending agencies' obligations to specified businesses fluctuated over fiscal years 2013 through 2017.

- **DOD.** DOD's obligations to specified businesses increased for most of the fiscal years over the 5-year period, regardless of whether its total advertising obligations increased or decreased. For example, in fiscal year 2016, DOD's total advertising obligations declined by over \$100 million; however, its obligations to specified business categories increased. In fiscal year 2017, DOD obligated the most of any agency to specified businesses.
- **HHS.** Similarly, HHS, which obligated approximately \$151 million to specified businesses, the most of any agency over the 5-year period, also increased its obligations to those businesses regardless of its overall advertising obligations from year to year. For example, from fiscal years 2016 to 2017 HHS' advertising contract obligations to specified businesses increased from \$35 to \$37 million, even though they declined as a percentage of its overall advertising contract obligations, going from 65 percent to 57 percent.
- **DOT.** DOT generally increased its total advertising obligations during the 5-year period from approximately \$46 million in 2013 to \$57 million in 2017. However, during this time DOT's obligations to specified businesses generally decreased, from approximately \$1.8 million in 2013 to approximately \$560,000 in fiscal year 2017.
- **DHS.** DHS generally increased its total advertising obligations each year of the 5-year period and generally increased its obligations to specified businesses. DHS obligated the third largest amount of money (behind HHS and DOD) to these businesses from fiscal years 2013 through 2017.
- **VA.** VA has generally decreased its total advertising obligations from approximately \$63 million in fiscal year 2013 to approximately \$15 million in fiscal year 2017, and its obligations to specified businesses, from approximately \$8 million in fiscal year 2013 to approximately \$1.3 million in fiscal year 2017.

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Table 5 in appendix II shows the 20 agencies that have obligated the most for advertising contracts over fiscal years 2013 through 2017 and the amounts they directed to specified businesses.

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**Agencies with Greater Percentages of Advertising Contract Obligations Going to Specified Businesses Generally Obligated Lower Amounts Overall**

In several cases agencies directed more than half of their advertising contract obligations to specified businesses, though these agencies in general obligated less to advertising contracts than top-spending agencies. Ten agencies with advertising contract obligations of at least \$1 million over fiscal years 2013 through 2017, such as the departments of Justice and Energy, directed at least half of their obligations to specified businesses. With the exception of DHS, which obligated about \$200 million for advertising contracts over the 5-year period, these agencies all obligated less than \$25 million for advertising contracts over this timeframe. In contrast, DOD directed a relatively small share (5 percent) of its advertising contract obligations to specified businesses, making it 29th out of 37 agencies when ranked according to the percentage of advertising contract obligations going to these businesses.<sup>25</sup> However, because the department obligated a large amount for advertising contracts (\$2.6 billion over the 5-year period), it ranked second in terms of the amount obligated to specified businesses.

Some agencies directed all or nearly all of their advertising contract obligations to specified businesses, but because these agencies' advertising contract obligations were relatively low, the amounts they directed to these businesses were also relatively low. For example, the Nuclear Regulatory Commission directed all of its federal advertising contract obligations—totaling approximately \$1 million—to specified businesses from fiscal years 2013 through 2017. Additionally, the National Aeronautics and Space Administration directed 98 percent of its approximately \$21 million in advertising contract obligations to these businesses from 2013 through 2017. Table 6 in appendix II shows the top 20 agencies in terms of share of advertising contract obligations going to these businesses.

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**Agency Comments**

We provided a draft of this report to the SBA Administrator for comment. SBA provided technical comments, which we incorporated as appropriate.

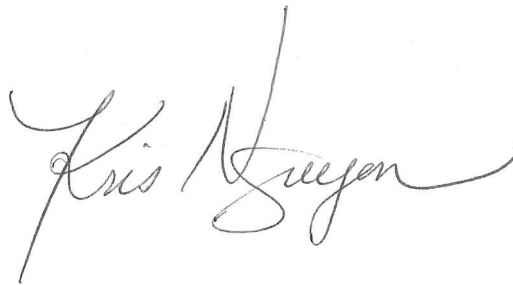
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<sup>25</sup>As shown in table 6 in appendix II, DOD is 20th when ranked against agencies with at least \$1 million in advertising obligations over fiscal years 2013 through 2017.

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We are sending copies of this report to the appropriate congressional committees, SBA, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-6806 or [nguyentt@gao.gov](mailto:nguyentt@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, reading "Kris T. Nguyen". The signature is fluid and cursive, with the first name "Kris" and last name "Nguyen" clearly legible.

Tranchau (Kris) T. Nguyen  
Acting Director  
Strategic Issues

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*List of Requesters*

The Honorable Charles E. Schumer  
Minority Leader  
United States Senate

The Honorable Corey A. Booker  
United States Senate

The Honorable Kirsten Gillibrand  
United States Senate

The Honorable Mazie Hirono  
United States Senate

The Honorable Robert Menendez  
United States Senate

The Honorable Karen Bass  
House of Representatives

The Honorable Joyce Beatty  
House of Representatives

The Honorable G.K. Butterfield  
House of Representatives

The Honorable André Carson  
House of Representatives

The Honorable Yvette D. Clark  
House of Representatives

The Honorable Wm. Lacy Clay  
House of Representatives

The Honorable Emanuel Cleaver  
House of Representatives

The Honorable James E. Clyburn  
House of Representatives

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The Honorable Bonnie Watson Coleman  
House of Representatives

The Honorable Danny K. Davis  
House of Representatives

The Honorable Keith Ellison  
House of Representatives

The Honorable Marcia L. Fudge  
House of Representatives

The Honorable Eleanor Holmes Norton  
House of Representatives

The Honorable Hakeem S. Jeffries  
House of Representatives

The Honorable Eddie Bernice Johnson  
House of Representatives

The Honorable Henry C. "Hank" Johnson  
House of Representatives

The Honorable Robin L. Kelly  
House of Representatives

The Honorable Barbara Lee  
House of Representatives

The Honorable Sheila Jackson Lee  
House of Representatives

The Honorable John Lewis  
House of Representatives

The Honorable Gregory W. Meeks  
House of Representatives

The Honorable Gwen Moore  
House of Representatives

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The Honorable Donald M. Payne, Jr.  
House of Representatives

The Honorable Cedric L. Richmond  
House of Representatives

The Honorable Bobby L. Rush  
House of Representatives

The Honorable Robert C. "Bobby" Scott  
House of Representatives

The Honorable Bennie G. Thompson  
House of Representatives

The Honorable Maxine Waters  
House of Representatives

The Honorable Frederica S. Wilson  
House of Representatives

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# Appendix I: Objectives, Scope, and Methodology

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Our objectives were to identify and analyze (1) the amount federal agencies have obligated on advertising contracts over the 5 most recent fiscal years (2013 through 2017) and the amount going to small disadvantaged businesses (SDB) and those owned by minorities and women; and (2) the agencies that have directed the most advertising contract obligations to these businesses and how this has changed over time.

To address both objectives, we analyzed data from the Federal Procurement Data System-Next Generation (FPDS-NG) database for fiscal years 2013 through 2017. This database captures information on the federal government's contract awards and obligations and includes data for most federal contract actions that have an estimated value of more than \$3,500.<sup>1</sup> We reviewed obligations data for contracts coded under the "support – management: advertising" or "support – management: public relations" product service codes. For reporting purposes, we refer to these two contract types collectively as "advertising contracts." Every contract action reported in FPDS-NG is categorized by a product service code to indicate what was purchased. Additionally, contracts reported in FPDS-NG are categorized by a North American Industry Classification System (NAICS) code, which indicates the industry within which the product or service falls. For purposes of this report, we used the product service codes mentioned above to identify advertising contracts because product service codes are assigned at the individual contract or order level. The Small Business Administration (SBA) uses NAICS codes to identify the predominant service or supply on a contract. NAICS codes are an integral element of size standards and the determination whether the business receiving the contract award is a small business.

In addition to analyzing FPDS-NG data, we interviewed SBA officials responsible for assessing government-wide and agency contracting with small and other business categories about their perspectives on trends in federal contracting.

We assessed the reliability of these data by considering known strengths and weaknesses of FPDS-NG data, based on our past work and looking for obvious errors and inconsistencies in the data we used for our

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<sup>1</sup>FPDS-NG does not include data from intelligence agencies, the U.S. Postal Service, judicial branch, and most of the legislative branch.

analysis. We also interviewed SBA officials, who use FPDS-NG data in assessing federal contracting, about the database's reliability. Based on these steps, we concluded that the data were sufficiently reliable for our purposes.

We focused our analysis of FPDS-NG data on those advertising contracts categorized as being awarded to (1) SDBs, 8(a) businesses, or both; (2) business owned by minorities and/ or (3) businesses owned by women. SDBs, minority-owned, and women-owned businesses may self-identify in the government's System for Award Management as these types of businesses.<sup>2</sup> For purposes of this report, we refer to the three categories of businesses we examined as "specified businesses." Criteria for certification as an 8(a) business are similar to those for SDB classification, including that businesses be primarily owned by a person or people who are socially and economically disadvantaged. In addition, 8(a) businesses must also demonstrate the potential for success and business principals must demonstrate good character. Because of these similarities, for analysis and reporting purposes we combined 8(a) businesses and SDBs into one group, which we refer to in this report as "small disadvantaged businesses" or "SDBs." We interviewed SBA officials to obtain their perspectives on the changes, but did not attempt to identify root causes for changes over the past 5 years, as it was beyond our scope.

We analyzed FPDS-NG data at the government-wide level to identify overall trends in obligations for advertising contracts and the amounts going to specified business categories. We focused on the amount of advertising contract obligations going to these business categories individually and combined, and examined how these amounts had changed over the past 5 fiscal years. Within the minority-owned business category, we also analyzed the amounts of obligations going to businesses owned by Asian-Pacific-, Subcontinent-Asian-, Black-, Hispanic-, and Native-Americans, and "other minority" owned businesses. Businesses self-identify as these categories in the federal government's System for Award Management. We also examined data on the number of contracts and businesses receiving obligations through advertising contracts.

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<sup>2</sup>The System for Award Management is the primary government repository for prospective federal awardee information. It includes data collected from prospective federal awardees that is required in order to conduct business with the government.



There is overlap among the three specified business categories—SDBs and those owned by minorities and women. For example, a business may be classified as both an SDB and a women-owned business. We accounted for this overlap when calculating and presenting data on the amount of advertising contract obligations going to the three business categories combined so that we did not double or triple count obligations.

We also analyzed FPDS-NG data on specific agencies' obligations for advertising contract obligations and the amounts they obligated to specified businesses. We used these data to identify the agencies that ranked highest (in dollars and as a percentage of total advertising contract obligations) in advertising contract obligations to specified businesses. We also examined how agency obligations to these businesses have changed over the past 5 years.

We conducted this performance audit from October 2017 to July 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Agencies' Advertising Obligations to Specified Businesses

Table 2 shows the amounts of advertising contract obligations that went to specified businesses over fiscal years 2013 through 2017. As shown, the amounts directed to these business categories generally increased both in dollars and as a percentage of total advertising obligations.

**Table 2: Advertising Contract Obligations Going to Small Disadvantaged Businesses and Those Owned by Minorities and Women, in Dollars and as a Percentage of Total Federal Advertising Contract Obligations (dollars in millions)**

Specified business category	Fiscal year 2013		Fiscal year 2014		Fiscal year 2015		Fiscal year 2016		Fiscal year 2017	
	\$	%	\$	%	\$	%	\$	%	\$	%
Minority-owned business	\$41	4.8%	\$50	5.8%	\$72	7.9%	\$92	11.4%	\$71	7.8%
Women-owned business	\$61	7.1%	\$71	8.3%	\$67	7.3%	\$88	11.0%	\$117	12.9%
Small disadvantaged business	\$44	5.1%	\$60	7.0%	\$77	8.4%	\$85	10.6%	\$62	6.8%
<b>Total<sup>a</sup></b>	<b>\$75</b>	<b>8.7%</b>	<b>\$97</b>	<b>11.3%</b>	<b>\$107</b>	<b>11.7%</b>	<b>\$144</b>	<b>18.0%</b>	<b>\$147</b>	<b>16.1%</b>

Source: GAO analysis of Federal Procurement Data System-Next Generation (FPDS-NG) data as of January 17, 2018 | GAO-18-554.

Notes: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management - public relations” product service codes in the FPDS-NG database.

The small disadvantaged business category includes businesses that self-identify as small disadvantaged businesses and those that are certified by SBA for the 8(a) business development program.

Minority-owned businesses include those categorized as being owned by Asian-Pacific-, Sub-continent-Asian-, Black-, Hispanic-, and Native-Americans, as well as “other minorities.”

<sup>a</sup>The amounts in the “total” line are less than the sum of the individual business categories because some businesses are classified under more than one category, but we only count them once when summing obligations to all three categories combined. For example, a small disadvantaged business may be women-owned and therefore the obligations it received would be counted in both the small disadvantaged and the women-owned rows.

Specified business categories each received at least \$300 million in obligations over fiscal years 2013 through 2017. There were variations in the number of businesses receiving obligations and the concentration of obligations among contractors. Table 3 provides additional details on these characteristics.

**Appendix II: Agencies' Advertising Obligations  
to Specified Businesses**

**Table 3: Description of Federal Advertising Contract Characteristics Awarded to Small Disadvantaged Businesses and Those Owned by Minorities and Women, Fiscal Years 2013 – 2017 (dollars in millions)**

	Asian-Pacific- and Subcontinent- Asian-American- owned businesses	Black- American- owned businesses	Hispanic- American- owned businesses	Native- American- owned businesses	All minority- owned businesses <sup>a</sup>	Women- owned businesses <sup>b</sup>	Small disadvantaged businesses <sup>c</sup>
Number of contracts with obligations > \$0	78	148	126	37	409	493	593
Number of businesses receiving obligations	54	82	61	26	233	301	320
Sum of contract obligations (\$ millions) <sup>d</sup>	\$31.0	\$50.6	\$191.5	\$50.4	\$326.6	\$404.5	\$328.7
Percent of obligations received by top 5 businesses	83%	59%	74%	75%	44%	42%	40%
Average contract obligation (\$ millions)	\$0.38	\$0.29	\$1.36	\$1.07	\$0.70	\$0.73	\$0.50
Median contract obligation (\$ millions)	\$0.03	\$0.02	\$0.04	\$0.07	\$0.03	\$0.04	\$0.02
Largest contract (obligation amount in millions/ percent of total)	\$10.9 35%	\$14.3 28%	\$42.8 22%	\$16.9 34%	\$42.8 13%	\$42.8 11%	\$42.8 13%

Source: Federal Procurement Data System-Next Generation (FPDS-NG) data as of January 17, 2017 | GAO-18-554.

Note: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management – public relations” product service codes in the FPDS-NG database.

<sup>a</sup>The “all minority” category includes businesses that self-identify as being owned by Asian-Pacific-American-, Subcontinent-Asian-American-, Black-, Hispanic-, and Native-Americans, as well as “other minorities.”

<sup>b</sup>Businesses self-identify as being women-owned.

<sup>c</sup>The small disadvantaged business category includes businesses that self-identify as small disadvantaged businesses and those that are certified by SBA for the 8(a) business development program.

<sup>d</sup>The sum of contract obligations includes deobligations, which could be due to the deobligation of funds when a contract closes or the termination of all or part of a contract.

Table 4 below shows the agencies that obligated the most for advertising contracts overall, and those that obligated the most through these contracts to specified businesses.

**Table 4: Comparison of Selected Agencies in Terms of Total Advertising Contract Obligations Overall and Those Going to Small Disadvantaged Businesses and Those Owned by Minorities and Women, Fiscal Years 2013 – 2017**

Top spending agencies: total advertising contract obligations, fiscal years 2013 – 2017			Top spending agencies: advertising contract obligations going to specified businesses, fiscal years 2013 – 2017		
Department	Advertising contract obligations (\$ millions)	Percent of all advertising contract obligations	Department	Advertising contract obligations going to specified businesses (\$ millions)	Percent of all advertising contract obligations to specified businesses
Defense	\$2,628	60.5%	Health and Human Services	\$151	26.5%
Health and Human Services	\$617	14.2%	Defense	\$137	24.1%
Transportation	\$246	5.7%	Homeland Security	\$129	22.6%
Homeland Security	\$200	4.6%	Justice	\$21	3.6%
<b>Government-wide total</b>	<b>\$4,346</b>			<b>\$570</b>	

Source: Federal Procurement Data System-Next Generation (FPDS-NG) data as of January 17, 2018 | GAO-18-554.

Notes: The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management – public relations” product service codes in the Federal Procurement Data System-Next Generation database.

Specified businesses are those classified as small disadvantaged businesses (including those that self-identify as small disadvantaged businesses and those that are certified by SBA for the 8(a) business development program); minority-owned businesses; and women-owned businesses. Minority-owned businesses include those categorized as being owned by Asian-Pacific-, Sub-continent-Asian-, Black-, Hispanic-, and Native-Americans, as well as “other minorities.”

Table 5 shows the 20 agencies that obligated the most for federal advertising contracts over fiscal years 2013 through 2017, with the percentages of these obligations going to specified businesses.

**Appendix II: Agencies' Advertising Obligations  
to Specified Businesses**

**Table 5: Selected Agencies' Advertising Contract Obligations, with Percentage Going to Small Disadvantaged Businesses and Those Owned by Minorities and Women, Fiscal Years 2013 – 2017**

Agency	Obligations to advertising contracts (\$ Millions)	Fiscal Years 2013 – 2017			
		Percent of Advertising Contract Obligations Going to:			
		All specified businesses	Small disadvantaged businesses	Minority- owned businesses	Women- owned businesses
Department of Defense	\$2,627.7	5.2%	3.5%	2.9%	3.7%
Department of Health and Human Services	\$617.3	24.5%	15.7%	1.5%	21.6%
Department of Transportation	\$246.0	1.9%	1.2%	39.3%	1.6%
Department of Homeland Security	\$200.2	64.5%	29.5%	1.8%	30.4%
Department of Veterans Affairs	\$155.8	12.9%	1.9%	1.5%	11.9%
General Services Administration	\$114.6	3.3%	1.1%	0.1%	3.2%
Consumer Financial Protection Bureau	\$47.7	7.1%	0.2%	0.0%	7.1%
Department of State	\$45.6	33.6%	23.1%	23.6%	11.2%
Agency for International Development	\$35.0	0.3%	0.1%	0.3%	0.1%
Department of Labor	\$32.2	11.6%	0.0%	0.0%	11.6%
Department of the Interior	\$27.3	3.1%	2.4%	2.3%	2.8%
Department of Commerce	\$23.8	50.5%	29.9%	17.0%	28.5%
Department of Justice	\$23.5	88.3%	73.1%	1.8%	87.3%
National Aeronautics and Space Administration	\$20.7	97.9%	95.7%	95.7%	16.2%
Social Security Administration	\$20.3	31.6%	-6.9%	-6.9%	38.5%
Department of Agriculture	\$20.3	27.9%	16.2%	13.3%	17.5%
Office of Personnel Management	\$18.1	63.5%	0.2%	0.2%	63.5%
Department of the Treasury	\$13.7	33.7%	33.6%	28.8%	21.7%
Department of Housing and Urban Development	\$12.4	60.8%	44.0%	44.0%	71.0%
Peace Corps	\$6.7	24.5%	0.2%	0.2%	24.5%
<b>Government-wide Total</b>	<b>\$4,345.7</b>	<b>13.1%</b>	<b>7.6%</b>	<b>7.5%</b>	<b>9.3%</b>

Source: Federal Procurement Data System-Next Generation (FPDS-NG) data as of January 17, 2017 | GAO-18-554.

Notes: The data shown above reflect obligations made on contracts classified under the "support: management – advertising" or "support: management - public relations" product service codes in the FPDS-NG database.

Specified businesses are those classified as small disadvantaged businesses (including those that self-identify as small disadvantaged businesses, and those that are certified by SBA for the 8(a) business development program); minority-owned businesses; and women-owned businesses. Minority-owned businesses include those categorized as being owned by Asian-Pacific-, Sub-continent-Asian-, Black-, Hispanic-, and Native-Americans, as well as "other minorities."

Table 6 shows the 20 agencies that directed the greatest share of these obligations to specified businesses.

**Appendix II: Agencies' Advertising Obligations  
to Specified Businesses**

**Table 6: Twenty Agencies with the Highest Percentage of Advertising Contract Obligations Going to Small Disadvantaged Businesses and Those Owned by Minorities and Women, Fiscal Years 2013 – 2017**

Contracting Agency	Fiscal Years 2013-2017		
	Advertising contract obligations to specified businesses (\$ Millions)	Total advertising contract obligations (\$ Millions)	Percent of advertising obligations going to specified businesses
Nuclear Regulatory Commission	\$1.0	\$1.0	101%
National Aeronautics and Space Administration	\$20.3	\$20.7	98%
Department of Justice	\$20.8	\$23.5	88%
Consumer Product Safety Commission	\$2.7	\$3.1	88%
National Science Foundation	\$1.8	\$2.5	72%
Department of Energy	\$1.4	\$2.0	68%
Department of Homeland Security	\$129.1	\$200.2	64%
Office of Personnel Management	\$11.5	\$18.1	63%
Department of Housing and Urban Development	\$7.5	\$12.4	61%
Department of Commerce	\$12.0	\$23.8	50%
Department of the Treasury	\$4.6	\$13.7	34%
Department of State	\$15.3	\$45.6	34%
Social Security Administration	\$6.4	\$20.3	32%
Department of Agriculture	\$5.7	\$20.3	28%
Department of Health and Human Services	\$151.1	\$617.3	24%
Peace Corps	\$1.6	\$6.7	25%
Department of Veterans Affairs	\$20.1	\$155.8	13%
Department of Labor	\$3.7	\$32.2	12%
Consumer Financial Protection Bureau	\$3.4	\$47.7	7%
Department of Defense	\$137.4	\$2,627.7	5%

Source: Federal Procurement Data System-Next Generation (FPDS-NG) data as of January 17, 2017 | GAO-18-554.

Notes: This table includes only agencies that obligated \$1 million or more on advertising contracts over fiscal years 2013 through 2017.

The data shown above reflect obligations made on contracts classified under the “support: management – advertising” or “support: management – public relations” product service codes in the FPDS-NG database.

The amounts in the table include deobligations, which could be due to the deobligation of funds when a contract closes or the termination of all or part of a contract. Thus, the amount obligated for all advertising contracts over the 5-year period may be less than the amount of advertising contracts obligated to the business categories we examined.

Specified businesses are those classified as small disadvantaged businesses (including those that self-identify as small disadvantaged businesses and those that are certified by SBA for the 8(a) business development program); minority-owned businesses; and women-owned businesses.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

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