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COMMUNITY AND ECONOMIC
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The Honorable Charles Rose
House of Representatives



Dear Mr. Rose:

Your April 9, 1976, letter asked us to determine what action the Small Business Administration (SBA) had taken to help business women through its section 8(a) procurement program. In an April 21 meeting with the director and legal counsel of the Congressional Clearinghouse on Women's Rights, we agreed to obtain information on the number of business women who have applied for assistance under the 8(a) program, the number whose applications have been rejected and the number of 8(a) contracts awarded to business women during the last 5 years. We also agreed to determine whether SBA had an "outreach" program to advise business women of the 8(a) program.

Section 8(a) of the Small Business Act authorizes SBA to enter into procurement contracts with Federal agencies and, in turn, to subcontract the work to small businesses.

In awarding an 8(a) subcontract, SBA hopes to provide a firm with enough work to operate profitably while developing its own sales. SBA intends that a firm will no longer use the 8(a) program after achieving a competitive position in the market place.

The current emphasis of the program is to provide subcontracts to persons who have been deprived of a competitive position in the economy because of social or economic disadvantage. Such disadvantage may arise from cultural, social, or chronic economic circumstances, background, or other similar causes. Individual women may qualify for the program under these standards but SBA does not consider women to be a socially or economically disadvantaged group.

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Some of the statistical information presented below was obtainable only from records kept at each of the 10 SBA regional offices. To expedite our reply, we asked SBA central office officials to collect the data from these offices and report it to us. We tested the accuracy of the information by reviewing records at five regional offices. Although, we found some discrepancies between the information SBA supplied and the regional records we reviewed, the differences were not great enough to question the validity of SBA's information.

STATISTICAL DATA ON THE
PARTICIPATION OF WOMEN
IN THE 8(a) PROGRAM

The following chart indicates, by SBA region, the number of firms owned by women which have participated in the 8(a) program since it began, the number now active, and the contracts they have received.^{1/}

Region	Firms admitted to program since 1968	Active firms as of March 31, 1976	Contracts awarded to active firms	
			Number	Dollar value
Boston	6	5	14	\$ 414,756
New York	10	6	17	6,116,030
Philadelphia	34	23	76	6,710,320
Atlanta	8	5	13	428,652
Chicago	16	7	20	2,224,535
Dallas	9	4	20	1,852,349
Kansas City	6	4	14	2,109,085
Denver	9	8	19	816,024
San Francisco	16	7	12	2,402,998
Seattle	<u>7</u>	<u>3</u>	<u>6</u>	<u>45,326</u>
Total	<u>a121</u>	<u>b72</u>	<u>211</u>	<u>\$23,120,075</u>

^aThis represents 3.7 percent of the approximately 3,285 firms that have participated in the program.

^bThis represents 4.6 percent of the 1,563 firms actively participating in the program.

As the chart indicates, of the 121 firms owned by women who have participated in the 8(a) program since 1968, 72 are now active. Forty-nine are no longer participating for the following reasons:

^{1/}We considered a firm to be owned by women if their equity interest was 50 percent or more.

	<u>Number of firms</u>
Discontinued by SBA for regulatory violations or other reasons	22
Withdrew voluntarily	15
Business failed	10
Completed program	<u>2</u>
Total	<u>49</u>

The 72 active firms include 58 which have received 211 contracts with a dollar value of \$23,120,075 for an average of \$398,622 per firm. The other 14 firms are concessionaires that received the right to operate in Government facilities through the 8(a) program. Because of the nature of their businesses--such as florist and gift shops--these firms would not ordinarily get Federal contracts.

NO OUTREACH PROGRAM FOR WOMEN

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According to the Director, Office of Business Development, SBA does not have a special "outreach" program to advise women of the 8(a) program. However, SBA told us that an agreement was negotiated in March 1976 with the 200,000 member National Federation of Business and Professional Women's Clubs which will provide business women with counseling services by their members and nationally publicize SBA's services.

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SBA does not maintain records showing the number of firms owned by women who have applied unsuccessfully for participation in the 8(a) program. According to a program official, however, about 60 percent of all 8(a) applicants are rejected.

We were asked to obtain the number of 8(a) contracts awarded to business women during the last 5 years. However, since SBA central office records only show total contracts awarded to active firms we have reported only this amount.

Sincerely yours,

Henry Eschwege
 for Henry Eschwege
 Director