



Highlights of [GAO-06-501](#), a report to Committee on Small Business and Entrepreneurship, U.S. Senate

DOE CONTRACTING

Improved Program Management Could Help Achieve Small Business Goal

Why GAO Did This Study

Federal policy requires that small businesses receive the maximum practicable opportunity for providing goods and services to federal agencies through prime contracts—direct contracts between the government and a contractor. The Department of Energy (DOE) buys more than \$20 billion in goods and services annually. GAO was asked to (1) discuss DOE’s key efforts to increase small business prime contracting opportunities and (2) identify the management challenges DOE faces in improving its small business prime contracting performance. In addition to these objectives GAO is providing information on the management of small business programs by other federal agencies that either share certain characteristics with DOE’s largest program offices or that have components that share certain characteristics with these offices.

What GAO Recommends

GAO recommends that DOE define the concrete steps it will take to achieve further progress toward its annual goal, collect relevant performance information to better gauge the effectiveness of its efforts, and use performance information to support program improvements as needed.

In commenting on this report, DOE concurred with the findings and recommendations and described steps it will take to further improve its small business efforts.

www.gao.gov/cgi-bin/getrpt?GAO-06-501.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gene Aloise at (202) 512-3841 or aloisee@gao.gov.

What GAO Found

Key DOE efforts to increase small business prime contracting have included identifying more contracting opportunities for small businesses, expanding small business development and outreach activities, and increasing program management and oversight. The department has had some success in redirecting to small businesses portions of contracts to manage large DOE facilities, as well as in securing additional small business prime contracting opportunities from the department’s other contracts. As a result, the total dollars awarded annually as prime contracts to small businesses have increased, and the share of procurement dollars awarded to small business in 2005 was DOE’s second highest ever. Despite these gains, however, DOE was unable to meet its small business prime contracting goal in 4 of the past 5 years (see table below).

DOE faces two key management challenges to improving its small business program. Addressing these challenges will bring DOE’s small business program more in line with the practices associated with high-performing organizations and with principles contained in the Government Performance and Results Act. Specifically, DOE has not defined the concrete steps necessary to enable it to achieve its prime contracting goal and does not collect sufficient information to effectively assess its small business program efforts, identify problems, and implement changes that could further increase small business prime contracting.

Other federal agencies with missions or agency components with missions similar to DOE periodically comprehensively evaluate their programs to determine effectiveness, identify problems and make changes intended to improve performance. GAO obtained information from the following three agencies: the National Aeronautics and Space Administration, the Department of the Army (U.S. Army Corps of Engineers), and the Department of Health and Human Services (Centers for Disease Control and Prevention).

DOE’s Small Business Contracting Goals, Achievements, Fiscal Years 2001 through 2005

Dollars in millions					
	2001	2002	2003	2004	2005
DOE goal	5.00%	3.70%	3.70%	5.06%	5.50%
DOE achievement	2.89%	3.11%	4.08%	4.18%	4.15%
DOE achievement	\$588.6	\$634.4	\$904.2	\$943.6	\$947.6
Difference between goal and achievement	\$429.7	\$120.4	\$84.2	\$198.7	\$308.3

Source: GAO analysis of DOE data.

Note: Data are adjusted for inflation and expressed in 2005 constant dollars.