

FEDERAL ADVERTISING

Fourteen Percent of Contract Obligations in
the Past Decade Went to Small
Disadvantaged Businesses and Those
Owned by Women and Minorities



Report to Congressional Requesters

June 2024

GAO-24-107021

United States Government Accountability Office

Accessible Version

GAO Highlights

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Highlights of [GAO-24-107021](#), a report to congressional requesters

June 2024

FEDERAL ADVERTISING

Fourteen Percent of Contract Obligations in the Past Decade Went to Small Disadvantaged Businesses and Those Owned by Women and Minorities

Why GAO Did This Study

The federal government obligated \$14.9 billion for advertising contracts over the last 10 fiscal years to inform the public about programs and services, among other things. The government is required to provide procurement opportunities for these contracts to SDBs and businesses owned by minorities and women. SDBs are businesses primarily owned by one or more socially and economically disadvantaged individuals.

GAO was asked to analyze federal advertising contract obligations to these types of businesses and the effect the COVID-19 pandemic had on advertising contract obligations to these businesses. This report discusses the (1) amount the federal government obligated toward advertising contracts over the last 10 fiscal years, and how much went to specified businesses; (2) federal agencies that obligated the most to specified businesses and how this has changed over the last 10 fiscal years; and (3) the amount obligated to COVID-19-related advertising contracts and how much went to specified businesses.

GAO analyzed data on advertising contracts from the Federal Procurement Data System for FYs 2014 through 2023. GAO also interviewed Small Business Administration officials.

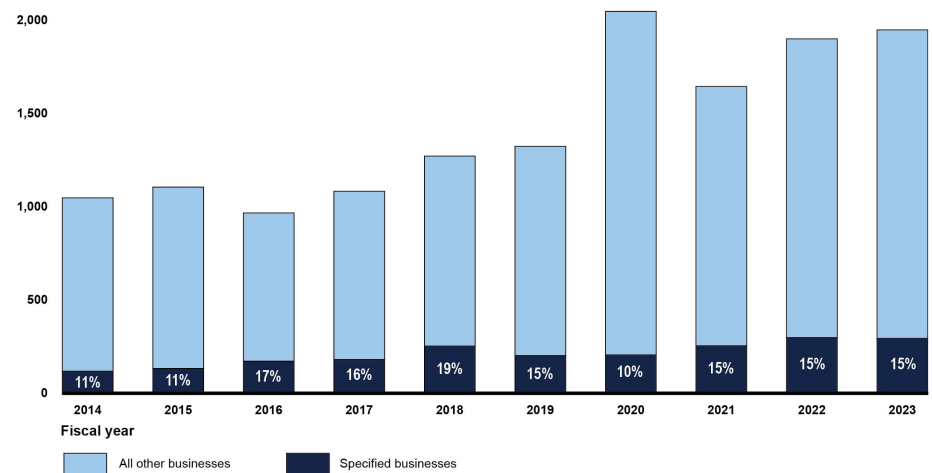
What GAO Found

Federal advertising contract obligations to small disadvantaged businesses (SDB) and those of all sizes owned by minorities and women (collectively, “specified businesses”) represented about 14 percent, or \$2.1 billion, of the \$14.9 billion in total advertising contract obligations from fiscal years (FY) 2014 through 2023. As shown in the figure below, while overall advertising obligations nearly doubled during this period, the share of obligations to specified businesses generally remained steady.

Total Federal Advertising Contract Obligations to Specified and All Other Businesses, Fiscal Years 2014-2023 (inflation-adjusted dollars)

Dollars obligated (in millions)

\$2,500



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Total Federal Advertising Contract Obligations to Specified and All Other Businesses, Fiscal Years 2014-2023 (inflation-adjusted dollars)

Fiscal Year	All Other Businesses	All Specified Businesses	Percent to Specified Businesses
2014	969044507.8	114610763.1	0.105763121
2015	1014760574	130597309.3	0.114023146
2016	830017775.7	171197795.1	0.170989945
2017	942812139.9	180660478	0.160805413
2018	1065822553	256368094.9	0.193896467
2019	1175006801	202994030	0.147310528
2020	1930649309	206663494.3	0.096693144
2021	1455821728	257734132.3	0.150408947
2022	1676264955	305118157.7	0.153992509
2023	1730357618	301716432.2	0.148477085

Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Three agencies—the Departments of Defense, Health and Human Services (HHS), and Homeland Security—were responsible for more than half of advertising contract obligations to specified businesses from FYs 2014 through 2023, about \$1.3 billion. Although these agencies obligated the most dollars to specified businesses, other agencies obligated higher percentages of their obligations to specified businesses. For example, the National Aeronautics and Space Administration obligated 99 percent of its advertising contract dollars to specified businesses but obligated a lower dollar amount.

During the COVID-19 pandemic, federal agencies obligated about \$1.1 billion to COVID-19-related advertising contracts, and specified businesses were awarded 3.5 percent, or about \$37.1 million. HHS was responsible for \$836 million in COVID-19-related advertising obligations, or 79 percent. Of the 21 businesses that were awarded COVID-19-related contracts, seven were specified businesses. One specified business, a Hispanic- and women-owned business, was awarded 98 percent of obligations to specified businesses for COVID-19-related advertising.

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Abbreviations

COVID-19	Coronavirus Pandemic 2019
DHS	Department of Homeland Security
DOD	Department of Defense
FPDS	Federal Procurement Data System
GSA	General Services Administration
HHS	Department of Health and Human Services
OMB	Office of Management and Budget
SAM	System for Award Management
SBA	Small Business Administration
SDB	Small Disadvantaged Business
NASA	National Aeronautics and Space Administration

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June 27, 2024

Congressional Requesters

The federal government obligated approximately \$2 billion in fiscal year (FY) 2023 for advertising contracts.¹ Federal agencies contract with advertising agencies, public relations firms, and other organizations to, among other things, inform the public about programs and services. The federal government is required to provide procurement opportunities to socially and economically disadvantaged businesses, referred to as small disadvantaged businesses (SDB). Additionally, it offers programs to support contracting with minority- and women-owned businesses of all sizes. We refer to these businesses collectively as “specified businesses” and refer to businesses that are not SDBs, minority-, or women-owned as “all other businesses.”

Given the federal government’s advertising spending and its emphasis on contracting with certain business types, you asked us to issue an update to our [2018 report](#) on federal advertising contracts with specified businesses.² At that time, we reported that federal advertising obligations to specified businesses accounted for an average of 13 percent of advertising obligations from FYs 2013 through 2017. We also found that the Departments of Defense (DOD), Health and Human Services (HHS), and Homeland Security (DHS) directed the most advertising obligations to specified businesses.

This report describes (1) how much federal agencies obligated to advertising contracts over the past 10 fiscal years (2014-2023) and the amount that went to specified businesses, (2) which agencies directed the most advertising contract obligations to specified businesses over the past 10 fiscal years (2014-2023) and how this changed over time, and (3) how much federal agencies obligated for advertising contracts related to COVID-19 over FYs 2020 through 2022 and the amount that went to specified businesses.

To address all three objectives, we analyzed contracting data from the Federal Procurement Data System (FPDS), the database the federal government uses for purchasing and contracts, from FYs 2014 through 2023. Specifically, we reviewed prime contracts coded under the “support – management: advertising” or “support – management: public relations” Product and Service codes. In this report we refer to these contracts collectively as “advertising contracts.” We focused our agency-specific analysis on agencies with total advertising contract obligations exceeding \$10 million over the 10-year period.³ These 27 agencies represent about 99.6 percent of all federal obligations to advertising contracts over this time. Additionally, we identified COVID-19-related contract obligations by analyzing data from contracts that were designated with a National Interest Action (NIA)

¹An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. An agency incurs an obligation, for example, when it places an order, signs a contract, awards a grant, purchases a service, or takes other actions that require the government to make payments.

²GAO, *Federal Advertising: Contracting with Small Disadvantaged Businesses and Those Owned by Minorities and Women Has Increased in Recent Years*, [GAO-18-554](#) (Washington, D.C.: July 17, 2018).

³Dollar amounts are adjusted for inflation and expressed in FY 2023 dollars.

data field for COVID-19-related procurement in FPDS.⁴ We supplemented this analysis with keyword searches for “COVID” and related terms in the “Description of Requirement” and “Major Program” data fields from FYs 2020 through 2022.⁵

We assessed the reliability of FPDS data by 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 Small Business Administration (SBA) officials, who use FPDS data in assessing federal contracting, about the database’s reliability. Based on these steps, we concluded that the data were sufficiently reliable for the purposes of our reporting objectives. Additional details on our scope and methodology can be found in appendix I.

We conducted this performance audit from August 2023 to June 2024 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.

Background

Several executive orders, federal statutes, and regulations 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 directs it to assist and protect the interests of small businesses.⁶ Additionally, the Office of Management and Budget (OMB) sets minimum government-wide goals for federal contracting with small businesses, including SDBs, for each fiscal year. For FY 2024, OMB set a minimum government-wide contracting goal for SDBs of not less than 13 percent of the total value of all prime contracts.⁷ For FY 2025, this goal increases to 15 percent. SBA is responsible for reporting annually on agencies’ progress toward these goals.

SBA also set a minimum government contracting goal of 5 percent for women-owned small businesses. Additionally, SBA has programs in place to support minority-owned businesses. Further, according to SBA

⁴The FPDS includes various data fields with information about contracts. The NIA field allows for the representation of the national interest for which a contract was created. A national interest can include contracts for natural disaster relief, environmental disasters like oil spills, and infectious disease outbreaks, like COVID-19. The Office of Management and Budget directed agencies to assign the COVID-19 indicator code to all procurement actions reported in FPDS that were issued or modified in response to the pandemic. This code was valid for actions from FYs 2020 through 2022. The NIA field was end-dated in January 2024. Office of Management and Budget, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, OMB-M-20-21 (Apr. 10, 2020).

⁵The “Description of Requirement” and “Major Program” data fields describe, respectively, the purpose of the contract and the program the contract supports.

⁶15 U.S.C. §§ 631 *et seq.*

⁷Office of Management and Budget, *Increasing the Share of Contract Dollars Awarded to Small Disadvantaged Businesses for Fiscal Year (FY) 2024 and in Subsequent FYs*, M-24-01 (Oct. 25, 2023).

officials, the agency does not evaluate contracting goals for specific industries, such as advertising, which represented 0.3 percent of total federal contracting in FY 2023.

Categories of Specified Businesses

Table 1 provides definitions of the specified business categories we focused on in this report, according to the System for Award Management (SAM), a federal government website used to facilitate the federal awards process between the federal government and businesses interested in competing for federal contracts.⁸ When businesses register as federal contractors in SAM, they may select the specified categories, among other categories. When contracts are awarded, the business socioeconomic information from SAM is populated into FPDS.

Table 1: Categories of Specified Businesses

Type of Business	Definition
Small Disadvantaged/8(a) Business ^a	At least 51 percent owned and controlled by one or more socially and economically disadvantaged individuals. The requirements for both the small disadvantaged and the 8(a) designations are similar, but there are some differences. The 8(a) Business Development program is a separate certification, requiring eligible firms to show, for example, they are small businesses with potential for success before qualifying. In this report we refer to both categories collectively as “small disadvantaged businesses.”
Minority-Owned Business ^{a, b, c}	More than 51 percent owned and controlled by one or more members of a minority group. ^b The federal System for Award Management (SAM) requires that users who identify as a minority-owned business also check one of the following sub-group categories to indicate the category that best fits the persons holding primary ownership: Asian-Pacific American, Black American, Hispanic American, Native American, Subcontinent Asian (Asian-Indian) American, and other. The “other” category refers to any classification that does not fall under the preceding categories.
Women-Owned Business ^c	At least 51 percent owned and controlled by one or more women and whose management and daily operations are controlled by one or more women.

Source: System for Award Management. | GAO-24-107021

^aWhere applicable, with the exception of the 8(a) business and women-owned small business category, which is included in the Women-Owned Business category, businesses self-select the specified business category in SAM with which they identify.

^bAlthough these categories differ from racial and ethnic classifications identified by the Office of Management and Budget in its Statistical Policy Directive No. 15, we use the SAM categories in this report because (1) participants used them to identify their racial and/or ethnic identities when registering in SAM and (2) they are used in the Federal Procurement Data System that is the source of our analysis. Additional details on these categories are in appendix I.

^cThe Minority-Owned Business and Women-Owned Business categories include businesses of all sizes.

Federal Advertising Activities

Federal advertising contract obligations support several types of activities, including public education and awareness, customer service, general agency information, recruitment, and encouraging compliance with laws and policies. For example, the National Institutes of Health contracted for services to create graphic materials

⁸SAM is the primary government repository for prospective federal awardee information.

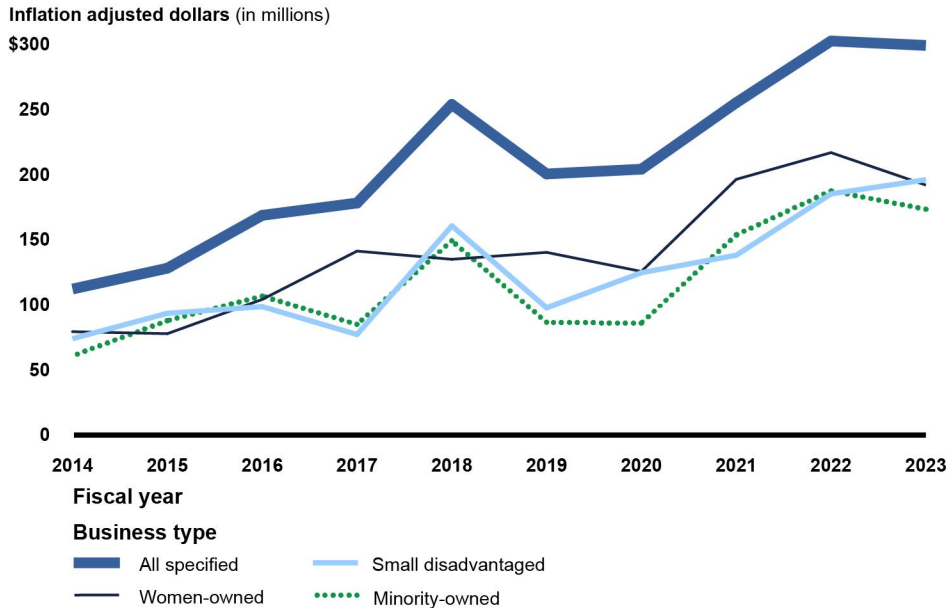
communicating public health messages during the COVID-19 pandemic. Additionally, DOD contracts for advertising to support recruitment for military service.

Federal Agencies Obligated \$14.9 Billion for Advertising Contracts with 14 Percent Going to Specified Businesses from FYs 2014 through 2023

Federal Advertising Contract Obligations to Specified Businesses Generally Increased

Federal agencies obligated a total of \$14.9 billion for advertising contracts from FYs 2014 through 2023, including \$2.1 billion to specified businesses, or 14 percent of total advertising contract obligations. From FYs 2014 through 2023, advertising contract obligations to specified businesses overall and to individual categories varied but generally increased (see fig. 1).

Figure 1: Federal Advertising Contract Obligations to Specified Businesses Overall and Broken Out by Type, Fiscal Years 2014-2023



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Figure 1: Federal Advertising Contract Obligations to Specified Businesses Overall and Broken Out by Type, Fiscal Years 2014-2023

Fiscal Year	All Specified Businesses	Small Disadvantaged Businesses	Women-owned Businesses	Minority-owned Businesses
2014	114610763.1	76486503.69	81852140.7	63337996.18
2015	130597309.3	95982876.78	80299914.45	90305953.67
2016	171197795.1	101083818.5	106605263.7	109167106.6
2017	180660478	79685426.55	143736200.6	87460597.47
2018	256368094.9	163115743.2	137438059.1	151629479.5
2019	202994030	100200923.1	142763101.5	89052698.47
2020	206663494.3	127151611.1	128112333	88355244.76
2021	257734132.3	140568542.5	198843953.3	156135177
2022	305118157.7	187676584.3	219376648.3	190006244.5
2023	301716432.2	198588964.6	194433536	175909642.6

Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Dollar amounts are adjusted for inflation and expressed in 2023 dollars. Inflation adjustments were made using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.

The “All specified” category reflects businesses categorized as small disadvantaged, women-owned, or minority-owned. Because some businesses are classified under more than one of these categories, the number of businesses in the “All specified” category does not equal the sum of the businesses in each of the three categories.

Over this time, federal advertising contract obligations to specified businesses increased at a faster rate than to all other businesses. Specifically, from FYs 2014 through 2023, obligations to specified businesses increased

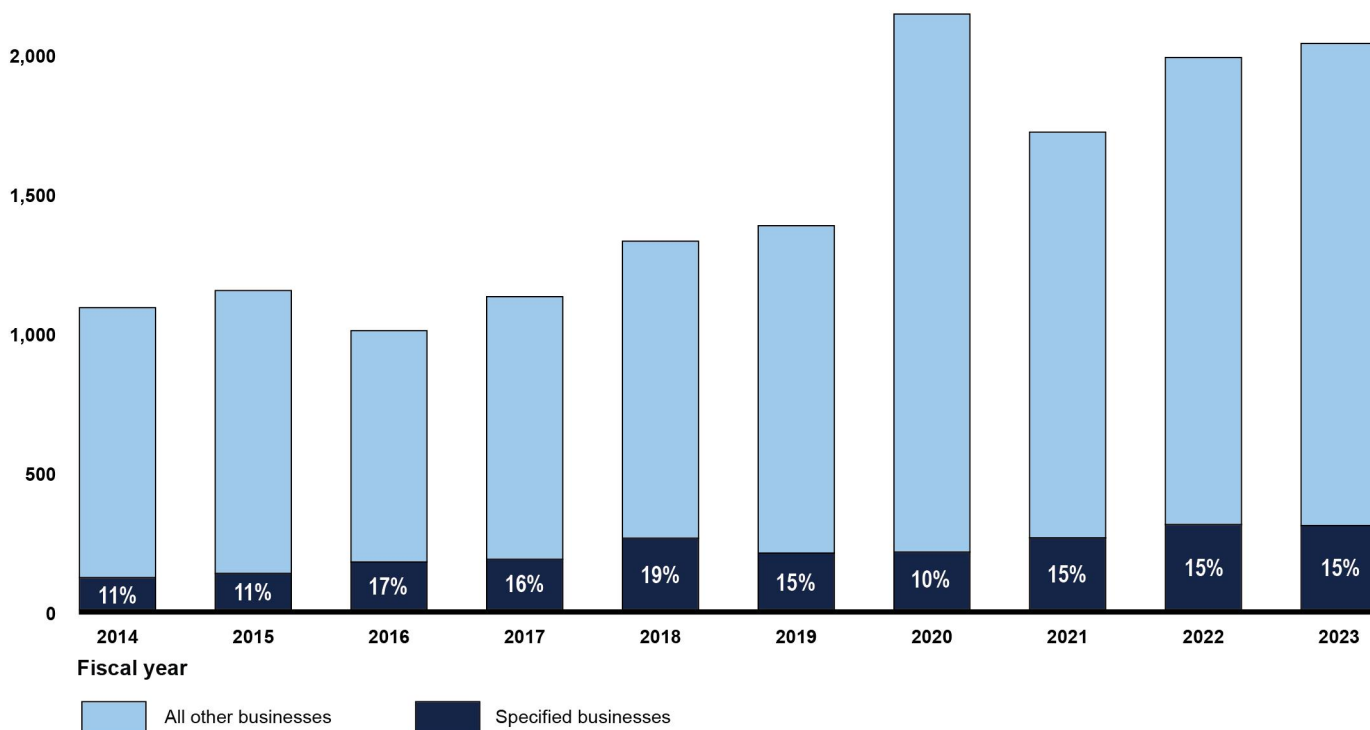
163 percent, from about \$115 million to about \$302 million, while obligations to all other businesses increased 79 percent, from \$969 million to \$1.7 billion.

While advertising obligation amounts generally increased from FYs 2014 through 2023, the share of obligations going to specified businesses has generally remained steady since FY 2016 with the exceptions of FYs 2018 and 2020. Specifically, FY 2018 had the highest share of advertising contract obligations going to specified businesses, at 19 percent, while FY 2020 had the lowest share, at about 10 percent. From FYs 2021 through 2023, the share of advertising contract obligations going to specified businesses remained consistent at 15 percent (see fig. 2).

Figure 2: Total Federal Advertising Contract Obligations to Specified and All Other Businesses, Fiscal Years 2014-2023

Inflation adjusted dollars (in millions)

\$2,500



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Figure 2: Total Federal Advertising Contract Obligations to Specified and All Other Businesses, Fiscal Years 2014-2023

Fiscal Year	All Other Businesses	All Specified Businesses	Percent to Specified Businesses
2014	969044507.8	114610763.1	0.105763121
2015	1014760574	130597309.3	0.114023146

Fiscal Year	All Other Businesses	All Specified Businesses	Percent to Specified Businesses
2016	830017775.7	171197795.1	0.170989945
2017	942812139.9	180660478	0.160805413
2018	1065822553	256368094.9	0.193896467
2019	1175006801	202994030	0.147310528
2020	1930649309	206663494.3	0.096693144
2021	1455821728	257734132.3	0.150408947
2022	1676264955	305118157.7	0.153992509
2023	1730357618	301716432.2	0.148477085

Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Dollar amounts are adjusted for inflation and expressed in 2023 dollars. Inflation adjustments were made using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.

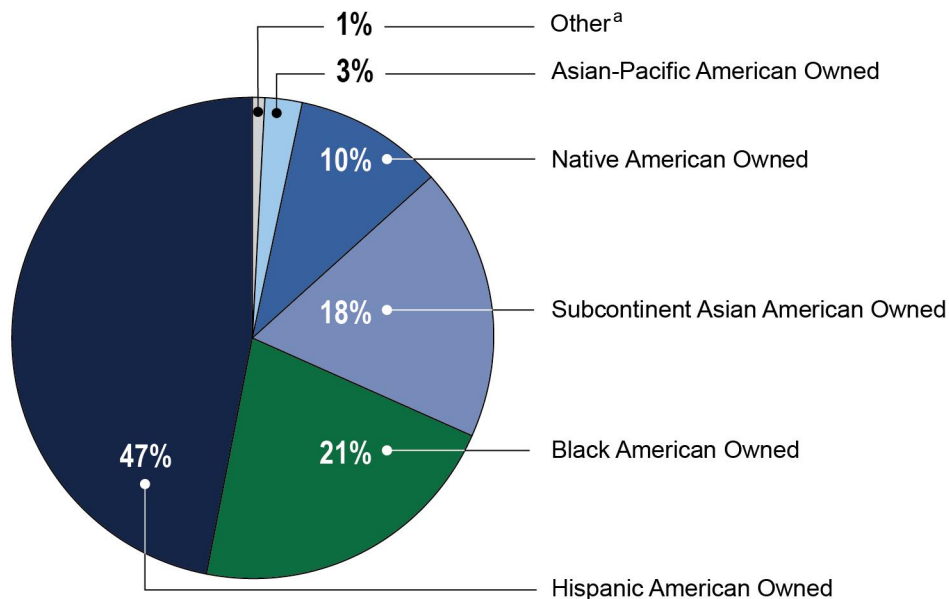
Percentages for specified businesses in each bar reflect the percentage of obligations for that specific year. Therefore, while some percentages are higher numbers, they may appear smaller compared to other years.

The “Specified businesses” category reflects businesses categorized as small disadvantaged, women-owned, or minority-owned.

In FYs 2018 and 2020, fluctuations in federal advertising contract obligations to both all other and specified businesses resulted in variances in the share of advertising contract obligations going to specified businesses. For example, between FYs 2019 and 2020, total advertising contract obligations increased about 55 percent from \$1.4 billion to \$2.1 billion. At the same time, obligations to specified businesses increased by a much smaller amount—about 2 percent—from approximately \$203 million to \$207 million. As a result, although the amount going to specified businesses increased slightly, the percent of advertising contract obligations to these businesses fell from 15 percent in FY 2019 to 10 percent in FY 2020.

Hispanic American-owned businesses were awarded the largest share of the \$1.2 billion obligated to minority-owned businesses from FYs 2014 through 2023 (see fig. 3). Specifically, businesses in this category were awarded \$563 million, or 47 percent, of advertising contract obligations over this period. Black American-owned (\$256 million, or 21 percent) and Subcontinent Asian American-owned businesses (\$221 million, or 18 percent) were awarded the next highest share of obligations.

Figure 3: Percentages of Advertising Contract Dollars Obligated to Minority-Owned Businesses by Racial and Ethnic Group, Fiscal Years 2014-2023



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Figure 3: Percentages of Advertising Contract Dollars Obligated to Minority-Owned Businesses by Racial and Ethnic Group, Fiscal Years 2014-2023

Percent Other	Percent Asian-Pacific American Owned	Percent Native American Owned	Percent Subcontinent Asian American Owned	Percent Black American Owned	Percent Hispanic American Owned
1%	3%	10%	18%	21%	47%

Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Businesses self-select the racial and ethnic group with which they identify in the Federal Procurement Data System. Additional details on specific racial and ethnic group breakdowns are in appendix I.

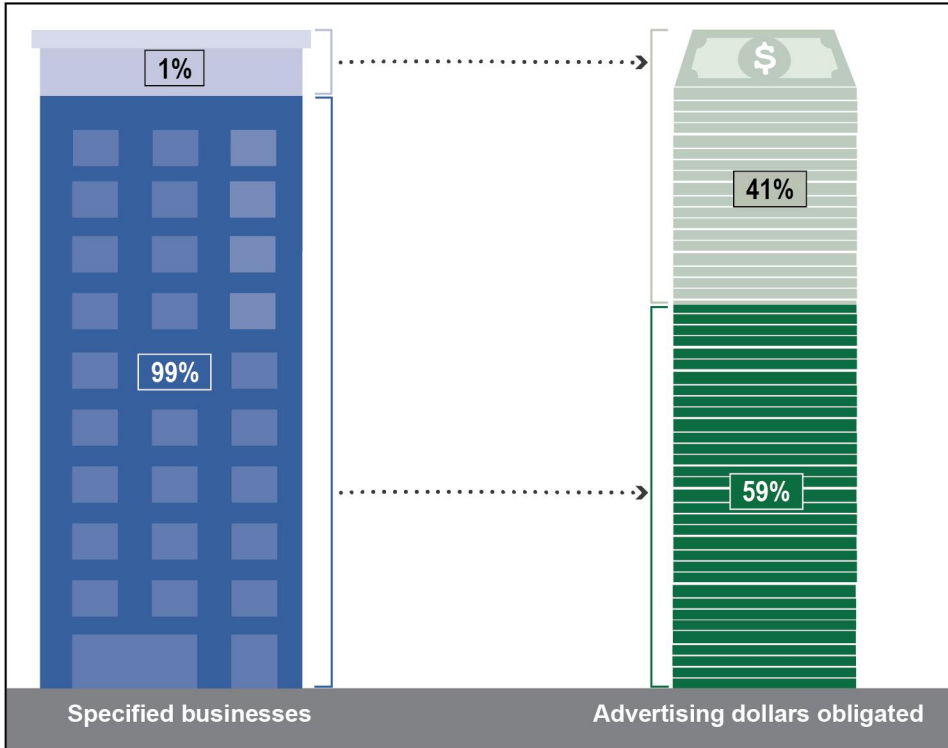
Before calculating the breakdown shown in this figure, we adjusted obligation amounts for inflation and expressed them in 2023 dollars. Inflation adjustments were made using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.

^aAccording to System for Award Management documentation, the "other" category refers to any classification that does not fall under the identified categories.

Federal Advertising Contract Obligations Are Concentrated among a Small Number of Businesses

During the time period we reviewed, advertising contract obligations were concentrated among a relatively small number of businesses – both overall and for specified businesses. For example, as shown in figure 4, the top 1 percent of specified businesses (eight businesses) were awarded 41 percent of all advertising contract obligations to specified businesses from FYs 2014 through 2023.

Figure 4: Concentration of Federal Advertising Contract Obligations among Specified Businesses, Fiscal Years 2014-2023



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Figure 4: Concentration of Federal Advertising Contract Obligations among Specified Businesses, Fiscal Years 2014-2023

Specified businesses percentile	Percent advertising dollars obligated
Bottom 99%	59%
Top 1%	41%

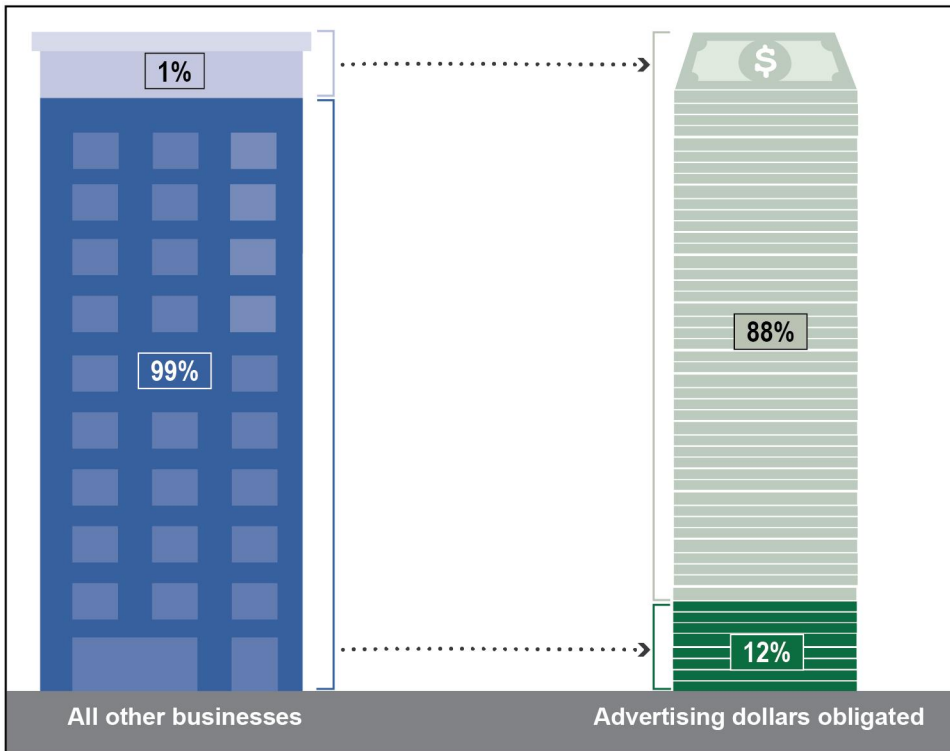
Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Before calculating the breakdown shown in this figure, we adjusted obligation amounts for inflation and expressed them in 2023 dollars. Inflation adjustments were made using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.

The “Specified businesses” category reflects businesses categorized as small disadvantaged, women-owned, or minority-owned.

Similarly, advertising contract obligations to all other businesses were concentrated among a small number of them. That concentration was even more significant, with the top 1 percent of all other businesses (13 businesses) awarded 88 percent of all advertising contract obligations from FYs 2014 through 2023 (see fig. 5) for all other businesses.

Figure 5: Concentration of Federal Advertising Contract Obligations among All Other Businesses, Fiscal Years 2014-2023



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Figure 5: Concentration of Federal Advertising Contract Obligations among All Other Businesses, Fiscal Years 2014-2023

All other businesses percentile	Percent advertising dollars obligated
Bottom 99%	12%
Top 1%	88%

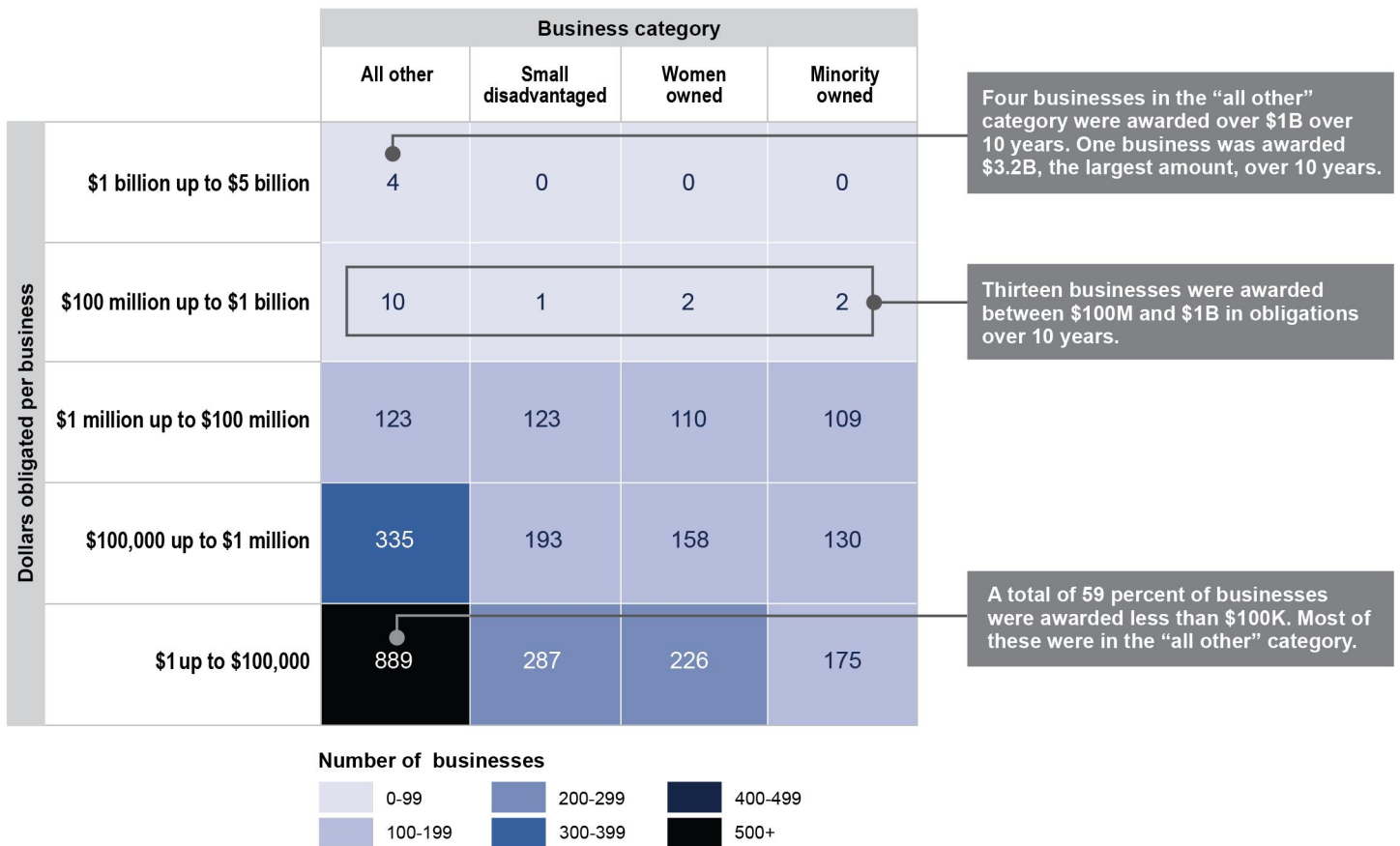
Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Before calculating the breakdown shown in this figure, we adjusted obligation amounts for inflation and expressed them in 2023 dollars. Inflation adjustments were made using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.

The “All other businesses” category represents businesses that do not identify as small disadvantaged, women-owned, or minority-owned.

When looking at advertising obligations broken out by business category over the past 10 fiscal years, most businesses were awarded relatively modest amounts. The median total obligations per business (for all types) was \$22,500, though a small number of businesses across all categories were awarded more than \$100 million, as shown in figure 6.

Figure 6: Number of Businesses Awarded Advertising Obligations by Type of Business, Fiscal Years 2014-2023



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Figure 6: Number of Businesses Awarded Advertising Obligations by Type of Business, Fiscal Years 2014-2023

Type	Dollars obligated per business	Number of businesses
Minority owned	\$1 up to \$100,000	175
Minority owned	\$100,000 up to \$1,000,000	130
Minority owned	\$1,000,000 up to \$100,000,000	109
Minority owned	\$100,000,000 up to \$1,000,000,000	2
Minority owned	\$1,000,000,000 up to \$5,000,000,000	0
All other	\$1 up to \$100,000	889
All other	\$100,000 up to \$1,000,000	335
All other	\$1,000,000 up to \$100,000,000	123
All other	\$100,000,000 up to \$1,000,000,000	10

Type	Dollars obligated per business	Number of businesses
All other	\$1,000,000,000 up to \$5,000,000,000	4
Small disadvantaged	\$1 up to \$100,000	287
Small disadvantaged	\$100,000 up to \$1,000,000	193
Small disadvantaged	\$1,000,000 up to \$100,000,000	123
Small disadvantaged	\$100,000,000 up to \$1,000,000,000	1
Small disadvantaged	\$1,000,000,000 up to \$5,000,000,000	0
Women owned	\$1 up to \$100,000	226
Women owned	\$100,000 up to \$1,000,000	158
Women owned	\$1,000,000 up to \$100,000,000	110
Women owned	\$100,000,000 up to \$1,000,000,000	2
Women owned	\$1,000,000,000 up to \$5,000,000,000	0

Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Because some businesses are categorized under more than one specified category, a unique business may be represented more than once in the “small disadvantaged,” “women-owned,” and “minority-owned” categories. For this reason, the sum of businesses in the “\$100 million up to \$1 billion” category is 13 rather than 15.

Before calculating the breakdown shown in this figure, we adjusted obligation amounts for inflation and expressed them in 2023 dollars. Inflation adjustments were made using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.

While the median obligations per business were relatively modest, a small number of businesses were awarded much greater amounts. For example, in the “all other business” category, four businesses were awarded more than \$1 billion over the 10 fiscal years. The business that was awarded the most obligations over this time period was awarded \$3.2 billion (or about 141,000 times the median), or 21 percent of total advertising obligations over the 10 fiscal years.⁹ A handful of businesses among the small disadvantaged, minority-, and women-owned specified business categories also were awarded substantially larger amounts than the median. For example, three specified businesses fell into the “\$100 million up to \$1 billion” category over the 10 fiscal years.¹⁰ The business that was awarded the most obligations among those three specified business categories was a Hispanic American- and women-owned business awarded \$222 million in total obligations during that time.¹¹

Because some businesses are awarded substantially larger obligation amounts than most others, a change in obligations to a single business or two can affect trends in the amounts going to a category of businesses. For example, if one of the top-earning businesses changed the category it is classified under or loses a contract, it would noticeably affect the amounts going to that category.

⁹We adjusted the amounts awarded to businesses for inflation and expressed them in 2023 dollars.

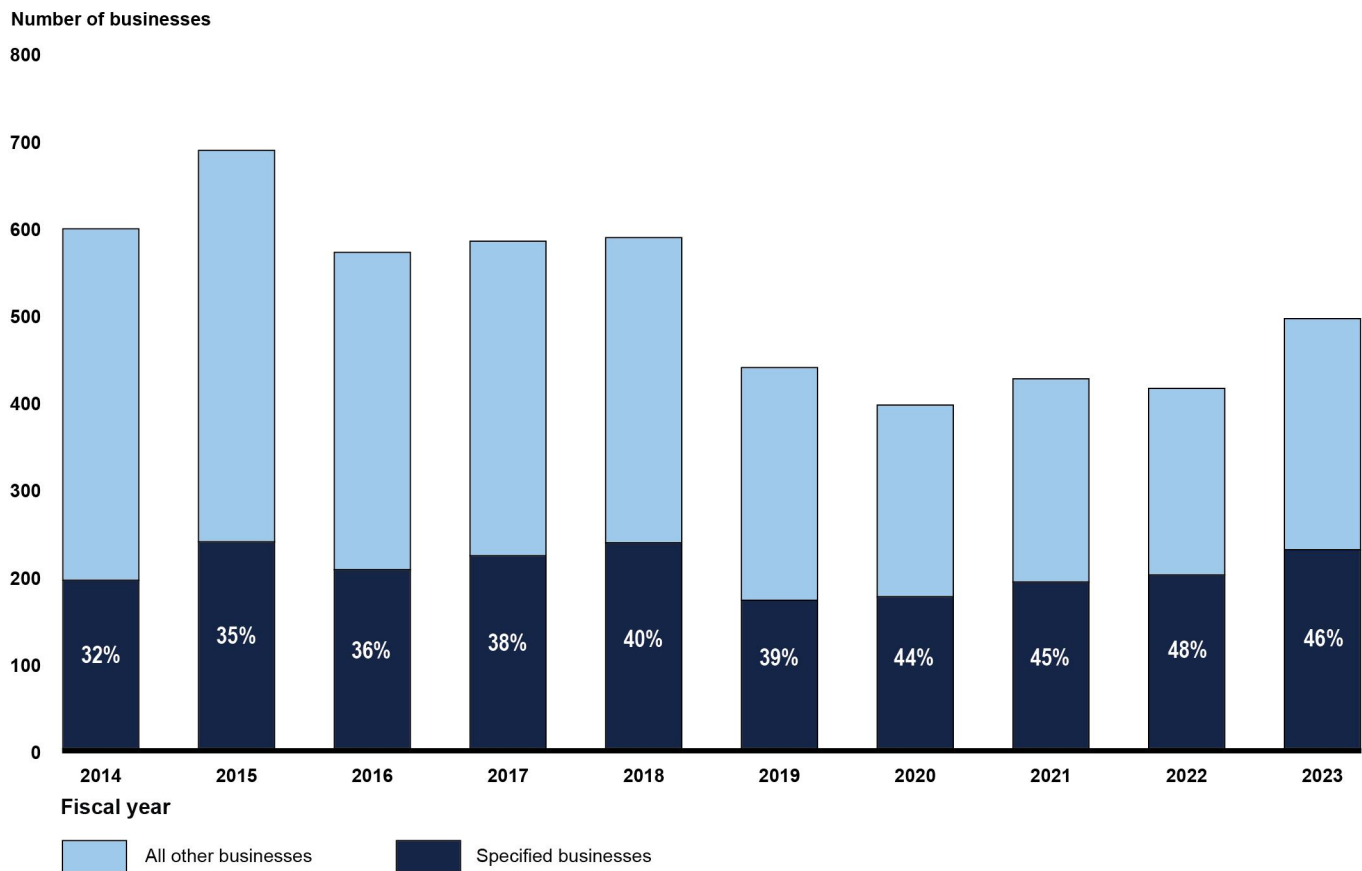
¹⁰As mentioned previously, because some businesses are categorized under more than one specified category, a unique business may be represented more than once in the “small disadvantaged,” “women-owned,” and “minority-owned” categories. For this reason, the sum of specified businesses in the “\$100 million up to \$1 billion” category is three rather than five.

¹¹We adjusted the amounts awarded to businesses for inflation and expressed them in 2023 dollars.

Specified Businesses Made Up 39 Percent of All Businesses Awarded Federal Advertising Contract Obligations

A little over 2,200 businesses were awarded federal advertising contract obligations from FYs 2014 through 2023, and 39 percent of those, or 890, were specified businesses. During that time period, specified businesses made up between 32 percent (FY 2014) and 48 percent (FY 2022) of businesses awarded federal advertising contract obligations, as shown in figure 7.

Figure 7: Number and Percentages of Businesses Awarded Federal Advertising Contract Obligations, Fiscal Years 2014-2023



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Figure 7: Number and Percentages of Businesses Awarded Federal Advertising Contract Obligations, Fiscal Years 2014-2023

Fiscal Year	Specified Businesses	All Other Businesses	Percent Specified
2014	193	403	32%
2015	237	449	35%
2016	205	364	36%
2017	221	361	38%

Fiscal Year	Specified Businesses	All Other Businesses	Percent Specified
2018	236	350	40%
2019	170	267	39%
2020	174	220	44%
2021	191	233	45%
2022	199	214	48%
2023	228	265	46%

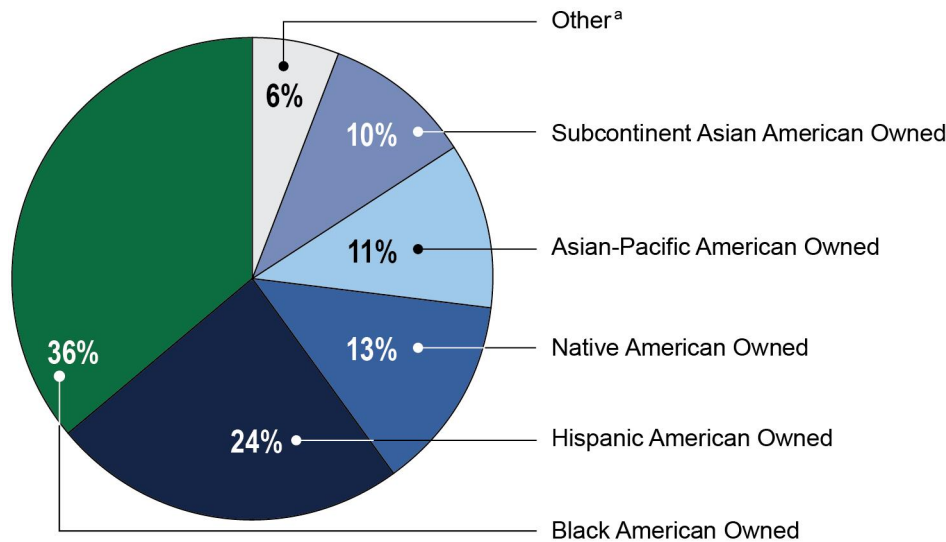
Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Percentages for specified businesses in each bar reflect the percentage of obligations for that specific year. Therefore, while some percentages are higher numbers, they may appear smaller compared to other years.

The “Specified businesses” category reflects businesses categorized as small disadvantaged, women-owned, or minority-owned.

When looking at the number of minority-owned businesses that were awarded advertising contracts from FYs 2014 through 2023, Black American-owned businesses made up the largest group (148 businesses, or 36 percent). They were followed by Hispanic American-owned (97 businesses, or 24 percent), and Native American-owned businesses (55 businesses, or 13 percent) (see fig. 8).

Figure 8: Percentages of Minority-Owned Businesses Awarded Advertising Contracts by Racial and Ethnic Group, Fiscal Years 2014-2023



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Figure 8: Percentages of Minority-Owned Businesses Awarded Advertising Contracts by Racial and Ethnic Group, Fiscal Years 2014-2023

Percent Other	Percent Asian-Pacific American Owned	Percent Native American Owned	Percent Subcontinent Asian American Owned	Percent Black American Owned	Percent Hispanic American Owned
6%	11%	13%	10%	36%	24%

Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Businesses self-select the racial and ethnic group with which they identify in the Federal Procurement Data System. Additional details on the specific racial and ethnic group breakdowns are in appendix I.

³According to System for Award Management documentation, the “other” category refers to any classification that does not fall under the identified categories.

The differences between the share of businesses in each category awarded obligations, shown in figures 7 and 8, and the percent of obligations going to certain business categories, shown earlier in figures 2 and 3, are due to variations in the amounts awarded to individual businesses. For example, in FY 2023, specified businesses made up 46 percent of businesses awarded advertising obligations but were awarded 15 percent of obligations. Additionally, within the minority-owned business category, Black American-owned businesses made up 36 percent of minority-owned businesses awarded advertising contract obligations over the 10 fiscal years but were awarded 21 percent of obligations over this time. These differences are due to variations in the amounts awarded to businesses. As described previously, a small number of businesses awarded larger amounts can noticeably affect a business category’s obligations, so the amount obligated to a certain category is not necessarily proportional to the number of businesses in that category.

DOD, HHS, and DHS Consistently Obligated Over Half of All Advertising Contract Dollars to Specified Businesses

DOD, HHS, and DHS Consistently Accounted for the Most Advertising Contract Obligations to Specified Businesses

Three agencies—DOD, HHS, and DHS—obligated 61 percent of all federal advertising contract obligations to specified businesses from FYs 2014 through 2023. Specifically, these three agencies obligated \$1.3 billion out of \$2.1 billion in total federal obligations to specified businesses over this period. Forty-three other federal agencies obligated the remaining \$847.5 million in advertising contract obligations to specified businesses.

Figure 9 illustrates the breakdown of total federal advertising contract obligations from FYs 2014 through 2023, including the amounts going to specified businesses and DOD, DHS, and HHS’s share.

Figure 9: Federal Advertising Contract Obligations to Specified and All Other Businesses by Agency, Fiscal Years 2014-2023



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Figure 9: Federal Advertising Contract Obligations to Specified and All Other Businesses by Agency, Fiscal Years 2014-2023

Category	Dollar amount
DHS obligations to specified businesses (Fiscal Years 2014-2023)	\$390 Million
HHS obligations to specified businesses (Fiscal Years 2014-2023)	\$431 Million
DOD obligations to specified businesses (Fiscal Years 2014-2023)	\$459 Million
All other contracts for specified businesses with all other agencies (Fiscal Years 2014-2023)	\$848 Million
Advertising Contracts to non-specified businesses (Fiscal Years 2014-2023)	\$12.8 Billion

Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Before calculating the breakdown shown in this figure, we adjusted obligation amounts for inflation to 2023 dollars. Inflation adjustments were made using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.

“Specified businesses” are those categorized as small disadvantaged, women-owned, or minority-owned.

DOD, HHS, and DHS consistently ranked among the top five agencies in advertising contract obligations to specified businesses over the 10 fiscal years we studied. Over this time, the top-spending agency fluctuated, but these three agencies generally increased the amounts of advertising contract obligations they directed to specified businesses. For example, DOD, HHS, and DHS’s obligations to specified businesses increased from approximately \$79 million in FY 2014 to about \$143 million in FY 2023.

Other agencies frequently appeared among the top five in terms of advertising contract obligations to specified businesses in individual years from FYs 2014 through 2023. For example, beginning in FY 2020, the General Services Administration (GSA) ranked among the top five agencies due to an increase in advertising obligations from about \$799,000 in FY 2019 to approximately \$42 million in FY 2020. This increase was due primarily to a contract GSA awarded on behalf of DOD, using its “assisted acquisition” function, which enables

other agencies to use GSA contracting services to procure goods or services.¹² Since FY 2020, DOD, DHS, GSA, and HHS generally remained among the top five agencies directing advertising contract obligations to specified businesses. Additionally, the Departments of Veterans Affairs and Justice appeared in the top five list of agencies' obligations to specified businesses several times during the 10 fiscal years we studied.

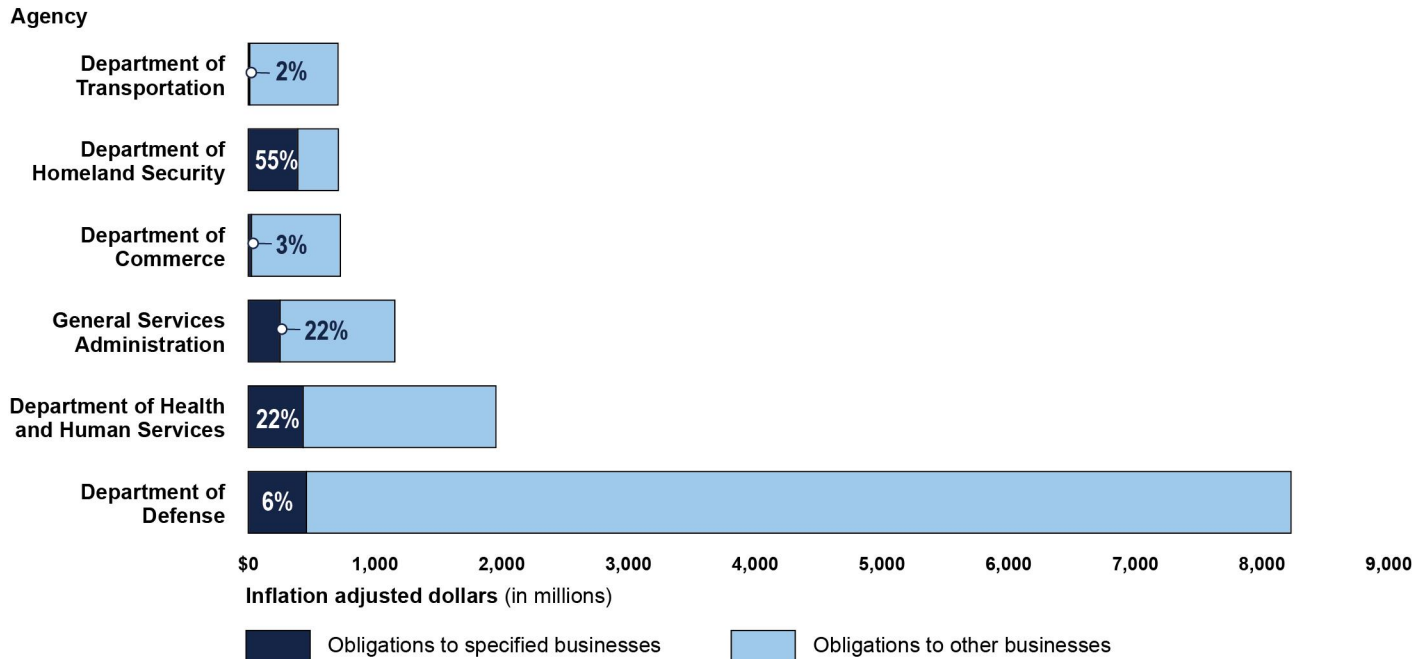
Consistent with government-wide trends, DOD, HHS, and DHS's advertising contract obligations to specified businesses were concentrated in a small number of businesses. For example, the specified business that was awarded the most obligations from DOD represented 17 percent of the agency's total advertising contract obligations to specified businesses from FYs 2014 through 2023. DHS and HHS's obligations to specified businesses were also concentrated among a small number of businesses, with each agency directing about 24 and 45 percent, respectively, going to a single specified business from FYs 2014 through 2023.

Other Agencies Directed Higher Percentages of Their Advertising Contract Obligations to Specified Businesses

While DOD, HHS, and DHS directed the most advertising contract obligations to specified businesses, their percentages of total advertising obligations going to specified businesses varied, and in some cases were lower than other agencies. For example, from FYs 2014 through 2023, DHS obligated 55 percent of its obligations to specified businesses, the highest percentage of these three agencies. On the other hand, DOD obligated about 6 percent of its advertising contract obligations to specified businesses. Figure 10 shows the largest agencies in terms of total advertising contract obligations and the percentage of their obligations going to specified businesses from FYs 2014 through 2023.

¹²While the GSA has contracts of its own, the agency also has contracting officers available to other government agencies to use when awarding contracts, known as an "assisted acquisition." Agencies can choose to use GSA contracting services for a variety of reasons. For example, GSA may have existing contract vehicles that meet an agency's needs. We counted these obligations under GSA because contracting officials at GSA awarded the contract to the specified business.

Figure 10: Federal Agencies with Advertising Contract Obligations over \$500 million, Fiscal Years 2014-2023 (with Percent Going to Specified Businesses)



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Accessible Data for Figure 10: Federal Agencies with Advertising Contract Obligations over \$500 million, Fiscal Years 2014-2023 (with Percent Going to Specified Businesses)

Agency	Total Obligations	Obligations to Specified Businesses	Percent
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	\$34,264,284.60	\$34,036,349.41	99%
DEPARTMENT OF EDUCATION	\$24,681,389.64	\$22,850,742.73	93%
NATIONAL SCIENCE FOUNDATION	\$17,236,897.69	\$15,398,447.01	89%
SMALL BUSINESS ADMINISTRATION	\$42,175,705.79	\$37,543,611.26	89%
DEPARTMENT OF JUSTICE	\$12,319,5041.30	\$102,993,878.50	84%

Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Dollars are adjusted for inflation to 2023 dollars. Inflation adjustments were made using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.

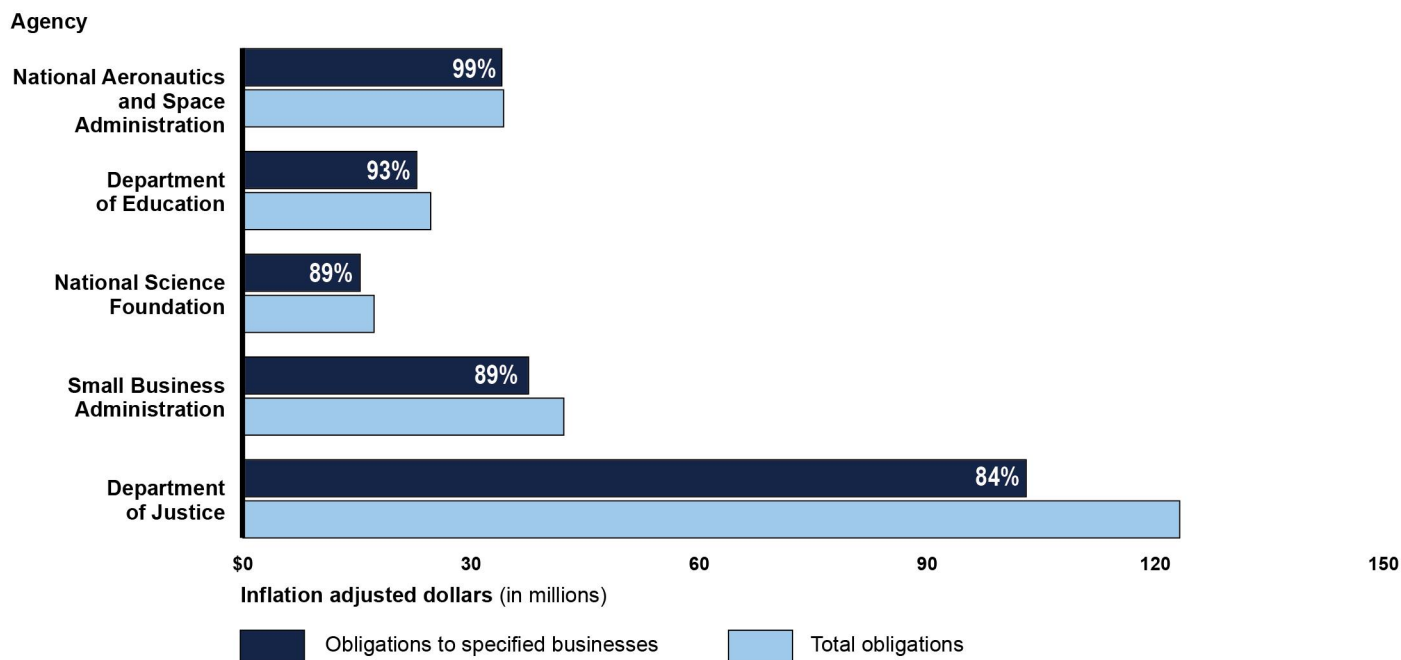
The "Obligations to specified businesses" category represents obligations to businesses categorized as small disadvantaged, women-owned, or minority-owned.

As mentioned previously, DOD ranked first over the 10-year period in advertising contract obligations to specified businesses (\$459 million). However, DOD ranked 19th out of 27 agencies in terms of the percentage

of advertising contract obligations going to specified businesses. Appendix II provides a full list of these agencies with their obligations to all businesses, specified businesses, and the percentage of obligations to specified businesses over the 10 fiscal years we reviewed.

The list of top-ranking agencies changes when looking at shares of total advertising contract obligations rather than dollars going to specified businesses. Of the eight agencies that obligated more than 50 percent of their advertising contract obligations to specified businesses, six obligated less than \$50 million over FYs 2014 through 2023.¹³ Two of these agencies—the National Aeronautics and Space Administration (NASA) and the Department of Education—obligated over 90 percent of their obligations to specified businesses. NASA directed the highest percentage—around 99 percent—of its \$34.3 million in advertising contract obligations to specified businesses over the 10 fiscal years. However, NASA ranked 20th among agencies in terms of overall obligations. Figure 11 shows the top federal agencies in terms of percentage of their overall advertising contract obligations to specified businesses.

Figure 11: Top Agencies by Percentage of Advertising Contract Obligations to Specified Businesses, Fiscal Years 2014-2023



Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

¹³Four agencies obligated 100 percent of their obligations to specified businesses. However, because their obligations for advertising contracts were less than \$10 million over the 10-year period we examined, we excluded them from our study. The amounts these agencies obligated ranged from \$55,000 to \$1.3 million.

Accessible Data for Figure 11: Top Agencies by Percentage of Advertising Contract Obligations to Specified Businesses, Fiscal Years 2014-2023

Agency	Obligations to Specified Businesses	Obligations to All Other Businesses	Percent Obligated to Specified Businesses
Department of Defense	\$458,674,825.2	\$7,768,958,358.0	6%
Health and Human Services	\$431,351,686.9	\$1,522,413,890.0	22%
General Services Administration	\$250,211,856.9	\$90,554,3161.0	22%
Department of Commerce	\$25,018,265.1	\$701,194,550.9	3%
Department of Homeland Security	\$390,100,763.6	\$319,471,208.4	55%
Department of Transportation	\$11,064,979.57.0	\$695,935,313.4	2%

Source: GAO analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Dollar amounts are adjusted for inflation and expressed in 2023 dollars. Inflation adjustments were made using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.

The “Obligations to specified businesses” category represents obligations to businesses categorized as small disadvantaged, women-owned, or minority-owned.

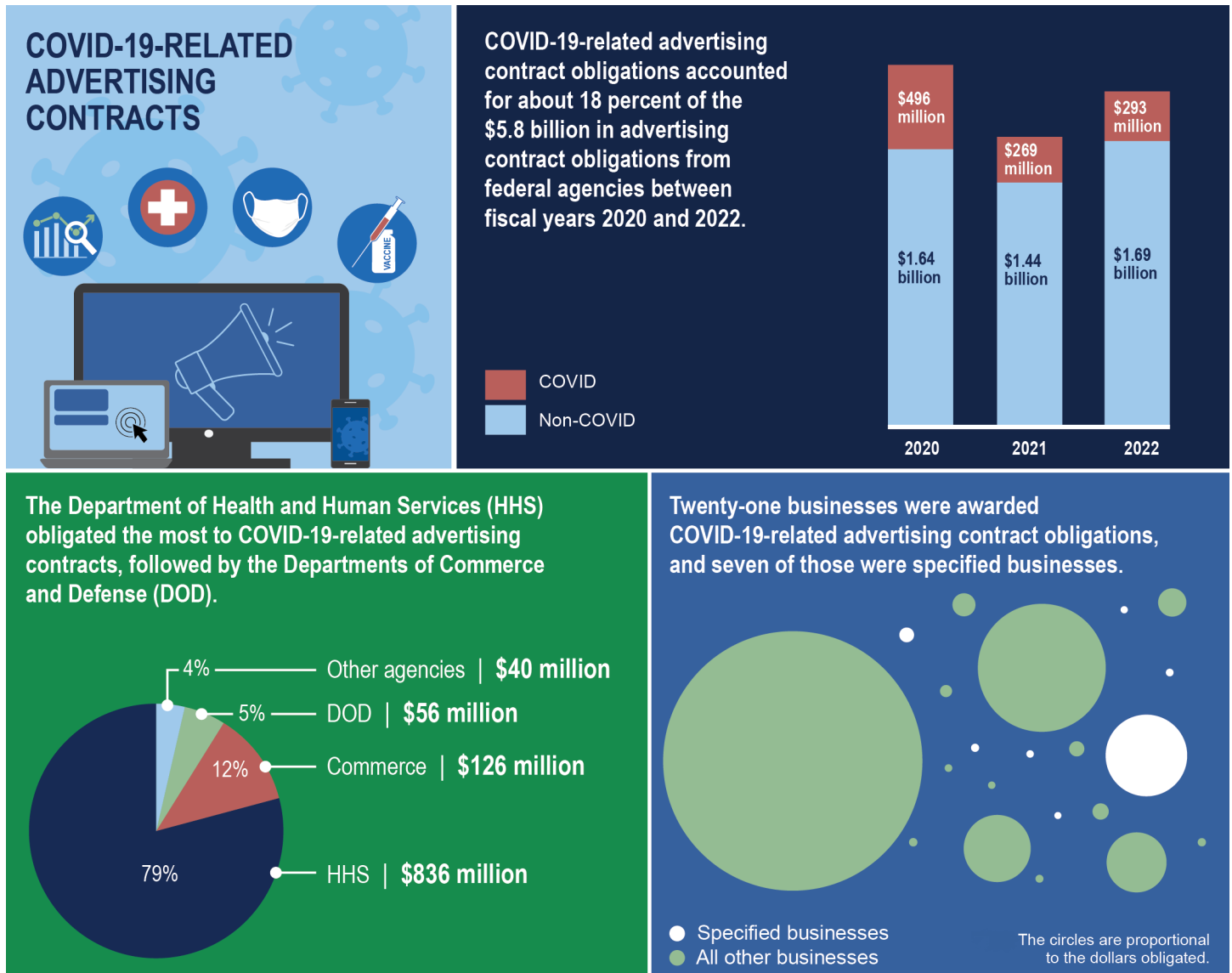
Federal Agencies Obligated about \$1.1 Billion in COVID-19-Related Advertising with 3.5 Percent Going to Specified Businesses

From FYs 2020 through 2022, federal agencies directed 18 percent, or about \$1.1 billion, of approximately \$5.8 billion in advertising contract obligations to COVID-19-related advertising efforts.¹⁴ Federal agencies used these obligations for activities such as notifying the public about COVID-19 vaccines and disease prevention after surges in infections.

As shown in figure 12, obligations for COVID-19-related advertising contracts fluctuated from FYs 2020 through 2022, with most obligations occurring in FY 2020. Additionally, HHS obligated \$836 million, or 79 percent, of the total obligations for COVID-19-related advertising contracts, followed by the Department of Commerce (12 percent) and DOD (5 percent). The National Institutes of Health, a component of HHS, obligated 98 percent—about \$822 million—of HHS’s COVID-19-related advertising contract dollars. Three other components of HHS—the Indian Health Service, Food and Drug Administration, and the Office of the Assistant Secretary for Administration—obligated the remaining almost \$14 million.

¹⁴The Office of Management and Budget directed agencies to code contracts related to COVID-19 in the Federal Procurement Data System with a COVID-19 indicator from FYs 2020 through 2022 so our analysis only reflects those years.

Figure 12: COVID-19-Related Advertising Contracts—Obligations, Agency Distribution, and Number of Specified Businesses and All Other Businesses Awarded Obligations



Source: GAO analysis of Federal Procurement Data System data. GAO illustrations. | GAO-24-107021

Accessible Data for Figure 12: COVID-19-Related Advertising Contracts—Obligations, Agency Distribution, and Number of Specified Businesses and All Other Businesses Awarded Obligation

COVID-19-related advertising contract obligations accounted for about 18 percent of the \$5.8 billion in advertising contract obligations from federal agencies between fiscal years 2020 and 2022.

Fiscal Year	Non-COVID	COVID
2020	\$1.64 billion	\$496 million
2021	\$1.44 billion	\$269 million
2022	\$1.69 billion	\$293 million

The Department of Health and Human Services (HHS) obligated the most to COVID-19-related advertising contracts, followed by the Departments of Commerce and Defense (DOD).

Agencies	Sum of Dollars Obligated
Other Agencies	\$40 million
Department of Defense	\$56 million
Department of Commerce	\$126 million
Department of Health and Human Services	\$836 million

Twenty-one businesses were awarded COVID-19-related advertising contract obligations, and seven of those were specified businesses.

Specified or All Other Business	Total
All Other	\$781,952,097.08
All Other	\$179,979,678.79
Specified	\$68,676,054.04
All Other	\$44,551,755.41
All Other	\$34,718,320.39
All Other	\$5,659,747.46
All Other	\$3,240,798.17
All Other	\$1,108,992.36
All Other	\$860,952.76
Specified	\$781,922.79
All Other	\$346,609.15
All Other	\$34,095.12
All Other	\$27,746.77
Specified	\$24,344.41
All Other	\$16,222.91
Specified	\$11,154.80
All Other	\$9,259.42
Specified	\$6,243.66
All Other	\$5,208.43
Specified	\$2,894.73

Specified or All Other Business	Total
Specified	\$983.81

Source: GAO analysis of Federal Procurement Data System data. GAO illustrations. | GAO-24-107021

Notes: Dollar amounts are adjusted for inflation and expressed in 2023 dollars. Inflation adjustments were made using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.

The “Specified businesses” category reflects businesses categorized as small disadvantaged, women-owned, or minority-owned.

Specified businesses were awarded 3.5 percent, or about \$37.1 million, of the total COVID-19-related advertising contract obligations but represented one-third of all businesses awarded these obligations. The approximately \$1.1 billion federal agencies obligated in COVID-19-related advertising contracts from FYs 2020 through 2022 went to 21 businesses. Seven of those businesses, or 33 percent, were specified businesses. Of those seven businesses, five were minority-owned businesses, four were women-owned businesses, and two were small disadvantaged businesses.¹⁵

Consistent with trends in federal advertising contract obligations generally, obligations for COVID-19-related advertising services with specified businesses were concentrated. For example, about 98 percent of obligations to specified businesses for COVID-19-related advertising contracts, or about \$36.2 million, was directed from HHS to one business classified as both women-owned and Hispanic American-owned.

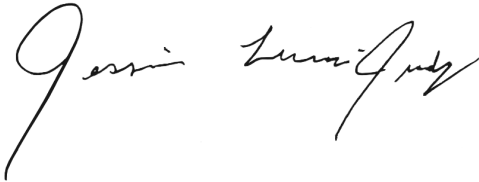
Agency Comments

We provided a draft of this report to the Small Business Administration (SBA) for review and comment. SBA provided technical comments, which we incorporated, as appropriate.

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

¹⁵The number of businesses noted here by type of specified business does not equal the seven individual businesses mentioned above due to overlap in how businesses were classified (e.g., a business could be both women-owned and minority-owned).

If you or your staff have any questions about this report, please contact me at (202) 512-6806 or lucasjudyj@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 that reads "Jessica Lucas-Judy". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Jessica Lucas-Judy
Director, Strategic Issues

List of Addressees

The Honorable Nydia M. Velázquez
Ranking Member
Committee on Small Business
House of Representatives

The Honorable Suzanne Bonamici
House of Representatives

The Honorable Bonnie Watson Coleman
House of Representatives

The Honorable Henry “Hank” Johnson, Jr.
House of Representatives

The Honorable Barbara Lee
House of Representatives

The Honorable Grace Meng
House of Representatives

The Honorable Eleanor Holmes Norton
House of Representatives

The Honorable Bennie Thompson
House of Representatives

Appendix I: Objectives, Scope, and Methodology

Our objectives were to identify and analyze (1) how much federal agencies obligated toward advertising contracts over the past 10 fiscal years (FYs 2014 through 2023) and what amount went to small disadvantaged businesses (SDB) and businesses owned by minorities and women (collectively referred to as “specified businesses”); (2) which agencies directed the most advertising contract obligations to specified businesses over the past 10 fiscal years and how this changed over time; and (3) how much federal agencies obligated for COVID-19-related advertising contracts over FYs 2020 through 2022 and the amount that went to specified businesses.

To address all three objectives, we analyzed data from the Federal Procurement Data System (FPDS) database for FYs 2014 through 2023. The FPDS database captures information on the federal government’s contract awards and obligations and includes data for most federal contract actions. Every contract action reported in FPDS is characterized by a Product and Service Code to indicate the type of product or service the government purchased. We reviewed obligation data for contracts coded under the “support – management: advertising” or “support – management: public relations” Product and Service Codes.¹⁶ For reporting purposes, we refer to these two contract types collectively as “advertising contracts.”

We focused our analysis of FPDS data on the following types of specified businesses awarded advertising contracts: (1) SDB, 8(a) businesses, or both; (2) businesses owned by minorities; and (3) businesses owned by women.¹⁷ SDBs, women-owned businesses, and minority-owned businesses may self-identify in the government’s System for Award Management (SAM) as these types of businesses when they register as federal contractors. Some businesses, like women-owned small businesses, complete a certification process through SBA to be eligible to bid on solicitations set aside for them. When contracts are awarded, the business socioeconomic information from SAM is populated into FPDS. We counted both self-certified and certified women-owned businesses together in the women-owned business category of our analysis.

Criteria for certification as an 8(a) business are similar to those for SDB classification, including that the business be primarily owned by a person or people who are socially and economically disadvantaged. Because of these similarities, we combined 8(a) businesses and SDBs into one group which we refer to in this report as “SDBs.”

There is overlap among the three specified business groups. For example, a business may identify as a minority-owned business and a women-owned business. We accounted for this overlap when calculating and presenting data on the amount of advertising contract obligations to ensure we did not double or triple count obligations.

¹⁶Contracts reported in FPDS are also categorized by a North American Industry Classification System (NAICS) code, which indicates the industry of the product or service purchased. The Small Business Administration uses NAICS codes to determine the size standard for which businesses qualify as a small business. For the purposes of this report, we used the Product and Service Codes mentioned above to identify advertising contracts because (1) Product and Service Codes are assigned at the individual contract level and our focus is on businesses; and (2) we wanted to remain consistent with our prior work on this topic. See GAO, *Federal Advertising: Contracting with Small Disadvantaged Businesses and Those Owned by Minorities and Women Has Increased in Recent Years*, [GAO-18-554](#) (Washington, D.C.: July 17, 2018).

¹⁷Businesses owned by minorities and women include businesses of all sizes.

Using FPDS data, we calculated the amount of advertising contract obligations going to specified and all other businesses, which we define as businesses not identifying as an SDB, minority-, or women-owned business, and the number of businesses awarded those obligations. When calculating the dollar amount of advertising contract obligations, we included both positive and negative obligations in our final determination.¹⁸ Similarly, when calculating the dollar amount of advertising contract obligations by individual federal departments, we included both their positive and negative obligations for contract actions. We adjusted all dollar figures to 2023 dollars, using Fiscal Year Chain-Weighted Gross Domestic Product Price Index data from the Bureau of Economic Analysis for 2014 through 2023.¹⁹

When calculating the number of businesses that were awarded advertising contract obligations, we only included businesses with positive obligations. Additionally, some businesses can change classification from year to year and sometimes within years. For example, a business could be classified as a women-owned business one year but not in another year. To account for this, we counted businesses that are classified as different types at different points in time as a unique business for each distinct category they used. So, in the prior example, we would count the business once as a women-owned business, and once as a different type if it identified that way in SAM.

For our first objective, we analyzed advertising contract obligations to businesses owned by individuals belonging to specific racial and ethnic categories within the minority-owned business categorization. We analyzed obligations going to advertising contracts with businesses that identified as being owned by people belonging to the following categories (as listed in SAM): Asian-Pacific American, Black American, Hispanic American, Native American, Subcontinent Asian (Asian-Indian) American, and “other” racial or ethnic group. Businesses that self-identify as minority-owned in SAM must select one of these subcategories to indicate the category that best fits the identities of the persons holding primary ownership. The “other” category refers to any classification that does not fall under the preceding categories. We did not observe any overlap between specific racial and ethnic categories in our analysis of public relations/advertising contracts.

These SAM categories differ from racial and ethnic classifications identified by the Office of Management and Budget in its *Statistical Policy Directive No. 15*, which provides a minimum set of categories that all federal agencies must use if they intend to collect information on race and ethnicity.²⁰ We used SAM categories in this report because (1) they are the categories participants used to identify their racial and/or ethnic identities when registering in SAM and (2) they are the categories reflected in the FPDS data that are the source of our analysis.

SAM defines the racial and ethnic sub-groups within the minority-owned business category in the following ways:

Asian-Pacific American Owned: persons with origins from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China, Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, The Philippines, U.S. Trust Territory of the Pacific Islands (Republic of Palau), Republic of the Marshall Islands, Federated States of

¹⁸Negative obligations are an agency’s downward adjustment of previously incurred obligations.

¹⁹Our analysis of Bureau of Economic Analysis data.

²⁰Office of Management and Budget, *Statistical Policy Directive No. 15: Standards for Maintaining, Collecting, and Presenting Federal Data on Race and Ethnicity* (March 28, 2024).

Micronesia, the Commonwealth of the Northern Mariana Islands, Guam, Samoa, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu, or Nauru.

Black American Owned: persons with origins in any of the Black African racial groups not of Hispanic origin.

Hispanic American Owned: persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race.

Native American Owned: persons who identify as American Indians, Alaska Natives, or Native Hawaiians.²¹

Subcontinent Asian (Asian-Indian) American Owned: persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands, or Nepal.

Other: persons belonging to a racial or ethnic group other than one of the ones listed above.

We also analyzed FPDS data at the government-wide level to identify overall trends in obligations to advertising contracts and the amounts going to specified businesses. For our first objective, we focused on the amount of advertising contract obligations going to these business categories individually and combined, and we examined how these amounts changed over the last 10 fiscal years. We also analyzed the concentration of advertising contract obligations to determine the extent to which contract obligations were concentrated among specified and all other businesses in objective one.

For our second objective, we analyzed FPDS data on specific agencies' obligations for advertising contracts and the amounts they obligated to specified businesses. We focused our agency-specific analysis on agencies with advertising contract obligations exceeding \$10 million over the 10-year period. These 27 agencies represent 99.6 percent of all federal obligations to advertising contracts over this time. We used these data to identify the agencies that ranked highest in dollars and as a percentage of total advertising contract obligations to specified businesses. We examined how agency obligations to specified businesses changed over the last 10 fiscal years. We also analyzed concentration of advertising contract obligations at the government-wide level and at specific agencies, such as the Departments of Homeland Security, Defense, and Health and Human Services, the largest obligators of advertising contract dollars to specified businesses.

To address our third objective, we used the "COVID-19 2020" National Interest Action (NIA) field in FPDS to determine COVID-19-related advertising contract obligations. The NIA field is used by the federal government to describe purchases for a specific national interest, such as during the COVID-19 pandemic. We also supplemented this analysis with keyword searches of "COVID" and related terms to identify additional COVID-19-related actions in the "Description of Requirement" and "Major Program" data fields in FPDS. The "COVID-19 2020" NIA field was discontinued in FY 2023, and to align our analysis with the field's time frame, we limited our keyword search to FYs 2020 through 2022. All dollar figures reported are adjusted to 2023 dollars.

We assessed the reliability of FPDS data by considering known strengths and weaknesses of these data, based on our past work, and looking for obvious errors and inconsistencies in the data we used for our analysis. We reviewed existing information about the FPDS system and the data it collects such as the data dictionary and by performing electronic testing. We also interviewed SBA officials, who use FPDS data in

²¹In lieu of the term "Alaska Natives," SAM uses the terms "Eskimos" and "Aleuts."

assessing federal contracting, about the database's reliability. We also interviewed SBA officials responsible for assessing government-wide and agency contracting data and the agency's business development activities about their perspective on trends in federal advertising contracting. We asked them about the effect of the COVID-19 pandemic on federal advertising contracting, consistent with answering our third objective. Based on these steps, we concluded that the data were sufficiently reliable for the purposes of our reporting objectives.

We conducted this performance audit from August 2023 to June 2024 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: Federal Agencies' Advertising Contract Obligations with Percentage Going to All Specified Businesses, Small Disadvantaged Businesses, and Those Owned by Minorities and Women, Fiscal Years 2014-2023

Fiscal Years 2014 – 2023

Agency	Advertising contract obligations to all businesses (\$ millions)	Advertising contract obligations to specified businesses (\$ millions)	Percent of advertising contract obligations going to: All specified businesses	Percent of advertising contract obligations going to: Small disadvantaged businesses	Percent of advertising contract obligations going to: Minority-owned businesses	Percent of advertising contract obligations going to: Women-owned businesses
Department of Defense	\$8,228	\$459	5.6%	4.2%	3.5%	2.9%
Department of Health and Human Services	\$1,954	\$431	22.1%	9.0%	16.9%	20.0%
General Services Administration	\$1,156	\$250	21.6%	21.4%	13.4%	8.2%
Department of Commerce	\$726	\$25	3.4%	1.9%	1.8%	1.9%
Department of Homeland Security	\$710	\$390	55.0%	20.8%	27.4%	33.1%
Department of Transportation	\$707	\$11	1.6%	1.3%	0.6%	1.4%
Department of Veterans Affairs	\$261	\$116	44.3%	23.1%	11.2%	39.0%
Social Security Administration	\$145	\$4	2.6%	-1.2%	-1.2%	3.9%
Department of Labor	\$138	\$52	37.7%	18.7%	18.3%	32.3%
Department of Justice	\$123	\$103	83.6%	56.7%	6.1%	82.4%
Department of Agriculture	\$114	\$17	14.6%	11.3%	8.1%	11.2%
Department of State	\$108	\$50	46.3%	26.6%	27.3%	21.6%
Department of Interior	\$58	\$7	12.8%	6.6%	4.5%	8.6%
U.S. Agency for International Development	\$54	\$0.56	1.0%	0.0%	0.2%	1.0%

Appendix II: Agencies' Advertising Obligations to Specified Businesses

Agency	Advertising contract obligations to all businesses (\$ millions)	Advertising contract obligations to specified businesses (\$ millions)	Percent of advertising contract obligations going to: All specified businesses	Percent of advertising contract obligations going to: Small disadvantaged businesses	Percent of advertising contract obligations going to: Minority-owned businesses	Percent of advertising contract obligations going to: Women-owned businesses
Consumer Financial Protection Bureau	\$48	\$5	11.0%	4.1%	2.5%	9.9%
Small Business Administration	\$42	\$38	89.0%	88.5%	88.2%	88.7%
Office of Personnel Management	\$41	\$32	79.7%	0.0%	0.0%	79.7%
Peace Corps	\$40	\$2	4.8%	0.1%	0.1%	4.8%
Department of the Treasury	\$35	\$12	33.9%	33.1%	28.3%	26.0%
National Aeronautics and Space Administration	\$34	\$34	99.3%	96.9%	97.1%	11.4%
Department of Energy	\$28	\$6	22.9%	18.7%	17.1%	5.8%
Department of Education	\$25	\$23	92.6%	-0.3%	0.1%	91.5%
Department of Housing and Urban Development	\$22	\$17	77.1%	68.4%	58.2%	64.8%
Securities and Exchange Commission	\$20	\$0.02	0.1%	0.4%	-0.3%	0.1%
National Science Foundation	\$17	\$15	89.3%	35.4%	26.5%	64.3%
Export-Import Bank of the U.S.	\$17	\$0.23	1.4%	0.8%	1.0%	1.1%
Federal Communications Commission	\$10	\$0.10	1.0%	1.0%	1.0%	0.0%

Source: GAO Analysis of Federal Procurement Data System data. | GAO-24-107021

Note: Negative numbers represent deobligations, an agency's cancellation or downward adjustment of previously incurred obligations.

Businesses can identify as more than one specified business category, meaning there is overlap among the three specified business groups. We accounted for this overlap in our calculations to ensure we did not double count businesses.

The "All specified businesses" category reflects businesses categorized as small disadvantaged, women-owned, and minority-owned.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, Kathleen Padulchick (Assistant Director), Jyoti Gupta (Analyst in Charge), Sue Ellen Foth, Evan Ismail, Amalia Konstas, Alexia Lipman, Krista Loose, Matthew Miloszar, Peter Verchinski, and Alicia White made key contributions to this report.

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