



Highlights of [GAO-07-877](#), a report to congressional requesters

FEDERAL ADVERTISING

Established Programs Were Largely Used to Address Executive Order Directive to Ensure Small and Minority-Owned Business Participation

Why GAO Did This Study

In 2005, federal spending on advertising exceeded \$1 billion. Five agencies—DOD, Treasury, HHS, Interior, and NASA—together made up over 90 percent of this spending from 2001 to 2005. Executive Order 13170, signed in October 2000, directs agencies to take an aggressive role in ensuring substantial participation in federal advertising contracts by businesses in the Small Business Administration’s (SBA) 8(a) and small disadvantaged business (SDB) programs and minority-owned businesses.

This report describes (1) strategies DOD, HHS, Treasury, Interior, and NASA used to address Executive Order 13170, and (2) the total obligations, number of contract actions, and percentage of total obligations represented by these actions that each agency awarded to 8(a)s, SDBs, and minority-owned businesses for advertising services.

In conducting this study, GAO analyzed agency contracting data and executive order implementation plans and interviewed agency procurement officials.

What GAO Recommends

GAO is making no recommendations in this report.

GAO provided a draft of this report to the five agencies as well as SBA, OMB, and GSA for their review and comment. The agencies had no comments on the report.

www.gao.gov/cgi-bin/getrpt?GAO-07-877.

To view the full product, including the scope and methodology, click on the link above. For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

What GAO Found

Because much of Executive Order 13170 was consistent with existing legislation, the five agencies we reviewed generally addressed the order’s emphasis on advertising contracts by continuing existing programs designed to identify potential contracting opportunities with all types of small businesses. The five agencies’ focus on ongoing efforts was consistent with SBA’s and the Office of Management and Budget’s (OMB) views that several provisions of the order paralleled procurement program requirements under the Small Business Act. Three agencies—HHS, Treasury, and Interior—also planned additional activities that targeted the agency’s contracting efforts for advertising services. For example, one of Treasury’s additional activities was to work with trade associations to identify opportunities for SDBs in advertising.

From fiscal years 2001 through 2005, 8(a), SDB, and minority-owned businesses received about 5 percent of the \$4.3 billion in advertising-related obligations of DOD, Treasury, HHS, Interior, and NASA and 12 percent of the contract actions that these agencies awarded; the percentages varied substantially among each of the five agencies (see fig.). For example, Treasury awarded less than 2 percent of its advertising-related dollars to 8(a)s, SDBs, and minority-owned businesses collectively over the 5-year period, while NASA awarded about 89 percent to these types of businesses. Overall advertising obligations also varied from one year to the next at individual agencies, sometimes significantly. Year-to-year increases were driven by large campaigns that the respective agencies undertook to publicize new programs or promote their mission (e.g., public health). Agencies varied in the extent to which year-to-year increases in overall advertising obligations had a similar effect on obligations to 8(a), small disadvantaged, and minority-owned firms.

Advertising-Related Obligations for Fiscal Years 2001-2005

	8(a), SDB, and minority-owned ^a (Dollars in millions)		All others	Total
DOD	\$49.1	1.8%	\$2,625.7	\$2,674.7
Treasury	3.7	1.9%	184.7	188.4
-Other agency funded	0.0		755.8	755.8
HHS	121.5	24.6%	372.5	494.0
Interior	2.1	6.4%	31.0	33.1
-Other agency funded	1.9	1.2%	161.6	163.5
NASA	40.6	88.9%	5.1	45.7
Total	218.9	5.0%	4,136.3	4,355.2

Legend: 8(a), SDB, and minority-owned businesses (light gray); All other businesses (dark gray)

Source: GAO analysis of Federal Procurement Data System-Next Generation data for fiscal years 2001-2005.

^aObligations to businesses that may be classified in multiple categories are counted only once in this figure.