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MEMORANDUM FOR: JOSE A. LIRA
Director
Office of Small Business Programs

FROM: *Elliot P. Lewis*
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for Audit

SUBJECT: Evaluation of the Department of Labor's
Small and Disadvantaged Business
Utilization Program FYs 1999-2002
Final Audit Report No. 21-04-004-01-100

The attached subject final report is submitted for your resolution action. We request a response to this report within 60 days.

If you have any questions concerning this report, please contact Deborah Outten-Mills, Director, National Audit and Evaluations Office, at 202-693-7027.

Attachment



**EVALUATION OF THE
SMALL AND DISADVANTAGED BUSINESS
UTILIZATION PROGRAM
FYs 1999 – 2002**

**UNITED STATES DEPARTMENT OF LABOR
OFFICE OF SMALL BUSINESS PROGRAMS**

**REPORT NUMBER: 21-04-004-01-100
DATE: April 29, 2004**

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ABBREVIATIONS AND ACRONYMS

<i>DOL</i>	Department of Labor
<i>FAR</i>	Federal Acquisition Regulations
<i>FASA</i>	Federal Acquisition Streamlining Act
<i>GDP</i>	Gross Domestic Product
<i>GSA</i>	General Services Administration
<i>HUBZone</i>	Historically Underutilized Small Business Zone
<i>OSBP</i>	Office of Small Business Programs
<i>SDBU</i>	Small and Disadvantaged Business Utilization
<i>SBA</i>	Small Business Administration
<i>SDB</i>	Small Disadvantaged Business
<i>SDVO</i>	Service-Disabled Veteran-Owned
<i>VESBA</i>	Veterans Entrepreneurship and Small Business Development Act

DOL Agencies

<i>BLS</i>	Bureau of Labor Statistics
<i>EBSA</i>	Employee Benefits Security Administration (formerly PWBA)
<i>ESA</i>	Employment Standards Administration
<i>ETA</i>	Employment and Training Administration
<i>ILAB</i>	Bureau of International Labor Affairs
<i>MSHA</i>	Mine Safety and Health Administration
<i>OALJ</i>	Office of Administrative Law Judges
<i>OASP</i>	Office of the Assistant Secretary for Policy
<i>OASAM</i>	Office of the Assistant Secretary for Administration and Management
<i>OCFO</i>	Office of the Chief Financial Officer
<i>ODEP</i>	Office of Disability Employment Policy
<i>OIG</i>	Office of Inspector General
<i>OPA</i>	Office of Public Affairs
<i>OSHA</i>	Occupational Safety and Health Administration
<i>SOL</i>	Office of the Solicitor
<i>VETS</i>	Veterans' Employment and Training Service
<i>WB</i>	Women's Bureau

EXECUTIVE SUMMARY

The Department of Labor Can Stimulate Small Business Growth and Decrease its Procurement Expenditures by Maximizing Small Business Purchases

The Small Business Act requires that a minimum amount of Federal procurement purchases come from small businesses annually. In addition, statutory requirements define minimum levels for procurements from specific types of small businesses, such as those owned by women or service disabled veterans. These goals can vary among agencies, but all Federal agencies with procurement power must have goals assigned to them for each small business category. In 1997, the overall Federal small business procurement goal was set at 23 percent. Although DOL's goal has changed at times, from FYs 2000 to 2002 its overall small business procurement goal was 24 percent. DOL exceeded its goal each year.

The Office of Small Business Programs (OSBP) is the primary catalyst for achievement of small business goals at DOL through implementation of the Department's small and disadvantaged business utilization function. This evaluation was conducted to 1) review the Department's historical achievement of small business procurement goals, 2) analyze the performance of OSBP in executing the small and disadvantaged business utilization function, and 3) assess the conditions that affected the maximization of small business procurement for FYs 1999 to 2002.

Although the Department successfully achieved its overall goal for FYs 2000 to 2002, it has not consistently met its sub-goals. In addition, 41 percent of DOL agencies did not achieve their overall small business procurement goals in FY 2002. Because the quantity of vendors competing for procurements in the DOL marketplace could adversely affect the price and quality of goods and services purchased, potential impacts of expanding the competition for contracts include decreased DOL procurement spending and increased quality of goods and services.

As a result of our review and analysis, we concluded that the achievement of DOL's small business procurement goals is primarily affected by goal setting, communication and outreach, and internal and external conditions.

FINDING A

Goal Setting Strategy Impedes the Department's Maximization of Small Business Purchases

OSBP negotiates individual small business procurement goals once per year with each DOL agency. Generally, these goals are established based upon knowledge of an agency's market and business model. However, the result is often goals that are set at levels *known* to be attainable, rather than levels that are *potentially* attainable. This practice is most apparent when an agency's goal is set at a lower percentage than even the Department's overall goal for a given year and is particularly evident when considering the goal setting strategy for the Employment and Training Administration (ETA). As a result, goals have not been set high enough to encourage agencies to perform above expectations and thereby maximize small business purchases.

We recommend the OSBP Director:

1. Evaluate OSBP's goal setting strategy and the effectiveness of setting some small business goals below DOL's required percentages.
2. Based on the evaluation result, revise the goal setting strategy as necessary to maximize small business procurement.

FINDING B

Communication and Outreach Efforts Need Strengthening

The OSBP, small business specialists, and small business vendors have indicated that communication and outreach are vital factors that impact the achievement of DOL small business procurement goals. Of particular importance in the small business procurement process are vendor outreach sessions, internal communication, and the General Services Administration (GSA) Federal Supply Schedule.

According to participants, vendor outreach sessions are usually very useful. However, based on interviews and written feedback from vendor outreach session participants, we found that 1) participant knowledge of contracts, vendors, and DOL agencies is often inadequate to ensure that agency needs are matched with appropriate vendors, and 2) operation and organization of the sessions need improvement.

In addition, agency small business specialists commented that they could benefit significantly from increased assistance from OSBP in finding certain types of small businesses and from a greater presence of small business vendors on the GSA Federal Supply Schedule.

We recommend the OSBP Director:

3. Modify OSBP's process for notification of agency representatives attending vendor outreach sessions by developing procedures to ensure appropriate agency procurement specialists attend the sessions and are matched with suitable vendors.
4. Introduce controls at vendor outreach sessions to ensure participants adhere to procedures.
5. Upgrade the internet-based form for vendor outreach session registration.
6. Revise the DOL procurement forecast by differentiating upcoming contracts that are open for competition from those that are not open for competition.
7. Develop strategies to improve communication and information exchange between OSBP, Small Business Specialists, and vendors.

8. Encourage GSA representatives to participate in vendor outreach sessions in order to disseminate information to participants regarding the GSA Federal Supply Schedule.

FINDING C

Internal and External Conditions Hinder Maximization of Small Business Procurement

During our evaluation, internal organizational issues were identified which diminish OSBP's capability to positively influence DOL's small business procurement process. These conditions include a lack of enforcement power, competing priorities, and limited resources. As long as OSBP continues to operate in the presence of these organizational limitations, it will not be able to provide optimal levels of leadership for DOL's small business procurement efforts.

The achievement of small business procurement goals is also inhibited by external conditions that are not under direct control of OSBP or small business specialists. These include:

- Growth beyond small business size limits,
- HUBZone requirements
- Low number SDVO small businesses,
- Exclusion of subcontractors in small business statistics, and
- Increases in small business procurement dollars that do not necessarily result in increases in the small business procurement percentage.

We recommend the OSBP Director:

9. Analyze the processes and techniques utilized by other Federal agencies to maximize small business procurement. Determine if these processes and techniques could be utilized by OSBP.
10. Develop strategies to compensate for the effects of external conditions upon the maximization of small business procurement.

AGENCY RESPONSE AND OIG CONCLUSION

In response to OIG's official draft report, OSBP agreed with our findings. As a result of corrective actions planned or already taken by OSBP, we consider all 10 recommendations to be resolved. The recommendations will be closed pending OIG's receipt of appropriate documentation of corrective actions as specified in the report. We have incorporated excerpts from OSBP's response in the Findings and Recommendations section of this report. OSBP's complete response is included as an Appendix to the report.

BACKGROUND

In 1953, Congress passed the Small Business Act and created the Small Business Administration. A function of the Small Business Administration (SBA) is to protect the interests of small businesses and to help ensure that a “fair proportion” of total government purchases are made from small business enterprises.

The Small Business Act defines a small business as “one that is independently owned and operated and which is not dominant in its field of operation.” For Federal procurement purposes, the SBA defines small businesses based upon number of employees, annual revenues, affiliates, or other relevant factors. It has established two widely used standards – 500 employees for most manufacturing and mining industries, and \$6 million in average annual receipts for most non-manufacturing industries. However, specific small business criteria generally vary by industry as defined by the North American Industry Classification System (NAICS). (See *Appendix 1* on page 14 for Small Business Size Standards.)

All Federal agencies use the SBA’s size standards to determine the eligibility of firms that compete for Federal Government contracts specifically designated for small businesses, including small businesses owned and controlled by service disabled veterans, qualified small businesses located within HUBZones, small businesses owned by socially or economically disadvantaged individuals, and small businesses owned by women (see *Appendix 2* on page 16 for descriptions of Small Business Programs).

The Small Business Act requires that a minimum amount of Federal prime contract awards come from small businesses annually. In addition, statutory requirements define minimum levels for procurements from specific types of small businesses, such as those owned by women or service disabled veterans (see *Appendix 2* on page 16 for relevant regulations). These goals can vary among agencies, but all Federal agencies with procurement power must have goals assigned to them for each small business category. Since 1997, the overall small business procurement goal for the Federal Government has been 23 percent. Although DOL’s goal has changed at times, for FYs 2000 through 2002 its overall small business procurement goal remained 24 percent. DOL exceeded its goal each year (see *Table 1* on page 4 for goals and results from FYs 1999-2002).

The Small Business Act also requires that all Federal agencies with procurement power establish an Office of Small and Disadvantaged Business Utilization. These offices are responsible for promoting procurement from small businesses in compliance with Federal laws, regulations, and policies (see *Appendix 3* on page 21 for OSBP’s Authority). Within DOL, the Office of Small Business Programs (OSBP) carries out the small and disadvantaged business utilization function. This involves: ensuring procurement opportunities for small, small disadvantaged, women-owned, HUBZone, and service-disabled veteran owned small businesses; serving as DOL’s central referral point for small business regulatory compliance information and questions; and, negotiating each DOL agency’s small business procurement goals. In addition, OSBP is also responsible for managing the Department’s minority colleges and universities program.

Essentially, OSBP acts as a liaison between the small business community and DOL's small business specialists. It is the central contact point for small businesses seeking information and compliance assistance on DOL's programs. OSBP's outreach efforts include hosting DOL-sponsored vendor outreach sessions, attending non-DOL sponsored procurement conferences and conventions, providing small business procurement information on its internet website, and developing annual procurement forecasts.

In addition to its outreach duties, OSBP periodically facilitates and monitors each DOL agency's progress in meeting small business procurement goals. Cooperation between OSBP and small business specialists is necessary to ensure that DOL maximizes small business procurement.

The Federal Government totaled \$235 billion in procurement purchases in FY 2002. Of this amount, 22.6 percent was from small businesses. DOL spent approximately \$1.64 billion on procurement purchases in FY 2002, amounting to 0.70 percent of all Federal procurement expenditures. Of these purchases, 26.8 percent were made from small businesses (see *Table 1* on page 4).

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

This evaluation was conducted in order to review the Department's achievement of small business procurement goals, analyze the performance of OSBP in executing the small and disadvantaged business utilization function, and assess the conditions that affected the maximization of small business procurement for FYs 1999 to 2002.

SCOPE

We conducted an analysis of OSBP's operating activities and strategies for meeting DOL's small business procurement goals from FYs 1999 to 2002. This included a review of some of the agencies with the highest procurement expenditures in the Department – the Employment and Training Administration (ETA), the Occupational Safety and Health Administration (OSHA), and the Bureau of Labor Statistics (BLS).

METHODOLOGY

This evaluation covered the period FYs 1999-2002 and was conducted in accordance with the *Quality Standards for Inspections* published by the President's Council on Integrity and Efficiency. As part of this evaluation, we interviewed OSBP officials and the small business specialists within ETA, OSHA, and BLS (chosen based upon procurement expenditures); reviewed vendor outreach session surveys and small business procurement documents; analyzed small business procurement data acquired from GSA's Federal Procurement Data System and OSBP to characterize the performance of DOL and its agencies in meeting small business procurement goals; and, reviewed the quantity/availability of different types of small businesses.

FINDINGS AND RECOMMENDATIONS

The Department exceeded its overall small business goal of 24 percent for FYs 2000 through 2002 (see *Table 1* below). However, DOL has not consistently met its sub-goals as certain goals have been met in some years and not met in others. DOL has never achieved its HUBZone or SDVO goals. In addition, 41 percent (7 out of 17) of DOL agencies did not achieve their overall small business procurement goals in FY 2002 (see *Appendix 4* on page 23 for each agency's performance).

Table 1

Small Business Utilization	1999	2000	2001	2002
DOL Total Procurement Dollars	1.14 Billion	1.33 Billion	1.40 Billion	1.64 Billion
	%	%	%	%
DOL Small Business Goal	25.7	24.0	24.0	24.0
DOL Small Business Actual	19.5	26.1	27.8	26.8
Federal Small Business Goal	23.0	23.0	23.0	23.0
DOL 8(a) Goal	3.8	4.9	4.9	3.0
DOL 8(a) Actual	4.7	5.1	5.5	5.8
Federal 8(a) Goal	*	*	*	*
DOL Small Disadvantaged Goal	5.0	3.0	3.0	4.9
DOL Small Disadvantaged Actual	2.5	3.7	7.3	6.4
Federal Small Disadvantaged Goal	5.0	5.0	5.0	5.0
DOL Women-Owned Goal	5.5	5.2	5.4	5.2
DOL Women-Owned Actual	3.1	4.1	5.3	5.1
Federal Women-Owned Goal	5.0	5.0	5.0	5.0
DOL HUBZone Goal	*	*	2.0	2.5
DOL HUBZone Actual	*	*	0.3	1.6
Federal HUBZone Goal	*	*	2.0	2.5
DOL SDVO Goal	*	*	3.0	3.0
DOL SDVO Actual	*	*	0.0	0.0
Federal SDVO Goal	*	*	3.0	3.0
DOL Total Small Business Contracts	5,788	6,964	8,321	6,817

* = No Goal Required

Note: HUBZone purchases increased approximately 5 times from 2001 to 2002

The quantity of vendors competing for procurements in the DOL marketplace could adversely affect the price and quality of goods and services purchased by DOL. Therefore, potential impacts of expanding the competition for contracts include decreased DOL procurement spending and increased quality of goods and services purchased. In addition, when small businesses are not considered for contracts, they are deprived of potential revenues that could positively affect their dollar growth. For example, based upon FY 2002 data, if DOL could have realized a 1 percent savings from increased competition, it could have reduced procurement costs by \$16.4 million. Furthermore, for every percentage point that DOL increased its small business procurement expenditures, small businesses could have gained \$16.4 million.

As a result of our review and analysis, we concluded that the maximization of small business procurement at DOL is primarily affected by OSBP's goal setting strategy, communication and outreach, and internal and external conditions.

FINDING A

Goal Setting Strategy Impedes the Department's Maximization of Small Business Purchases

OSBP negotiates individual small business procurement goals once per year with each DOL agency. Generally, these goals are established based upon knowledge of an agency's market and business model. However, the result is often goals that are set at levels *known* to be attainable, rather than levels that are *potentially* attainable. This practice is most apparent when an agency's goal is set at a lower percentage than even the Department's overall goal for a given year and is particularly evident when considering the goal setting strategy for ETA. As a result, goals have not been set high enough to encourage agencies to perform above expectations and thereby maximize small business purchases.

Small Business Goal Setting for DOL

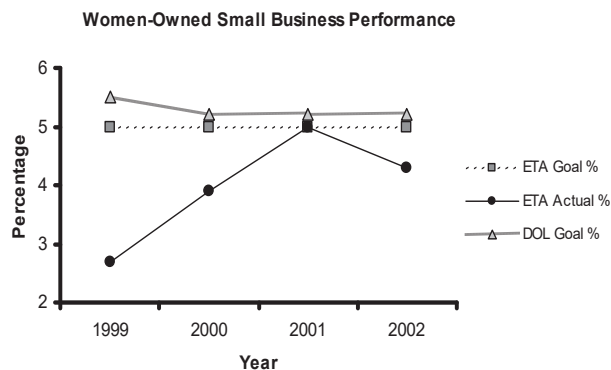
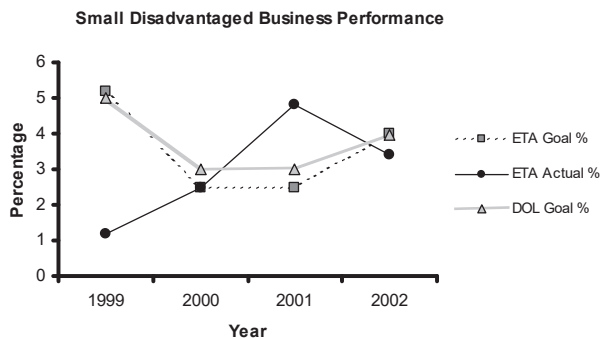
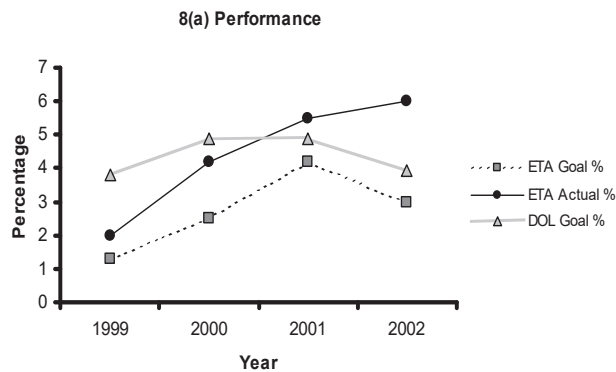
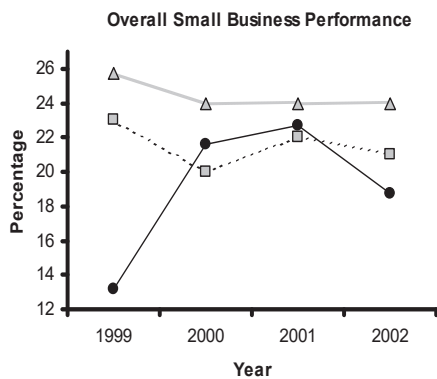
The SBA sets DOL's small business procurement goals after analysis of its historical performance over a period of years and after receiving recommendations from OSBP. From FYs 2000 through 2002, the Department's goal was set at 24 percent. As previously stated, DOL accomplished its goal all 3 years.

Within DOL, individual goals are negotiated by OSBP with each agency. Unlike the goal setting process for Federal agencies, these goals are not set by the SBA, but are instead determined by OSBP. The OSBP maintains that it is able to reasonably predict an agency's small business performance for an upcoming year by utilizing historical data and input from agency procurement plans.

Goal Setting for ETA

ETA's goals have been consistently set at levels below DOL's requirements (see charts on the following page). Generally, these goals have been set at likely attainable levels below the departmental goals, while other agency's goals have been set at levels high enough to compensate. This is significant because historically ETA has accounted for approximately 75-80 percent of all DOL procurement spending. Therefore, if ETA does not meet its small business goals, DOL encounters great difficulty meeting its departmental goals. Because of the significance of ETA, it is counterproductive to set its goals below the overall DOL requirement.

OSBP justifies this variable goal setting strategy by referring to the utilization of a similar strategy by the SBA when it sets Federal departmental goals. In FY 2002, for example, the small business goal for the Department of Defense was 23 percent, while the Department of the Interior's goal was 58 percent. Like ETA, the Department of Defense struggles to achieve its goal, but still aims for the Federal 23 percent goal instead of aiming under it.



In initial discussions with ETA, representatives expressed concern regarding what they viewed as an already high goal and conveyed that it should be lowered, which would further ensure its achievement. Such statements indicated that ETA did not realize the significance of its role in DOL’s small business procurement process. However, upon follow-up discussions with ETA, the agency demonstrated that it was indeed aware of its importance and provided its goal setting rationale. ETA contends that the overall small business goal for FY 2002 was set at 21 percent for the following reasons:

- Congressional approval of Job Corps’ FY 2002 budget appropriation level was at the same level approved for FY 2001. Without an inflationary increase, this reduces the overall money available to fund new contract activities across the board, including the funding of new small business activities.
- During FY 2000, Job Corps piloted several strategies to develop the capability of small businesses to operate centers, including the award of three center operations contracts to small businesses through the Job Corps’ Mentor-Protégé model. The Mentor-Protégé model teams an experienced Job Corps contractor with a small business for 2 years in

order to provide center operations training. Performance evaluations indicate that only one of the three small business “protégés” performed satisfactorily. Consequently, only one of the three planned center operations contracts was transferred to a small business during 2002.

- The majority of contracts awarded at the ETA national office are already awarded to small businesses.

RECOMMENDATION

We recommend the OSBP Director:

1. Evaluate OSBP’s goal setting strategy and the effectiveness of setting some small business goals below DOL’s required percentages as a means of maximizing small business procurement.
2. Based on the evaluation result, revise the goal setting strategy as necessary to maximize small business procurement.

Recommendations 1 and 2

OSBP’s Response: *“In the course of setting FY 2004 and FY 2005 small business goals for DOL agencies, OSBP revised its goal setting strategy to maximize small business procurement and strove to base goals more on potential attainability. As a result, several agencies’ goals were increased (along with DOL’s) over FY 2002 and 2003 levels. Particularly notable is the increase of ETA’s small business goal to 23 percent, the legislatively mandated government-wide goal level (see attachment). Even though ETA’s goal falls below DOL’s required percentage, OSBP believes that a 23 percent goal for ETA is currently realistically ambitious given its mix of procurements as opposed to what other DOL agencies buy. OSBP will continue to set realistically ambitious goals for DOL agencies which may include setting a goal for ETA which equates to the Department’s goal at a future date.”*

OIG’s Conclusion: After receipt and review of OSBP’s response with attached documentation that shows an increase in ETA’s FYs 2004 and 2005 goals, we concur with OSBP’s corrective actions and consider recommendations 1 and 2 resolved and closed.

FINDING B

Communication and Outreach Efforts Need Strengthening

The Office of Small Business Programs, DOL small business specialists, and small business vendors have indicated that communication and outreach are vital factors that impact the achievement of DOL small business procurement goals. Of particular importance in the small business procurement process are vendor outreach sessions, internal communication, and the GSA Schedule. We found that current efforts by OSBP regarding these factors are valuable and well intended, but inadequate to ensure that DOL agencies consistently maximize small business purchases.

Vendor Outreach Sessions

According to OSBP, Small Business Vendor Outreach Programs (SBVOP) are considered a best practice among Federal agencies for developing relationships with small businesses and fostering compliance with the Small Business Act. The SBVOP provides the small business community with an opportunity to market its capabilities directly to DOL, and encourages DOL agencies to learn more about potential small business procurement opportunities. As a result, SBVOP has the potential to provide DOL with vendor options that will stimulate small business growth, help satisfy congressional small business procurement requirements, and create possible procurement cost reductions because of increased competition.

A tool used by OSBP to facilitate information exchange between DOL agencies and potential vendors is the vendor outreach session. The purpose of these sessions is to give small business vendors a forum to present their products and services to interested DOL agencies and to give agency procurement officers an opportunity to see what types of procurement solutions are available. Contracts are not actually written or signed at vendor outreach sessions.

According to participants, vendor outreach sessions are usually very useful. However, based on interviews and written feedback from participants, two areas of concern were identified:

- Participant knowledge of contracts, vendors, and DOL agencies is often inadequate to ensure that agency needs are matched with appropriate vendors, and
- Operation and organization of the sessions need improvement.

Participant Knowledge of Contracts, Vendors, and DOL Agencies

Interviews and written feedback from participants disclosed that meetings between small business specialists and vendors during vendor outreach sessions were not as productive as possible because of a general lack of knowledge of each other. Agency representatives stated that they usually know very little about attending vendors prior to meeting them for the first time at a vendor outreach session. Conversely, vendors are often uninformed regarding the mission and activities of particular agencies within the Department. Vendor outreach session participants suggested that meetings could be much more constructive if the program officials who are actually seeking the contracts were present rather than the small business specialists alone.

Program officials generally possess more detailed knowledge of their agency's contract needs. Therefore, they should be capable of answering specific questions for potential vendors that small business specialists may not be able to answer.

Additionally, vendors have frequently obtained the annual procurement forecast for the upcoming fiscal year from OSBP prior to a vendor outreach session. However, as one small business specialist explained, this information could be very misleading to vendors because it is a listing of all existing contracts and grants within DOL, rather than a true forecast of upcoming contracts. In reality, very few of the listed contracts would be open for competitive bidding in the near future. As a result, vendors have often been told at a vendor outreach session that a particular contract listed is not actually available for bidding.

Operation and Organization

Vendor outreach sessions are held from 9 a.m. to noon in the Great Hall of the Frances Perkins Building (DOL Headquarters) in Washington, D.C. on a quarterly basis. Each vendor who participates in these sessions is allowed 8 fifteen-minute appointments with different DOL agency small business specialists to introduce their products and services. Vendors are scheduled for appointments in the order that their registration forms are received. Interest from companies is often greater than the number of available appointments during a single vendor outreach session. In these instances, vendors are invited as walk-ins and are accommodated as space becomes available.

The majority of feedback from vendor outreach session participants has been positive. However, it is not apparent that OSBP has established operational procedures, thus causing inefficient delivery of services. For example, during one vendor outreach session we observed that some small business specialists were idle during a 15-minute session while others were not present. At other times, small business specialists were overwhelmed as walk-in vendors monopolized a 15-minute period that was previously appointed to a registered vendor. *Appendix 5.1* on page 28 presents a description of the vendor outreach session registration process. *Appendix 5.2* on page 28 provides a sample of comments regarding vendor outreach sessions from written surveys collected by OSBP.

Internal Communication

As a result of OSBP's efforts, all DOL agencies are aware of their annual small business procurement goals. These goals are communicated to agencies via memo and OSBP keeps agencies informed of their progress by providing written quarterly performance reports. These reports summarize an agency's progress toward meeting each of its small business goals and adequately reflect an agency's small business performance. However, small business specialists contend that OSBP could be more proactive in providing the assistance necessary to find certain types of small businesses. For example, quarterly performance reports would be more useful if they were supplemented with constructive criticism and suggested methods for improving any substandard performance, rather than simply pointing out deficiencies.

The GSA Federal Supply Schedule

Both vendors and small business specialists benefit from the use of the GSA Federal Supply Schedule because it identifies pre-approved small businesses of all types from which goods and services can be purchased without the need for ordering offices to seek further competition, synopses the requirement, or make a separate determination of fair and reasonable pricing. By using the GSA Federal Supply Schedule, agencies can easily identify small businesses that satisfy particular procurement needs and purchase from them.

RECOMMENDATIONS

We recommend the OSBP Director:

3. Modify OSBP's process for notification of agency representatives attending vendor outreach sessions by developing procedures to ensure appropriate agency procurement specialists attend the sessions and are matched with suitable vendors.
4. Introduce controls at vendor outreach sessions to ensure participants adhere to procedures. To facilitate this, OSBP could benchmark DOL's vendor outreach sessions against similar events at other Federal agencies and identify the best practices to be incorporated into DOL's sessions.
5. Upgrade the internet-based form for vendor outreach session registration. At a minimum, OSBP should:
 - Supplement the web form with fields allowing vendors to provide details of the products and services they sell along with any other information that OSBP deems beneficial to the procurement process, and
 - Make the forms of registered vendors accessible to all DOL agencies prior to a vendor outreach session.
6. Revise the DOL procurement forecast by differentiating upcoming contracts that are open for competition from those that are not open for competition.
7. Develop strategies to improve communication and information exchange between OSBP, Small Business Specialists, and vendors. At a minimum, OSBP should supplement the quarterly reports to agencies with guidance on how to meet any sub-goals that are not being attained.
8. Encourage GSA representatives to participate in vendor outreach sessions in order to disseminate information to participants regarding the GSA Federal Supply Schedule.

Recommendation 3

OSBP's Response: *“OSBP has made significant improvements to its VOS process since 2002. In on-going quarterly meetings, OSBP staff and agency VOS representatives discuss feedback from the VOS sessions and develop strategies for improving future sessions. OSBP also provides feedback on VOS sessions at executive staff meetings and via memoranda to agency heads. This increased focus on the program at the executive level has resulted in an increase in the caliber of agency representation at the sessions, including more knowledgeable representatives and more regular participation by each agency.”*

OIG's Conclusion: We concur with the corrective actions already taken by OSBP and consider this recommendation resolved. This recommendation will be closed pending receipt and review of documentation showing the significant improvements that OSBP has made to its VOS process since the end of FY 2002.

Recommendation 4

OSBP's Response: *“OSBP manages and operates an effective VOS. VOS attendees and agency representatives are advised in advance that vendors with schedules have first priority for each scheduled slot. Vendors are also notified by a signal when each fifteen minute time slot is completed; a floor monitor insures that the schedule is strictly adhered to. OSBP is aware of more controlled techniques utilized in other Department's VOSs and has considered them. However, feedback from vendors has confirmed that current OSBP procedures are more conducive to vendor/agency representative interaction.”*

OIG's Conclusion: As a result of corrective actions already taken by OSBP, we consider this recommendation to be resolved. This recommendation will be closed pending receipt and review of documentation regarding 1) the feedback received from vendor outreach session participants since the end of FY 2002, and 2) OSBP's assessment of the techniques utilized in other Department's vendor outreach sessions.

Recommendation 5

OSBP's Response: *“An upgrade of the VOS registration system has significantly improved the on-line registration process. Through the on-line process, vendors are encouraged to visit the other DOL websites to familiarize themselves with the DOL procurement process prior to selecting schedules. This has resulted in an increase of awareness among vendors of what the various DOL agencies buy.”*

OIG's Conclusion:

Based upon OSBP's response and corrective actions that have already been taken by OSBP, we consider this recommendation resolved. This recommendation will be closed pending receipt and review of documentation regarding the method(s) for disseminating vendor registration forms to DOL agencies.

Recommendation 6

OSBP's Response: *"DOL's Procurement Forecast currently differentiates between current procurement contracts (with expiration dates) and planned procurement contracts (with release dates). The Forecast also includes the type of procurement methods; e.g., unrestricted, small business set-aside, 8(a). During the vendor outreach sessions, OSBP staff counsel participating vendors on how to read and interpret the Forecast."*

OIG's Conclusion: Based upon OSBP's response, we consider this recommendation to be resolved. While we agree that the forecast differentiates between current and planned contracts, we believe that OSBP should strive to minimize the amount of counseling that staff provides to vendors during vendor outreach sessions by incorporating such information in the procurement forecast. We will consider this recommendation closed upon receipt and review of documentation that 1) addresses the most common issues OSBP counsels participants during vendor outreach sessions regarding reading and interpreting the Procurement Forecast, and 2) analyzes the feasibility of including these issues as a written supplement to the Procurement Forecast.

Recommendation 7

OSBP's Response: *"OSBP continually offers and provides assistance to agency small business specialists and other agency personnel via memoranda, quarterly meetings, and personal contacts on methods of meeting their small business goals. In addition to communications via Vendor Outreach Sessions, OSBP constantly communicates with vendors via telephone calls, e-mails, correspondence, one-on-one office visits, and participation in procurement conferences nationwide. Furthermore, OSBP actively exchanges information and shares best practices with other OSDBUs which results in the development and adoption of strategies to further improve communication between OSBP, small business specialists, and vendors."*

OIG's Conclusion: Based upon OSBP's response, we consider this recommendation to be resolved. This recommendation will be closed pending receipt and review of 1) written assistance that OSBP has provided to agencies and small business vendors since the end of FY 2002, and 2) documentation regarding the exchange of information and best practices with other OSDBUs.

Recommendation 8

OSBP's Response: *"OSBP will invite GSA Supply Schedule program representatives to future vendor outreach sessions."*

OIG's Conclusion: We concur with the proposed corrective action taken by OSBP and consider this recommendation resolved. This recommendation will be closed pending receipt and review of the correspondence that OSBP uses to invite GSA Supply Schedule program representatives to future vendor outreach sessions.

FINDING C

Internal and External Conditions Hinder Maximization of Small Business Procurement

Internal Conditions

During our evaluation, several organizational issues were identified which diminish OSBP's capability to positively influence DOL's small business procurement process. These conditions include a lack of enforcement power, competing priorities, and limited resources. As long as OSBP continues to operate in the presence of these organizational limitations, it will not be able to provide optimal levels of leadership for DOL's small business procurement efforts.

Lack of Enforcement Power

OSBP's performance is encumbered by the fact that it has no real enforcement power and DOL agencies have little incentive to purchase goods and services from small businesses. Agencies that do not meet their goals suffer no repercussions for their poor performance and those that do meet their goals obtain no tangible rewards. Without penalties for non-performance or rewards for high achievement, OSBP will have fewer opportunities to maximize small business procurement.

Competing Priorities

Based upon our documentation review and analysis, and our interviews with OSBP staff, we found that OSBP has been given responsibility for implementation and administration of DOL's *Minority Colleges & Universities Program*, which includes historically black colleges and universities, Hispanic-serving institutions, and tribal colleges and universities. OSBP is responsible for promoting efforts to increase the involvement of such institutions in DOL programs, while also developing departmental policies and guidelines, establishing program plans, and monitoring and reporting results. Thus, the *Minority Colleges & Universities Program* brings about the necessity for OSBP employees to undertake additional duties, resulting in inadequate attention given to the Department's small business procurement.

Limited Resources

Currently, there are two full-time employees within OSBP who are responsible for DOL small business procurement-related activities. OSBP claims that this is less than the number needed to maximize its effectiveness and that when compared to Federal agencies with similar procurement expenditures, it has a relatively smaller staff size.

External Conditions

Based upon discussions with DOL employees and our document review and analysis, an agency's small business procurement success is affected by external conditions that are not under the direct control of OSBP or small business specialists.

- Growth beyond small business size limits
- HUBZone requirements
- Low number of SDVO small businesses
- Exclusion of subcontractors in small business statistics
- The fact that increases in small business procurement dollars do not necessarily result in increases in the small business procurement percentage

Growth

In order to be considered a small business, it is required that a firm fall below maximum size limits (see *Appendix 1* on page 14 for small business size standards). Any firm larger than its limit cannot be considered a small business for purposes of Federal procurement. Therefore, a firm may begin a contract as a small business, but outgrow its small business status after becoming too successful. When this happens, firms can no longer be considered small businesses for the purpose of goal achievement.

HUBZone Requirements

In order to be considered a HUBZone small business, a firm must locate its principal office within a HUBZone area and at least 35 percent of that firm's employees must live within the same HUBZone boundaries. However, some HUBZone boundaries change every 10 years, some change annually, and others change unpredictably. Thus, boundaries can expand and contract within and around a HUBZone as the economic status and population of these areas change. As a result, small businesses can lose their HUBZone status due to an unfavorable boundary shift.

In FY 2002, DOL made 1.6 percent of its procurement purchases from HUBZone small businesses. This was below the 3 percent goal.

Low Number of SDVO Small Businesses

The 3 percent goal for SDVO firms was called "completely ludicrous" by one DOL small business specialist because of the extremely low number of approved businesses in this category. Because of the scarcity of SDVO firms, the 3 percent SDVO goal may never be achieved. In FY 2002, DOL made effectively 0 percent of its purchases from SDVO small businesses.

Exclusion of Subcontracting Dollars in Small Business Statistics

Job Corps centers are normally operated by businesses under contract with ETA. Each of these “primary contractors” is responsible for carrying out the day-to-day operations of the center. Typically, a Job Corps center’s primary contract is worth \$8-\$10 million. While small businesses can compete for these contracts, the majority of contracts are awarded to larger companies. A particular business may be awarded the primary contract for a single center or for multiple centers.

Frequently, prime contractors must hire subcontractors to perform various functions. For example, at Job Corps centers, construction projects usually utilize the services of local, small business contractors. However, these subcontracting dollars do not count towards fulfillment of DOL’s small business prime contracting goals. In FY 2002, ETA’s prime contractors awarded \$337.1 million in subcontracts to small businesses. This amount was 21 percent of DOL’s total procurement spending in FY 2002.

Dollar Growth Does Not Necessarily Result in Percentage Growth

Under certain conditions, it is possible for an agency to increase procurement dollars to small businesses in a given year without significantly increasing its overall small business procurement percentage. One agency representative expressed displeasure that their agency’s success is determined by achievement of this percentage, while no attention is given to increases in actual dollar values. Sometimes an agency can increase the value of its small business procurements by millions of dollars and still not significantly increase its percentage of overall small business procurements. Increases in dollar values without increases in percentages could suggest periods of strong growth, whereas growth is not a requirement for a simple percentage increase.

RECOMMENDATIONS

We recommend the OSBP Director:

9. Analyze the processes and techniques utilized by other Federal agencies to maximize small business procurement. Determine if these processes and techniques could be utilized by OSBP.
10. Develop strategies to compensate for the effects of external conditions upon the maximization of small business procurement. At a minimum, OSBP should develop plans or strategies to increase procurement purchases from HUBZone and SDVO small businesses.

Recommendation 9

OSBP's Response: *“OSBP continually reviews processes and techniques of other OSDBUs and other Federal agencies to maximize small business procurement to identify those that may be of benefit in DOL. OSBP also contributes best practice processes and techniques, such as its practice of communicating to contracting officers the performance of their subcontractors against subcontracting plans, which has helped DOL achieve some of the highest rates of small business subcontracting in the Federal government. OSBP is aware of the infrastructure of other agencies' OSDBUs and associated procurement staff. OSBP strives to maximize both small business procurement and the effective utilization of its limited resources.”*

OIG's Conclusion: Based upon OSBP's response, we consider this recommendation to be resolved. This recommendation will be closed pending receipt and review of any documentation regarding 1) the exchange of information and best practices with other OSDBUs, 2) processes or techniques from other OSDBUs that have been incorporated or deferred by OSBP, and 3) the infrastructure of other OSDBUs and their associated procurement staff.

Recommendation 10

OSBP's Response: *“By law and regulation, the function of the OSDBU is to recommend strategies to improve small business procurement. OSBP is constantly at work developing strategies to maximize small business utilization. OSBP was instrumental in contributing to small business provisions in the pending revised Department of Labor Acquisition Regulation (DOLAR). OSBP has recently redrafted its DLMS Chapter 2-1000, Small Business Utilization Program, to increase its effectiveness in maximizing small business utilization. OSBP has initiated discussions with DOL's Procurement Executive, regarding the possibility of establishing temporary employment of special procurement mechanisms to favor HUBZone and SDVOSB vendors in DOL procurements. OSBP is working with ETA's procurement office to specifically screen all construction projects at Job Corps Centers for possible HUBZone set-asides, since half of the centers are located in HUBZones. OSBP is in the process of publicizing to DOL agencies, accessible HUBZone and SDVOSB firms capable of fulfilling their requirements. OSBP has conducted special outreach and VOS sessions for HUBZone and SDVOSB firms and will continue to do so.”*

OIG's Conclusion: As a result of actions that are planned or have already begun to be undertaken by OSBP, we consider this recommendation to be resolved. This recommendation will be closed pending receipt and review of documentation regarding 1) the possibility of establishing temporary utilization of special procurement mechanisms to favor HUBZone and SDVO small business vendors, 2) the process of publicizing to DOL agencies accessible HUBZone and SDVO small businesses capable of fulfilling their requirements, 3) the special outreach for HUBZone and SDVO small businesses, and 4) work with ETA to specifically screen construction projects at Job Corps centers.

Appendix 1
Small Business Size Standards

Appendix 1 – General Range of Small Business Size Standards by Industry

Construction	General building and heavy construction contractors have a size standard of \$28.5 million in average annual receipts. Special trade construction contractors have a size standard of \$12 million.
Manufacturing	For approximately 75 percent of the manufacturing industries, the size standard is 500 employees. A small number have a 1,500-employee size standard and the balance have a size standard of either 750 or 1,000 employees.
Mining	All mining industries, except mining services, have a size standard of 500 employees.
Retail Trade	Most retail trade industries have a size standard of \$6 million in average annual receipts. A few, such as grocery stores, department stores, motor vehicle dealers and electrical appliance dealers, have higher size standards. None are above \$24.5 million.
Services	For the service industries, the most common size standard is \$6 million in average annual receipts. Computer programming, data processing and systems design have a size standard of \$21 million. Engineering and architectural services have different size standards, as do a few other service industries. The highest annual receipts size standard in any service industry is \$29 million. Research and development and environmental remediation services are the only service industries with size standards stated in number of employees.
Wholesale Trade	For all wholesale trade industries, a size standard of 100 employees is applicable for loans and other financial programs. When acting as a dealer on Federal contracts set aside for small business or issued under the 8(a) program, the size standard is 500 employees and the firm must deliver the product of a small domestic manufacturer, as set forth in Small Business Administration's non-manufacturer rule, unless waived by the Small Business Administration for a particular class of product. However, for those procurements made under the Simplified Acquisition Procedures of the FAR and where the purchase does not exceed \$25,000, the non-manufacturer may deliver the goods of any domestic manufacturer.
Other Industries	Other industry divisions include: agriculture; transportation, communications, electric, gas, and sanitary services; and finance, insurance and real estate. Because of wide variation in the industry structure of the industries in these divisions, there is no common pattern of size standards. For specific size standards refer to the size regulations in 13 CFR § 121.201.

Appendix 2
Eligibility Requirements of
Small Business Programs

Appendix 2.1

8(a) Small Business Program

The 8(a) Program was created in 1942 under Public Law 603. SBA redesigned it in 1969 to provide Federal contract support to small firms owned by socially or economically disadvantaged individuals. There is not a designated procurement goal for this program. However, all agencies are required to set their own 8(a) goals as stipulated in Executive Order 13170. 8(a) eligibility requirements assert that a firm:

- Must be a small business as defined by SBA,
- Must be unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character and citizens of the United States, and
- Must demonstrate potential for success.

Socially Disadvantaged Individuals

Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as members of a group. Social disadvantage must stem from circumstances beyond their control. In the absence of evidence to the contrary, individuals who are members of the following designated groups are presumed to be socially disadvantaged:

- Black Americans,
- Hispanic Americans,
- Native Americans (American Indians, Eskimos, Aleuts, and Native Hawaiians),
- Asian Pacific Americans (persons with origins from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, U.S. Trust Territory of the Pacific Islands [Republic of Palau], Commonwealth of the Northern Mariana Islands, Laos, Cambodia [Kampuchea], Taiwan; Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Republic of the Marshall Islands, Federated States of Micronesia, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu, or Nauru,
- Subcontinent Asian Americans (persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands or Nepal), and
- Members of other groups designated by the SBA.

Economically Disadvantaged Individuals

Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities.

The individual's net worth, after excluding the individual's equity in the firm and the equity in the primary residence, may not exceed \$250,000. SBA will also consider the individual's average

2-year income, fair market value of all assets, access to credit and capital, and the financial condition of the applicant firm.

Appendix 2.2

Small Disadvantaged Business Program

The SBA implemented the Small Disadvantaged Business (SDB) Program in August 1998. Its purpose is to provide equity in federal contracting with small businesses owned and controlled by individuals determined to be socially and economically disadvantaged. The SDB Program is the second business assistance program for small disadvantaged businesses that is administered by the SBA. While it is similar to the 8(a) Program that offers a broad scope of assistance to socially and economically disadvantaged firms, the SDB certification pertains solely to benefits in Federal procurement. 8(a) firms automatically qualify for SDB certification. The SBA has established a 5 percent contracting goal for these types of businesses.

Qualifications for the program are similar to those for the 8(a) Business Development Program. A small business must be at least 51 percent owned and controlled by a socially and economically disadvantaged individual or individuals. African Americans, Hispanic Americans, Asian Pacific Americans, Subcontinent Asian Americans, and Native Americans are presumed to qualify. Other individuals can qualify if they show by a "preponderance of the evidence" that they are disadvantaged. All individuals must have a net worth of less than \$750,000, excluding the equity of the business and primary residence. Successful applicants must also meet applicable size standards for small businesses in their industry.

Appendix 2.3

Women-Owned Small Business Program

The Federal Acquisition Streamlining Act (FASA) of 1994 (Public Law 103-355) established a 5 percent women-owned small business procurement goal. Thus, the value of procurements from businesses owned and controlled by women is to equal at least 5 percent of the total for all Federal agencies. There are no set-aside procurement programs for awarding contracts to women-owned small businesses.

The Federal Acquisition Regulations (FAR) define a "women-owned small business concern" in Part 19.001 Definitions, as follows:

Women-owned small business concern means a small business concern –
(a) which is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and (b) whose management and daily business operations are controlled by one or more women.

Appendix 2.4

HUBZone Small Business Program

The Historically Underutilized Small Business Zone (HUBZone) Empowerment Contracting Program was created to provide Federal contracting opportunities for qualified small businesses located in distressed communities. Created by Title VI of the Small Business Reauthorization Act of 1997 (Public Law 105-135), SBA began accepting HUBZone applications in March 1999 and all Federal agencies became subject to the requirements of the HUBZone program on October 1, 2000. The procurement goal was set to increase incrementally from 2 percent in FY 2001 to its maximum of 3 percent in FY 2003. HUBZone Target Areas include:

- Qualified census tracts as designated by the Department of Housing and Urban Development,
- Qualified non-metropolitan counties in which the median household income is less than 80 percent of the statewide non-metropolitan median household income as reported by the Bureau of the Census, *or* qualified non-metropolitan counties in which the unemployment rate is 140 percent or greater of the state unemployment rate as reported by the Bureau of Labor Statistics, and
- Lands within the external boundaries of an Indian reservation as defined by the Bureau of Indian Affairs.

Eligibility Requirements:

- The firm must be a small business by SBA size standards,
- Its principal office must be located within a HUBZone, which includes lands on federally recognized Indian reservations,
- It must be owned and controlled by one or more U.S. citizens (approved ownership can also be a Community Development Corporation or Indian Tribe), and
- At least 35 percent of its employees must reside in a HUBZone.

Appendix 2.5

Service-Disabled Veteran-Owned (SDVO) Small Business Program

The Veterans Entrepreneurship and Small Business Development Act (VESBA) of 1999 (Public Law 106-50) expanded the eligibility for certain small business assistance programs to include veterans. It also amended the Small Business Act (15 U.S.C. 631 *et seq.*) to include veterans and veterans with service-related disabilities in its programs. There are no set-aside programs for veterans. However, VESBA requires that Federal agencies establish and achieve a participation goal of 3 percent of the total value of all prime contract and subcontract awards for each fiscal year for small businesses owned and controlled by veterans with service-related disabilities. The 3 percent procurement goal applies only to *service-disabled* veteran-owned businesses, not veteran-owned small businesses. To be considered a SDVO Small Business, it must be:

- At least 51 percent owned by one or more service-disabled veterans. In the case of any publicly owned business, at least 51 percent of the stock must be owned by one or more service-disabled veterans, and
- Managed and controlled by one or more service-disabled veterans or, in the case of a veteran with permanent and severe disability, the spouse or permanent care-giver of such veteran.

Appendix 3
OSBP's Authority

Appendix 3

The Office of Small Business Program's Authority

- Secretary Elaine Chao's Order 4-2002, which stipulates that OSBP serves under the auspices of the Office of the Deputy Secretary and performs under the general direction of the Deputy Secretary, and on that basis, acts independently exercising initiative and judgment in assuming responsibility and taking action.
- The Small Business Act (Public Laws 95-507 and 100-656), which authorizes the Small and Disadvantaged Business Utilization program and prescribes percentages to goals.
- The Small Business Regulatory Enforcement Fairness Act of 1996 (Public Law 104-121), which requires federal agencies to provide small businesses with compliance guides and assistance regarding regulations and directives.
- Federal Acquisition Streamlining Act (Public Law 103-355).
- Small Business Regulatory Enforcement Fairness Act (Public Law 104-121).
- Executive Order 13256, which directs the Historically Black Colleges and Universities program.
- Executive Order 13230, which directs the program for Educational Excellence for Hispanic Americans.
- Executive Order 13216, which directs the Asian American and Pacific Islanders Program.
- Executive Order 13270, which directs the Tribal Colleges and University program and the Federal Advisory Committee Act.

Appendix 4
DOL Performance Tables
FYs 1999—2002

2002		Achievement (%)									
Agency	\$	SB Goal	SB Actual	SDB Goal	SDB Actual	W-O Goal	W-O Actual	HUB Goal	HUB Actual	8(a) Goal	8(a) Actual
ETA	1,301.6M	21.0	18.7	4.0	3.4	5.0	4.3	2.5	2.0	3.0	6.0
OASAM	80.5M	55.0	58.7	4.5	10.8	10.0	13.0	2.5	0.4	23.5	8.5
BLS	70.1M	24.5	17.9	15.0	6.7	5.0	2.1	2.5	0.0	4.8	1.9
ESA	66.6M	40.0	38.2	10.0	23.7	5.0	2.2	2.5	0.0	3.0	0.4
OSHA	44.3M	60.0	65.3	10.0	7.7	5.0	10.6	2.5	0.0	7.0	11.5
PWBA	21.6M	25.0	46.7	7.0	12.5	12.0	15.0	2.5	0.0	4.0	15.0
MSHA	21.3M	66.3	61.6	20.9	15.3	5.0	6.6	2.5	0.0	7.6	15.4
ILAB	18.9M	55.0	78.5	2.5	0.2	5.0	1.5	2.5	0.0	2.5	0.0
OCFO	15.4M	15.0	15.2	2.5	0.1	5.0	0.1	2.5	0.0	2.5	0.0
OASP	7.8M	23.0	68.5	5.0	27.6	5.0	17.6	2.5	0.0	5.0	5.8
OIG	6.2M	24.0	73.2	4.9	6.5	5.0	0.0	2.5	0.0	3.0	-0.4
VETS	6.2M	34.4	58.2	1.8	41.9	17.6	14.0	2.5	0.0	32.6	12.0
ODEP	6.1M	72.0	30.5	0.3	3.0	2.0	3.7	2.5	0.0	11.8	5.9
SOL	5.2M	52.0	70.3	0.5	0.4	5.0	1.5	2.5	0.0	37.5	60.1
OPA	1.9M	80.0	71.7	0.5	2.9	5.0	12.8	2.5	0.0	8.0	1.3
WB	1.5M	40.0	47.3	5.0	2.2	5.0	4.0	2.5	0.0	0.0	0.0
OALJ	1.4M	85.0	83.6	35.0	35.0	32.0	12.9	2.5	0.0	0.0	0.0

Note 1: The SDVO goal and performance is not shown. Goals in this category were required for the first time in FY 2001 and they were not achieved by any DOL agency in FYs 2001 or 2002. In FY 2002, DOL made effectively 0 percent of its purchases from SDVO small businesses.

Note 2: ETA's spending in FY 2002 represented approximately 79% of DOL's total procurement. Ninety-eight percent of these dollars were for ETA's Job Corps Program. The Job Corps Program presents unique challenges for ETA because it provides vocational, academic, and life skills training to approximately 70,000 youth at 118 centers throughout the United States and Puerto Rico. It is America's largest residential training program for economically disadvantaged youth between the ages of 16 and 24 and includes supervised dormitory residences, meals, medical care, and counseling.

2001		Achievement (%)									
Agency	\$	SB Goal	SB Actual	SDB Goal	SDB Actual	W-O Goal	W-O Actual	HUB Goal	HUB Actual	8(a) Goal	8(a) Actual
ETA	1,057.7M	22.0	22.7	2.5	4.8	5.0	5.0	2.0	0.4	4.2	5.5
ESA	77.8M	40.0	34.3	22.0	23.2	5.0	0.7	2.0	0.0	3.2	0.3
OSHA	44.2M	59.0	63.3	8.5	14.4	5.0	5.9	2.0	0.0	8.0	7.1
OASAM	43.2M	55.0	49.3	4.5	7.9	10.0	12.4	2.0	0.0	23.5	13.6
BLS	42.5M	54.0	29.8	33.6	13.9	5.0	3.4	2.0	0.0	2.5	4.7
PWBA	34.0M	25.0	36.2	7.0	14.3	12.0	19.1	2.0	0.0	5.0	8.7
MSHA	27.3M	60.0	64.7	6.5	18.8	5.0	2.9	2.0	0.1	5.4	1.5
ILAB	18.3M	90.0	54.0	1.0	2.4	5.4	0.7	2.0	0.0	3.2	0.0
OCFO	13.6M	15.0	14.8	2.5	2.0	5.0	0.0	2.0	0.0	2.5	0.0
OIG	9.6M	70.0	70.7	9.5	4.1	5.0	3.3	2.0	0.0	1.0	0.5
OASP	7.0M	54.0	56.5	11.5	26.6	5.0	13.7	2.0	0.0	8.2	2.1
SOL	5.4M	52.0	53.9	0.5	1.6	5.0	1.7	2.0	0.0	37.5	37.8
VETS	4.0M	55.0	66.0	1.0	24.1	18.0	40.5	2.0	0.0	49.0	30.9
ODEP	3.5M	25.0	34.0	2.5	0.0	5.0	0.1	2.0	0.0	2.5	3.4
WB	1.6M	40.0	30.7	5.0	2.9	7.0	3.9	2.0	0.0	0.0	0.0
OPA	1.5M	80.0	86.0	0.5	2.9	5.0	4.6	2.0	0.0	8.0	0.0
OALJ	1.0M	85.0	76.6	35.0	38.8	32.0	12.2	2.0	0.0	0.0	0.0

2000		Achievement (%)									
Agency	\$	SB Goal	SB Actual	SDB Goal	SDB Actual	W-O Goal	W-O Actual	HUB Goal	HUB Actual	8(a) Goal	8(a) Actual
ETA	1,046.1M	20.0	21.6	2.5	2.5	5.0	3.9	*	*	2.5	4.2
BLS	54.3M	45.0	25.5	10.0	33.9	5.0	2.2	*	*	25.0	2.3
ESA	45.5M	34.0	38.8	9.0	21.6	5.0	1.1	*	*	14.0	3.2
OASAM	44.6M	57.0	55.7	5.0	4.7	8.0	10.0	*	*	27.5	23.5
OSHA	33.9M	82.0	59.8	13.0	8.9	5.0	1.9	*	*	21.0	7.8
PWBA	25.5M	25.0	31.3	5.0	13.1	15.0	17.4	*	*	20.0	6.6
MSHA	13.2M	65.0	60.0	0	2.5	6.0	4.6	*	*	15.0	5.3
ILAB	11.5M	75.0	90.8	5.0	1.1	5.0	5.4	*	*	9.9	3.2
OIG	7.6M	60.0	80.4	5.0	5.5	5.0	5.0	*	*	1.0	0.5
OASP	7.0M	75.0	40.9	0.0	11.8	15.0	11.8	*	*	35.0	8.2
SOL	6.4M	72.0	54.1	2.0	0.4	5.0	0.1	*	*	49.0	37.5
VETS	5.3M	40.0	57.6	2.5	0.2	5.0	19.3	*	*	40.0	48.8
OPA	1.8M	75.0	84.4	2.6	0.4	5.4	7.8	*	*	5.0	7.7
OALJ	0.9M	35.0	85.1	15.0	34.9	20.0	33.1	*	*	0.0	0.0
WB	0.5M	80.8	40.6	2.6	1.8	55.0	7.7	*	*	9.3	0.0

1999		Achievement (%)									
Agency	\$	SB Goal	SB Actual	SDB Goal	SDB Actual	W-O Goal	W-O Actual	HUB Goal	HUB Actual	8(a) Goal	8(a) Actual
ETA	913.8M	23.0	13.2	5.2	1.2	5.0	2.7	*	*	1.3	2.0
BLS	58.2M	39.4	44.7	2.0	6.0	5.0	1.2	*	*	23.0	20.5
ESA	44.1M	23.0	31.8	1.4	5.6	5.0	2.3	*	*	10.0	9.5
OASAM	30.4M	57.0	53.2	5.0	2.8	8.7	8.6	*	*	27.5	22.3
OSHA	21.0M	82.0	50.7	8.0	11.5	5.0	0.3	*	*	21.0	8.4
PWBA	17.5M	23.0	23.3	3.2	3.2	11.9	14.5	*	*	17.6	13.0
OIG	9.5M	96.1	56.7	31.0	2.5	13.0	1.6	*	*	0.0	0.9
MSHA	9.4M	38.8	70.8	1.0	3.7	10.3	9.6	*	*	8.6	26.2
VETS	4.5M	30.3	45.5	1.0	0.1	5.0	12.8	*	*	30.3	35.1
SOL	4.0M	72.0	62.9	7.0	0.1	5.0	0.9	*	*	49.0	52.1
OASP	3.7M	75.0	84.7	0.0	40.8	15.0	15.7	*	*	30.0	24.8
ILAB	2.8M	75.1	88.7	14.0	0.0	5.0	9.4	*	*	23.0	6.7
OALJ	1.1M	NA	56.9	NA	14.6	NA	25.3	*	*	NA	0.0
OPA	0.8M	50.6	73.9	4.5	1.9	5.6	16.8	*	*	5.6	0.0
WB	0.2M	80.8	45.0	1.9	8.0	55.0	25.6	*	*	9.9	0.0

* = No Goal Required
M = Million

Appendix 5
Vendor Outreach Sessions --
Supplemental Information

Appendix 5.1

Vendor Outreach Session Registration Process

- A vendor sends its registration form to OSBP and the company's name is put on a list along with the date the registration form was received.
- Approximately one month before the vendor outreach session, a confirmation e-mail is sent to all vendors on the list.
- Based on the confirmations received, the vendor outreach schedule is created. There are approximately 24 tables per session and 11 time slots for each table. Vendors are scheduled in the order in which their original registrations were received and assigned to the agencies in which they indicated they were interested.
- Vendors not able to be accommodated are notified via e-mail and offered an invitation to attend as a walk-in. It is explained that walk-ins do very well because some of the scheduled vendors do not attend, arrive late, leave early, or do not utilize their entire 15-minute allotment. Vendors who desire to attend the upcoming vendor outreach session as walk-ins are added to the list. Vendors who do not desire to walk-in are added to the list for the following vendor outreach session.
- On the morning of the session, DOL agency representatives are presented with a list of their scheduled appointments along with a list of walk-in vendors. Occasionally, an advanced copy of the list and schedule matrix are sent to the agency reps as an attachment to the reminder e-mail that is sent prior to each session.

Appendix 5.2

Vendor Outreach Session Quality Survey Responses

- Make sure procurement forecast is current.
- Better administration: alert participants about the start and finish of the 15-minute intervals, strictly adhere to these time limits, and improve the visibility and layout of agency tables.
- Have program officers or more knowledgeable agency representatives participate.
- Provide lists of those in attendance.
- Eliminate “no-shows” – ensure agency representatives who are supposed to attend are actually present.
- Have DOL representatives provide more information about types of services actually needed and requirements vendors must meet.
- Make sure vendors understand before sessions that some agencies will have no current procurement opportunities available and that these agency representatives can only give general information.

Appendix 6
Comparison Tables

Appendix 6 – Goal Attainment

2002	Dept of Labor	Dept of the Interior	Dept of State	Dept of Commerce	Environmental Protection Agency
Total Procurement	\$1.64B	\$2.40B	\$1.61B	\$1.60B	\$1.34B
Overall Small Business	Y	N	Y	Y	Y
Small Disadvantaged	Y	N	Y	Y	N
8(a)	Y	Y	Y	Y	Y
Women-Owned	N	Y	N	Y	N
HUBZone	N	Y	Y	N	N
Service Disabled Veteran-Owned	N	#	#	#	#

2001	Dept of Labor	Dept of the Interior	Dept of State	Dept of Commerce	Environmental Protection Agency
Total Procurement	\$1.40B	\$2.15B	\$1.50B	\$1.19B	\$1.10B
Overall Small Business	Y	Y	Y	Y	Y
Small Disadvantaged	Y	Y	Y	Y	N
8(a)	Y	N	N	N	Y
Women-Owned	Y	Y	N	Y	N
HUBZone	N	Y	N	N	N
Service Disabled Veteran-Owned	N	#	#	#	#

2000	Dept of Labor	Dept of Commerce	Dept of State	Dept of the Interior	Environmental Protection Agency
Total Procurement	\$1.30B	\$1.90B	\$1.54B	\$1.44B	\$0.99B
Overall Small Business	Y	N	Y	Y	Y
Small Disadvantaged	Y	Y	Y	Y	N
8(a)	Y	N	Y	N	Y
Women-Owned	N	Y	N	N	N
HUBZone	*	*	*	*	*
Service Disabled Veteran-Owned	*	*	*	*	*

Y = Achieved Goal
 N = Did Not Achieve Goal
 * = No Goal Required
 # = No Data

1999	Dept of Labor	Environmental Protection Agency	Dept of the Interior	Dept of Commerce	Dept of State
Total Procurement	\$1.14B	\$1.29B	\$1.25B	\$1.20B	\$0.903B
Overall Small Business	N	Y	N	Y	Y
Small Disadvantaged	N	Y	Y	Y	N
8(a)	Y	N	Y	N	Y
Women-Owned	N	N	N	Y	Y
HUBZone	*	*	*	*	*
Service Disabled Veteran-Owned	*	*	*	*	*

Y = Achieved Goal
N = Did Not Achieve Goal
*** = No Goal Required**
= No Data

Glossary

Federal Acquisition Regulations (FAR)

The FAR is the primary regulation for use by all Federal executive agencies in their acquisition of supplies and services with appropriated funds. The FAR precludes agency acquisition regulations that unnecessarily repeat, paraphrase, or otherwise restate the FAR, limits agency acquisition regulations to those necessary to implement FAR policies and procedures within an agency, and provides for coordination, simplicity, and uniformity in the Federal acquisition process. It also provides for agency and public participation in developing the FAR and agency acquisition regulation.

Federal Acquisition Streamlining Act

The Federal Acquisition Streamlining Act of 1994 amended several acts administered by the Department of Labor: 1) the Contract Work Hours and Safety Standards Act to limit its applicability to contracts in an amount of \$100,000 or greater; 2) the Davis-Bacon Act to provide waivers from the Act's prevailing wage requirements under selected laws for volunteers performing services to a State or local government or agency and for volunteers performing services to a public or private nonprofit recipient of Federal assistance; and 3) the Walsh-Healey Public Contracts Act to eliminate the requirements that contractors on covered contracts be either manufacturers or regular dealers in the items to be supplied under the contract but retains the Secretary of Labor's authority to define the terms "regular dealer" and "manufacturer."

North American Industry Classification System (NAICS)

A series of number codes that attempts to classify all business establishments by the types of products or services they make available and organizes the categories on a production/process oriented basis. Establishments engaged in the same activity, whatever their size or type of ownership, are assigned the same NAICS code. These definitions are important for standardization.

Small Business Act

This policy declares that the SBA, acting in cooperation with the Department of Commerce and other relevant State and Federal agencies, should aid and assist small businesses, to increase their ability to compete in international markets by 1) enhancing their ability to export; 2) facilitating technology transfers; 3) enhancing their ability to compete effectively and efficiently against imports; 4) increasing the access of small businesses to long-term capital for the purchase of new plant and equipment used in the production of goods and services involved in international trade; 5) disseminating information concerning State, Federal, and private programs and initiatives to enhance the ability of small businesses to compete in international markets; and 6) ensuring that the interests of small businesses are adequately represented in bilateral and multilateral trade negotiations.

Small Business Set-Aside

The Small Business Set-Aside Program helps assure that small businesses are awarded a fair proportion of government contracts by reserving, or “setting aside,” certain government purchases exclusively for participation by small business concerns.

Sole Source Contract

A sole source contract is awarded to a single contractor, bypassing the competitive bidding process. To justify a sole source acquisition, an agency needs to develop a rationale why competitive bidding would not be necessary, such as: 1) the agency already uses the vendor's equipment and its continued purchase is essential for compatibility, 2) the vendor's equipment has unique features that are essential to the department's operations, and 3) a pressing emergency exists.

Agency Response



March 29, 2004

MEMORANDUM FOR DEBORAH OUTTEN-MILLS
Director
National Audit and Evaluation Office

FROM:

JOSE A. LIRA 
Director
Office of Small Business Programs

SUBJECT:

Response to Evaluation of the Department of Labor's
Small and Disadvantaged Business Utilization Program
Report No. 21-04-004-01-100

This is in response to the draft findings and recommendations of the Office of the Inspector General's (OIG) evaluation of DOL's small and disadvantaged business utilization program for Fiscal Years 1999-2002, dated March 23, 2004. We are appreciative of the draft report's insight and practical perspective. The responses below reflect OSBP's current operations and therefore include many significant improvements, related to your recommendations, made by OSBP since the FY 2002 timeframe covered by your report.

Finding A: Goal Setting Strategy Impedes the Department's Maximization of Small Business Purchases

Recommendation 1: Evaluate OSBP's goal setting strategy and effectiveness of setting some [DOL component agencies'] small business goals below DOL's required percentages.

Recommendation 2: Based on the evaluation result, revise the goal setting strategy as necessary to maximize small business procurement.

Response: In the course of setting FY 2004 and 2005 small business goals for DOL agencies, OSBP revised its goal setting strategy to maximize small business procurement and strove to base goals more on potential attainability. As a result, several agencies' goals were increased (along with DOL's) over FY 2002 and 2003 levels. Particularly notable is the increase of ETA's small business goal to 23 percent, the legislatively mandated government-wide goal level (see attachment). Even though ETA's goal falls below DOL's required percentage, OSBP believes that a 23 percent goal for ETA is

currently realistically ambitious given its mix of procurements as opposed to what other DOL agencies buy. OSBP will continue to set realistically ambitious goals for DOL agencies which may include setting a goal for ETA which equates to the Department's goal at a future date.

Finding B: Communication and Outreach Efforts Need Strengthening

Recommendation 3: Modify OSBP's process for notification of agency representatives attending vendor outreach sessions by developing procedures to ensure appropriate agency procurement specialists attend the sessions and are matched with suitable vendors.

Response: OSBP has made significant improvements to its VOS process since 2002. In on-going quarterly meetings, OSBP staff and agency VOS representatives discuss feedback from the VOS sessions and develop strategies for improving future sessions. OSBP also provides feedback on VOS sessions at executive staff meetings and via memoranda to agency heads. This increased focus on the program at the executive level has resulted in an increase in the caliber of agency representation at the sessions, including more knowledgeable representatives and more regular participation by each agency.

Recommendation 4: Introduce controls at vendor outreach sessions to ensure participants adhere to procedures.

Response: OSBP manages and operates an effective VOS. VOS attendees and agency representatives are advised in advance that vendors with schedules have first priority for each scheduled slot. Vendors are also notified by a signal when each fifteen minute time slot is completed; a floor monitor insures that the schedule is strictly adhered to. OSBP is aware of more controlled techniques utilized in other Departments' VOSs and has considered them. However, feedback from vendors has confirmed that current OSBP procedures are more conducive to vendor/agency representative interaction.

Recommendation 5: Upgrade the internet-based form for vendor outreach session registration.

Response: An upgrade of the VOS registration system has significantly improved the on-line registration process. Through the on-line process, vendors are encouraged to visit the other DOL websites to familiarize themselves with the DOL procurement process prior to selecting schedules. This has resulted in an increase of awareness among vendors of what the various DOL agencies buy.

Recommendation 6: Revise the DOL procurement forecast by differentiating upcoming contracts that are open for competition from those that are not open for competition.

Response: DOL's Procurement Forecast currently differentiates between current procurement contracts (with expiration dates) and planned procurement contracts (with

release dates). The Forecast also includes the type of procurement methods; e.g., unrestricted, small business set-side, 8(a). During the vendor outreach sessions, OSBP staff counsel participating vendors on how to read and interpret the Forecast.

Recommendation 7: Develop strategies to improve communication and information exchange between OSBP, Small Business Specialists, and vendors.

Response: OSBP continually offers and provides assistance to agency small business specialists and other agency personnel via memoranda, quarterly meetings, and personal contacts on methods of meeting their small business goals. In addition to communications via Vendor Outreach Sessions, OSBP constantly communicates with vendors via telephone calls, e-mails, correspondence, one-on-one office visits, and participation in procurement conferences nationwide. Furthermore, OSBP actively exchanges information and shares best practices with other OSDBUs which results in the development and adoption of strategies to further improve communication between OSBP, Small Business Specialists, and vendors.

Recommendation 8: Encourage GSA representatives to participate in vendor outreach sessions in order to disseminate information to participants regarding the GSA Federal Supply Schedule.

Response: OSBP will invite GSA Supply Schedule program representatives to future vendor outreach sessions.

Finding C: Internal and External Conditions Hinder Maximization of Small Business Procurement

Recommendation 9: Analyze the processes and techniques utilized by other Federal agencies to maximize small business procurement. Determine if these processes and techniques could be utilized at OSBP.

Response: OSBP continually reviews processes and techniques of other OSDBUs and other Federal agencies to maximize small business procurement to identify those that may be of benefit in DOL. OSBP also contributes best practice processes and techniques, such as its practice of communicating to contracting officers the performance of their subcontractors against subcontracting plans, which has helped DOL achieve some of the highest rates of small business subcontracting in the federal government. OSBP is aware of the infrastructure of other agencies OSDBUs and associated procurement staff. OSBP strives to maximize both small business procurement and the effective utilization of its limited resources.

Recommendation 10: Develop strategies to compensate for the effects of external conditions upon the maximization of small business procurement.

Response: By law and regulation, the function of the OSDBU is to recommend strategies to improve small business procurement. OSBP is constantly at work developing

strategies to maximize small business utilization. OSBP was instrumental in contributing to small business provisions in the pending revised Department of Labor Acquisition Regulation (DOLAR). OSBP has recently redrafted its DLMS Chapter 2-1000, Small Business Utilization Program, to increase its effectiveness in maximizing small business utilization. OSBP has initiated discussions with DOL's Procurement Executive, regarding the possibility of establishing temporary employment of special procurement mechanisms to favor HUBZone and SDVOSB vendors in DOL procurements. OSBP is working with ETA's procurement office to specifically screen all construction projects at Job Corps Centers for possible HUBZone set-asides, since half of the Centers are located in HUBZones. OSBP is in the process of publicizing to DOL agencies, accessible HUBZone and SDVOSB firms capable of fulfilling their requirements. OSBP has conducted special outreach and VOS sessions for HUBZone and SDVOSB firms and will continue to do so.

We look forward to working on the recommendations that we have not already addressed. If you need additional information, please have a member of your staff contact Fritz Trakowski at (202) 693-6465.

Attachment



JAN 15 2004

MEMORANDUM FOR EMILY STOVER DeROCCO

Assistant Secretary
Employment and Training Administration

FROM:

JOE LIRA 
Director
Office of Small Business Programs

SUBJECT:

Fiscal Year 2003 Small Business Utilization Performance;
Fiscal Years 1999 - 2003 Small Business Performance Graphs;
and Fiscal Year 2004 - 2005 Small Business Goals

This is to provide you with information concerning the performance of your agency in Fiscal Year (FY) 2003 relative to your small business procurement goals (Attachment I). The Department relies on each agency to do its part in meeting its individual goals so that the Department can meet its overall goals with the Small Business Administration. In FY 2003, the Department's small business utilization performance was higher overall than in FY 2002. However, we did not meet our 8(a), women-owned small business, HUBZone small business, and service-disabled veteran owned small business goals.

As you will note, ETA exceeded its FY 2003 prime contracting goals for small disadvantaged business 8(a) and small disadvantaged business other than 8(a). ETA did not meet its small business, women-owned small business, service-disabled veteran owned small business, and HUBZone small business goals. ETA's FY 2003 subcontracting small business performance is not available at this time.

Again this year, to help you gauge your agency's trends in utilizing small businesses, we have included graphs of ETA's small business prime contracting performance by category for FYs 1999 - 2003 (Attachment II). ETA's overall performance in the small business category has improved since FY 2002, but has declined in the small disadvantaged business 8(a), women-owned small business, and HUBZone categories.

ETA (through the Job Corps Program) is the primary contributor to the Department's small business performance. Therefore, ETA's significant drop in utilization of 8(a) and women-owned small businesses directly contributed to DOL's failure to meet its FY 2003 goals in these categories. We recommend that ETA target improvement in all areas.

Also attached is a copy of your agency's FY 2004-2005 small business goals (Attachment III) provided to you in our October 31, 2002 memorandum. We are available to discuss procurement strategies and provide assistance in support of meeting all your small business goals.

Should you have any questions or need additional information concerning the Department's small business utilization program, we will be pleased to assist you. You or your staff may contact me on 202-693-6460 or Fritz Trakowski on (202) 693-6465.

We appreciate your commitment to this important program.

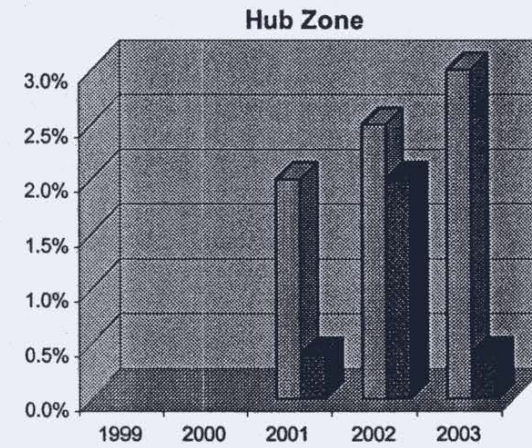
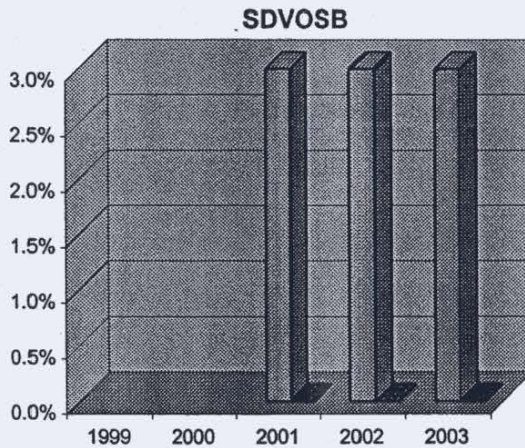
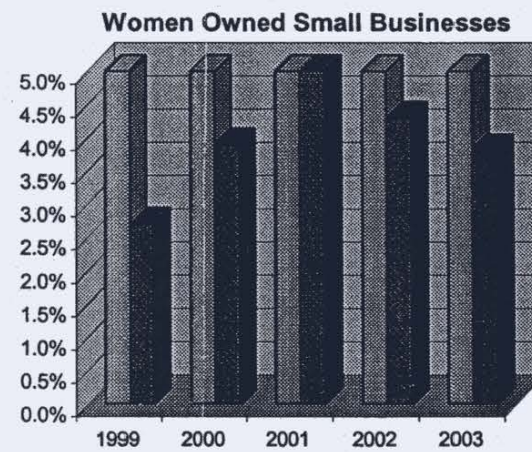
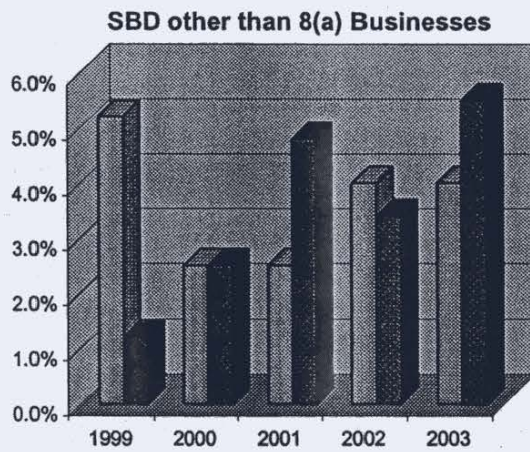
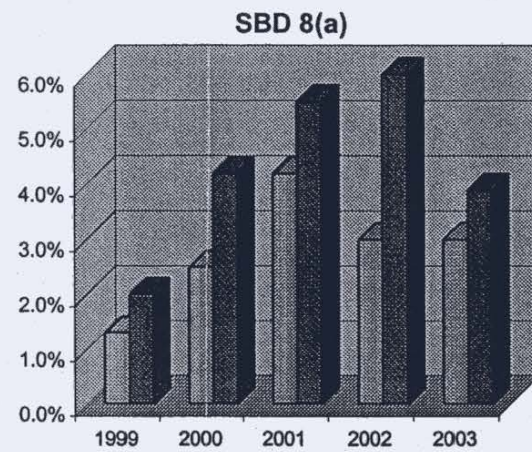
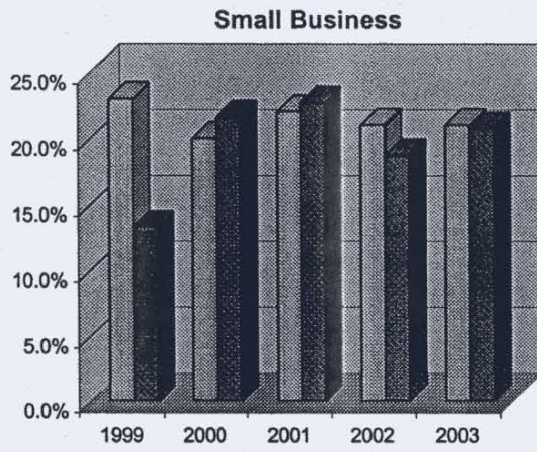
Attachments

cc: Lance Grubb
Richard Trigg

DEPARTMENT OF LABOR - ETA Small and Disadvantaged Business Utilization Fiscal Year 2003 (\$1000's)				
Prime and Sub Contract Types	Goals (FY 2003)		Performance (through fourth quarter)	
	\$	%	\$	%
1. Total prime contracts \$ (A)	1,088,406		1,196,490	
2. Small Business	228,565	21.0%	247,761	20.7%
3. Small Disadvantaged Business 8(a) (B)	32,652	3.0%	46,642	3.9%
4. Small and Disadvantaged Business other than 8(a) (B)	43,536	4.0%	65,825	5.5%
5. Women-Owned Small Business (B)	54,011	5.0%	45,207	3.8%
6. Service Disabled Veteran Owned Small Business (B)	32,652	3.0%	0	0.0%
7. HUBZone Small Business (B)	32,652	3.0%	4,309	0.4%
8. Total Subcontracting \$ (C)	148,853		0	
9. Subcontracts to Small Business	90,800	61.0%	0	0.0%
10. Subcont. to Small Disadvantaged Business (B)	16,380	11.0%	0	0.0%
11. Subcont. to Women-Owned Small Business (B)	10,425	7.0%	0	0.0%
12. Subcont. to HUBZone Small Business (B)	4,500	3.0%	0	0.0%
13. Subcont. to Service Disabled Veteran Owned Small Business (B)	4,500	3.0%	0	0.0%

- (A) Includes small purchases, non-profits, educational institutions, and GSA Federal Supply Schedules. This figure excludes awards outside the United States.
- (B) Dollar amounts of lines 3, 4, 5, 6, and 7 are included in line 2. Dollar amounts of lines 10, 11, 12 and 13 are included in line 9. Note: The major small business categories are not mutually exclusive, except the two subcategories of Small Disadvantaged Business (other than 8(a) and Small Disadvantaged Business 8(a)).
- (C) Total \$ amount of subcontracts awarded by prime contractors during the fiscal year.

ETA - Prime Contracts



LEGEND: - Goal - Performance

DEPARTMENT OF LABOR - ETA Small and Disadvantaged Business Utilization Goals Fiscal Year 2004 (\$1000's)				
Prime and Sub Contract Types	Goals (FY 2004)		Performance (through first quarter)	
	\$	%	\$	%
1. Total prime contracts \$ (A)	1,300,000			
2. Small Business	299,000	23.0%	0	0.0%
3. Small Disadvantaged Business 8(a) (B)	52,000	4.0%	0	0.0%
4. Small and Disadvantaged Business other than 8(a) (B)	52,000	4.0%	0	0.0%
5. Women-Owned Small Business (B)	65,000	5.0%	0	0.0%
6. Service Disabled Veteran Owned Small Business (B)	39,000	3.0%	0	0.0%
7. HUBZone Small Business (B)	39,000	3.0%	0	0.0%
8. Total Subcontracting \$ (C)	400,000		0	
9. Subcontracts to Small Business	244,000	61.0%	0	0.0%
10. Subcont. to Small Disadvantaged Business (B)	44,000	11.0%	0	0.0%
11. Subcont. to Women-Owned Small Business (B)	28,000	7.0%	0	0.0%
12. Subcont. to HUBZone Small Business (B)	12,000	3.0%	0	0.0%
13. Subcont. to Service Disabled Veteran Owned Small Business (B)	12,000	3.0%	0	0.0%

(A) Includes small purchases, non-profits, educational institutions, and GSA Federal Supply Schedules. This figure excludes awards outside the United States.

(B) Dollar amounts of lines 3, 4, 5, 6, and 7 are included in line 2. Dollar amounts of lines 10, 11, 12 and 13 are included in line 9. Note: The major small business categories are not mutually exclusive, except the two subcategories of Small Disadvantaged Business (other than 8(a) and Small Disadvantaged Business 8(a)).

DEPARTMENT OF LABOR - ETA Small and Disadvantaged Business Utilization Goals Fiscal Year 2005 (\$1000's)				
Prime and Sub Contract Types	Goals (FY 2005)		Performance (through first quarter)	
	\$	%	\$	%
1. Total prime contracts \$ (A)	1,300,000			
2. Small Business	299,000	23.0%	0	0.0%
3. Small Disadvantaged Business 8(a) (B)	52,000	4.0%	0	0.0%
4. Small and Disadvantaged Business other than 8(a) (B)	52,000	4.0%	0	0.0%
5. Women-Owned Small Business (B)	65,000	5.0%	0	0.0%
6. Service Disabled Veteran Owned Small Business (B)	39,000	3.0%	0	0.0%
7. HUBZone Small Business (B)	39,000	3.0%	0	0.0%
8. Total Subcontracting \$ (C)	400,000		0	
9. Subcontracts to Small Business	244,000	61.0%	0	0.0%
10. Subcont. to Small Disadvantaged Business (B)	44,000	11.0%	0	0.0%
11. Subcont. to Women-Owned Small Business (B)	28,000	7.0%	0	0.0%
12. Subcont. to HUBZone Small Business (B)	12,000	3.0%	0	0.0%
13. Subcont. to Service Disabled Veteran Owned Small Business (B)	12,000	3.0%	0	0.0%

(A) Includes small purchases, non-profits, educational institutions, and GSA Federal Supply Schedules. This figure excludes awards outside the United States.

(B) Dollar amounts of lines 3, 4, 5, 6, and 7 are included in line 2. Dollar amounts of lines 10, 11, 12 and 13 are included in line 9.
Note: The major small business categories are not mutually exclusive, except the two subcategories of Small Disadvantaged Business (other than 8(a) and Small Disadvantaged Business 8(a)).