



Southeast Region Federal Construction

2026 SUMMIT

April 14-16 Wilmington, North Carolina

Infrastructure & Environmental Summit

Virginia

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Hosted by

US Senator Thom Tillis

US Senator Ted Budd

North Carolina Military Business Center

Southeast Region Federal Construction

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Policy and Regulation Updates for Small Businesses

- Moderator: **Sue Kranes**, Strategic Industry Professional (Infrastructure), NC Military Business Center
- Sam Le, Managing Member, Sam Le Law PLLC
- Aregnaz Mooradian, Deputy District Director, US Small Business Administration
- Jackson Moore, Attorney, Smith Anderson Law Firm

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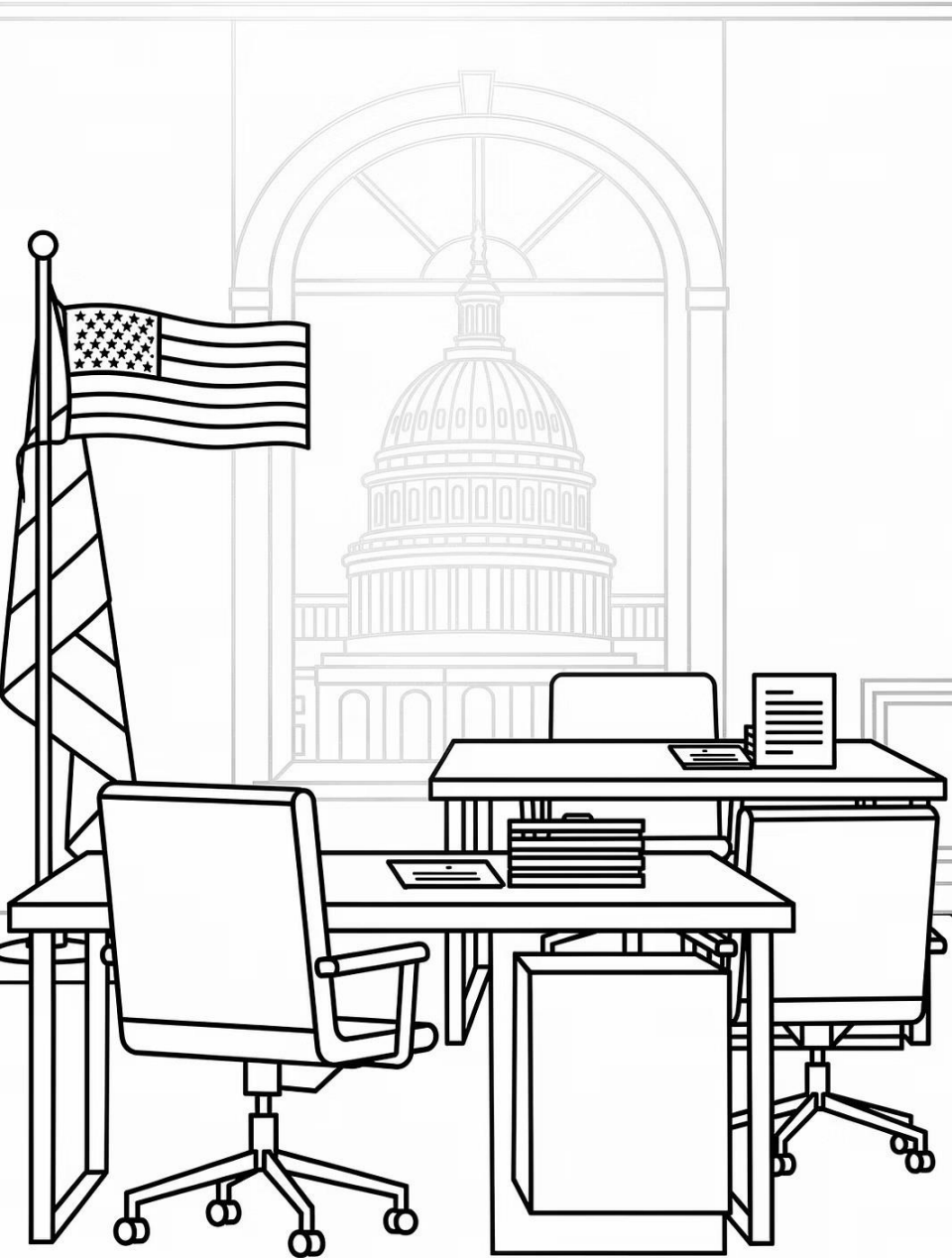
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Changes in Federal Government Contracting

Small Business GovCon in Flux

NCMBC Southeast Summit - April 15, 2026



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What's Happening Now

The federal government contracting landscape is undergoing rapid, sweeping change. From SBA program suspensions and DoD contract reviews to a revolutionary FAR overhaul and new executive orders, GovCon professionals must track a wide range of simultaneous developments. This presentation provides a structured overview of the most significant actions 4 legislative, executive, regulatory, and administrative 4 affecting small businesses and contractors operating in the federal marketplace today.

8(a) Program

Suspensions, terminations, and a race-neutral pivot following *Ultima*

DoD Contract Review

DoW "sledgehammer" audit of small-business set-asides above \$20M

FAR Overhaul

Revolutionary rewrite streamlining decades of acquisition regulation

Executive Orders

Day-one and first-100-days orders reshaping procurement priorities



8(a) Suspensions & Terminations

Beginning January 22, 2026, the SBA initiated a sweeping suspension of 8(a) program participants, sending shockwaves through the small-business contracting community. At peak, **1,099 firms were suspended** simultaneously. Numbers fluctuated significantly in the weeks that followed. These suspensions are tied to the SBA's full-scale audit of the 8(a) program. Affected firms are receiving notices and must respond promptly to avoid termination of program participation and loss of eligibility for set-aside awards.

SBA's 8(a) suspensions (Jan 22 - Apr 2, 2026)

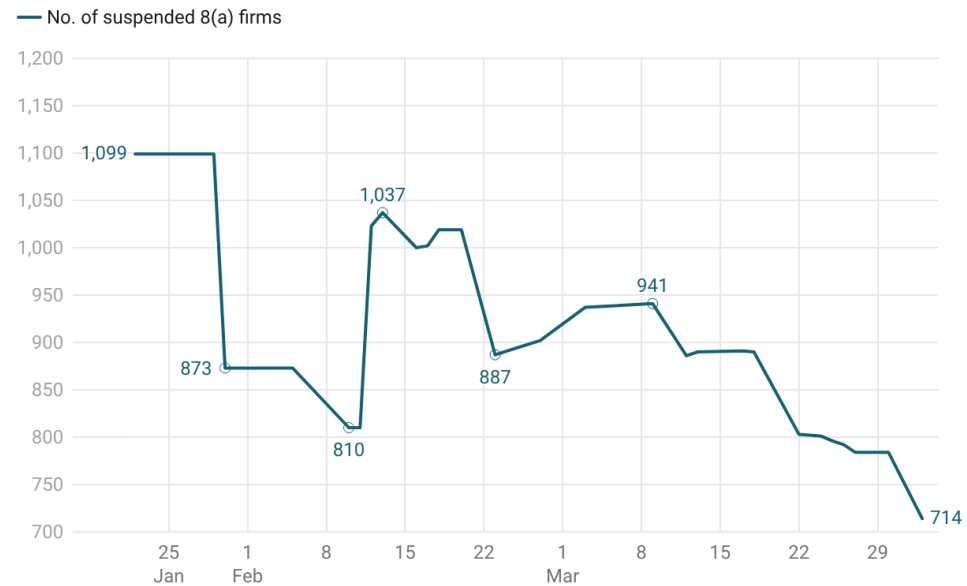


Chart: GovConIntelligence.com • Source: SBA SBS • Created with Datawrapper





SECRETARY OF WAR
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

JAN 16 2026

MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
COMMANDERS OF THE COMBATANT COMMANDS
DEFENSE AGENCY AND DOW FIELD ACTIVITY DIRECTORS

SUBJECT: Contract Review of All Small Business Sole Source and Set-Aside Awards Above \$20 Million in Contract Value

When I became Secretary of War, I committed to eliminating all unconstitutional and non-merit-based DEI (diversity, equity and inclusion) initiatives at the Department of War (DoW) to ensure that taxpayer funds are used exclusively to improve the capabilities and lethality of the American warfighter. I also promised to eliminate waste, fraud, and abuse at the DoW and redirect that money towards President Trump's America First priorities. Today, by working with our partners across government and the DoW DOGE team to audit the oldest DEI program in the federal government, the Small Business Administration's 8(a) (SBA) program, I am doing both.

DoW "Sledgehammer" Review

 DUE FEB. 28, 2026

On January 16, 2026, the Secretary of War (DoW) issued a memorandum to senior Pentagon leadership, commanders of combatant commands, and Defense Agency and DoW Field Activity Directors ordering a comprehensive contract review. The memo framed the review in terms of eliminating what it characterized as unconstitutional and non-merit-based DEI initiatives, redirecting taxpayer resources toward warfighting priorities, and addressing waste, fraud, and abuse. The review specifically targets **small business sole-source and set-aside awards above \$20 million** ⁴ requiring contracting officers to assess whether existing contracts align with warfighting priorities and comply with all applicable regulations.



Dept. of War: What the Review Covers

JAN. 16, 2026 MEMORANDUM


The DoW review is extensive in scope and requires contracting officials to scrutinize documentation across multiple dimensions. Contractors performing set-aside or sole-source contracts above \$20 million should immediately begin gathering documentation to demonstrate compliance. The review encompasses both contract-level and performance-level evidence, with a hard deadline of **February 28, 2026**.

Contracts in Scope

- ◆ Small business set-aside awards above \$20 million
- ◆ Sole-source awards above \$20 million
- ◆ Contracts identified as inconsistent with "warfighting priorities"
- ◆ Must be performed at or below market rates

Documentation Required

- ◆ Invoice and payment records
- ◆ COR logs and reports
- ◆ Personnel confirmation and staffing records
- ◆ Deliverables and technical reports
- ◆ Review of limitations on subcontracting compliance

 **Action Item:** Contractors with affected contracts should immediately audit their subcontracting compliance documentation and ensure all performance records are current and accessible before the February 28 deadline.



Legislative Action

Congress has been active on multiple fronts affecting federal small-business contracting. From the NDAA FY26 to standalone bills addressing SBIR extensions, certification reforms, and solicitation clarity, the legislative landscape is shaping up to be a consequential year for GovCon small businesses.



NDAA FY26 4 Signed by the President

S. 1071 · SIGNED DEC. 18, 2025

The National Defense Authorization Act for Fiscal Year 2026 was signed into law on December 18, 2025. The legislation includes several provisions directly relevant to small-business contractors, though notably it did **not** include language to extend the SBIR/STTR programs 4 a significant omission that leaves those programs in a state of uncertainty pending separate legislative action.

1

Section 824 4 Increasing Competition

Requires guidance on how commercial and non-government past performance should be evaluated in source selections. Directs identification of barriers that disproportionately affect small businesses (with consultation from Apex Accelerators), and prioritizes policies focused on cost efficiency and product quality over procedural compliance.

2

Section 1807 4 Project Spectrum

Codifies Project Spectrum as the DoD's cybersecurity training program for small and medium-sized businesses in the defense industrial base. Continues free access to cybersecurity assessments and training resources for companies seeking or holding DoD contracts.

3

SBIR/STTR 4 Not Extended

Despite significant advocacy, the NDAA FY26 did not include language to extend the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. A separate one-year extension bill (H.R. 5100) has passed the House and awaits Senate action.



SBIR Reauthorization: Awaiting Presidential Action

S.3971

PRESENTED TO PRESIDENT: APRIL 2, 2026

DECISION EXPECTED: APRIL 14, 2026

The Small Business Innovation Research (SBIR) program has been suspended since the start of the fiscal year due to its limited-term authorization expiring. S.3971, the bill to reauthorize SBIR, successfully passed both the Senate (March 3rd, 2026) and the House (March 17th, 2026), and was **officially presented to the President on April 2, 2026**—marking the start of the formal enactment process.

The bill has now entered the **10-day presidential review period** (excluding Sundays), with a decision expected by **April 14, 2026**. We are now in the final stage of the process.

1

Signed

The bill becomes law immediately upon the President's signature.

2

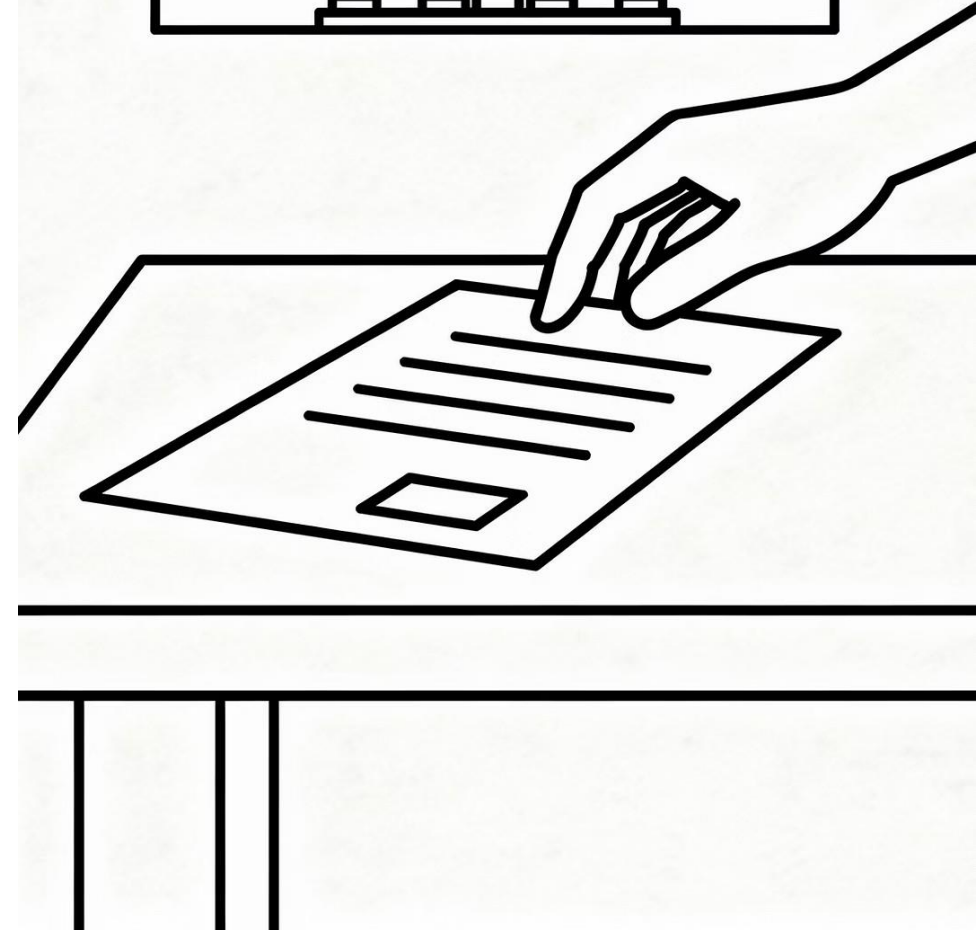
No Action Taken

If the President takes no action by the end of the 10-day review period, the bill automatically becomes law.

3

Vetoed

The bill returns to Congress, where a two-thirds majority in both chambers would be required to override the veto and enact the law.



Passed by the House

The House of Representatives has passed several small-business-focused bills that now await Senate consideration. These measures address program integrity, certification reform, and contracting equity 4 representing a broad legislative agenda for the small-business contracting community.

→ **H.R. 5100 (Williams) 4 One-Year SBIR Extension**

Provides a one-year extension of the SBIR and STTR programs, which were not extended in the NDAA FY26. Critical for technology-focused small businesses dependent on SBIR/STTR funding to maintain contracts and pursue follow-on awards.

→ **H.R. 4491 (Cisneros) 4 Reduce Risk in Cert System**

Targets fraud and misrepresentation in small-business certification programs by tightening verification requirements and increasing accountability for self-certifications in federal set-aside programs.

→ **H.R. 2931 (Finstad) 4 Relocate SBA Offices**

Requires the SBA to relocate district and field offices currently located in jurisdictions designated as "sanctuary cities," raising significant operational and political considerations for the agency's geographic footprint.

→ **H.R. 1816 (Velázquez) 4 WOSB Goaling Credit**

Excludes self-certified Women-Owned Small Business (WOSB) concerns from receiving goaling credit toward agency small-business contracting goals, incentivizing the use of third-party-certified WOSBs and reducing the risk of improper set-aside awards.



Passed by the House (Continued)

Additional House-passed bills focus on improving transparency, accountability, and clarity in the federal acquisition process 4 directly addressing pain points frequently cited by small-business contractors and contracting officers alike.

→ **H.R. 818 (Stauber) 4 Add New Entrants to SBA Scorecard**

Amends the SBA's annual small-business contracting scorecard to include metrics on new market entrants 4 companies that have not previously received federal contracts 4 encouraging agencies to broaden their contractor base and reduce sole-source dependency on incumbent vendors.

→ **H.R. 789 (Latimer) 4 Justify Canceled Solicitations**

Requires contracting officers to provide a written justification when canceling a contract solicitation, and to identify similar contracting opportunities for affected offerors. Addresses a longstanding frustration for small businesses that invest significant resources in proposal development only to have solicitations canceled without explanation.

→ **H.R. 787 (LaLota) 4 Solicitation Clarity Standard**

Directs that federal contract solicitations be written to a standard of "clear, concise, and well-organized" 4 a deceptively simple mandate that could have significant downstream effects on proposal requirements, evaluation criteria, and contractor compliance expectations across the government.



Introduced in the Senate

PARTIAL LIST

Senate activity on small-business contracting has been closely tied to the broader push to audit and reform the 8(a) program. The most notable Senate action is from Sen. Joni Ernst, whose legislation and oversight letters have placed significant pressure on the SBA and federal agencies to reform sole-source contracting practices.

S. 3173 (Ernst)

Suspend 8(a) Sole-Sources Pending SBA Audit

This bill would require the suspension of all new 8(a) sole-source contract awards until the SBA completes a comprehensive audit of the 8(a) program. The legislation is directly tied to ongoing concerns about program integrity, social disadvantage verification, and the post-*Ultima* legal landscape.

Related Oversight Actions

Sen. Ernst has also sent formal letters to both the **SBA Administrator** and the **SBA Inspector General**, as well as to **22 individual federal agencies**, requesting information on their 8(a) sole-source contracting practices, justifications, and compliance with program requirements. These oversight actions signal sustained congressional pressure on the program independent of legislative outcomes.

- Watch this space: Ernst's IG referral and the SBA's ongoing audit may accelerate administrative action even if S. 3173 does not advance to a floor vote.





Executive Action

The current administration has moved aggressively through executive orders to reshape federal procurement policy. From day-one actions revoking procurement equity directives to sweeping consolidation and acquisition reform orders issued in the first 100 days, the executive branch is driving the most significant structural changes to federal contracting in decades.



Executive Orders 4 Day One

NOS. 14151 · 14173 · 14174

On his first day in office, the President signed three executive orders with direct and immediate implications for federal small-business contracting. These orders collectively signal a fundamental policy shift away from identity-based procurement preferences and toward a merit-first, competition-first acquisition framework.



Review Set-Asides (E.O. 14151)

Directed agencies to review existing small-business set-aside programs and contracts for consistency with the administration's policy priorities. Signaled potential rescission or modification of set-asides perceived as identity-based rather than competition-based.



Revoke Procurement Equity (E.O. 14173)

Revoked prior executive orders and directives establishing procurement equity goals, effectively ending the formal policy framework that had required agencies to set and report on contracting goals for underrepresented business groups beyond the statutory SDB, WOSB, HUBZone, and SDVOSB programs.



Revoke EEO Clause (E.O. 14174)

Revoked the longstanding Equal Employment Opportunity clause requirements embedded in federal contracts, removing DEI-related contractual obligations that had been a standard feature of federal procurement for decades. Contractors should review their compliance programs accordingly.



Executive Orders 4 First 100 Days

NOS. 14240 · 14265 · 14271 · 14275

Within the first 100 days of the administration, four additional executive orders were issued that collectively represent the most aggressive structural reform of federal acquisition policy in the modern era. Together, they centralize procurement authority, mandate commercial solutions, reform DoD acquisition, and direct a ground-up rewrite of the Federal Acquisition Regulation.

1

Consolidate Procurement at GSA (14240)

Directs agencies to consolidate their procurement activities under GSA-managed governmentwide contracts and category management vehicles, reducing duplicative contracting infrastructure and centralizing purchasing power.

2

DoD Acquisition Process Reform (14265)

Orders a comprehensive reform of the DoD's acquisition processes, targeting speed-to-delivery, cost efficiency, and alignment with warfighting capability requirements. Includes directives to reduce bureaucratic overhead in defense procurement.

3

Require Commercial Solutions (14271)

Mandates that agencies prioritize commercially available solutions before pursuing custom or government-unique development. Reinforces FAR Part 12 commercial item preferences and pushes agencies toward off-the-shelf procurement wherever feasible.

4

FAR Rewrite (14275)

Directs OMB to lead a comprehensive rewrite of the Federal Acquisition Regulation, streamlining it to its statutory core, eliminating excessive regulatory burden, and producing plain-language buying guides. This order set the stage for OMB Memorandum M-25-26 and the subsequent FAR Overhaul.



OMB Consolidation Memo

M-25-31 · JULY 18, 2025

OMB Memorandum M-25-31, issued July 18, 2025, operationalizes the consolidation directives from Executive Order 14240. It establishes concrete requirements for agencies to migrate their contracting activities to centralized, governmentwide acquisition vehicles with GSA as the hub of federal procurement. This memo has significant implications for both agencies and contractors who have relied on agency-specific contracts and vehicle structures.

The Three Mandates

- **Use existing governmentwide contracts** 4 Agencies must utilize pre-existing GWACs, BPAs, and IDIQ vehicles before establishing new contract vehicles
- **Increase category management use** 4 Expand reliance on centralized, category-managed contracts for common goods and services
- **Centralize procurement at GSA** 4 Consolidate procurement functions under GSA's operational umbrella to drive efficiency and reduce duplicative overhead

What This Means for Contractors

Contractors holding agency-specific vehicles may see reduced utilization as agencies shift spending to GSA-managed vehicles. Conversely, holders of GSA Schedules, GWACs (e.g., OASIS+, Polaris, SEWP), and other governmentwide vehicles should expect increased competition and potentially increased award volume as agencies consolidate their purchasing.

Small businesses should review their existing vehicle portfolio and ensure they are positioned on relevant GSA-managed vehicles. Relying solely on agency-specific BPAs or IDIQs carries growing risk under this new framework.



FY2027 SBA Budget Proposal

The White House's proposed budget for FY2027 would reduce the Small Business Administration's funding by approximately 67 percent⁴ from roughly \$1 billion in the prior fiscal year to \$329 million. The SBA currently serves the country's approximately 36 million small businesses.

1

Entrepreneurial Development Cuts

The proposal would cut \$309 million from entrepreneurial development programs, including Small Business Development Centers (SBDCs) and Women's Business Centers. The administration characterizes these as eliminating programs that "waste taxpayer dollars on failed business counseling and training programs."

2

Programs Targeted for Elimination

The Community Navigator Pilot Program (\$100 million) and the Service Corps of Retired Executives (SCORE)⁴ which provides free and low-cost mentoring to business owners⁴ would both be eliminated under the proposal.

3

Loan Program Changes

The budget would cut \$158 million from business loan program expenses and \$170 million from salaries and expenses. A new, undisclosed fee on SBA-backed lenders is proposed to offset the cost of administering lending programs.

4

Veterans Carve-Out

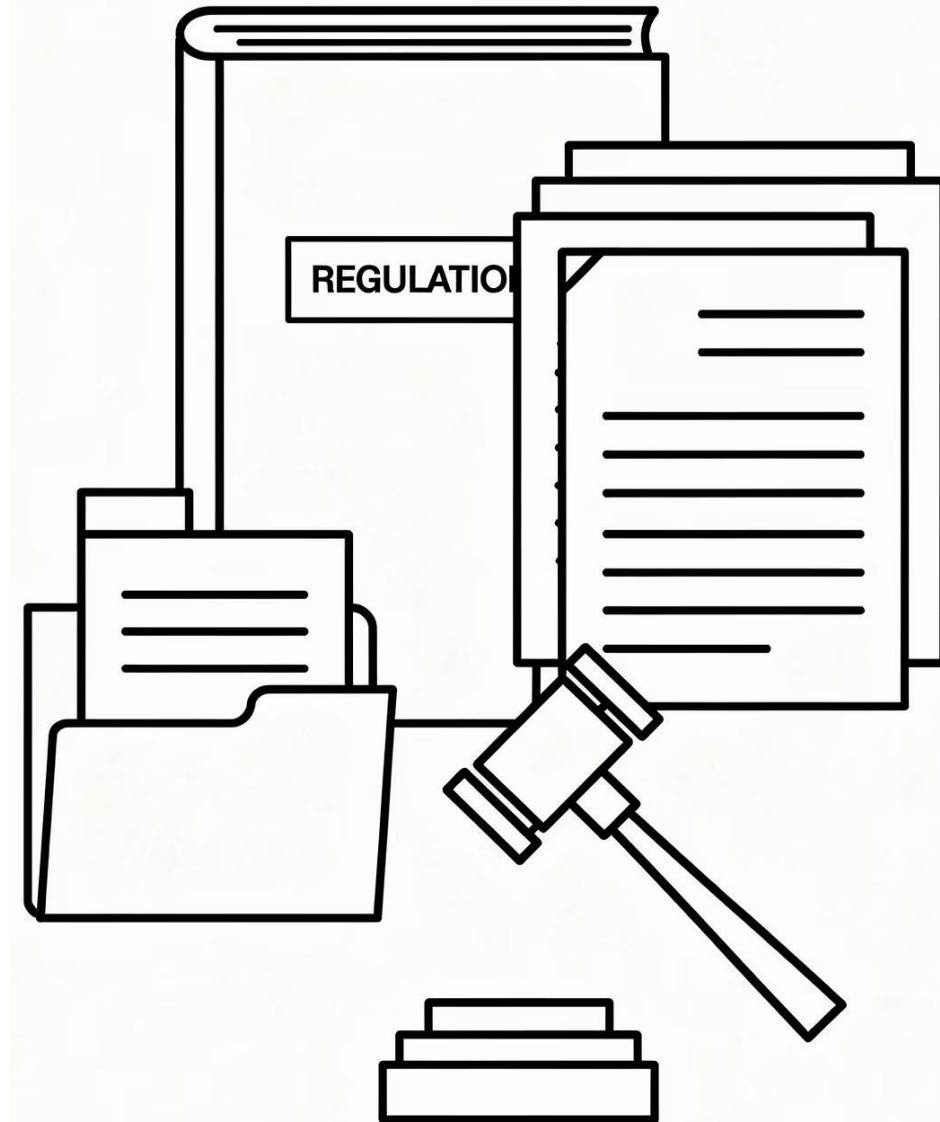
The proposal preserves \$21.4 million specifically designated to support veterans operating small businesses.

The proposal is subject to Congressional approval. Several lawmakers have publicly opposed the cuts.



FAR Overhaul

For the first time in decades, the Federal Acquisition Regulation is being rewritten from the ground up. The FAR Overhaul, directed by OMB and grounded in Executive Order 14275, represents the most transformative change to federal acquisition policy since the original FAR was promulgated in 1984. Every federal contractor 4 large and small 4 needs to understand what is changing and why.



Revolutionary FAR Overhaul

OMB MEMORANDUM M-25-26

OMB Memorandum M-25-26 established the framework and timeline for the most sweeping overhaul of the Federal Acquisition Regulation in the modern era. The stated goal is to strip the FAR down to its statutory requirements 4 eliminating decades of accumulated regulatory overlay 4 and replace complex procurement guidance with clear, plain-language buying guides that any contracting officer can follow. The overhaul is explicitly designed to move faster than traditional rulemaking, with agencies implementing changes within 30 days and public notice-and-comment coming *after* implementation rather than before.



Streamline to Statutory Requirements

Eliminate non-statutory regulatory layers, reducing FAR to its legally required core. Decades of administrative additions, policy preferences, and regulatory overlays are being stripped out.



Plain Language Buying Guides

Replace complex regulatory text with accessible, practical buying guides organized by commodity and service category 4 making acquisition easier for both contracting officers and offerors.



Remove Excessive Regulatory Burden

Target provisions that create compliance cost without proportional benefit to the government. This includes redundant certifications, duplicative reporting requirements, and overly prescriptive procedural mandates.



30-Day Agency Implementation

Agencies are directed to implement FAR Overhaul provisions within 30 days of issuance 4 an unprecedented pace for regulatory change. Public notice-and-comment rulemaking will follow implementation, not precede it.



FAR Part 19: Small Business

FAR OVERHAUL PART 19

FAR Part 19 governs the full spectrum of small-business contracting programs and set-aside mechanisms. The FAR Overhaul's treatment of Part 19 is nuanced 4 it preserves some core protections while materially changing the operational parameters of the 8(a) program and diminishing the role of small-business specialists in the acquisition process. Contractors and advocates must understand both what was preserved and what was fundamentally changed.

What Was Preserved

- ◆ **Rule of Two** 4 The foundational requirement to set aside contracts when two or more small businesses can compete at a fair price is retained in the FAR Overhaul
- ◆ Basic set-aside authority for small businesses across program categories

What Changed: The 8(a) Program

- ◆ **Competition preferred** 4 The 8(a) program now formally places competitive awards above sole-source awards in the preference hierarchy
- ◆ **Parity with other set-asides** 4 8(a) set-asides are placed on equal footing with HUBZone, SDVOSB, and WOSB set-asides, removing the program's historically favored position
- ◆ **Automatic release** 4 Contracts may be automatically released for competition among HUBZone, SDVOSB, or Women-Owned small businesses without a formal 8(a) release process
- ◆ **Diminished SBS role** 4 Small business specialists have reduced authority in acquisition plan reviews, weakening an important advocacy mechanism for small-business interests



More Small-Business Changes in the FAR Overhaul

[ACQUISITION.GOV/FAR-OVERHAUL](https://www.acquisition.gov/far-overhaul)

Beyond Part 19, the FAR Overhaul touches virtually every major part of the regulation with provisions that have direct consequences for small-business market access, teaming strategies, and contract vehicle eligibility. The cumulative effect of these changes is a significant restructuring of the small-business contracting landscape.

Part 6 4 SBIR Phase III Sole Source

The overhaul formally allows for SBIR Phase III sole-source awards in Part 6, codifying a procurement pathway that agencies had previously used inconsistently. This is a meaningful win for SBIR/STTR participants seeking to commercialize innovations with federal customers.

Part 7 4 SBS Cut Out of Acquisition Planning

Small-business specialists are removed from mandatory acquisition plan reviews, reducing their institutional influence over set-aside determinations and small-business participation strategies at the planning stage 4 before solicitations are even drafted.

Parts 8 & 12 4 Required use and Simplified Acquisition

Part 8 mandates use of required-use contracts for covered categories. Part 12 expands simplified acquisition procedures to all commercial acquisitions under \$7.5 million 4 a significant threshold increase that simplifies the buying process for a large segment of the market.

Parts 13 & 16 4 Non-Commercial Only & BPAs on MACs

Part 13 simplified acquisition procedures are now limited to non-commercial items (commercial items move to Part 12). Part 16 introduces the ability to establish Blanket Purchase Agreements (BPAs) on multi-award IDIQ contracts 4 a new teaming and ordering flexibility for contractors holding MAC vehicles.



FAR Companion Guide

VERSION 2.0 · OCT. 30, 2025

Alongside the FAR Overhaul text itself, OMB and GSA published a **FAR Companion Guide (Version 2.0)** 4 a practical reference document designed to help contracting officers navigate the new framework. The Companion Guide addresses implementation questions, provides operational definitions, and fills gaps left by the streamlined regulatory text. It is a critical resource for both agency procurement officials and contractors seeking to understand how the new FAR will be applied in practice.

"Required Use" Defined

Provides authoritative definition of which contracts carry "required use" status 4 clarifying when agencies must use a specific vehicle and when discretion remains.

Category Management Buying Guide

Offers step-by-step guidance on how to apply category management principles in practice, including how to identify the appropriate governmentwide vehicle for a given requirement.

No Rule of Two for Orders

Clarifies that the Rule of Two does *not* apply to task or delivery orders placed against existing IDIQ contracts 4 a significant limitation on set-aside rights at the order level.

Order Set-Aside Guidance

Addresses when and how contracting officers may (but are not required to) set aside orders for small businesses under MAC vehicles 4 providing discretionary rather than mandatory guidance.

Subcontracting Goals Discouraged

The Guide actively discourages setting order-level subcontracting goals, potentially reducing small-business subcontracting opportunities on large IDIQ vehicles.

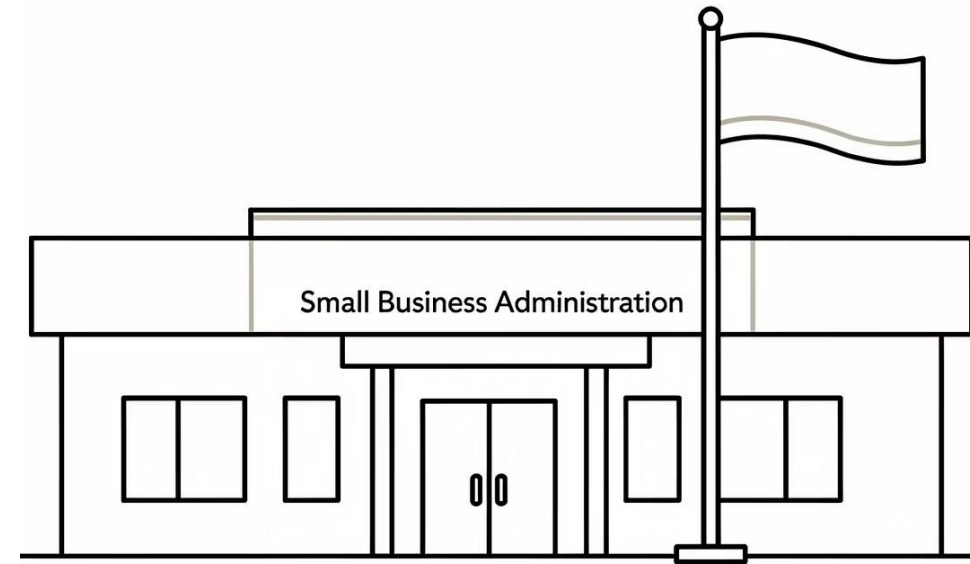
NAICS, Manufacturers & HUBZone PEP

Provides additional guidance on selecting appropriate NAICS codes, applying the nonmanufacturer rule, and navigating the HUBZone price evaluation preference (PEP).



SBA Action

The Small Business Administration is simultaneously administering a broad set of program changes 4 some mandated by executive order, some driven by court decisions, and some initiated by the agency itself. From race-neutral 8(a) administration to new HUBZone final rules and proposed size standard increases, the SBA's regulatory agenda is dense and fast-moving.



SBA Guidance: Social Disadvantage in the 8(a) Program

8(A) PROGRAM MANDATE · JAN. 22, 2026

Following the Supreme Court's decision in *Ultima Services Corp. v. U.S. Department of Agriculture*, which struck down the SBA's race-based presumption of social disadvantage, the agency issued new guidance on January 22, 2026, fundamentally restructuring how social disadvantage is determined for 8(a) eligibility. The guidance marks a historic shift: the 8(a) program, long administered with race-conscious presumptions, is now formally race-neutral.

Social Disadvantage Now Required

Every 8(a) applicant and current participant must affirmatively demonstrate social disadvantage 4 the race-based presumption that allowed certain groups to qualify without individual proof is no longer available. All participants must submit individualized evidence of social disadvantage.

Race-Neutral Administration

The SBA will administer all aspects of the 8(a) program on a race-neutral basis going forward. No race-based presumptions will be applied in eligibility determinations, annual reviews, or compliance assessments.

End of Social Disadvantage Narratives

The traditional "social disadvantage narrative" submission format 4 which allowed applicants to describe experiences of discrimination 4 is being replaced with new evidentiary standards that the SBA is still in the process of defining.

Victims of DEI May Qualify

In a notable expansion of the program's eligibility concept, the guidance indicates that individuals who have been disadvantaged as a *result of* DEI policies 4 i.e., those who may have experienced reverse discrimination 4 may be considered for social disadvantage status under the new race-neutral framework.



SBA HUBZone Final Rule: 8(a) Program Changes

89 FR 102448 · DEC. 17, 2024

Published in the Federal Register on December 17, 2024, the SBA's HUBZone Final Rule makes significant changes to the 8(a) program's ownership, compensation, and change-of-control rules 4 changes designed to provide more flexibility to program participants while maintaining program integrity standards.

Nondisadvantaged Owners Up to 30%

The rule permits nondisadvantaged individuals to hold up to **30% ownership** in an 8(a) firm 4 an increase from prior limits 4 providing greater flexibility for capital structure and investor participation without disqualifying the company from program eligibility.

Eliminate Prior Approval for Compensation

Removes the requirement that 8(a) participants obtain SBA prior approval before paying compensation to non-disadvantaged owners or key employees, reducing administrative burden and streamlining business operations.

Eliminate Prior Approval for Some Ownership Changes

Certain categories of ownership changes that previously required advance SBA approval can now be made without prior approval, subject to post-change notification and documentation requirements.

Allow Some Rights of First Refusal

The rule permits certain rights of first refusal in ownership transfer scenarios, providing more flexibility for succession planning and investor agreements within 8(a) firms without triggering automatic control concerns.



SBA HUBZone Final Rule: Control Rights

89 FR 102448 · DEC. 17, 2024

The control rights provisions of the HUBZone Final Rule address one of the most complex and frequently litigated areas of SBA program eligibility: what level of governance protection can minority investors hold without triggering a finding that a non-disadvantaged individual "controls" the firm? The new rule attempts to draw clearer lines between legitimate investor protections and impermissible control.

Cross-Program Application

The control rights guidance in this final rule applies **across all SBA small-business programs** 4 not just the HUBZone program. This means 8(a), WOSB, SDVOSB, and small business program participants should carefully review their operating agreements, shareholder agreements, and governance documents for compliance with these updated standards.

Key Provisions

- **Allow "extraordinary circumstances" for supermajority** 4 The rule permits supermajority voting requirements for a defined list of "extraordinary circumstances" (e.g., dissolution, sale of substantially all assets, bankruptcy filings) without triggering a control finding
- **"Actions solely to protect minority investment"** 4 Governance provisions that are narrowly tailored to protect the economic value of a minority investor's stake 4 as distinct from operational control 4 may be permissible under the updated framework
- Firms should work with counsel to audit operating agreements against these updated standards before their next SBA annual review or recertification



SBA HUBZone Final Rule: Recertification

89 FR 102448 · DEC. 17, 2024

The recertification provisions of the SBA HUBZone Final Rule introduce a new concept of "disqualifying" recertification events 4 triggering consequences that go well beyond the recertifying firm's own size and program status, extending to its eligibility for task and delivery orders under multi-agency contracts. These changes have significant practical implications for M&A activity and long-term contract strategy.

Triggering Event

A "disqualifying" recertification is triggered by a **merger, acquisition, or sale** of the small business 4 or by any recertification event that occurs **prior to the 6th year** of contract performance.

Grace Period

A grace period was provided through **January 16, 2026**, during which affected firms could take corrective action or plan for the new eligibility landscape before the full consequences of disqualifying recertification took effect.

1

2

3

Consequence

A firm that undergoes a disqualifying recertification becomes **ineligible for set-aside orders** under Multiple Award Contracts (MACs) 4 effectively locking it out of a major category of small-business work.

M&A Caution: Small businesses considering acquisitions or mergers 4 or being acquired 4 should carefully assess the recertification implications under this rule before closing any transaction that could trigger disqualification from MAC set-aside orders.



SBA HUBZone Final Rule: Joint Ventures & MPPs

89 FR 102448 · DEC. 17, 2024

The HUBZone Final Rule also addresses joint venture (JV) arrangements and Mentor-Protégé Program (MPP) partnerships, establishing new requirements and limitations that affect how small businesses structure teaming relationships for large federal contracts. These provisions are particularly important for small businesses relying on mentor relationships to access large prime opportunities.

Agency Discretion on Mentor Past Performance

Contracting agencies now have discretion in how they consider or decline to consider a mentor firm's past performance when evaluating a mentor-protégé joint venture. This eliminates a previously more standardized approach and introduces variability that protégés must account for in their capture strategies.

Managing Partner Must Perform 40%

The small-business managing partner of a joint venture must perform at least **40% of the work** under any JV contract. This strengthens the limitations on subcontracting requirements for JVs and ensures that the small business is a substantive not nominal performer on the contract.

No HUBZone PEP for Large-Mentor JVs

Joint ventures involving a **large-business mentor** are no longer eligible to receive the HUBZone price evaluation preference (PEP) the 10% price advantage available to HUBZone-certified small businesses. This prevents large businesses from leveraging the HUBZone pricing benefit through JV structures.



SBA Size Standard Proposed Rule

90 FR 41168 · AUG. 22, 2025

On August 22, 2025, the SBA published a proposed rule in the Federal Register (90 FR 41168) proposing to increase 248 of its revenue-based size standards following a comprehensive review of all 500+ monetary-based industry size standards. The SBA reviews and adjusts size standards periodically to account for changes in industry structure, competition, and economic conditions. Notably, the proposed increases are concentrated in industries where the current standards have lagged market realities 4 but the increases are uneven, and the most impactful NAICS codes for the GovCon community see only modest changes.

500+

Size Standards Reviewed

The SBA conducted a comprehensive review of all revenue-based size standards across the NAICS code structure

248

Proposed Increases

Of the 500+ standards reviewed, 248 are proposed for upward adjustment 4 nearly half of all revenue-based standards

3

Top-20 Increases

Only 3 of the top 20 NAICS codes by small-business contracting volume are proposed for increases

The three top-20 NAICS codes proposed for size standard increases are: **541330 (Engineering Services)**, **541611 (General Management Consulting Services)**, and **561612 (Security Guards and Patrol Services)**. The SBA also sought public comment on whether any size standards should be *lowered* 4 a rare and notable solicitation that suggests the agency is open to downward adjustments in industries where competition dynamics have shifted. Comments were due October 21, 2025.



SBA Proposed and Upcoming Rules

Beyond the published proposed rules, the SBA has signaled additional rulemaking activity in several areas that will affect small-business program participants. Contractors and advisors should track these developments closely, as proposed rules can move quickly from notice to final rule in the current regulatory environment.



Late Payments to Subcontractors

The SBA is developing a proposed rule to address late payment practices by prime contractors to their small-business subcontractors. The rule is expected to establish clearer timelines, penalties, and reporting requirements to protect subcontractors from cash-flow damage caused by delayed payment from primes⁴ a longstanding issue in the subcontracting community.



Mentor-Protégé Program Changes

A tribal consultation notice signals that the SBA is exploring changes to the Mentor-Protégé Program. The scope of potential changes has not been fully defined, but the tribal consultation requirement suggests the changes may affect program eligibility, joint venture structures, or the interaction between MPP agreements and other small-business set-aside programs.



Nonmanufacturer Rule Changes

The SBA has issued a notice signaling forthcoming changes to the Nonmanufacturer Rule⁴ which governs when a small-business dealer or reseller can receive credit for supplying products manufactured by a large business on a small-business set-aside contract. Changes to this rule could significantly affect small-business product distributors and resellers.



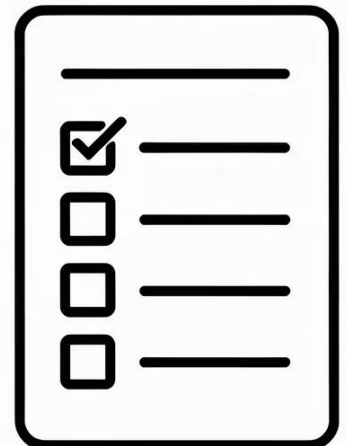
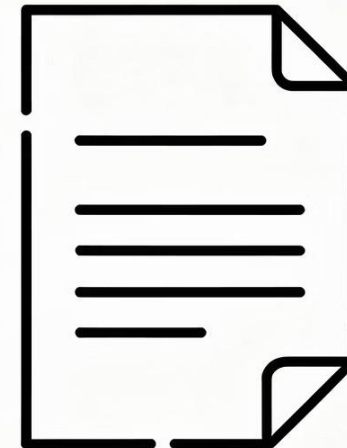
Employee-Based Size Standards

A separate rulemaking is anticipated to address size standards that are measured by employee count (rather than revenue)⁴ affecting industries such as manufacturing, mining, and certain professional services. As workforce sizes have evolved, some employee-based thresholds may be proposed for adjustment.



Recent FAR / DFARS Action

Alongside the broad FAR Overhaul, several specific regulatory actions have been finalized or proposed that affect federal acquisition thresholds and Defense Department contracting practices. These include inflation-adjusted threshold increases and DFARS class deviations that implement the FAR Overhaul's small-business provisions across the defense acquisition system.



FAR Threshold Increases for FY26

90 FR 41872 · AUG. 27, 2025

Published August 27, 2025, this FAR rulemaking proposes inflation-adjusted increases to a wide range of acquisition-related dollar thresholds. These threshold increases, if finalized, will meaningfully expand the universe of contracts accessible through simplified procedures, raise the floor for subcontracting plan requirements, and increase sole-source thresholds for all four major small-business set-aside programs. The increases reflect cumulative inflation since the last threshold adjustment cycle.

Description	Old Threshold	New Threshold
Micropurchase threshold	\$10,000	\$15,000
Simplified Acquisition threshold	\$250,000 (\$7.5M commercial)	\$350,000 (\$9M commercial)
8(a) justification threshold (civilian)	\$25 million	\$30 million
Subcontracting plan threshold	\$750,000 (\$1.5M construction)	\$900,000 (\$2M construction)
8(a) sole-source threshold	\$4.5M (\$7M manufacturing)	\$5.5M (\$8.5M manufacturing)
HUBZone sole-source threshold	\$4.5M (\$7M manufacturing)	\$5.5M (\$8.5M manufacturing)
SDVOSB sole-source threshold	\$4M (\$7M manufacturing)	\$5M (\$8.5M manufacturing)
WOSB sole-source threshold	\$4.5M (\$7M manufacturing)	\$5.5M (\$8.5M manufacturing)



DFARS Class Deviations

🏠 EFFECTIVE FEB. 1

The Department of Defense issued DFARS class deviations effective February 1, implementing 37 parts of the FAR Overhaul 4 including the critical small-business provisions of FAR Part 19.4 across the defense acquisition system. DFARS class deviations allow DoD to implement policy changes immediately, ahead of the formal rulemaking process, ensuring that defense contracting officers are operating under the new framework without waiting for the notice-and-comment cycle to complete.

What the Deviations Cover

- **37 FAR parts** implemented via class deviation, including Part 19 (Small Business)
- Formal DFARS rulemaking will follow to codify these changes permanently
- Defense contracting officers are expected to apply the new standards immediately

Small-Business Continuity Provisions

Despite the breadth of the deviations, DoD has signaled two important continuity provisions for small-business contractors:

- **Continued priority for 8(a) contracts** 4 DoD will maintain its prioritization of 8(a) contracting within the defense acquisition system, even as the program transitions to a more competitive, race-neutral model
- **Continued small-business market research** 4 Contracting officers will continue to perform market research for small-business sources, preserving the analytical foundation for Rule of Two determinations and set-aside decisions across defense acquisitions

📄 Defense contractors should review the DPCAP website for the full list of class deviations .



Thank You

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Sam Le Law

America's Small Business Champion

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Southeast Region Federal Construction

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April 14-16 Wilmington, North Carolina

Infrastructure & Environmental Summit

Virginia North Carolina South Carolina Georgia Florida

Policy and Regulation Updates for Small Businesses

- Moderator: Sue Kranes, Strategic Industry Professional (Infrastructure), NC Military Business Center
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- Jackson Moore, Attorney, Smith Anderson Law Firm



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JD Vance
U.S. Vice President



Donald J. Trump
U.S. President

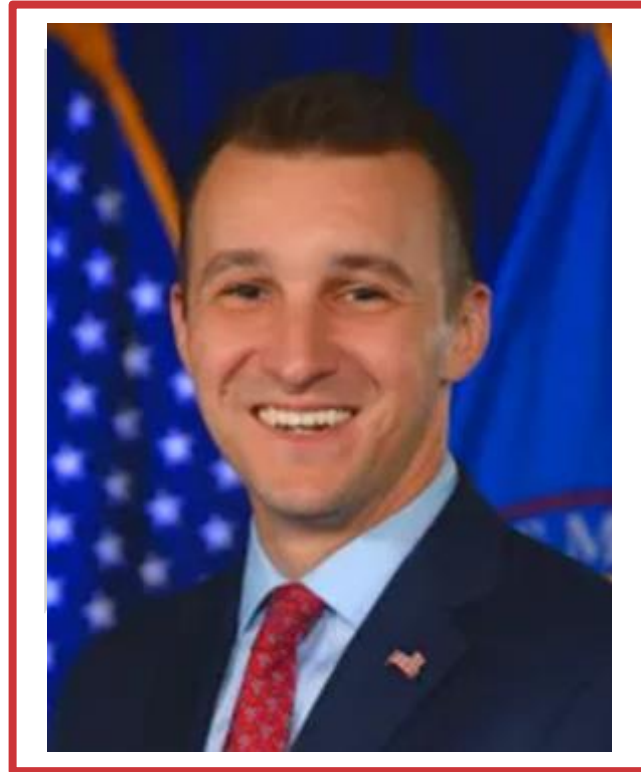


Kelly Loeffler
SBA Administrator

Local Leadership



Mike Arriola
North Carolina
District Director



Tyler Teresa
Region IV (Southeast)
Administrator



Aregnaz Mooradian
North Carolina
Deputy District Director

Local Teammates



Heather Port
Outreach & Marketing –
Wilmington Area



Jason Woods
Lender Relations

MADE IN AMERICA

RESTORING U.S. MANUFACTURING

“The great American comeback starts with restoring American industry.” - SBA Administrator Kelly Loeffler



U.S. Small Business
Administration

Made in America Initiative

Components of the initiative

- Cut \$100 billion in regulation through the SBA Office of Advocacy.
- Launch a Red Tape Hotline for small business owners and manufacturers to share feedback and submit onerous regulations for review
- Provide ‘matchmaking’ between businesses and suppliers, producers and manufacturers looking to onshore operations

Made in America Initiative

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Make Onshoring Great Again portal

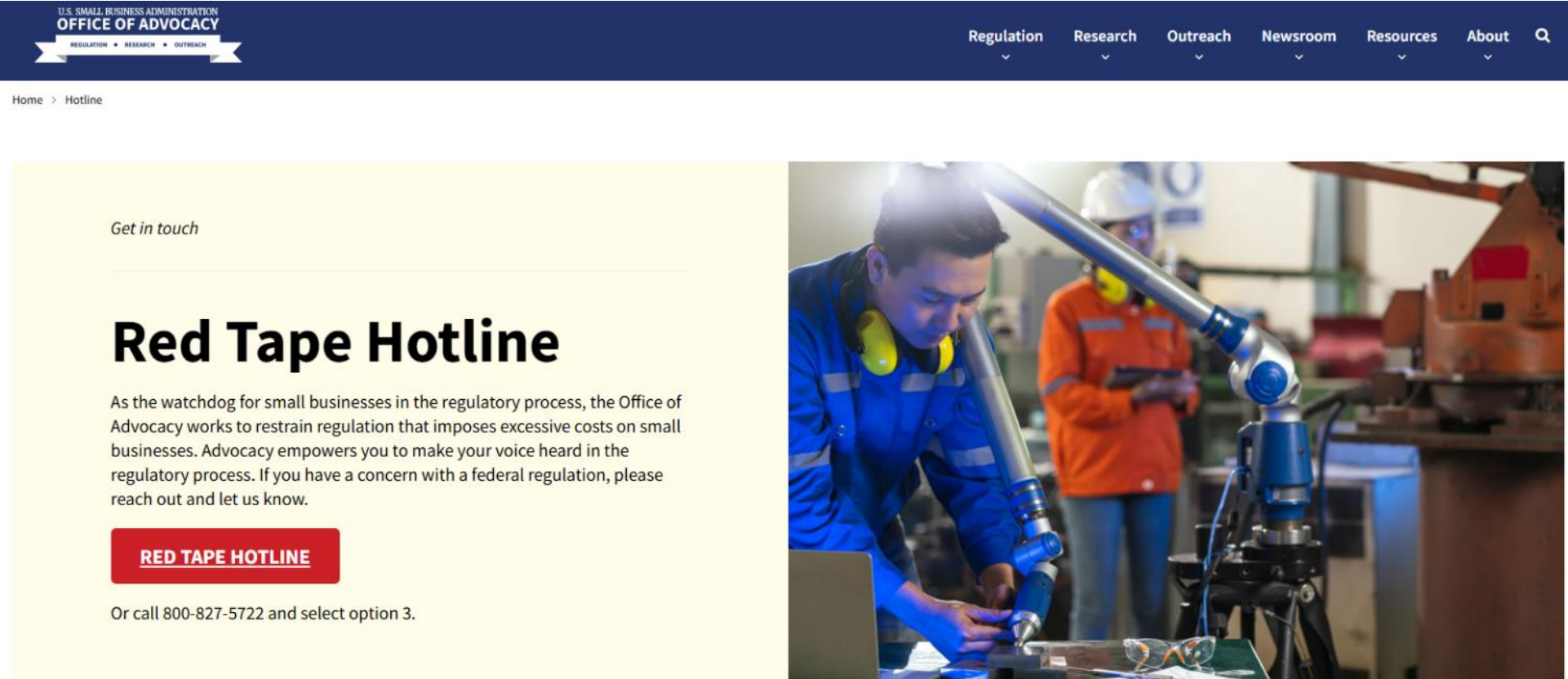
Connect with verified U.S. manufacturers, producers, and suppliers.



Made in America Initiative – Office of Advocacy

<https://advocacy.sba.gov/>

[Hotline – Office of Advocacy](#)



The screenshot shows the top navigation bar of the SBA Office of Advocacy website. The navigation menu includes: Regulation, Research, Outreach, Newsroom, Resources, and About. Below the navigation bar, the breadcrumb trail reads "Home > Hotline". The main content area features a yellow background with the heading "Get in touch" and a large "Red Tape Hotline" section. The text describes the Office of Advocacy's role as a watchdog for small businesses and provides a red button labeled "RED TAPE HOTLINE" and the phone number 800-827-5722.

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF ADVOCACY
REGULATION • RESEARCH • OUTREACH

Regulation Research Outreach Newsroom Resources About Q

Home > Hotline


Get in touch

Red Tape Hotline

As the watchdog for small businesses in the regulatory process, the Office of Advocacy works to restrain regulation that imposes excessive costs on small businesses. Advocacy empowers you to make your voice heard in the regulatory process. If you have a concern with a federal regulation, please reach out and let us know.

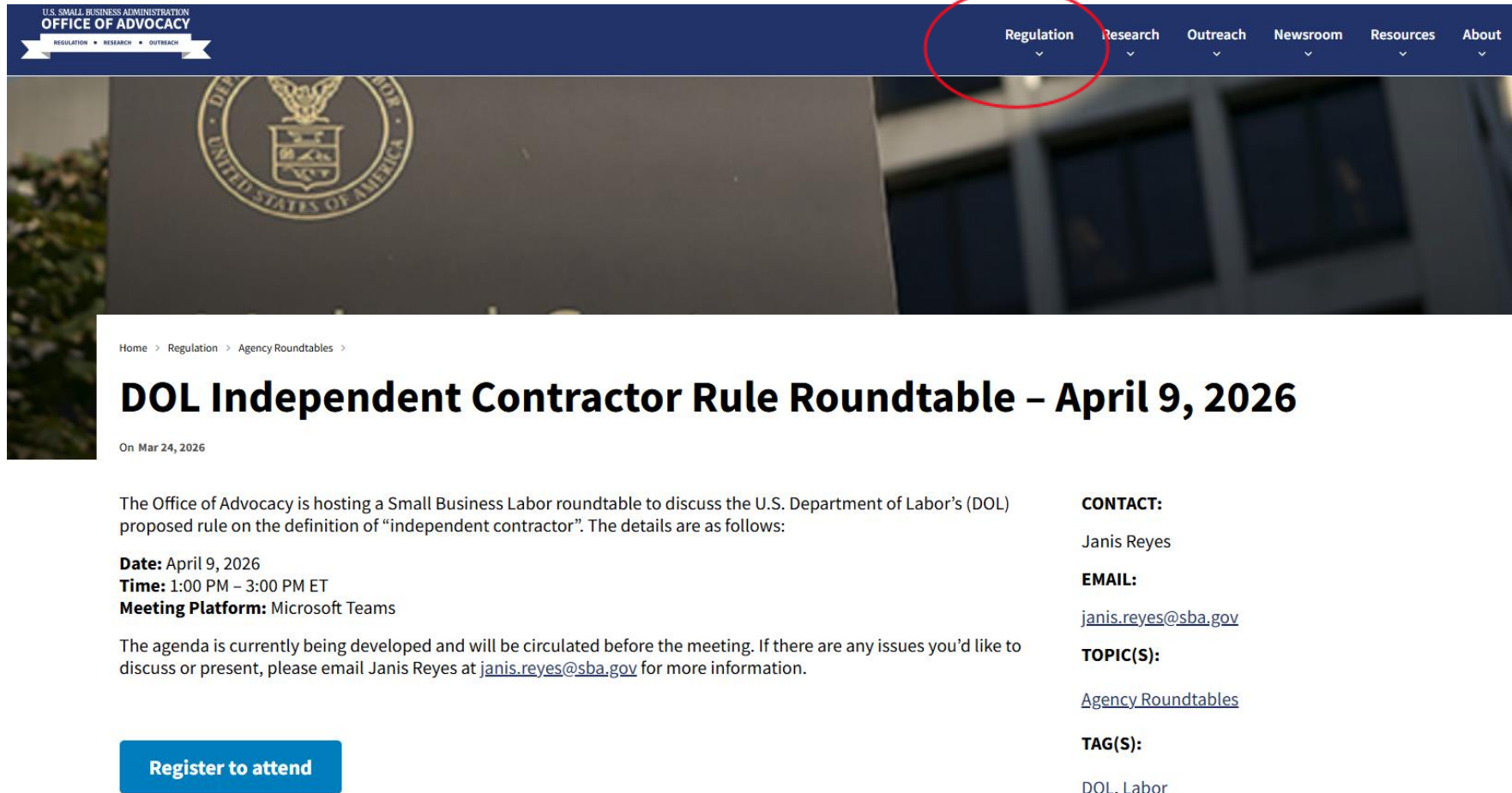
RED TAPE HOTLINE

Or call 800-827-5722 and select option 3.



Made in America Initiative

Agency Roundtables – Office of Advocacy



The screenshot shows the SBA Office of Advocacy website. The navigation menu includes 'Regulation', 'Research', 'Outreach', 'Newsroom', 'Resources', and 'About'. The 'Regulation' menu item is circled in red. The main content area features a breadcrumb trail: 'Home > Regulation > Agency Roundtables >'. The title of the page is 'DOL Independent Contractor Rule Roundtable – April 9, 2026'. Below the title, it says 'On Mar 24, 2026'. The main text describes the roundtable: 'The Office of Advocacy is hosting a Small Business Labor roundtable to discuss the U.S. Department of Labor's (DOL) proposed rule on the definition of "independent contractor". The details are as follows:'. The details listed are: 'Date: April 9, 2026', 'Time: 1:00 PM – 3:00 PM ET', and 'Meeting Platform: Microsoft Teams'. A paragraph follows: 'The agenda is currently being developed and will be circulated before the meeting. If there are any issues you'd like to discuss or present, please email Janis Reyes at janis.reyes@sba.gov for more information.'. A blue button labeled 'Register to attend' is positioned below the text. On the right side, there are sections for 'CONTACT:', 'EMAIL:', 'TOPIC(S):', and 'TAG(S):'. The contact information is: 'CONTACT: Janis Reyes', 'EMAIL: janis.reyes@sba.gov', 'TOPIC(S): [Agency Roundtables](#)', and 'TAG(S): [DOL](#), [Labor](#)'.

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Home > Regulation > Agency Roundtables >

DOL Independent Contractor Rule Roundtable – April 9, 2026

On Mar 24, 2026

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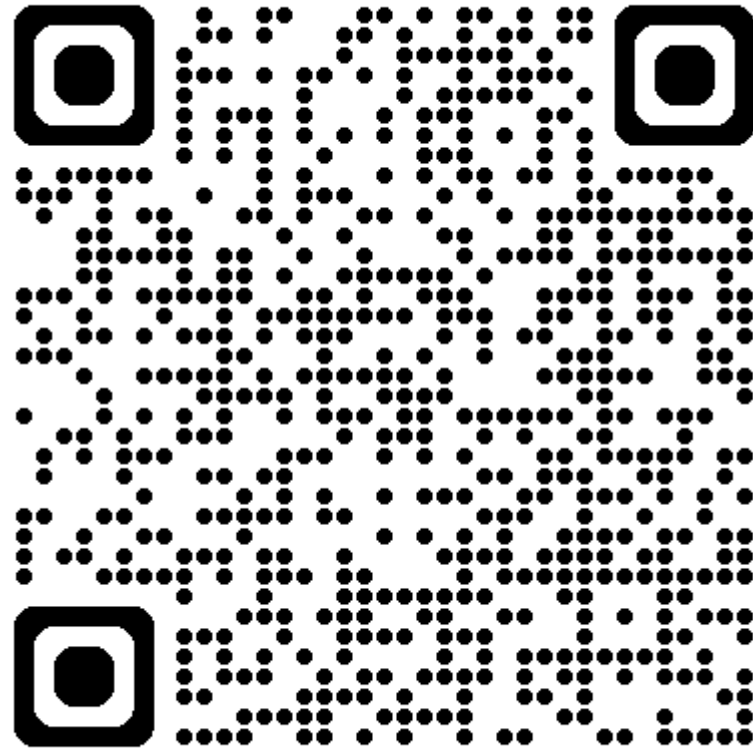
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TOPIC(S):
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“Racially Discriminatory DEI” and Executive Order 14398

What Contractors Must Do Now

Jackson W. Moore - jmoore@smithlaw.com

 jacksonmoore - www.smithlaw.com

Purpose and Scope of the Executive Order

Bans “Racially Discriminatory DEI Activities”

Defined as “disparate treatment based on race or ethnicity in recruitment, employment . . . , contracting, program participation, or allocation of deployment of an entity’s resources.”

Prohibited Actions are Broadly Defined

“Program participation” includes membership, participation, or access or admission to training, mentoring, and educational programs; clubs and associations, and similar opportunities sponsored or established by contractors.

Fast Implementation Required by Agencies

The Executive Order, was dated March 26, 2026, and will require inclusion of a new clause regarding racially discriminatory DEI activities within 30 days.

Broad Prime and Subcontractor Coverage

Agencies will require inclusion of compliance clauses in contracts and subcontracts.

Mandatory Clauses and Enforcement

Certification and Compliance Requirements

Contractors must certify no engagement in racially discriminatory DEI activities and provide agency access to books, records, and accounts for compliance audits.

Monitoring and Reporting Obligations

Contractors must report any subcontractors' "known or reasonably knowable" non-compliance to the contracting agency for remedial action.

Enforcement Actions and Penalties

Noncompliance can result in contract cancellation, suspension, termination, debarment, and legal actions under the False Claims Act.

Risk Management and Audit Readiness

Contractors must maintain internal controls and documentation to avoid audit, enforcement, and financial risks.

Recommended Actions for Federal Contractors

Policy Inventory and Compliance Review

Contractors should inventory DEI policies, review their hiring and vendor criteria, and update subcontract agreements to ensure compliance.

Align Certifications and Documentation

Align internal certifications with actual practices and establish audit-ready documentation to reduce legal risks.

Ongoing Monitoring and Training

Implement monitoring, reporting mechanisms, and regular staff training on compliance with new federal requirements.

Thank You

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