

SMALL BUSINESS SET-ASIDE OPPORTUNITIES

**2026 Complete Guide to Federal
Contracting Programs**

Prepared by CCSGlobalTech



Executive Summary

Small businesses represent the backbone of the American economy and a critical component of the federal contracting ecosystem. In Fiscal Year 2024, the federal government awarded **\$176.11 billion (23.3%)** of all federal contracts to small businesses, with set-aside programs providing exclusive access to billions in opportunities.

However, 2026 brought significant policy shifts affecting small business contracting, particularly around socioeconomic programs. Understanding these changes and navigating the evolving landscape is critical for small business success in federal contracting.



Key Findings for 2026

1

Total Federal Contracts

FY2024 across
108,899 companies

2

Small Business Awards

23.3% of total to
78,677 companies

3

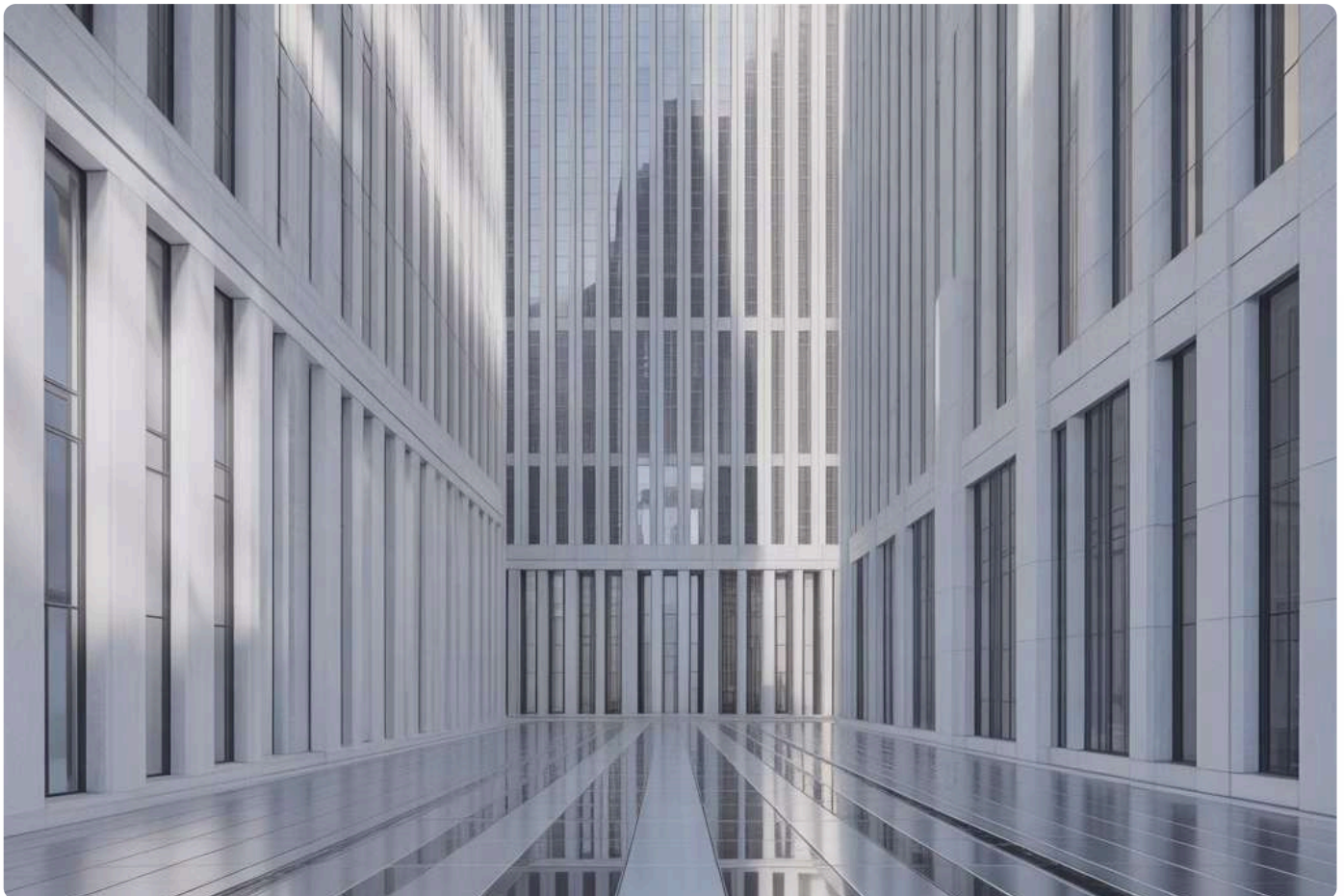
Government-Wide Goal

Maintained in 2026

4

SDVOSB Awards

5.07% exceeding 3% goal



Major 2026 Policy Changes

Following Executive Order 14173 and new administration priorities, small business contracting underwent significant transformation:

SDB Goals Reset

Small Disadvantaged Business goals reset from 15% to statutory 5% across all agencies

Enhanced Scrutiny

Increased scrutiny of 8(a) program eligibility requirements

Overall Focus

Enhanced focus on overall small business goals (23%) rather than specific socioeconomic categories

Veteran Emphasis

Continued emphasis on veteran-owned and women-owned business opportunities



Understanding Small Business Set-Asides

What is a Set-Aside Contract?

A set-aside contract is a federal procurement reserved exclusively for small businesses that meet specific criteria. When a contracting officer determines that at least two qualified small businesses can perform the work at a fair and reasonable price, the contract may be "set aside" for competition only among those businesses.



Types of Set-Asides

01

Competitive Set-Asides

Multiple qualified businesses compete for the contract. Award goes to the most advantageous proposal. Most common type of set-aside opportunity with price and technical factors evaluated.

03

Partial Set-Asides

Portion of contract reserved for small businesses while large businesses can compete for remaining portion. Increasingly rare under current procurement practices.

02

Sole-Source Awards

Contract awarded directly to one business without competition. Limited to specific dollar thresholds by program. Requires justification by contracting officer with faster award process.

04

Order Set-Asides

Individual orders under larger multiple award contracts. Growing trend in federal procurement requiring base contract eligibility first.

Legal Framework

Federal Acquisition Regulation (FAR) Part 19

- Establishes small business contracting programs
- Defines set-aside procedures and requirements
- Updated October 1, 2025 (FAC 2025-06)
- Governs all federal civilian agency procurements


Small Business Act (15 U.S.C. § 631 et seq.)

- Statutory authority for small business programs
- Establishes government-wide goals
- Authorizes SBA oversight and certification
- Provides protest and appeals procedures

The "Rule of Two"

Traditional Rule: Contracting officers must set aside acquisitions for small business when there is a reasonable expectation that:

1. At least two responsible small business concerns will submit offers, AND
2. Award will be made at a fair and reasonable price

 **2026 Expansion (Revolutionary FAR Overhaul):** The rule of two now extends to orders under multiple award contracts, significantly expanding small business access to government-wide and agency-specific contract vehicles. This represents a major opportunity for small businesses to access the growing share of federal spending through indefinite delivery vehicles.

Hierarchy of Set-Asides

When evaluating requirements for set-aside, contracting officers must consider socioeconomic programs FIRST for contracts above \$250,000. While there is no order of preference among programs, agencies must determine if set-asides are appropriate for:



If no socioeconomic set-aside is suitable, the requirement may be set aside for small business generally.

Benefits of Set-Aside Certification



Reduced Competition

Compete against fewer, similar-sized businesses. Large businesses excluded from bidding. Level playing field for capability demonstration with increased win probability.



Federal Goal Requirements

Agencies must meet small business contracting goals. Active pursuit of eligible businesses to meet targets. Underserved goals create increased opportunity with scorecard accountability.



Subcontracting Opportunities

Large prime contractors have small business subcontracting requirements. Flow-down of set-aside requirements to subcontractors. Access to larger, more complex programs as team member.



Business Development Support

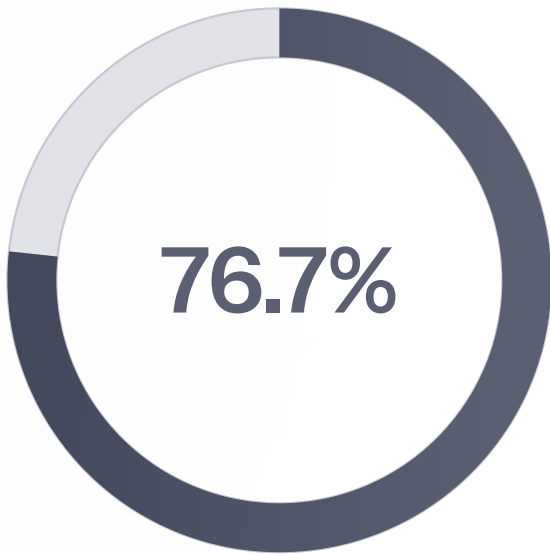
Access to SBA training and counseling. Mentor-Protégé Program eligibility. Specialized technical assistance and networking with other certified firms.

Federal Small Business Contracting Overview

FY2024 Small Business Contracting Performance

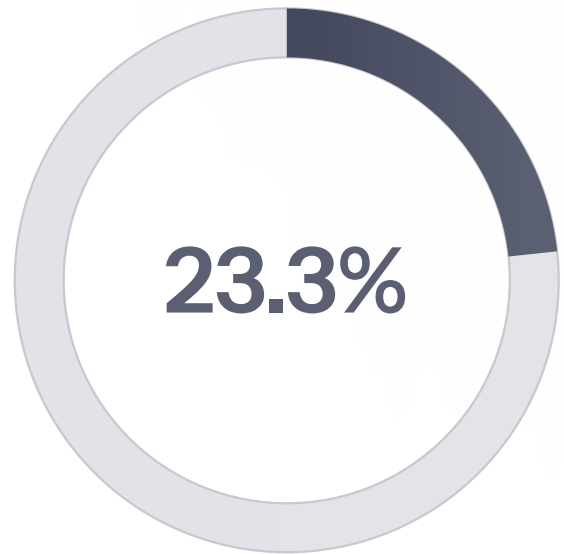
The federal government awarded **\$176.11 billion (23.3%)** of prime contract dollars to small businesses in FY2024, representing steady performance near the statutory goal of 23%. This performance occurred against a backdrop of significant policy transitions and represents the resilience of small business participation despite evolving priorities.

Total Federal Contracting Spending (FY2024)



Large Business Awards

\$579.23 billion to 40,856 companies

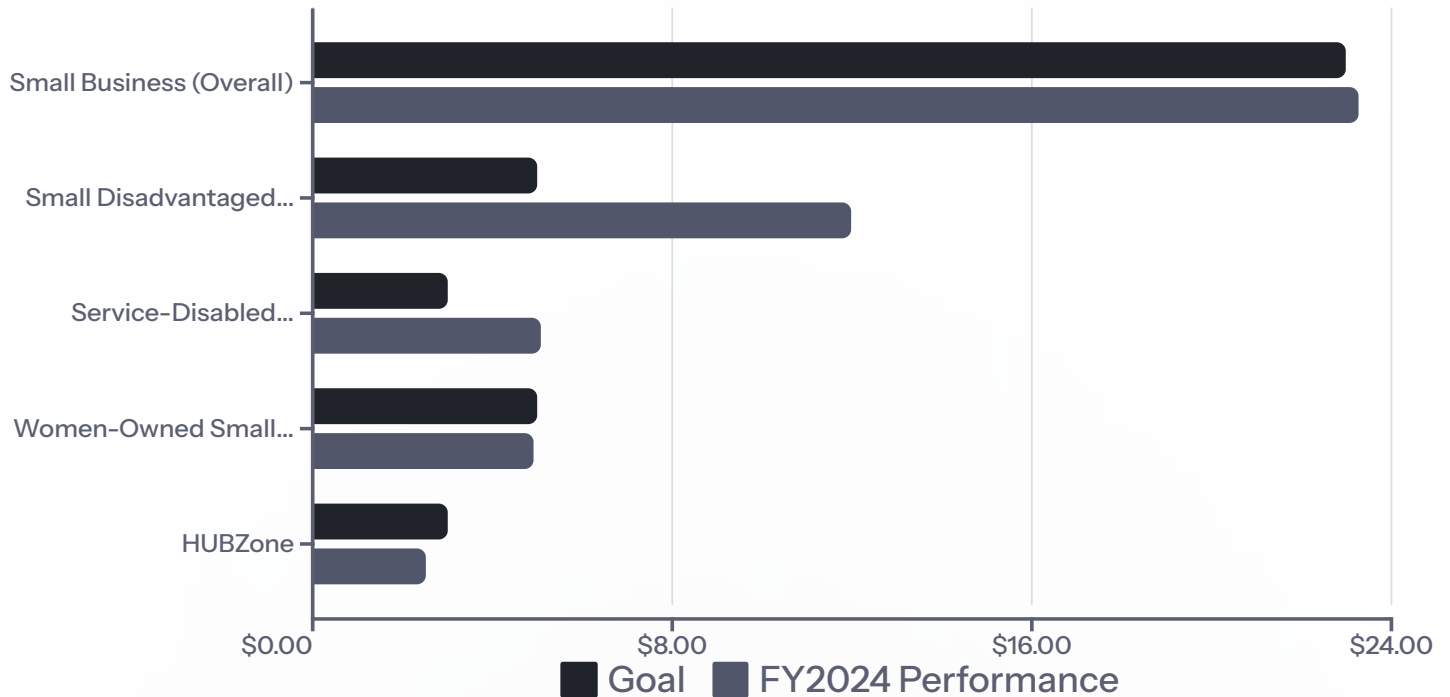


Small Business Awards

\$176.11 billion to 78,677 companies

Total Awards: \$773.68 billion across 108,899 companies

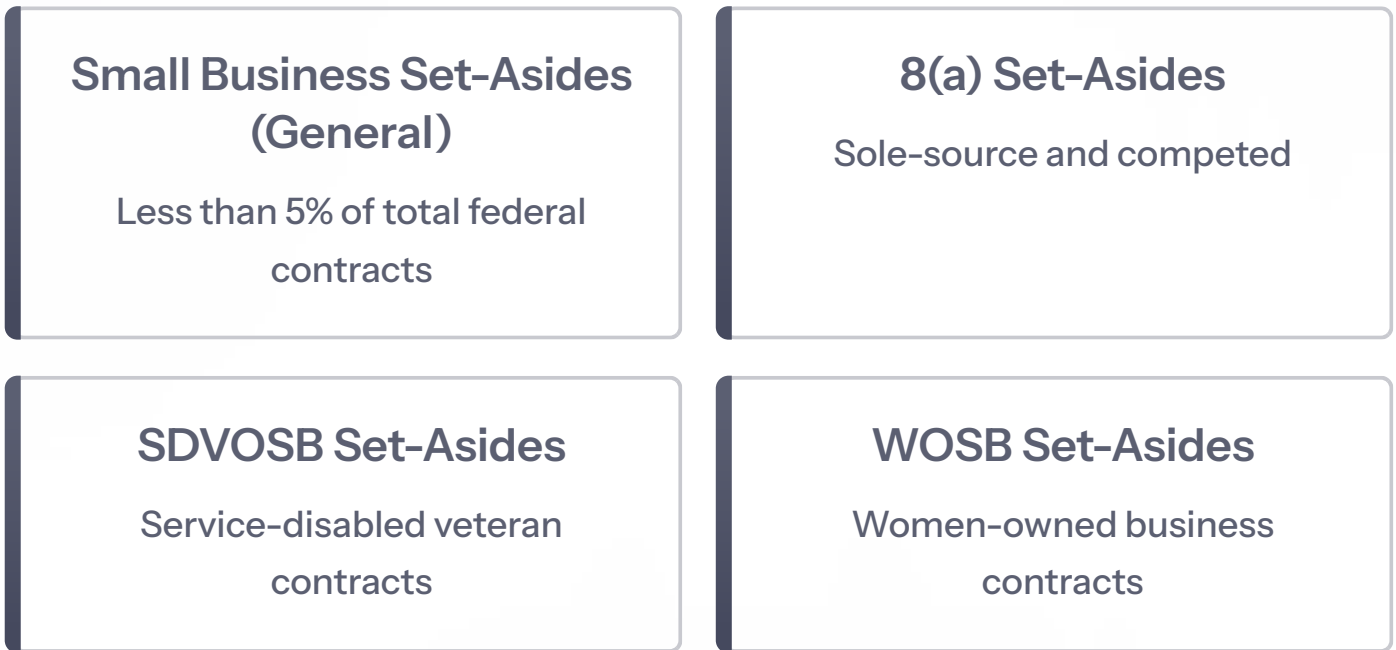
Government-Wide Goals



Performance percentages shown as percentage of total federal contracts

Set-Aside Contract Awards by Program Type

FY2024 set-aside contract awards by specific program:



Note: These figures represent set-aside contracts specifically. Total program awards (including non-set-aside contracts to certified firms) are significantly higher.

Top Performing Agencies

FY2023 SBA Scorecard A+ Grades (10 agencies)

- Small Business Administration
- Department of Agriculture
- Department of Housing and Urban Development
- Department of the Interior
- Department of Homeland Security
- Department of Commerce
- National Science Foundation
- General Services Administration
- Nuclear Regulatory Commission
- Office of Pers

Largest Opportunities by Agency

- 1** — **Department of Defense**
Largest absolute dollars, cybersecurity and IT services
- 2** — **Department of Veterans Affairs**
VOSB/SDVOSB emphasis, healthcare services
- 3** — **Department of Homeland Security**
Cybersecurity, border security, infrastructure
- 4** — **General Services Administration**
IT products and services, facilities management
- 5** — **Department of Energy**
Environmental services, scientific research, IT



Market Trends: Challenges Facing Small Businesses



Exits Outpacing Entries

Small business exits from federal market exceeding new entries. Compliance burden and capital requirements cited as barriers. Competition intensity increasing despite set-aside protections.



Contract Consolidation

Trend toward larger, longer-term contracts. Multiple award indefinite delivery vehicles dominant. Subcontracting opportunities increasing as prime opportunities consolidate.



Increased Compliance Requirements

CMMC for DoD contractors implementation beginning. Enhanced cybersecurity standards across civilian agencies. Buy American requirements and supply chain scrutiny.



Market Trends: Opportunities for Small Businesses

FAR Overhaul Benefits

Streamlined requirements reducing administrative burden. Enhanced set-aside provisions for multiple award contract orders. Improved debriefing processes for learning and improvement. Emphasis on technical demonstrations vs. extensive proposals.

Government-Wide Contract Vehicles

OASIS+ family of contracts with small business pools. GSA Multiple Award Schedules with set-aside lanes. Agency-specific vehicles (CIO-SP4, SeaPort-NxG, etc.). "On-ramps" for joining existing contracts.

Emerging Technology Focus

Artificial intelligence and machine learning applications. Cybersecurity services across all agencies. Cloud computing and IT modernization. Data analytics and digital transformation.



8(a) Business Development Program

Program Overview

The 8(a) Business Development Program is SBA's premier program for helping socially and economically disadvantaged small business concerns compete in the federal marketplace. Established under Section 8(a) of the Small Business Act, the program provides participants with business development assistance, including training, technical support, and access to sole-source and competitive set-aside contracting opportunities.

Program Duration: 9 years maximum (Development Stage: Years 1-4, Transitional Stage: Years 5-9)

One-Time Participation: Once a firm completes the program (or leaves early), neither the firm nor its owners may participate again.

8(a) Program: 2026 Status & Changes

Current Environment

Despite policy shifts and goal reductions, the 8(a) program remains operational and valuable:

8,500

Certified 8(a) Firms

Out of 33+ million US businesses

\$15.4B

FY2024 Awards

8(a) set-aside and sole-source

5%

Government-Wide Goal

Returned to statutory minimum from 15%

Post-Ultima Services Corp. Changes

Following the July 2023 U.S. District Court ruling in Ultima Services Corp. v. Department of Agriculture:



Presumption of Disadvantage Eliminated

SBA can no longer presume social disadvantage based on membership in designated groups



Individual Narratives Required

ALL applicants (regardless of background) must submit individual social disadvantage narratives



November 2023 Deadline

Existing participants without narratives were suspended; must submit to overcome suspension



8(a) Eligibility Requirements

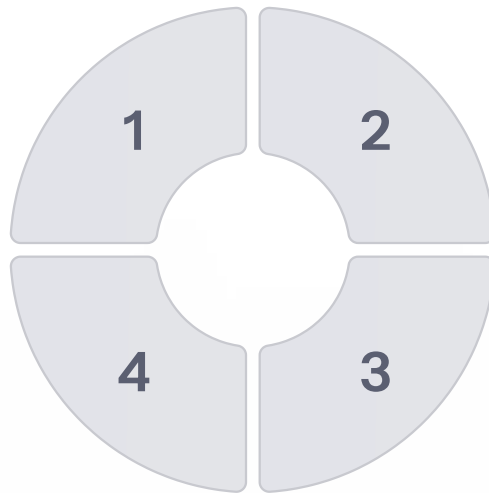
Basic Qualifications

Small Business Status

Must qualify as small under SBA size standards for primary NAICS code. Size standards vary by industry (revenue or employee-based). Affiliates included in size determination.

Economic Disadvantage

Net Worth: \$850,000 or less. Adjusted Gross Income: Average of \$400,000 or less over three years. Total Assets: \$6.5 million or less.



Disadvantaged Ownership (51%)

At least 51% unconditionally owned and controlled by U.S. citizen(s) who are both socially and economically disadvantaged. Ownership must be direct, not through another entity.

Social Disadvantage

Must demonstrate subjection to racial or ethnic prejudice or cultural bias within American society. Detailed personal narrative required with specific examples.

8(a) Additional Requirements

Good Character

- Principals must demonstrate good character
- Background checks conducted
- Criminal history, civil judgments, debarments reviewed
- Integrity and ethics in business dealings

Potential for Success

- Two full years in business in primary industry
- Sound financial practices
- Reasonable prospects for contract performance
- Management capability and technical competence

Control

- Disadvantaged owner(s) must manage day-to-day operations
- Make long-term decisions
- Cannot be subject to control by non-disadvantaged parties
- Management experience must reside with disadvantaged owners



8(a) Application Process

Preliminary Assessment

Visit MySBA Certifications (certify.sba.gov) for eligibility questionnaire. Self-assessment of basic qualifications. Review required documentation checklist.

System Registrations

Register business in System for Award Management (SAM.gov). Obtain DUNS/UEI number. Create SBA Profile. Link all systems properly.

SBA Review

Timeline: Typically 90 days. SBA analyst reviews application for completeness and eligibility. May request additional information or site visit.

Prepare Required Documents

Business documents, financial documents, owner/principal documents. Three years business and personal tax returns. Personal financial statements for disadvantaged owners.

Submit Application

Complete application through MySBA Certifications portal. Upload all required documentation. Ensure name consistency across all documents.

Determination

Approval: Firm designated as 8(a) participant. Decline: Written explanation provided. Appeal Rights: Adverse decisions may be appealed to SBA Office of Hearings and Appeals.

8(a) Program Benefits

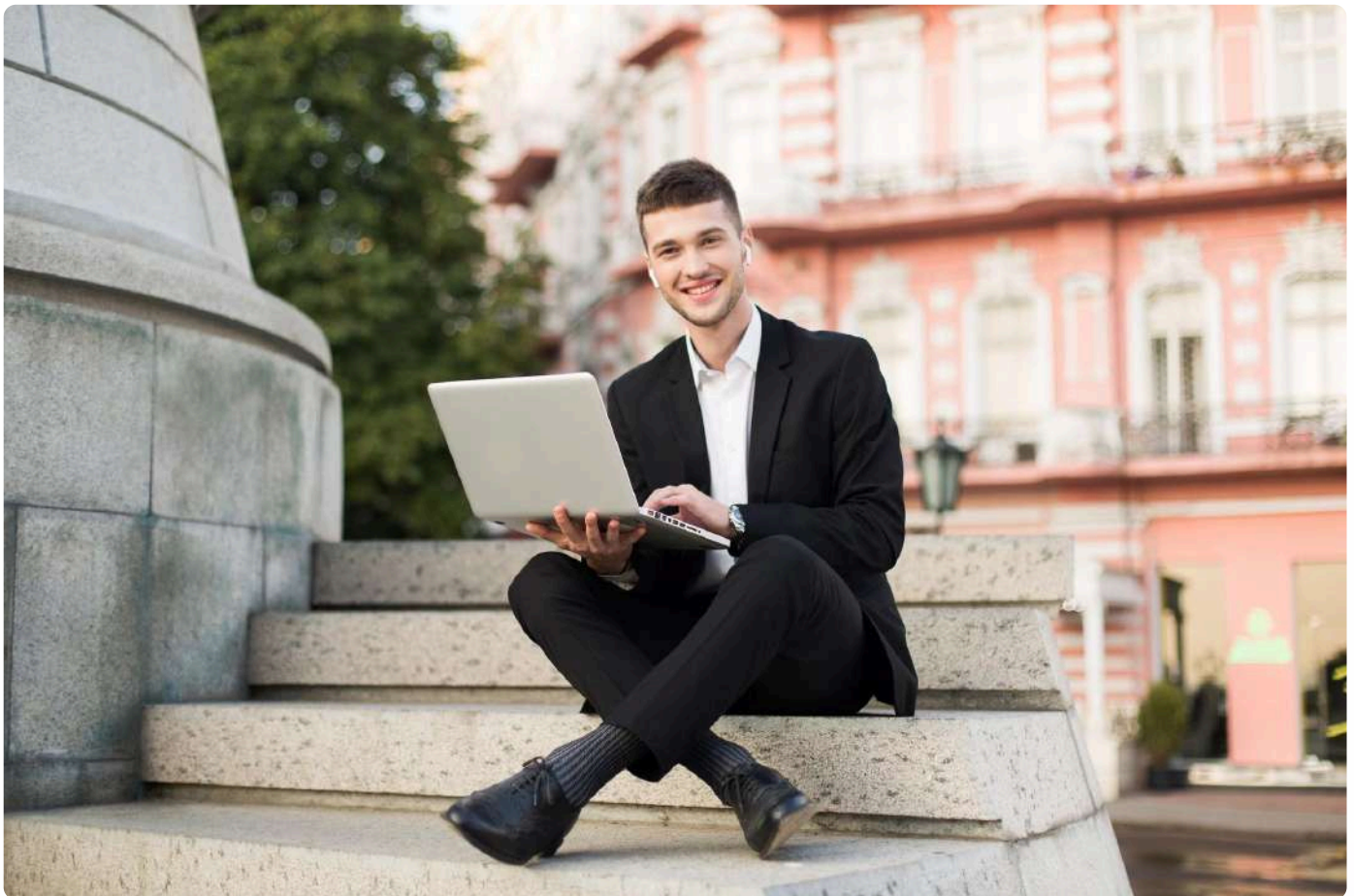
Contracting Opportunities

Sole-Source Awards

- Up to \$4.5 million for most industries
- Up to \$7 million for manufacturing
- DoD: Requires formal justification above \$100 million
- Other agencies: Requires approval above \$25 million
- Streamlined award process without competition

Competitive Set-Asides

- Competition limited to 8(a) program participants only
- No dollar limit on competitive 8(a) contracts
- Significantly reduced competition pool
- Opportunity to win larger, more complex contracts



8(a) Business Development Support



Training and Technical Assistance

Business planning and strategic development. Financial management and accounting systems. Marketing and proposal development. Contract management and compliance. Transition planning for program graduation.



Mentor-Protégé Program

Pairing with experienced large or small businesses. Joint venture opportunities (at all/any stages of 8(a) program term). Business development assistance from mentor. Access to mentor's resources and expertise.



SBA Support Services

Dedicated Business Opportunity Specialist assignment. Assistance with contract negotiations. Help resolving disputes or performance issues. Annual business plan reviews. Transition counseling approaching graduation.



8(a) Contractual Limitations & Requirements

Revenue Cap During Participation

Generally limited to **\$168.5 million OR 5x size standard** (whichever is lower) during 9-year term. Exceeding cap leads to early graduation. Solo 8(a) awards count; joint venture awards prorated.

Subcontracting Limitations (Limitations on Subcontracting)

When performing 8(a) contracts, participants must meet minimum performance requirements:

Contract Type	Minimum % by 8(a) Firm
Services (except construction)	50% of contract price
Supplies/Products (non-manufacturer)	50% of personnel costs
General Construction	15% of contract price
Special Trade Construction	25% of contract price
Manufacturing	50% of cost of manufacturing

Service-Disabled Veteran- Owned Small Business (SDVOSB)

Program Overview

The Service-Disabled Veteran-Owned Small Business (SDVOSB) program provides federal contracting opportunities to businesses owned and controlled by service-disabled veterans. Established by the Veterans Benefit Act of 2003, the program supports veterans transitioning to civilian entrepreneurship while ensuring the federal government can access their unique skills and experience.

\$31.9B

FY2024 Performance

5.07% of all federal contracts

3%

Federal Goal

Consistently EXCEEDING goal



SDVOSB Program Administration

SBA VetCert Program (Since January 2023)

Small Business Administration assumed responsibility from VA Center for Verification and Evaluation (CVE). All certification now through SBA's Veteran Small Business Certification Program at veterans.certify.sba.gov.

- ❏ **Certification Requirement Timeline:** January 1, 2024 forward: Must be SBA-certified for SDVOSB set-aside or sole-source awards. Self-certification ended December 22, 2024. Current Status: Full certification requirement in effect.



SDVOSB Eligibility Requirements

Service-Disabled Veteran Ownership (51%)

Must be a veteran (served in active duty and separated under conditions other than dishonorable). Must have service-connected disability. Must be registered in VA's Beneficiary Identification and Records Locator Subsystem (BIRLS).

Unconditional and Direct Ownership

Service-disabled veteran(s) must hold at least 51% of ALL equity interests. Ownership must be direct, not through holding companies or other entities. No conditions, restrictions, or encumbrances on ownership.

Control

Service-disabled veteran must manage daily business operations. Hold highest officer position (President, CEO, or equivalent). Make operational decisions. Direct employees and allocate resources.

Small Business Status

Must be small under size standard corresponding to NAICS code in SAM profile. SBA accepts SAM size representation unless contrary evidence.

VOSB vs. SDVOSB

Key Difference

For businesses owned by veterans who do NOT have service-connected disabilities:

VOSB (Veteran-Owned)

- Must be veteran (active duty service with other than dishonorable discharge)
- No disability requirement
- DD-214 or equivalent documentation required
- Access to VA sole-source and set-aside contracts

SDVOSB (Service-Disabled)

- Must have service-connected disability
- VA determination of service-connected disability required
- Access to SDVOSB set-asides across ALL federal agencies
- Government-wide 3% goal and set-aside authority

Important: VOSB does NOT provide access to SDVOSB set-asides across broader federal government. Only SDVOSB has government-wide 3% goal and set-aside authority.



SDVOSB Application Process

Processing Time: 60-90 days typical (can be longer with documentation requests)

01

Veteran Status Verification

Obtain DD-214 (all pages) or equivalent service documentation. For SDVOSB: Obtain VA disability rating letter showing service connection. Verify registration in VA systems.

02

SAM Registration

Register business in System for Award Management (SAM.gov). Ensure business name matches EXACTLY across all documents. Select appropriate NAICS codes.

03

Gather Business Documents

Organizational documents, ownership documentation, management documentation, financial documents (for firms with revenue or reviewing ownership contributions).

04

Submit Application

Complete application at veterans.certify.sba.gov. Upload all required documents (PDF format preferred). Ensure address consistency across all documents.

05

SBA Review

Analyst reviews application and documents. May request additional information or clarification. Respond promptly to all information requests.

06

Determination

Approval: Designation in SAM, VetCert database, and DSBS within 2 business days. Denial: Written explanation; may reapply after addressing issues. Appeal: May appeal to SBA Office of Hearings and Appeals within 5 business days.

SDVOSB Program Benefits



Set-Aside Contracting

Access to SDVOSB set-asides across ALL federal agencies. 5.07% of federal contracts in FY2024 (\$31.9 billion). Growing opportunities as agencies strive to meet/exceed 3% goal. Sole-source awards possible (dollar thresholds apply).



Subcontracting Opportunities

Large prime contractors have subcontracting goals including SDVOSB goals. Flow-down of SDVOSB requirements. Pathway to establishing past performance.



State-Level Benefits

14 states have veteran-owned business programs with state contract set-asides or preferences. Tax benefits in some states. State surplus property programs.



Beyond Federal Contracting

Official trademark use in marketing. Private sector preferences (many Fortune 500 companies seek veteran-owned vendors). Brand differentiation and patriotic appeal. Access to veteran business networks and resources.

Women-Owned Small Business (WOSB/EDWOSB)

Program Overview

The Women-Owned Small Business (WOSB) Federal Contracting Program makes it easier for women-owned small businesses to compete for federal contracts. The program authorizes contracting officers to set aside certain federal contracts for competition among eligible WOSBs and Economically Disadvantaged WOSBs (EDWOSBs).

FY2024 Performance

Approaching 5% goal

Federal Goal

Consistent improvement

Eligible NAICS Codes

For WOSB; 80 for EDWOSB

WOSB vs. EDWOSB: Key Differences

Women-Owned Small Business (WOSB)

- Basic certification for women-owned businesses
- Access to contracts in industries where women are substantially underrepresented
- No economic disadvantage documentation required
- Broader eligibility

Economically Disadvantaged WOSB (EDWOSB)

- Subset of WOSB with additional economic disadvantage criteria
- Access to contracts in industries where women are underrepresented (broader than WOSB)
- More eligible NAICS codes (80 vs. 38 four-digit codes)
- Requires extensive financial documentation
- Automatic WOSB qualification (EDWOSB \supseteq WOSB)



WOSB Eligibility Requirements

1

Small Business Status

Must qualify as small under size standard for NAICS code in SAM profile. Size determined at time of certification and at contract award. Affiliations count toward size determination.

2

Ownership (51% by Women)

At least 51% owned by one or more women who are U.S. citizens. Ownership must be direct (not through holding companies). No conditions, restrictions, or limitations. Women must hold proportional profit distribution rights.

3

Control

One or more women must manage daily operations. Must hold highest officer position (President, CEO, or equivalent). Direct workforce and make operational decisions. Make strategic decisions and control board of directors.

4

Good Standing

No active SAM exclusions. Current on federal obligations. No debarment or suspension. U.S. citizenship and residency for women owners.

Additional EDWOSB Requirements

Economic Disadvantage Criteria

Each woman owner claiming economic disadvantage must meet ALL three financial thresholds:

Net Worth

Threshold:
\$850,000 or less

Excludes: Ownership interest in applicant business, equity in primary residence, qualified retirement accounts (401(k), IRA, SEP, etc.)

Includes: All other personal assets (investment properties, non-retirement investments, vehicles, boats, etc.)

Adjusted Gross Income (AGI)

Threshold: Average of \$400,000 or less over three years

Calculation: Use AGI from personal tax returns (IRS Form 1040)


Pass-Through Income Exception: May average over five years if significant pass-through income variation

Total Assets

Threshold: \$6.5 million or less

Includes: Fair market value of ALL assets including primary residence and business interest

Excludes: Qualified retirement accounts only

 **Important:** If woman owner is married, spouse's finances ARE considered for EDWOSB economic disadvantage determination.

WOSB/EDWOSB Application Process

Three Certification Options

1

SBA Direct Certification (No Cost)

Apply directly through wosb.certify.sba.gov. No fees. Longest processing time (60-90+ days typical). Same legal standing as third-party certification.

2

Third-Party Certifier (TPC) - Fees Apply

Four SBA-approved TPCs: El Paso Hispanic Chamber of Commerce, National Women Business Owners Corporation (NWBOC), U.S. Women's Chamber of Commerce (USWCC), Women's Business Enterprise National Council (WBENC). Often faster processing. Fees vary (\$300-\$500+ typically).

3

Existing 8(a) or VOSB Certification Leverage

If certified under these programs, can use existing documentation. Streamlined WOSB application process. Still must provide EDWOSB financial information if pursuing EDWOSB.

WOSB/EDWOSB Program Benefits



Set-Aside and Sole-Source Contracting

WOSB Set-Asides:
Contracts in substantially underrepresented industries. Competitive awards among WOSBs. Sole-source awards up to \$4.5 million (general) or \$7 million (manufacturing).

EDWOSB Set-Asides:
Contracts in underrepresented industries (broader than WOSB). Access to more NAICS codes. Same sole-source thresholds as WOSB.



Federal Goal Pursuit

Agencies actively seeking WOSB/EDWOSB vendors to meet 5% goal. Underperformance in past creates increased opportunity. Agency scorecards track WOSB performance creating motivation.



Beyond Federal Contracting

WBENC certification (if obtained through TPC) recognized by Fortune 500 companies. Many corporations have supplier diversity programs. Official trademark use in marketing. WBE (Women Business Enterprise) status for some state/local programs.

No Term Limit: Unlike 8(a) program, can participate as long as eligible (no 9-year cap).

Historically Underutilized Business Zones (HUBZone) Program Overview

The Historically Underutilized Business Zone (HUBZone) program helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities. By stimulating economic development and job creation in distressed areas, the program serves both business and community development goals.

Unique Feature: HUBZone is the ONLY SBA socioeconomic program with geography-based eligibility requirements.

3%

Federal Goal

Goal generally unmet

\$23B

FY2024 Opportunity

Based on ~\$755B federal spending



What is a HUBZone?

Designated Areas Include

Qualified Census Tracts

Low-income areas based on census data. Updated based on American Community Survey data. Most common type of HUBZone.

Qualified Non-Metropolitan Counties

Counties outside metropolitan areas with certain economic characteristics. Median household income \leq 80% of state median OR unemployment rate \geq 140% of statewide rate.

Lands within Indian Reservations

All lands within external boundaries of Indian reservations. Includes trust lands and restricted fee lands.

Qualified Base Closure Areas

Former military bases closed under Base Realignment and Closure (BRAC). Lands within census tracts/block groups of closed bases.

Qualified Disaster Areas

Presidentially declared disaster or emergency areas. Remain eligible for 10 years after designation or until area's normal designation ends (whichever is longer).

Governor-Designated Covered Areas

Areas nominated by state governors as meeting economic distress criteria. Limited number per state. Subject to SBA approval.

Map Updates: Major updates every 5 years (last: July 1, 2023; next: July 1, 2028). Use SBA HUBZone Map: maps.certify.sba.gov/hubzone/map

HUBZone Eligibility Requirements

Small Business Status

Must qualify as small under SBA size standards. Measured at certification and at each contract award. Size for primary NAICS code.

Principal Office Location

Must be physically located in a HUBZone. Must actually conduct business at this location (not just mailing address). Can be home office if truly the principal place of business. Shared office spaces generally do NOT qualify.

Ownership and Control (51%)

Must be at least 51% owned and controlled by U.S. citizens, OR eligible entities (Community Development Corporation, Agricultural cooperative, Alaska Native Corporation, Native Hawaiian Organization, Indian Tribe). Unconditional ownership with no conditions or restrictions.

Employee Residency (35%)

At least 35% of the concern's employees must reside in a HUBZone. Full-time (40+ hours) or part-time (at least 10 hours per week). Must be on company payroll (W-2 employees). Independent contractors (1099) do NOT count.

HUBZone Application Process

Timeline: 60-90 days typical, but can extend based on documentation requests



Verify HUBZone Eligibility

Check principal office location using SBA HUBZone Map. Calculate employee residency percentage. Verify at least 35% of employees live in ANY HUBZone. Gather proof of residency.



SAM Registration

Register at SAM.gov. Complete full profile with accurate information. Ensure name consistency. Indicate HUBZone interest.



Gather Required Documents

Business, ownership/control, and principal office documents; plus employee residency proof (for each counted toward 35%): valid ID, lease/deed, utility bill, 90-day residency evidence, and payroll records.



Submit Application

Apply through certify.sba.gov/hubzone. Upload all documents (PDF preferred). Be meticulous with employee residency documentation (most common deficiency). Double-check addresses against HUBZone map.



SBA Review

SBA analyst reviews application. Verifies addresses using HUBZone map. May request additional documentation. May conduct site visit (announced or unannounced) to verify principal office.



Determination

Approval: Designated in SAM, DSBS, and HUBZone database. Denial: Written explanation; may reapply after addressing issues. Appeal: May appeal to SBA Office of Hearings and Appeals.

Certification Validity: 3 years

HUBZone Program Benefits

The Unique 10% Price Evaluation Preference

HUBZone is the ONLY set-aside program offering a price preference in full and open competition:

- ☐ HUBZone offer considered "equal" to non-HUBZone offer if within 10% higher price. Significant competitive advantage. Applies to full and open competitions only (not set-asides, where HUBZone already has advantage).

Example:

- Non-HUBZone bid: \$100,000
- HUBZone bid: \$109,000
- **Result:** HUBZone bid treated as \$100,000 for evaluation purposes



HUBZone Set-Aside and Sole-Source Opportunities

Set-Aside Contracts

- Competition limited to HUBZone-certified firms only
- Applicable across all federal agencies
- 3% goal creates active agency pursuit

Sole-Source Awards

- Up to \$7 million for manufacturing
- Up to \$4.5 million for other requirements
- Faster award process
- Reduced competition

Federal Goal Pressure

The 3% goal is consistently unmet across government, meaning:

- Agencies actively seeking HUBZone contractors
- Scorecards track agency performance
- Motivation to award to HUBZone firms when qualified

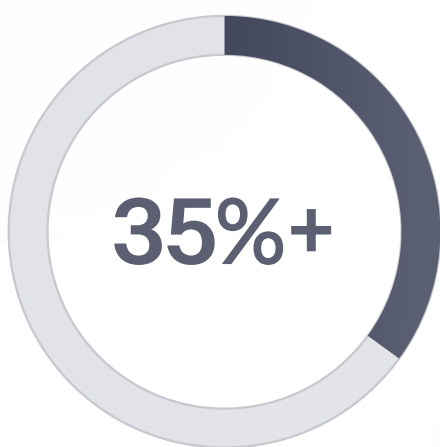
Top Contracting Agencies

- U.S. Army
- Department of Veterans Affairs
- Defense Logistics Agency
- Department of Homeland Security
- U.S. Navy

The "Attempt to Maintain" Requirement

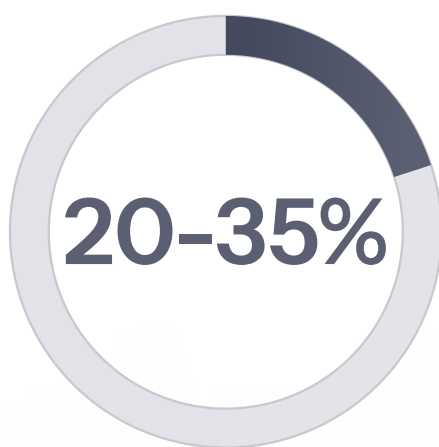
During HUBZone contract performance, firm must "attempt to maintain" the 35% employee residency requirement.

What "Attempt to Maintain" Means



Above 35%

Clearly attempting to maintain (safe harbor)



Presumed Attempting

If can document efforts: job postings, recruitment activities, partnerships with local organizations



Below 20%

Presumed failure to attempt to maintain (must have strong documentation of extraordinary efforts)

Consequences of Failure

- Contract performance issues
- Potential decertification
- False claims risk if misrepresented status

Small Business Set-Aside (General)

Beyond the socioeconomic-specific programs (8(a), SDVOSB, WOSB, HUBZone), there exists a general small business set-aside available to ALL small businesses meeting SBA size standards, regardless of ownership characteristics.

Overview

Purpose: Maximize opportunities for small business participation in federal contracting, supporting the Small Business Act's declaration that "Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns."

\$176.11B

Total Small Business Awards

23.3% in FY2024

\$33.32B

General Small Business Set-Asides

Specific set-aside contracts



General Small Business Set-Aside Eligibility

Single Requirement: Small Business Status

Must qualify as small business under size standard for NAICS code assigned to the procurement:

- Employee-based: Varies by industry (e.g., 500, 1,000, 1,500 employees)
- Revenue-based: Varies by industry (e.g., \$8M, \$20M, \$41.5M annual receipts)
- Size standards found at: www.sba.gov/size-standards or 13 CFR Part 121

No Other Restrictions

- No ownership requirements (can be owned by anyone)
- No location requirements
- No disadvantage requirements
- No certification process needed

Self-Certification

- Represent small business status in SAM.gov
- Must be truthful representation
- Subject to size protests by competitors
- SBA makes formal size determinations if challenged

Types of Small Business Set-Asides

1

Total Small Business Set-Aside

Entire requirement reserved for small business competition. Most common type. Used when rule of two met (two or more small businesses can perform at fair price). All offerors must be small.

2

Partial Set-Aside

Portion of requirement set aside for small business. Remainder open to all businesses. Becoming rare under current procurement strategies. Allows large business participation on portion.

3

Automatic Below-Threshold Set-Asides

All federal purchases between \$10,000-\$250,000 automatically set aside for small business IF: At least two small businesses can provide product/service, AND Award can be made at fair and reasonable price. This rule applies government-wide without special designation.

Mentor-Protégé Program

Program Overview

The SBA All Small Mentor-Protégé Program facilitates mutually beneficial relationships between experienced businesses (mentors) and small businesses (protégés) seeking to enhance capabilities and competitiveness. The program supports socioeconomic program participants and other small businesses through business development assistance, joint venture opportunities, and affiliation exception benefits.

Key Benefits

- Joint ventures receive affiliation exception (critical for size determination)
- Access to larger contracts through teaming
- Business development assistance from experienced firms
- Mentor's past performance attributed to protégé in some circumstances
- Relationship with established prime contractors



Mentor-Protégé Program Structure

Mentor Eligibility

Mentors can be:

- Large businesses (other-than-small)
- Small businesses (including socioeconomic program participants)

Mentor Requirements:

- Good past performance record
- Ability to assist protégé in business development
- Commitment to protégé's success
- No debarment, suspension, or criminal proceedings
- Good standing with SBA programs if small business

Protégé Eligibility

MUST be one of the following:

- 8(a) program participant
- HUBZone certified firm
- WOSB/EDWOSB certified firm
- SDVOSB/VOSB certified firm
- Small business in SBA's Small Business Apprenticeship Program
- Qualified HUBZone small business located in a Puerto Rico HUBZone

Limitations:

- Protégé can have only TWO mentors at a time
- Protégé cannot be mentor to another firm while in protégé role



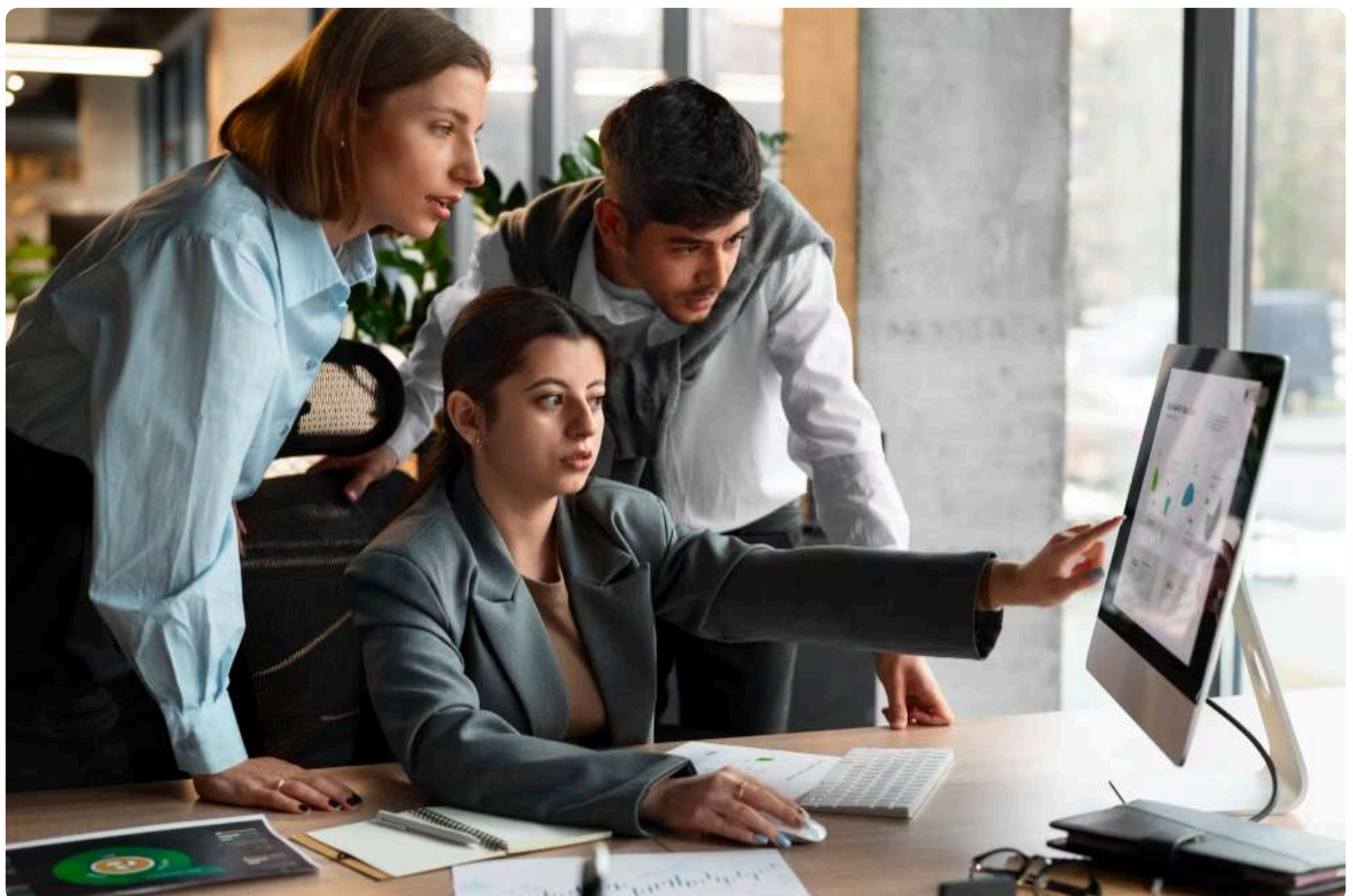
Joint Venture Benefits

Critical Advantage: Affiliation Exception

Normally, joint venture partners are considered affiliated for size determination purposes. However, SBA-approved mentor-protégé joint ventures receive an exception from affiliation rules in specific situations:

❏ **Size Determination:** For contracts set aside or reserved for 8(a) program, HUBZone program, SDVOSB program, or WOSB/EDWOSB program, the joint venture is not deemed affiliated with the mentor for size purposes.

Result: Joint venture can qualify as small business (if protégé is small) even with large business mentor, allowing access to set-aside opportunities that would otherwise be unavailable.



Joint Venture Requirements

Formation

Must be a separate legal entity (LLC, partnership, corporation).
Written joint venture agreement meeting SBA requirements.
Protégé must manage and control daily operations. Protégé must perform at least 40% of work performed by joint venture.

Work Performance

Joint venture itself must meet applicable limitations on subcontracting. Cannot subcontract more than 50% (services) or other applicable percentages. Subcontracting to joint venture partners does NOT count as subcontracting. Both partners' work counts toward joint venture performance.

Duration

Limited to specific contracts or related contracts. Project-based rather than permanent entity. Can form multiple joint ventures for different opportunities.

Multiple Opportunities

Protégé can be in up to 3 joint ventures at one time with approved mentor. No limit on number of contracts pursued through approved joint ventures.

Strategic Planning & Best Practices

Choosing the Right Program(s)

Pursue ALL programs for which you qualify:

- Each certification opens different opportunities
- Some contracts require multiple certifications
- Certification enhances competitiveness in evaluations
- Joint certifications (e.g., 8(a) + HUBZone) provide maximum flexibility



Prioritization Factors

1

Market Research

Which agencies and programs align with your offerings? What's the contract volume in your NAICS codes by program? Are goals being met or underperformed (underperformance = opportunity)?

2

Certification Difficulty

Time to approval. Documentation burden. Ongoing compliance requirements. Cost (if using third-party certifiers).

3

Strategic Value

Sole-source potential. Competitive advantage magnitude. Business development support. Duration (8(a) limited to 9 years; others no term limit).



Application Best Practices

Document Organization

- Create comprehensive document checklist
- Gather documents 6+ months before applying
- Ensure name consistency across ALL documents
- Address inconsistencies (variations, middle initials, addresses)
- Organize into digital folders by category

Common Application Killers

- Name variations (incorporate EXACTLY the same everywhere)
- Address mismatches (principal office vs. registration vs. owner residency)
- Incomplete financial documentation
- Insufficient evidence of control (for ownership-based programs)
- Missing signatures or dates



Winning Set-Aside Contracts



Capability Statement Development

Highlight certifications prominently. Tailor to target agencies and NAICS codes. Showcase past performance (even if subcontractor). Professional design and current information. One-page format for easy distribution.



Past Performance Development

Start as subcontractor if necessary. Even small contracts build track record. Document all successes and lessons learned. Request references from satisfied customers. Collect letters of recommendation proactively.



Relationship Building

Attend agency industry days and outreach events. Connect with Small Business Specialists at target agencies. Join industry associations and networking groups. Build relationships with prime contractors. Participate in APEX Accelerator programs.



Teaming Strategies

Form strategic partnerships complementing capabilities. Join teams as subcontractor for experience. Graduate to prime contractor as capabilities grow. Use Mentor-Protégé Program for larger opportunities. Joint ventures for contracts beyond individual capacity.

2026 Outlook & Recommendations

Policy Environment Forecast

Emphasis on Overall Small Business Goal (23%)

Agencies increasing focus on general small business participation. Less emphasis on socioeconomic-specific subcategories (except SDVOSB/WOSB). SDB goals remaining at 5% statutory minimum through at least FY2026. Merit-based contracting within small business community.

Veteran-Focused Support

SDVOSB program maintaining strong support. Consistent goal outperformance (5%+ vs. 3% goal). Bipartisan support for veteran business initiatives. Expect continued growth in opportunities.

Women-Owned Business Growth

WOSB program approaching 5% goal. Bipartisan support for women entrepreneurs. Potential goal increases or program enhancements. Growing emphasis on women in STEM contracting.

HUBZone Opportunity

Persistent failure to meet 3% goal. Supply of certified businesses insufficient. Significant opportunity for eligible firms. Next map update July 2028 (plan accordingly).

Emerging Opportunities



Cybersecurity Services

CMMC implementation creating unprecedented demand. Small businesses with niche cybersecurity expertise highly sought after. Opportunity to serve as CMMC consultants, assessors, managed security providers. Cleared + cybersecurity = even greater opportunity.



AI/ML Services

Federal agencies embracing AI across missions. Responsible AI frameworks creating demand for specialized services. Data science, model development, AI security all in demand. Small businesses with AI expertise can differentiate.



Digital Transformation

Legacy system modernization continuing. Cloud migration ongoing across agencies. User experience and customer experience design increasingly valued. Agile development and DevSecOps capabilities in demand.



Conclusion

Small business set-aside programs represent a significant opportunity within federal contracting, with **\$176.11 billion** awarded to small businesses in FY2024 alone. Despite recent policy shifts affecting certain socioeconomic programs, the fundamental government-wide 23% small business goal remains intact, and specialized programs (SDVOSB, WOSB, HUBZone, 8(a)) continue providing valuable advantages.

Key Takeaways

Opportunities Remain Strong

Federal government committed to small business contracting (statutory requirement).

Agencies actively seeking certified small businesses to meet goals. Reduced competition through set-asides creates real advantage.

Multiple programs mean multiple pathways to opportunity.

Changes Require Adaptation

8(a) program changes necessitate compelling individual disadvantage narratives. SDB goals reduced but program structure intact.

Overall small business emphasis increasing. Flexibility and multiple certifications important.

Success Factors

Pursue ALL programs for which eligible. Maintain rigorous compliance with program requirements. Build past performance, relationships, and differentiation. Plan strategically for long-term sustainability. Combine certifications with genuine competitive advantages.

Federal contracting is a marathon, not a sprint. Those who approach it strategically, maintain compliance, build capabilities, and persist through inevitable challenges will find substantial opportunities to grow their businesses while serving vital government missions.

For small businesses considering these programs, the path forward is clear:

Assess eligibility → Apply for certifications → Build foundation → Pursue opportunities → Deliver excellence → Grow sustainably.

The federal government needs your capabilities, your innovation, and your commitment to mission success. Set-aside programs exist to ensure you have a fair opportunity to compete. Take advantage of them.



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