GSA FOCUS 20 YEARS

REPORT 1 OF 2 · NOVEMBER 2026

8(a) by the Numbers: The Risk

What the 2025—26 SBA audit changed, where 8(a) set-aside dollars are heading, and what it means for firms still in the program.

The program nobody controls

For most 8(a) firms, the program is the pipeline. In the last 18 months, that pipeline became the most scrutinized contracting program in the government.

1,091
8(a) firms suspended in Jan 2026 — about 1 in 4 participants

~800
firms in termination proceedings by Mar 2026 (~20% of the program)

3
parallel audits: SBA, Department of War, Treasury

How it unfolded

JUN 2025
SBA launches the first full audit of 8(a) in the program's ~50-year history, reaching back 15 years of high-dollar and sole-source awards.

DEC 5, 2025
All ~4,300 participants ordered to produce three years of financial records.

JAN 2026
1,091 firms suspended for incomplete responses. SBA formalizes a race-neutral standard for "disadvantaged."

FEB 11, 2026
Termination proceedings start against 154 Washington, D.C.-area firms.

MAR 4, 2026
628 more firms move toward termination. SBA cuts the Small Disadvantaged Business goal from 15% to the statutory 5%.

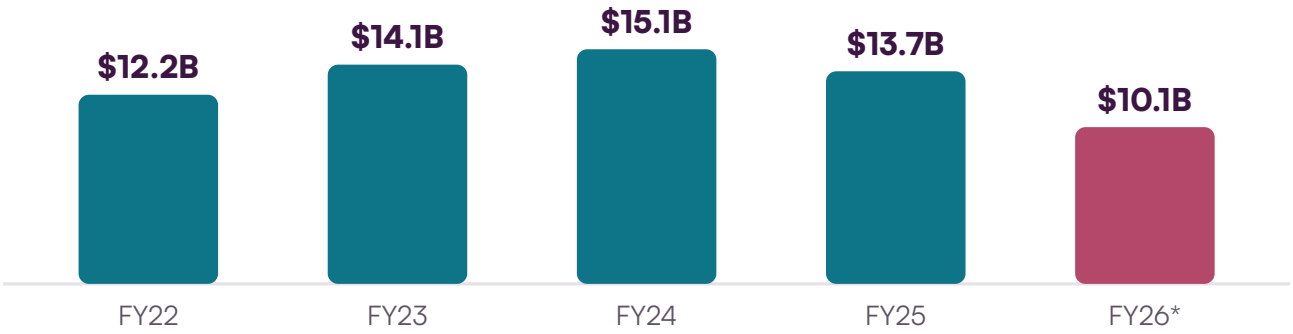
> **The bigger issue isn't the audit — it's the definition.** Since *Ultima v. USDA* (2023) struck down the race-based presumption, what counts as "socially disadvantaged" has been rewritten by courts and administrations. Rules that change every few years are a weak foundation for a 9-year business plan.

The dollars are already moving

8(a) set-aside obligations peaked in FY2024 and have fallen two years in a row — while total federal contract spending held steady.

8(a) set-aside contract obligations, all agencies

Competitive + sole-source 8(a), billions of dollars, FY2022—FY2026



−33%
FY26 vs. the FY24 peak ($15.1B → $10.1B)

1.31%
8(a)'s share of all contract dollars in FY26, down from 2.04%

~$770B
total federal contract spending in FY26 — roughly flat

What this means if you're in the program

- **Graduating soon:** after exit there are no new 8(a) awards. If 8(a) is most of your revenue, the cliff arrives on a date you already know.
- **Years from graduation:** you're exposed to every rule change, audit wave and budget shift between now and then — and none of them are in your control.
- **Either way:** suspension or termination affects 8(a) awards, not your eligibility for other vehicles. A second route to market is protection that doesn't depend on the program.

*FY2026 (Oct 2025—Sep 2026) is preliminary; Defense obligations post with a reporting lag, so final figures may rise modestly.

The takeaway

8(a) is still a real advantage while you hold it. But it was never meant to be permanent, and the last 18 months showed it isn't stable either. The firms that come through graduation — or the next audit — in good shape are the ones that built a second vehicle while the program was still working for them.

The vehicle most of them choose is the GSA Multiple Award Schedule: a long-term contract you own, that agencies can order from directly, and that stays with you after you exit. Report 2 covers why MAS is growing while 8(a) shrinks — and why "I'll deal with it when I graduate" is the most expensive timeline.

Talk it through in 20 minutes.
gsascheduleservices.com/8a

Book a free call →

Sources

1. U.S. Small Business Administration, news release 26-34, "SBA Moves to Terminate Over 620 Firms from 8(a) Federal Contracting Program..." (Mar 4, 2026).
2. SBA, news release 26-30, termination proceedings for 154 D.C.-area firms (Feb 11, 2026).
3. Bass, Berry & Sims via Mondaq, "SBA Suspends Over 1,000 8(a) Participants..." (Jan 30, 2026); Crowell & Moring client alert (Jan 26, 2026).
4. USAspending.gov API, spending_over_time, contract award types A—D, set-aside codes 8A and 8AN, FY2022—FY2026, retrieved Nov 3, 2026.
5. *Ultima Services Corp. v. USDA* (E.D. Tenn. 2023).