



Legislative & Regulatory Update

For Small Business Government Contracting Programs

ISOA - January 12, 2026

Sam Le: America's Small Business Champion

- Managing member at [Sam Le Law](#) PLLC (Fairfax, Va.)
- 1 of 2 SBA GovCon Policy Directors ever
 - Regulatory policy
 - Advocacy and goaling
 - Size and affiliation
- Oversaw 50% increase in SB contracts to \$180B
- Litigation at SBA OHA, GAO, CBCA
- Avid runner—11 marathons and counting



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Legislative Action



NDAA FY26 – Signed by the President

[S. 1071](#), Signed Dec. 18, 2025

- Section 824 – Increasing Competition in Defense Contracting
 - Guidance on past performance for commercial/non-government projects
 - Identify barriers that disproportionately affect small businesses (consult Apex Accelerators)
 - Prioritize policies for cost efficiency and product quality
- Sect. 1807 - Project Spectrum, cybersecurity training program
- Did not include language to extend the SBIR/STTR programs



Passed by the House

- [H.R. 5100](#) (Williams) – One-year SBIR extension
- [H.R. 4491](#) (Cisneros) – Reduce risk in cert system
- [H.R. 2931](#) (Finstad) – Relocate SBA offices from sanctuary cities
- [H.R. 1816](#) (Velázquez) – Exclude self-certified women-owned small business concerns from goaling credit



Passed by the House (cont.)

- [H.R. 818](#) (Stauber) – Add new entrants to SBA scorecard
- [H.R. 789](#) (Latimer) – Justify canceled contract solicitations and identify similar contracting opportunities
- [H.R. 787](#) (LaLota) – Solicitations to be “clear, concise, and well-organized”



Introduced in the Senate (partial)

- [S. 3173](#) (Ernst) – Suspend 8(a) sole-sources pending SBA audit

Related: Ernst letters to [SBA Administrator](#) and [Inspector General](#), and [22 agencies](#)



Executive Action



Executive Orders – Day One

Nos. [14151](#), [14173](#), [14174](#)

- Review set-asides
- Revoke procurement equity
- Revoke EEO clause



Executive Orders – First 100 days

Nos. [14240](#), [14265](#), [14271](#), [14275](#)

- Consolidate procurement at GSA
- DoD acquisition process reform
- Require commercial solutions
- FAR rewrite



OMB Consolidation Memo

[M-25-31](#) (July 18, 2025)

- Must use existing governmentwide contracts
- Increase use of centralized contracts (*category management*)
- Centralize procurement functions at GSA



FAR Overhaul



Revolutionary FAR Overhaul

OMB Memorandum [M-25-26](#)

- Streamline to statutory requirements
- Remove excessive regulatory burden
- Plain language buying guides
- Agencies implement within 30 days
- Notice and comment comes later



Part 19: Small Business

FAR Overhaul Part 19

1. Retains the Rule of Two
2. Changes the 8(a) Program
 - Competition preferred
 - Parity with small-business set-asides
 - Automatic release for HUBZone/SDVOSB/Women-owned
3. Diminishes role of small business specialists



More small-business changes

[acquisition.gov/far-overhaul](https://www.acquisition.gov/far-overhaul)

- Part 6: Allows for SBIR Phase III sole source
- Part 7: Cuts out small-business specialists from acquisition-plan reviews
- Part 8: Must use ~~best-in-class~~ required-use contracts
- Part 12: Simplified acq. procedures for all commercial < \$7.5m
- Part 13: Now only non-commercial
- Part 16: Allows for BPAs on multi-award IDIQ contracts



FAR Companion Guide

[Version 2.0](#) (Oct. 30, 2025)

- “Required use” defined
- Category Management buying guide
- No Rule of Two for orders
- Order set-aside guidance
- Discourages order-level subcontracting goals
- Also: choosing NAICS, manufacturers, HUBZone PEP



SBA Action



SBA HUBZone Final Rule: HUBZone program

[89 FR 102448](#) (Dec. 17, 2024)

- 35% rule: Employees > 10 hrs/week
- 4 “legacy employees”...but
- “Attempt to maintain” grace period
- Eligibility at time of offer
- Recertification from 1 year → 3 years



SBA HUBZone Final Rule: 8(a) program

[89 FR 102448](#) (Dec. 17, 2024)

- Nondisadvantaged owners up to 30%
- Eliminate prior approval for compensation
- Eliminate prior approval for some ownership changes
- Allow some rights of first refusal



SBA HUBZone Final Rule: Control rights

[89 FR 102448](#) (Dec. 17, 2024)

- Control rights in all programs
- Allow “extraordinary circumstances” for supermajority
- “Actions solely to protect minority investment”



SBA HUBZone Final Rule: Recertification

[89 FR 102448](#) (Dec. 17, 2024)

- “Disqualifying” recertification
 - Merger, acquisition, or sale
 - Prior to 6th year
- Ineligible for set-aside MAC orders
- Grace period until January 16, 2026



SBA HUBZone Final Rule: JVs and MPPs

[89 FR 102448](#) (Dec. 17, 2024)

- Agency discretion on mentor past performance
- Managing partner must do 40%
- No HUBZone PEP for large-mentor JVs



SBA Size Standard Proposed Rule

[90 FR 41168](#) (Aug. 22, 2025)

- Reviewed all 500+ revenue-based size standards
- Proposed to increase 248 size standards
 - But only 3 of the top 20 for smalls:
 - 541330 Engineering Services
 - 541611 General Consulting
 - 561612 Security guards
- Sought comments on whether to lower size standards
- Comments due Oct. 21



SBA Proposed and Upcoming Rules

- Late payments to subcontractors
- Mentor-protégé changes? (See [SBA tribal consultation notice](#))
- Nonmanufacturer rule changes ([notice](#))



SBA news releases

www.sba.gov/news

- 8(a) data call/full-scale audit
- Letter of warning to contracting officers
- Rescinding USAID 8(a) contracting
- Reinstating bona fide place of business
- Day one priorities: SDB goal



Recent FAR/DFARS Action



FAR Threshold Increases for FY26

[90 FR 41872](#) (Aug. 27, 2025)

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



DFARS Class Deviations

DPCAP

- 31 initial deviations
- Part 19 not included
- Effective Feb. 1
- Rulemaking forthcoming



Proposed FAR Overhaul Rule(s)

- Forthcoming?



