

SBA Ends Race-Based Eligibility in Federal Small-Business Contracting Program, Dismantles Biden-Era DEI Rules

New SBA guidance bars race-based presumptions in federal contracting, rejects approvals based on unsubstantiated discrimination claims, and affirms that government business programs must be open to qualified entrepreneurs of all races.

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The U.S. Small Business Administration on Thursday issued formal guidance reiterating that participation in its 8(a) Business Development Program must be race-neutral, emphasizing that no business owner may be admitted to or excluded from the program based on race and that race-based presumptions of social disadvantage have been invalid for several years.

In guidance circulated to SBA program officials on Thursday, the agency said the 8(a) Program is open to qualified entrepreneurs of every race, consistent with court rulings, guidance from the U.S. Department of Justice, and policy changes implemented under Administrator Kelly Loeffler. The SBA stated that it does not deny admission to any small business owner because they are white and does not consider any applicant “socially disadvantaged” solely due to membership in a particular minority group.

The guidance further clarified that no American can be denied government services on the basis of race. The SBA said it will not approve applications based only on unsubstantiated claims of discrimination or on what it described as Biden-era narratives of racial discrimination, nor will it provide guidance to applicants on how to construct such claims. According to the agency, these measures are part of a broader effort already underway to address what it described as longstanding deficiencies in the 8(a) Program.

In addition to issuing the guidance, the SBA removed from its website the Biden-era “Guide for Demonstrating Social Disadvantage,” stating that its continued presence could cause confusion given that race-based presumptions have been inoperative since 2023.

“The Biden Administration expanded and then abused the 8(a) Program to hand out billions in taxpayer-funded government contracts to favored minorities at the direct expense of honest small businesses, which is why we ended the practice on Day One,” Loeffler said. “Since then, the Trump SBA has been working to reverse the damage – and today, we’re reiterating one simple fact: the Biden-era practice of discriminating against white Americans is over, and reforms to enshrine that fact are well underway. The SBA is ending DEI in federal contracting – and our programs will remain open to all eligible job creators in compliance with federal law.”

The SBA said the guidance reinforces that the 8(a) Program remains a tool to help small businesses gain access to federal contracting opportunities, but only through lawful, race-neutral criteria. Matt Coleman, the SBA’s Atlantic Regional Administrator, said the clarification is intended to broaden opportunity rather than restrict it.

“The 8(a) Business Development Program adds great value for small business owners and I am excited that the SBA, under Administrator Kelly Loeffler, is providing opportunity for all qualified entrepreneurs to get their foot in the door for federal contracting opportunities,” Coleman said. He encouraged entrepreneurs interested in selling to the federal government to explore whether they qualify for the program, noting that his region includes New York, New Jersey, Puerto Rico, and the U.S. Virgin Islands.

The SBA contrasted its current approach with practices under the Biden Administration, during which the 8(a) Program was expanded as part of what the agency described as partisan and DEI-driven preferences in federal contracting. According to the SBA, that expansion crowded out other job creators, particularly white men. The agency said that under the Trump Administration it accepted 65 new 8(a) firms last year, compared with more than 2,100 admitted during the Biden Administration.

Alongside the guidance, the SBA outlined a series of enforcement and oversight actions it has taken to address fraud and abuse within the 8(a) Program. Those actions include reducing the Small Disadvantaged Business contracting goal to its statutory 5 percent in February 2025, launching the first comprehensive audit of the 8(a) Program in June 2025, and rescinding the U.S. Agency for International Development’s independent 8(a) contracting authority in July 2025 following a Justice Department investigation into a \$550 million bribery scheme.

The SBA also said it issued warnings to federal contracting officers regarding penalties for failing to report suspected fraud, suspended multiple contractors over alleged fraud involving more than \$253 million in awards, cleared a backlog of 2,700 veteran small business certification applications, and ordered all 4,300 8(a) contractors to submit three years of financial records for review. In January 2026, the agency said it suspended more than 1,000 contractors who failed to comply with that request. Other federal agencies, including the General Services Administration, the Department of the Treasury, and the Department of War, have begun their own internal audits related to the program.

The SBA said any job creator who believes they were unconstitutionally excluded from the 8(a) Program may contact the agency, and noted it is hiring additional program officers to administer the program as a race-neutral vehicle for small business development.

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