



ANC, Tribal, NHO, and CDC Participation in the 8(a) Business Development Program

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Introduction

Congress has historically sought to help small, “socially and economically disadvantaged” business owners overcome barriers to participating in federal contracting and compete in the national economy through the Small Business Administration’s (SBA’s) 8(a) Business Development Program, (commonly known as the “8(a) program”). Congress has also established annual goals for small business participation in federal contracting, including a goal of awarding 5% of prime and subcontract awards to small, disadvantaged businesses (see CRS Insight IN12018, *Federal Small Business Contracting Goals*, by R. Corinne Blackford).

For eligible businesses, 8(a) program participation offers federal contracting preferences such as federal contract [set-asides](#) and [sole-source contracts](#). 8(a) program participants also receive dedicated business development support, including mentorship, training, and counseling designed to enhance the competitiveness of participant businesses and their long-term viability. For background on the 8(a) program, see CRS Report R44844, *SBA’s 8(a) Business Development Program: Legislative and Program History*, by R. Corinne Blackford.

Although the 8(a) program was authorized in 1978 for the benefit of small businesses owned by disadvantaged *individuals*, Congress expanded the program in the 1980s to include entity-owned small businesses, owned by disadvantaged *groups*. The eligible groups or entities include:

- Community Development Corporations (CDCs)
- Alaska Native Corporations (ANCs)
- Indian tribes
- Native Hawaiian Organizations (NHOs)

This In Focus highlights group- or entity-owned firm participation in the 8(a) program because these firms participate under somewhat different terms than small businesses owned by individuals.

Legislation Expanding 8(a) Program Eligibility to Groups/Entities

CDC Eligibility

CDCs were the first type of *entity* made eligible for the 8(a) program. Congress created CDCs through the Community Economic Development Act of 1981 and instructed the SBA to issue regulations ensuring that CDCs could participate in the 8(a) program ([P.L. 97-35](#), Omnibus Budget Reconciliation Act of 1981). Codified at 42 U.S.C. §9802, a CDC is defined as

a nonprofit organization responsible to residents of the area it serves which is receiving financial assistance under part A of

this subchapter [42 U.S.C. §§9805 et seq.] and any organization more than 50 percent of which is owned by such an organization, or otherwise controlled by such an organization, or designated by such an organization for the purpose of this subchapter [42 U.S.C. §§9801 et seq.].

Tribal and ANC Eligibility

In 1986, two additional owner-groups, Indian tribes and ANCs, became eligible for the 8(a) program when Congress passed legislation providing that they were socially disadvantaged for 8(a) program purposes ([P.L. 99-272](#), Consolidated Omnibus Budget Reconciliation Act of 1985; 15 U.S.C. §637(a)(13) and 15 U.S.C. §637(a)(4)). An ANC is

any Regional Corporation, Village Corporation, Urban Corporation, or Group Corporation organized under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act, as amended (43 U.S.C. 1601, et seq.).

For program purposes, an Indian tribe is defined at 13 C.F.R. §124.3 as

any Indian tribe, band, nation, or other organized group or community of Indians, including any ANC, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians, or is recognized as such by the State in which the tribe, band, nation, group, or community resides.

Congress passed legislation that deemed ANCs “economically disadvantaged” in 1992 ([P.L. 102-415](#), Alaska Land Status Technical Corrections Act of 1992). In contrast, a tribe must prove economic disadvantage the first time a tribally owned firm applies to the 8(a) Program (13 C.F.R. §124.109(b)(2)).

NHO Eligibility

Congress made NHOs eligible for the program by legislation enacted in 1988 ([P.L. 100-656](#), Business Opportunity Development Reform Act of 1988). An NHO is defined as

any community service organization serving Native Hawaiians in the State of Hawaii which (A) is a nonprofit corporation that has filed articles of incorporation with the director (or the designee thereof) of the Hawaii Department of Commerce and Consumer Affairs, or any successor agency, (B) is controlled by Native Hawaiians, and (C) whose business activities will principally benefit such Native Hawaiians.

Like tribes, NHOs must prove economic disadvantage the first time an NHO-owned firm applies to the 8(a) program (13 C.F.R. §124.110(c)).

Terms of Participation

Certain terms of participation apply to all 8(a) participants, including those owned by eligible groups. These include that the firm be “small” according to SBA size standards, be a for-profit

business, be “unconditionally owned and controlled” by the disadvantaged individual or entity, demonstrate potential for success, and be of good character (applies to officers, directors, and shareholders owning more than a 20% interest in the business, or to all a firm’s “principals” in the case of CDCs). At the same time, firms owned by CDCs, tribes, ANCs, and NHOs may receive benefits not available to individually-owned firms.

Sole-Source Contract Value

Group-owned firms may receive sole-source contracts beyond the sole-source award limits imposed on individually-owned 8(a) program participants. An 8(a) firm owned by an individual may receive a sole-source contract as long as it does not exceed \$5.5 million (or \$8.5 million for manufacturing contracts) (48 C.F.R. §19.805-1(b)(1)-(2)). Furthermore, an individually-owned firm may not receive additional sole-source awards once it has received a combined total of \$168,500,000 in competitive contracts (via 8(a) set-asides) and sole-source contracts during its participation in the 8(a) program (13 C.F.R. §124.519).

Per [P.L. 109-148](#), §8020, NHO-owned firms may only receive contracts valued over the 8(a) sole-source limits from the Department of Defense (DOD), which is using a secondary Department of War designation” under Executive Order 14347 dated September 5, 2025.

While the 8(a) sole-source contract limits do not generally apply to group-owned firms (as mentioned, they do apply to NHO-owned firms that receive non-defense contracts), written justifications of large sole-source awards are sometimes required. A written justification for a sole-source award to a tribally- or ANC-owned firm is required for contracts in excess of \$30 million, or in excess of \$100 million in the case of defense contracts ([P.L. 111-84](#); [P.L. 116-92](#)); a written justification for a sole-source DOD award to an NHO-owned firm is also required for contracts in excess of \$100 million.

Program Participation Duration

Individuals may participate in the program for a single nine-year period (13 C.F.R. §124.108(b); 13 C.F.R. §124.2) while groups may may confer their eligibility status upon different firms on multiple occasions. This allows groups to indefinitely participate in the 8(a) program by owning multiple firms, with limitations; groups may also own more than one 8(a) program participant at a time, with limitations. Groups may not own 51% or more of another firm that “either at the time of [8(a) program] application or within the previous two years,” obtains the majority of its revenue from the same “primary” industry as another one of its firms (13 C.F.R. §124.109(c)(3)(ii); 13 C.F.R. §124.110(f); and 13 C.F.R. §124.111(d)). Groups may own multiple firms that “conduct secondary business” in the same industry, and that earn less than 50% of their revenue in the same primary industry.

Socially Disadvantaged Status

The SBA has recently proposed to revise the criteria by which individuals establish their social disadvantage in 8(a) program applications. The proposal would not affect firms owned by CDCs, tribes, ANCs, or NHOs. For more information, see CRS Insight IN12698, [Proposed SBA Rule Would Establish New Test](#)

[for Social Disadvantage Under 8\(a\) Program](#), by April J. Anderson and R. Corinne Blackford.

Community Benefits Reporting Requirements

Group-owned firms must report the community benefits of program participation for tribes, ANCs, NHOs, and CDCs. SBA regulations (13 C.F.R. §124.604) state

As part of its annual financial statement submission (see § 124.602), each Participant owned by a Tribe, ANC, NHO or CDC must submit to SBA information showing how the Tribe, ANC, NHO or CDC has provided benefits to the Tribal or native members and/or the Tribal, native or other community due to the Tribe’s/ANC’s/NHO’s/CDC’s participation in the 8(a) BD program through one or more firms. This data includes information relating to funding cultural programs, employment assistance, jobs, scholarships, internships, subsistence activities, and other services provided by the Tribe, ANC, NHO or CDC to the affected community.

Federal Contracts Awarded

According to data published in the [SBA Procurement Scorecard for FY2025](#), group-owned firms make up about 16% of firms in the program and received 67% of the contract award dollars made to 8(a) firms in FY2025. GSA’s [Small Business Goaling Reports](#) show that 8(a) contract dollars (to any type of participant) have risen in the past five fiscal years. As shown in the table below, 8(a) procedure contract dollars ranged from about \$20 billion to \$25 billion each fiscal year through FY2025.

Table 1. Contract Dollars Awarded through 8(a) Program Procedures, FY2021-FY2025

Fiscal Year	8(a) Procedure Dollars (billions)
FY2025 ^a	\$24.3
FY2024	\$25.4
FY2023	\$24.4
FY2022	\$21
FY2021	\$19.5

Source: GSA, Small Business Goaling Report [FY2021-FY2025]

Notes: These amounts exclude de-obligations.

- a. This figure has been estimated using SBA Procurement Scorecard data for small disadvantaged businesses in combination with government-wide Goaling Report data due to a Department of State data error.

Congressional Issues

In recent years, the 8(a) program has faced a [constitutional challenge](#) to the definition of social disadvantage previously used in the program. In addition, SBA [administrative actions](#) renewed debate on the meaning of “social disadvantage” and legislation ([H.R. 8511](#) and [S. 4390](#)) eliminating statutory references to disadvantaged individuals and businesses have been introduced.

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