NEWSLETTER

October 2025

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TIP OF THE MONTH

Understanding & Leveraging Federal "Veterans First" Preferences

Under a program called "Veterans First," service-disabled veteran-owned small businesses and veteran-owned small businesses can get a powerful leg up in federal government contracting. For SDVOSBs, VOSBs and potential teammates, understanding the contours and limitations of this powerful program can make a big strategic difference in selling to Uncle Sam.

What Is Veterans First?

Veterans First is a **Congressional mandate** designed to ensure that the U.S.Department of Veterans Affairs prioritizes SDVOSBs and VOSBs in its contracting. The rules governing Veterans First are implemented through the **VA's Federal Acquisition Regulation supplement**, the VAAR.

How Does Veterans First Prioritize SDVOSBs & VOSBs?

The Veterans First rules establish a **Contracting Order of Priority**, with SDVOSBs at the top and VOSBs second, followed by other types of small businesses. Additionally, the VAAR imposes a "**rule of two**" requirement under which the VA often must issue a solicitation as an SDVOSB or VOSB set-aside when, based on market research, the VA determines that two or more qualified, capable SDVOSBs or VOSBs are likely to submit offers at fair and reasonable prices. In 2016, the U.S. Supreme Court unanimously confirmed the breadth of the VA's "rule of two" requirement in **Kingdomare Technologies, Inc. v. United States**.

Does Veterans First Apply Outside the VA?

Contrary to a relatively common misconception, the Veterans First program is limited solely to the VA. Non-VA federal agencies are not part of the Veterans First initiative.

In a **recent decision**, the U.S. Government Accountability Office confirmed that, while non-VA federal agencies have the power to use SDVOSB set-asides, these agencies are not required to prioritize SDVOSBs above other categories of small businesses, such as 8(a) Program participants and woman-owned small businesses. Additionally, agencies other than the VA do not enjoy the power to use VOSB set-asides or award sole source contracts to VOSBs.

How Does Veterans First Impact VA Contracting?

Veterans First has a major impact on the VA's contracting profile. In Fiscal Year 2024, the VA awarded **23.63%** of its prime contracting dollars to SDVOSBs. In contrast, the government as a whole awarded **5.14%** of prime contracting dollars to SDVOSBs.

How Can Contractors Leverage Veterans First?

For SDVOSBs and VOSBs, the powerful Veterans First preferences mean that the VA may be an important customer to consider pursuing–provided, of course, that the VA buys what the company sells.

For non-veteran companies, in contrast, Veterans First may make selling to the VA somewhat more challenging. Non-veteran companies looking to make inroads at the VA may wish to consider teaming strategies to work with SDVOSBs and VOSBs as a subcontractor, joint venture partner, and/or **SBA-approved mentor**.

NICC APEX ACCELERATOR NEWS YOU CAN USE

The SBA SUBNet has been Redesigned

The Small Business Administration's Subcontracting Network System (SUBNet) has been redesigned and is temporarily offline to allow data migration. **According to the Defense Acquisition University**, the new system is expected to be available again on Monday, September 22, 2025. As with the old version, the public will still be able to view subcontracting opportunity postings for free without creating an account, but access will now be provided through SBA's **Prime and Subcontracting** page. However, prime contractors with subcontracting plans who want to post opportunities will need to re-register in the new SUBNet system starting on or after September 22.

SBA Proposes Increases to Receipts-Based Size Standards

The U.S. Small Business Administration recently published a **proposed rule** that, if adopted, would increase the size standards for many industries in which small business status is based on a company's average annual receipts. Among the notable proposed increases are Engineering Services (NAICS 541330), which would increase from $25.5 to $29 million, and Administrative Management and General Management Consulting Services (NAICS 541611), which would increase from $24.5 to $27 million.

The SBA estimates that its proposal will result in more than 11,000 companies qualifying as small under NAICS codes for which they are not currently eligible. This, in turn, will allow these companies to pursue small business set-aside contracts and, with SBA certifications, socioeconomic set-aside and sole source contracts in these industries. The SBA is accepting public comments on its proposed rule through October 21, 2025. **Read more about the SBA's proposal here**.

Would you like assistance determining whether your company qualifies as a small business or qualifies for an SBA certification? Your APEX Accelerator can help! Contact your APEX Accelerator counselor today to arrange an appointment.

GOVOLOGY WEBINARS

Please use the new code **52NICC20** *when registering for Govology webinars.*

I Spy an 'OTA'! Creative Ways of Identifying Other Transactional Authorities

Date: October 7, 2025
Time: 1:00 p.m. EDT
Presenter: Dolores Kuchina-Musina, Ph.D. (REXOTA Solutions LLC)

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Cybersecurity Red Teaming – An Essential Guide for Government Contractors

Date: October 9, 2025
Time: 1:00 p.m. EDT
Presenter: Pamela Isom (IsAdvice & Consulting LLC)

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Supply Chain Strategy Made Simple for Government Contractors

Date: October 21, 2025
Time: 1:00 p.m. EDT
Presenter: Linda Aaron (Learrow LLC)

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How to Register and Maintain Your SAM.gov and SBA's SBS Profiles (2025 Update)

Date: October 23, 2025
Time: 1:00 p.m. EDT
Presenter: Ashley Duwel (Duwel Dev, LLC)

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RECOMMENDED INSIGHTS & UPDATES

DOD Push for Commercial Item and Service Contracting Increases Defense Contracting Opportunities

As DOD and other agencies are expected to increase commercial item and service contracting, government contractors in the technology industry should understand the requirements, benefits, and trends associated with such contracting to take advantage of defense contracting opportunities. Read the full article on commercial item and service contracting trends.

House Committee Proposes Contracting Preference Program for Veteran-Owned Small Businesses

The House Armed Services Committee's version of the 2026 National Defense Authorization Act (NDAA) would establish a robust contracting program for veteran-owned small businesses. Under the House bill, the DOD would be authorized to issue set-aside and sole-source contracts for VOSBs. **Read the full article on veteran-owned small business contracting under the NDAA**.

Episode 3: The FAR Revolution: Three Proposed Procurement Reforms Every Contractor Should Watch

In this episode of GovCon Roundup Live, Carroll Bernard and Steven Koprince break down three major proposed procurement reforms that could reshape the FAR: raising acquisition thresholds, simplifying small purchases, and aligning protest limits. They also dive into the future of the "Rule of Two," recent executive orders, and what small businesses should watch as Congress debates the most significant procurement overhaul in decades.

CMMC & FOCI RESOURCES AND NEWS

This section highlights items of special interest and importance to the Department of Defense Office of Small Business Programs (DOD OSBP). Please take a moment to visit the sites listed below for additional information.

Cybersecurity Maturity Model Certification (CMMC)/Cybersecurity Compliance Resources

DOD CMMC Resource Page – Resources to assist government contractors with understanding and complying with CMMC/cybersecurity requirements.
Project Spectrum – Project Spectrum is working with APEX Accelerators to assist small businesses in achieving compliance with CMMC/cybersecurity requirements.

Foreign Ownership, Control, and Influence (FOCI) Resources

FOCI Frequently Asked Questions – FOCI is a status or situation in which a contractor with access to classified information has some foreign investment or association with foreign interest. Learn more about the federal government's requirements relating to FOCI.
https://business.defense.gov/ – The official website of DOD OSBP. It contains additional information, news, events, and other items for those interested in doing business (or currently engaged) with the DOD.

Hardening Software Security: DOJ's Civil Cyber Fraud Settlements Continue to Illumina[te] the Importance of Cybersecurity

The Department of Justice recently announced that a contractor will pay $9.8 million to resolve allegations that it violated the False Claims Act by selling genomic sequencing systems with software containing cybersecurity vulnerabilities to federal agencies. This is the first FCA settlement involving claims that a medical manufacturer failed to incorporate adequate product cybersecurity into its software design and development. It provides a valuable lesson to contractors about potential FCA liability for cybersecurity violations. **Read the full article on the FCA settlement over cybersecurity vulnerabilities**.

Grand Odyssey of CMMC Nearing Implementation

The Cybersecurity Maturity Model Certification requirements are inching closer to a reality, and the organization that oversees CMMC assessors is gearing up for contract requirements that are likely to launch later this year. **Read the full article on upcoming CMMC requirements and assessor readiness**.

What You Need to Know to Achieve CMMC Compliance

The CMMC framework is designed to ensure that defense contractors can adequately protect controlled unclassified information and federal contract information. With CMMC's full implementation on the near-term horizon, **this article explains what contractors**

need to know about the framework and compliance.

David Cattler: DCSA Working With Industry, Academia to Counter Unauthorized Foreign Access

The director of the Defense Counterintelligence and Security Agency said DCSA's partnership with the Department of Defense, industry, and academia helps ensure a trusted federal and industrial workforce and protects the country's trusted workspaces. **Read the full article on DCSA's partnership**.

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This APEX Accelerator (formerly known as PTAC) is funded in part through a cooperative agreement with the Department of Defense.