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Beyond the MBE Badge: How to Win Supplier Diversity Contracts

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MBE certification doesn't guarantee contracts. How to position as a low-risk capacity partner: subcontracting, a clear capability statement and the cash to survive slow pay.

Not legal or financial advice. This article is general education about certification programs and federal contracting rules. Rules and program status change, and some are in litigation. Before you apply, bid or sign, check the current rules with the certifying body, the SBA or an APEX Accelerator counselor, and talk to an attorney or accountant about your situation.

Start with what the certifier itself says. The National Minority Supplier Development Council (NMSDC), which certifies Minority Business Enterprises (MBEs), states plainly that MBE certification "does not guarantee contracts, confer procurement preferences, or restrict participation in the marketplace." 1

Keep that sentence in mind. A certification can get your firm into a supplier database, onto a buyer's radar or into a conversation. After that, the work goes to a supplier the buyer believes can deliver on time, at scale and without creating problems for them. **So make the case that you're a low-risk capacity partner, and let the certification back it up.**

Here's what certification is and isn't as of November 2026, and how the federal landscape changed this year. After that, we get into what tends to matter once you're in the room: where you sit in the supply chain, what your capability statement says, and whether your cash can survive the payment terms.

First, know which badge you hold, and what changed in 2026

NMSDC MBE certification

NMSDC is a private nonprofit certifier. An MBE is a for-profit business that is "at least 51% owned, operated, and controlled by one or more" members of an eligible minority group (Asian-Indian, Asian-Pacific, Black, Hispanic or Native American) who are U.S. citizens. 1 The minority owner must also be active in daily management and serve as president or CEO where those roles exist. 1

The process involves an application, documentation and a site visit or virtual interview. Documents include proof of citizenship and ethnicity for at least 51% of ownership, owner résumés, your EIN, formation documents, proof of initial capital investment, licenses, your last two years of tax filings, and current

invoices with proof of payment. 2 NMSDC says its "goal" is "to complete certification reviews within 45 business days," that certification is "valid for one year," and that renewals go in within 90 days of expiry. 2 Fees are set by regional affiliates; NMSDC says they "can be as low as $270" for businesses under $1 million in revenue and "as high as $1,700" for those over $50 million. 2 Check your regional council for its actual fee.

SBA 8(a): the presumption is gone

The SBA's 8(a) Business Development program is a separate, federal certification. "Before you can participate in the 8(a) program, you must be certified by SBA." 3 It requires a firm to be "at least 51% owned and controlled by U.S. citizens who are socially and economically disadvantaged." 3

The way applicants show social disadvantage changed this year. In a final rule published August 11, 2026 (91 FR 51568) and effective September 10, 2026, the SBA removed the program's rebuttable presumption of social disadvantage for individually owned firms. 4 The rule "applies to all pending applications of individually-owned applicants as of that date." 4 It doesn't change the rules for entity-owned firms (such as tribes, Alaska Native Corporations, Native Hawaiian Organizations and Community Development Corporations), and the SBA says it has "no impact on current participants." 4

Under the earlier rule, the SBA treated members of several listed groups, including Black Americans, as socially disadvantaged unless that was rebutted. That treatment no longer applies to individually owned applicants. Under the amended regulation, any U.S. citizen applying as an individual must establish social disadvantage. The applicant shows that a government or private entity discriminated against or was biased against a clearly definable racial, ethnic or cultural group the applicant belongs to (or favored a group the applicant doesn't belong to), then self-certifies membership in that group and "material harm." 4,5

According to the SBA's own account in the rule, the change followed a 2023 federal court decision, Ultima Services Corp. v. USDA, that barred the SBA from using the presumption, and a November 2025 notice from the Justice Department to Congress that it would no longer defend it. The SBA published a proposed rule on June 11, 2026 (91 FR 35433) and reported that "a plurality of comments expressed opposition." 4,6 Whether the new rule itself will be challenged in court was not confirmed when this was written.

The economic tests remain. As of the current regulation, an applicant's personal net worth "must be less than $850,000" (excluding their stake in the firm and retirement accounts); average adjusted gross income over three years above $400,000 creates a presumption of no economic disadvantage; and total assets over $6.5 million generally disqualify. 7 Participants get a single nine-year program term. 8 Once an application is complete, "SBA has 90 days to process the application." 3

What to do with this: If you're applying to 8(a), plan to document your own case for social disadvantage carefully, and get help. The SBA itself points applicants to a district office or "an APEX Accelerator (formerly Procurement Technical Assistance Center) counselor." 3

MBDA: check before you count on it

The Minority Business Development Agency had 39 business centers in 2024, according to GAO. After executive orders in early 2025, nearly all staff were placed on leave and cooperative agreements were terminated. A court later vacated those actions and issued a permanent injunction in November 2025, and the government appealed; GAO reported the appeal "pending as of February 27, 2026." 9 We couldn't confirm MBDA's status after that date. **As of November 2026, call ahead before relying on any MBDA business center.**

Section 1: Tier-1 vs. tier-2, and why subcontracting is often the real on-ramp

In federal contracting, a "prime" holds the contract directly with the agency, and a first-tier subcontractor contracts with the prime. 10,11 For many smaller firms, a subcontract under a larger company that needs capable small suppliers is a more realistic first win than a prime contract.

There's a structural reason primes look for you. Under the federal acquisition rules as published in November 2026, contracts "expected to exceed $900,000 ($2 million for construction)" that have subcontracting possibilities require the large prime to have a subcontracting plan, and an offeror that fails to negotiate an acceptable one "will be ineligible for award." 10 Small businesses themselves are exempt from that requirement. 11 The government-wide goal is that "5% of prime contracts and subcontracts" go to small disadvantaged businesses, and the SBA's FY2027 goals, announced November 9, 2026, keep that at 5.00% prime and 5.00% subcontracting. 12,13

One detail matters for where you aim: a prime's plan credit generally counts only awards to its "immediate next-tier subcontractors." Credit "cannot be taken for awards made to lower tier subcontractors." 11 So a large prime has more reason to bring in a small firm directly than three layers down. (Agencies are rolling out changes under a broader federal acquisition overhaul, so confirm current reporting rules for any specific contract.)

Corporate supplier diversity programs use "Tier 1" and "Tier 2" in their own way, and they aren't the same as the federal subcontracting tiers above. In industry usage, Tier 1 is commonly used to mean spending where the company buys from, and is invoiced by, a diverse supplier directly. Tier 2 commonly means the company's prime suppliers subcontract to diverse suppliers to perform the company's contract, then report that spend back. 14 California's utility regulator, for example, requires each utility to run a subcontracting program "for the purpose of encouraging its prime contractors to utilize" diverse subcontractors, 15 and one California utility's 2024 report to the regulator counts "Tier 2 (subcontractor)" suppliers separately from direct ones. 16 Programs define the terms for themselves, so check each buyer's definition. Another utility's 2019–2020 supplier guide described a quarterly "Tier 2 direct spend reporting initiative" that asked its prime suppliers to report diverse subcontracting. 17 That's one company's past practice, not an industry rule. Corporate programs have also changed. As of November 2026, Target says it concluded its Racial Equity Action and Change (REACH) initiatives "in 2025 as planned" and renamed its

"Supplier Diversity" team "Supplier Engagement," with more focus on small businesses. 18 Walmart now describes its Supplier Inclusion program by business size, using SBA size standards. 19 Costco says its "purchasing decisions do not incorporate the use of quotas." 20 Ask each buyer how its program works today.

Practical steps

1. **Make a list of 10 primes** that win contracts in your NAICS codes (search award data on SAM.gov or ask an APEX Accelerator counselor).

2. **Find each prime's small-business liaison or supplier portal** and register.

3. **Pitch the gap you fill:** a specific service, region, capacity or turnaround time. Your certification comes second.

4. **Ask corporate buyers directly** whether they track Tier 2 spending and how their suppliers find diverse subcontractors.

Section 2: The capability statement, your one-page proof

A capability statement is the document many buyers ask for. HHS's small-business office, for example, recommends having one, and suggests it include a company description, core capabilities, federal and state certifications, contract vehicles, major clients, NAICS codes, staff clearances and general company information (name, DBA, year and state of incorporation, identifiers and contacts), and it advises keeping it to "1 page (front and back)." 21

One update: HHS's page still lists the D-U-N-S number. The federal government replaced it on April 4, 2022, when "the Unique Entity ID (SAM)" became "the authoritative identifier"; the "CAGE code will NOT be affected." 22 List your UEI and CAGE code, not a DUNS number.

As another example, New York's minority and women's business office organizes a capability statement around core competencies, past performance, differentiators, company data and contact information, and suggests listing two to five similar past projects. 23

A procurement reviewer is scanning for risk: Have you done this before, at this size? Are your codes a match? Can you be bonded? Can you get paid late without failing?

Bonding, if you're in construction. Federal construction contracts "exceeding $150,000" require performance and payment bonds, and contracts from $35,000 to $150,000 require other payment protections. 24 If you can't get bonded, the SBA's Surety Bond Guarantee program guarantees bid, payment, performance and ancillary bonds (not commercial bonds) for contracts "up to $9 million for non-federal contracts and up to $14 million for federal contracts." 25 As of November 2026, the fee is "0.6% of the contract price" on performance and payment bond guarantees, with no fee on bid bond guarantees, and you still have to meet the surety's "credit, capacity, and character" requirements. 25 Put your bonding capacity on your statement if you have it.

Practical steps

1. **Lead with core competencies,** written in the buyer's language and tied to NAICS codes.

2. **Show two to five relevant past projects,** with scope, client type and value where you're allowed to share it.

3. **List identifiers:** UEI, CAGE code and certifications with their expiration dates.

4. **State capacity:** team size, service area, bonding capacity and turnaround.

5. **Keep it to one page,** save it as a PDF, and tailor it for each buyer.

Section 3: The working-capital buffer, because winning the contract starts the cash clock

It's easy to underestimate how long you'll be carrying the cost of the work. In federal contracting, the payment due date is generally "the 30th day after the designated billing office receives a proper invoice" or after the government accepts the work, whichever is later. 26,27 Corporate buyers set their own terms, so read each contract carefully. Either way, you pay staff and suppliers before the money arrives.

Know your rights on a federal contract:

• **Late-payment interest.** If an agency pays late, interest generally applies. As of November 2026, the Prompt Payment interest rate for July 1 through December 31, 2026 is **4.75%**; a new rate takes effect January 1, 2027. 28 Unpaid interest compounds every 30 days for up to a year. 29

• **Accelerated payments are a goal, not a guarantee.** Agencies "shall provide accelerated payments" to small business contractors "with a goal of 15 days after receipt of a proper invoice," but this "does not provide any new rights under the Prompt Payment Act." 30

• **The "15-day" sub payment, read carefully.** For example, you may hear that primes must pay small subs within 15 days. The rule is narrower: after receiving an accelerated payment, the prime "shall make accelerated payments to its small business subcontractors… to the maximum extent practicable," without fees to the sub. 31 Treat 15 days as a target, not a promise, and negotiate your own terms.

• **Construction subs have a 7-day rule.** Construction primes must include a subcontract clause requiring payment for satisfactory performance "not later than 7 days from receipt of payment," plus an interest-penalty clause. 32

• **Primes must report short or late payment.** A prime must notify the contracting officer in writing "not later than 14 days" after a reduced or untimely payment to a small business subcontractor, where "untimely" means more than 90 days past due for work the government has already paid for. 33

Practical steps

1. **Model the gap.** Add up payroll and supplier costs for the full payment cycle in the contract, plus a cushion for disputes and resubmitted invoices.

2. **Line up financing before you bid,** such as a line of credit sized to that gap, rather than after the first invoice is late.

3. **Submit proper invoices.** An improper invoice gets returned (within 7 days, with reasons, on federal contracts), and the clock restarts. 26

4. **Read the payment clauses** in every subcontract, and keep records of invoice dates and payments received.

Where the badge fits

Certification still has value. It can put you in front of buyers who are looking. But the rules around it, especially at the federal level, changed in 2026, and no certifier promises contracts. What a buyer weighs is whether to trust you with the work. That comes down to your codes, your past performance, whether you can be bonded, and whether you have the cash to wait to be paid. Get those in order, and treat the badge as one more reason for a buyer to pick you.

This article is general information, not legal or financial advice. Program rules and status were checked against official sources on Nov 16, 2026, and may change.

Companion: One-Page Corporate Capability Statement Template & Audit

Template (one page, front and back, saved as a PDF)

1. Company name, DBA, year and state of incorporation, contact person, phone, email, website

2. UEI and CAGE code (not DUNS)

3. Certifications held, with certifying body and expiration date

4. NAICS codes (primary first)

5. Core competencies: three to five bullets in the buyer's language

6. Past performance: two to five similar projects (scope, client type, value if shareable)

7. Differentiators: what you do faster, cheaper, safer or closer

8. Capacity: team size, service area, bonding capacity, turnaround

Audit: check before you send

- ☐ I can say what my certification does and doesn't do (NMSDC: it "does not guarantee contracts").
- ☐ My certification is current, and I know its renewal date.
- ☐ If I'm applying to 8(a), I've read the rule effective Sept 10, 2026, and I'm documenting my own case for social disadvantage, with help from an APEX Accelerator or SBA district office.
- ☐ My statement lists UEI and CAGE, not DUNS.
- ☐ My NAICS codes match the buyer's solicitations.
- ☐ I list at least two relevant past projects.
- ☐ I've identified 10 primes in my codes and registered with their supplier portals.
- ☐ If I'm in construction, I know my bonding capacity or have looked into the SBA Surety Bond Guarantee program.
- ☐ I've modeled the cash I need to carry the work through the full payment cycle, plus a cushion.
- ☐ Financing is lined up before I bid.
- ☐ I've read the payment clauses in each subcontract and track invoice and payment dates.
- ☐ I've confirmed any MBDA or corporate program is active before relying on it.

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About the editorial team: BlackRefer's editorial team researches and writes practical guides for Black business owners and the people who support them. Every statistic is linked to its primary source, and examples are labeled as examples.

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