"President Trump's…policy is pragmatic … motivated above all by what works for America — or, in two words, 'America First.'" – President Donald J. Trump, National Security Strategy, page 11

Fraud and the SBA 8(a) Program: Optics are Not Evidence

President Trump has repeatedly emphasized that public policy should be judged not by appearances or ideology, but by pragmatism—by what works. That principle applies as much to domestic programs as it does to foreign policy. In complex regulatory systems, outcomes that appear shocking or counterintuitive are often mistaken for fraud when they are, in fact, lawful compliance with rules as written.

A familiar example comes from the U.S. tax code. In 2016 and 2017, Donald Trump paid $750 in federal income taxes. When criticized, he responded, "That makes me smart." The payment was not evidence of tax fraud. It reflected aggressive—but legal—use of deductions, losses, and credits embedded in statute. The result looked outrageous to many observers, but it was the product of a system designed to reward certain behaviors. It was, in Trump's own framing, what worked under the law.

Federal procurement operates under the same principle. Optics are not evidence. Compliance with complex rules can look counterintuitive, even offensive, without being unlawful. Any claim that the Small Business Administration's 8(a) Business Development Program is "fraud-prone" must therefore be evaluated pragmatically—against enforcement data and outcomes, not intuition, anecdote, or political narrative.

If the 8(a) program were a systemic fraud vehicle, it would appear disproportionately often in Department of Justice investigations and enforcement actions. Large-scale abuse would manifest as repeated, high-dollar cases across agencies. That is not what the record shows.

Since 2019, the Department of Justice's Procurement Collusion Strike Force (PCSF) has opened nearly 200 procurement fraud investigations. Only two involved an 8(a) program firm—approximately 1.1 percent of cases. Because 8(a) firms account for roughly 4 percent of federal contracting activity, they would be expected to appear in seven or eight investigations if fraud risk were evenly distributed. Instead, they appear at about one-third of that rate. In practical terms, 8(a) firms are roughly 3.5 times less likely than non-8(a) firms to appear in PCSF investigations.

This pattern is difficult to reconcile with claims that the program is a "fraud magnet," particularly under a results-oriented, America-First standard of evaluation.

Enforcement intensity further undermines that narrative. **In 2025 the Small Business Administration spent approximately $32 million on fraud-investigation activity related to the 8(a) program.** That level of scrutiny is substantial. Yet confirmed fraud tied specifically to 8(a) contracts remains minimal relative to the program's scale.

This pattern is not unprecedented. Florida once required drug testing for welfare applicants on the theory that abuse would be widespread. Instead, the state discovered that applicants for assistance used illegal drugs at lower rates than the general population. The program didn't uncover a hidden crisis; it disproved the assumption behind it. Like the Florida experiment, intensive scrutiny of 8(a) contracting has revealed not rampant abuse, but a population that behaves better than expected under the rules.

From a pragmatic perspective, heavy investigative spending paired with low confirmed fraud is not evidence of institutionalized abuse; it is evidence of a heavily monitored program with comparatively low incidence of wrongdoing.

The recent case most often cited as evidence of widespread 8(a) fraud illustrates the disconnect between rhetoric and facts. The episode that triggered sweeping audits, congressional letters, and calls to suspend the program **centered on a single $22,000 8(a) sole-source contract**. Even when an anomalous $13 million award is included, the total 8(a) portion of a broader $550 million bribery scheme amounted to roughly 2 percent of the alleged misconduct. Because the 8(a) program represents about 4 percent of federal contracting dollars, it was under-represented—not over-represented—in that case.

Most of the fraud occurred outside the 8(a) program and would have occurred regardless of 8(a) authorities. The scandal narrative rests not on the magnitude of 8(a) fraud, but on its symbolic value.

A similar mischaracterization appears in claims of "pass-through fraud." Critics often cite figures such as 50 percent self-performance as evidence of abuse. In reality, that number reflects the legal minimum under the SBA's Limitations on Subcontracting (LOS) rules. These limits are explicitly authorized by statute and regulation. As with lawful tax minimization, using the rules as written is not fraud—even when the outcome appears counterintuitive to those unfamiliar with the system.

None of this is to say that fraud never occurs. It does, and when it does, it should be prosecuted. But when judged pragmatically—by what actually works and what the data shows—the 8(a) program does not exhibit elevated fraud risk. If anything, it demonstrates lower-than-expected incidence under intense scrutiny.

The evidence does not support suspending or dismantling the program. If Congress wishes to make changes, a pragmatic, America-First approach would favor narrow, rule-specific adjustments—not broad disruption of a program that is performing as designed under law.

Sources: https://www.8afacts.org/fraud_reality