

USDOT DBE INTERIM FINAL RULE

The Virginia Department of Transportation

The Department of Small Business & Supplier Diversity

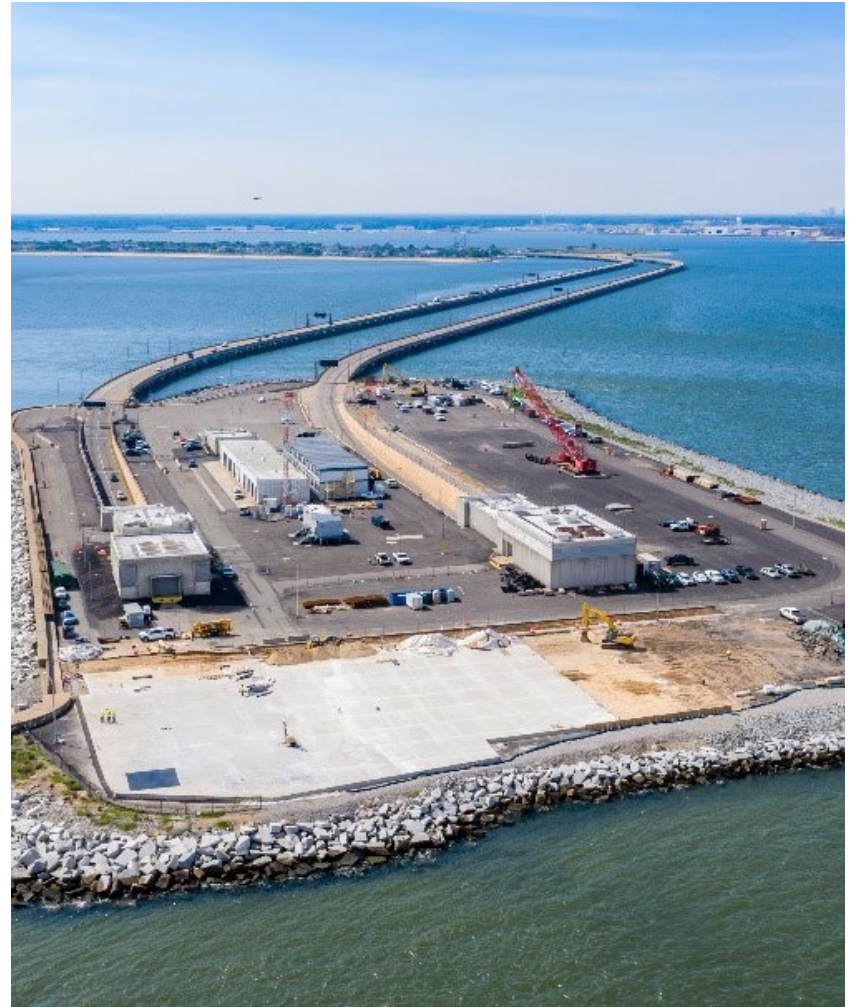
March 5, 2026



PURPOSE

Today's session will discuss the United States Department of Transportation's (USDOT) Interim Final Rule (IFR) on the Disadvantaged Business Enterprise (DBE) Program.

We recognize there are many questions pertaining to this ruling that significantly impacts your business, and to the best of our ability, we will attempt to provide clarity on the latest developments.



AGENDA

Opening Remarks

Background Leading to the DBE IFR

DBE IFR Overview

Reevaluation Process

Preparing a Personal Narrative

VDOT's Response to the DBE IFR

Why it is Important

Next Steps

Questions and Answers

OPENING REMARKS

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➤ Shift in Law and Policy

- Supreme Court's 2023 ban on race-conscious college admissions in *Students for Fair Admissions, Inc. v. Harvard*
- 2025 Executive Orders
 - ✓ 14173, Ending Illegal Discrimination and Restoring Merit-Based Opportunity
 - ✓ 14151, Ending Radical and Wasteful Government DEI Programs and Preferencing
 - ✓ 14219, Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency"
- *Mid-America Milling LLC v. United States Department of Transportation*



DBE IFR OVERVIEW

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DBE Interim Final Rule (IFR) Overview

- On October 3, 2025, the U.S. Department of Transportation (U.S. DOT) issued an interim final rule (IFR) requiring immediate changes to the Disadvantaged Business Enterprise (DBE) program regulations. This rule mandates an immediate suspension of DBE goals from projects and requires a thorough review of all firms that were not previously certified by an individualized determination of disadvantage.
- On October 24, 2025, The U.S. DOT published additional guidance on the IFR in the form of a set of Frequently Asked Questions (FAQs) related to the recent changes in the DBE program and the interim final rule (IFR). These FAQs can be found at the following link:
https://www.transportation.gov/sites/dot.gov/files/DBE_IFR_FAQs.pdf

DBE Interim Final Rule (IFR) Overview

- **Key Provisions from the Interim Final Rule issued by the U.S. Department of Transportation**
 - **Certification Review:** All DBE firms previously certified using race- or sex-based presumptions of social and economic disadvantage must be reevaluated by VDSBSD to determine eligibility under the new standards established in the IFR.
 - **Personal Narrative Requirement:** Certified DBE firms owned by an individual who was presumed to be disadvantaged (e.g., women, Black American, Hispanic American, Native American, Asian Pacific American, Subcontinent Asian American), must now submit a personal narrative explaining their social and economic disadvantage, without regard to race or gender, and submit an updated personal net worth statement.

DBE/ACDBE IFR Program Changes

- Effective October 3, 2025
 - Elimination of race and gender presumptions of social and economic disadvantage
 - Replaces “race-neutral” with “DBE-neutral” and “race-conscious” with “DBE-conscious”
 - Changed the criteria for determining “social and economic disadvantage”
 - Currently certified DBE/ACDBE firms be re-evaluated “as soon as practicable”
 - Pause on counting DBE/ACDBE participation until all currently certified firms are reprocessed under the IFR

Presumption of Social Disadvantage

- Before the IFR:
 - Women and certain minority group owners were presumed socially disadvantaged.
 - Other business owners could prove social disadvantage by submitting a Personal Narrative describing relevant experiences demonstrating disadvantage.

- After the IFR:
 - Presumption of social disadvantage has been eliminated
 - All firm owners (current and new) must prove social disadvantage through a Personal Narrative.
 - Personal Narratives cannot reference race or sex
 - Social disadvantage must reflect experiences within U.S. society

What Happens Now

The following actions are suspended until the Unified Certification Program (UCP) re-evaluates

- Certified DBEs/ACDBEs:
 - Setting of new DBE/ACDBE goals
 - Enforcement of existing goals
 - Counting of current DBEs/ACDBEs on existing contracts and agreements

- Eligibility of all currently-certified DBE/ACDBE firms must be re-evaluated
 - Every firm must provide a Personal Narrative and a current Personal Net Worth (PNW) statement.

- **Preparing a Personal Narrative and USDOT Required Supporting Documents**
 - An owner must provide the certifier a Personal Narrative (PN) that establishes the existence of disadvantage by a preponderance of the evidence based on **individualized proof** regarding specific instances of economic hardship, systemic barriers, and denied opportunities that impeded the owner's progress or success in **education, employment, or business**, including obtaining financing on terms available to similarly situated persons who did not face barriers in obtaining terms.
 - The PN must state how and to what extent the impediments caused the owner economic harm, including a full description of type and magnitude, and must establish the owner is economically disadvantaged in fact relative to similarly situated non-disadvantaged individuals.
 - The owner must attach to the PN a current personal net worth (PNW) statement and any other financial information the owner considers relevant.

Requirements of a Personal Narrative

➤ Social Disadvantage

Explain experiences of unfair treatment or limited opportunities beyond your control, including:

- Unequal access to credit or capital (e.g., denied loans, unfavorable loan terms, higher interest rates, or requests for unnecessary collateral).
- Exclusion from business or professional networks or organizations.
- Biased treatment in contracting, employment, or business development settings.
- Difficulty accessing mentors, partnerships, or government programs.
- Being held to higher standards than others similarly situated.

Describe specific incidents – what happened, when, where and how it affected your progress

Requirements of a Personal Narrative

➤ Economic Disadvantage

Provide details about financial or structural barriers that limited your ability to compete or grow.

- Denial of business or personal loans despite solid credit or collateral
- Inability to obtain bonding or insurance at reasonable terms
- Limited access to start-up capital or working capital
- Financial hardships caused by system barriers or exclusion from economic networks
- Lower income or net worth compared to peers in similar businesses.

Support with evidence when possible: loan denial letters, high interest loan examples, or comparative information

Requirements of a Personal Narrative

➤ Impact on Business

Explain how these disadvantages directly affected your ability to start, sustain or grow your business

- Delayed business launch due to funding denials
- Lost of contracts or opportunities
- Slower growth or inability to hire staff or buy equipment

Requirements of a Personal Narrative

➤ Conclusion

- Summarize how these experiences reflect a consistent pattern of social and economic barriers that have hindered your progress.
- Reaffirm your commitment to overcoming these challenges and continuing to build your business despite these obstacles.

Requirements of a Personal Narrative

- **Be sure to include details that support your Personal Narrative:**
 - ✓ Dates
 - ✓ People
 - ✓ Instances
 - ✓ Economic/financial information
 - ✓ Focus on personal disadvantage not group-based discrimination

- **Do not include references to:**
 - ✓ Gender and or sex
 - ✓ Ethnicity
 - ✓ Incidents that occurred outside of the United States

THE REEVALUATION PROCESS

Calvin Thweatt, Director, DBE Outreach & Technical Assistance, SBSB

Richard Gordon, DBE Transportation Business Development Specialist, NOVA

➤ How to Prepare for Reevaluation with the VDSBSD

- *Please Note: This section only applies if your firm was certified through VDSBSD. If your firm is certified through another Unified Certification Program (UCP), you will have to contact the appropriate UCP. Additionally, if your firm was certified in Virginia by the Metropolitan Washington Airports Authority (MWAA), you will have to contact MWAA.*
- First, review and update your firm's contact information in the **Certification Portal** (<https://certification-app.sbsd.virginia.gov>) to ensure notifications are received by the appropriate person.
- Virginia-based DBE/ACDBE firms must submit required documentation to be recertified. As stated in the revised 49 CFR 2.67 the following documents are required for each owner claiming social and economic disadvantage:

Required Documents Needed for Reevaluation:

- ✓ Personal Narrative establishing the existence of disadvantage with individualized evidence. This includes specific instances of economic hardship, systemic barriers, and denied opportunities that have impeded the owner's progress or success in education, employment, or business. Evidence should also highlight difficulties in obtaining financing on terms available to similarly situated, non-disadvantaged individuals.

Please Note: VDSBSD may not provide advice as to what a firm should include in their personal narrative.

- ✓ Personal Net Worth Statement: Will be required to complete the US DOT Personal Net Worth Statement. Using your own personal net worth statement or submitting a financial statement will not be acceptable. https://sbsd.virginia.gov/wp-content/uploads/Documents/ImportantFormsDBE/Personal_Net_Worth_Statement-4.9.2024.pdf



OMB APPROVAL NO: 2105-0586
EXPIRATION DATE: (05/31/2027)

Personal Net Worth Statement

As of _____

This form is used by all participants in the U.S. Department of Transportation's Disadvantaged Business Enterprise (DBE) and Airport Concession DBE (ACDBE) Programs. Each individual owner of a firm applying to participate as a DBE or ACDBE, whose ownership and control are relied upon for DBE certification must complete this form. Each person signing this form authorizes the certifying agency to make inquiries as necessary to verify the accuracy of the statements made. The agency you apply to will use the information provided to determine whether an owner is economically disadvantaged as defined in the DBE program regulations 49 C.F.R. Parts 23 and 26. Return form to appropriate certifying agency, not U.S. DOT.

Name			
Residence (As reported to the IRS) Address, City, State, and Zip Code			
Company's Legal Name		Phone:	
Marital Status: <input type="checkbox"/> Single <input type="checkbox"/> Married/Domestic Partnership		Business Phone:	
Assets		Liabilities	
	(Omit Cents)		(Omit Cents)
1. Cash and Cash Equivalents (checking and savings accounts, CDs etc.) (Complete Worksheet 1)		10. Mortgages on Real Estate Other Than Primary Residence (Complete Worksheet 10)	
2. Investment Accounts and Individual Securities (Complete Worksheet 2)		11. Loans on Life Insurance (Complete Worksheet 11)	
3. Value of Your Ownership Interest in Real Estate, Excluding Primary Residence (Complete Worksheet 3)		12. Other Liabilities (Complete Worksheet 12)	
4. Personal Property and Other Assets (Complete Worksheet 4)			
5. Ownership in Other Businesses (Complete Worksheet 5)			
6. Life Insurance (Cash Surrender Value) (Complete Worksheet 6)			
7. Amounts Owed to You (Complete Worksheet 7)			
8. Assets Held in Trust (Complete Worksheet 8)			
9. Assets Transferred to Related Parties Within the Past Two Years (Complete Worksheet 9)			
Total Assets:	\$ 0.00	Total Liabilities:	\$ 0.00

Personal Net Worth: \$ 0.00

FYI----

For all Virginia – based firms the re-evaluation process will start on Monday, March 9, 2026. Please see the SBSD webpage at [Updates to DBE Certifications – The Department of Small Business and Supplier Diversity](#) for further details and information.

Firms originally certified outside of Virginia must first be re-evaluated by their home state before seeking certification or re-evaluation in Virginia. These firms should contact their home state for DBE/ACDBE certification guidance and next steps.

VDOT'S RESPONSE TO THE DBE IFR

Rene' Malone, BOWD Center Manager, VDOT

VDOT RESPONSE TO THE INTERIM FINAL RULE (IFR)

Published 10.03.2025 by USDOT

- **10.3.2025** - Virginia Commissioner of Highways issued an Agency memorandum to Industry partners regarding the IFR. Effective immediately, the memorandum declared the Agency would:
 - RE-set all DBE goals on active, federally eligible construction projects to 0%.
 - Include NO DBE goals on all future, federally eligible construction projects until SBSB completes the re-certification process.
 - No longer require certain form submissions, including C-49, 110, 111, and 112 entirely, and questions regarding gender and ethnicity from C-48 and C-63.

- **10.27.2025** - Virginia Commissioner of Highways issued an Agency memorandum to Industry partners regarding the USDOT issued Official Frequently Asked Questions (FAQs) issued 10.24.2025. Effective immediately, the memorandum declared the Agency would:
 - Cease performing Commercially Useful Function (CUF) reviews on active, federally eligible construction projects until SBSB completes the re-certification process.
 - Suspend DBE goals on active, federally eligible Design/Build construction contracts until SBSB completes the re-certification process.
 - Reiterate federal regulations regarding sub-contract good cause termination remain in place and enforceable. (49 CFR § 26.53)

VDOT RESPONSE TO THE INTERIM FINAL RULE (IFR)

Published 10.03.2025 by USDOT (Continued)

- VDOT submitted two draft contract Special Provisions for consideration to FHWA on 11.07.2025.
- VDOT drafted Special Provisions (SP107-001510-05 and SP107-DB1510-05) to address changes to the DBE program implemented by the IFR for use in both standard Design-bid-Build and Design-Build contracts.
- FHWA informed VDOT USDOT/FHWA Central HQ instituted a moratorium on conducting DBE compliance reviews and approval of DBE contract provisions.
- VDOT will use Special Provisions as drafted reflecting the Agency's understanding the IFR, FAQs, and the DBE program's current legal framework, until FHWA provides additional guidance.

WHY IS IT IMPORTANT

 **All Presenters**

Why Is the Reevaluation Process Important

- Gain access to broader opportunities for those meeting the new DBE eligibility standards.
- DBE goals cannot be assigned to federally funded projects until the respective UCP has completed the reevaluation process and approved by USDOT.
- Once the program has been approved, an availability of ready, willing, and able firms will be required to set DBE goals on based work classification codes.
- The DBE Program is an economic development driver for small disadvantaged owned businesses.
- **Maintain a robust DBE Program.**

NEXT STEPS

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Richard Gordon, DBE Transportation Business Development Specialist, NOVA

➤ **Next Steps and Resources**

- Read the Interim Final Rule and the Interim Final Rule Frequently Asked Questions.
- Draft your Personal Narrative and include:
 - Specific Instances
 - Impediments
 - Harm
- Update your Personal Net Worth Statement
 - USE the CURRENT FORM
- Submit your Personal Narrative and Personal Net Worth Statement to SBSD through the SBSD Certification Portal.
- Respond to requests from your UCP (SBSD) quickly ▪ UCPs must re-evaluate firms “as quickly as practicable”
- Watch for emails from SBSD and VDOT and monitor Updates for DBE Program.

➤ **Next Steps and Resources**

- Watch for more webinars and training.
- Encourage primes to continue utilizing small businesses on their federal contracts.
- Be Aware of Scams
- VDSBSD is committed to assisting certified firms and applicants through this transition and will release information on training and resources for certified businesses that need to submit updated information and for any firm interested in the DBE program.

➤ **Please contact one of the following team members with any questions:**

- Calvin Thweatt, calvin.thweatt@sbsd.virginia
- Richard Gordon, richard.gordon@sbsd.virginia.gov
- Nina Britton, nina.britton@sbsd.virginia.gov

QUESTIONS AND ANSWERS

 All Presenters



Thank you for participating!

REMINDER

Follow up with SBSD's DBE Transportation Managers,
VDOT's District Civil Rights Managers or
BOWD Center for further assistance