



## What is the Disadvantaged Business Enterprise Program?

The Disadvantaged Business Enterprise is a legislatively mandated United States Department of Transportation program that applies to federal-aid highway dollars expended on federally assisted contracts issued by USDOT recipients such as state departments of transportation. The U.S. Congress established the DBE program in 1982 to:

- Ensure nondiscrimination in the award and administration of DOT-assisted contracts;
- Help remove barriers to the participation of DBEs in DOT-assisted contracts, and
- Help develop firms to compete successfully in the marketplace outside of the DBE program.

## How does it help Missouri businesses?

The DBE Program has the following objectives:

- To ensure nondiscrimination in the award and administration of contracts in MoDOT's highway, transit, and airport financial assistance programs.
- To create a level playing field on which DBEs can compete fairly for contracts.
- To ensure that the MoDOT's DBE program stays in accordance with applicable law.
- To ensure that only firms that fully meet eligibility standards are permitted to participate as DBEs.
- To help remove barriers to the participation of DBEs in DOT-assisted contracts.
- To promote the use of DBEs in all types of federally assisted contracts and procurement activities conducted by recipients.
- To assist the development of firms that can compete successfully in the marketplace outside the DBE program.

## What are the criteria to be a DBE?

There are several criteria for a business to be classified as a DBE including:

- **Business Size** – As established by the Small Business Administration, the business must have three-year average gross receipts not to exceed \$31.84 million.
- **Social and Economic Disadvantage** – Women, black Americans, Hispanic Americans, native Americans, Asian-Pacific Americans, subcontinent Asian-Americans, other groups designated by SBA. Others able to prove to be socially and economically disadvantaged as outlined in the regulation.
- **Group Membership** – Participants must demonstrate they are a member of an eligible group.
- **Personal Net Worth of Owner** – Not to exceed \$2.047 million.
- **Ownership and Control** – 51% majority owner must prove ownership and control of the firm.
- **Other Rules Affecting Certification** – Company must not exhibit pattern of evading or subverting the intent of the DBE program.

*For complete requirements, see 49 CFR Part 26.61-26.73*



### **What is the history of the overall DBE goal?**

Currently every three years, Federal Highway Administration (FHWA) recipient State Transportation Agencies (STAs) are required to set an overall DBE goal that they must either meet or show that they used good faith efforts to meet, annually. This goal is in the form of a percentage of federal funds apportioned annually to each STA and is calculated based upon the relative availability of DBE firms as compared to all firms in the relevant geographic market area. The goal represents the amount of participation one would expect DBEs to achieve in the absence of current discrimination or the continuing effects of past discrimination. STAs submit their goal to FHWA to ensure their methodology used to establish the goal is legally sufficient. STAs must maximize the use of race neutral efforts to achieve their overall goal. Race neutral efforts are those that assist all small businesses and do not use DBE contract goals. Overall DBE goals are set based upon the federal fiscal year (FFY). The following outlines past overall FHWA overall DBE Goals

FFY 2007 to 2013 – 13%

FFY 2014-2017 - 15.38%.

FFY 2018-2020 - 16.05%

FFY 2021-2023 – 12.45%.

FFY 2021-2023 – 13.87%

### **What's the difference between an “overall DBE goal” and one calculated by project?**

It's important to remember that the overall DBE goal does not apply on every project. It is a calculation used to determine availability for the entire state. Every federal-aid project MoDOT undertakes is reviewed to determine the goal specific to that project.