



# Overview of the Disadvantaged Business Program

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# Program Background

- The Disadvantaged Business Enterprise Program was established by Congress in 1982.
- It applies to transportation contracts funded by the U.S. Department of Transportation.
- The goal is to ensure nondiscrimination and promote access for disadvantaged businesses.
- Regardless of race and gender, all certified DBEs are treated the same under the program.

# Core Objectives

- Create a level playing field for eligible small and disadvantaged businesses. (*49 CFR Parts 26.1 & 26.45*)
- Ensure only qualified firms participate as DBEs.
- Help DBEs compete successfully outside the program.
- Assist the development of firms that can compete successfully in the marketplace outside of the DBE Program. (*49 CFR Part 26.1(g)*)

# Eligibility Requirements

- Firms must be a small business as defined by SBA standards. (*49 CFR Part 26.65*)
- At least 51% owned and controlled by socially and economically disadvantaged individuals.
- Owner's personal net worth must be below the USDOT cap (approx. \$2.047 million).  
(*49 CFR Part 26.68*)
- The firm must be independent and demonstrate operational control. (*49 CFR Part 26.71(g)*)

# Certification Process

- Certification is completed through the state's Unified Certification Program (UCP).
- One certification is valid across all USDOT funding recipients in the state.
- Applicants must submit documentation and meet all eligibility criteria.

*(49 CFR Part 26.83)*

# Setting Participation Goals

- Recipients of DOT funds must set overall DBE goals every three years. (*49 CFR Part 26.45*)
- Goals are based on market analysis and evidence of disparities.
- Recipients must show good faith efforts to meet these goals annually. (*49 CFR Part 26.53*)

# Protections in Contracting

- Prime contractors must pay subcontractors promptly, typically within 7 days. (*49 CFR Part 26.29*)
- DBEs must perform a commercially useful function to receive credit. (*49 CFR Part 26.55(c)*)
- No fraudulent substitution – primes cannot replace a DBE without prior approval. (*49 CFR Part 26.53*)
- Violations may lead to penalties or contract sanctions. (*49 CFR Parts 26.29 & 26.13*)

# Monitoring and Compliance Oversight

- DOT recipients (KYTC) are required to actively monitor DBE participation and compliance. (*49 CFR Part 26.55*)
- Ensure DBEs perform a Commercially Useful Function (CUF).
- Review and verify prompt payment to DBE subcontractors.
- Record keeping and semi-annual reporting to USDOT. (*49 CFR Part 26.11*)



# Barriers Faced by DBEs

- Limited access to bonding, insurance, and capital.
- Challenges in competing for prime contracts.
- Limited access to essential resources such as industry knowledge, professional development opportunities, or a proven track record of past projects.
- Complex and time-consuming certification processes, along with ongoing compliance obligations that can strain administrative capacity (federally mandated requirements, not imposed at the local level)

# DBE Supportive Services

Construction Estimating Institute (CEI).

All DBEs are given free access to resources and trainings provided by CEI.

Bid Matching Assistance

<https://www.kydbbe.com/>

<b>Doing Business with KYTC</b>	<b>Marketing Your Business</b>	<b>Estimating &amp; Bidding</b>	<b>Bonding &amp; Lending</b>
<b>Locating Work Opportunities</b>	<b>Creating a Business Plan</b>	<b>Creating a Capability Statement</b>	<b>Building a Website</b>
<b>Scheduling Projects</b>	<b>Contracts &amp; Compliance</b>	<b>Plans &amp; Specs</b>	<b>Productivity &amp; Project Overhead</b>

# Available Support

- DBE Reciprocity – The Kentucky Transportation Cabinet has established a DBE reciprocity agreement with Indiana DOT.
- Launched a new software to help DBEs find opportunities, track certification, and access resources.
- Certified DBEs are included in a public directory that agencies and contractors use to identify eligible firms for contract opportunities.
- Participation in the DBE Program and access to supportive services are provided at no cost to certified firms.



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