

ADVISORY NOTICE TO DBE PROGRAM STAKEHOLDERS AND CONTRACTING COMMUNITY

October 14, 2025

The U.S. Department of Transportation (USDOT) has issued an Interim Final Rule (IFR) (<https://www.federalregister.gov/d/2025-19460>) that makes changes to the Disadvantaged Business Enterprise (DBE) program, effective October 3, 2025.

These changes affect how firms become certified, how existing firms maintain certification, and how recipients like Metro set and count DBE participation in contracts.

Metro is currently reviewing the Interim Final Rule (IFR) to identify necessary program and procedural changes to ensure full compliance.

What Changed:

- **Presumption of Disadvantage:** The new regulations remove race-and gender-based presumptions of social and economic disadvantage. All firms must now demonstrate disadvantage through individualized evidence, including a personal narrative, and financial documentation.
- **New Review:** The IFR directs that all firms currently in the DBE database must be re-evaluated under the new standards. The California Unified Certification Program (CUCP) may only certify firms that meet the new standards and decertify those that do not. The CUCP and Metro, as a certifying agency, will issue instructions regarding the updated certification requirements consistent with the IFR.
- **Contract Goals:** Metro has temporarily suspended setting or enforcing DBE contract goals until such time that the CUCP completes the reevaluation process.

Important Reminders:

- Prime contractors continue to be subject to all applicable legal requirements, including but not limited to, the California Subletting and Subcontracting Fair Practices Act.
- Prime contractors must still comply with all contractual terms and conditions, including but not limited to, prompt payment and retainage requirements.
- Metro's Small Business Enterprise (SBE), Disabled Veteran Business Enterprise (DVBE), Local Small Business Enterprise (LSBE), and Medium Size Business Enterprise (MSZ) Programs, which never used race- or sex-based presumptions of disadvantage, remain in effect and unchanged

Metro Support:

Metro remains committed to fostering small business contractor participation and will explore all lawful means to support small businesses and, as appropriate, DBEs that qualify under the new regulatory standards. Small businesses are vital for the economy as they drive job creation, foster innovation, and strengthen local communities.

Further updates will be shared as they become available. Details on upcoming DBE Program informational sessions will be posted on Metro's Vendor Portal at www.metro.net/connect.

For additional information and/or questions, please email Metro's Diversity & Economic Opportunity Department at sbcomplianceinquiry@metro.net.