



# COMMONWEALTH of VIRGINIA

## DEPARTMENT OF TRANSPORTATION

Stephen C. Brich, P.E.  
Commissioner

1221 East Broad Street  
Richmond, Virginia 23219

**October 27, 2025**

### MEMORANDUM

**TO:** VDOT Industry Partners, Current Contract Holders, Contractors, Design-Builders, Vendors, and Consultants  
Participating Localities  
District Engineers and Administrators  
District Construction Engineers  
District Area Construction Engineers  
District Civil Rights Managers  
Division Administrators

**FROM:** Stephen C. Brich, P.E., Commissioner of Highways,  
Virginia Department of Transportation (VDOT)

Signed by:  
  
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**SUBJECT:** U.S. Department of Transportation Interim Final Rule (IFR) on the Disadvantaged Business Enterprise (DBE) Program Implementation Modifications - Clarification re: October 3, 2025, DBE Memorandum

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This memorandum reiterates and provides clarification to my October 3, 2025, memorandum regarding the referenced subject.

VDOT's DBE Program implements a U.S. Department of Transportation (USDOT) program established to ensure small business firms owned by socially and economically disadvantaged persons have an equal opportunity to participate in federally assisted projects. The United States Secretary of Transportation issued an Interim Final Rule (IFR) making changes to the USDOT DBE program requirements, effective October 3, 2025. The IFR is available at [www.govinfo.gov/content/pkg/FR-2025-10-03/pdf/2025-19460.pdf](http://www.govinfo.gov/content/pkg/FR-2025-10-03/pdf/2025-19460.pdf).

On October 24, 2025, USDOT issued Official Frequently Asked Questions (FAQs) to provide guidance on the IFR's changes to the USDOT DBE program. The FAQs are available at: [www.transportation.gov/civil-rights/disadvantaged-business-enterprise/dbe-laws-policy-and-guidance](http://www.transportation.gov/civil-rights/disadvantaged-business-enterprise/dbe-laws-policy-and-guidance).

In accordance with the IFR and FAQs, VDOT suspends DBE goals on all active, federally eligible contracts executed before October 3, 2025. Such contracts will not be modified, but VDOT suspends measuring participation toward DBE goals and performing commercially useful function (CUF) reviews until the Virginia Department of Small Business and Supplier Diversity (DSBSD) completes re-evaluation of all currently certified DBEs and implements the required changes to the DBE certification process prescribed at 49 CFR § 26.111.

Re: USDOT Interim Final Rule (IFR)

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In addition, for design-build contracts where the design-builder signed subcontracts with DBEs prior to October 3, 2025 to meet an open-ended performance plan, the design-builder must proceed with those subcontracts. Where a DBE goal was established for a design-build contract or a separate phase of a design-build contract, and the design-builder signed no subcontracts with DBEs prior to October 3, 2025, VDOT suspends the DBE goal.

Pursuant to the IFR and FAQs, during the DBE re-evaluation process the termination provisions at 49 CFR § 26.53(f) continue to apply to existing contracts. A prime contractor, design-builder, prime consultant, or vendor cannot terminate a DBE or any portion of the DBE's work listed in response to the good faith efforts bidding requirements of 49 CFR § 26.53(b) without VDOT's prior written consent upon a showing of good cause, unless VDOT causes the termination or reduction in the scope of work. As provided in the applicable regulations, "[g]ood cause does not exist if the prime contractor seeks to terminate a DBE or any portion of its work that it relied upon to obtain the contract so that the prime contractor can self-perform the work for which the DBE contractor was engaged, or so that the prime contractor can substitute another DBE or non-DBE contractor after contract award."

The information above is based on public information provided by USDOT and not intended as legal advice. Should you have questions regarding IFR implications specific to your circumstances, please seek advice from a qualified attorney. VDOT will provide updates as additional information becomes available. Please email any questions to the Civil Rights Division at [CRLMS@vdot.virginia.gov](mailto:CRLMS@vdot.virginia.gov).