DBE OVERALL GOAL AND METHODOLOGY

FREQUENTLY ASKED QUESTIONS

September 16, 2026

Federal Fiscal Years 2027 and 2028. Caltrans Office of Civil Rights

Why New Goals, and Why Now

Q: Why is Caltrans issuing new DBE goals for FFYs 2027 and 2028?

A: On October 3, 2025, USDOT issued an Interim Final Rule (IFR) amending 49 CFR Part 26. The IFR removed the presumption of social and economic disadvantage previously extended to businesses owned by people of color and women and required every Unified Certification Program to individually reevaluate all currently certified DBE firms under the new, individualized standard. While that reevaluation was underway, federal fund recipients were required to pause enforcement of contract goals and stop counting DBE participation toward overall goals. Once reevaluation is complete, the rule requires recipients to set new overall goals reflecting the reevaluated DBE population. Caltrans is required to do this separately for both its FHWA-funded and FTA-funded programs.

Q: Has Caltrans completed its DBE reevaluation?

A: Yes. On July 20, 2026, the California Unified Certification Program (CUCP) notified USDOT that reevaluation was complete for all DBE and ACDBE firms that submitted complete materials by the April 16, 2026, interim deadline. Effective July 21, 2026, all CUCP certifying agencies, including Caltrans, resumed accepting new DBE, ACDBE, and Interstate certification applications. The CUCP continues to process reevaluation applications from firms that did not submit by the interim deadline.

Q: What were Caltrans's previous overall DBE goals?

A: For FHWA-funded work, Caltrans's overall goal for FFYs 2025 through 2027 was 21.35 percent, submitted to FHWA in November 2024. For FTA-funded work, Caltrans's overall goal for FFYs 2026 through 2028 was 6.7 percent, submitted to FTA in May 2025. Both goals must now be replaced with new goals reflecting the IFR's revised eligibility standard.

The New Proposed Goals

Q: What are the newly proposed overall DBE goals?

A: For FHWA-funded work, Caltrans proposes an overall DBE goal of 11.80 percent for FFYs 2027 and 2028. For FTA-funded work, Caltrans proposes an overall DBE goal of 0.08 percent for the same period.

How Were these Figures Calculated

Q: What data was used to calculate the base figure?

A: Each base figure comes from a dedicated disparity study conducted by BBC Research and Consulting: the 2024 Caltrans FHWA Disparity Study and the 2025 Caltrans FTA Disparity Study. For the FHWA study, BBC examined 22,976 prime contracts and subcontracts, referred to as contract elements, covering roughly $11.8 billion in work Caltrans awarded from January 1, 2021 through December 31, 2023. For the FTA study, BBC examined 58 contract elements covering roughly $92.4 million in work awarded from January 1, 2021, through September 30, 2023. Caltrans verified that the projects awarded during each study period are representative of the work it expects to award in FFYs 2027 and 2028.

Q: How was each contract element categorized for the analysis?

A: Every contract element was assigned a North American Industry Classification System, or NAICS, code representing the type of work involved, and each code was matched to a projected dollar value for FFYs 2027 and 2028. For the FHWA study, this produced a list of 78 relevant NAICS codes ranging from

Highway, Street, and Bridge Construction, the largest at roughly $6.0 billion, down to very small categories worth a few thousand dollars each.

Q: How was DBE availability calculated for each NAICS code?

A: For each NAICS code, Caltrans counted the number of ready, willing, and able DBEs using the CUCP Directory of Certified Firms, which Caltrans maintains under 49 CFR 26.81(g), and counted the total number of all firms, DBE and non-DBE, ready, willing, and able to perform that type of work using the U.S. Census Bureau's Statistics of United States Businesses database. Dividing the DBE count by the total firm count produced a DBE availability percentage for each NAICS code. For example, in Highway, Street, and Bridge Construction, 78 of 692 total firms were certified DBEs, an 11.27 percent availability rate in that category alone.

Q: How do the per-category availability rates roll up into a single base figure?

A: Each NAICS code's DBE availability percentage, weighted according to its likelihood of utilization, was multiplied by that code's projected dollar value to produce a projected DBE dollar availability figure. Those figures were summed across all NAICS codes and divided by the total projected contracting dollars for the program. For FHWA-funded work, this produced $800.4 million in projected DBE dollar availability against $11.8 billion in total projected work, a base figure of 6.76 percent. For FTA-funded work, the same method produced $42,111 in projected DBE dollar availability against $92.4 million in total projected work, a base figure of 0.05 percent.

The Step 2 Projected Availability Adjustment

Q: What factors did Caltrans evaluate in deciding whether to adjust the base figure?

A: Consistent with 26.45(d), Caltrans considered six categories of evidence: the current capacity of DBEs to perform agency work, marketplace conditions affecting business success such as access to employment, education, and training, marketplace conditions affecting access to financing, bonding, and insurance, the pace of DBE certification activity through FFYs 2027 and 202, the planned Federal SBE Program, and any relevant disparity studies conducted by other organizations in the region.

Q: What did the Disparity Studies find about marketplace barriers facing DBE-eligible firms?

A: Both studies included interviews with California business owners alongside the quantitative analysis. Owners described difficulty accessing business and financial education, for example one owner noted having to learn bookkeeping and payroll on their own after starting a business with only hands-on trade experience. Owners also described difficulty securing lines of credit and loans as new businesses, and described the cost of meeting Caltrans's insurance and bonding requirements, commonly $1 to $2 million in aggregate general liability coverage plus auto and other policies, as a significant barrier to competing for state work. Caltrans treated this qualitative evidence as support for an upward adjustment, since it points to structural barriers that a base figure built only from current certification counts would not otherwise capture.

Q: Why didn't Caltrans rely on past DBE participation data to inform the Step 2 adjustment, as USDOT's Tips for Goal-Setting suggests?

A: Because the DBE Program has not yet restarted, Caltrans has no participation data collected under the new, individualized certification standard. Participation data from before the IFR reflects a different, presumption-based eligibility standard and would not represent a valid comparison. Caltrans also checked for other, independently conducted disparity studies in the region that might offer comparable data, and found none current enough to reflect DBE availability as defined after the IFR.

Q: Why did Caltrans decide to make an upward adjustment specifically?

A: Three things pointed the same direction: the marketplace barrier evidence described above, Caltrans's plans to launch a Federal SBE Program in 2027 that is expected to expand the pool of small and disadvantaged firms, and the fact that Caltrans and other CUCP members intend to process hundreds of additional DBE certification applications in FFY 2027 now that the directory has reopened. Taken together, this evidence supported the conclusion that a realistic goal is higher than the base figure alone would suggest.

Q: How was the growth projection calculated, and what did it produce?

A: Caltrans's and its CUCP partners' project that the certified DBE directory will nearly triple during the goal period, based on the pace of new applications since certification reopened on July 21, 2026. Caltrans assumed the newly certified firms would have similar characteristics, trade mix, location, and capacity, to the firms already certified, and applied that growth proportionally to the existing availability figures. For FHWA-funded work, this produced a projected availability of 19.37 percent. For FTA-funded work, the much smaller base figure produced a projected availability of 0.13 percent.

Q: Why a 60/40 weighting between the base figure and the growth projection, and how confident is Caltrans in it?

A: The 60/40 split gives the majority weight to the verified, current base figure and a minority weight to the projected growth figure. Caltrans has more confidence in the direction of the trend, that the certified directory will keep growing as reevaluation processing continues, than in the precision of the 286 percent figure itself, which is a genuine projection rather than measured data. The weighting is a deliberate, risk-informed choice: it lets the goal reflect anticipated growth without allowing an unverified projection to dominate the calculation. This is the one element of the methodology our own legal review has flagged as most likely to draw scrutiny, and it remains under continuing review as the methodology is finalized.

Q: What do the actual calculations look like for each program?

A: The table below shows the base figure, the Step 2 adjusted availability figure, and the resulting weighted overall goal for each program.

Program	Base Figure (60%)	Step 2 Adjusted Availability (40%)	Weighted Calculation	Overall Goal
FHWA-funded work	6.76%	19.37%	(6.76 x .60) + (19.37 x .40)	**11.80%**
FTA-funded work	0.05%	0.13%	(0.05 x .60) + (0.13 x .40)	**0.08%**

Q: Why is the proposed FTA goal so much lower than both the old FTA goal and the new FHWA goal?

A: The FTA program is simply much smaller. Caltrans's FTA-funded contracting program covers about 58 contract elements worth roughly $92.4 million, compared to about 22,976 elements worth roughly $11.8 billion for FHWA. That much smaller contracting base produces a much smaller base figure, 0.05 percent DBE dollar availability in the relevant NAICS codes, and the same weighting methodology applied to that small base figure produces a small resulting goal. This is a function of program size, not a change in how DBE availability is measured.

DBE-Neutral vs. DBE-Conscious Measures

Q: What is the difference between DBE-neutral and DBE-conscious measures?

A: DBE-neutral measures encourage participation by all businesses, or all small businesses, without regard to DBE status, for example outreach, unbundling contracts, or technical assistance. DBE-conscious measures are specifically designed to encourage DBE participation, such as setting a DBE contract goal on individual procurement. Recipients must use the maximum feasible portion of neutral means before relying on conscious means.

Q: How does Caltrans plan to split neutral and conscious measures for FHWA-funded work?

A: Based on its historical split, Caltrans projects meeting about 19 percent of the 11.80 percent FHWA goal, roughly 2.24 percentage points, through DBE-neutral measures, and the remaining 81 percent, roughly 9.56 percentage points, through DBE-conscious measures such as contract goals.

Q: How does Caltrans plan to split neutral and conscious measures for FTA-funded work?

A: Based on its historical split, Caltrans projects meeting about 1 percent of the 0.08 percent FTA goal, less than 0.01 percentage points, through DBE-neutral measures, and the remaining 99 percent, roughly 0.08 percentage points, through DBE-conscious measures.

Q: What neutral measures does Caltrans use, and how does the Federal SBE Program fit in?

A: Caltrans maintains a wide range of neutral measures across both programs, including its Bidder's List, District Small Business Liaisons in every district office, published look-ahead reports for upcoming contracts, contractor training, prompt payment enforcement, and relationships with financial institutions and surety and insurance companies to support small businesses seeking to work with the state. Caltrans is also developing a Federal Small Business Enterprise Program targeted for launch in 2027. Because many SBE-eligible firms are also DBE-eligible, Caltrans expects the program to expand the pool of available small and disadvantaged firms and factored its anticipated effect into the Step 2 growth projection.

Individual Contract Goals Going Forward

Q: Once contract goals resume, will every contract have a DBE goal?

A: No. Individual contract goals are set contract by contract, based on the actual availability of ready, willing, and able DBEs in the specific NAICS codes and work categories relevant to that contract, drawn from the reevaluated CUCP directory. Some contracts, particularly in trades where few or no DBEs are currently certified, may carry no DBE goal at all.

Q: Will individual contract goals match the 11.80 percent or 0.08 percent overall goal?

A: No. The overall goal is an aggregate target across the entire federally assisted program for the goal period, not a fixed percentage applied to every contract. Some individual contracts will carry goals lower than the overall goal, some will carry no goal, and some may carry higher goals, depending on DBE availability in that specific trade at the time the contract is let.

Q: Will contract goals change over the course of the goal period as more firms are certified?

A: Yes, and this is expected. The reevaluated DBE directory is still rebuilding capacity in a number of trade categories following the reevaluation process. Contracts let earlier in the FFY 2027 to 2028 period, while the directory is still comparatively thin in a given category, are likely to see lower or no goals in that category. As certification activity continues and more firms are approved in categories that are currently underrepresented, contracts let later in the period may carry higher goals in those same categories, reflecting the larger pool of subcontractable DBEs available on that point.

Legal and Regulatory Context

Q: Does this methodology satisfy Western States Paving, given California is in the Ninth Circuit?

A: Western States Paving requires Ninth Circuit recipients to ground their goals in a valid, market specific disparity study rather than a general presumption. Both proposed goals are grounded in disparity studies specific to Caltrans's own market, the 2024 FHWA Disparity Study and the 2025 FTA Disparity Study, which is the evidentiary foundation Western States Paving requires. The Step 2 growth projection layered on top of that base figure is the newer element introduced by the IFR restart, and that piece remains under continuing legal review.

Q: Is the October 2025 Interim Final Rule final? What happens if it changes?

A: No, the IFR is not yet a final rule, and it remains unclear whether a permanent replacement for the prior IIJA framework will formalize these requirements through standard rulemaking. Caltrans is proceeding based on the IFR as currently in effect and will adjust the methodology if the underlying rule changes.

Q: Will FHWA or FTA independently review the CUCP's reevaluation process?

A: FHWA and FTA are not required to review or approve the reevaluation process, however, Section 26.111(c) requires the CUCP to notify the US DOT once reevaluation is complete, which Caltrans has done. That provision is a notification requirement rather than an explicit grant of review authority, though the US DOT retains its general Part 26 oversight authority independent of that provision. Caltrans is prepared to provide reevaluation documentation if requested.

Process, Comment, and Status

Q: How can the public comment on the proposed goals?

A: Caltrans will publish both proposed goals on its official website and hold public participation meetings by video conference. The agency will also consult directly with general contractor groups, community organizations, business associations, and other stakeholders. Comments may be submitted by email, U.S. postal mail, or fax during the designated 15-day comment period.

Q: When will individual contract goals actually resume?

A: Contract goals cannot be set until FHWA and FTA formally acknowledge the final Goal and Methodology and the amended DBE Program Plan for each program. Based on current progress, Caltrans anticipates that occurring in the fall of 2026, though the exact timing depends on the comment period and on federal review.

Q: Will contract goals apply retroactively to projects already advertised?

A: No. New contract goals will apply only to projects still in development once each new goal takes effect. Projects already advertised under the prior framework are not affected.

How California Compares to Other States

Q: How do California's proposed goals compare to what other states have submitted?

A: Caltrans reviewed several peer submissions while developing this methodology. At the goal level, the range looks like this:

Agency	Proposed / Current Goal
Caltrans (California), FHWA-funded	**11.80%**
Caltrans (California), FTA-funded	**0.08%**
CTA (Illinois, Chicago transit)	21%
IDOT (Illinois, statewide highway)	14.4%
MnDOT (Minnesota)	6.2%
MDOT (Michigan)	5.50%

Caltrans's proposed FHWA goal sits within the range other large recipients have proposed. Each state arrived at its number through a somewhat different combination of base figure method and adjustment approach, reflecting differences in each state's certified DBE population, contracting volume, and, in some cases, differing court circuit requirements.

The complete proposals, including full contract element and NAICS-level figures, the qualitative marketplace evidence from the Disparity Studies, and full public participation details, are available from the Caltrans Office of Civil Rights Webpage.