

Memorandum

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To: DEPUTY DISTRICT DIRECTORS, Construction
DEPUTY DIVISION CHIEF, Structure Construction
CONSTRUCTION MANAGERS
SENIOR CONSTRUCTION ENGINEERS
RESIDENT ENGINEERS

Date: October 29, 2025

File: Division of Construction
CPD 25-5R1



From: RAMON HOPKINS, Chief
Division of Construction

Subject: **DISADVANTAGED BUSINESS ENTERPRISE PROGRAM UPDATE – RESPONSE TO THE US DEPARTMENT OF TRANSPORTATION’S (US DOT) GUIDANCE AND FAQ**

This Construction Procedure Directive (CPD) is being updated to provide guidance in alignment with the US DOT’s FAQ published October 24, 2025. The FAQ addresses expectations on Disadvantaged Business Enterprise (DBE) Program compliance for the Interim Final Rule (IFR) effective October 3, 2025.

The IFR is on the Federal Register website located at:

<https://www.federalregister.gov/documents/2025/10/03/2025-19460/disadvantaged-business-enterprise-program-and-disadvantaged-business-enterprise-in-airport>

DBE IFR guidance is located at:

<https://www.transportation.gov/mission/civil-rights/disadvantaged-business-enterprise/dbe-ifr-guidance>

The DBE IFR FAQ US DOT is located at:

<https://www.transportation.gov/mission/civil-rights/disadvantaged-business-enterprise/dbe-faqs>

This directive provides the construction staff procedures and contract administration practices to align with the updated federal requirements and clarifies implementation steps for district and field personnel. These changes are made to implement the modifications made by the IFR and issued by the US DOT's guidance and FAQ.

Effective immediately, enforcement of the existing contract requirements related to the DBE Program, as outlined in Sections 2-1.12, "Disadvantaged Business Enterprise" and 5-1.13B, "Disadvantaged Business Enterprises," of the *Standard Specifications and Special Provisions* will be suspended with the exception termination procedures.

The termination procedures found in 49 CFR §26.53 will be enforced in accordance with the IFR and US DOT's guidance and FAQ. Suspension is in effect until the Department has completed the required certification re-evaluation and received authorization from the Federal Highway Administration. This adjustment will be implemented through the change order process. A sample change order and sample change order memorandum are attached to this directive. The modified DBE requirements are applicable to existing contracts that have been awarded but have not processed a final estimate.

Withholds and deductions that were taken under DBE Program requirements may be released after they are reviewed for compliance with applicable laws. Any DBEs listed are subject to Section 5-1.13B(2)(c) "Termination" of the *Standard Specifications and Special Provisions* and termination will be processed based on the US DOT's guidance. Any DBEs who are listed as a "subcontractor" under state law are subject to Section 5-1.13A "General," of the *Standard Specifications* and subject to the Public Contract Code §4100 et seq.

Construction field staff must coordinate with the district DBE coordinator to make sure the modified DBE requirements are properly implemented. Concurrence is not required from the project engineer or the project manager.

In the event of any ambiguity or discrepancy between existing laws (including but not limited to the IFR), guidance, and contract terms, existing law controls. Revisions to this CPD may occur because of evolving program changes in accordance with the IFR and updated US DOT's guidance and FAQ.

If you have questions or comments regarding this directive, contact Tishawna Thrower, Division of Construction, at Tishawna.Thrower@dot.ca.gov.

Attachments:

1. Sample Form DOT CEM-4903, "Change Order Memorandum," DBE Program Update
2. Sample Form DOT CEM-4900v1, "Change Order," DBE Program Update (for projects subject to 2022 Standard Specifications and after use)

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3. Sample Form DOT CEM-4900v2, "Change Order," DBE Program Update (for projects subject to Standard Specifications prior to 2022)
4. Caltrans advisory letter on DBE Program IFR dated October 7, 2025