



November 7, 2025

To: Construction contractors and partners:

Subject: USDOT Interim Final Rule on DBE Program Requirements

The USDOT issued an Interim Final Rule (IFR) regarding the Disadvantaged Business Enterprise (DBE) program requirements, which became effective upon publication in the Federal Register on October 3, 2025. A copy of the IFR is available [here](#). The USDOT also issued Frequently Asked Questions (FAQs) and answers regarding the IFR which can be found [here](#).

The following information is intended to provide guidance to contractors and consultants who perform work on Connecticut Department of Transportation (CTDOT) contracts and agreements. The information is based on public information provided by USDOT, as noted above, and is not intended as legal advice. If you have any questions regarding CTDOT's implementation of the DBE IFR generally, please email DBEIfRquestions@ct.gov. Should you have questions regarding implications of the DBE IFR with respect to your specific circumstances, please seek advice of legal counsel.

Respectfully,

Signed by:

James A. Fallon, P.E.

AF5C6AA4ECCE4C5...

James A. Fallon, P.E.

Bureau Chief and Chief Engineer

Connecticut Department of Transportation

Attachment

2800 Berlin Turnpike
P.O. Box 317546
Newington, CT 06131-7546
860-594-3000

CT.GOV/DOT



USDOT Interim Final Rule on DBE Program Requirements Contracting Questions

1. How does the IFR impact Construction Contracts and Consultant Services Agreements that have DBE goals?

Construction Contracts and Consultant Services Agreements executed prior to October 3, 2025, that have been assigned a DBE goal, are not required by the IFR to be modified. However, the DBE goal for such contracts and agreements will, effectively, be temporarily suspended because the IFR prohibits DBE participation on such contracts from being counted toward the DBE contract goal or toward CTDOT's overall DBE goal until CTDOT completes the DBE certification reevaluation process described at 49 CFR§ 26.111. If, after the reevaluation process, every DBE performing work on a contract is recertified under the new standards, then the contract will not need to be modified.

- New Construction Contracts yet to be advertised will not include the DBE special provisions or a DBE contract goal.
- Construction Contracts that have been advertised but not yet bid will have the DBE special provisions and DBE goal removed via addendum.
- For Construction Contracts that have been let (i.e. bids opened) but not executed, the DBE special provisions (including the DBE goal %) will be deleted prior to the contract being signed/executed.
- For construction contracts executed on or after October 3, 2025 that include the DBE special provisions and a DBE goal, CTDOT will issue a change order to amend the contract, removing the DBE special provisions and DBE goal.
- New Consultant Services Agreements yet to be executed will exclude the DBE special provisions and DBE goal.
- For Consultant Services Agreements executed on or after October 3, 2025, which included a DBE goal, CTDOT will supplement the agreement to remove the DBE special provisions and goal.

2. Does CTDOT need to continue to perform commercially useful function (CUF) reviews of DBE work on existing contracts during the reevaluation process described in 49 CFR § 26.111?

No. Because the purpose of CUF reviews is to ensure that DBE participation on a project can be properly counted toward DBE goals (contract goals and CTDOT's overall DBE goals) and the counting of DBE participation is suspended during the reevaluation process, it is unnecessary for recipients to conduct CUF reviews during the reevaluation process.

3. Do the regulatory DBE termination provisions continue to apply during the reevaluation period described in 49 CFR § 26.111?

Yes. The termination provisions (49 CFR § 26.53(f)) continue to apply to existing contracts. A prime contractor 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 CTDOT's prior written consent upon a showing of good cause, unless CTDOT causes the termination or reduction. (49 CFR § 26.53(f)). The regulations provide:

"Good 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."

Good cause for termination exists if a DBE loses its DBE certification after the reevaluation process described in § 26.111 is completed because it is ineligible to receive DBE credit for the type of work required. (49 CFR 26.53(viii)).

4. How does the IFR affect DBE open-ended performance plans for design-build projects?

In cases in which a design-build contractor has already signed contracts prior to October 3, 2025 with DBE subcontractors toward meeting an open-ended performance plan, the contractor should proceed with the contract. The DBE subcontractor may not be terminated or have its work reduced without the written consent of CTDOT and only for good cause, including a change in eligibility. See 49 CFR 26.53 for additional grounds for good cause. Where a DBE goal has been established for a design-build contract or a separate phase of a design-build contract, but no DBEs have yet been awarded contracts, CTDOT will take appropriate action to zero out the DBE goal.

If, after the reevaluation process, every DBE performing work on a design-build contract is recertified under the new standards, then CTDOT will not take any further action. In contrast, if a DBE performing work on a design-build contract is not recertified during the reevaluation process, CTDOT will be required by USDOT to take appropriate action to discontinue the effect of the earlier certification; if CTDOT does not take appropriate action with respect to a contract, USDOT will not make any payments with respect to that contract.

5. Are DOT recipients (i.e. CTDOT) required to comply with the prompt payment requirements in 49 CFR § 26.29 during the UCP reevaluation period?

Yes. DOT recipients are required to implement and document compliance with the prompt payment requirements in 49 CFR § 26.29, including: (1) ensuring prime contractors pay subcontractors for satisfactory performance of their contract no later than 30 days from receipt of each payment made to the prime contractor, and (2) prompt and full payment of retainage from the prime contractor to the subcontractor within 30 days after the subcontractors work is satisfactorily completed. The IFR did not make changes to this requirement.