BBC RESEARCH & CONSULTING

The New Interim Final Rule and Disparity Studies

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On September 30, 2025, the United States Department of Transportation (USDOT) issued an Interim Final Rule (IFR) removing race- and gender-based presumptions from the definition of the term *socially disadvantaged* as its used in the Federal Disadvantaged Business Enterprise (DBE) and Airport Concessions Disadvantaged Business Enterprise (ACDBE) Programs. The result of the new policy is that businesses owned by people of color (POCs) or women are not automatically considered socially disadvantaged as part of either program.

POC- and woman-owned businesses—as well as any other businesses—that want to become certified as DBEs or ACDBEs have to now demonstrate through *personal narratives* that they've faced social disadvantages that have made it harder to compete for, obtain, or perform work on the USDOT-funded projects organizations award. As part of certifying businesses as DBEs and ACDBEs, organizations have to review the personal narratives businesses submit and decide on a case-by-case basis whether their owners meet the requirements of being socially disadvantaged (in addition to determining whether their businesses meet the size requirements for DBE certification, which haven't changed). Organizations also have to reevaluate businesses that are currently certified as DBEs and ACDBEs and then recertify those businesses that satisfactorily demonstrate social disadvantage through their personal narratives.



After organizations have redeveloped their certification processes and have reevaluated the certifications of current DBEs and ACDBES, they then have to submit new overall DBE and ACDBE goals to USDOT. Importantly, organizations are strongly encouraged to conduct *disparity studies* to do so, in particular to estimate the *availability* of socially and economically disadvantaged businesses in their marketplaces. USDOT has specified that those studies should account for businesses' specific characteristics, including whether they are socially disadvantaged and their *capacities* to perform work on USDOT-funded projects.

In BBC's view, and in accordance with the IFR, it's important for organizations to conduct new disparity studies *now* to estimate the availability of socially and economically disadvantaged businesses for the USDOT-funded work they award and to assess whether they face any barriers in competing for or performing work on those projects. For the benefit of their implementations of the Federal DBE and ACDBE Programs and their DBE and ACDBE communities, we strongly recommend that organizations conduct their new studies in parallel with redeveloping their DBE and ACDBE certification processes according to the new regulations.

If organizations wait to commission disparity studies until after they've redeveloped their certification processes and reevaluated the status of currently certified DBEs and ACDBEs, then they would have to wait several more months—or even up to a year—for those studies to be completed and to receive the analyses that USDOT requires to refine their implementations of the Federal DBE and ACDBE Programs and set their next overall DBE and ACDBE goals. Such delays could prove very harmful to their DBE and

ACDBE communities, because they wouldn't be able to benefit from the efforts organizations could be using to address the social and economic barriers they face.

It's not only critical for organizations to commission new disparity studies now, but it's critical that they commission the right disparity studies—ones that provide detailed information about the businesses that participate in the projects they award and about the businesses in their marketplace that are potentially available for that work. The *custom census* methodology that BBC uses to conduct disparity and availability studies already meets the requirements that USDOT has set forth in the IFR. And in accordance with the IFR, we've recently enhanced our approach so that we can collect detailed information on whether business owners in specific marketplaces are socially disadvantaged and detailed information about their businesses. Results from our studies will allow organizations to implement the Federal DBE and ACDBE Programs so they can continue supporting socially and economically disadvantaged businesses in a targeted, effective way and in a way that meets USDOT's new requirements.

We're very excited to share details of our enhanced methodology with anyone who's interested in learning about it. We continue to remain committed to serving socially and economically disadvantaged businesses that compete for and perform government work and serving the organizations that support them. Please don't hesitate to reach out so we can talk.



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