OREGON DEPARTMENT OF TRANSPORTATION
DISADVANTAGED BUSINESS ENTERPRISE PROGRAM
PROPOSED TWO-YEAR OVERALL GOAL & METHODOLOGY SUBMISSION TO FHWA
FOR FEDERAL FISCAL YEARS 2027 & 2028

October 2026

Introduction

The Oregon Department of Transportation (ODOT) hereby submits its two-year overall Disadvantaged Business Enterprise (DBE) goal for federal fiscal years (FFYs) 2027 and 2028 to the Federal Highway Administration (FHWA) pursuant to 49 CFR Part 26, section 26.45. It is important to note that ODOT previously submitted its three-year overall DBE goal for FY2026-28 to FHWA on August 1, 2025. However, due to the changes in eligibility on DBE certification that came into effect through the U.S. Department of Transportation's Interim Final Rule (IFR) on October 3, 2025, that goal setting methodology became invalid.

The Certification Office for Business Inclusion and Diversity (COBID) formally initiated its DBE re-evaluation process on November 17, 2025, at which time all active certifications were suspended pending individual business review. From November 17, 2025, through January 15, 2026, COBID conducted a prioritized re-evaluation period, during which eligibility determinations were completed for all in-state certified DBE businesses that submitted re-evaluation applications and supporting documentation. COBID completed the re-evaluation of Oregon's certified DBE businesses in accordance with the IFR. Consistent with the new guidance, COBID reassessed DBE eligibility based on the new criteria specified by the IFR, applying revised federal standards to all previously certified businesses.

On February 24, 2026, ODOT notified FHWA that it completed the reevaluation process. As it fulfills the requirement of 49 CFR §26.45(h) on updating the overall goal, ODOT has worked on its three-year overall goal for the remaining two years (FY2027 and FY2028) following the guidance of the Final Rule issued on September 25, 2026.

Based on the results of the Availability Update, ODOT proposes a **15.64%** DBE goal for FFYs 2027 and 2028 for FHWA-funded contracts; **8.82%** of which is projected to be accomplished through DBE conscious means (DBE contract goals). ODOT projects that the remaining **6.82%** will be accomplished through DBE-neutral means, such as Small Business Enterprise (SBE) contract goals, ODOT outreach, training, and program efforts.

DBE Goal Setting Methodology (49 CFR § 26.45)

ODOT has completed its DBE Overall Goal Setting Methodology Report in compliance with 49 CFR § 26.45, and reliance upon USDOT's *Tips for Goal Setting*[1]. Federal DBE regulations require that the overall goal be prepared using a two-step process. Recipients must first determine a base figure for the relative availability of DBEs in its relevant market area. Next, a recipient must examine all relevant evidence to determine what adjustment to the base figure, if any, is needed to arrive at an overall goal. The final adjusted figure is the recipient's overall goal and represents the proportion of federal transportation funding the recipient is expected to allocate to DBEs during the subsequent three federal fiscal years (FFYs). Once the adjusted overall goal is determined, the process requires considering what portion of the goal will be met by DBE-neutral measures.

[1] United States Department of Transportation, "Tips for Goal Setting in the Disadvantaged Business Enterprise (DBE) Program," https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-seting-disadvantaged-business-enterprise, December 22, 2014.

If a recipient purports that it can meet its overall goal with DBE-neutral measures, those measures must be utilized. In contrast, if the recipient determines it cannot achieve the entire overall goal using only DBE-neutral measures, it must establish a DBE-conscious portion of the overall goal.[2]

Step 1. Determining a Base Figure — Pursuant to 49 CFR Section 26.45(c)

ODOT's overall goal must be based on demonstrable evidence of the availability of ready, willing, and able DBEs relative to all businesses ready, willing and able to participate in ODOT contracts (*i.e.*, the relative availability of DBEs). The goal must reflect ODOT's determination of the level of DBE participation ODOT can expect absent the effects of social and economic disadvantages. ODOT cannot simply rely on the national goal, its prior overall goal, or past DBE participation rates without reference to the availability of DBEs in ODOT's market (49 CFR 26.45 (b)).

ODOT began the goal-setting process by determining a base figure for relative availability of DBEs. In determining this base figure of ready, willing, and able businesses, ODOT applied the methodology described in 49 CFR §26.45(c)(1):

Use DBE Directories and Census Bureau Data. *Determine the number of ready, willing and able DBEs in your market from your DBE directory. Using the Census Bureau's County Business Pattern (CBP) database, determine the number of all ready, willing and able businesses available in your market that perform work in the same NAICS codes. (Information about the CBP data base may be obtained from the Census Bureau at their web site, https://www.census.gov/programs-surveys/cbp.html;) Divide the number of DBEs by the number of all businesses to derive a base figure for the relative availability of DBEs in your market.*

The Process, Data, and Market Area

ODOT began the process of determining its overall DBE goal by establishing a base figure. Consistent with USDOT regulations and guidance, ODOT first established a base figure from an availability analysis with the recertified and potential DBE numbers as well as the weighted availability analysis using the percentage of ODOT's FHWA-funded contract dollars that might go to potential DBEs (See Table A on page 4). As recommended by the Final Rule's FAQ, ODOT analyzed DBEs and potential DBEs to include currently recertified DBEs and other race- and gender-neutral certified small businesses in COBID Directory: Oregon Small Business Enterprises (OSBE), Emerging Small Business Enterprises (ESB), and Veteran Business Enterprises (VBE). This analysis was performed by identifying firms available under NAICS codes, calculating the share of those firms that were DBEs and potential DBEs, and then dollar-weighting the availability results under each NAICS code to determine overall weighted availability of potential DBEs.

This availability analysis was performed for FHWA-funded contracts awarded from October 2023 through September 2025. There was an average annual contract award of $441,752,960 that was FHWA-funded during this time period. ODOT anticipates continuing this trend for the next two years: FY2027 and FY2028.

The types and locations of the FHWA-funded contracts from October 2022 through September 2025 are similar to the work ODOT anticipates for FHWA-funded contracts for FFY 2027 through FFY 2028. Therefore, it provides a reasonable base for projection of the percentage of FHWA-funded contract dollars that might go to available DBEs for FFY 2027 through FFY 2028.

[2] §26.51(d), §26.51(f)(1).

- Considering all awarded FHWA-funded contracts from October 2022 through September 2025, it was determined that Oregon, along with two counties in Washington (Clark and Skamania) should be selected as the relevant geographic market area for this overall goal update. More than 95 percent of ODOT and local agency FHWA-funded contract dollars historically went to firms with locations in Oregon or those two Washington counties.

Therefore, the availability analysis examined firms with locations in Oregon as well as Clark and Skamania counties in Washington. The geographic market area for the availability analysis is identical to previous studies.

ODOT also examined the types of work involved in FHWA-funded contracts from October 2022 through September 2025. There were 19 types of work that accounted for about 99 percent of FHWA-funded contract dollars. The availability analysis focuses on firms performing these 19 types of work.

Base Figure Determination

The IFR required, among other changes, that the UCPs reevaluate all certified DBEs firms, to cease inclusion of DBE goals on projects and to stop counting DBE participation toward overall goals for a period of time. The reevaluation process led to an initial decrease in the number of certified DBEs. Since then, in Oregon, DBEs are getting recertified and interstate DBE numbers are increasing on a weekly basis. However, as of today, the total certified number of DBEs under COBID directory is only hovering around 40% of the pre-IFR level which was about 1,000. This creates a very low DBE availability, unweighted by spending patterns.

To more accurately reflect the relative availability of DBE firms, it is necessary to complement the increasing trend of the number of certified DBEs in Oregon while calculating the overall goal. As the Final Rule permits, ODOT determines that the certified OSBEs, ESBs, and VBEs be added to recertified DBEs as potential DBEs since they are also certified neutral to race and gender. Henceforth, ODOT considers running a calculation, as shown on Table A, with potential DBEs to find the weighted availability of Potential DBEs.

ODOT used the revised COBID DBE Directory that resulted from the reevaluation process required by 49 CFR §26.111 to determine the number of potential DBE firms currently certified in the NAICS codes comprising ODOT's product market for the fiscal years 2027 and 2028. ODOT also obtained the latest available CBP data (2023) for the state of Oregon and two Washington counties, using the same NAICS codes. It then divided the number of potential DBEs by the number of all businesses in the CPB data set, resulting in an initial availability of **12.48%**, unweighted by spending patterns. As recommended by USDOT, ODOT has weighted its calculation of the base figure by its spending patterns by NAICS codes. This yielded an overall, **weighted DBE availability of 15.64%** for the step 1 base figure (see Table A for details). ODOT determines this goal is achievable for FY2027 and 2028.

Step 2. Consideration of Possible Adjustments — 49 CFR Section 26.45(d)

According to the DBE Program regulations, after the base figure was calculated, ODOT may consider available evidence to determine whether or not the figure should be adjusted higher or lower than the base figure (a "step 2 adjustment"). ODOT decided to make no adjustments to the Base Figure due to the fact that the DBE historical utilization data that would be used to evaluate adjustments would be based on DBE eligibility criteria that is no longer applicable due to the IFR.

ODOT therefore determines that adjustment of the base figure is not appropriate and submits an overall goal of **15.64%**.

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TABLE A: Calculation of Weighted Availability of Certified and Potential DBEs by NAICS Code

NAICS Code	Description	Potential DBE Firms (UCP)*	All Firms (CBP 2023)	Unweighted DBE Availability	ODOT Spending FFY2023-25	% of Total Spent	Weighted DBE Availability
237110	Water and Sewer Line and Related Structures Construction	29	181	13.81%	$6,957,768	1.58%	0.22%
237310	Highway, Street, and Bridge Construction	77	208	27.02%	$66,350,911	15.02%	4.06%
237990	Other Heavy and Civil Engineering Construction	25	79	24.04%	$25,976,982	5.88%	1.41%
238110	Poured Concrete Foundation and Structure Contractors	58	433	11.81%	$121,342,024	27.47%	3.24%
238120	Structural Steel & Precast Concrete	16	57	21.92%	$23,231,176	5.26%	1.15%
238210	Electrical Contractors and Other Wiring Installation Contractors	68	1160	5.54%	$22,803,963	5.16%	0.29%
238320	Painting and Wall Covering Contractors	80	1214	6.18%	$3,481,865	0.79%	0.05%
238910	Site Preparation Contractors	159	937	14.51%	$28,166,470	6.38%	0.92%
238990	All Other Specialty Trade Contractors	127	636	16.64%	$14,971,822	3.39%	0.56%
339950	Sign Manufacturing	11	105	9.48%	$7,489,292	1.70%	0.16%
484220	Specialized Freight (except Used Goods) Trucking, Local	55	495	10.00%	$17,660,563	4.00%	0.40%
541310	Architectural Services	75	386	16.27%	$2,139,872	0.48%	0.08%
541330	Engineering Services	103	958	9.71%	$25,968,363	5.88%	0.57%
541370	Surveying and Mapping (except Geophysical) Services	29	137	17.47%	$1,800,534	0.41%	0.07%
541611	Administrative Management and General Management Consulting Services	406	1167	25.81%	$18,447,043	4.18%	1.08%
541620	Environmental Consulting Services	97	200	32.66%	$2,768,947	0.63%	0.20%
561730	Landscaping Services	71	2087	3.29%	$11,517,140	2.61%	0.09%
561990	All Other Support Services	25	197	11.26%	$37,677,355	8.53%	0.96%
562910	Remediation Services	19	93	16.96%	$3,000,870	0.68%	0.12%
Total		**1530**	**10730**	**12.48%**	**$441,752,960**	**100%**	**15.64%**

*As of October 20, 2026, all COBID certified DBEs, OSBEs, ESBs, & VBEs.

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DBE-Conscious and DBE-Neutral Anticipated Participation

The final requirement of the goal-setting process is to determine the portion of the overall goal that will be achieved by DBE-neutral means. As required by 49 CFR § 26.51, the maximum feasible portion of the overall DBE goal should be achieved using DBE-neutral means. Per USDOT instructions, ODOT counts as "neutral" participation any prime contracts, as well as subcontracts, going to DBEs beyond what was needed to meet DBE contract goals set for a project or that were otherwise awarded in a neutral manner. In addition, DBE participation in federally funded projects with SBE goals can also be counted as DBE-neutral participation.

While consideration of race and gender has been removed from the regulations, race- and -gender neutral participation in the past captured the use of DBEs to perform work on contracts in the absence of any contract specific DBE goal. ODOT can reasonably expect that some DBE-neutral participation will continue to be achieved on contracts that do not include contract-specific DBE goals or do include SBE goals going forward.

ODOT's Uniform Reports of DBE Awards/Commitments and Payments submitted to FHWA for the available five most recent federal fiscal years indicate median DBE-neutral participation of **6.82%**. For the past five federal fiscal years, ODOT's reported DBE-neutral participation has been 6.82% (FFY 2020); 5.73% (FFY 2021); 10.30% (FFY 2022); 7.74% (FFY 2023) and 1.19% (FFY 2024). Each of these figures for DBE-neutral participation is well below a future overall DBE goal in the range of **15.64%**.

Consequently, ODOT projects that it will meet its overall DBE goal by achieving **6.82%** DBE-neutral participation and the remaining **8.82%** through DBE-conscious participation.

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Public Participation — 49 CFR Section 26.45(g)

In accordance with 49 CFR § 26.45(g), ODOT must provide an opportunity for consultation and publication in establishing its overall DBE goal. It must make the goal setting methodology and rationale available for and seek input regarding the proposed goal from stakeholders.

ODOT will post the proposed goal plan on its website and send notice out to the DBEs that the Goal Plan is posted and available for comment. It also anticipates hosting a Webinar for Contractors, DBEs, and other small businesses and potential DBEs to educate them on 1) the new goal setting criteria and 2) the methodology that was used to determine the proposed goal.

[TO BE INSERTED AFTER PUBLIC PARTICIPATION]

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