



DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

REQUIREMENTS FOR DBE PARTICIPATION

Outline from the United States Department of Transportation's Office of Small and Disadvantaged Business Utilization (DOT/OSDBU) [www.osdbu.dot.gov]

To participate in the DBE program, a small business owned and controlled by socially and economically disadvantaged individuals must receive DBE certification from the relevant state— generally through the state Uniform Certification Program (UCP).

To be regarded as economically disadvantaged, an individual must have a personal net worth that does not exceed \$750,000. To be seen as a small business, a firm must meet SBA size criteria AND have average annual gross receipts not to exceed \$22.41 million.

Eligibility Guidelines (in general):

Ownership - Your business must be 51% owned by a socially and economically disadvantaged individual(s).

"Disadvantaged" - You may be eligible if you are a member of a group of persons the Department considers as disadvantaged. The Department presumes certain groups are disadvantaged, including women, Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian-Pacific Americans, or other minorities found to be disadvantaged by the U.S. Small Business Administration (SBA). Persons who are not members of one of the above groups and own and control their business may also be eligible if they establish their "social" and "economic" disadvantage. The Department notes, for example, that people with disabilities have disproportionately low incomes and high rates of unemployment, and that many may be socially and economically disadvantaged. A determination of whether an individual with a disability meets DBE eligibility criteria is made on a case-by-case basis. More information on how social and economic disadvantage is determined can be found in Appendix E to 49 CFR Part 26.

Business Size Determination - A firm (including its affiliates) must be a small business as defined by SBA standards. It must not have annual gross receipts over \$22,410,000 in the previous three fiscal years. Under SAFETEA-LU, this threshold will be adjusted annually for inflation by the Secretary.

Personal Net Worth - Only disadvantaged persons having a personal net worth (PNW) of less than \$750,000 can be considered as a potential qualified DBE. Items excluded from a person's net worth calculation include an individual's ownership interest in the applicant firm, and his or her equity in their primary residence. Additional exclusions are available for owners of airport concessionaires (See 49 CFR Part 23).

Independence - The business must not be tied to another firm in such a way as to compromise its independence and control.

Control - A disadvantaged owner seeking certification must possess the power to direct or cause the direction of the management and policies of the firm. The owner must also have an overall understanding of, and managerial and technical competence and experience directly related to, the type of business in which the firm is engaged.

Burden of Proof Allocation - Applicants carry the initial burden of proof regarding their eligibility and must demonstrate that they meet all requirements concerning group membership or individual disadvantage, business size, ownership, and control.

Additional program requirements and certification procedures are found in the United States Department of Transportation's Office of Small and Disadvantaged Business Utilization Department's regulations 49 CFR Parts 23 and 26.