



COMMONWEALTH of VIRGINIA

Department of Small Business and Supplier Diversity

October 8, 2025

FROM: Virginia Department of Small Business and Supplier Diversity

TO: Certified Disadvantaged Business Enterprise Firms, Industry Partners, and Customers

Introduction

On October 3, 2025, the U.S. Department of Transportation issued an interim final rule (IFR) requiring immediate changes to the Disadvantaged Business Enterprise (DBE) program regulations (linked below). The following information will briefly describe what the changes mean to you as well as what you can expect from the Virginia Department of Small Business and Supplier Diversity (VDSBSD).

This rule mandates an immediate suspension of DBE goals from projects and requires a thorough review of all firms that were not previously certified by an individualized determination of disadvantage.

Key Provisions from the Interim Final Rule issued by the U.S. Department of Transportation

- **Certification Review:** All DBE firms previously certified using race- or sex-based presumptions of social and economic disadvantage must be reevaluated by VDSBSD to determine eligibility under the new standards established in the IFR.
- **Personal Narrative Requirement:** Certified DBE firms owned by an individual who was presumed to be disadvantaged (e.g., women, Black American, Hispanic American, Native American, Asian Pacific American, Subcontinent Asian American), must now submit a personal narrative explaining their social and economic disadvantage, without regard to race or gender, and submit an updated personal net worth statement.
- **An owner must provide the certifier a Personal Narrative (PN) that establishes the existence of disadvantage by a preponderance of the evidence based on individualized proof regarding specific instances of economic hardship, systemic barriers, and denied opportunities that impeded the owner's progress or success in education, employment, or business, including obtaining financing on terms available to similarly situated persons who did not face barriers in obtaining terms. The PN must state how and to what extent the**

impediments caused the owner economic harm, including a full description of type and magnitude, and must establish the owner is economically disadvantaged in fact relative to similarly situated non-disadvantaged individuals. The owner must attach to the PN a current personal net worth (PNW) statement and any other financial information the owner considers relevant.

DBE Impact

- The certifications for any DBE firm that previously qualified based on a presumed disadvantage will not be effective during the certification review period.
- Affected firms will be notified directly. The notice will include detailed instructions regarding the certification review process and submission requirements for firms seeking to regain DBE certification.
- DBE firms must submit a personal narrative and a personal net worth statement, which will be reviewed during the certification review period. If a firm fails to comply or does not meet the standard of certification, it will be decertified without the opportunity to go to a hearing.

Next Steps

By Friday, October 10, 2025, VDSBSD will be sending an email to all DBE/ACDBE vendors and applicants requesting a personal narrative and a net worth statement through our Certification Portal as part of the reevaluation process. It is imperative that the personal narrative and personal net worth statement are submitted as outlined in the request that we send. Failure to submit the requested documents as part of the reevaluation process will result in a final decertification from the DBE program.

VDSBSD Support & Resources

VDSBSD is committed to assisting certified firms and applicants through this transition and will release information on training and resources for certified businesses that need to submit updated information and for any firm interested in the DBE program. Please contact one of the following team members with any questions:

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Sincerely,

Willis A. Morris
Agency Director