THE DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL SETTING METHODOLOGY OF THE ILLINOIS DEPARTMENT OF TRANSPORTATION (IDOT) FOR FEDERAL FISCAL YEARS 2026-2028

The following is the Illinois Department of Transportation's (IDOT) Disadvantaged Business Enterprise (DBE) Goal Methodology for the United States Department (USDOT) of Transportation Federal Aviation Administration's (FAA) assisted contracts for Federal Fiscal Years (FFY) 2026-2028. IDOT will make a good faith effort to meet its overall annual DBE goal each year during the three-year period. The next DBE goal submission by IDOT will be due to FAA on August 1, 2029.

<u>DBE Goal Setting Methodology</u> (49 CFR § 26.45)

IDOT submits 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.

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 ONE: DETERMINING A BASE FIGURE – 49 CFR § 26.45(c)

IDOT'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 on IDOT contracts (*i.e.*, the relative availability of DBEs). The goal must reflect IDOT's determination of the level of DBE participation IDOT can expect absent the effects of social and economic disadvantage. IDOT cannot simply rely on the national goal, its prior overall goal, or past DBE participation rates

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[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-setting-disadvantaged-business-enterprise, December 22, 2014.

[2] 26.51(f)(1), §26.51(d)

without reference to the availability of DBEs in IDOT's market (49 CFR 26.45 (b)).

IDOT 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, IDOT 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.

A. Base Figure Data

The initial phase of the Step One analysis required compilation of data regarding IDOT's contracting in its relevant geographic and product markets for fiscal years 2017-2021, the most recent period for which complete data was available.

To determine the geographic market area, firm location was determined by zip code and aggregated into counties as the geographic unit. The State of Illinois captured 94.1% of the FAA contract dollars. Therefore, IDOT used the State of Illinois as the geographic market.

IDOT's product market consisted of 24 North American Industry System Classification System (NAICS) codes, with a total prime contract and associated subcontract dollar value of $105,082,321. Appendix A presents each NAICS code with its share of the total contract dollar value. The NAICS codes are presented in the order of the code with the largest share to the code with the smallest share.

B. Base Figure Determination

IDOT used the revised Illinois Uniform Certification Program (UCP) DBE Directory that resulted from the reevaluation process required by 49 CFR §26.111 to determine the number DBE firms currently certified as of July 1, 2026, in the NAICS codes comprising IDOT's product market for the fiscal years 2017 through 2021. IDOT next obtained the CBP data for the state of Illinois, using the same NAICS codes. It then divided the number of DBEs by the number of all businesses in the CPB data set, resulting in an initial percentage, unweighted by spending patterns, of 2.7%.

As recommended by USDOT, to more accurately reflect the relative availability of DBE firms, IDOT has weighted its calculation of the base figure by its spending patterns by NAICS codes.[3] This yielded an overall, **weighted DBE availability of 14.8%** for the step 1 base figure.

The actual calculation for the weighted availability was derived using the following formula:

$WA = \Sigma(UA_i * W_i)$

Where *WA* represents the weighted availability for a program;
UA represents the weighted availability for a program;
W represents the weight i.e. the NAICS code share of the overall spending in program;
and *i* represents a unique NAICS code

The detailed results are set forth in Table 1.

TABLE 1: ***Calculation of DBE Weighted Availability by NAICS Code***

NAICS CODE	NAICS CODE DESCRIPTION	CBP DATA (NUMBER OF FIRMS)	UCP DBE (NUMBER OF FIRMS)	UNWEIGHTED DBE AVAILABILITY	WEIGHTS
236220	Commercial and Institutional Building Construction	1407	47	3.3%	0.3%
237110	Water and Sewer Line and Related Structures Construction	303	12	4.0%	2.3%
237130	Power and Communication Line and Related Structures Construction	198	4	2.0%	2.4%
237310	Highway, Street, and Bridge Construction	378	73	19.3%	72.2%
238110	Poured Concrete Foundation and Structure Contractors	793	34	9.4%	2.7%
238120	Structural Steel and Precast Concrete Contractors	128	12	2.2%	0.01%

[3] *See* "Tips for Goal Setting in the Disadvantaged Business Enterprise Program" ("F. Wherever Possible, Use Weighting. Weighting can help ensure that your Step One Base Figure is as accurate as possible. While weighting is not required by the rule, it will make your goal calculation more accurate. For instance, if 90% of your contract dollars will be spent on heavy construction and 10% on trucking, you should weight your calculation of the relative availability of firms by the same percentages."), https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise.

238210	Electrical Contractors and Other Wiring Installation Contractors	2674	60	2.9%	11.2%
238390	Other Building Finishing Contractors	338	7	0.0%	0.8%
238910	Site Preparation Contractors	1110	59	7.5%	3.3%
238990	All Other Specialty Trade Contractors	1635	46	4.8%	1.3%
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers	80	6	0.7%	0.02%
423390	Other Construction Material Merchant Wholesalers	130	5	1.5%	0.1%
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	376	11	3.6%	0.03%
444190	Other Building Material Dealers	0	0	4.0%	0.04%
484220	Specialized Freight (except Used Goods) Trucking, Local	1907	255	2.0%	0.3%
488490	Other Support Activities for Road Transportation	235	3	19.3%	0.02%
524210	Insurance Agencies and Brokerages	11000	4	4.3%	0.04%
541330	Engineering Services	1499	113	9.4%	0.6%
541370	Surveying and Mapping (except Geophysical) Services	186	9	2.2%	0.02%
541380	Testing Laboratories	296	2	2.1%	0.1%
541990	All Other Professional, Scientific, and Technical Services	856	13	1.3%	0.001%
561730	Landscaping Services	4913	45	7.5%	1.2%
561990	All Other Support Services	440	16	0.7%	0.7%

562998	All Other Miscellaneous Waste Management Services	83	1	0.9%	0.2%
TOTAL		**30965**	**837**	**2.7%**	**100%**

STEP TWO: BASE FIGURE ADJUSTMENT – 49 CFR § 26.45(d)

IDOT was next required to consider making adjustment to the base figure using factors listed in the federal regulations, including past DBE participation, evidence from disparity studies, and if available, evidence of from related fields that affect the opportunities for DBEs to form, grow and compete. IDOT was not required to make an adjustment if the evidence does not suggest an adjustment is necessary. If the evidence suggests that an adjustment may be required, there must be a rational relationship between the data used to make the adjustment and the actual numerical adjustment made.

IDOT evaluated whether an adjustment based on past participation is appropriate. USDOT's October 3, 2025, Interim Final Rule (IFR) required, among other changes, that the IL UCP 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 a decrease in the number of certified DBEs. Additionally, a portion of previously certified DBEs firms have still not undergone reevaluation, resulting in several firms that are currently ineligible to count for goal credit, but may still undergo certification reevaluation. USDOT's *Tips for Goal-Setting* states that "an adjustment for past participation is not required if you are developing a DBE program for the first time." While IDOT is not developing a DBE program for the first time, given the significant changes arising out of the reevaluation requirement and the complete pause on goal setting and goal credit counting during reevaluation, past participation under the pre-IFR framework may not reliably reflect anticipated participation under the new framework.

Furthermore, evaluation of the remaining factors set forth in 49 CFR § 26.45(d) likewise supports no adjustment to the base figure. IDOT is not aware of any disparity studies conducted since the IFR that would provide reliable information about the status of DBE availability under the post-IFR regulatory framework. IDOT has not identified any relevant evidence from related fields on impacts to DBE growth to support an adjustment to the base figure.

IDOT therefore determined that adjustment of the base figure is not appropriate and submits an overall goal of 14.8%.

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. The mean past race and gender-neutral DBE participation for FFYs 2022 through 2024 was 3.3 %, as indicated in Table 2. 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. IDOT can reasonably expect that some DBE participation will continue to be achieved on contracts that do not include contract specific DBE goals going forward. Consequently, IDOT projects that it will meet its overall DBE goal by achieving **3.3 %** DBE-neutral participation and the remaining **11.5 %** through DBE-conscious participation.

Table 2: DBE Participation % Achieved with Contract Specific Goals and Beyond Contract Specific Goals FFYs 2022-2024

Federal Fiscal Year	% of DBE expenditures achieved through contract specific goals	% of DBE expenditures achieved beyond contract specific goals
2022	7.2%	2.3%
2023	13.1%	1.7%
2024	6.8%	5.9%

SOURCE: ***Uniform Reports of DBE Commitments/Awards and Payments***

PUBLIC PARTICIPATION

In accordance with 49 CFR § 26.45(g), IDOT 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.

APPENDIX A

Industry Percentage Distribution of IDOT Contracts FFYs 2017-2021 by Dollars (FAA Funded)

NAICS	NAICS Code Description	Total Contract Dollars	Pct Contract Dollars
237310	Highway, Street, and Bridge Construction	$76,549,760	72.8%
238210	Electrical Contractors and Other Wiring Installation Contractors	$11,052,877	10.5%
238910	Site Preparation Contractors	$3,270,895	3.1%
238110	Poured Concrete Foundation and Structure Contractors	$2,797,217	2.7%
237130	Power and Communication Line and Related Structures Construction	$2,648,743	2.5%
237110	Water and Sewer Line and Related Structures Construction	$2,509,721	2.4%
238990	All Other Specialty Trade Contractors	$1,402,139	1.3%
561730	Landscaping Services	$1,242,202	1.2%
238390	Other Building Finishing Contractors	$922,982	0.9%
561990	All Other Support Services	$826,892	0.8%
541330	Engineering Services	$716,997	0.7%
236220	Commercial and Institutional Building Construction	$348,046	0.3%
484220	Specialized Freight (except Used Goods) Trucking, Local	$243,300	0.2%
562998	All Other Miscellaneous Waste Management Services	$206,996	0.2%
541380	Testing Laboratories	$125,982	0.1%
423390	Other Construction Material Merchant Wholesalers	$72,484	0.1%
423610	Electrical Apparatus and Equipment, Wiring Supplies, and Related Equipment Merchant Wholesalers	$36,720	0.03%
444190	Other Building Material Dealers	$28,027	0.03%
488490	Other Support Activities for Road Transportation	$25,485	0.02%
423320	Brick, Stone, and Related Construction Material Merchant Wholesalers	$22,010	0.02%
541370	Surveying and Mapping (except Geophysical) Services	$19,063	0.02%
238120	Structural Steel and Precast Concrete Contractors	$7,995	0.01%
524210	Insurance Agencies and Brokerages	$4,165	0.004%
541990	All Other Professional, Scientific, and Technical Services	$1,085	0.001%
Total		**$105,082,321**	**100.0%**