

**FY2026 - FY2028**  
**DISADVANTAGED BUSINESS ENTERPRISE PROGRAM METHODOLOGY**  
**for**

**North Carolina Department of Transportation**  
**INTEGRATED MOBILITY DIVISION**  
**Raleigh, North Carolina**



**For Submission: August 1, 2025**

With Assistance from Ken Weeden & Associates, Inc.

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## **Introduction**

In fulfillment of the requirements of 49 CFR Part 26, the North Carolina Department of Transportation (NCDOT), through the Integrated Mobility Division (IMD), has developed the proposed Overall Goal for qualifying Federal Transit Administration (FTA) funded projects and purchases from **October 1, 2026, through September 30, 2028**. The overall proposed goal for the FTA-funded projects is **4.85%**.

IMD, under the umbrella of NCDOT, administers the State's allocation of FTA-funded programs targeted primarily for non-urban transportation systems across the state.

NCDOT is an FTA direct recipient and bears ultimate responsibility for the administrative requirements of receiving and distributing the funds to the various subrecipients. However, the Integrated Mobility Division (formerly the Public Transportation Division, PTD), acts on behalf of NCDOT as the primary entity for planning, administering, and distributing federal and non-federal funds according to FTA programmatic and state regulatory requirements and guidelines. One of the *major* requirements is the development and implementation of the Disadvantaged Business Enterprise (DBE) program, according to regulations 49 CFR, Part 26. The development of the overall triennial DBE goal is a required federal regulatory *compliance element*, as a condition to receiving continued FTA assistance. As a direct recipient, the State also has the responsibility of setting goals for funds that are distributed to their subrecipients. Goal setting is therefore *required* and must be consistent with the format and process contained in the DBE regulations. The goal setting process for the next triennial period for NCDOT/ IMD is presented below:

## **Triennial Goal Setting Process**

### *A. General*

This updated goal setting process is consistent with the requirements and recommended format outlined in USDOT regulations 49 CFR Part 26. 45. Goal setting, according to the regulations, is a two-step process. The first activity in Step One, is to obtain the proposed statewide budget of expected federal funds to be expended. Next, the total funds are sorted to develop a "DBE base" of estimated expenditures on items that have the *potential* to be subcontracted or acquired from outside vendors. Please note that this potential "DBE base" excludes acquisition of transit vehicles, and most operational and administrative costs from the total line items and budget of the subrecipients. The DBE base also considered the Central IMD office budget, which also contracts out certain services to professional service vendors, as part of the initial Step One DBE goal, or "baseline goal". The baseline goal is also developed based on an analysis of "relative availability" of ready, willing, and able DBE firms or vendors

in the market area, compared to all firms and vendors in the same market area and for the same project expenditure items. The market area must be Statewide, because the grants and subsequent expenditures are also Statewide. Eligible expenditures, i.e., the “trigger” for the DBE goal requirement, refers to total grants expected to be awarded to the NCDOT/IMD that have *cumulative* contracting or vendor-acquisition opportunities of at least \$250,000 each year (excluding the acquisition of transit revenue vehicles). Since the overall goal covers three fiscal years, for planning purposes, the estimated total FY 2026 budget of federal funds was the only detailed fiscal year budget provided. Subsequently, fiscal years 2027 and 2028 were based on a linear projection of FY 2026, assuming no substantive changes.

Of the total FY2026 budgeted items, it was estimated that **\$82,203,490.00** statewide, including the Central IMD office vendor contracts, represented the “DBE base” for further, detailed analysis of relative availability.

The total amount of *estimated DBE-eligible* items, potential FTA grant funding for FY2026 is:

**\$2,903,224.00.** If this annual funding level is assumed to hold for the next three (3) years, then the total *DBE eligible part* of the funding would be **\$8,709,732.00** ( i.e. the DBE base).

As noted, NCDOT-IMD is a direct recipient of FTA federal program funds which are then distributed to many subrecipients statewide each year. The subrecipients submit program and project applications to IMD, including *detailed budgets* of *how* they intend to expend those funds during the budget year. ***To begin the goal analysis, each subrecipient’s grant budget for FY 2026 was examined to identify potential purchasing opportunities.*** Again, NCDOT has determined that the market area for purchases will be statewide since this is where most suppliers are located.

Though all of these funds may not represent *subcontracting opportunities* in the conventional sense or as described in §49 CFR Part 26 (i.e., more typical for airports or highway construction), because they are *cumulative potential procurements* which also utilize federal funds, they too are considered to be subject to DBE goal setting. After the detailed review of each subrecipient’s budget, *Table 1, on the following page*, shows these areas of potential opportunities, along with the total dollar amounts, designated NAICS code, and the total number, “all firms” available in the designated NAICS code.

**Table 1: Calculation of DBE Base: Areas of Potential DBE Opportunity by NAICS Code, Total Number of Firms, and Dollar Amounts Per Code: FY2026-2028 IMD DBE Goal Calculation**

<u>Activities</u>	<u>NAICS Code</u>	<u>Number of Firms</u>	<u>NAICS Dollars</u>
Accounting	541219	1630	\$159,403.00
Legal	541199	41	\$15,200.00
Mgt Consultant	541611	3489	\$1,013.00
Drug & Alcohol Test	621999	132	\$76,039.00
Janitorial Supplies	561720	1899	\$44,277.00
Uniforms	315210	3	\$141,158.00
Office Supplies & Mat	424120	73	\$96,083.00
Promotional Items	541890	165	\$45,215.00
Legal Advertising	541810	299	\$19,144.00
Insurance - Fidelity	524126	188	\$4,244.00
Insurance - Prop & Gen	524126	188	\$142,640.00
Insurance-Spec.Liab	524298	36	\$28,720.00
Insurance-Vehicles	524210	3356	\$1,462,282.00
Office Equipment	423420	224	\$108,059.00
Office Furniture	423210	249	\$17,440.00
Personal Computer	423430	123	\$96,740.00
Other Prof Serv	541990	442	\$28,721.00
Printer	333244	4	\$12,090.00
Security Services	561612	170	\$7,600.00
Training-Employ Edu	611430	224	\$84,055.00
Vehicle Lettering/Logos	541430	467	\$224,407.00
Vehicle Spare Parts	423120	325	\$88,694.00
<b>TOTAL</b>		<b>13727</b>	<b>\$2,903,224.00</b>

*Source: IMD Subrecipient Budget Data Sheets; U.S. Census Bureau; Ken Weeden & Associates.*

### ***Goal Setting – Subcontracts and Purchases of Goods and Services***

Historically, most FTA grants have been used for administration and operating expenses, and vehicle purchases. As noted above, IMD expects the spending levels of *DBE-eligible* Federal grants between FY 2026 and FY 2028, to be approximately **\$8,709,732.00** (i.e., the first-year estimate of **\$2,903,224.00** multiplied by three years).

As noted previously, NCDOT-IMD is a direct recipient of FTA federal program funds and subsequently passes the funding along to numerous sub recipients statewide each year. Again, the

subrecipients submit program and project applications, which include detailed budgets of how they intend to expend the funds during a budget year.

**B. Baseline Goal Established:**

All the line items in Table 1 were considered in developing the baseline, or Step One goal, by comparing the availability of DBE firms (as described in the NCDOT DBE directory) to the availability of *all firms* in the marketplace (as described in the **2022** U.S. County Business patterns from the U.S. Census Bureau). Further, the percentage of each item's share of the total DBE base, was multiplied by the percentage of the relative DBE availability through a process known as "weighting." In the end, all the weighted values are totaled to yield one "weighted" DBE overall Step One goal. That goal is **4.85%**.

The calculation process is summarized in the following Table 2:

**Table 2: DBE Firms Compared to All Firms in Relevant NAICS Code-Weighted Goal Analysis: Relative Availability.**

Activities	NAICS Code	# of DBE Firms	All Firms	% DBE Availability	NAICS Dollars	DBE Dollars
Accounting	541219	26	1630	1.60%	\$159,403.00	\$2,542.62
Legal	922130	7	41	17.07%	\$15,200.00	\$2,595.12
Mgt Consultant	541611	330	3489	9.46%	\$1,013.00	\$95.81
Drug & Alcohol Test	621999	7	132	5.30%	\$76,039.00	\$4,032.37
Janitorial Supplies	561720	63	1899	3.32%	\$44,277.00	\$1,468.91
Uniforms	315210	1	3	33.33%	\$141,158.00	\$47,052.67
Office Supplies & Mat	424120	2	73	2.74%	\$96,083.00	\$2,632.41
Promotional Items	541890	27	165	16.36%	\$45,215.00	\$7,398.82
Legal Advertising	541810	30	299	10.03%	\$19,144.00	\$1,920.80
Insurance - Fidelity	524126	2	188	1.06%	\$4,244.00	\$45.15
Insurance - Prop & Gen	524126	2	188	1.06%	\$142,640.00	\$1,517.45
Insurance-Spec.Liab	524298	1	36	2.78%	\$28,720.00	\$797.78
Insurance-Vehicles	524210	6	3356	0.18%	\$1,462,282.00	\$2,614.33
Office Equipment	423420	2	224	0.89%	\$108,059.00	\$964.81
Office Furniture	423210	1	249	0.40%	\$17,440.00	\$70.04
Personal Computer	423430	6	123	4.88%	\$96,740.00	\$4,719.02
Other Prof Serv	541990	129	442	29.19%	\$28,721.00	\$8,382.37
Printer	423430	1	4	25.00%	\$12,090.00	\$3,022.50
Security Services	561612	9	170	5.29%	\$7,600.00	\$402.35
Training-Employ Edu	611430	74	224	33.04%	\$84,055.00	\$27,768.17
Vehicle Lettering/Logos	541430	42	467	8.99%	\$224,407.00	\$20,182.21
Vehicle Spare Parts	423120	2	325	0.62%	\$88,694.00	\$545.81
Total					<b>\$2,903,224.00</b>	<b>\$140,771.53</b>
Weighted Step 1 Base Figure						<b>4.85%</b>

**C. Step Two of Goal Setting: Adjustment of the Step One Baseline Goal:**

The goal-setting regulations (49 CFR Part 26.45 (d)) require **considerations** of certain data or factors in order to “adjust” the Step One base goal, *if* it is deemed necessary, to obtain the final or “Step 2” overall goal. The regulations state further that there are many types of evidence that must be considered when adjusting the base figure. Examples of these include:

1. *The current capacity of DBEs to perform work in your DOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years, i.e. historic attainment levels.*
2. *Evidence from disparity studies conducted anywhere within a jurisdiction, to the extent it is not already accounted for in your base figure.*
3. *Other information on statistical disparities between availability and utilization of DBE firms.*
4. *Any statistical or other quantifiable factors which reflect the impact of discrimination, such as difficulties in obtaining bonding or capitalization as may be contained in special studies, etc.*

Most of the time, the most readily available information which indicates “capacity” is the reported actual “attainment” of DBE participation in recent years, compared to the DBE goals for the same periods. For this analysis and consideration, we reviewed the bi-annual DBE reports for IMD in the division’s FTA Transportation Awards Management System (TrAMS). The results are summarized in Table 3 below:

**Table 3: DBE Historic Participation: NCDOT -IMD, FY2022 - FY2024**

Report Period	Date	DBE Goal	Percent Achieved	Over/Under
FY2022-1	6/1/2022	4.31%	10.72%	6.41%
FY2022-2	12/1/2022	4.31%	42.38%	38.07%
FY 2023-1	6/1/2023	4.31%	10.72%	6.41%
FY2023-2	12/1/2023	4.31%	14.09%	9.78%
FY2024-1	6/1/2024	4.31%	11.14%	6.83%
FY2024-2	12/1/2024	4.31%	18.06%	13.75%
<b>Median</b>		<b>4.31%</b>	<b>12.62%</b>	<b>8.31%</b>

Source: NCDOT-IMD and Ken Weeden & Assoc.

Note that for each period, all reported accomplishments were substantially more than the approved goal for each reporting period. The median attainment was **12.62%**, with an over attainment of **+8.31%**



median. Normally, *Step Two* in the process could simply consist of “averaging” the median *attainment* and the Step One *baseline goal*. If that were done in this case, then the calculated Step One goal of **4.85%**, adjusted by the median attainment of **12.62%**, would yield a final overall goal of **8.73%**.

However, the IMD staff noted that for all of the years of what was considered “unusually” high DBE attainment/ over attainment, the NCDOT-IMD was the recipient of *substantial* of amounts of pandemic-era CARES Act funds that will not be repeated. These funds will have been nearly all utilized by the beginning of this new triennial DBE goal period and are NOT expected to re-occur during FY 2026-2028. Any future goal based on prior attainment where CARES Act funds were a factor, is considered to be an “over goal”, i.e. un-attainable. Rather than adjust the Step one, i.e., 4.85%, the IMD proposes that the baseline goal be retained as the “final” new triennial DBE overall goal for FY 2026-2028. Again it should be noted that adjustment is a consideration but is *not* a requirement.

#### **1. Disparity Study:**

In September 2021, the NCDOT released the most recent and current Disparity Study.

In the current study, *North Carolina Department of Transportation Disparity Study, August 2021*, by Griffin & Strong P.C., there are extensive sets of tables on utilization of minority and women-owned firms for NCDOT projects, both as prime contractors and as subcontractors. The utilization was broken into four (4) general categories: Construction, Architecture & Engineering, Professional Services, and Goods and Services (*Section E, Utilization Analysis, beginning p. 85-98*). The Utilization Analysis was compared with the Availability Analysis to help yield the statistical Disparity Indices (*Section F, Determination of Disparity, p. 98-102*). It is important to note, that the “overall” utilization across all the categories is **14.44%** (*Table 1, Summary of Total Utilization by Industry Category, p. 9*). This utilization factor, like the NCDOT annual reports, is also based on historic attainment and, therefore, an indicator of capacity. However, the Disparity Study utilization is significantly higher than the three-year DBE goal would be based on averaging the median IMD attainment with the Step 1, or baseline goal (8.73%, above)

#### **D. Final Overall Goal:**

After consideration of both the median reported historic attainment and indication of availability as noted in the 2021 NCDOT Disparity Study, it is recommended that the initial **Step 1 goal of 4.85%** *not* be adjusted by either factor. Therefore, the initial Step One goal calculation of **4.85%** *will be* the *final* DBE goal for the NCDOT Integrated Mobility Division for FY2026 - FY2028.

## Consultation

§49 CFR Part 26.45 (g)(1) states:

*“In establishing an overall goal, you must provide for public participation. This public participation must include: Consultation with minority, women’s and general contractor groups, community organizations, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and your efforts to establish a level playing field for the participation of DBEs.”*

Further guidance on goal setting issued by the U.S. Department of Transportation indicates that:

- *“... the process of consultation involves a scheduled face-to-face conference or meeting of some kind with individuals or groups of interested persons for the purpose of developing and/or assessing a proposed goal and methodology and seeking information or advice before a decision is made...*
- *...Recipients should identify groups within their contracting market that are likely to have information relevant to the goal setting process or that have a stake in the outcome of the process. Those groups should be contacted and invited to participate in a face-to-face exchange (which may occur at a public meeting) aimed at obtaining the kind of information set out in the regulation regarding establishing the overall DBE goal...*
- *Consultation is expected to occur before the proposed goal is established and prior to publication of the proposed overall goal for inspection and comment by the general public...”*

A consultation plan was developed and implemented for the Integrated Mobility Division’s new FY2026 - FY2028 three-year DBE goal. The IMD has subrecipients from across the State of North Carolina who receive grants and operate programs in most of the state’s 100 counties.

All planned meetings were held virtually in consideration of the current post-pandemic environment. Virtual meetings also helped provide more opportunities for input from various sectors in the State.

Each month, the IMD central staff meets virtually with all of the subrecipients. **For both the April 10, 2025, and August 13, 2025,** meetings, the DBE program consultants were included on the agenda, to do a presentation on the new DBE goal methodology and to answer any questions. At the April meeting, and before the DBE goal was finalized, the consultants presented a detailed description of the goal



setting process, as well as a draft goal. There were no questions. **The total attendance in the April 2025 meeting was \_\_\_\_.** At the second meeting, held on **August 13, 2025**, the consultants again presented the DBE goal methodology, to the Statewide Stakeholders, i.e. grant recipients and program administrators from all across North Carolina. The actual proposed goal along with more methodology details will be presented.

In addition to Subrecipients of grants, Notices were sent to a combination of DBE companies, community organizations, and to small business organizations. Some supporting documents are shown in Appendix 1.

In both meetings, it was pointed out that both the Central IMD office and the subrecipients will be responsible for implementing and helping to achieve the developed DBE goals.

#### **Breakout of Race-Conscious and Race-Neutral Goals for FY 2026-2028**

Federal DBE regulations require that grant recipients like the Integrated Mobility Division meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation (hereafter referred to as race-neutral).

The Integrated Mobility Division estimates that, in meeting its overall goal of **4.85%**, it estimates that it will obtain **0.0%** from race-neutral participation and **4.85%** through race-conscious (contract) measures. The reason for the projected split is data on DBE participation is that the years of “over-attainment” of DBE goals was connected with unusually high funding through the CARES Act and those funds along with the relevant funded activities, will not be re-occurring during the upcoming three (3) years.

#### **Public Notice**

As noted above, along with the consultation meetings, the Integrated Mobility Division published a notice of the proposed overall goal on its website. This notice informed the public that the proposed goal and its rationale were available for review via a special weblink and the ability to send review comments. . The notice also included an address and contact where comments could be sent. This was part of the process used to establish the goals for FY 2026-2028.

#### **Contract Goals**

The NC Integrated Mobility Division will use contract goals to meet any portion of the overall goal that it does not project being able to meet using race-neutral means. Contract goals are established so that,

over the period to which the overall goal applies, they will cumulatively result in meeting any portion of our overall goal that is not projected to be met through the use of race-neutral means.

The Integrated Mobility Division will establish contract goals only on those FTA-assisted contracts that have subcontracting or DBE procurement possibilities. A contract goal does not have to be established on every such contract, and the size of contract goals will be adapted to the circumstances of each such contract (e.g., type and location of work, availability of DBEs to perform the particular type of work and/or provide the particular good or service). The Integrated Mobility Division will express its contract goals as a percentage of the total contract amount.

# **Attachments**

**The NCDOT-Public Transportation DBE PROGRAM (IMD)**  
**FY 2026-2028 –Overall DBE Goal**  
**Stakeholder Activities**