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MEMORANDUM

To: All KYTC Contractors and Consultants

From: James Ballinger, PE, PLS, State Highway Engineer

Tony Youssefi, Executive Director, Office for Civil Rights and Small Business Development

Date: December 3, 2025

Subject: Compliance Requirements Under the U.S. DOT Interim Final Rule (IFR) and Frequently Asked Questions (FAQ)

Effective: October 3, 2025

The U.S. DOT Interim Final Rule (IFR) and accompanying FAQ outline new compliance requirements for federally assisted projects. Under §26.111, each Unified Certification Program (UCP), which is the single DBE certification program operated by a state to certify DBE firms, must reevaluate every DBE it originally certified, and the FAQ confirms that DBEs are permitted to work on open-ended performance plans and executed contracts before October 3, 2025, while their reevaluation is underway (FAQ Section B). Recipients must pause DBE goal setting and DBE counting, and any DBE participation after October 3, 2025, may only be counted once the DBE is successfully recertified under §26.111 (FAQ Section D).

Requirements for Prime Contractors and Consultants

Prime contractors and consultants must continue to comply with all existing DBE requirements (IFR; FAQ Section B). These include:

- Prompt payment (§26.29)
- Termination protections (§26.53(f))
- Nondiscrimination requirements (§26.13)

The FAQ also states that CUF reviews are not required while DBE counting is paused (FAQ Section B). If a DBE used on a contract is not recertified, the recipient (the public agency that holds the federal funds and administers the contract, such as the State DOT or local agency) must take appropriate action, such as modifying the contract or adjusting DBE commitments (§26.111; FAQ Section B).

The FAQ clarifies that the reevaluation process does not interrupt contract performance and that FHWA will not participate in delay claims related to reevaluation (FAQ Section B). Contractors should ensure their DBE subcontractors respond promptly to UCP requests and be prepared for adjustments if DBE eligibility changes.

For details, please review the official [IFR](#) and [FAQ](#).

This notice is issued jointly by The Office for Civil Rights and Small Business Development and the State Highway Engineers Office, who remain committed to supporting contractors and consultants and ensuring compliance with the IFR and FAQ throughout the reevaluation process.