



## **IRTBA Position in Support of Raising Annual Gross Receipts and Personal Net Worth Caps For the Disadvantaged Business Enterprise Program**

The Illinois Road and Transportation Builders Association (IRTBA) has served as the leading transportation industry trade association in Illinois since 1938. IRTBA member firms design, build, and maintain state and local roads, bridges, highways, transit systems, railways, waterways and aviation systems. The core purpose of IRTBA is to advance and promote the transportation design and construction industry in Illinois. The IRTBA supports inclusion and diversity in the transportation program, and Disadvantaged Business Enterprise (DBE) firms represent 22% of its contractor and engineering firm membership.

The IRTBA Board of Directors supports increasing the current on DBE firms' annual gross receipts as well increasing the cap on the personal net worth of DBE firm owners. In general, to be eligible for the DBE program, persons must own 51% or more of a "small business," establish that they are socially and economically disadvantaged within the meaning of DOT regulations, and prove they control their business.

Under USDOT rules, a DBE firm (including its affiliates) must be a small business as defined by SBA standards. No DBE firm may have annual gross receipts over \$23.98 million in the previous three fiscal years (\$56.42 million for airport concessionaires in general with some exceptions). This threshold is adjusted annually for inflation by the Secretary.

In addition, USDOT considers as a potential qualified DBE only disadvantaged persons having a personal net worth of less than \$1.32 million 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.

In Illinois, every major transportation agency includes DBE goals on every transportation construction and design contract. This includes the Illinois Department of Transportation, the Illinois Tollway, Chicago Department of Aviation, and Chicago Department of Transportation. In the Chicago metropolitan region, DBE goals among the agencies are among the highest in the nation – averaging approximately 20%. The availability of "ready, willing and able" DBE firms has been a challenge. With the prospect of a doubling of IDOT work following the enactment of the "Rebuild Illinois" capital program, that challenge may be unattainable without changes to the program.

While the IRTBA encourages more qualified individuals to enter into the DBE program, the pace of new DBE firms has not matched the needs based on the current goals established by various agencies. Experienced DBE firms are regularly part of a team as a subcontractor, but many of those firms are in danger of losing their DBE eligibility due to the demand for their work.

The gross receipts and net worth caps must be significantly increased in order for experienced DBE firms to continue to provide their invaluable contributions to the program. A vast array of resources are available for newer DBE firms, so any net worth/gross receipts cap increases would not serve as a barrier to entry to those new firms. Instead, it would assure the continued success of programs that maintain goals that are higher than the national average by assuring that work is performed and allowing smaller firms the ability to grow into the program.

The IRTBA requests that the USDOT institute significant increases to the personal net worth and gross income caps immediately.