

[6450-01-P]



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DEPARTMENT OF ENERGY

10 CFR Part 800

[DOE-HQ-2025-0014]

RIN 1903-AA23

Rescinding Regulations for Loans for Minority Business Enterprises Seeking DOE Contracts and Assistance

AGENCY: Office of Minority Economic Impact, Department of Energy (DOE).

ACTION: Direct final rule (DFR); request for comments.

SUMMARY: This DFR rescinds a regulation which sets forth policies and procedures for the award and administration of loans to minority business enterprises.

DATES: The final rule is effective [INSERT DATE 60 DAYS AFTER DATE OF

PUBLICATION IN THE *FEDERAL REGISTER*], unless significant adverse comments are

received by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE

***FEDERAL REGISTER*]. Significant adverse comments oppose the rule and raise, alone or in combination, a serious enough issue related to each of the independent grounds for the rule that a substantive response is required. If significant adverse comments are received, notice will be published in the *Federal Register* before the effective date either withdrawing the rule or issuing a new final rule which responds to significant adverse comments.**

ADDRESSES: Interested persons are encouraged to submit comments using the Federal eRulemaking Portal at www.regulations.gov under docket number DOE-HQ-2025-0014. Follow the instructions for submitting comments. The docket for this final rule, which includes *Federal Register* notices, comments, and other supporting documents and materials, is available for review at www.regulations.gov. All documents in the docket are listed in the www.regulations.gov index. However, not all documents listed in the index may be publicly available, such as information that is exempt from public disclosure. The docket web page can

be found at www.regulations.gov/docket/DOE-HQ-2025-0014. The docket web page contains instructions on how to access all documents, including public comments, in the docket, as well as a summary. In accordance with 5 U.S.C. 553(b)(4), a summary of this rule may be found at www.regulations.gov, under the docket number.

FOR FURTHER INFORMATION CONTACT: Mr. David Taggart, U.S. Department of Energy, Office of the General Counsel, GC–1, 1000 Independence Avenue SW, Washington, DC 20585–0121. Telephone: (202) 586-5281. Email: DOEGeneralCounsel@hq.doe.gov.

SUPPLEMENTARY INFORMATION:

Table of Contents

- I. General Discussion
- II. Procedural Issues and Regulatory Review
 - A. Review Under Executive Order 12866
 - B. Review Under the Regulatory Flexibility Act
 - C. Review Under the Paperwork Reduction Act
 - D. Review Under the National Environmental Policy Act of 1969
 - E. Review Under Executive Order 13132
 - F. Review Under Executive Order 12988
 - G. Review Under the Unfunded Mandates Reform Act
 - H. Review Under the Treasury and General Government Appropriations Act, 1999
 - I. Review Under Executive Order 12630
 - J. Review Under the Treasury and General Government Appropriations Act, 2001
 - K. Review Under Executive Order 13211
 - L. Review Under Additional Executive Orders and Presidential Memoranda
 - M. Congressional Notification
- III. Approval of the Secretary

I. General Discussion

In *Students for Fair Admissions v. Harvard*, 600 U.S. 181, 230 (2023), the Supreme Court held that the admissions programs of Harvard and the University of North Carolina violated the Equal Protection Clause of the Fourteenth Amendment. Both institutions included race as an overt consideration in the admissions programs. *Id.* at 194–98. The programs were unconstitutional because they “lack[ed] sufficiently focused and measurable objectives warranting the use of race, unavoidably employ[ed] race in a negative manner, involve[d] racial stereotyping, and lack[ed] meaningful end points.” *Id.* at 230.

The Supreme Court was clear that “[e]liminating racial discrimination means eliminating all of it.” *Id.* at 206 (cleaned up). And the Equal Protection Clause applies “without regard to any differences of race, of color, or of nationality.” *Id.* (cleaned up). Thus, the Court has “time and again forcefully rejected the notion that government actors may intentionally allocate preference to those who may have little in common with one another but the color of their skin.” *Id.* at 220 (cleaned up).

The regulations at 10 CFR part 800 do exactly that, in violation of *Students for Fair Admissions* and numerous other Supreme Court cases. The purpose of part 800 “is to set forth policies and procedures for the award and administration of loans to minority business enterprises.” 10 CFR 800.001. Minority is defined as “[a]n individual who is a citizen of the United States and who is a Negro, Puerto Rican, American Indian, Eskimo, Oriental, or Aleut, or is a Spanish speaking individual of Spanish descent.” 10 CFR 800.003. The regulations set out to provide preference to minority business owners, based on the color of their skin. For this reason alone, DOE has determined it must rescind these regulations to be in compliance at least with Supreme Court rulings. DOE has determined there is no reliance interest in an unlawful regulation. *Dep’t of Homeland Sec. v. Regents of the Univ. of California*, 591 U.S. 1, 32 (2020).

Regardless, and independently, DOE has determined that 10 CFR part 800 violates the Secretary’s policy to treat people without regard to the color of their skin. Contrary to this policy, the regulations identify groups based on their race, sort them, and intentionally deliver preferences based on the resulting groups. Even if such regulations were constitutional, DOE would rescind them.

DOE also has a preference for deregulation. The provisions in 10 CFR part 800 outline a program that DOE will not use and so they should be rescinded for this additional reason. DOE seeks all comments on this direct final rule.

II. Procedural Issues and Regulatory Review

A. Review under Executive Orders 12866

Executive Order (E.O.) 12866, “Regulatory Planning and Review,” requires agencies, to the extent permitted by law, to (1) propose or adopt a regulation only upon a reasoned determination that its benefits justify its costs; (2) tailor regulations to impose the least burden on society, consistent with obtaining regulatory objectives, taking into account, among other things, and to the extent practicable, the costs of cumulative regulations; (3) select, in choosing among alternative regulatory approaches, those approaches that maximize net benefits; (4) to the extent feasible, specify performance objectives, rather than specifying the behavior or manner of compliance that regulated entities must adopt; and (5) identify and assess available alternatives to direct regulation, including providing economic incentives to encourage the desired behavior, such as user fees or marketable permits, or providing information upon which choices can be made by the public. For the reasons stated in the preamble, this direct final rule is consistent with these principles.

B. Review Under the Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) requires preparation of an initial regulatory flexibility analysis (IRFA) and a final regulatory flexibility analysis (FRFA) for any rule that by law must be proposed for public comment, unless the agency certifies that the rule, if promulgated, will not have a significant economic impact on a substantial number of small entities. As required by E.O. 13272, “Proper Consideration of Small Entities in Agency Rulemaking,” 67 FR 53461 (Aug. 16, 2002), DOE published procedures and policies on February 19, 2003, to ensure that the potential impacts of its rules on small entities are properly considered during the rulemaking process. 68 FR 7990. DOE has made its procedures and policies available on the Office of the General Counsel’s website (www.energy.gov/gc/office-general-counsel).

DOE reviewed this rescission under the provisions of the Regulatory Flexibility Act and the policies and procedures published on February 19, 2003. This rule eliminates unlawful and unnecessary regulations. Therefore, DOE concludes that the impacts of the rescission would not

have a “significant economic impact on a substantial number of small entities,” and that the preparation of an IRFA is not warranted. DOE will transmit this certification and supporting statement of factual basis to the Chief Counsel for Advocacy of the Small Business Administration for review under 5 U.S.C. 605(b).

C. Review Under the Paperwork Reduction Act

This rescission imposes no new information or record-keeping requirements. Accordingly, Office of Management and Budget (OMB) clearance is not required under the Paperwork Reduction Act. (44 U.S.C. 3501 *et seq.*)

D. Review Under the National Environmental Policy Act of 1969

DOE has analyzed this action in accordance with the National Environmental Policy Act of 1969, as amended, (NEPA) and DOE’s NEPA implementing regulations (10 CFR part 1021). DOE has determined that this rule qualifies for categorical exclusion under 10 CFR part 1021, subpart D, appendix A4, because it is an interpretation or ruling in regards to an existing regulation.

E. Review Under Executive Order 13132

E.O. 13132, “Federalism,” 64 FR 43255 (Aug. 10, 1999), imposes certain requirements on Federal agencies formulating and implementing policies or regulations that preempt State law or that have federalism implications. The Executive order requires agencies to examine the constitutional and statutory authority supporting any action that would limit the policymaking discretion of the States and to carefully assess the necessity for such actions. The Executive order also requires agencies to have an accountable process to ensure meaningful and timely input by State and local officials in the development of regulatory policies that have federalism implications. On March 14, 2000, DOE published a statement of policy describing the intergovernmental consultation process it will follow in the development of such regulations. 65 FR 13735.

DOE has examined this rescission and has determined that it would not have a substantial

direct effect on the States, on the relationship between the Federal Government and the States, or on the distribution of power and responsibilities among the various levels of government.

F. Review Under Executive Order 12988

With respect to the review of existing regulations and the promulgation of new regulations, section 3(a) of E.O. 12988, “Civil Justice Reform,” imposes on Federal agencies the general duty to adhere to the following requirements: (1) eliminate drafting errors and ambiguity, (2) write regulations to minimize litigation, (3) provide a clear legal standard for affected conduct rather than a general standard, and (4) promote simplification and burden reduction. 61 FR 4729 (Feb. 7, 1996). Regarding the review required by section 3(a), section 3(b) of E.O. 12988 specifically requires that Executive agencies make every reasonable effort to ensure that the regulation (1) clearly specifies the preemptive effect, if any, (2) clearly specifies any effect on existing Federal law or regulation, (3) provides a clear legal standard for affected conduct while promoting simplification and burden reduction, (4) specifies the retroactive effect, if any, (5) adequately defines key terms, and (6) addresses other important issues affecting clarity and general draftsmanship under any guidelines issued by the Attorney General.

Section 3(c) of E.O. 12988 requires Executive agencies to review regulations in light of applicable standards in section 3(a) and section 3(b) to determine whether they are met or it is unreasonable to meet one or more of them. DOE has completed the required review and determined that, to the extent permitted by law, this rescission meets the relevant standards of E.O. 12988.

G. Review Under the Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) requires each Federal agency to assess the effects of Federal regulatory actions on State, local, and Tribal governments and the private sector. Public Law 104–4, sec. 201 (codified at 2 U.S.C. 1531). For a regulatory action likely to result in a rule that may cause the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector of \$100 million or more in any one year

(adjusted annually for inflation), section 202 of UMRA requires a Federal agency to publish a written statement that estimates the resulting costs, benefits, and other effects on the national economy. (2 U.S.C. 1532(a), (b)) UMRA also requires a Federal agency to develop an effective process to permit timely input by elected officers of State, local, and Tribal governments on a “significant intergovernmental mandate,” and requires an agency plan for giving notice and opportunity for timely input to potentially affected small governments before establishing any requirements that might significantly or uniquely affect them. On March 18, 1997, DOE published a statement of policy on its process for intergovernmental consultation under UMRA. 62 FR 12820. DOE’s policy statement is also available at www.energy.gov/sites/prod/files/gcprod/documents/umra_97.pdf.

DOE examined this rescission according to UMRA and its statement of policy and determined that the rescission does not contain a Federal intergovernmental mandate, nor is it expected to require expenditures of \$100 million or more in any one year by State, local, and Tribal governments, in the aggregate, or by the private sector. As a result, the analytical requirements of UMRA do not apply.

H. Review Under the Treasury and General Government Appropriations Act, 1999

Section 654 of the Treasury and General Government Appropriations Act, 1999 (Pub. L. 105–277) requires Federal agencies to issue a Family Policymaking Assessment for any rule that may affect family well-being. This rescission would not have any impact on the autonomy or integrity of the family as an institution. Accordingly, DOE has concluded that it is not necessary to prepare a Family Policymaking Assessment.

I. Review Under Executive Order 12630

Pursuant to E.O. 12630, “Governmental Actions and Interference with Constitutionally Protected Property Rights,” 53 FR 8859 (March 18, 1988), DOE has determined that this rescission would not result in any takings that might require compensation under the Fifth Amendment to the U.S. Constitution.

J. Review Under the Treasury and General Government Appropriations Act, 2001

Section 515 of the Treasury and General Government Appropriations Act, 2001 (44 U.S.C. 3516, note) provides for Federal agencies to review most disseminations of information to the public under information quality guidelines established by each agency pursuant to general guidelines issued by OMB. OMB's guidelines were published at 67 FR 8452 (Feb. 22, 2002), and DOE's guidelines were published at 67 FR 62446 (Oct. 7, 2002). Pursuant to OMB Memorandum M-19-15, Improving Implementation of the Information Quality Act (April 24, 2019), DOE published updated guidelines which are available at:

<https://www.energy.gov/cio/department-energy-information-quality-guidelines>. DOE has reviewed this rescission under the OMB and DOE guidelines and has concluded that it is consistent with applicable policies in those guidelines.

K. Review Under Executive Order 13211

E.O. 13211, "Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use," 66 FR 28355 (May 22, 2001), requires Federal agencies to prepare and submit to the Office of Information and Regulatory Affairs (OIRA) at OMB, a Statement of Energy Effects for any significant energy action. A "significant energy action" is defined as any action by an agency that promulgates or is expected to lead to promulgation of a final rule, and that: (1) is a significant regulatory action under Executive Order 12866, or any successor order and is likely to have a significant adverse effect on the supply, distribution, or use of energy; or (2) is designated by the Administrator of OIRA as a significant energy action. For any significant energy action, the agency must give a detailed statement of any adverse effects on energy supply, distribution, or use should the proposal be implemented, and of reasonable alternatives to the action and their expected benefits on energy supply, distribution, and use.

DOE has determined that this rule would not have a significant adverse effect on the supply, distribution, or use of energy. Accordingly, DOE has not prepared a Statement of Energy Effects. DOE may prepare such a statement for the final rule, and seeks all comments.

L. Review Under Additional Executive Orders and Presidential Memoranda

DOE has examined this rescission and has determined that it is consistent with the policies and directives outlined in E.O. 14154 “Unleashing American Energy,” E.O. 14192, “Unleashing Prosperity Through Deregulation,” and Presidential Memorandum, “Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis.” This rescission is expected to be an Executive Order 14192 deregulatory action.

M. Congressional Notification

As required by 5 U.S.C. 801, DOE will report to Congress on the promulgation of this rule before its effective date.

III. Approval of the Secretary

The Secretary of Energy has approved publication of this direct final rule; request for comments.

List of Subjects in 10 CFR Part 800

Government contracts, Loan programs-business, Minority businesses, Research.

Signing Authority

This document of the Department of Energy was signed on May 9, 2025, by Chris Wright, Secretary of Energy. That document with the original signature and date is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on May 9, 2025.

Jennifer Hartzell,
Alternate Federal Register Liaison Officer,
U.S. Department of Energy.

PART 800 [Removed]

For the reasons set forth in the preamble, under the authority sec. 211(e) of the Department of Energy (DOE) Organization Act, Pub. L. 95-91, Title II, as amended by Pub. L. 95-619, Title VI, sec. 641, Nov. 9, 1978, 92 Stat. 3284 (42 U.S.C. 7141), DOE removes part 800 of chapter III of title 10 of the Code of Federal Regulations.

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