

**Department of General Services, Procurement Division**  
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**Broadcast Date: December 30, 2004**

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**Date: December 23, 2004**

**TO: Purchasing Authority Contacts (PAC's)  
Procurement and Contracting Officers (PCOs)  
State Contracting Advisory Network (SCAN) Members  
Small Business and Disabled Veteran Business Enterprise Advocates**

**SUBJECT: Nonprofit Veteran Service Agency Small Business Certification**

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**Introduction** Effective January 1, 2005, nonprofit veteran service agencies (NVSA) can qualify for California small business certification through the Department of General Services, Procurement Division, Office of Small Business and DVBE Certification (OSDC).

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**Definition** As defined in the Military and Veterans Code Section 999.50 et seq., enacted by Assembly Bill 323 (Chapter 359, Statutes of 2004), an NVSA is a community-based organization that meets the following requirements:

- It is exempt from tax under Section 501(c)(3) of the Internal Revenue Code and
- Its principal purpose is to provide housing, substance abuse, case management, and employment training services for low-income veterans, disabled veterans, or homeless veterans and their families

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**Certification** At the time of application for certification, the OSDC will determine the NVSA's eligibility for certified small business status. If determined to be eligible, the NVSA will receive small business certification and be designated as a small business nonprofit veteran service agency (SB/NVSA). The information will be posted to the OSDC website at:

<https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Register-Apply-or-Renew-a-Nonprofit-Veteran-Service-Agency>

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**Employment requirement** As part of the certification process, an NVSA must attest to employment of veterans receiving services from the nonprofit veteran service agency for not less than 75 percent of the person-hours of direct labor required for the production of goods and the provision of services performed for each solicitation bid. For the duration of the contract, the SB/NVSA must maintain compliance with this specification.

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**Preference eligibility** SB/NVSAs participating as a prime bidder are eligible for application of the 5% small business bidding preference when they meet bid standards including:

- Determined to be a responsible bidder that submitted a timely responsive bid, and
- Indicated in the bid eligibility for the preference

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**Verify certifications** Prior to calculation of the small business preference, check the OSDC website to verify that the SB/NVSA:

- Has a current certification and
- The status indicates eligibility to transact business with the state

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**Differing standards** A SB/NVSA is not subject to the same standards as other certified small businesses. Standards are identified in the Military and Veterans Code Section 999.51(a)(3). In addition, a SB/NVSA must already possess a valid certification prior to bid submission.

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**SB/DVBE Option** A SB/NVSA can be solicited when departments contact small businesses per GC Section 14838.5(a).

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**Termination** In the event that the SB/NVSA ceases to provide social security and unemployment and disability benefits for its employees, any existing contract awarded due to application of the preference must be terminated and the SB/NVSA will be ineligible to contract with the state for two years. Notification of ineligibility will be disseminated to state departments through broadcast bulletins issued by the Procurement Division and the information posted to the OSDC website.

A department that discovers the SB/NVSA is ceasing to provide benefits must notify the OSDC Compliance Manager at (916) 375-4936.

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**Reporting requirements** Awards to SB/NVSAs shall be included with the count of small business participation as part of the annual reporting requirement (per GC Section 14840) and documented in the Contracting Activity Report (Std. 810).

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**State  
Contracting  
Manual**

Information regarding SB/NVSAs will be included in the next release of the State Contracting Manual, Volume 1 (non-IT contracting services) and Volume 2 (Purchasing Authority Manual).