

Department of General Services
Procurement Division
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BROADCAST BULLETIN

TO:
Procurement and Contracting Officers (PCO)
Purchasing Authority Contacts (PAC)

SUBJECT:
DVBE Incentive Exemption Regulation Update & DVBE Exemption Request Form (STD 816)

Purpose The purpose of this communication is to announce:

- 1) An update to the California Code of Regulations (CCR) 1896.99.100 - 1896.99.120 related to the Disabled Veteran Business Enterprise (DVBE) incentive exemption request requirement.
- 2) Implementation of the CCR change in the State Contracting Manual (SCM).
- 3) Discontinuation of the DVBE PROGRAM REQUIREMENTS AND DVBE INCENTIVE WAIVER (GSPD 07-04) and implementation of the DVBE EXEMPTION REQUEST form (STD 816).

Policy The policy and related procedures are effective immediately and must be fully implemented on or before March 1, 2021.

The Office of Small Business and Disabled Veteran Business Enterprise Services (OSDS) has revised the California Code of Regulations (CCR) Sections 1896.99.100 - 1896.99.120, known as the DVBE Incentive, and related SCM content as follows:

- 1) State departments are no longer able to justify an exemption (aka “waiver”) for removal of the DVBE Incentive requirement in competitive solicitations based on meeting DVBE participation goals for two out of the three previous fiscal years.
- 2) Pursuant to CCR 1896.99.100(a) the DVBE Incentive requirement applies to all competitive solicitations unless the solicitation is exempt in accordance with the CCR and related SCM policy and procedures.
- 3) Exemptions must not prevent achievement of a state department's three percent (3%) DVBE goal.

Background Prior to January 1, 2019, state departments were allowed to exempt the application of the DVBE Incentive from solicitations upon meeting DVBE participation goals for two out of the three previous fiscal years. While

departments were able to exempt the DVBE Participation Program requirement, a standard form was not used to document approved exemptions. The new DVBE EXEMPTION REQUEST form STD 816 will provide a consistent mechanism to document both exemptions (DVBE Incentive and DVBE Participation Program) in an accessible electronic format.

Procedure/
Process

The SCM has been updated to implement the procedures found below. The procedures require state departments to do the following:

- 1) Use the DVBE EXEMPTION REQUEST form (STD 816), including the electronic signature feature, when requesting to exempt the DVBE Incentive and/or DVBE Participation Program requirements from a competitive solicitation.
- 2) Designate individuals that are authorized to complete, approve, and sign the DVBE Exemption Request form (STD 816) in the "Department designee completing the Std. 816" and "Highest ranking executive or designee" signature blocks. These designations must be identified in the state department's internal procurement policy and procedure manual.
- 3) Confirm that an exemption will not prevent achievement of the state department's annual three percent (3%) DVBE participation goal prior to completing each individual exemption request.
- 4) Obtain approvals on the DVBE Exemption Request form (STD 816) prior to releasing a solicitation and/or soliciting offers.
- 5) Retain a copy of the approved DVBE Exemption Request form ([STD 816](#)) in the procurement file.
- 6) Attach or include the approved DVBE Exemption Request form (STD 816) to requests for DGS/Procurement Division (PD) services, including but not limited to, requests for PD to conduct acquisitions on behalf of state departments and transaction based increase requests for purchasing authority.
- 7) When exempting the DVBE Incentive and/or DVBE Participation Program Requirement for an individual solicitation pursuant to a specific statutory exemption, complete the DVBE Exemption Request form (STD 816) in sufficient detail to identify the statutory exemption in the "Exemption Justification" section of the form and obtain approval by the "Department designee completing the Std. 816"; approval by the "Highest ranking executive or designee" is not required.

For clarity and uniformity, references to "waiver" have been replaced with "exemption."

The DVBE EXEMPTION REQUEST form (STD 816) replaces the DVBE PROGRAM REQUIREMENTS AND DVBE INCENTIVE WAIVER (GSPD 07-04). Find the new DVBE Exemption Request form (STD 816) here: <https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std816.pdf>

The following sections of the SCM have been updated to reflect the changes noted herein:

Volume 2: Chapter 3 – Sections 3.3.1, 3.3.2, and 3.5.4
Chapter 4 – Sections 4.B2.5, 4.B2.9 and 4.B5.3

Volume 3: Chapter 3 – Sections 3.3.1, 3.3.2, and 3.4.4
Chapter 4 – Sections 4.B2.8, 4.B2.9 and 4.B7.1

Volume F: Chapter 3 – Sections 3.A3.1, 3.A4.4, and 3.A3.13
Chapter 4 – Sections 4.B1.4 and 4.B1.5

The policy and procedures noted herein also apply to contracts subject to SCM Volume 1; this volume will be updated at a later date.

Questions

Please email questions to: OSDSReports@dgs.ca.gov