

**AB-230, AB-1365 and SB-588 Add New Requirements  
for the California Disabled Veteran Business Enterprise (DVBE) Program**

The recent enactment of AB 230, AB 1365 and SB 588 add certain requirements to California's Disabled Veteran Business Enterprise (DVBE) Program. As a result, there are new DVBE-related requirements (set forth below) for contracting and procurements by judicial branch entities (JBEs). For a copy of the bills' text, statutory revisions, and legislative history, please refer to:

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200AB230](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB230)

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200AB1365](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1365)

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200SB588](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200SB588)

AB-230, AB-1365, and SB-588 require that:

- a) Upon completion of an awarded contract that contains a commitment to achieve a DVBE goal, the JBE shall require the prime contractor that entered into a subcontract with a DVBE to submit a post-contract certification, certifying to the JBE:
  - (1) the total amount of money the prime contractor received under the agreement;
  - (2) the total amount of money and the percentage of work the prime contractor committed to provide to each DVBE subcontractor;
  - (3) the name and address of each DVBE subcontractor to which the prime contractor subcontracted work in connection with the agreement;
  - (4) the amount of money each DVBE subcontractor actually received from prime contractor in connection with the awarded contract; and
  - (5) that all payments under the awarded contract have been made to the applicable DVBE subcontractors. The completed post-contract certification shall be retained in the JBE's procurement file for a minimum of six (6) years.
- b) The prime contractor must provide the post-contract certification to the JBE promptly upon completion of the awarded contract, and by no later than the date of submission of prime contractor's final invoice to the JBE.
- c) If the prime contractor fails to do so, then pursuant to Military & Veterans Code section 999.7, the JBE shall withhold \$10,000 from the final payment, or withhold the full payment if it is less than \$10,000, until the Contractor submits a complete and accurate post-contract certification.<sup>1</sup> The JBE shall allow the prime contractor to cure the deficiency after written notice of the prime contractor's failure to complete and submit an accurate post-contract certification form. Notwithstanding the foregoing and any other law, if after at least 15 calendar days, but no more than 30 calendar days, from the date of the written notice the prime contractor refuses to comply with these certification requirements, the JBE shall permanently deduct \$10,000 from the final payment, or the full payment if less than \$10,000.

In response to AB-230, AB-1365 and SB-588, the JCC Legal Services office has updated the forms under the "Sample DVBE Program" and "Sample Contract Terms and Conditions" sections of the JBCL site at <https://www.courts.ca.gov/18759.htm>, including an updated DVBE post-contract certification form, and DVBE guidelines. The JCC Legal Services office plans to propose conforming edits to the *Judicial Branch Contracting Manual* in the coming months.

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<sup>1</sup> JBEs must withhold this payment for contracts entered into on or after January 1, 2021, where a commitment to achieve a DVBE goal was made by the prime contractor, the prime contractor used a DVBE subcontractor to meet those DVBE commitments, and the prime contractor failed to provide the JBE with a complete and accurate post-contract certification by the date of submission of the prime contractor's final invoice.