



VA Acquisition Regulation Update

August 5, 2021

Number 2008-29

1. **Material Transmitted:** The attached pages contain revisions to the Department of Veterans Affairs Acquisition Regulation (VAAR) part 808, Required Sources of Supply and Services.

2. **Summary of Changes:** This VAAR update revises VA's original implementation of legislative amendments to VA's Veteran's First Contracting Program (VFCP) by adding language to provide for an exception to small business contracting requirements applicable to the VA's procurement of certain goods and services covered under the AbilityOne program. It also deviates to add language at VAAR 808.603, Purchase priorities, which was updated in the previously issued Temporary Rule, which states that contracting officers may purchase supplies and services produced or provided by FPI from eligible SDVOSBs and VOSBs, in accordance with procedures set forth in subpart 819.70, without seeking a waiver from FPI.

a. Text revisions are listed and summarized below:

VAAR Part/Subpart	Title	Change Summary
808.002	Priorities for use of mandatory Government sources.	Adds policy regarding the priority for use of supplies and services that are on the

VAAR Part/Subpart	Title	Change Summary
		Procurement List maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled and the required purchase of covered products and services from the AbilityOne Program as a mandatory Government source, with certain exceptions.
808.603	Purchase priorities.	Adds language updated in the previously issued Temporary Rule, which states that contracting officers may purchase supplies and services produced or provided by FPI from eligible SDVOSBs and VOSBs, in accordance with procedures set forth in subpart 819.70, without seeking a waiver from FPI..

3. Filing Instructions:

Remove pages:	Insert Pages:
808-1 thru 808-12	808-1 thru 808-10

Effective date: July 20, 2021.

SUBCHAPTER B—COMPETITION AND ACQUISITION PLANNING

PART 808—REQUIRED SOURCES OF SUPPLIES AND SERVICES

Sec.

808.002 Priorities for use of mandatory Government supply sources.

808.004-70 Use of non-mandatory sources by VA.

Subpart 808.4 – Federal Supply Schedules

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808.405-70 VA Rule of Two ordering procedures for Federal Supply Schedules—the Veterans First Contracting Program.

808.405-5-70 Small business set-asides—the Veterans First Contracting Program.

Subpart 808.6 – Acquisition from Federal Prison Industries, Inc. (FPI)

808.603 Purchase priorities

Subpart 808.8 – Acquisition of Printing and Related Supplies

808.802 Policy.

AUTHORITY: 38 U.S.C. 8127 and 8128; 40 U.S.C. 121(c) and (d); and 48 CFR 1.301–1.304.

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SUBCHAPTER B—COMPETITION AND ACQUISITION PLANNING**PART 808—REQUIRED SOURCES OF SUPPLIES AND SERVICES**

[Deviation per Class Deviation—[Veterans First Contracting Program \(VFCP 2016\)](#) dated July 25, 2016, Attachment 4, rescinds class deviation—[VAAR part 808](#) dated May 5, 2016, and deviates from the existing eCFR VAAR. It moves VA mandatory contract vehicles to [VAAR 808.004-70](#) as non-mandatory, while retaining priority over other existing contract vehicles. This class deviation also adds [VAAR 808.002](#), [808.004-70](#), [808.404-70](#), [808.405-2](#) and [808.405-70](#) to fully implement the VFCP as it relates to [VAAR part 808](#), Required Sources of Supplies and Services including the Federal Supply Schedules (see Attachment 4). This deviation is effective until incorporated in the VAAR or the VAAM or is otherwise rescinded.]

[Deviation per [Class Deviation from VAAR Part 808](#), Required Sources of Supplies and Services, dated July 20, 2021, which supersedes Class Deviation from VAAR 808.002, Priorities for Use of Mandatory Government Sources, dated August 14, 2020. The class deviation revises VA's original implementation of legislative amendments to VA's Veteran's First Contracting Program (VFCP) by adding language to provide for an exception to small business contracting requirements applicable to the VA's procurement of certain goods and services covered under the AbilityOne program. It also deviates to add language at VAAR 808.603, Purchase priorities, which was updated in the previously issued Temporary Rule, which states that contracting officers may purchase supplies and services produced or provided by FPI from eligible SDVOSBs and VOSBs, in accordance with procedures set forth in subpart 819.70, without seeking a waiver from FPI.]

808.002 Priorities for use of mandatory Government sources. [DEVIATION JUL 2021]

(a) Contracting activities shall satisfy requirements for supplies and services from or through the mandatory sources listed below in descending order of priority:

(1) Supplies. (i) VA inventories including the VA supply stock program (41 CFR 101- 26.704) and VA excess.

(ii) Excess from other agencies (see [FAR subpart 8.1](#)).

(iii) Federal Prison Industries, Inc. (see [808.603](#)). Prior to considering award of a contract to Federal Prison Industries, Inc, contracting officers shall apply the VA Rule of Two to determine whether a requirement should be awarded to veteran-owned small businesses under the authority of 38 U.S.C. 8127-28, by using the preferences and priorities in subpart [819.70](#). If an award is not made to a VIP-listed and verified service-disabled veteran-owned small business (SDVOSB)/veteran-owned small business (VOSB) as provided in subpart [819.70](#),

FPI remains a mandatory source in accordance with [FAR 8.002](#).

(iv) Supplies that are on the Procurement List maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled, through the AbilityOne Program (FAR subpart [8.7](#)). Supplies that are on the Procurement List but which do not meet the definition of a covered product are only considered a mandatory source in accordance with [FAR 8.002](#) if an award is not made to a VIP-listed and verified SDVOSB/VOSB after following the procedures set forth in subpart [819.70](#).

(A) *Definition*. As used in this paragraph—

Covered product means a product that—

(1) Is included on the Procurement List as authorized under 41 U.S.C. 8503(a) (see [FAR 8.703](#)) and was included on the Procurement List on or before December 22, 2006;

(2) Meets the following criteria—

(i) Is a replacement for a product under this paragraph;

(ii) Is essentially the same and meeting the same requirement as the product being replaced; and

(iii) The contracting officer determines the product meets the quality standards and delivery schedule requirements of VA.

(B) *Policy*. Except as provided in paragraph (a)(1)(iv)(C) and (D), contracting officers shall procure covered products that are on the Procurement List through the AbilityOne Program as set forth in FAR subpart [8.7](#). Contracting officers shall not procure products that are on the Procurement List but which do not meet the definition of a covered product using the procedures set forth in FAR subpart [8.7](#) unless award cannot be made to a VIP-listed and verified SDVOSB/VOSB pursuant to the procedures set forth in subpart [819.70](#).

(C) *Exception for certain contracts awarded in accordance with the Veterans First Contracting Program in subpart 819.70*. If a contract for a covered product awarded under the authority of 38 U.S.C. 8127(d)(1) to a VIP-listed SDVOSB or VOSB was in effect as of August 7, 2020, the requirement shall continue as an SDVOSB/VOSB set-aside in accordance with [819.7005](#) and [819.7006](#).

(D) *Termination or expiration of excepted contracts*. When a contract previously awarded as set forth in paragraph (a)(1)(iv)(C) is terminated or expires, contracting officers shall procure such covered product through the AbilityOne Program as a priority mandatory Government source (see (a)(1)(iv)(B)), provided the

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head of the contracting activity or designee determines there is no reasonable expectation that—

(1) Two or more SDVOSBs/VOSBs will submit offers; and

(2) Award can be made at a fair and reasonable price that offers best value to the United States.

(v) Wholesale supply sources, such as stock programs of the General Services Administration (GSA) (see 41 CFR 101-26.3), the Defense Logistics Agency (see 41 CFR 101- 26.6), the Department of Veterans Affairs (see 41 CFR 101-26.704), and military inventory control points.

(2) Services that are on the Procurement List maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled, through the AbilityOne Program ([FAR subpart 8.7](#)). Services that are on the Procurement List but which do not meet the definition of a covered service are only considered a mandatory source in accordance with FAR [8.002](#) if an award is not made to a VIP-listed and verified SDVOSB/VOSB after following the procedures set forth in subpart [819.70](#).

(i) Definition. As used in this paragraph—

Covered service means a service that—

(A) Is included on the Procurement List as authorized under 41 U.S.C. 8503(a) (see [FAR 8.703](#)) and was included on the Procurement List on or before December 22, 2006; or

(B) Meets the following criteria—

(1) Is a replacement for a service under this paragraph;

(2) Is essentially the same and meeting the same requirement as the service being replaced; and

(3) The contracting officer determines the service meets the quality standards and delivery schedule requirements of VA.

(ii) Policy. Except as provided in paragraph (a)(2)(iii) and (iv), contracting officers shall procure covered services that are on the Procurement List through the AbilityOne Program as set forth in FAR subpart [8.7](#). Contracting officers shall not procure services that are on the Procurement List but which do not meet the definition of a covered service using the procedures set forth in FAR subpart [8.7](#) unless award cannot be made to a VIP-listed and verified SDVOSB/VOSB pursuant to the procedures set forth in subpart [819.70](#).

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(iii) Exception for certain contracts awarded in accordance with the Veterans First Contracting Program in subpart [819.70](#). If a contract for a covered service awarded under the authority of 38 U.S.C. 8127(d)(1) to a VIP-listed SDVOSB or VOSB was in effect as of August 7, 2020, the requirement shall continue as an SDVOSB/VOSB set-aside in accordance with [819.7005](#) and [819.7006](#).

(iv) Termination or expiration of certain excepted contracts. When a contract previously awarded as set forth in paragraph (a)(2)(iii) is terminated or expires, contracting officers shall procure such covered service through the AbilityOne Program as a priority mandatory Government source (see (a)(2)(ii)), provided the head of the contracting activity or designee determines there is no reasonable expectation that—

(A) Two or more SDVOSBs/VOSBs will submit offers; and

(B) Award can be made at a fair and reasonable price that offers best value to the United States.

(b) Unusual and compelling urgency. The contracting officer may use a source other than those listed in paragraph (a) of this section when the need for supplies or services is of an unusual and compelling urgency (see [FAR 6.302-2](#), [8.405-6](#), [13.106-1](#) and part [806](#) for justification requirements).

808.004-70 Use of non-mandatory sources by VA.

(a) In order to fulfill the requirements of 38 U.S.C. 8127 and 8128 (see subpart [819.70](#)), contracting officers shall award contracts (see [FAR 2.101](#) for the definition of contracts), including Blanket Purchase Agreements (BPAs) and orders against Federal Supply Schedules (FSS) and provide priority in the awarding of contracts to verified SDVOSBs or VOSBs. Contracting officers shall ensure priorities for Veteran-owned small businesses are implemented within the VA hierarchy of small business program preferences in subpart [819.70](#).

(b) *VA strategic sourcing priorities and application of the VA Rule of Two.* To provide medical supplies in Federal Supply Classification (FSC) groups 65 and 66 efficiently and effectively the VA, through previous reform initiatives, has implemented key strategic sourcing contract vehicles (prime-vendor and VA FSS). Contracting officers shall consider the prime-vendor and VA FSS contract vehicles before using other existing contract vehicles.

(c) When considering set-asides for verified SDVOSBs/VOSBs against existing contract vehicles, contracting officers shall—

(1) Search the VIP database by applicable North American Industry Classification System (NAICS) code(s);

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(2) Determine if two or more verified SDVOSBs/VOSBs are listed by the NAICS code(s);

(3) Determine if identified SDVOSBs or VOSBs are capable of performing the work and likely to submit an offer/quote at a fair and reasonable price that offers best value to the Government.

(4) If criteria in (c)(1-3) are met, and if the existing contract vehicle represents, in the judgement of the contracting officer, the best business choice, the contracting officer shall set aside the requirement in the contracting order of priority (see [819.7005](#) and [819.7006](#)) using the applicable provision and clause at [819.7009](#).

(5) If the contracting officer determines existing contract vehicles are not suitable for award of a set-aside, an open market set-aside should be pursued.

SUBPART 808.4 – FEDERAL SUPPLY SCHEDULES

808.402 General.

The Executive Director and Chief Operating Officer, VA National Acquisition Center, advertises, negotiates, awards, administers, and issues the Federal Supply Schedules for Federal Supply Classification Groups 62, 65, and 89 and for cost-per-test services under Group 66.

[Deviation per Class Deviation—[Veterans First Contracting Program \(VFCP 2016\)](#) dated July 25, 2016, Attachment 4, rescinds class deviation—[VAAR part 808](#) dated May 5, 2016, and deviates from the existing eCFR VAAR. It moves VA mandatory contract vehicles to [VAAR 808.004-70](#) as non-mandatory, while retaining priority over other existing contract vehicles. This class deviation also adds [VAAR 808.002](#), [808.004-70](#), [808.404-70](#), [808.405-2](#) and [808.405-70](#) to fully implement the VFCP as it relates to [VAAR part 808](#), Required Sources of Supplies and Services including the Federal Supply Schedules (see Attachment 4). This deviation is effective until incorporated in the VAAR or the VAAM or is otherwise rescinded.]

808.404-70 Use of Federal Supply Schedules—the Veterans First Contracting Program.

(a) General. The Veterans First Contracting Program implemented in subpart [819.70](#) pursuant to 38 U.S.C 8127 and 8128 applies to VA contracts, BPAs, and orders under [FAR 8.4](#) and has precedence over other small business programs.

(b)(1) Contracting officers, when establishing a BPA or placing an order against the FSS, shall ensure that priorities for Veteran-owned small businesses are implemented within the VA hierarchy of small business program preferences in subpart [819.70](#). Specifically, the contracting officer will consider preferences for verified SDVOSBs first, then preferences for verified VOSBs. These priorities will

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be followed by preferences for other small businesses in accordance with [FAR 19.203](#), [819.203-70](#) and [819.7004](#).

(2) Set-asides for verified SDVOSBs and VOSBs are mandatory whenever a contracting officer has a reasonable expectation of receiving two or more offers at a fair and reasonable price that offers best value to the Government. This mandate applies to contracting officers issuing BPAs and placing orders against the FSS. Because only verified SDVOSBs and VOSBs can participate on such set-asides, the contracting officer should start by reviewing verified firms in the VIP database, then determine if there is an existing contract vehicle (with priority preference for VA prime-vendor, national and VA FSS contracts) that is most appropriate. The VA Rule of Two for SDVOSBs and VOSBs, in that order, shall be applied in all instances. A set-aside restricted to verified SDVOSBs or VOSBs under [819.70](#) satisfies the competition requirement in the FAR.

(c) When the servicing agency will award contracts under an interagency agreement on behalf of the VA, the contracting officer shall ensure the interagency acquisition complies with [FAR subpart 17.5](#) and [subpart 817.5](#) and includes terms requiring compliance with the VA Rule of Two (see [817.501](#)).

808.405-2 Ordering procedures for services requiring a statement of work.

See [808.405-70](#) for SDVOSB/VOSB set-aside requirements and the use of evaluation preferences when a set aside is not feasible.

808.405-70 VA Rule of Two ordering procedures for Federal Supply Schedules—the Veterans First Contracting Program.

Contracting officers shall use the supplemental ordering procedures of this section when establishing a BPA or placing an order for supplies or services. When a policy in another part of the FAR is inconsistent with a policy in this part and [FAR 8.405](#), this subpart [808.4](#) shall take precedence for acquisitions against the FSS.

(a) Pursuant to 38 U.S.C. 8127, contracting activities shall set aside BPAs and orders for SDVOSBs or VOSBs when indicated by market research. The set-aside authorities of [819.7005](#) and [819.7006](#) are mandatory whenever the contracting officer has a reasonable expectation of receiving two or more competitive offers/quotes at fair and reasonable prices that offer best value to the Government from SDVOSBs or VOSBs listed as verified in the VIP database.

(1) When setting aside BPAs and orders against the FSS, the eligibility requirements of [819.7003](#), [819.7005](#), and [819.7006](#) apply, including the requirement for offerors to be verified to submit offers/quotes or receive awards. To ensure fair and reasonable prices that offer best value to the Government and compliance with other requirements, the contracting officer shall—

(i) Notify potential offerors of the unique VA verification requirements

by including the applicable set-aside clause prescribed at [819.7009](#).

(ii) Post the RFQ on e-Buy to afford all verified SDVOSB or VOSB schedule contractors, depending on the set-aside, offering the required supplies or services under the appropriate multiple award schedule(s) an opportunity to submit a quote; or

(iii) Provide the RFQ to as many verified SDVOSB or VOSB schedule contractors as practicable, depending on the set-aside, consistent with market research appropriate to the circumstances. The requirements in [FAR 8.405-1](#), [8.405-2](#) and [8.405-3](#), apply, except only verified SDVOSBs or VOSBs, will be considered.

(b) Pursuant to 38 U.S.C. 8128 and to the extent that market research does not support an SDVOSB or VOSB set-aside, the contracting activity shall give priority to SDVOSBs/VOSBs through the use of evaluation preferences, as provided in 815.304. The contracting activity, when developing a statement of work and any evaluation criteria in addition to price, shall adhere to and apply the evaluation factor commitments at [815.304-70](#).

(c) The SDVOSB and VOSB eligibility requirements in [819.7003](#) apply, including verification of the SDVOSB and VOSB status at the time of submission of offer/quote and prior to award. The offeror must also represent that it meets the small business size standard for the assigned NAICS and other small business requirements (e.g. non-manufacturer rule and limitations on subcontracting).

808.405-5-70 Small business set-asides—the Veterans First Contracting Program.

When issuing BPAs or placing orders against the FSS, the contracting officer shall restrict competition to small businesses owned and controlled by Veterans, when market research provides the contracting officer with a reasonable expectation of receiving two or more offers/quotes from verified SDVOSBs or VOSBs and award can be made at a fair and reasonable price that offers best value to the Government.

SUBPART 808.6 – ACQUISITIONS FROM FEDERAL PRISON INDUSTRIES, INC. (FPI)

[Deviation per [Class Deviation](#) from [VAAR Part 808](#), Required Sources of Supplies and Services, dated July 20, 2021, which supersedes Class Deviation from VAAR 808.002, Priorities for Use of Mandatory Government Sources, dated August 14, 2020. The class deviation revises VA's original implementation of legislative amendments to VA's Veteran's First Contracting Program (VFCP) by adding language to provide for an exception to small business contracting requirements applicable to the VA's procurement of certain goods and services covered under the AbilityOne program. It also deviates to add language at VAAR 808.603, Purchase

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priorities, which was updated in the previously issued Temporary Rule, which states that contracting officers may purchase supplies and services produced or provided by FPI from eligible SDVOSBs and VOSBs, in accordance with procedures set forth in subpart 819.70, without seeking a waiver from FPI.]

808.603 Purchase priorities.

A waiver from Federal Prison Industries is not needed when comparable supplies and services are procured in accordance with subpart [819.70](#).

SUBPART 808.8 – ACQUISITION OF PRINTING AND RELATED SUPPLIES

808.802 Policy.

The Director, Publications Staff, Office of Acquisition and Materiel Management, VA Central Office, is the Central Printing Authority for VA (see [FAR 8.802\(b\)](#)).