



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GRETCHEN WHITMER
GOVERNOR

GARLIN GILCHRIST II
LT. GOVERNOR

EXECUTIVE DIRECTIVE

No. 2023-1

To: State Department Directors and Autonomous Agency Heads
From: Governor Gretchen Whitmer
Date: February 3, 2023
Re: Inclusive State Contracting

The State of Michigan provides essential services to the public: building roads, ensuring public health, and caring for veterans, to name just a few. To do so efficiently and to most effectively spend taxpayer dollars, the state works with contractors to help provide some of those goods and services. These purchases must be made with an eye toward fiscal responsibility, innovation, and protection of public health and safety.

State contracting is also an important economic engine for businesses of all sizes. Small businesses especially can depend upon state contracts to provide a stable source of revenue, create good-paying jobs, and increase economic opportunity in their communities. Ensuring that all Michiganders benefit from state spending means that underrepresented communities must have a fair shot at winning state contracts and boosting their local economies.

As Governor, I have prioritized this goal since taking office. In my first week in office, I signed Executive Directive 2019-08, expanding business opportunities within underserved communities and underutilized business areas. The directive also established a statewide goal to ensure that a portion of annual expenditures were made to certified Geographically-Disadvantaged Business Enterprises (GDBE).

In my first year in office, I also signed Executive Directive 2019-15 to ensure the state contracted more with in-state businesses and suppliers from Michigan, keeping more good-paying jobs in our state. And in Executive Directive 2019-09, I prohibited discrimination in the selection of individuals providing government services or administering a government program and required equal opportunity in state contracting, grant, and loan programs. Even with all these efforts, Michigan must do more.

When the state acts inclusively, all Michiganders benefit. Supporting and investing in Michigan businesses increases opportunity for Michiganders in every region. Procuring from a diverse group of businesses creates jobs in traditionally underserved communities,

establishes more robust supply chains, and produces a more competitive bidding process, generating the most cost-effective, high-quality bids and, ultimately, better taxpayer value for the state.

Data on how the state spends its funds is important for enhancing confidence in the public contracting process and for ensuring that the people of Michigan recognize that their state government is acting for the benefit of its residents. Therefore, I am acting to advance equity in our state's spending and ensure that the people of Michigan have confidence in Michigan's ability to spend public dollars in a manner that benefits all communities.

Section 1 of article 5 of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the governor.

Section 8 of article 5 of the Michigan Constitution of 1963 places each principal department under the supervision of the governor.

Acting under the Michigan Constitution of 1963 and Michigan law, I order the following:

1. **Increasing GDBE goals:** The Director of the Department of Technology, Management, and Budget ("Department") must amend the procurement policy established pursuant to ED 2019-08 § 4 as follows:
 - a. Beginning in FY 2023-2024, the goal for total Expenditures in each state fiscal year that must be made to GDBEs must increase to 20%.
 - b. Each department or agency that exercises procurement authority delegated by the Department must meet the annual goal. Any department or agency that does not meet the annual goal must provide a written explanation detailing obstacles the department or agency faces in attaining the GDBE goal and a plan for changes the department or agency will implement to meet the goal by the next reporting period. This written explanation must be provided to the Department, for inclusion in its annual report.
 - c. The Department must include the reporting required under 1(a) and 1(b) in its annual report to the Governor required by Executive Directive 2019-08 § 7.
2. **Improving state data collection practices:** The Department must consider ways to improve the quality of data the state possesses about the demographics of its suppliers, including all entities that contract with a state department or agency for goods and/or services. The Department should consider process changes to increase the collection and tracking of such data, including increasing response rates for any self-reported information.

Categories of data the Department should consider tracking include information that would allow the state to assess the number of annual awards and amount of annual expenditures made with the following categories of business:

- a. Minority owned businesses, as that term is defined in MCL 450.771(f), where possible disaggregated as set forth in MCL 450.771(e);

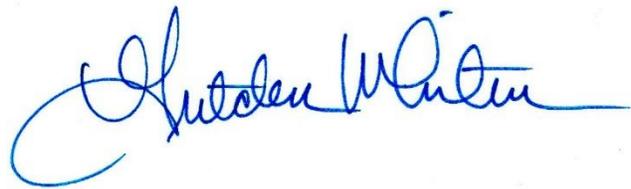
- b. Women owned businesses, as that term is defined in MCL 450.771(j);
- c. Businesses owned by persons with disabilities, as that term is defined in MCL 450.792;
- d. Businesses owned by a veteran, as that term is defined in MCL 18.1261(15)(h);
- e. Geographically-Disadvantaged Business Enterprises, as that term is defined in Executive Directive 2019-08; and
- f. Disadvantaged business enterprises, as that term is defined in 49 CFR § 26.5, if applicable.

The Department must provide the Executive Office of the Governor with a report documenting its implementation of this section within 90 days.

- 3. **Raising public awareness:** The Department shall continue to increase their efforts to raise awareness of state contracting opportunities and should work with each department or agency to plan for and conduct public outreach, provide technical assistance to inform businesses about state procurement opportunities, and provide technical assistance to potential applicants, as appropriate. The Department should consider opportunities to amplify outreach through partnerships between departments or agencies, as well as by working with state boards and commissions.
- 4. **Cooperation in implementation:** All state departments and agencies must take steps necessary to implement this directive and provide assistance to the Department as required.

This directive is effective immediately.

Thank you for your cooperation in its implementation.



Gretchen Whitmer
Governor