
**EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA**



**EXECUTIVE ORDER D-37-01
by the
Governor of the State of California**

WHEREAS, California spends billions each year on goods, information technology, services, construction, and public works contracts; and

WHEREAS, California small businesses comprise nearly 98 percent of all businesses in the state, employing more than 50 percent of California's workforce and generating more than half of the state's gross domestic product; and

WHEREAS, small businesses are the principal source of new jobs in California's economy and are instrumental to the health of California's economy; and

WHEREAS, California should lead the nation in creating an optimum environment which affords all business equal access to state agency contracting opportunities, thereby enhancing and encouraging competition and preserving the free enterprise system; and

WHEREAS, disabled veterans have made incomparable sacrifices while serving and protecting our country and most disabled veteran business enterprises are also certified California small businesses; and

WHEREAS, enhancing opportunities for small business to participate in the state contracting process is "good business" for California;

NOW THEREFORE, I, GRAY DAVIS, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and the statutes of the State of California, do hereby issue this order to become effective immediately:

1. Increased small business participation in state contracting is a priority for my Administration; therefore, each Agency Secretary shall promote the use of small businesses in state contracting activities, review the small business participation levels within their agency and develop a plan for improvement within sixty days when participation levels are low.
2. All state agencies are required to pursue aggressively an annual 25 percent small business participation level in state contracting. Any state agency that does not achieve that level shall examine the reasons and submit to the Governor's Office an explanation for why the level was not achieved. The explanation shall include a plan

for improving contracting opportunities for small businesses. The Department of General Services shall provide resources to state agencies in developing a plan for and taking the necessary actions toward achieving the 25 percent participation level.

3. I hereby authorize the Department of General Services to adopt and fully implement its statewide Small Business Plan (Plan). The Plan includes, but is not limited to:

- * Streamlining the small business certification process;
- * Increasing the pool of certified small businesses;
- * Establishing a Prompt Payment Advocate; and
- * Implementing a state-sponsored economic conference and opportunity fair focusing on enhancing contracting opportunities for small businesses.

4. The Department of General Services shall research and examine the best practices of both the public and private sectors in the utilization of small businesses in their contracting practices and programs. The Department of General Services shall prepare and present findings and recommendations to the Governor detailing changes to the state's business practices that will provide businesses with greater contracting opportunities with the State of California.

5. As required by current law, state agencies are directed to establish and properly utilize a Small Business Advocate or Liaison. Advocates and Liaisons shall be empowered to effect process changes that will improve small business access to contracting opportunities within their state agency.

6. It shall be the responsibility of each department director or chief executive officer to seek every reasonable means to ensure that state contracting programs are administered in a manner that promotes small business participation in state contracting.

7. State Constitutional Officers, the University of California, the California State University, the Lottery Commission, the Public Employees' Retirement System, the State Teachers' Retirement System, the State Compensation Insurance Fund, and other independent State entities are encouraged to take all necessary actions to comply with the intent and the requirements of this Order.

8. Nothing in this Order shall be construed to require any action that would result in the violation of a court order, or a loss of eligibility for federal funding.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this the thirtieth day of May 2001.



/s/ Gray Davis

Governor of California