



For Immediate Release

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AGC lawsuit impedes stimulus spending goals Contractors blocking economic recovery for minority communities

The federal lawsuit filed by San Diego Associated General Contractors this week undermines the intent of economic recovery efforts.

The lawsuit seeks to weaken the CalTrans Disadvantaged Business Enterprise (DBE) program, which involves many projects supported by stimulus spending as a part of the Obama administration's recovery and re-investment plan. The DBE program furthers the recovery plan's aims by ensuring that disadvantaged contractors have a fair opportunity to compete in the public works bidding process.

"The need is clearly demonstrated and growing," said Murtaza Baxamusa, research and policy director of the San Diego-based Center on Policy Initiatives (CPI). In 2005, 90% of all federal contracts were awarded to companies owned by white males. And in 2008 that number increased to 95%.

With programs like the DBE in place, spending on public works can address these alarming discrepancies while also stimulating economic recovery in places where people of color and other disadvantaged workers live.

"The AGC has gone too far this time, putting self-interest ahead of true economic recovery," said CPI Executive Director Donald Cohen. "This lawsuit undermines the intent of the economic stimulus money to help disadvantaged communities get on their feet."

The lawsuit is the latest in a string of AGC actions harmful to working families and communities of color. The association has opposed policies providing prevailing wages, over-time pay for excessive hours, and equal opportunity for all subcontractors to work on City of San Diego contracts (the City's Subcontractor Outreach Program).

Caltrans officials have stated that the participation of minority and woman-owned businesses in the state's federally funded contracts is far short of federal goals, and the state could lose Recovery Act funds if that situation is not corrected.

"Our economy cannot recover unless we move forward quickly with targeted actions to lift people out of poverty," Cohen said. "It's time for the contractors' lobby to get out of the way."