

THE BLOG

Schwarzenegger Won't Back Bill to Bring Jobs and Contracts to California

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Small business advocate

Governor Arnold Schwarzenegger has refused to back [H.R. 2568, the Fairness and Transparency In Contracting Act](#), which would bring billions of dollars in additional federal contracts and thousands of jobs to the State of California. The Governor's office originally pledged to back the bill once it was introduced into Congress, but has since broken its promise.

The bill was originally drafted by the Petaluma, California based [American Small Business League \(ASBL\)](#) to stop the diversion of federal small business contracts to Fortune 500 firms and other large businesses. H.R. 2568 was introduced into the U.S. House of Representatives in May of 2009. It currently has 24 co-sponsors, including 5 members of the California delegation, as well as the support of major chambers of commerce and business organizations across the state and nation.

Since 2003, over a dozen federal investigations have found billions of dollars a month in federal contracts earmarked for small businesses have actually been diverted to Fortune 500 firms and even some of the largest firms in Europe and Asia. Large recipients of federal small business contracts have included: Lockheed Martin, Boeing, Raytheon, Northrop Grumman, Dell Computer, British Aerospace (BAE), Rolls-Royce, French giant Thales Communications, Ssangyong Corporation headquartered in South Korea, and the Italian firm Finmeccanica SpA. (<http://www.asbl.com/documents/20090825TopSmallBusinessContractors2008.pdf>)

In March of 2005, the Small Business Administration (SBA) Office of Inspector General referred to the diversion of federal small business contracts to large corporations as, "one of the most important challenges facing the Small Business Administration and the entire Federal government today." (<http://www.asbl.com/documents/05-15.pdf>)

H.R. 2568 would prevent federal agencies from continuing to divert small business contracts to Fortune 500 firms. The ASBL estimates that the bill's passage could create between 400,000 and 500,000 new jobs and provide California's small businesses with over \$50 billion in additional contracts over the next 5 years.

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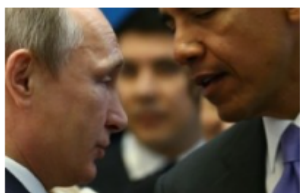
I am really disappointed in Governor Schwarzenegger's refusal to back this bill. This legislation would do more to direct federal infrastructure spending to small businesses in California than any other legislation proposed to date. I would be willing to bet that 99.99% of Californians would agree that Fortune 500 firms should not be allowed to hijack federal contracts intended for small businesses. California is having serious financial problems and this is a great solution that would bring money and jobs to the state.

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