
Ending Racism in Government Contracting Act

Since the 1970s, federal policymakers have expanded an ever-growing web of DEI requirements, mandates, and quotas for government contracts. Federal agencies are obligated to provide a certain number of government contracts to companies based on the race, gender, or other identity-based considerations of the company's owner or employees. This system awards government contracts to individuals and businesses based on irrelevant and immutable characteristics rather than on their ability to get the job done efficiently and effectively. This is antithetical to American values and frequently results in incomplete projects that go over the budget, wasting taxpayer dollars.

Interestingly, California is one of the only states in the country that has eliminated identity-based contracting quotas and mandates, resulting in lower spending on government contracts. While the Supreme Court took an important step forwarding in ruling against Affirmative Action, the Court's ruling was limited only to considering race in university enrollment and does not address the other ways in which state actors prefer individuals based on identity politics. After California abolished a provision that required the state government to meet a quota for contracts being awarded to companies owned by minority residents, the cost of state-funded contracts fell 5.6% relative to federally funded projects for which these preferences still applied.¹

Additionally, voters reject the idea that the government should take race into account when making hiring and contracting decisions, with 16% in support of taking race into account and 71% believing only merit should be considered. Democrats (59% support merit), independents (69%), black (43%) and Latino (64%) voters all support merit being the only factor considered.²

Senator Lee's Ending Racism in Government Contracting Act stops the federal government from using this race-based approach to contracting through the following provisions:

- Eliminates all currently existing quotas, mandates, and programs that provide government contracting opportunities to companies based on the identity of the company's owner;
- Requires federal agencies to rescind any rules or regulations requiring agencies to provide preference to contractors on the basis of their identity, and;
- Prevents federal agencies from reissuing similar rules and regulations in the future.

Importantly, the bill **does not** prohibit federal agencies from prioritizing veteran-owned businesses when issuing government contracts.

¹ Justin Marion; How Costly Is Affirmative Action? Government Contracting and California's Proposition 209. *The Review of Economics and Statistics* 2009; 91 (3): 503–522. doi: <https://doi.org/10.1162/rest.91.3.503>

² <https://manhattan.institute/article/americas-new-consensus>