

SCR 8407 - S AMD 632  
By SenatorS Shin and Kohl-Welles

PULLED 4/23/05

1 Strike everything after the enacting clause and insert the  
2 following:

3 WHEREAS, Offshore outsourcing of public sector jobs has an impact  
4 on Washington's economy; and

5 WHEREAS, Some contracts entered into by state agencies are being  
6 performed, in whole or in part, outside the United States; and

7 WHEREAS, The legislature has invested public resources in business  
8 development, recruitment, and retention, and wants to ensure that  
9 corporations that benefit from these investments are accountable to the  
10 legislature and the citizens of Washington state; and

11 WHEREAS, Reliable data are only now emerging to accurately assess  
12 the impacts of outsourcing on a local and national level; and

13 WHEREAS, Balanced and impartial collection, study, and evaluation  
14 of such data are necessary to ensure adequate legislative oversight of  
15 state agency outsourcing data; and

16 WHEREAS, The legislature is concerned about and wants to examine  
17 the impact of offshore outsourcing;

18 NOW, THEREFORE, BE IT RESOLVED, By the Senate of the state of  
19 Washington, the House of Representatives concurring, That a study of  
20 offshore outsourcing be conducted to evaluate the following issues:

21 A full survey of state contracts, and any subcontracts awarded  
22 under such contracts, that are being performed in whole or in part at  
23 locations outside the United States;

24 The degree to which awarding of such contracts where work is  
25 performed offshore implicates the competitive contracting provisions of  
26 the Personnel System Reform Act of 2002 and rules developed and  
27 implemented thereto;

28 The relative capacity and ability of each agency to assess its need  
29 to contract for services, prepare a request for proposal, select a  
30 vendor, assess the market, award a contract, supervise a vendor while  
31 administering the contract, continually assess risk of exposure to the

1 state, enforce the contract and provide services if the vendor refuses  
2 or fails to perform under the terms of the contract;

3 The manner in which agencies screen vendors to determine if they  
4 are responsible bidders;

5 Whether or not agencies are renewing contracts with vendors without  
6 making renewal subject to a competitive bidding process; The extent  
7 of legislative authority over state procurement and the degree to which  
8 the following are adequate to protect such authority: The process for  
9 making and extending the state's commitments under the agreement on  
10 government procurement of the world trade organization and other  
11 international trade agreements; and the exceptions in the agreement on  
12 government procurement of the world trade organization and other  
13 international trade agreements;

14 The applicability of international trade agreements to state  
15 procurement policies;

16 The extent to which work performed under state contracts is  
17 performed in countries that are not signatories to applicable  
18 international trade agreements;

19 The effects of such agreements on domestic preferences adopted by  
20 signatories to such agreements;

21 The full range of economic impacts of awarding personal services,  
22 purchased services, civil service, and public works contracts to  
23 Washington headquartered or domiciled companies including, the creation  
24 or retention of jobs and any multiplier effect on state and local tax  
25 or employment levels;

26 The cost and benefits to the state of retraining workers who are  
27 separated from employment because their positions were outsourced to  
28 locations outside the United States, and issues relative to their  
29 eligibility for training benefits under RCW 50.22.150;

30 The extent to which state contracts performed at locations outside  
31 the United States involve a risk of unauthorized use or disclosure of  
32 personal information as well as a review of applicable state and  
33 federal laws regarding the privacy of personal information and the  
34 applicability of such laws to state contracts performed offshore;

35 The relationship between state labor market conditions, including  
36 unemployment rate and implications for trade-dependent industries, and  
37 offshore outsourcing decisions;

38 The economic costs and benefits of awarding personal services,  
39 purchased services, civil service, and public works contracts to

1 Washington companies or United States companies where some or all  
2 work is performed overseas, including a comparison of the  
3 availability and cost of contracts using only Washington or United  
4 States labor;

5 The impact of performing work on state agency contracts overseas  
6 on the development and furthering of relationships with new and  
7 existing trading partners;

8 The number of workers in Washington whose jobs are dependent on work  
9 from overseas companies or governments;

10 To what extent, if any, Washington's trading partners have  
11 retaliated historically in response to legislative actions that  
12 limited trading opportunities;

13 The impact, if any, on Washington headquartered or domiciled companies  
14 of best interest or domestic preference criteria enacted by other states;  
15 and

16 The impact, if any, of state-based regulation of offshore outsourcing  
17 on the ability of companies headquartered or resident in Washington to do  
18 business in the global marketplace, including trade with the governments  
19 of other countries and states.

20 BE IT FURTHER RESOLVED, That the study be conducted by a joint task  
21 force of the Senate and the House of Representatives consisting of the  
22 following: Two senators to be appointed by the majority leader of the  
23 Senate, two senators to be appointed by the minority leader of the Senate;  
24 two representatives to be appointed by the Speaker of the House of  
25 Representatives, and two representatives to be appointed by the minority  
26 leader of the House of Representatives. The task force shall be governed  
27 by cochairs, one to be selected by the majority leader of the Senate, and  
28 the other to be selected by the Speaker of the House of Representatives;  
29 and

30 BE IT FURTHER RESOLVED, That the joint task force, in conjunction with  
31 the private sector, shall consult with and be advised by an advisory  
32 committee consisting of eight members: Three members representing labor,  
33 appointed jointly by the President of the Senate and the Speaker of the  
34 House of Representatives, from a list of names recommended by a statewide  
35 organization representing a cross-section and majority of organized labor  
36 in the state, one of whom shall represent a public sector union; three  
37 members representing business, one of whom shall represent small business,  
38 appointed jointly by the President of the Senate and the Speaker of the  
39 House of Representatives, from a list of names recommended by a statewide

1 organization of employers representing a cross-section of employers of the  
2 state; one member representing the office of the Washington state trade  
3 representative; and one member representing the public, who is not a member  
4 of any of the above listed groups. Advisory committee members  
5 are not to be reimbursed for travel expenses incurred; and

6 BE IT FURTHER RESOLVED, That the findings and recommendations of  
7 the joint task force be reported to the legislature by January 1, 2006.

8 BE IT FURTHER RESOLVED, The joint task force should seek the  
9 cooperation of the office of financial management, on state contracts  
10 and first and second tier subcontracts in which services are performed  
11 by workers or businesses outside the United States, to obtain  
12 information regarding:

13 (1) The number and nature of contracts awarded to vendors that use  
14 or subcontract the use of workers in other countries to perform services  
15 under state contracts; and

16 (2) Estimates or other conclusions that state agencies can  
17 reasonably draw regarding the costs or other benefits of state contracts  
18 employing workers in the United States compared to those using workers  
19 in other countries.

20 BE IT FURTHER RESOLVED, that the joint task force should seek the  
21 cooperation of the office of financial management to obtain information  
22 about the amount and location of all contracts awarded in which services  
23 were performed by workers outside the United States.

24 BE IT FURTHER RESOLVED, that consistent with state and federal law,  
25 the joint task force, in consultation with the office of financial  
26 management, the Departments of General Administration, Information  
27 Services, Personnel, and other affected agencies, should recommend  
28 policies to the legislature regarding appropriate disclosure of offshore  
29 outsourcing by all vendors seeking to enter into any contract or  
30 subcontract with the State of Washington or one of its agencies for the  
31 provision of services, including the following:

32 (1) Whether the vendor should disclose the country, if outside the  
33 United States, where any of the services under the contract will be  
34 provided;

35 (2) Whether the vendor should disclose any subcontracting of  
36 services under the contract and the country; if outside the United  
37 States, where any subcontracted services will be performed;

1 (3) Whether the vendor should commit that during the course of the  
2 state contract the country in which services are performed will not be  
3 changed, except with the written consent of the agency; and

4 (4) Whether the vendor should disclose, if applicable, why the only  
5 practicable location where the services may be performed is clearly and  
6 justifiably a location outside the United States. This factor need not  
7 apply, by way of illustration, and not as a limitation, to services  
8 related to the establishment and operation of foreign offices created  
9 for the purpose of promoting overseas trade and commerce, research  
10 projects conducted by faculty at state institutions of higher education,  
11 and study-abroad programs offered by state institutions of higher  
12 education.

13 Renumber the sections consecutively and correct any internal references  
14 accordingly.

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**EFFECT:** An eight member joint task force of the Legislature is to study offshoring outsourcing. An eight member advisory board is to consult with and advise the task force. The board is not entitled to reimbursement for their travel costs. The findings and recommendations of the joint task force is due to the Legislature by January 1, 2006. Some of the issues the task force is to evaluate include:

1. The degree to which state contracts, and subcontracts, are being performed, in whole or in part, at locations outside the United States.
2. The applicability of international trade agreements to state procurement policies.
3. The economic impact of awarding certain state contracts to Washington companies.
4. The cost to the state of retraining workers who are separated from employment because their positions were outsourced to locations outside the United States.
5. The number of workers in Washington whose jobs are dependent on work from overseas companies of governments.
6. The extent to which state contracts performed at locations outside the United States involve risk of unauthorized use or disclosure of personal information as well as a review of applicable state and federal laws regarding the privacy of personal information and the applicability of such laws to state contracts performed offshore.

The joint task force should seek the cooperation of the office of financial management (OFM) to obtain information regarding: 1) the number and nature of state contracts that use workers outside of the United States 2) estimates regarding the costs or other benefits of state contracts employing workers outside of the United States and 3) information about the amount and location of all contracts awarded in which services were performed by workers from outside the United States.

The joint task force, in consultation with OFM, and the Departments of General Administration, Information Services, Personnel, and other affected agencies, should recommend policies regarding the appropriate level of disclosure of offshore outsourcing by all vendors, including whether the vendor should disclose the country, if outside the United States, where any services under a state contract or subcontract are being performed.