

SB 389

3/2/04

Fred ~~A~~ Halten Ayers Associates

→ look at federal legislation regarding this issue

Susan McMurray

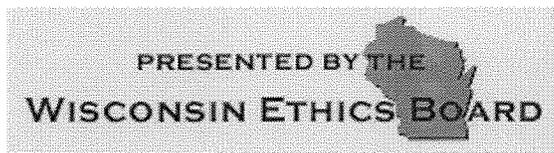
→ would like to require W1 contracts, not just U.S. contracts

→ oppose all out-sourcing
*meet this summer to discuss?

We need to exec

Exec SB 489

- ▶ Home
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- ▶ Lobbyists



as of Tuesday, March 02, 2004

2003-2004 legislative session

Legislative bills and resolutions

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Text, Sponsors and Analysis

Status and Fiscal Estimate

Lobbying Effort on this item

Senate Bill 389

state procurement of contractual services. (FE)

Organization		These organizations have reported lobbying on this proposal:	Place pointer on icon to display comment click icon to display prior comments		
Profile	Interests		Date Notified	Position	Comm
●	●	AFT - Wisconsin	2/10/2004	↑	
●	●	American Council of Engineering Companies of Wisconsin	1/16/2004	↔	
●	●	General Electric Company	1/19/2004	?	
●	●	Microsoft Corporation	1/29/2004	?	
●	●	Sprint Communications Company LP	2/18/2004	↓	
●	●	Wisconsin Society of Architects	2/1/2004	?	
●	●	Wisconsin State AFL-CIO	1/22/2004	↑	
●	●	Wisconsin State Council of Carpenters	1/31/2004	↑	
●	●	Wisconsin State Employees Union	1/16/2004	?	

Select a legislative proposal and click "go"

House

Proposal Type

Proposal Number (enter proposal number)

Legislative Session

Testimony to the Senate Committee on Homeland Security, Veterans and Military Affairs, and Government Reform.

Supporting SB 389, American Jobs Act

March 3, 2004

Mr. Chairman, members of the Committee, I am Fred Halfen, Regional Vice President of Ayres & Associates, a Wisconsin based engineering and architecture firm. I am a Certified Photogrammetrist (mapping from aerial photography) and a licensed surveyor. I have worked in this business for more than 30 years.

For some time, the engineering, surveying and mapping community has been concerned about the practice of sending production work offshore. Some U.S. firms send drafting, data conversion, scanning, digitizing, and other work related to design and mapping to subcontractors outside the United States.

Before September 11, there was discussion in our industry about the practice of sending certain work offshore for subcontractor performance. That discussion focused on whether this was a good business practice and whether this was an ethical activity.

Like many other aspects of American life, things changed on September 11, 2001. In his State of the Union address in January 2002, President Bush said, "*Our discoveries in Afghanistan confirmed our worst fears. We have found diagrams of American nuclear power plants and public water facilities, detailed instructions for making chemical weapons, surveillance maps of American cities, and thorough descriptions of landmarks in America and throughout the world. What we have found in Afghanistan confirms that, far from ending there, our war against terror is only beginning.*"

Access to sensitive information, such as engineering drawings, mapping data and other work products of the design community can be used for nefarious and destructive purposes if in the wrong hands. Since the September 11 attacks, there has been increased concern about this issue.

For our profession, this is not just an issue of jobs and trade. It is a matter of national homeland security.

For example, after September 11, the General Service Administration (GSA) announced its new policy regarding access to architectural and engineering drawings of Federal buildings. The General Services Administration, along with the American Institute of Architects (AIA) and the National Society of Professional Engineers (NSPE) issued a joint statement on dealing with unusual requests for building plans.

A number of Federal agencies revised public web sites and removed maps, drawings and other data about our critical infrastructure. For example, the U.S. Department of Transportation's web site on the National Pipeline Mapping System, which provided location data on interstate gas and petroleum transmission lines, was shut down. Recently the Associated Press and Washington Post reported that on-line aerial photos of the White House, the Vice President's residence and other important facilities were ordered blurred and distorted by the Secret Service.

While these may have been prudent and necessary steps, they could in some respects be equal to shutting the barn door after the horse has escaped.

There are numerous instances in which U.S. firms send conversion work, mapping and other geographic and design information work offshore, to India, Pakistan, China, the Philippines, and other countries with lower labor costs. This practice raises issues regarding access to data about the location of power plants, buildings, pipelines, transportation systems, water supply systems, underground utilities and other critical infrastructure by individuals in foreign countries who have not been through any degree of security clearance and where control of access to data simply does not exist.

Professionals in architecture, engineering and surveying are licensed by the states, including Wisconsin. In Wisconsin, as is the case in most states, work defined in state law as the practice of architecture, engineering or surveying must be performed under the direct supervision of the licensed professional, and that the licensed professional be in "responsible charge" of such work. A question should be raised as to whether sending A/E work offshore meets the licensing law intent on direct supervision and responsible charge.

Should we be sending aerial photos, maps and engineering drawings of Camp Randall or Miller Park offshore? How about detailed infrastructure mapping of the City of Milwaukee? How about this very building we are in today?

This issue has begun to receive national attention. The TV program "60 minutes" has done a story on it. Andy Grove, the founder of Intel has publicly commented on the dangers of offshoring. So has former Secretary of State, Henry Kissinger. They are hardly protectionists or isolationists.

The Omnibus Appropriations Act that Congress recently passed includes a provision that says that no activity that a private firm wins from a Federal agency in a competitive sourcing can be sent offshore. I would note that this provision passed the U.S. Senate by a 95-1 margin and it was sponsored by two Republican Senators. The Bush Administration supported the provision.

My company and I would like you to support this legislation not only to protect our jobs and economy, but also to protect our security and our way of life.

We appreciate the Committee's careful attention to this important matter and commend you, Mr. Chairman, for holding this important hearing and thank Senator Robson, Carpenter, Chvala, Hansen, Lassa, and Wirch for their vision and leadership, and concern for the safety of the citizens of Wisconsin.

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Greenspan: Beware of Protectionist Trade Policies in the U.S.

By Jimmy Moore

Talon News

March 12, 2004

WASHINGTON (Talon News) -- Federal Reserve Chairman Alan Greenspan said the United States must avoid the policy of protectionism and provide better educational training in order to remain viable in the world economy in remarks before a congressional subcommittee on Thursday.

Speaking before the House Education and Workforce Committee, Greenspan stated that the American economy will only thrive if it is actively involved in other economies around the world.

He warned that protectionist policies would only weaken the U.S. economy because other countries would boycott America in protest.

Greenspan remarked that this "would make matters worse rather than better."

Interestingly, likely Democratic presidential candidate Sen. John F. Kerry (D-MA) strongly supports a protectionist trade policy as well as anti-offshoring legislation.

But Greenspan says "employment will begin to increase more quickly before long" and "erecting walls" to protect those jobs is not the answer.

"As history clearly shows, our economy is best served by full and vigorous engagement in the global economy," Greenspan explained. "Consequently, we need to increase our efforts to ensure that as many of our citizens as possible have the opportunity to capture the benefits that flow from that engagement."

In addition, Greenspan said the U.S. education system needs to be improved to bring American students up to par with students from other countries.

"Clearly, we are not doing enough to move students through the educational system with a faster level of skill accretion," Greenspan said in his testimony to the House subcommittee.

He added, "Because, as I point out in my prepared remarks, it is reflected in these very dramatic changes in the so-called college-high-school skill spreads, which have opened up quite materially."

U.S. high school rankings for student test scores in mathematics and science have continued to drop over the past few years compared with students from other industrialized nations.

Greenspan noted that the United States is deplete of high-skilled workers and has an abundance of low-skilled workers, although the education level is higher among those in the workforce.

"Although in recent years the proportion of our labor force made up of those with at least some college education has continued to grow, we appear, nonetheless, to be graduating too few skilled workers to address the apparent imbalance between the supply of such workers and the burgeoning demand for them," he said.

Despite this, Greenspan touted the flexibility of the U.S. job market and said it has become the blueprint for other countries to follow. For example, France has reduced the work week to 35 hours modeled after the American worker.

Without specifically mentioning the positions held by the two major presidential candidates on the issue of jobs, Greenspan said there are consequences for hoarding jobs within the borders of the United States.

"We can erect walls to foreign trade and even discourage job-displacing innovation," Greenspan suggested. "The pace of competition would surely slow, and tensions might appear to ease. But only for a short while."

Describing the consequences of a protectionist policy, as favored by Kerry, Greenspan said the economic impact would be devastating.

"Our standard of living would soon begin to stagnate and perhaps even decline as a consequence," Greenspan warned.

He continued, "Time and again through our history, we have discovered that attempting merely to preserve the comfortable features of the present, rather than reaching for new levels of prosperity, is a sure path to stagnation."

In fact, Greenspan said he is concerned that labor or environmental conditions in world treaties may already be acting as a "guise for protectionism" even without the policy being enacted.

President George W. Bush accuses Kerry of being an "enemy of job creation" because of his belief in higher taxes and a protectionist trade policy.

"The old policy of economic isolationism is a recipe for economic disaster," the president said in Ohio on Thursday. "Americans have moved beyond that tired, defeatist mind-set and we're not going back."

Meanwhile, Kerry described heads of companies who send jobs overseas as "Benedict Arnold CEOs."

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DuluthNewsTribune.com

Posted on Fri, Mar. 19, 2004

Senator tables outsourcing bill as DFL unity wavers

MINNESOTA: Five Democrats seemed ready to vote against the bill, which would have prohibited the state from working with companies that outsource jobs overseas.

BY SCOTT THISTLE
NEWS TRIBUNE STAFF WRITER

ST. PAUL - Sen. Tom Bakk, DFL-Cook, pulled legislation from the Senate floor Thursday, unable to secure the votes he needed to pass a bill that would have prohibited the state from doing business with companies that outsource jobs overseas.

After an hour and a half debate, Bakk asked to have the bill tabled, blaming Republicans for killing it.

"You're going to win today," Bakk told Senate Minority Leader Dick Day, R-Owatonna. "But the people are going to speak on this."

Still, five in Bakk's own Democratic-Farmer-Labor Party also appeared ready to vote against the bill. The bill was one the first debated in the Senate this legislative session and the first test on whether the Senate's slim DFL majority could hold ranks.

The DFL holds 35 of the 67 seats while Republicans hold 31 seats. There is one Independence Party member.

Senate Majority Leader Dean Johnson, DFL-Wilmar, called Thursday's debate "spring training."

"We've got five (DFL) senators with big corporations in their district," Johnson said, explaining the split.

Northland senators stood with Bakk and some puzzled over the party's lack of discipline.

"You mean, why do we eat our young?" Sen. David Tomassoni, DFL-Chisholm, said when asked what happened.

Before being tabled, a provision that required companies to notify the state whenever they cut 100 jobs or more because of outsourcing overseas, also known as offshoring, was removed. Also removed was a provision that banned the state from doing business with those companies for seven years. Those speaking against the provisions said the provisions would discourage companies from ever bringing jobs back to Minnesota or the United States.

Senators speaking for the bill said giving state contracts to companies, which offshore jobs to save money on labor, was bad for both U.S. and foreign workers. Exploiting foreign laborers is as morally troubling as putting Americans out of work to save money, said Sen. Ellen Anderson, DFL-St. Paul.

"I don't think we, as taxpayers, should be in the business of rewarding those companies (with state contracts)," Anderson said. "Let's not fall into that trap of the race to the bottom."

Others argued the bill failed to recognize Minnesota as part of a new global economy and was a protectionist policy. Some said offshoring for some things could actually save U.S. jobs because it can save companies money and allow them to grow domestically. But others said the only things growing from offshoring were the bank accounts of chief executive officers.

"How much corporate greed can this country put up with?" Tomassoni asked his colleagues.

Bakk said he would work privately to win the DFL votes he needs to pass the bill. Shortly after the vote, however, he sent condemning letters to newspaper editors in the districts of all the Republicans who voted against him.

"I did hit them kind of hard," Bakk said after tabling the bill. "But I am a Ranger."

SCOTT THISTLE covers the Minnesota Legislature reach him weekdays at (651) 222-1265 or e-mail sthistle@duluthnews.com.

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Study: Outsourcing Creating Jobs, Expanding Economy

By Jimmy Moore

Talon News

March 31, 2004

WALLTHAM, MA (Talon News) -- A new study released on Tuesday counters the notion spread by the Democratic Party that outsourcing jobs overseas has caused unemployment to escalate in the United States.

Global Insight, an economic research group commissioned by the Information Technology Association of America (ITAA) to conduct a study entitled "The Impact of Offshore IT Software and Services Outsourcing on the U.S. Economy and the IT Industry," found that there was a net gain of 90,000 jobs created in the U.S. as a direct result of sending high-tech jobs overseas in 2003.

"While global IT software and service outsourcing displaces some IT workers, total employment in the United States increases as the benefits ripple through the economy," the study revealed.

The study adds that outsourcing will continue to make an impact in the next few years when it "is expected to create 317,000 net new jobs in 2008."

In fact, the study says the job impact from outsourcing will be noticeable in larger states such as California, Texas, Florida, New York, Illinois, Ohio, Pennsylvania, and Michigan. Additionally, the study shows the ripple effect of the significant increases in employment will also extend to states like Kansas, Nevada, Washington, Arizona, North Carolina, Colorado, South Carolina, Iowa, and Georgia.

ITAA President Harris Miller says outsourcing jobs to other countries has always benefited the United States by creating new jobs as well as increasing personal income for Americans.

"Now we have the data that prove it," Miller exclaimed in reaction to the study. "Far from being an economic tsunami that washes away domestic IT employment as some believe, global sourcing helps companies become more productive and competitive."

However, Miller is quick to point out that there needs to be greater assistance from the government to provide unemployed workers the training and support they need to find another job.

The specific focus of this study examined high-tech service jobs.

The study shows the huge shift in these kinds of jobs being sent offshore will increase spending for computer software and services from \$10 billion in 2003 to \$31 billion in 2008, more than tripling the amount of spending in four years.

In addition, the total amount of savings generated by outsourcing in the high-tech industry is expected to grow from \$6.7 billion to \$20.9 billion over the same time period, according to the study.

The study was conducted by Global Insight's chief economist Dr. Nariman Behravesh and Nobel prize-winner Dr. Lawrence R. Klein. Both men conclude that there is ample historical evidence that proves the

economic benefits of outsourcing.

"Offshore outsourcing has been going on for decades, and every time it happens, people wring their hands and say we'll become a nation of hamburger flippers," Behravesht noted.

He added, "It didn't happen."

Behravesht discovered that although three million U.S. manufacturing jobs were outsourced during the 1990s, there was a simultaneous creation of 25 million other jobs.

Regarding the claim that outsourcing results in increased wages, the study found that lower inflation and higher worker productivity will cause real wages to continue to climb from the 0.13 percent increase in 2003 to an astounding 0.44 percent spike in 2008.

The study also states that consumer demand for U.S. exports will increase dramatically as prices are lowered on American goods and services. These lower costs will stabilize inflation, increase worker productivity, and lower interest rates.

"This boosts business and consumer spending and increases economic activity," the study concludes.

Interestingly, the study shows outsourcing added \$33.6 billion to the U.S. economy in 2003 and forecasts the gross domestic product to increase by \$124.2 billion dollars in 2008 as a result of outsourcing.

U.S. Treasury Secretary John Snow trumped the findings of this study in Cincinnati on Monday when he asserted in an interview that outsourcing will strengthen the economy.

"[T]here can't be any doubt about the fact that trade makes the economy stronger," Snow expressed to the Cincinnati Enquirer. "You can outsource a lot of activities and get them done just as well at a lower cost."

He continued, "If we can keep the American economy strong and growing and expanding, we'll create lots of jobs."

Snow said Americans should not fear outsourcing because many other countries around the world are bringing jobs to the United States to more than offset the ones sent overseas.

"I was struck by the fact coming in this morning, the number of foreign companies that have operations right here, proudly displaying their logos," Snow told the Cincinnati Enquirer. "America can compete with anybody. What we need to do is not build walls but tear walls down."

In response to Snow's comments, Sen. Hillary Rodham Clinton (D-NY) angrily charged that members of the Bush administration are not grounded in reality on the issue of outsourcing.

"I don't understand why the administration persists in making these statements [that outsourcing is good for the economy]," Clinton charged. "It's like rubbing salt in the wound ... they keep having these high-level White House cabinet and secretary officials talking about how outsourcing is good for America."

She exclaimed, "It isn't good for America."

Clinton has been a strong vocal critic of Bush on the issue of free trade over the past few weeks as she attempts to help Kerry in his bid to win the White House in November by attacking Bush's economic record.

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Politics & policy news, state by state

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WEDNESDAY, MARCH 31, 2004

Outsourcing helps states' economies, industry claims

By Pamela M. Prah, Stateline.org

The growing zeal to keep U.S. jobs from going overseas – including state jobs – has the high-tech industry scrambling to defuse the anti-outsourcing sentiment surfacing in more than half the country's statehouses.

A March 30 report by an association of high-tech companies concedes that 104,000 computer programming and other high-tech jobs went overseas in 2003. But the Information Technology Association of America (ITAA) argues that outsourcing computer work through expanded global trade will create 317,000 new jobs of all sorts in the United States by 2008.

The report is meant to temper the political outcry over U.S. job losses, including a handful of high-profile incidents of state-funded jobs going to India. The embarrassment of state contracting jobs going overseas has prompted governors and state policymakers to take a closer look at their contracting policies.

Governors in Indiana, Massachusetts, Michigan and North Carolina have acted in recent months to keep state contract jobs from going abroad. Legislation is pending in 31 states that would curb outsourcing of state contracts to foreign firms.

Over the next four years, outsourcing of software and computer work actually will result in an increase in jobs in the United States, with the greatest number of jobs – 34,000 -- created in California, followed by Texas with 24,000, according to projections from ITAA, which lobbies on behalf of the high-tech industry. Florida and New York are expected to churn out nearly 40,000 new jobs combined; Wyoming and Vermont will generate fewer than 700 jobs each. Click here for ITAA's breakdown, by state, of the jobs it predicts will be created by global outsourcing of computer work.

The ITAA report aims to put to rest the idea that outsourcing of computer services costs U.S. jobs by projecting instead the creation of 317,000 new jobs by 2008. That compares, however, with projections that nearly 1.4 million college students will graduate in 2008 and presumably will be looking for work.

ITAA President Harris Miller said at a news conference that global sourcing helps employers become more productive and competitive. The savings from sending jobs abroad results in lower inflation, higher productivity and lower interest rates, boosting business and consumer spending, he said.

Banning state contractors from taking high-tech work overseas may make good politics, but the move is bad economic policy, ITAA said. "This is political silly season," said Nariman Behravesh, chief

economist of Global Insight, the Massachusetts-based company that conducted the ITAA report.

Even outside economists contend the state outsourcing debate is overrated. "The number of state jobs being outsourced out of the country is extremely small," said David Wyss of Standard & Poor's. "There's more smoke than fire here," said Wyss, who last week released a survey on behalf of the National Association of Business Economics that found the lack of jobs and the growing federal deficit ranked as the top problems facing the U.S. economy this year.

Still, the political fallout over state government jobs going overseas is fueling lobbying by anti-trade groups at both the state and federal level.

Public Citizen's Global Trade Watch, a group that advocates against free trade, recently kicked off a campaign to enlist the help of governors and state lawmakers to oppose a free trade pact with Central America that the Bush administration intends to send to Congress this year. Public Citizen says the Central American free trade agreement is "an attack on state purchasing policy" because it would tie the hands of governors who want to give preference in state contracts to local firms.

At least 23 states already have said they will comply with the Central American trade agreement. Public Citizen and other anti-trade groups are lobbying these states to walk away from the pact before Congress blesses it, according to Public Citizen's Sara Johnson, who is coordinating the campaign.

Policymakers in Colorado, Vermont and Washington are among states expressing concern about signing such trade pacts.

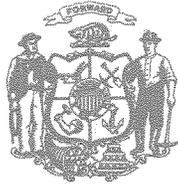
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Contact Pamela M. Prah at pprah@stateline.org

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Job creation vexes states in a weak economy

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February 18, 2004

Judith B. Robson
Wisconsin State Senator

Senator Ronald Brown, Chair
Senate Committee on Homeland Security,
Veterans and Military Affairs and Government Reform
104 South, State Capitol
Madison, Wisconsin Legislature

Dear Senator Brown:

Senate Bill 389, the American Jobs Act, has been referred to your committee. I respectfully request that this bill be scheduled for a public hearing. The bill has bipartisan support and I believe it has a good chance of passing if it is brought to the Senate floor.

Job losses are on the minds of many Wisconsinites. Wisconsin has lost 54,000 manufacturing jobs in the last two years. The latest wave of jobs to leave Wisconsin and the United States are technology jobs and customer service jobs that corporations "outsource" to companies overseas. One researcher calculated that the United States lost 30,000 jobs to India in one month in 2003 and estimated that 14 million U.S. service jobs are vulnerable to being exported.

State government can help stem the tide of jobs going overseas by requiring that all services performed under state contract be performed in the United States. The American Jobs Act does just that. Currently customer service is done in India and Mexico for Wisconsin residents using the Quest food stamp cards. In addition, the state contracts with Canadian companies for services relating to the state lottery, including ticket printing, market research, and product development. Civil engineering firms are concerned that outsourcing contracts for infrastructure work could pose a threat to homeland security. A vice president from Ayres Associates engineering and surveying firm has indicated an interest in testifying about that.

I would appreciate your scheduling this for a public hearing at your next committee meeting, which I understand you are trying to schedule for next week.

Sincerely,

A handwritten signature in cursive script, appearing to read "Judith B. Robson".

Judith B. Robson
State Senator
15th Senate District