

Governor Rendell Urges Service Providers to Use Domestic Labor in State Contracts, Avoid Outsourcing

Thursday September 14, 11:00 am ET

Signs Contractor Social Responsibility Executive Order

PITTSBURGH, Sept. 14 /PRNewswire/ -- Governor Edward G. Rendell announced today that the commonwealth is taking a new step to ensure that the state is using its resources to support and sustain domestic jobs and promote economic development. The Governor signed an executive order encouraging state contractors to use American workers rather than outsourcing operations overseas.

"We've worked for nearly four years to ensure state resources are used wisely, and that citizens' hard-earned tax dollars are reinvested here to create new opportunities for Pennsylvania workers," said Governor Rendell. "Each year, we spend more than \$100 million on state procurement contracts. This is a substantial investment that goes a long way in supporting our companies and their employees.

"Today, we're taking steps that will help protect that investment, and encourage our service providers to employ more Pennsylvanians and U.S. citizens. While we can't ban outsourcing entirely, we can give extra consideration to those companies willing to invest in America and our skilled and hardworking men and women. The executive order I signed today does just that."

Attracted by lower costs abroad, sending jobs overseas has become a growing trend for private sector companies. Some estimates have put the loss of U.S. manufacturing and service-sector jobs because of this practice between 2.5 million and 3 million over the last three years alone. Forrester Research expects that another 3.3 million domestic positions will be moved abroad in the next 15 years.

"Up until now, very little state work has been outsourced," added the Governor. "But with growing economic pressures, we're taking steps now to make sure that continues to be the case. Although we've already enacted measures addressing this issue, this order establishes the state's first formal policy related to outsourcing, and sends a clear message on the importance of the matter."

Under Governor Rendell's executive order, "Contractor Social Responsibility and Offshore Services," businesses must disclose where they intend to have the work done. Those companies that agree to keep work within the U.S. will receive extra consideration. A similar approach was used to encourage minority- and women-owned businesses to compete for state contracts with strong results.

"Four years ago, only two percent of our procurement service contracts went to businesses owned by minorities or women," said Governor Rendell. "Today, thanks to our outreach and revamped certification process, we've more than quadrupled that figure, and expect to reach nine percent by year's end. That's tremendous progress that means more disadvantaged businesses are benefiting from state work."

For information on the state's procurement contract process, and the Governor's innovative order, visit www.dgs.state.pa.us.

The Rendell Administration is committed to creating a first-rate public education system, protecting our most vulnerable citizens and continuing economic investment to support our communities and businesses. To find out more about Governor Rendell's initiatives and to sign up for his weekly newsletter, visit his Web site at: www.governor.state.pa.us.

EDITOR'S NOTE: A copy of the Governor's executive order follows:

2006-__ Contractor Social Responsibility and Offshore Services

EXECUTIVE ORDER
Commonwealth of Pennsylvania
Governor's Office

Subject:
Contractor
Social Responsibility and
Offshore Services

Number:
2006-__

Date:
September 13, 2006

Distribution:

By Direction of:
Edward G. Rendell, Governor

CONTRACTOR SOCIAL RESPONSIBILITY AND OFFSHORE SERVICES

Whereas, the Commonwealth spends more than 100 million dollars in public funds each year for the procurement of various necessary services that could potentially be outsourced offshore and bears a responsibility to the taxpayers to ensure that these funds are spent reasonably and appropriately; and

Whereas, increasingly many of the companies with whom the Commonwealth contracts with for services provide key elements of these services outside of the geographical boundaries of the United States; and

Whereas, in many cases sending these services off-shore raises significant concerns about contract compliance, the treatment of sensitive and confidential information and other security concerns; and

Whereas, off-shore outsourcing can result in the partial or full eliminate domestic jobs and has the potential to weaken the economy of the Commonwealth and the United States; and

Whereas, the U.S. Department of Labor has certified that since January, 2000 to the present, there have been 1,391 Pennsylvania businesses, with a total of 268,672 workers in Pennsylvania negatively impacted by trade/foreign imports typically resulting in the elimination of jobs; and .

Whereas, according to The Economist Magazine (February, 2005) data from Forrester Research estimates that 3.3 million service industry jobs will have moved overseas by 2015 to take advantage of cheaper labor markets; and

Whereas, the Commonwealth recognizes that it operates in a global economy and that prohibitions against contracting for services performed abroad may implicate agreements negotiated by the United States government and may increase the costs paid by taxpayers for goods and services; and

Whereas, the Commonwealth must balance the interest in ensuring efficient and effective use of taxpayer funds in serving the public interest with the need to ensure the security of sensitive information and to monitor contract compliance, and therefore has an interest in understanding the extent to which contractors and potential bidders provide contracted services outside of the geographical boundaries of the United States; and

Whereas, therefore, it can be appropriate under certain circumstances to use the competitive bidding process to create incentives for companies to utilize domestic labor when performing services under a contract with the Commonwealth by giving additional consideration in the contractor selection process to those companies that certify that they will perform contracted services within the geographical boundaries of the United States.

Now therefore, to the extent permitted by the laws and agreements of the United States and the Commonwealth of Pennsylvania, it shall be the policy of the Commonwealth that when Commonwealth executive agencies procure services using the competitive sealed proposals method or the multiple award best value selection method to give additional consideration to those companies that certify that they will perform contracted services within the geographical boundaries of the United States.

1. Additional Solicitation Requirement.

Every entity submitting a bid or proposal to provide services to a Commonwealth executive agency shall clearly identify which, if any, elements of the service it proposes to perform outside of the United States in the bid or proposal documents as required under section 2 below, either directly or through other contracts. In developing the criteria for evaluating proposals and selecting contractors, the Commonwealth executive agency shall consider the extent to which each potential contractor proposes to perform elements of the service being procured outside of the United States to the extent permitted by the laws and treaties of the United States and shall clearly state the criteria being used to make such an evaluation in all requests for proposals or other bidding documents. This requirement shall apply to contracts issued pursuant to Sections 513 (relating to competitive sealed proposals) and 517 (relating to multiple awards) of the Commonwealth Procurement Code, 62 Pa.C.S.

2. Certification.

All potential contractors who propose to perform contracted services must provide a signed, written certification with their bid or proposal as to those elements or services which will be provided physically or by contract outside of the geographical boundaries of the United States.

3. Evaluation.

In the selection process, the Commonwealth executive agency shall award points commensurate with the amount of contracted services performed in the United States relative to amount of contracted services performed in the United States by other offerors or contractors. Those offerors or contractors who do not provide the certification required under section 2 above shall not receive any of the points allotted for this criterion/evaluation factor.

4. Remedies.

Any contractor or subcontractor who is found to have falsely certified that services covered under a proposed contract will be performed within the United States or who fails to otherwise conform to the certification by providing services outside of the United States which had been certified as being provided within the United States shall be subject to any or all of the following:

- (i) The contract at issue may be cancelled;
- (ii) The contractor may be debarred from doing business with the Commonwealth;
- (iii) Criminal action may be taken for filing a false certification with a public official;
- (iv) Payment may be withheld by the Commonwealth purchasing agency;
- (v) The Commonwealth purchasing agency may take action to recover any and all payments made.

5. Audit.

The Commonwealth purchasing agency shall reserve the contractual right to audit the books and records of a contractor or any subcontractor under any contract or subcontract to ensure compliance with the certification submitted by the contractor or subcontractor under Paragraph 2.

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Source: Pennsylvania Office of the Governor