



Legislation Text

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Res. No. 800

Resolution calling upon the New York State Legislature to pass A.645, the “New York Consumer and Worker Protection Act,” which would require businesses and government entities to comply with certain conditions with respect to the outsourcing of jobs.

By Council Members Fidler, Gonzalez, James, Nelson and Palma

Whereas, According to the United States Department of Labor, millions of American jobs and billions of dollars have been lost as a result of the outsourcing of jobs overseas; and

Whereas, Overseas outsourcing is the practice of relocating jobs from the United States or its territories to a foreign locality and is used primarily by large companies as a way to cut business costs by hiring non-domestic employees at lower wages; and

Whereas, The City of New York is one of the major centers for commerce and industry in the world, and one of the City’s key industries is the business and financial services sector; and

Whereas, According to a June 2005 report of the Fiscal Policy Institute (“Fiscal Policy Report”), New York information technology employment is closely tied to the City’s financial services sector, with 26 percent of the City’s approximately 100,000 workers in computer-related occupations employed in that sector; and

Whereas, According to the Fiscal Policy Report, the outsourcing of information technology jobs in New York City and New York State has picked up momentum over the past few years; and

Whereas, In February of 2007, *The Wall Street Journal* reported that outsourcing has also unexpectedly spread to high-skill, high-paying jobs such as equity research, biotechnology research and development and legal services and that such “knowledge outsourcing” rose 42 percent in 2006, compared with 34 percent increase in simple call-center work; and

Whereas, A 2004 study of the City's largest 100 publicly traded companies conducted by Howard A. Rubin, Ph.D., Computer Science Professor Emeritus at the City University of New York and Patricia Jaramillo, CEO of Magnolia Communications LLC ("2004 study"), found that 70 percent of businesses surveyed outsourced internal jobs overseas and that 90 percent planned to do so soon; and

Whereas, While the companies in the 2004 study cited a cost savings of about 44 percent from overseas outsourcing of information technology and business process operations, the study found that the true amount saved was as little as half that amount for some companies after the costs for planning, transition, start-up, technology and communications, remote management and oversight and travel were taken into account; and

Whereas, The same study found that these New York City companies could realize an equivalent savings of 44 percent by outsourcing information technology and business process operations within the State, to cities such as Syracuse, Rochester, Buffalo and Rensselaer; and

Whereas, In addition to a direct loss of jobs, overseas outsourcing may also impact those jobs that remain in New York City by driving down wages in an attempt to compete with cheaper overseas labor costs; and

Whereas, Moreover, offshore outsourcing increases the risk of data theft, consumer fraud and misuse of sensitive information since, for example, personal information contained in income tax returns, electronic fund transfers, banking, mortgage and medical records are being distributed in foreign countries without the same protections as exist in the United States; and

Whereas, In April of 2005, Citibank arrested workers at a call-center in India for defrauding four account holders in New York in the amount of \$300,000, and in September 2005, Intel fired up to 250 employees in India after an investigation of employee expense claim fraud; and

Whereas, A.645, the "New York Consumer and Worker Protection Act," has been introduced in the New York State Assembly to stem the flow of skilled and unskilled labor out of the State, end taxpayer subsidies for moving American jobs overseas, protect the security of sensitive, private medical and financial personal

information and prevent the Governor from committing the State to government procurement agreements with foreign countries without ratification by the State Legislature; and

Whereas, A.645 would require any merchant or company engaging in outsourcing to provide notice of such outsourcing when doing business with any consumer, prohibit government agencies from outsourcing jobs, require notice to and consent of consumers if personal information is to be disclosed by businesses to nonaffiliated third parties and require legislative ratification of any procurement contracts between the State and any multinational trade organization or corporation; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass A.645, the “New York Consumer and Worker Protection Act,” which would require businesses and government entities to comply with certain conditions with respect to the outsourcing of jobs.

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