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Schwarzenegger rejects bills to stem offshoring jobs

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SACRAMENTO - Calling California a partner in a global market, Gov. Arnold Schwarzenegger vetoed legislation Wednesday that would ban state contractors from taking jobs offshore and two other measures aimed at making it more difficult to send jobs overseas.

The move, hailed by business leaders and criticized by labor groups, confirms the governor's free market beliefs, but may also signal Schwarzenegger's interest in privatizing some of the state's information technology services - even if it means contractors would take the work to cheap labor markets in India and China.

"There is a right way and a wrong way to expand economic opportunities in California," the governor said in his veto message of AB 1829 from Assemblywoman Carol Liu, D-La Canada Flintridge. "The wrong approach is to implement measures that restrict trade, invite retaliation or violate the U.S. Constitution and our foreign trade agreements."

The governor's landmark plan for reorganizing state government called for removing barriers to private companies so they can compete for services now performed by public employees - especially computer operations, call centers and data processing. Several of the firms that advised the governor's team working on the reorganization plan, called the California Performance Review, have sent thousands of jobs overseas in the last three years, according to press reports and labor organizations.

Liu's bill, along with a handful of others aimed at restricting offshoring of state jobs, were key proposals from the Legislature's Democratic majority and their supporters among the state's largest labor unions.

The governor's veto provoked sharp response from Assembly Speaker Fabian Nunez, who promised the issue would not go away.

"The Gov. had a choice to protect hard working Californians, or protect multinational corporations. He chose wrongly," said Nunez. "Now, the people's tax dollars will continue to support jobs in India and Mexico. This sends the wrong message to Californians who look to Sacramento for job protection."

GOP leaders, however, called the measure a "job killer" and welcomed Schwarzenegger's action.

"Burdensome regulations are driving productive California businesses out of the state," said Assembly Republican Leader Kevin McCarthy, R-Bakersfield. "Five years of reckless

policymaking have overtaxed and over-regulated businesses in California. I commend the governor for upholding his promise to make California a place to do business again."

In the same package, the governor also vetoed two other jobs bills.

One bill by Sen. Joe Dunn, D-Garden Grove, would have required hospitals and other medical service providers to tell patients if they use foreign companies to handle confidential records and to get permission from patients before sending their records overseas. A second, also by Dunn, would have prohibited any work considered essential to homeland security from being performed at a work site outside of the United States.

Schwarzenegger said neither bill was necessary. He said existing law already protects medical records from being shared without patient consent.

The governor also said by requiring all homeland security work to be performed inside the U.S. does not necessarily improve security. He said the bill would restrict competition and result in higher prices.

On the Net

Gov.'s home page: http://www.governor.ca.gov/state/govsite/gov_homepage.jsp

Read SB888, SB1492 and AB1829 at <http://www.legislature.ca.gov>