

Illinois to review outsourcing in state contracts

By Mary Tallon
Associated Press

SPRINGFIELD, Feb. 6 -- Companies that want to do business with the state will soon have to disclose how much of the work would be done overseas.

Under a law signed by Gov. Rod Blagojevich Friday, firms bidding on state contracts have to report any outsourcing plans they have for the work. The state can then use that information to decide which companies get contracts.

If businesses are found to be outsourcing more than they said they would, the state gets the power to end the contracts.

The law takes effect July 1.

Sen. Carol Ronen said she proposed the legislation because companies are increasingly shipping jobs in computers, engineering and architecture to foreign countries where workers expect lower wages and fewer benefits.

"I think it's an important first step to keep jobs in this state and in this country," the Chicago Democrat said.

Another of the bill's sponsors, Rep. Harry Osterman, D-Chicago, said the law shows the state has a commitment to fighting outsourcing.

"One bit of leverage we have is that as a state with a large budget, how we spend our money is important," Osterman said.

The law also requires the Department of Central Management Services, which awards state contracts, to collect outsourcing data from companies bidding on the contracts and prepare a report with the outsourcing information for the General Assembly by 2007.

Osterman said requiring the state to collect outsourcing data doesn't mean that companies that outsource are automatically banned from getting state work.

Illinois State Chamber of Commerce spokesman Todd Maisch said businesses are pleased with the measure because it doesn't rule out companies that outsource from getting state work.

"We're pleased that the Legislature took a careful look at an emotional issue and crafted a piece of legislation that employers can live with," he said.

Companies' overseas connections have been an issue in Illinois before. Last year, Comptroller Dan Hynes asked the Procurement Policy Board to review state regulations on contracts with companies that put their headquarters in foreign tax havens where they can avoid paying state and federal taxes. Hynes made the request after he held up more than \$2 million in payment to Bermuda-based Accenture Corp. for updating the state's computer and communications systems.