

108TH CONGRESS  
2D SESSION

# H. R. 3911

To make certain companies that have outsourced jobs during the previous five years ineligible for the receipt of Federal grants, Federal contracts, Federal loan guarantees, and other Federal funding, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2004

Ms. WATERS introduced the following bill; which was referred to the  
Committee on Government Reform

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## A BILL

To make certain companies that have outsourced jobs during the previous five years ineligible for the receipt of Federal grants, Federal contracts, Federal loan guarantees, and other Federal funding, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. FEDERAL FUNDING PROHIBITION.**

4       (a) PROHIBITION.—Except as provided in subsection  
5       (b) or (f), and unless the Federal agency is acting under  
6       an obligation entered into before the effective date of this  
7       Act, no Federal agency shall award a grant or contract,  
8       make a loan guarantee, or provide any other funding, or

1 enter into an obligation to award a grant or contract,  
2 make a loan guarantee, or provide any other funding, to  
3 a company of interest that has outsourced any jobs during  
4 the previous five years unless the company of interest—

5 (1) has not outsourced any jobs during the pre-  
6 vious two years; and

7 (2) has created in the United States since the  
8 company of interest last outsourced any jobs, and  
9 continues to maintain in the United States, a num-  
10 ber of new jobs within the same company of interest  
11 that is equal to at least 50 percent of the total num-  
12 ber of jobs that were outsourced by the company of  
13 interest during the previous five years.

14 (b) AGREEMENT TO CREATE NEW JOBS.—A Federal  
15 agency may award a grant or contract, make a loan guar-  
16 antee, or provide any other funding, or enter into an obli-  
17 gation to award a grant or contract, make a loan guar-  
18 antee, or provide any other funding, to a company of inter-  
19 est that has outsourced jobs during the previous five years  
20 only if the company of interest agrees—

21 (1) to create in the United States, not later  
22 than 18 months after the company has received the  
23 grant, contract, loan guarantee, or other funding, a  
24 number of new jobs within the same company of in-  
25 terest that is equal to at least 50 percent of the total

1 number of jobs that were outsourced by the company  
2 of interest during the previous five years, and to  
3 maintain such new jobs in the United States for at  
4 least 18 months;

5 (2) to pay to the Federal agency that awards  
6 the grant or contract, makes the loan guarantee, or  
7 provides the other funding an amount equal to 125  
8 percent of the total value of the grant, contract, loan  
9 guarantee, or other funding if the company of inter-  
10 est does not create the new jobs described in para-  
11 graph (1); and

12 (3) to pay to the Federal agency that awards  
13 the grant or contract, makes the loan guarantee, or  
14 provides the other funding an amount, to be deter-  
15 mined by the Federal agency, that is not more than  
16 125 percent of the total value of the grant, contract,  
17 loan guarantee, or other funding if the Federal  
18 agency finds that the company of interest did not in  
19 good faith attempt to maintain for at least 18  
20 months the new jobs that the company of interest  
21 created pursuant to the agreement described in  
22 paragraph (1).

23 (c) DOCUMENTATION.—Except as provided in sub-  
24 section (f), and unless the Federal agency is acting under  
25 an obligation entered into before the effective date of this

1 Act, no Federal agency shall award a grant or contract,  
2 make a loan guarantee, or provide any other funding, or  
3 enter into an obligation to award a grant or contract,  
4 make a loan guarantee, or provide any other funding, to  
5 a company of interest unless the company of interest has  
6 provided documentation to the Federal agency that indi-  
7 cates either that the company has not outsourced jobs dur-  
8 ing the previous five years or that the company has ful-  
9 filled the requirements under subsection (a) or (b).

10 (d) OBLIGATION CONDITION.—Any obligation en-  
11 tered into by a Federal agency to award a grant or con-  
12 tract, make a loan guarantee, or provide any other funding  
13 to a company of interest shall include the condition that  
14 if the company of interest outsources any jobs after such  
15 obligation is entered into and before the company of inter-  
16 est is to receive the grant, contract, loan guarantee, or  
17 other funding, the Federal agency shall not award the  
18 grant or contract, make the loan guarantee, or provide the  
19 other funding.

20 (e) OUTSOURCING AGREEMENT.—A Federal agency  
21 may award a grant or contract, make a loan guarantee,  
22 or provide any other funding, or enter into an obligation  
23 to award a grant or contract, make a loan guarantee, or  
24 provide any other funding, to a company of interest only  
25 if the company of interest agrees—

1           (1) not to outsource any jobs within 18 months  
2           after the Federal agency awards the grant or con-  
3           tract, makes the loan guarantee, or provides the  
4           other funding; and

5           (2) if the company of interest does not satisfy  
6           the agreement described in paragraph (1), to pay to  
7           the Federal agency that awards the grant or con-  
8           tract, makes the loan guarantee, or provides the  
9           other funding an amount equal to the total value be-  
10          fore the outsourcing of one year's wages and bene-  
11          fits for each of the jobs outsourced within 18  
12          months after the company of interest receives the  
13          grant, contract, loan guarantee, or other funding.

14          (f) NATIONAL SECURITY EXCEPTION.—The restric-  
15          tions and penalties under this section shall not apply if  
16          the Federal agency awards a grant or contract, makes a  
17          loan guarantee, or provides any other funding, or enters  
18          into an obligation to award a grant or contract, make a  
19          loan guarantee, or provide any other funding, for purposes  
20          of national security.

21          (g) IMPLEMENTATION AND REGULATIONS.—The  
22          Secretary of Commerce shall coordinate the Federal agen-  
23          cies' implementation of the documentation requirement  
24          described in subsection (c). The Secretary of Commerce

1 shall prescribe regulations necessary to carry out this sec-  
2 tion.

3 **SEC. 2. DEFINITIONS.**

4 For purposes of this Act:

5 (1) COMPANY OF INTEREST.—The term “com-  
6 pany of interest” means—

7 (A) a corporation or other legal entity or-  
8 ganized under the laws of the United States;

9 (B) a subsidiary of a corporation or legal  
10 entity described in subparagraph (A);

11 (C) a corporation or other legal entity that  
12 employed at least 50 employees to perform serv-  
13 ices in the United States at any one time on or  
14 after January 1, 1980; or

15 (D) a corporation or other legal entity with  
16 \$1,000,000 or more annual gross income that is  
17 effectively connected with the conduct of a  
18 trade or business within the United States.

19 (2) NEW JOBS.—The term “new jobs” means  
20 jobs created by a company of interest such that with  
21 respect to each new job the total value of wages and  
22 benefits is equal to or greater than the average total  
23 value of wages and benefits of the jobs outsourced  
24 by the company of interest during the previous five  
25 years.

1           (3) OUTSOURCE.—The term “outsource” means  
2           to hire employees to perform services outside the  
3           United States when the services previously had been  
4           performed in the United States.

5           (4) UNITED STATES.—The term “United  
6           States” means the several States, the District of Co-  
7           lumbia, the Commonwealth of Puerto Rico, the Com-  
8           monwealth of the Northern Mariana Islands, Amer-  
9           ican Samoa, Guam, the Virgin Islands, and any  
10          other territory or possession of the United States.

11 **SEC. 3. EFFECTIVE DATE.**

12          This Act shall take effect one year after the date of  
13          its enactment.

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