Representative Michele Lepore-Hagan
58th Ohio House District

House Bill 245 – Sponsor Testimony
Economic Development, Commerce and Labor Committee
Tuesday, June 20, 2017

Chairman Young, Vice Chair DeVitis, and fellow members of the Economic Development, Commerce and Labor Committee; thank you for the opportunity to provide sponsor testimony for House Bill 245, The Consumer Protection Call Center Act. I would like to thank my joint sponsor Representative John Boccieri for his testimony and associate myself with his remarks regarding this important legislation.

As Representative Boccieri noted, the call center industry and the Ohioans who work in it play a vital and irreplaceable role in our state's economy. Today, 171,000 men and women earning an average of $33,000 per year pour more than $5.6 billion in wages into our economy annually. When generally accepted multipliers are applied to those earnings the call centers generate more than $15 billion in economic activity in Ohio each and every year. That's more than $15 billion in federal, state and local taxes, wages for workers in other businesses, sales of equipment, property rentals, utility payments and other expenditures that fuel development and job growth across our state.

When you consider the sheer size and impact of this industry two things become clear: why Governor Kasich issued an order in 2011 prohibiting executive agencies from purchasing services from companies that outsource, and why we need to take the steps encompassed within HB 245 to strengthen a business sector that is already beginning to shrink in Ohio.

That shrinkage, along with our state's sluggish economy, makes passage of HB 245 more urgent now than it was last year when Rep. Boccieri and I introduced similar legislation. As he noted, these jobs are among the easiest in the world to off-shore. That is why company, after company, after company is abandoning the U.S. and relocating to the Philippines, India and other less-developed countries. According to recent reports, 400,000 call center and another 240,000 back office jobs have moved to the Philippines and hundreds of thousands more have left for India. And the trend is accelerating: estimates are that the U.S. and Europe will lose another 3.7 million call center jobs in the years ahead.

The reasons for the exodus are painfully familiar to those of us who represent communities decimated by unfair foreign competition: weak environmental, labor, and consumer protection laws and, of course, low wages. The average Filipino call center worker earns $4,932 each year, a small fraction of the $33,110 earned by U.S. workers. These huge disparities make it easy to understand why companies so many companies are turning their backs on American workers.

Contact Information:
77 S. High Street
Columbus, Ohio 43215
Office: 614-466-9435
FAX: 614-719-3960
Email: rep58@ohiohouse.gov

Here are just a few examples of what has happened:

- **JPMorgan Chase** laid off 400 workers in Albion, New York and shifted the jobs to the Philippines and India.
- **Hewlett-Packard** (HP) shifted 500 call center jobs out of Conway, Arkansas after accepting $43 million in state and local incentives. HP's call center locations now include Costa Rica and India.
- **T-Mobile** closed seven U.S. call centers and put 3,300 employees out of work after accepting $61 million in state and local subsidies. The jobs moved to Honduras and the Philippines.
- **Wells Fargo** laid off hundreds of workers in Florida, California, and Pennsylvania and moved operations to the Philippines. The banking giant, which received more than $25 billion from the federal Troubled Asset Relief Program, is tripling the number of its Filipino employees and has asked some U.S. employees to train their own replacements.
- **Bank of America** put 1,100 Ohioans on the unemployment line when it closed mortgage service centers in Cleveland, Cincinnati, and Independence.

We simply can't afford to stand idly by as these companies and others ship hundreds of thousands of good-paying jobs overseas. And it's certainly folly for us to finance their exit with taxpayer-funded incentives that could and should be used to attract and retain companies that are loyal to Ohio and America.

While economic development and jobs are one focus of HB 245, there is another, critically important reason for the state to discourage the offshoring of the call center industry: cybersecurity.
In the United States, the Federal Trade Commission and state agencies investigate and prosecute cases of fraud and identity theft. But in the developing world data and consumer protection laws are weak or non-existent.

This puts Ohioans and Americans in jeopardy because corporations frequently transfer large volumes of highly sensitive personal information about customers, including bank records, medical histories, payroll and benefits information, social security numbers, and credit reports when they offshore call center operations. In the digital age, a few numbers in the hands of the wrong person can ruin lives, and if those numbers are in the hands of employees in countries beyond the reach of U.S. consumer protection laws, then civil and criminal prosecution can be difficult.

I want to emphasize that this is not an idle threat. To date millions of American citizens and numerous companies and other entities have been victimized by cyber-criminals who have obtained private data by hacking into or hijacking systems located in the Philippines, India and other nations that host call centers once located in the U.S. We have a responsibility as legislators to both protect our constituents from attack and hold companies that facilitate them by moving operations from the U.S. to less secure environments accountable for their actions.
HB 245 accomplishes both of those critical goals and is therefore, worthy of favorable consideration by this Committee and the Ohio General Assembly.

Contact Information:
77 S. High Street
Columbus, Ohio 43215
Office: 614-466-9435
FAX: 614-719-3960
Email: rep58@ohiohouse.gov

Representative Michele Lepore-Hagan
58th Ohio House District

Chairman Young, Vice Chair DeVitis, and fellow members of the Economic Development, Commerce and Labor Committee; thank you again for the opportunity to testify on the Consumer Protection Call Center Act. I am able to answer any questions you may have at this time.

132nd General Assembly Committee Assignments:
Economic Development, Commerce & Labor, Ranking Member
Health
Transportation & Public Safety

Contact Information:
77 S. High Street
Columbus, Ohio 43215
Office: 614-466-9435
FAX: 614-719-3960
Email: rep58@ohiohouse.gov