The United States Call Center Worker and Consumer Protection Act (H.R. 3219/S. 1792)

Call centers are a major economic force in the United States – about 3.6 million people are employed by the industry, or 2.5 percent of the U.S. workforce, and the Bureau of Labor Statistics projects job growth of 5% by 2026 for customer service representatives, on par with overall job growth.[1] The average wage for customer service representatives is $15.81, which compares favorably to other entry-level jobs.[2] But the potential to make call center jobs stable, family-supporting careers is threatened by widespread outsourcing and offshoring. Advances in telecommunications technology that is the infrastructure of the call center industry has made it possible for operators to move tens of thousands of jobs overseas, where the workforce required for these jobs is available at much lower costs.

U.S. corporations rely on the rapidly growing business process outsourcing (BPO) industry, which competes in a global race to the bottom to offer low-cost customer support and back-office functions. Companies like Concentrix, Teleperformance and Alorica offer a global workforce spread across the Philippines, India, Mexico, the Dominican Republic, Colombia, El Salvador and other developing nations. BPO companies also employ a large and growing workforce in the United States, but offer lower-than-average wages.[3] **The growth in outsourced customer service is correlated with a 3% decline in real wages for U.S. customer service representatives over the past decade**. The constant threat of offshoring hangs over U.S. workers who have made careers for themselves in the customer service industry.

U.S. companies transfer business functions to developing countries because they can take advantage of well-educated and skilled foreign workers with English-language proficiency, while paying them a fraction of U.S. worker wages. Many governments have offered tax incentives and other enticements to attract these jobs. Corporations can also take advantage of weak labor laws that undermine safety, health, and living standards of workers in those developing countries. The low wages, job insecurity, and unrealistic performance metrics create serious impediments to workers' ability to provide quality customer service. Meanwhile, lax regulatory oversight in developing countries is a draw for companies seeking more flexibility in providing their services, but also means that consumer privacy and data security could be put at increased risk.

As U.S. companies offshore and outsource call center jobs, communities across the country lose out. In many places, the closure of a call center means the loss of a pillar of the local economy. The offshoring of U.S. call center jobs has a range of negative impacts – it is a trend that is bad for American workers and communities and could be harmful to the security of U.S. consumers' sensitive information.

[1] Contact Babel, "US Contact Centers 2019-2023: The State of the Industry & Technology Penetration," 6th Edition, January 2019. http://www.contactbabel.com/pdfs/2019/US%20SOITP%202019-23%20Marketing%20v2.pdf; Bureau of Labor Statistics, Occupational Outlook Handbook, "Customer Service Representatives." Available at: https://www.bls.gov/ooh/office-and-administrative-support/customer-service-representatives.htm

[2] Ibid.

[3] BPO CSR average wages are substantially lower than CSR average wage levels, with a median hourly wage of $13.45 compared to $15.81 for all CSRs, according to the Bureau of Labor Statistics Occupational Employment Survey.

H.R. 3219, bipartisan legislation introduced by Representatives David McKinley (R-WV) and Mark Pocan (D-WI) and S. 1792, introduced by Senator Bob Casey (D-PA) and Sherrod Brown (D-OH) would make strides to ensure that taxpayer dollars are not rewarding companies that offshore their customer service work and give consumers the power to decide where to have their calls handled. These steps are important in helping protect U.S. consumers' private and sensitive data.

<u>If passed, this bill would accomplish the following things:</u>

- **Disclose Call Center Location to U.S. Consumers:** The Act would require the relocated overseas call center agent to disclose their name and physical location of their operation. For example, a customer may hear, "Hello, my name is Jane from Manila."

- **Right to Transfer:** U.S. consumers would have the right to request that the call be transferred to a customer service agent who is physically located in the U.S.

- **Create a 'bad actor' list of U.S. Companies that make a practice of sending U.S. jobs overseas:** The Act would require creation of a publically available list, maintained by the Department of Labor, of all employers that have relocated all or a significant portion of their customer service work overseas. These companies would be ineligible for federal grants or guaranteed loans. Preference would be given to U.S. employers that do not appear on the list when awarding civilian or defense-related contracts. Employers that relocate a call center would remain on the list for up to 5 years after each instance of relocating a call center.

- **List removal:** If a 'bad actor' relocates an offshore call center to the U.S. and brings jobs back, they will be removed from the bad actor list.

For more information, contact: Shane Larson, CWA Legislative-Political Director, at slarson@cwa-union.org or Dan Mauer, CWA Deputy Legislative Director, at dmauer@cwa-union.org or Elena Lopez, Legislative Associate, at elopez@cwa-union.org