

# TRUMP'S FIRST YEAR:

## OUTSOURCING BY FEDERAL CONTRACTORS WORSENS



“A Trump administration will stop the jobs from leaving America.”

Donald J. Trump, November 4, 2016

A report by George Faraday for Good Jobs Nation, November 2017



## INTRODUCTION

On November 30th 2016, President-Elect Trump announced that he had reached a deal with major federal contractor, United Technologies Corporation, to stop almost 1,000 jobs at UTC's Carrier subsidiary in Indianapolis from being outsourced to Mexico.

"This is the way it's going to be," Trump told the New York Times, "Corporate America is going to have to understand that we have to take care of our workers also."<sup>1</sup>

As UTC CEO Greg Hayes himself acknowledged, a key factor motivating UTC to agree to this deal was the company's dependence on revenues from federal contracts, which, as President, Trump would shortly be in a position to influence.<sup>2</sup>

This report examines what use Trump has made of this influence in the first year since his election to make good on his promises to take care of American workers.

We find that since the Carrier deal - which itself promised much more than it delivered<sup>34</sup> -- President Trump has done nothing to use his authority over the \$450 billion he controls in annual federal contract spending to stop "Corporate America" from continuing to send American jobs abroad.

In April 2017 Good Jobs Nation partnered with Public Citizen's Global Trade Watch to analyze the scope of outsourcing by federal contractors, and - conversely -- the amount of taxpayer dollars flowing to corporate outsourcers.

Drawing upon outsourcing data reported by the U.S. Department of Labor's Trade Adjustment Assistance (TAA) Program<sup>5</sup> and contracting data posted on usaspending.gov, we found that 56% of the top-100 federal contractors in 2016 engaged in outsourcing; that these corporations had received \$176 billion in contract awards in 2016 - over one third of all federal contract spending; and that these contractors were responsible for shifting almost 60,000 American jobs abroad.<sup>6</sup>

The report called on President Trump to follow through on his intervention on behalf of the Carrier workers by issuing an executive order blocking the award of federal contracts to corporations that outsource American jobs to foreign countries. The report argued that the authority to issue such an order is grounded in the Procurement Act of 1949, which permits the President to establish "policies and directives" for federal contracting.

On September 20, Senators Sanders, Durbin, Gillibrand, Merkley, and Whitehouse took up this demand, citing the numbers from our April report and stating, "If you are serious about ending offshoring and helping the American worker, you will issue an executive order ending government contracts that offshore American jobs."<sup>7</sup>

As we approach the first anniversary of Trump's Carrier deal, we have re-examined the most recently reported TAA and usaspending data to see if the new President has done anything to follow through on his promise "to take care of" the workers that he has the most direct power to protect - the employees of the corporations to which his administration awards billions of dollars in federal contracts.

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<sup>1</sup> <https://www.nytimes.com/2016/12/01/business/economy/trump-carrier-pence-jobs.html>

<sup>2</sup> <https://www.cnbc.com/2016/12/05/cnbc-transcript-united-technologies-chairman-ceo-greg-hayes-on-cnbc-s-mad-money-w-jim-cramer-today.html>

<sup>4</sup> In the event, despite Trump's deal, 300 Carrier workers lost their jobs in July and another 290 will be laid off at the end of this year. <http://money.cnn.com/2017/07/19/news/economy/carrier-layoffs-indiana/index.html>

<sup>5</sup> The TAA program provides benefits to workers displaced by trade competition and outsourcing decisions. <https://www.doleta.gov/tradeact/>

<sup>6</sup> <https://www.citizen.org/sites/default/files/gjn-gtw-report-federal-contracting-with-corporate-offshorers-continues-final.pdf>

<sup>7</sup> <https://www.sanders.senate.gov/download/offshoring-letter?inline=file>

## FINDINGS

In short, we found no evidence that the Trump administration has done anything to halt, or even slow, the outsourcing of American jobs by federal contractors. In fact, under his watch contractor outsourcing has risen to record levels.

- Since Trump was elected, major federal contractors have been certified as shipping 10,269 American jobs abroad. (See Table 1)

**TABLE 1. OUTSOURCING BY TOP FEDERAL CONTRACTORS UNDER TRUMP<sup>8</sup>**

	<b>CONTRACTS AWARDED BY TRUMP ADMINISTRATION<sup>9</sup></b>	<b>JOBS OUTSOURCED SINCE 11/9/16<sup>10</sup></b>
<b>GENERAL MOTORS</b>	\$323,000,000	2,781
<b>BOEING</b>	\$9,458,000,000	2,681
<b>UNITED TECHNOLOGIES</b>	\$1,171,000,000	1,414 <sup>11</sup>
<b>PFIZER</b>	\$1,076,000,000	1,200
<b>GENERAL ELECTRIC</b>	\$1,204,000,000	921
<b>IBM</b>	\$1,551,000,000	527
<b>MERCK</b>	\$1,620,000,000	254
<b>HONEYWELL</b>	\$1,653,000,000	202
<b>HEWLETT PACKARD</b>	\$1,035,000,000	125
<b>SIEMENS</b>	\$257,000,000	83
<b>SANOFI</b>	\$720,000,000	75
<b>OTHER TOP 100 CONTRACTORS</b>	\$1,385,000,000	6
<b>TOTAL</b>	\$20,829,000,000	10,269

- The top-100 federal contractors for 2016 that have outsourced American jobs since Trump’s election have received almost \$21 billion in contract awards under the Trump administration (See Table 1).
- The total number of jobs outsourced by contractors since Trump’s election is the highest yearly total of outsourcing by federal contractors on record, and will likely rise when reporting for 2017 is complete.<sup>12</sup> (See Chart 1)

<sup>8</sup> These figures are based on contract award value and job loss data for the top-100 federal contractors by contract value for 2016.

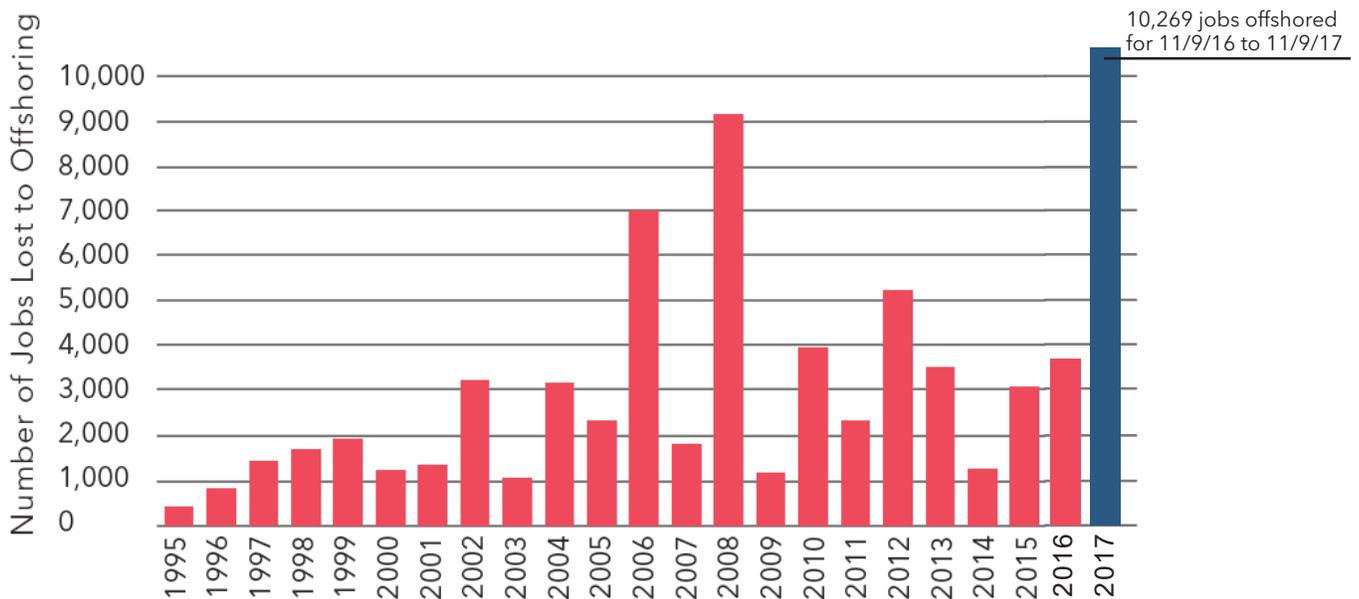
<sup>9</sup> “Dollars obligated” plus “subaward value” generated by Recipient Name search at usaspending.gov conducted on 11/18/2017. The actual totals for this period are considerably higher due to reporting delays.

<sup>10</sup> Number of “workers separated” stated on TAA petitions certified between 11/9/16 and 11/9/17 with a stated separation date from 11/9/16 onward reported on [https://www.doleta.gov/tradeact/taa/taa\\_search\\_form.cfm](https://www.doleta.gov/tradeact/taa/taa_search_form.cfm). Search conducted 11/14/17.

<sup>11</sup> This figure includes estimated job losses stated in four TAA certifications issued for United Technologies that have taken place, or are expected to take place after Trump’s election, less the 800 jobs “saved” by Trump’s November 2016 intervention.

<sup>12</sup> TAA reports that the mean time required to investigate a petition is running – as of June 2017 -- at 110.8 days. [https://www.doleta.gov/tradeact/docs/taa\\_management\\_q3\\_2017.pdf](https://www.doleta.gov/tradeact/docs/taa_management_q3_2017.pdf)

**CHART 1. OUTSOURCING BY TOP FEDERAL CONTRACTORS: 1994-2017**



- Overall, 93,449 jobs have been certified by the Department of Labor as lost to trade competition or corporate outsourcing since Trump's election. This total is higher than the average job loss rate of 87,576 for the preceding five years.<sup>13</sup>
- Federal contractors' relative contribution to overall outsourcing has jumped under Trump. Outsourcing by top-100 federal contractors accounted for 11 % of total job losses certified by the TAA program since Trump's election, whereas it accounted for only 4% of losses over the preceding five years.<sup>14</sup>

## CONCLUSION

As Presidential candidate, Donald Trump promised to do everything in his power to stop Corporate America from sending American jobs abroad. Yet since his election -- with the partial and flawed exception of the Carrier deal -- he has done nothing to use his power over the United States Government's half-trillion dollar contracting budget, spending on which many of this country's biggest companies depend for profitability, to stop Corporate America from destroying further American jobs.

<sup>13</sup> The total of estimated job losses was searched at [https://www.doleta.gov/tradeact/taa\\_reports/petitionsresults.cfm](https://www.doleta.gov/tradeact/taa_reports/petitionsresults.cfm) on 11/21/17. The 2012-2016 annual mean is calculated based on figures for estimated job losses associated with certified petitions reported in <https://www.doleta.gov/tradeact/docs/AnnualReport16.pdf> at p 11.

<sup>14</sup> Ibid.