

MAY 18 2021

May 18, 2021 – From the Desk of: Representative Daniel Bonham



Pacific Northwest Chapter



Support for SB 493-AMR5: A More Workable Alternative to SB 493-A

The League of Oregon Cities, Special Districts Association of Oregon, Eastern Oregon Counties Association, Oregon School Boards Association, Associated General Contractors, Associated Builders and Contractors – Pacific Northwest Chapter, Oregon Concrete and Aggregate Producers Association, Independent Electrical Contractors of Oregon, and other individual local governments encourage your consideration of the minority report on SB 493-A (SB 493-AMR5) as a more workable alternative to passage of SB 493-A. SB 493-AMR5 will better ensure that local economies are reflected in prevailing wage rate determinations. This is critically important for rural/small communities that would likely experience greater impact, hardship, and costs if SB 493-A were to pass.

Under current law, prevailing wage rate determinations reflect local economies. Due to the existence of statewide collective bargaining agreements for some occupational trades, we believe, and data confirms, that SB 493-A will result in one statewide wage rate for certain occupational trades. By only using the highest wage rate for prevailing wage rate determination, it is not hard to see why SB 493-A would depart from a system that incorporates local wage rate data to one that is likely to result in urban and rural areas paying the same wage rates in some instances. This will result in more significant impacts to rural communities and we have seen wage rate comparisons that show this to be true – not in all instances but in some. Additional costs for rural communities typically result in additional costs for their citizens – many of whom are low-income or are on fixed incomes.

It is for these reasons that we believe SB 493-AMR5 will help to mitigate against these potential cost increases and potential impacts to ratepayers/taxpayers.

We support SB 493-AMR5 as an alternative to SB 493-A for the following reasons:

- The measure will simplify the current wage rate determination process. SB 493-AMR5 will still eliminate the use of the wage survey for the Bureau of Labor and Industries (BOLI) if there are collective bargaining agreements in place.

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- The measure uses an averaging of collective bargaining agreements rather than the highest rate contained in a CBA. That average calculation will be used to determine an “urban wage rate”.
- The measure will help protect rural communities from some of the cost increases that we would expect to see under SB 493-A. This will ensure that our rural communities and their citizens are better positioned to be able to afford public works projects by establishing a “rural rate” that is reflective of 85% of the urban wage rate. All Oregon communities are struggling to pay for necessary infrastructure and other projects right now, but the challenges can be amplified when local governments must spread considerable costs among a smaller number of ratepayers/taxpayers. The per capita costs for a \$5 million water treatment plant are considerably higher for a community with a population of 2,000 (\$2,500 per person) versus a community with a population of just 10,000 (\$500 per person). Many of the costs of infrastructure are paid at the local level, and affordability is already a significant challenge.
- The measure includes critical definitional language to ensure that only bona fide collective bargaining agreements, reflective of 50% or more of the labor organizations membership, can be considered for new BOLI’s wage rate determination process. SB 493-A does not define what constitutes a collective bargaining agreement for the purpose of wage rate determination and, as a result, we are concerned that a collective bargaining agreement that may reflect only a small number of employees within an occupational trade would be used to establish the minimum wage rate for all work done within that trade in a region.

A handwritten signature in black ink, appearing to read "D. Bonham". The signature is stylized and cursive.