



February 9, 2021

Chair Riley; Vice-Chair Hansell; Members of the Senate Committee on Labor & Business:

The League of Oregon Cities, Special Districts Association of Oregon and the Oregon School Boards Association appreciate the opportunity to submit testimony in opposition to SB 493 which proposes a significant change to Oregon prevailing wage statutes. As public agencies, local governments are required to abide by these statutes and must pay prevailing wage rates on all public works projects. Under current law, prevailing wage rates are determined through an independent wage survey that is intended to reflect construction wage rates within various regions across the state. If the survey process does not produce sufficient wage data, it is our understanding that BOLI can already utilize additional data sources, including collective bargaining agreements under the current law.

While our associations are not opposed to the current law which requires payment of prevailing wage rate for public works projects (in fact, many of our members are supportive of the current requirements), this bill significantly alters the process by which prevailing wage rates are determined by the Oregon Bureau of Labor and Industries (BOLI). The proposed revisions represent a significant policy change that could result in unexpected cost increases for some projects. We do want to note for the record, that we are in support of [HB 2252](#) which would allow for the time necessary to study the current survey methodology and would allow us to gather the data necessary to ensure that we do not stumble upon the same shortcomings from this legislation that have been experienced in the state of Washington.

SB 493 – What the bills does:

- SB 493 would eliminate the independent wage survey in regions where a collective bargaining agreement exists for a particular occupational trade.
- As a result, the wage rates reflected in one collective bargaining agreement would represent the minimum wage standard for *all* work done under that occupational trade within the region.
- If more than one collective bargaining agreement exists, SB 493, with the -1 amendment, would require BOLI to use of the highest wage rate.

Why Local Governments Oppose SB 493:

- In 2018, similar legislation passed in the state of Washington ([SB 5493](#)) resulting in notable implementation challenges, including significant wage spikes for certain trades/occupations. It appears these wage spikes have been a result of specialized work or occupations that are grouped together in a manner that reflects a broader categorization for an occupation/trade (e.g. – landscape maintenance is in the same category as landscape construction).
- We are highly concerned that relying upon one collective bargaining agreement, which could reflect specialized work or unique project-based needs, could result in significant wage spikes

and contribute to a lack of certainty for local governments when planning and budgeting for public infrastructure investments, school capital construction projects and some affordable housing projects.

- In addition, it is our understanding that there is ongoing litigation in Washington related to this law.
- While our associations are open to participating in discussions to address alternatives to the independent wage survey and mechanisms to streamline the process for gathering the necessary data, we remain concerned that these bills could result in significant unintended outcomes.
- We are asking the legislature to carefully look at the data and work with local governments to ensure that any prevailing wage-related legislation is implementable and does not result in unanticipated wage spikes.

Impacts to Infrastructure, School Construction and Housing Costs:

- Local governments are experiencing considerable budget impacts, as are many Oregonians that live in our communities.
- The infrastructure backlog in Oregon continues to grow (over \$7.6 billion for city water-related infrastructure alone) and the costs of providing infrastructure continue to increase. Investing in this backlog is critical for public health, public safety, community livability, climate adaptation, and to ensure that communities can support additional housing units that the state is severely short of.
- Affordable housing continues to be a shared concern and priority at the federal, state and local level. In addition to infrastructure cost impacts on affordable housing, many affordable housing projects are subject to payment of prevailing wage due to public investments that are often made combined with current statutory definitions that provide only a narrow exemption for certain projects.
- In our research on the impacts that this legislation has had in the state of Washington, we are concerned to see that affordable housing providers have flagged this legislation as needing a “common sense resolution” to address “dramatic increases” that have put some affordable housing projects “in peril”. A link to the Association of Washington Housing Authorities’ 2019 Legislative Agenda articulates these concerns:
https://www.awha.org/uploads/1/1/7/4/117481790/awha_state_legislative_agenda_2019.pdf

HB 2252 – Local Governments Support this Legislation/Approach:

Our local government members have not shared concerns over the current survey methodology; however, we are very much open to having discussions about any potential challenges with the survey and we will be happy to collaborate on methods to streamline data collection. We have every interest in pursuing a process that generates data that is sufficient to make sound wage rate determinations. HB 2252 would provide us with the opportunity to have these important discussions, avoid unintended/unworkable outcomes, and make informed decisions going forward.