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Bad legislation often hides in “tweaks” and “housekeeping” measures. Oregon Senate Bill 493 is an example. With just a few words, the bill tweaks Oregon’s formula for calculating prevailing wages throughout the state. **The results would increase costs for nearly every public works project in the state with no end in sight.**

The prevailing wage is the rate of pay and benefits that contractors and vendors must offer their employees when a government agency funds the project. Currently, Oregon’s prevailing wages are based on an independent wage survey conducted by the state’s labor commissioner.

SB 493 proposes a radical departure from current policy. Every region’s prevailing wage would be based on the *highest* wage rate among collective bargaining agreements in the region. In other words *every* contractor would have to pay the same wages as the highest collective bargaining agreement in each region.

**The State of Washington adopted a similar approach in 2018 and faced serious consequences.** [The Association of Washington Housing Authorities confirmed](#) that, “As a result of this legislation, prevailing wages for residential trades saw dramatic increases that have put in peril some affordable housing projects and weatherization programs.”

**The [Business Institute of Washington](#) also reported “significant rate increases,”** with wages doubling and tripling in some areas. That’s exactly how infrastructure spending will be bloated in Oregon. Shortly after Washington’s policy shift, one contract representing less than 13% of the total operator hours in an area prevailed over the other 87%. The [government affairs director of Associated General Contractors](#) explained that **placing one union contract over every public works project “makes the concept of ‘prevailing’ wage nonsensical,”** because the word prevailing implies some sort of prevalence.

Proponents [claim](#) prevailing wage laws don’t significantly increase the cost of public works, and if they do, the quality of the projects increases along with the price. But, cities such as Portland exempt some affordable housing from prevailing wages because the increased costs reduce the amount of affordable housing they can build with their limited budgets. [Willamette Week reports](#) that Martha McLennan, executive director of Northwest Housing Alternatives estimates **“the prevailing wage requirement can add \$25,000 per unit in costs.”**

Proponents also claim that higher prevailing wages increases the quality of work and therefore doesn't increase total costs, but Oregon has used high prevailing wages for decades, so any measurable benefits to the quality of work have already been achieved. **If SB 493 is made law, limitless prevailing wages would mean that fewer housing units can be built.** For example, [prevailing wages almost cost Portland 189 affordable housing units](#) in 2018. REACH Community Development couldn't afford to build the apartments under prevailing wages and had to work with the City of Portland to find exemptions.

SB 493 would affect more than just construction costs. **The young, inexperienced, and minority workforce may have difficulty finding a job at the higher wage rates, because they have the least experience.** [Portland State University surveyed 177 Oregon apprentices](#) and found that only 44% of women of color had prior experience with the trades compared to 71% of white men. In addition, apprentices of color don't receive as much informal mentorship as white men. **When times get tough, contractors tend to lay off the most inexperienced workers first.** One result is that [black people are often the first to be fired](#).

[A memo from Portland's Clean Energy Fund staff](#) highlights these concerns, concluding "there remain many unknowns around ... the demographics of contractors with the capacity to administer a [prevailing wage rate] project ...." They asked themselves, "By requiring [prevailing wage rates], are we handicapping or locking out smaller, diverse contractors from participating and growing in PCEF?" The fact that this issue is still debated means that there are serious concerns about using prevailing wage rates, especially when bills like SB 493 threaten to skyrocket wages and shut out the most inexperienced and minority workers from opportunity.

If Oregon forces all contractors to pay the highest union contract in each region, **public works expenses will spike and many people seeking to enter the trades would be denied a fair chance to compete.** In contrast, labor unions could pocket taxpayer money by signing ever-higher contracts that entire regions have to bear. The State of Washington ran its experiment and its taxpayers are paying for it. **Oregon should learn from Washington's experience and vote no on Senate Bill 493.**