



February 10, 2021

Chair Holvey; Vice-Chairs Grayber & Bonham; Members of the House Committee on Business & Labor:

The League of Oregon Cities, Special Districts Association of Oregon, the Eastern Oregon Counties Association, and the Oregon School Boards Association are currently opposed to three bills that would make significant changes 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. Under current law, 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.

While our associations are not opposed to the current law that 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 in these bills represent a significant policy change that could result in unexpected cost increases for some projects. Our associations 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.

#### **HB 2419 – What the bill does:**

- It is our understanding that [HB 2419](#) 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 the 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, the bill would require BOLI to use the CBA wages that represent the highest wage rate.

#### **Why Local Governments Oppose HB 2419:**

- 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 are 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 cities 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 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](https://www.awha.org/uploads/1/1/7/4/117481790/awha_state_legislative_agenda_2019.pdf)

#### **HB 2597 – What this bill does/why local governments are opposed:**

HB 2597 would reduce the number of regions that are used to determine local wage rates from 14 to 5.

- The existence of regions for prevailing wage rate determinations ensures that the wage rates reflect local economies and local wage rates for construction.
- We oppose this legislation as the proposed consolidation will group many rural parts of the state with larger, more urban areas.
- Local governments believe it is imperative that the Legislature engage in a transparent and data-driven process prior to proposing changes to existing regions.

#### **HB 2252 – Local Governments Support this Legislation/Approach:**

Our 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.