



Feb. 15, 2023

TO: Members of the House Committee on Business and Labor

FR: Derek Sangston, Oregon Business & Industry

RE: Opposition to HB 2649

Chair Holvey, Vice-Chair Elmer, Vice-Chair Sosa, members of the House Committee on Business and Labor. For the record, my name is Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

OBI's members rely on the development of a strong, skilled workforce. That's why OBI supports the development of career and technical education programs meant to get students interested in the trades as soon as possible. Those programs, and other workforce development strategies, will help Oregon businesses facing workforce shortages hire the employees they need. As you have heard from prior testimony, proper investment and implementation of CTE programs will help build the workforce HB 2649 seeks, but that workforce simply is not yet available.

Thank you for the opportunity to testify in opposition to HB 2649. Despite Oregon's shortage of workers in the trades, HB 2649 would increase the amount of work hours performed by apprentices as part of a public improvement contract from 12% to 15% by 2025. The bill also would expand that requirement to higher education projects, including community colleges, and establish a formula for penalizing contractors if they were unable to meet the bill's requirements.

OBI opposes HB 2649 because the bill would impose increased requirements on businesses without discussion with industry stakeholders about whether the change is feasible or would be by 2025. Robust conversations among stakeholders preceded previous changes to apprenticeship requirements. OBI respectfully requests HB 2649 be allowed that same process.

Expanding the types of projects in which HB 2649's apprenticeship requirements would apply also worries OBI. By expanding the public improvement contract requirements to projects involving higher education institutions, HB 2649 would require contractors to meet the enhanced apprenticeship requirements in some of Oregon's smallest communities – like Ontario, Pendleton and Brookings. Employers already struggle to recruit sufficient workers to those communities without the additional requirements this bill would impose.

Finally, it would be unfair to penalize contractors who were unable, despite their best efforts, to meet apprenticeship requirements imposed by HB 2649. This would amount to punishing businesses for circumstances they could not control. This penalty would be unreasonable unless businesses were willfully ignoring apprenticeship requirements.

Thank you for your consideration.

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