

SB850 Testimony

Chair Taylor, Co-Chair Bonham, members of the committee.

My name is Eric Bongen and I am submitting this written testimony on behalf of my employer The MEI Group or Moore excavation in opposition of the bill.

The MEI Group is a 3rd generation open shop family business supporting a diverse workforce of nearly 230 employees in the Portland Metro area. We specialize in heavy civil infrastructure and underground utility construction. Typically on average about 70% of our work on an annual basis is done so through public works contracts. Currently and for years prior we have paid prevailing wages with all fringe benefits, company health care benefit packages and retirement plans. The vast majority of contractors performing public works projects especially in our trade are small to medium sized family businesses that come from the communities they work in and employ individuals straight from these communities.

A bill like the one in discussion today is extremely dangerous in its nature even with the newly posted -2 amendment giving an off ramp from the originally required PLA model. About 80+ percent of the heavy civil excavation contractors in the state are open shop companies and the PLA model option would essentially exclude them from public work entirely and virtually hand work over to the union run companies. This limits the bidding pool, creates unfair advantages to certain companies and special interest groups and ultimately ends up costing taxpayers more money due to the lack of competition. Additionally, it only further increases the already difficult labor shortage we currently have. On top of that the off-ramp option given in the -2 amendment poses its own set of extreme challenges.

First off, the fully company funded health care and pension packages simply are unattainable for most small to medium family businesses. It would cause the cost of business to increase and if these companies wanted to maintain at that level the cost gets passed onto the taxpayer as these jobs would become more and more expensive to perform. Additionally this whole system would be an administrative nightmare for these businesses to constantly work to stay in compliance not only for themselves but also any subcontractors they employ on the projects. The struggle does not stop with the contractor, it would extend to the public entities as well as they would now have to work overtime to ensure the compliance across the board. All of which increasing the cost of business which is passed onto the taxpayer.

Lastly this whole proposed system sets every public job awarded to a non-union or non PLA company up for litigation and dispute at bid time. For example, if my company won a bid and had full plans on complying with this new set of laws it could easily be challenged by a union shop forcing us to prove our compliance. This would delay the work potentially for months on end and would lead to public entities showing favor to the Union firms with the built in advantage outlined in the bill in order to avoid the litigation.

The fact of the matter is we do not have a broken system like many claim we do, so why try and fix it? The current system provides a free market with equal opportunity to all parties involved. Proponents of this bill have touted that it will provide greater opportunity and strengthen communities. You don't accomplish that by increasing taxpayer costs, heightening an already strained labor shortage and putting up roadblocks impossible for small family businesses to cross. Which is exactly what this bill would do to Oregon.