

A-Engrossed
House Bill 2020

Ordered by the House April 16
Including House Amendments dated April 16

Sponsored by Representative ELMER (at the request of Amanda Dalton for Oregon Resource Association) (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Says that a company that gives work to people with disabilities must use people with disabilities for at least 50 percent of the work hours that go into making goods or doing services. Says what must happen if a public agency ends a contract for goods or services and a new company takes over. Says that the new contract must have a health plan as good as or better than the health plan in the old contract. (Flesch Readability Score: 64.3).

[Digest: Says that a company that gives work to people with disabilities must use people with disabilities for at least 50 percent of the work hours that go into making goods or doing services. Says what must happen if a public agency ends a contract for goods or services and a new company takes over. Says that the new contract must have a health plan as good as or better than the health plan in the old contract. Says the new contract can do this by joining a labor union's health plan or giving benefits as good as those in the Oregon Health Plan. (Flesch Readability Score: 64.0).]

Requires that qualified nonprofit agencies for individuals with disabilities employ individuals with disabilities for not less than 50 percent of the work hours of direct labor required for manufacturing or providing products or services.

Requires that a service provider that enters into a contract with a public agency to provide goods or services after the public agency terminated or declined to renew a previous contract with a different service provider **must reimburse individuals with disabilities who were employed under the previous contract for amounts the individuals with disabilities paid for continuation coverage and must in the new contract provide health benefits that are as favorable as, or more favorable than, the health benefits available under the previous contract.** *[Permits the successor service provider to provide health benefits through enrollment in a health plan that a labor organization maintains or to provide health benefits that are as favorable as, or more favorable than, the benefits available under the Oregon Health Plan.]* **Requires the new contract to provide the health benefits at the first opportunity in which employee enrollment in the new employer's benefit plan becomes available, but not later than one year after the effective date of the new contract.**

Requires the Oregon Department of Administrative Services to confirm that a public agency or qualified nonprofit agency for individuals with disabilities has included the provisions required in the Act in any new contract with a successor service provider. Permits the department to require amendment of the new contract to incorporate the required provisions and to impose a civil penalty of not more than \$500 for each day in which the parties to the new contract fail to incorporate the required provisions.

A BILL FOR AN ACT

1
2 Relating to qualified nonprofit agencies for individuals with disabilities; creating new provisions; and
3 amending ORS 279.835 and 279.853.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 279.835 is amended to read:

6 279.835. As used in ORS 279.835 to 279.855:

7 (1) "Department" means the Oregon Department of Administrative Services.

8 (2) "Direct labor" includes all hours directly related to the performance of a service or manu-
9 facture of a product, but not supervision, administration, inspection and shipping.

10 (3) "Disability" means a physical or mental impairment that substantially limits one or more

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 major life activities.

2 (4) "Individual with a disability" means an individual who, because of the nature of disabilities,
3 relies upon specialized employment services to find, secure and maintain employment.

4 (5) "Public agency" [or "public contracting agency"] means any agency of the State of Oregon
5 or any political subdivision [thereof] **of the State of Oregon that is** authorized by law to enter into
6 public contracts and any public body created by intergovernmental agreement.

7 (6) "Qualified nonprofit agency for individuals with disabilities" means a nonprofit organization:

8 (a) Organized under the laws of the United States or of this state and operated to provide
9 training or employment for individuals with disabilities in this state, and the net income of which
10 does not inure in whole or in part to the benefit of any shareholder or other individual;

11 (b) That complies with any applicable occupational health and safety standard required by the
12 laws of the United States and of this state; and

13 (c) That in the manufacture of products and in the provision of services, whether or not the
14 products or services are procured under ORS 279.835 to 279.855, employs individuals with disabilities
15 for not less than[.]

16 [(A) 75 percent of the work hours of direct labor required for the manufacture or provision of the
17 products or services during a fiscal year that begins on or before June 30, 2019.]

18 [(B) 65 percent of the work hours of direct labor required for the manufacture or provision of the
19 products or services during a fiscal year that begins on or after July 1, 2019, and before June 30,
20 2021.]

21 [(C) 60] **50** percent of the work hours of direct labor required for the manufacture or provision
22 of the products or services[, or the federal ratio, whichever is lower, during a fiscal year that begins
23 on or after July 1, 2021].

24 **SECTION 2.** ORS 279.853 is amended to read:

25 279.853. (1)(a) If a public agency or a qualified nonprofit agency for individuals with disabilities
26 terminates or declines to renew a contract procured under ORS 279.850 for janitorial services,
27 grounds maintenance services or security services and the public agency enters into a new contract
28 for the same services, the public agency shall:

29 **(A) Provide in the new contract that the successor service provider must reimburse in-**
30 **dividuals with disabilities who were employed under the contract that was terminated or not**
31 **renewed for amounts the individuals with disabilities paid for continuation coverage that**
32 **meets the requirements of 29 U.S.C. 1161 to 1169, as in effect on the effective date of this 2025**
33 **Act, or ORS 743B.341, 743B.342 and 743B.343 to 743B.347, as appropriate, during any period**
34 **in which the new employer does not provide the health benefits described in subparagraph**
35 **(B) of this paragraph; and**

36 **(B) Provide in the new contract that the successor service provider, during a period that ends**
37 **90 days after the date on which the public agency enters into the new contract, offer employment**
38 **to the individuals with disabilities who worked 28 hours or more per week under the contract that**
39 **was terminated or [nonrenewed contract] not renewed at the time the contract ended, at wages [and**
40 **with health benefits] as favorable as, or more favorable than, the wages [and health benefits] the in-**
41 **dividuals with disabilities received under the [terminated or nonrenewed] contract that was termi-**
42 **nated or not renewed. The new contract must also provide health benefits that are as**
43 **favorable as, or more favorable than, the health benefits the individuals with disabilities re-**
44 **ceived under the contract that was terminated or not renewed.**

45 **(b) The new contract described in paragraph (a) of this subsection must provide the**

1 **health benefits described in paragraph (a)(B) of this subsection at the first opportunity in**
2 **which employee enrollment in the new employer's benefit plan becomes available but not**
3 **later than one year after the effective date of the new contract.**

4 [(b)] (c) If the successor service provider under paragraph (a) of this subsection is not a qualified
5 nonprofit agency for individuals with disabilities, the public agency shall provide in the new con-
6 tract that the successor service provider, during a period that ends 90 days after the date on which
7 the public agency enters into the new contract, offer employment to all individuals who worked 28
8 hours or more per week under the [terminated or nonrenewed] contract **that was terminated or**
9 **not renewed** at the time the contract ended, except managers and supervisors, at wages and with
10 health benefits as favorable as, or more favorable than, the wages and health benefits the individuals
11 received under the [terminated or nonrenewed] contract **that was terminated or not renewed.**

12 (d) **At least once during each calendar year, the Oregon Department of Administrative**
13 **Services shall confirm that each public agency or each qualified nonprofit agency for indi-**
14 **viduals with disabilities that has terminated or declined to renew a contract as provided in**
15 **paragraph (a) of this subsection has included the provisions required in this subsection in**
16 **any contract with a successor service provider. If the department determines that a contract**
17 **with a successor service provider does not have the required provisions, the department**
18 **may:**

19 (A) **Require the public agency and the qualified nonprofit agency for individuals with**
20 **disabilities to amend the contract to include the required provisions; and**

21 (B) **Impose a civil penalty in an amount that does not exceed \$500 upon each party to the**
22 **contract for each day in which the parties fail to amend the contract to include the required**
23 **provisions.**

24 (2) A successor service provider that provides the same services under a new contract [as] **that**
25 **were provided under the [terminated or nonrenewed] contract that was terminated or not renewed**
26 may require an individual whom the successor service provider hires under subsection (1) of this
27 section to undergo the hiring procedures and demonstrate during a probationary period the quali-
28 fications that the successor service provider establishes for new hires.

29 **SECTION 3. The amendments to ORS 279.835 and 279.853 by sections 1 and 2 of this 2025**
30 **Act apply to contracts that a public agency enters into, terminates or declines to renew on**
31 **or after the effective date of this 2025 Act.**

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