



March 19, 2025

**TO:** Members of the House Committee on Labor and Workplace Standards

**FR:** Paloma Sparks, Oregon Business & Industry

**RE:** HB 3881 – New Requirements for School Construction Projects

---

Chair Grayber, Vice Chair Elmer, Vice Chair Munoz, members of the committee. For the record, I am Paloma Sparks, Executive Vice President & General 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. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, over 75% 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.

Thank you for the opportunity to testify on HB 3881. First, we want to note that schools, school districts and education service districts are already clearly subject to prevailing wage laws. That requirement means that a construction project at schools must already pay workers at the highest union rate for each trade. School districts and the contractors they work with must also comply with various reporting and bonding requirements.

HB 3881 would expand on an alarming trend that Oregon businesses see every day in our state. Last December, Governor Kotek issued [Executive Order 24-31](#) requiring project labor agreements for any state project or if state funds are obligated for a construction project. In follow up statements and in an FAQ document from the Governor's office clarified that it was their belief that the EO did not apply to local projects even if they use state funds.

Project labor agreements are a way to mandate unionization without the union having to engage in organizing efforts and giving employees a choice in whether to be covered by a union agreement. Studies have shown that requirements for PLAs disadvantage smaller contractors and make it particularly challenging in less urban areas of the state. [ODOT's own research](#) has shown that PLAs increase construction costs by 10-20% and reduce in far fewer bids. Only the largest contractors can absorb the costs related to union requirements and be competitive for these jobs.

It is our belief that this bill is just a way to mandate PLAs by making it so financially and administratively onerous to operate under these new requirements. This bill would require schools to verify that all contractors on a project have three-year history of compliance with wage and hour and workplace safety laws. It is unclear what would constitute “proof” under the bill. Is it enough for the contractor to provide documentation from BOLI that they have not found evidence of violations? Given the limitations of BOLI’s outdated database we question if the agency will be able to absorb the increased workload.

While apprenticeships are great tools for workforce development this bill goes beyond that. Apprenticeship utilization requirements on construction projects require supervisory and administrative costs. Again, this is a requirement that will drive up costs on construction costs.

Some school remodeling and construction projects are crucial to student health and safety. Asbestos removal, earthquake strengthening and preventing water damage that can lead to hazardous mold are all important projects. But rising costs and the impact from this bill will force schools and school districts to choose which projects can go forward and which cannot. Oregon simply should not prioritize the aims of labor unions over the health and safety of students. We urge you to oppose this bill.