

To: Chair Beyer and Members of Senate Committee on Business and Transportation
Oregon State Capitol
900 Court Street NE, Room 453
Salem, OR 97301

From: Jeremy Simer

Date: May 9, 2013

Re: Testimony of Jeremy Simer before Senate Committee on Business and Transportation
Regarding HB 3343

Good afternoon, Chair Beyer, Members of the Committee. My name is Jeremy Simer, and I am a Researcher for Service Employees International Union, Local 49, which represents janitors and cabin cleaners at Portland International Airport (PDX). Our members are proud of the airport and work hard to maintain a clean and safe environment.

In order to remain on the cutting edge of airport management, ensuring the highest quality of service, Portland International needs to have sufficient authority to set its own contracting standards, the way other leading airports on the West Coast have done.

For example, San Francisco International Airport set the industry standard in the year 2000 with its Quality Service Program.¹ Before this Program was created, low labor standards were the norm among SFO's airport contractors, as they continue to be today at most airports nationwide. For the workers who make flying possible, poor labor standards were associated with high turnover, mediocre services, and compromised security.

The Quality Service Program took on these problems proactively, and created a win-win situation for airlines, passengers, workers, and the regional economy. The Program requires that airport contractors meet minimum standards in four areas: hiring, training, equipment, and compensation, and it requires ongoing reporting on how they meet the standards.

The result was a measurable improvement in productivity and service quality, according to a report from the UC Berkeley Institute for Industrial Relations.² Rates of employee turnover dropped dramatically, by 34-60 percent, saving employers \$6.6 million per year in hiring costs. Employers also reported improvements in worker morale and customer service. Disciplinary issues, absenteeism, and grievances were significantly reduced.

¹ "Quality Standards Program." San Francisco International Airport, August 18, 2009.
<http://www.flysfo.com/web/export/sites/default/download/about/rules/pdf/QSP.pdf>.

² Reich, Michael, Peter Hall, and Ken Jacobs. *Living Wages and Economic Performance: The San Francisco Airport Model*. Berkeley, CA: Institute of Industrial Relations, UC Berkeley, March 2003. http://www.irle.berkeley.edu/research/livingwage/sfo_mar03.pdf.

You might think that such significant improvements at SFO would be expensive to implement. In fact, the total cost represented less than one percent of annual airfare revenue, or the equivalent of \$1.42 per passenger.

SFO has set the bar for the industry, and other airports similar in size to PDX, such as San Jose and Oakland, have created comparable standards.³ It is important to note that at these airports, Alaska Airlines, Southwest, Delta, and United have hubs or significant operations. In other words, the top airlines that serve PDX, and the companies they subcontract, have already demonstrated they can be profitable in airports with high contracting standards. Every indication suggests they also would do well under improved standards at Portland International Airport.

Each airport is a little different, so the specific standards that the Port of Portland might choose to implement at PDX could vary from what has been tried elsewhere. What's most important is that the Port of Portland have the authority to determine its own best practices, so that it can most effectively build on its success.

Thank you.

³ The FAA classifies PDX, SJC, and OAK as "medium hub" airports. See "Passenger Boarding (Enplanement) and All-Cargo Data for U.S. Airports - Airports," September 27, 2012. http://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/passenger/.

"Airport Living Wage and Training Standards." *Mineta San José International/Silicon Valley Airport*. <http://www.flysanjose.com/fl/business.php?page=training/wage&subtitle=Airport+Living+Wage+and+Training+Standards+%7C+Airport+Living+Wage>.

"LIVING WAGE AND LABOR STANDARDS AT PORT-ASSISTED BUSINESSES." Port of Oakland. http://www.portofoakland.com/pdf/livi_04.pdf.