

Dear Representative Doherty,

I am the President of Lexicon Solutions, an IT Staffing Company located in Beaverton, OR. I am writing today to respectfully urge the Oregon legislature to reject HB 2976. This proposed action would destroy Oregon jobs, and set back the job recovery that we have experienced in Oregon over the past several years. Staffing firms such as mine are playing a critical role in this state's still fragile economic recovery by providing workers with jobs; training; choice of assignments and work; flexibility; and a bridge to permanent employment. Staffing firms such as mine also help businesses in virtually every sector grow and remain competitive by affording them the flexibility to access talent when they need it.

Lexicon Solutions has been in business since 2004. We are a small business that employs 6 internal staff, and has helped to place roughly 80 temporary employees per year in Oregon since our inception. We focus on placing Information Technology professionals, and professionals in skilled Engineering trades. We service clients across many sectors, including Software, Semiconductor, Marketing, Financial Services, Telecom, etc..

HB 2976 would cripple my firm and greatly harm the state's workers and economy.

The "abuses" this legislation attempts to prevent are not committed by staffing firms and, staffing firms already must comply with all laws applicable to employers. It is our understanding that this legislation primarily aims to protect day laborers – who are picked up at such sites as parks and street corners and transported to worksites – and who are not adequately informed about their wages, working conditions, employer, etc. These alleged abuses are not committed by staffing firms. The vast majority of staffing firms that place workers on temporary assignments do not place day laborers, and those firms that do assign day laborers do not pick them up from street corners, parking lots, or parks – instead, the day laborers report to the staffing firms' offices, from which they are assigned. As employers, staffing firms are already obligated by law to pay payroll taxes (FICA, FUTA) and provide workers' compensation insurance, as well as comply with all other legal obligations (e.g. civil rights, wage and hour, and workplace safety laws) with which every other employer in the state must comply—like all other workers, temporary workers are protected by all federal and state employment laws. Therefore, to the extent problems exist, they should be solved by more aggressive enforcement of existing laws that already protect workers' rights, not by enacting a bill, HB 2976, that would cripple the entire staffing industry.

State wage mandates would undermine workforce flexibility. In addition to having nothing to do with any alleged abuses the bill purportedly is designed to address, the wage mandates imposed by HB 2976 would be bad for businesses in Oregon and would adversely impact workers. Requiring staffing firms to pay temporary employees wages equal to those paid to clients' permanent employees, *plus a 30% surcharge*, would increase clients' cost of doing business with staffing firms, discourage their use of temporary workers, and thus undermine the benefits of a flexible labor force. Such wage mandates would violate free market principles and chill the use of flexible staffing arrangements, depriving both workers and businesses of critical flexibility. Employers and employees have the right to bargain over wages and the state should not interfere with that process.

The proposed legislation would prohibit staffing firms from charging reasonable fees for their services. Staffing firms would be prohibited from charging clients fees for placing certain candidates in permanent jobs, thus wiping out a large part of the staffing industry. Specifically, the bill would prohibit staffing firms from charging clients what are commonly referred to as "conversion fees," which are

reasonably designed to discourage clients from using the staffing firm as a free employment agency. These fees, which are imposed in what are commonly known as “temp-to-hire” arrangements, cover staffing firms’ cost of recruiting, screening, training, and placing applicants. Such a prohibition would be unprecedented, as no other state prohibits direct hire or conversion fees. Please keep in mind that ***IT IS NOT THE STATE’S PLACE TO CONTROL NEGOTIATIONS BETWEEN BUSINESSES!*** Certain skill-sets for which we recruit are very difficult to find, and if a corporation wishes to engage into a contract with my company to pay a conversion fee after the contractor that we find for them has been on assignment for a certain period of time, that is between my business and my client. The state should not be passing laws to prohibit the way that our industry makes profit. If our clients feel that the fees we charge are just and fair, they will agree to the terms. *No one is forcing them to pay these fees against their will.*

Prohibiting Placements at Strike Locations Likely Violates Federal Law. Language stating that a day labor firm cannot assign temporary workers to a workplace where a strike, lockout or other labor trouble exists is almost certainly unenforceable. The National Labor Relations Act protects the right of employers to use temporary or permanent replacement workers in strike situations and the courts have uniformly struck down laws prohibiting the use of replacement workers. Moreover, it should be a temporary worker’s individual choice as to whether to accept an assignment where workers are on strike.

Putting restrictions on how staffing firms operate will harm workers and the economy. HB 2976 would only serve to cripple the staffing industry, thus hurting workers and businesses alike. HB 2976 will restrict how staffing firms operate and drive small business like mine out of business or force us to move out of Oregon. Because of the wage mandates, prohibition of conversion fees and other measures this legislation would impose, staffing firms would have no choice but to close or relocate elsewhere – hurting workers, clients, and the Oregon’s economy.

I started this business because it would allow me to make a living and provide for my family, while letting me do something I love...putting people to work! Companies like mine provide a much needed service for many local businesses (flexible staffing), while also helping to lower Oregon’s unemployment rate - which is still one of the highest in the nation. I respectfully urge the Oregon legislature to reject HB 2976, as it will do much more harm than good.

Please call me with any questions.

Regards,

Scott Thompson
Lexicon Solutions