

**STAFF MEASURE SUMMARY****House Committee On Consumer Protection and Government Effectiveness****Fiscal:** Fiscal impact issued**Revenue:** No Revenue Impact**Action Date:** 04/16/15**Action:** Without Recommendation As To Passage And Be Referred To Rules.**Meeting Dates:** 03/24, 04/16**Vote:**

Yeas: 4 - Fagan, Holvey, McLain, Rayfield

Nays: 3 - Buehler, Nearman, Stark

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**WHAT THE MEASURE DOES:**

Requires contracting agency to conduct study on how potential procurement will affect local area where work connected to procurement will occur. Requires contracting agency to provide to employees or employees' certified representative results of cost analysis and opportunity to provide alternative cost analysis, and requires agency to consider employees' cost analysis. Requires contracting agency to demonstrate procurement will result in at least 10 percent cost savings compared to using agency's personnel and resources. Requires contractor on public contract to pay employees equivalent wages and benefits to those agency's employees would receive. Becomes operative January 1, 2016. Declares emergency, effective upon passage.

**ISSUES DISCUSSED:**

- Capacity of local governments to conduct studies required by proposed measure
- Feasibility of limiting local governments to contracting only when it will result in at least 10 percent cost savings given expected future needs
- Examples of cost analysis performed by contracting agency employees
- Long-term effects of contracting decisions

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

Under current Oregon law, a public agency must conduct a cost analysis before procuring services exceeding \$250,000 and demonstrate that it would incur less cost by procuring services than by performing the services using the agency's own personnel and resources. Contractors are required to pay promptly all people supplying labor or materials for the purpose of the work under the contract, and to pay all contributions due to the Industrial Accident Fund in connection with the work the contractor performs under the contract.

Under House Bill 3322, a contracting agency must demonstrate that procuring services would result in a cost savings of at least 10 percent compared to using the agency's personnel and resources to perform the work. The bill also requires a contracting agency to provide its cost analysis to employees or their representative, and to give employees the opportunity to provide an alternative cost analysis which the agency must consider on the same basis as its own cost analysis. House Bill 3322 requires that contractors pay its employees who perform work under the contract a wage equivalent to the lesser of the average local wage paid for substantially similar work and the wage public employees would receive for substantially similar work. Contractors must also provide health insurance and

benefits comparable to those received by public employees, or supplement employees' wages to enable them to purchase health insurance and benefits comparable to those received by public employees.