# Senate Bill 491

Sponsored by Senator MONNES ANDERSON, Representative KOMP; Senators BOQUIST, BURDICK, DEVLIN, EDWARDS, HASS, THOMSEN (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 **as introduced**.

Provides that state contracting agency may not prequalify prospective bidder or proposer for public contract for goods or services, or for public improvement contract, if prospective bidder or proposer employs 40 or more workers and if public contract has estimated contract price that exceeds \$500,000, unless prospective bidder or proposer submits certificate that shows completion of training program for compliance with pay equity provisions of state law.

Directs Oregon Department of Administrative Services to establish training program and specifies elements that program must include. Permits department to conduct training or to enter into interagency agreement or contract to provide training.

Requires all public contracts to provide that contractors must comply with prohibitions against discrimination in wage payments and compensation and that contractors may not prohibit employees from discussing with others employees' rate of wage, salary or other compensation or retaliate against employees who discuss employees' rate of wage, salary or other compensation.

Becomes operative January 1, 2016.

Declares emergency, effective on passage.

#### A BILL FOR AN ACT

2 Relating to requirements in public contracting for compliance with pay equity provisions of state

- 3 law; creating new provisions; amending ORS 279B.120, 279B.125, 279B.235, 279C.430 and
- 4 279C.520; and declaring an emergency.
- 5 Be It Enacted by the People of the State of Oregon:

6 **SECTION 1.** ORS 279B.120 is amended to read:

7 279B.120. (1) A contracting agency may prequalify prospective bidders or proposers to submit bids or proposals for public contracts to provide particular types of goods or services. Unless the 8 Director of the Oregon Department of Administrative Services prescribes otherwise by rule, 9 or a local contract review board prescribes otherwise by ordinance or resolution, the con-10 tracting agency shall determine the method and form that prospective bidders or proposers 11 must use for, and the information the bidders or proposers must include in, a prequalifica-12 tion application. The contracting agency, at a minimum, must base the contracting agency's 13 14 determination as to whether the prospective bidder or proposer is qualified in accordance with subsection (2)(a) of this section and, if the contracting agency is a state contracting 15 agency, on the additional requirement set forth in subsection (2)(b) of this section. [The 16 method of submitting prequalification applications, the information required in order to be prequalified 1718 and the forms to be used for submitting prequalification information shall be determined by the contracting agency unless otherwise prescribed by rule adopted by the Director of the Oregon Department 19 20 of Administrative Services or the local contract review board.] 21(2)(a) [The] A contracting agency shall, in response to the receipt of a prequalification application

submitted under subsection (1) of this section, notify the] determine whether a prospective bidder or proposer that submitted a complete application under subsection (1) of this section [whether

24 the prospective bidder or proposer] is qualified based on the standards of responsibility listed in ORS

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279B.110 (2)[,] and the type and nature of contracts that the prospective bidder or proposer [is 1 2 qualified] intends to compete for. The contracting agency shall notify the prospective bidder or proposer of the contracting agency's determination and, if the prospective bidder or 3 proposer is qualified, of [and] the time period for which the prequalification is valid. If the con-4 tracting agency does not prequalify a prospective bidder or proposer [as to] for any contracts [cov-5 ered by the] that require prequalification [process], the notice must specify which of the standards 6 of responsibility listed in ORS 279B.110 (2) the prospective bidder or proposer failed to meet and 7 the reasons the contracting agency determined that the prospective bidder or proposer failed 8 9 to meet the standard or standards. Unless the contracting agency specifies the reasons [are specified], the contracting agency must deem the prospective bidder or proposer [shall be deemed 10 to have been prequalified in accordance with the application.] prequalified to submit bids or pro-11 12posals for the types of goods or services or categories of work that were specified in the 13 application and in accordance with any limitations or other conditions specified in the application. 14

15 (b) A state contracting agency that intends to award a contract for goods or services 16 with an estimated contract price that exceeds \$500,000 may not prequalify a prospective bidder or proposer that employs 40 or more full-time workers unless the prospective bidder or 17 18 proposer, in addition to qualifying as provided in paragraph (a) of this subsection, submits 19 with the prequalification application a certificate from the Oregon Department of Adminis-20trative Services that shows that the prospective bidder or proposer understands the prohibition set forth in ORS 652.220 and in other laws or rules that prohibit discrimination in 21 22compensation or wage payments.

(3)(a) The department shall establish a program for issuing the certificate described in
subsection (2)(b) of this section that includes, but is not limited to, all of these elements:

(A) A curriculum for training prospective bidders and proposers in complying with the prohibition described in this subsection. The curriculum must include hypothetical situations, case studies and other examples that show conduct that would violate the prohibition and other conduct that would constitute correct and best practices.

(B) Criteria for assessing whether prospective bidders and proposers understand the
 prohibition and can successfully apply best practices to a hypothetical situation that involves
 discrimination in compensation or wage payments.

32 (C) Standards for successful completion of the curriculum and assessment that will re-33 sult in the department awarding the certificate.

(b) The department may conduct the training and assessment for the program described
 in paragraph (a) of this subsection or may enter into an interagency agreement with the
 Bureau of Labor and Industries or a contract with a private entity to conduct the training
 and assessment.

[(3)] (4) If a contracting agency subsequently discovers that a prospective bidder or proposer that prequalified under subsections (1) and (2) of this section is no longer qualified, the agency may revoke the prequalification [*upon*] **after** reasonable notice to the prospective bidder or proposer, except that a revocation is invalid as to any [*contract*] **procurement** for which **the contracting agency already issued** an advertisement for bids or proposals [*has already been issued*].

43 **SECTION 2.** ORS 279B.125 is amended to read:

44 279B.125. (1) [When] If a contracting agency permits or requires prequalification of bidders or 45 proposers, a prospective bidder or proposer [who wishes] that intends to prequalify shall submit a

prequalification application to the contracting agency on a form prescribed under ORS 279B.120 (1). 1 2 [Upon receipt of] After receiving a prequalification application, the contracting agency shall investigate the prospective bidder or proposer as necessary to determine whether the prospective bidder 3 or proposer is qualified. [The determination shall be made in less than 30 days, if practicable,] If the 4 prospective bidder or proposer requests an early decision to allow the prospective bidder or  $\mathbf{5}$ proposer as much time as possible to prepare a bid or proposal for a contract that has been 6 advertised[.], the contracting agency shall make the determination in less than 30 days, if 7 8 practicable. [In making its determination, the contracting agency shall consider only the applicable 9 standards of responsibility listed in ORS 279B.110 (2). The contracting agency shall promptly notify the prospective bidder or proposer whether the prospective bidder or proposer is qualified.] The con-10 11 tracting agency may determine whether the applicant is qualified only on the basis of the 12applicable standards of responsibility listed in ORS 279B.110 (2) or, if the contracting agency is a state contracting agency, on the basis of the applicable standards of responsibility listed 13 in ORS 279B.110 (2) and the additional requirement set forth in ORS 279B.120 (2)(b). 14

15 (2) If [the] a contracting agency finds that a prospective bidder or proposer is qualified, the 16 contracting agency shall notify the prospective bidder or proposer promptly and in the notice [must] shall state the type and nature of contracts [that the prospective bidder or proposer is qualified 17 18 to compete] for which the prospective bidder or proposer may submit bids or proposals and the 19 [period of] time **period** for which the prequalification is valid. If the agency finds that the prospec-20tive bidder or proposer is not qualified as to any contracts [covered by the rule, resolution, ordinance 21or other regulation, the notice must specify the reasons given under ORS 279B.120 for not prequalifying 22the prospective bidder or proposer and] for which the contracting agency requires prequalifica-23tion, the contracting agency shall notify the prospective bidder or proposer of which standards under ORS 279B.110 (2) or 279B.120 (2)(b) the prospective bidder or proposer failed to 94 25meet and the reasons why the contracting agency determined that the prospective bidder or proposer failed to meet the standard or standards. The notice must also inform the prospective 2627bidder or proposer of the right to a hearing under ORS 279B.425. To be entitled to a hearing under ORS 279B.425, a prospective bidder or proposer shall, within three business days after [receipt of] 2829 receiving the notice, notify the contracting agency that the prospective bidder or proposer demands 30 a hearing under ORS 279B.425.

31 (3) If a contracting agency has reasonable cause to believe that [there has been] a substantial 32change has occurred in the conditions [of] under which a [prequalified] prospective bidder or proposer prequalified under this section and ORS 279B.120 and that the prospective bidder or 33 34 proposer is no longer qualified or is less qualified, the contracting agency may revoke or may revise and reissue the prequalification after reasonable notice to the prequalified prospective bidder or 35proposer. The notice must specify the reasons [given] the contracting agency found under ORS 36 37 279B.120 for [revocation or revision of] revoking or revising the prequalification of the prospective 38 bidder or proposer and inform the prospective bidder or proposer of the right to a hearing under ORS 279B.425. To be entitled to a hearing under ORS 279B.425, a prospective bidder or proposer 39 40 shall, within three business days after [receipt of] receiving the notice, notify the contracting agency that the prospective bidder or proposer demands a hearing under ORS 279B.425. A revocation or 41 42revision does not apply to any contract for which an advertisement for bids or proposals was issued 43 before the date on which the prospective bidder or proposer received the notice of revocation or revision [was received by the prequalified prospective bidder or proposer]. 44

45 **SECTION 3.** ORS 279B.235 is amended to read:

1 279B.235. (1) Except as provided in subsections (3) to (6) of this section, every public contract 2 subject to this chapter must [contain a condition that a person may not be employed] **provide that:** 

(a) A contractor may not employ an employee for more than 10 hours in any one day, or 40
hours in any one week, except in cases of necessity, emergency or when the public policy absolutely
requires [*it*] otherwise, and in such cases, except in cases of contracts for personal services designated under ORS 279A.055, the [*employee shall be paid*] contractor shall pay the employee at least
time and a half pay for:

8 [(a)(A) For] (A)(i) All overtime in excess of eight hours in any one day or 40 hours in any one
9 week [when] if the work week is five consecutive days, Monday through Friday; or

[(B) For] (ii) All overtime in excess of 10 hours in any one day or 40 hours in any one week
[when] if the work week is four consecutive days, Monday through Friday; and

[(b) For] (B) All work [performed] the employee performs on Saturday and on any legal holiday
 specified in ORS 279B.020.

(b) The contractor shall comply with the prohibition set forth in ORS 652.220, that compliance is a material element of the contract and that a failure to comply is a breach that
entitles the contracting agency to terminate the contract for cause.

(c) The contractor may not prohibit any of the contractor's employees from discussing the employee's rate of wage, salary, benefits or other compensation with another employee or another person and may not retaliate against an employee who discusses the employee's rate of wage, salary, benefits or other compensation with another employee or another person.

(2) [An employer must] A contractor shall give notice in writing to employees who work on a
public contract, either at the time of hire or before [commencement of] work begins on the contract,
or by posting a notice in a location frequented by employees, of the number of hours per day and
days per week that the contractor may require the employees [may be required] to work.

(3) [In the case of contracts] A public contract for personal services, as described in ORS
279A.055, [the contract shall contain a provision that the] must provide that the contractor shall
pay the contractor's employees who work under the public contract [employee shall be paid]
at least time and a half for all overtime [worked] the employees work in excess of 40 hours in any
one week, except for [individuals] employees under a personal services [contracts] public contract
who are excluded under ORS 653.010 to 653.261 or under 29 U.S.C. 201 to 209 from receiving overtime.

(4) [In the case of] A public contract for services at a county fair, or for [other events authorized 33 34 by] another event that a county fair board authorizes, [the contract must contain a provision 35that] must provide that the contractor shall pay employees [must be paid] who work under the public contract at least time and a half for work in excess of 10 hours in any one day or 40 hours 36 37 in any one week. [An employer shall give notice in writing to] A contractor shall notify employees 38 who work [on such a] under the public contract, either at the time of hire or before [commencement of] work **begins** on the **public** contract, or by posting a notice in a location frequented by employ-39 ees, of the number of hours per day and days per week that the contractor may require the em-40 ployees [may be required] to work. 41

42 (5)(a) Except as provided in subsection (4) of this section, a [contracts] public contract for ser43 vices must [contain a provision that requires that persons employed under the contracts shall receive]
44 provide that the contractor shall pay employees at least time and a half pay for work
45 [performed] the employees perform under the public contract on the legal holidays specified in

1 a collective bargaining agreement or in ORS 279B.020 (1)(b)(B) to (G) and for all time [worked] the

employee works in excess of 10 hours in any one day or in excess of 40 hours in any one week, whichever is greater.

- 4 (b) [An employer shall give notice in writing to] A contractor shall notify in writing employees 5 who work on a public contract for services, either at the time of hire or before [commencement of] 6 work begins on the public contract, or by posting a notice in a location frequented by employees, 7 of the number of hours per day and days per week that the contractor may require the employees 8 [may be required] to work.
- 9 (6) This section does not apply to public contracts:

(a) With financial institutions as defined in ORS 706.008.

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(b) Made pursuant to the authority of the State Forester or the State Board of Forestry under
 ORS 477.406 for labor performed in the prevention or suppression of fire.

13 (c) For goods or personal property.

14 **SECTION 4.** ORS 279C.430 is amended to read:

15 279C.430. (1) A contracting agency may adopt a rule, resolution, ordinance or other regulation [requiring] to require mandatory prequalification [for all persons desiring to bid for public improve-16 ment contracts that are to be let by the agency] before a prospective bidder or proposer may 17 18 submit a bid or proposal for a public improvement contract. The rule, resolution, ordinance or 19 other regulation [authorized by this section] must include the time for submitting prequalification 20applications and a general description of the type and nature of the contracts that [may be let] re-21quire prequalification. [The prequalification application must be in writing on a standard form pre-22scribed under the authority of ORS 279A.050.]

23(2)(a) [When] If a contracting agency [permits or] requires prequalification [of bidders] under subsection (1) of this section, a [person who wishes to prequalify] prospective bidder or proposer 24 25that intends to prequalify shall submit a prequalification application to the contracting agency [on a standard form prescribed under subsection (1) of this section] using a method and form that 2627the contracting agency prescribes and with the information the contracting agency **specifies.** Within 30 days after [receipt of] **receiving** a prequalification application, the contracting 28agency shall investigate the applicant as necessary to determine if the applicant is qualified. [The 2930 determination shall be made in less than 30 days, if practicable,] If the applicant requests an early 31 decision to allow the applicant as much time as possible to prepare a bid on a contract that has been advertised, the contracting agency shall make the determination in less than 30 days, if 32practicable. [In making its determination, the contracting agency shall consider only the applicable 33 34 standards of responsibility listed in ORS 279C.375 (3)(b). The agency shall promptly notify the applicant whether or not the applicant is qualified.] The contracting agency may determine whether 35the applicant is qualified only on the basis of the applicable standards of responsibility listed 36 37 in ORS 279C.375 (3)(b) or, if the contracting agency is a state contracting agency, on the 38 applicable standards of responsibility listed in ORS 279C.375 (3)(b) and the additional requirement set forth in paragraph (b) of this subsection. 39

(b) A state contracting agency that intends to award a public improvement contract with an estimated contract price that exceeds \$500,000 may not prequalify a prospective bidder or proposer that employs 40 or more full-time workers unless the prospective bidder or proposer, in addition to qualifying as provided in paragraph (a) of this subsection, submits with the prequalification application a certificate from the Oregon Department of Administrative Services that shows that the prospective bidder or proposer understands the prohi-

bition set forth in ORS 652.220 and in other laws or rules that prohibit discrimination in 1 2 compensation or wage payments.

(3)(a) The department shall establish a program for issuing the certificate described in 3 subsection (2)(b) of this section that includes, but is not limited to, all of these elements: 4

(A) A curriculum for training prospective bidders and proposers in complying with the 5 prohibition described in this subsection. The curriculum must include hypothetical situ-6 ations, case studies and other examples that show conduct that would violate the prohibition 7 and other conduct that would constitute correct and best practices. 8

9 (B) Criteria for assessing whether prospective bidders and proposers understand the prohibition and can successfully apply best practices to a hypothetical situation that involves 10 discrimination in compensation or wage payments. 11

12(C) Standards for successful completion of the curriculum and assessment that will result in the department awarding the certificate. 13

(b) The department may conduct the training and assessment for the program described 14 15 in paragraph (a) of this subsection or may enter into an interagency agreement with the Bureau of Labor and Industries or a contract with a private entity to conduct the training 16 17 and assessment.

18 [(3)] (4) If [the] a contracting agency finds that [the] an applicant is qualified, the contracting agency shall notify the applicant promptly and in the notice [must] shall state the nature and 19 type of contracts [that the person is qualified to bid on] for which the applicant may submit bids 20or proposals and the period of time for which the qualification is valid [under the contracting 2122agency's rule, resolution, ordinance or other regulation]. If the contracting agency finds the applicant 23is not qualified as to any contracts [covered by the rule, resolution, ordinance or other regulation, the notice must specify the reasons found under ORS 279C.375 (3)(b) for not prequalifying the applicant 24 and] for which the contracting agency requires prequalification, the contracting agency shall 25notify the applicant of which standards under ORS 279C.375 (3)(b) or subsection (2)(b) of this 2627section the applicant failed to meet and the reasons why the contracting agency determined that the applicant failed to meet the standard or standards. The notice must also inform the 28applicant of the right to a hearing under ORS 279C.445 and 279C.450. 29

30 [(4)] (5) If a contracting agency has reasonable cause to believe that [there has been] a sub-31 stantial change has occurred in the conditions under which a person prequalified under this section [of a prequalified person and that the person] and that the person is no longer qualified or 32is less qualified, the contracting agency may revoke or may revise and reissue the prequalification 33 34 after reasonable notice to the prequalified person. The notice [shall] must state the reasons the contracting agency found under ORS 279C.375 (3)(b) for [revocation or revision of the] revoking 35or revising the person's prequalification [of the person] and inform the person of the right to a 36 37 hearing under ORS 279C.445 and 279C.450. A revocation or revision does not apply to any public 38 improvement contract for which publication of an advertisement, in accordance with ORS 279C.360, [commenced] began before the date on which the prequalified person received the notice of re-39 40 vocation or revision [was received by the prequalified person].

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SECTION 5. ORS 279C.520 is amended to read:

279C.520. (1) Every public contract subject to this chapter must [contain a condition] provide 42that: 43

(a) A contractor may not employ an employee [person may not be employed] for more than 44 10 hours in any one day, or 40 hours in any one week, except in cases of necessity, emergency or 45

when the public policy absolutely requires [it] otherwise, and in such cases, except in cases of 1 2 contracts for personal services as defined in ORS 279C.100, the contractor shall pay the employee [shall be paid] at least time and a half pay for: 3

[(a)(A) For] (A)(i) All overtime in excess of eight hours in any one day or 40 hours in any one 4 week [when] if the work week is five consecutive days, Monday through Friday; or 5

[(B) For] (ii) All overtime in excess of 10 hours in any one day or 40 hours in any one week 6 7 [when] if the work week is four consecutive days, Monday through Friday; and

[(b) For] (B) All work [performed] the employee performs on Saturday and on any legal holiday 8 9 specified in ORS 279C.540.

(b) The contractor shall comply with the prohibition set forth in ORS 652.220, that com-10 pliance is a material element of the contract and that a failure to comply is a breach that 11 12 entitles the contracting agency to terminate the contract for cause.

(c) The contractor may not prohibit any of the contractor's employees from discussing 13 the employee's rate of wage, salary, benefits or other compensation with another employee 14 15 or another person and may not retaliate against an employee who discusses the employee's rate of wage, salary, benefits or other compensation with another employee or another per-16 17 son.

18 (2) [An employer must] A contractor shall give notice in writing to employees who work on a public contract, either at the time of hire or before [commencement of] work begins on the contract, 19 or by posting a notice in a location frequented by employees, of the number of hours per day and 20days per week that the **contractor may require the** employees [may be required] to work. 21

22(3) [In the case of contracts] A public contract for personal services, as defined in ORS 23279C.100, [the contract shall contain a provision that the employee shall be paid] must provide that the contractor shall pay the contractor's employees who work under the public contract at 24 least time and a half for all overtime [worked] the employees work in excess of 40 hours in any 25one week, except for [individuals] employees under a personal services [contracts] public contract 2627who are excluded under ORS 653.010 to 653.261 or under 29 U.S.C. 201 to 209 from receiving overtime. 28

(4) [In the case of] A public contract for services at a county fair, or for [other events authorized 2930 by] another event that a county fair board authorizes, [the contract must contain a provision 31 that] must provide that the contractor shall pay employees [must be paid] who work under the public contract at least time and a half for work in excess of 10 hours in any one day or 40 hours 32in any one week. [An employer shall give notice in writing to] A contractor shall notify employees 33 34 who work [on such a] under the public contract, either at the time of hire or before [commencement 35of] work **begins** on the **public** contract, or by posting a notice in a location frequented by employees, of the number of hours per day and days per week that the contractor may require the em-36 37 ployees [may be required] to work.

38 (5)(a) Except as provided in subsection (4) of this section, [contracts] a public contract for services must [contain a provision that requires that persons employed under the contracts shall receive] 39 provide that the contractor shall pay employees at least time and a half pay for work 40 [performed] the employees perform under the public contract on the legal holidays specified in 41 a collective bargaining agreement or in ORS 279C.540 (1)(b)(B) to (G) and for all time [worked] the 42 employees work in excess of 10 hours in any one day or in excess of 40 hours in any one week, 43 whichever is greater. 44

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(b) [An employer shall give notice in writing to] A contractor shall notify in writing employees

who work on a **public** contract for services, either at the time of hire or before [commencement of] work **begins** on the **public** contract, or by posting a notice in a location frequented by employees, of the number of hours per day and days per week that the **contractor may require the** employees [may be required] to work.

5 <u>SECTION 6.</u> The amendments to ORS 279B.120, 279B.125, 279B.235, 279C.430 and 279C.520 6 by sections 1 to 5 of this 2015 Act apply to procurements that a contracting agency adver-7 tised or otherwise solicited or, if the contracting agency did not advertise or solicit the pro-8 curement, to contracts into which the contracting agency entered on or after the operative 9 date specified in section 7 of this 2015 Act.

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 SECTION 7.
 (1) The amendments to ORS 279B.120, 279B.125, 279B.235, 279C.430 and

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 279C.520 by sections 1 to 5 of this 2015 Act become operative January 1, 2016.

12(2) The Director of the Oregon Department of Administrative Services, the Director of Transportation, the Attorney General or a contracting agency that adopts rules under ORS 13 279A.065 may take any action before the operative date specified in subsection (1) of this 14 15 section that is necessary to enable the director, the Attorney General or the contracting 16 agency to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the director, the Attorney General or 17 18 the contracting agency by the amendments to ORS 279B.120, 279B.125, 279B.235, 279C.430 and 19 279C.520 by sections 1 to 5 of this 2015 Act.

20 <u>SECTION 8.</u> This 2015 Act being necessary for the immediate preservation of the public 21 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect 22 on its passage.

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## SB 491