



A STRONG VOICE FOR OREGON'S WORKERS

TO: Chair Holvey
Vice-Chairs Grayber and Bonham
Members of the House Committee on Business and Labor

FR: Catie Theisen, OR AFL-CIO

RE: HB 2419 support

February 10, 2021

The Oregon AFL-CIO represents 300,000 workers across Oregon and is a voice for all workers in the legislative process. Thank you for the opportunity to offer testimony in support of HB 2419 to streamline prevailing wage rates for workers, contractors, and communities in Oregon.

Oregon's prevailing wage law establishes minimum wage rates for construction workers on taxpayer funded projects like roads, schools, buildings, and more. Fundamentally, the purpose of the prevailing wage rate is to ensure competent, efficient work and to recognize that local participation and family wages and benefits are essential.

And the evidence is clear: the prevailing wage is good for Oregon's communities. The prevailing wage creates 5,400 jobs, expands private health insurance coverage, improves the state economy by \$752 million, and generates \$35 million in state and local tax revenues every year in Oregon.¹

Currently, wage rates in Oregon are determined by a geographical survey conducted annually by the Bureau of Labor and Industries. This survey fails to return sufficient results to reflect the current market, leading BOLI to utilize supplemental data, meaning that Oregon's prevailing wage rates are not representative of real market rates leading to disruption and confusion in many regions.

By contrast, in Washington and many other states the prevailing wage is set based on the collective bargaining agreements (CBAs) for specific trades and occupations in each county. Where there are multiple CBAs in a county in Washington, the higher rate prevails and a survey of trades is only conducted for counties where there are no CBAs. This process leads to less variability and greater predictability for workers and contractors than the survey methodology.

HB 2419 strengthens Oregon's prevailing wage law by using this CBA model to streamline the rate setting process. Because of the negotiations that take place between business and labor representatives, CBA wage figures offer the most accurate, market-determined value of each craft being performed to maximize bids from Oregon contractors.

We encourage your support of HB 2419 to ensure predictable wage rates for bidding contractors, reduce administrative workloads for BOLI, and boost worker incomes and state tax revenues. We are confident that HB 2419 would create a more predictable, stronger standard, with workers taking home higher wages, be less likely to be in poverty, and more likely to be covered by private health insurance, and make even stronger contributions to the state's economy.

¹ https://cpb-us-e1.wpmucdn.com/blogs.uoregon.edu/dist/a/13513/files/2021/01/FNL_Prevailing_Wage_Report.pdf