

SB 518 Testimony
Senate Education Committee
March 2, 2023

Chair Dembrow and members of the committee,

My name is Karen Smith, and I am the Senior Policy Advisor & General Counsel of the Oregon Community College Association. On behalf of Oregon's 17 community colleges, I appreciate the opportunity to submit these written comments in opposition to SB 518.

While OCCA supports the goal of expanding apprenticeship and workforce training programs that are essential to Oregon's economic future, we are opposed to the changes in existing statute proposed in SB 518. During the 2019 session, after much negotiation, the Legislature passed SB 455 which includes similar requirements as proposed in SB 518 but only for state bond funded public improvement projects over \$8,000,000 in value. The requirements in SB 455 (2019) became effective for community college public improvement contracts solicited after January 1, 2021. Since then, only one state funded community college project meeting this threshold has been bid. As a result, we have little history yet about the implementation of the new requirements in that bill and the impact on local contractors' and subcontractors' ability to bid on these larger capital construction projects. At the time SB 455 was under consideration, OCCA raised concerns about the lack of apprenticeship training opportunities in rural areas and the likely exclusion of local businesses from being able to bid on local projects. We continue to have these concerns especially in rural areas where it is very important to the economies of local communities to encourage bids from locally based businesses. A process was added to SB 455 as a compromise to address these concerns by providing an exemption from compliance with the requirements if the pool of bidders is limited to fewer than three, or if the requirements cause unreasonable expense or delay. We have not had enough experience with the law's implementation yet to know whether this exemption is sufficient to allay our concerns, or if local contractors and subcontractors will be less likely to bid in the first place because they cannot meet the new requirements.

SB 518 proposes to reduce the current \$8,000,000 threshold for all public improvement projects to those over \$200,000 in value and adds several new requirements, including a mandated percentage of hours of work that must be performed by apprentices, which will further restrict the ability of local contractors to bid on projects in their communities. The lack of competition could also increase the cost of community college capital construction projects, even with the exemption noted above. Large community college construction projects are funded by Article XI-G bonds sold by the state and community colleges are required to match the state bonds. Colleges raise local matching funds through a variety of methods including the sale of local voter-approved bonds. When a district's electors approve a bond measure, they recognize the value of the project to the local community. They want to see their tax dollars used by the college to support local workers and businesses, and to get the best value for the public dollars invested. Having an open competitive process ensures local contractors and subcontractors can bid on these projects and contribute to the local economy.

Finally, the administrative requirements in the bill will further stretch already overwhelmed public contract administrators at community colleges. This could potentially lead to additional costs and further delays in projects and payments to contractors.

We appreciate your consideration of our concerns and are willing to participate in additional conversations to address the issues we have identified.