

May 15, 2025

RE: House Bill 3881

Dear Chair Bowman, Vice Chairs Drahan and Pham, and Members of the Committee,

Associated General Contractors – Oregon Columbia Chapter represents a broad cross-section of the commercial construction industry, including open shop and union, rural and metro, highway and building contractors. Most of our members are small, homegrown businesses, doing business throughout Oregon.

I'd like to start by stating that workforce development is an issue that our members care deeply about, and that AGC strongly supports. We need to grow our workforce, particularly as many folks in our industry are retiring. However, workforce development efforts need to start at the right end of the pipeline. We need to encourage middle and high schoolers, as well as adults, to explore careers in construction. Instead of focusing there, this bill places an unattainable mandate on the contractors of K12 projects. Simply put, it pushes at the wrong end of the workforce development pipeline.

We need to ensure that our schools are serving Oregon's kids, and that communities are able to build the best facilities possible. This bill does not help our state meet that goal, as it increases the costs on these much-needed projects.

In the years before HB 2649 passed in 2023 (the bill which HB 3881 expands on), apprenticeship requirements were extensively discussed and carefully negotiated to ensure that they were attainable, and that they made sense in the broader landscape of the construction industry at the time. There needs to be significantly more conversation on this bill before implementing this large of a change to our state's apprenticeship requirements.

We are particularly concerned with four provisions of this bill:

First: the implementation of a mandated apprenticeship utilization standard on K12 projects. This 12% and then 15% requirement on K12 projects will be difficult, if not impossible, to meet especially in more rural areas of the state. These apprentices must come from BOLI-certified apprenticeship programs, which are not equally available throughout the state. Also, there are a significant number of K12 projects throughout the state, which will put a significant demand on the apprentices

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currently available. We also can't consider this mandate in a vacuum – these are not the only projects requiring apprentices. The expansion of apprenticeship requirements through HB 2649 will continue to increase the number of apprentices needed on state projects, particularly as it reaches the 15% mandate in two years.

Second: This bill pushes implementation of these requirements even faster than HB 2649 (2023). In that bill, the 15% apprenticeship requirement doesn't go into effect until 2027. In this bill, with two years fewer lead up time, the bill goes into effect in January 2026. The impact this will have on projects that have already gone through a bond process or are budgeted, is significant, and there needs to be more lead up time if these mandates are to go into effect.

Third: This bill continues the penalty requirement passed in HB 2649 (2023), but this time the penalty hits school districts instead of the state agencies. There is a penalty for contractors who are unable (even with good faith efforts) to meet the apprenticeship requirement, of \$15 per hour for the apprenticeship hours they're unable to meet. This is not insignificant, as we can be talking about thousands and thousands of hours on a larger project. And this is coming out of the district's bottom line – they will withhold money from the contractor and then are required to send that money to BOLI, according to the base bill.

This bill penalizes contractors for their inability to meet this requirement even if they made every effort to attain the necessary apprenticeship hours. These contractors are not willfully choosing to not hire apprentices – they may be dedicated to bringing folks into the industry and growing the workforce, but unable to meet the requirements because there simply are not enough apprentices to meet the requirements in their area. In some areas of the state, meeting this requirement will simply not be attainable, and this penalty will increase the cost of construction as either fewer contractors bid, or contractors who do bid will be forced to consider this penalty in their overall project costs. Either way, schools will be looking at budget and community implications from a policy that pushes mandates on the industry when they are unable to meet them.

Fourth: The base bill contains a provision that pushes contractors to a project labor agreement if they cannot comply with the other requirements. Given that there are still questions of how far reaching the Governor's Executive Order on Project labor agreements is, action on adding project labor agreements to statute at this time doesn't make sense. This provision, while not a mandate itself, can have the effect of a mandate if the circumstances of the contractor's location make it so they are

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unable to fulfill the other requirements of the bill, and still want to bid on this important work in their communities. We appreciate that Chair Bowman's -2 amendment removes this provision, as it will increase fairness and competition for these projects.

We echo the request made by other opponents of the bill to have an interim discussion around this concept, rather than pushing this bill through this legislative session.

Thank you for your time and consideration.

Sincerely,

Kirsten Adams
Director and Counsel – Policy and Public Affairs
Associated General Contractors, Oregon-Columbia Chapter

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