House Bill (HB) 2674

Clarity on outsourcing

Problem: Existing Oregon law requires public agencies, such as school districts, to compare the cost of using in-house employees versus contractors prior to outsourcing; however, the law doesn’t provide a clear path to resolving disputes about that cost analysis, which can lead to prolonged litigation between an agency and its workers.

Solution: HB 2674 clarifies the existing law in three ways: It gives legal standing to the exclusive representative of the affected workers; it requires binding arbitration to resolve a dispute if it can’t be resolved through any existing agency administrative process; and it specifies that agencies cannot outsource if the primary (not sole) savings will be gained by paying lower wages and benefits. Each of these changes clarifies the existing law to ensure more timely resolution of disputes.

Background: Since 2009, Oregon’s public contracting law has required school districts and other public agencies to either determine certain circumstances apply to a potential contract that preclude the agency from using its own employees to do the work or create a cost analysis comparing in-house work to outsourcing. Unfortunately, the law doesn’t provide a path to resolve disputes about the cost analysis, which has led to litigation — including almost four years of it in Central Point. That’s an inefficient path for agencies and workers alike. Quicker resolution will be better for everyone involved.

To get efficient resolutions, the law needs a clear objective (outsourcing is not simply a way to pay lower wages), clear roles (legal standing for the exclusive representative) and a clear path for dispute resolution (binding arbitration). HB 2674 can clarify our existing law and help wrap up the conversation about outsourcing in Oregon.