

WORKERS' RIGHTS

No low-road employers in PERS new 'responsible contractor' policy

Only contractors that provide fair wages and benefits can bid on construction and janitorial work when the pension owns majority.

By Don McIntosh

At the instigation of Oregon Treasurer Tobias Reed, the board that oversees state pension investments approved a new policy March 11 that could result in better conditions for construction workers, janitors, and security guards.

In a 5-0 vote, members of the Oregon Investment Council passed a revised "responsible contractor policy," which says that only contractors that provide fair wages and benefits can bid on construction and building service contracts when the state's pension fund owns a majority stake in a real estate or infrastructure asset. The policy covers assets owned by the Oregon Public Employees Retirement Fund (OPERF), which is the fund that pays benefits to participants in Oregon's Public Employee Retirement System (PERS).

OPERF has had a responsible contractor policy since 2006, but up to now it only applied to real estate assets that were owned entirely by OPERF. That had limited impact, because OPERF isn't typically the sole investor in real estate projects. The new policy requires property managers to use responsible contractors where OPERF owns a 51% or greater ownership interest in a real estate OR infrastructure asset. Where it owns less than a majority, the policy stands as a non-binding recommendation.

The new policy also has a much more stringent definition of what a responsible contractor is. It defines a responsible contractor as one that respects labor laws and regulations, participates in state-registered apprenticeship programs where available, and pays area standard wages and benefits, including employer-paid health coverage and retirement benefits. In markets where a majority of workers in a sector are covered by a collective bargaining agreement, then the area standard wages and benefits are defined as those that conform to that agreement. The policy also encourages employers to remain neutral in the event of a union campaign.

Under the new policy, OP-

ERF's real estate and infrastructure investment managers are directed to notify property managers about the new policy, and property managers supposed to include the requirements in bid documents for both construction and building service contracts. Property managers are also sup-

posed to maintain a list of potential responsible contractors and invite input from unions in developing that list. Property managers are supposed to provide property-level summary reports annually, and investment advisors are supposed to report back annually to the Oregon Invest-

ment Council.

"I'm proud that we're doing this," Reed told the Labor Press. "This is an example of where our fiduciary obligations to the beneficiaries are in alignment with our values."


"When people say to me, 'Your job is to maximize return,'

I'm tempted to ask, 'To whom? Over what time period?' because the answer to that question can result in very different strategies. ... We're in it for the long run. And these are the kinds of things we need to do for the long-run profitability of properties where we invest."

- VOTE -

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FOR WASHINGTON COUNTY COMMISSIONER DISTRICT 1



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