1. SMACNA Chicago, Bellwood
2. Northern IL NECA, Rockford
3. Illinois Chapter NECA, Springfield
4. Eastern IL Chapter NECA, Joliet
5. Northeastern IL NECA, West Chicago
6. MCA of Central Illinois, Springfield
7. Middle States Elec. Contrs. Assn., Franklin Park
8. The Great SW PHCC, Swansea
9. Illinois Equipment Distributors, West Chicago
10. Central Illinois NECA, Peoria
12. Mechanical Contrs. Assn. of Chicago, Burr Ridge
13. Assn. of Subcontractors & Affiliates of Chicago, Des Plaines
14. Plumbing Contractors, of Chicago & Cook County, Chicago
15. Midwestern IL Mechanical Contractors Assn., Brighton
16. Illinois Equipment Distributors, West Chicago
17. PAMCANI, Downers Grove
18. Illinois Association of PHCC, Springfield
19. PICRA, Rock Island
20. Rock River/Mechanical, Inc., Freeport
21. Finishing Contractors Assn. of Illinois, Aurora
PAMCANI is proud of our participation and support of IMSCA, and we rely on the expertise, input and advice from Louie Giordano and his fine staff. Working together, all who are involved in IMSCA are dedicated to strengthening and guarding the quality, skill and productivity of the construction industry’s finest and most dedicated contractors and their associations. Keep up the great work, IMSCA – we’re all in this together!

PAMCANI’s constituency of all union plumbing and mechanical (HVAC) contractors stands together for GOOD WORK. We perform it, provide it, and earn it precisely because our customers value, deserve and expect nothing less.

We provide good work.
The skill and experience of our workforce means that our customers receive the quality results they expect and deserve.

We earn good work.
Value is our foremost goal. Our reputation for doing jobs right the first time allows us to continually acquire steady work from the clients we serve in our varied marketplace.

We supply good work.
The union jobs our contractors offer provide secure, stable and satisfying livelihood that helps to raise strong families and create dependable futures.

We inspire good work.
Whether it’s teaching kids about water conservation, sharing our good fortune with those in need, or encouraging others to get involved, we constantly look for new ways to help and support our communities.
Dear IMSCA Members:

Could the economy begin to turn around by summer?

“Conventional wisdom”, which we all know is never wrong, says that we won’t see any turn around in the economy prior to 2010. While this is probably true, I believe that there is at least a distinct possibility that, barring a major bank failing or some similar calamity, we could actually see the beginnings of a turn around in late summer! Yes, I realize that I’m going out on a limb here, so while I’m at it, I’m going to go all the way…

I also think that when the economy comes back, it may come roaring back!

Clearly I need to defend my economic heresy, so here goes.

First, as Chairman Bernanke pointed out on 60 Minutes, we have to get the banks stabilized before anything else. I think the Feds are fairly close to accomplishing this. The final step hopefully is the program that was announced whereby the Federal Government teams up with private equity groups to buy up those so-called “toxic assets” held by the banks. The way this program is supposedly designed, the private equity groups stand to gain most of the profits, and if the assets turned out to be toxic, the Treasury will foot the losses! Assuming this is true, banks should be able to clear their books in fairly short order.

Second, no matter how one feels about the $787 billion stimulus package, it is literally going to be raining money on the states in short order. Paychecks for many people are already bigger because of a decrease in withholding, and as one of the people in my office suggests, the increase is big enough to be noticeable, but not big enough to make them think about putting it into savings. And as the Kiplinger Letter points out, schools will get $44 billion by April, up to $75 billion in mortgage aid is ready to be used by April, and the first trickle of around $50 billion in infrastructure spending will begin to flow as soon as so-called “shovel ready” projects are actually ready to go.

Third, although many (most?) of us lost a tremendous amount of money in our pensions, 401(k)s, etc., there is still an enormous amount of cash looking for somewhere to go (yes, unemployment is high, but 92% of the workforce is still employed). With stocks a tremendous bargain, some of the best deals in real estate that we have seen in our lifetime, five percent mortgages, automobiles a steal, retail merchandise marked down 30% and more, and low energy costs, how long are these trillions of dollars going to stay on the sidelines?!? Are all of those American consumers who have spent their whole lives spending, really going to continue to save their excess dollars? Unlike almost all of the experts, I believe that once we start to get some good news, that those sidelined dollars are going to start getting spent with a vengeance!

Will we have hiccups in the process? Undoubtedly. And the wild card may be that the rest of the world is, in some cases, in far worse shape than we are. But it’s not just bombast – the American economy is amazingly powerful and the fundamentals are
## Association Calendar of Events

### ILLINOIS MECHANICAL & SPECIALTY CONTRACTORS ASSOCIATION (IMSCA)

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>JULY 12</td>
<td>CUBS v. CARDS, 1032 WAVELAND ROOFTOP, CHICAGO IL, 7:05 p.m. (reservation only)</td>
<td></td>
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<tr>
<td>JULY 13</td>
<td>IMSCA BOARD MEETING, ECA OF CHICAGO, WESTCHESTER IL, 10:00 a.m.</td>
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<tr>
<td>DEC 10</td>
<td>IMSCA LEGISLATIVE COMMITTEE DINNER MEETING, TBD</td>
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<tr>
<td>DEC 11</td>
<td>IMSCA ANNUAL BOARD MEETING, 10:00 a.m., TBD</td>
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### ASSOCIATION OF SUBCONTRACTORS & AFFILIATES

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<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>MAY 5</td>
<td>SOCIAL COMMITTEE, ASA CHICAGO OFFICE, 8:45 a.m. REGISTRATION</td>
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<tr>
<td>MAY 6</td>
<td>BRANDING COMMITTEE, ASA CHICAGO OFFICE, 3:00 p.m. REGISTRATION</td>
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<tr>
<td>MAY 7</td>
<td>ANNUAL AWARDS EVENING, 5:30 p.m., EAGLE WOOD RESORT, ITASCA</td>
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<tr>
<td>MAY 8</td>
<td>CUBS v. BREWERS, MILLER PARK, WI</td>
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<tr>
<td>MAY 11</td>
<td>BUSINESS OPPORTUNITIES COMMITTEE, ASA CHICAGO OFFICE, 3:00 p.m. REGISTRATION</td>
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<tr>
<td>MAY 20</td>
<td>MEMBERSHIP COMMITTEE, ASA CHICAGO OFFICE, 3:00 p.m. REGISTRATION</td>
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<tr>
<td>MAY 21</td>
<td>EDUCATION COMMITTEE, ASA CHICAGO OFFICE, 3:00 p.m. REGISTRATION</td>
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<tr>
<td>MAY 27</td>
<td>BOARD OF DIRECTORS, ASA CHICAGO OFFICE, 3:00 p.m. REGISTRATION</td>
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<tr>
<td>JUNE 2</td>
<td>ANNUAL MEETING, ASTON PLACE, 5:15 p.m., WILLOWBROOK, IL</td>
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<tr>
<td>JUNE 25</td>
<td>SAFETY FORUM, ASA CHICAGO OFFICE, 3:00 p.m. REGISTRATION</td>
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<tr>
<td>JUNE 26</td>
<td>ANNUAL GOLF OUTING, INDIAN LAKES AND GLENDALE LAKES GOLF RESORTS, 1PM SHOTGUN</td>
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### FINISHING CONTRACTORS ASSOCIATION OF ILLINOIS

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<th>Date</th>
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<tbody>
<tr>
<td>APRIL 4</td>
<td>FIT TESTING JATF, AURORA, IL</td>
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<tr>
<td>MAY 8</td>
<td>FCAI ANNUAL CUBS OUTING, MILWAUKEE, WI</td>
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<tr>
<td>JUNE 29</td>
<td>ASSOCIATES MEETING, FCAI OFFICES</td>
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<tr>
<td>JULY 31</td>
<td>FCAI FISHING TOURNAMENT</td>
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### IL ASSOCIATION OF PLUMBING HEATING & COOLING CONTRACTORS

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<thead>
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<th>Date</th>
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<tbody>
<tr>
<td>APRIL 28-30</td>
<td>PHCC NATIONAL LEGISLATIVE &amp; LEADERSHIP CONFERENCE, ARLINGTON, VA</td>
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<tr>
<td>JUNE 11-13</td>
<td>ILLINOIS PHCC CONVENTION, GRAND BEAR LODGE, UTICA, IL</td>
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### ILLINOIS CHAPTER NECA

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<tr>
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<tbody>
<tr>
<td>APR 27-MAY 1</td>
<td>NECA-LIBEW H &amp; W AND PENSION TRUST MEETINGS, CLEARWATER, FL</td>
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<tr>
<td>MAY 4-MAY 7</td>
<td>NATIONAL LEGISLATIVE CONFERENCE, WASHINGTON, DC</td>
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<tr>
<td>JUNE 29</td>
<td>ILLINOIS CHAPTER GOLF OUTING, HICKORY POINT GOLF CLUB, DECatur, IL</td>
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### ILLINOIS EQUIPMENT DISTRIBUTORS

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<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>APRIL 15</td>
<td>POLITICAL AWARENESS NIGHT, WITH CHRISTIAN KLEIN</td>
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<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>JUNE 18</td>
<td>IED ANNUAL GOLF OUTING, INDIAN LAKES RESORT, BLOOMINGDALE, IL</td>
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<tr>
<td>SEPT 16</td>
<td>IED ANNUAL VENDOR NIGHT, WITH AN OLYMPIC UPDATE</td>
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<tr>
<td>OCT 14</td>
<td>ANNUAL MEETING &amp; ELECTION OF OFFICERS, GOING GREEN</td>
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<tr>
<td>DEC 4</td>
<td>INSTALLATION OF OFFICERS AND CHRISTMAS RECEPTION, CARLUCCI’S, DOWNERS GROVE, IL</td>
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### MECHANICAL CONTRACTORS ASSOCIATION OF CENTRAL ILLINOIS

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<tbody>
<tr>
<td>APRIL 15</td>
<td>MEMBERSHIP MEETING, 6:30 PM, ISLAND BAY YACHT CLUB, SPRINGFIELD IL</td>
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<tr>
<td>JUNE 11</td>
<td>MEMBERSHIP MEETING, 6:30 PM, ISLAND BAY YACHT CLUB, SPRINGFIELD IL</td>
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### MECHANICAL CONTRACTORS ASSOCIATION OF CHICAGO

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<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>APRIL 22</td>
<td>BOARD AND REGULAR BUSINESS MEETING, RUTH LAKE COUNTRY CLUB, HINSDALE</td>
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<tr>
<td>MAY 7</td>
<td>CAPITAL DEVELOPMENT BOARD, NORTHERN IL ADVISORY BOARD MTG, JAMES R. THOMPSON CTR, CHICAGO</td>
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<tr>
<td>MAY 11 – 13</td>
<td>MCAA NATIONAL LEGISLATIVE CONFERENCE, WASHINGTON, DC</td>
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<tr>
<td>MAY 26</td>
<td>BOARD AND REGULAR BUSINESS MEETING, ERIE CAFÉ, CHICAGO, IL</td>
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<tr>
<td>JUNE 5</td>
<td>ANNUAL MEETING, MEDINAH COUNTRY CLUB</td>
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<tr>
<td>JUNE 29</td>
<td>GOLF OUTING, EDGEOOOD VALLEY COUNTRY CLUB</td>
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### NORTHEASTERN ILLINOIS CHAPTER NECA

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<tbody>
<tr>
<td>MAY 5 – 7</td>
<td>NECA LEGISLATIVE CONFERENCE, WASHINGTON DC</td>
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<tr>
<td>JUL 10 – 12</td>
<td>NORTHEASTERN ILLINOIS SUMMER CHAPTER MEETING, LAKE GENEVA WI</td>
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<tr>
<td>AUG 4</td>
<td>10TH ANNUAL GOLF OUTING, CANTIGNY GOLF COURSE, WHEATON IL</td>
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### NORTHERN ILLINOIS NECA

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<tbody>
<tr>
<td>APR 28</td>
<td>BOARD AND MEMBERSHIP MEETINGS</td>
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<td>MAY 26</td>
<td>BOARD AND MEMBERSHIP MEETINGS</td>
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### PAMCANI

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<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>MAY 6</td>
<td>CONTRACTOR INSPECTION NIGHT, MAGGIANO’S, 6:15 p.m. DINNER, OAK BROOK, IL</td>
<td></td>
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<tr>
<td>JUNE 24</td>
<td>PAMCANI GOLF OUTING, ST. ANDREWS GOLF CLUB, WEST CHICAGO, 9AM SHOTGUN</td>
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### SMACNA CHICAGO

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<th>Date</th>
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<tbody>
<tr>
<td>APR 29</td>
<td>PENSION &amp; WELFARE TRUSTEE MEETING, LOCAL #73 OFFICE, HILLSDIE, IL</td>
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<tr>
<td>APR 30-MAY 3</td>
<td>SMACNA CHICAGO ANNUAL CONFERENCE, LOUISVILLE, KY</td>
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<tr>
<td>MAY 12</td>
<td>SMACNA CHICAGO BOARD MEETING, MIKE DITKA'S OAK BROOK TERRACE</td>
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<tr>
<td>MAY 20</td>
<td>JOINT ARBITRATION BOARD MEETING, LOCAL #73 OFFICE, HILLSDIE, IL</td>
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<tr>
<td>MAY 21</td>
<td>INDUSTRY FUND MEETING, BELLWOOD, IL</td>
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<tr>
<td>JUNE 9</td>
<td>SMACNA CHICAGO BOARD &amp; REGULAR MEMBERSHIP MEETING, MIKE DITKA'S OAK BROOK TERRACE</td>
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Collectively Bargained Workers’ Compensation: Putting an End to the Frustration

by Deann French

Workers’ Compensation in the U.S. began in 1911 during the Progressive Era when Wisconsin passed the first statutory system. Other U.S. jurisdictions followed suit. In general, statutory Workers’ Compensation systems strike a compromise, guaranteeing workers medical care and payment for lost time on a no-fault basis. Sounds simple enough—and any day now that guy in Wisconsin should get a settlement.

A slight exaggeration, but not off point. In Illinois the frustration level of a workers compensation case can be mind-boggling. Cases linger on and on and by some accounts can take up to 8 years to get through the system. They are stymied by bureaucracy, treatment approval problems and litigation.

Factor in that the construction industry is, by nature, dangerous. Accidents happen. Injuries happen. And work comp rates climb. According to the AFL-CIO, workers compensation premium is the second largest labor cost in construction. The rate of increase in workers’ compensation costs has by far outstripped the rate of growth in wage or health and welfare contributions. The average workers’ compensation premium for three types of construction - structural ironwork, carpentry and masonry - is currently 28% of payroll.

Until about 1980, workers’ compensation costs were modest. As costs increased the need for a more efficient alternative became evident. One such alternative is Collectively Bargained Workers’ Compensation (CBWC).

CBWC is a method that allows union contractors and building trade unions to bargain with one another to design and implement their own workers’ compensation system which is customized to meet their needs. The collective bargaining agreement covering workers’ compensation need not be the collective bargaining agreement governing all terms and conditions of employment. It could be a separate, stand-alone bargained agreement between labor and management solely covering workers’ compensation.

According to the Construction Industry Service Corporation (CISCO), CBWC allows labor and management to meet their workers’ compensation needs by shaping a policy that is fair and equitable. It is administered by an agreement rather than by a state agency. Currently, Illinois workers’ compensation claims are handled by the Illinois Workers Compensation Commission and can take years to process.

Under CBWC, employers and union leaders are allowed greater decision making authority and the state agency becomes a “watch dog” to ensure that the statute is being followed rather than the governing body.

CISCO recommends a statute in Illinois that would apply only to the construction industry, because this is typically the industry where the most serious, costly and highest number of claims arise.

CBWC presents a win-win situation for a number of reasons. It keeps the benefits the same but provides a much quicker result. Speed benefits not only the member, but the industry as well. In Illinois, there are approximately 100,000 individuals waiting to work their way through the system, causing an average delay of 5 years.

In addition, CBWC focuses on getting members the best medical treatment and getting people back to work who are 100% ready to return. Providing the best care possible should be the goal of every workers’ compensation plan. Emphasis in CBWC is placed on getting the injured worker well as quickly as possible and with as few health limitations as possible. Care to the injured worker would be monitored to ensure that he/she is receiving treatment in a timely manner.

CISCO determined that getting the worker back on the job quickly saves the employer money because there is less chance of an expensive permanent disability. Also, employers are spared the expense of retraining another worker to do the job of the injured worker. Additionally, union contractors are at a disadvantage when it comes to paying the tab on workers’ compensation costs. Since workers’ compensation premiums are based on payroll, union contractors employing highly skilled and highly paid workers are subsidizing the workers’ compensation costs of not only the open shop sector, but the rest of the state as well. CBWC can be based on a cents-per-hour contribution which results in premiums for employers based on a more equitable hours worked basis.1

Another aspect of CBWC allows for the use of Alternative Dispute Resolution. The Alternative Dispute Resolution allows parties to negotiate alternatives to costly litigation. While ADR can’t limit an employee’s right to legal remedy, it is an effective and economical tool for resolving conflicts arising from claims.

Continued on page 6
not all that out of wack. When push comes to shove, the American people are pretty darned resilient.

What about construction? Will this money flow down to us, and if so, how soon? We know that the Federal money for infrastructure work is in the pipeline, and that Illinois will get a substantial share of it. Frankly, however, I expect to see new State of Illinois dollars arrive first first. We have already seen the passage of a “small” ($3 billion!) capital bill, and there is general agreement that there will be a much more massive capital bill ($15 – 20 billion??) once they figure out how to pay for it. If so, by mid-summer we could be seeing substantial inflows into construction. And lest we forget………if Chicago is awarded the 2016 Olympics in October, construction will need to begin the next day! There are twenty one 12 – story high rises in the Olympic Village alone.

So there you go. My predictions could turn out to be the worst since the Chicago Tribune announced that Dewey had defeated Truman. However, I don’t know about you, but I’m sick of listening to the CNBC types talk nothing but doom and gloom. What we need now is for our confidence in the American economy to be restored – I’m just trying to do my small part.

Currently 11 states have enacted legislation that allows CBWC in some form. The most common features within the various states’ legislation include: single or multiple trade, no benefit reduction, an Alternative Dispute Resolution process, exclusive medical providers, a safety program and regulatory requirements.

It is important to note that participation in CBWC would not be mandatory. In addition, CBWC cannot reduce or enhance statutory benefits provided by state law under any circumstance.

Construction has its dangers. While CBWC cannot eliminate the danger it can eliminate the worry. The current workers’ compensation system in Illinois is outdated. The cost of workers’ compensation is high, the care given unsatisfactory and the time frame for sealing a claim too long. CBWC has many success stories. It is time for Illinois to become one of them.

Deann French is a freelance writer living in Springfield, Illinois.

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CISCO and its partners of the Legislative Committee have embarked on an educational campaign designed to introduce new state legislation to permit CBWC. At press time, the Legislative Committee has approved language for a bill and is in the process of introducing it into the legislature. If the bill passes, Illinois will join the other states that provide for voluntary, collectively bargained workers’ compensation insurance.

One state finding success with CBWC is Minnesota. A Minnesota Department of Labor and Industry study compared construction employers in the collective bargaining agreement program to all construction industry employers. According to the study, employers in the program had slightly fewer claims, paid significantly lower benefits per claim, had claims that required less vocational rehabilitation and had fewer claim disputes.

CISCO has developed an informational DVD and brochure that provides background, demonstrates examples of other states that have adopted the CBWC model and illustrates the benefits to the injured worker and employer. The 14 minute video is available for viewing on the CISCO website, www.cisco.org. For additional information, call CISCO (630) 472-9411.
With the impeachment of Governor Blagojevich completed the new General Assembly has gotten down to the business of legislation. More than 6500 bills have been introduced over 4000 in the House and over 2000 in the Senate. In our evaluation of the new bills we have identified approximately 40 that have an impact on our members.

As a part of his FY 2010 budget Governor Quinn has proposed a new $26.5 billion capital program to address the needs of the state. The Governor proposal included a $3 billion mini capital program, which he requested to be approved by the General Assembly prior to the Easter break. In what appeared to be the first real test of the new Governors ability to govern he was able to negotiate with both parties in the General Assembly to pass his “mini capital program” Illinois has been without a capital program for 10 years mainly due to the contentious relationship between the former Governor and the Legislature. There now appears to be some hope that serious deliberations on a desperately needed capital bill will provide a construction plan for the entire state. (More detailed breakdown of the proposal appears on page ##)

The IMSCA legislative agenda developed by our legislative committee consisted of three specific bills:

HB 344 sponsored by Rep. Lang limits retention to 5% with a 50% reduction after ½ of the job is complete. This bill was passed out of the House and sent to the Senate where the sponsor is Senator Pankau. We will be working to move the bill through he Senate in the next few weeks. The second bill we introduced was Representative Schmitz introduced HB 1076. The bill amends the public construction bond act to allow contractors the ability to claim payment for work performed when the requirements of the performance bond aren’t fulfilled. Although we were able to move the bill out of committee we are attempting to resolve concerns of the Home Builders Association.

The third bill is HB 3735 introduced by Representative Saviano. This bill is intended to assure that plumbers licensed with the state can perform plumbing anywhere in the state. Chicago however would still be allowed to maintain their licensing requirements. We are working to resolve some misunderstandings on this bill before we can move it.

Other bills that IMSCA has worked on to protect its’ members.

SB 122 is the renewal of the Architects practice act. As a part of the renewal there was a change in language which we thought was vague and would have been interpreted to require a “seal and signature” of an architect on jobs where their services were not needed such as plumbing, fire sprinklers, or single-family residence repair or remodeling. After explanation of our concerns the bill was amended to eliminate the potential problem.

There have been several bills that would remove contractor’s mechanic lien rights. One such bill is
7065 Veterans Boulevard
Burr Ridge, Illinois 60527
(312) 384-1220 • (312) 384-1229 (fax)
www.mca.org
The American Recovery and Reinvestment Act of 2009 (ARRA) was signed by President Barack Obama on February 17, 2009. It is an unprecedented effort to jumpstart our economy, create or save millions of jobs, and put a down payment on addressing long-neglected challenges so that our country can thrive in the 21st century. The ARRA is geared towards creating jobs, modernizing healthcare, investing in renewable energy, making higher education more affordable and improving the nation’s roads, bridges and mass transit systems. Federal agencies will begin to distribute these funds to states in the near future.

In Illinois, the majority of recovery funds will flow through existing state programs. Governor Pat Quinn’s Stimulus Team is dedicated to maximizing the benefits of the ARRA in an accountable, accessible and transparent manner. The team has launched Recovery.Illinois.gov, a website created to help ensure that Illinois takes full advantage of the ARRA. The new website is the portal to Illinois’ implementation of the federal stimulus plan and will:

- Keep track of projects, spending and job creation;
- List state run programs receiving supplemental funding including unemployment benefits, food stamps, vocational rehabilitation and other services;
- Connect to agency sites where proposed project lists will be posted as they become available; and
- Allow Illinoisans to suggest a project that is eligible for federal stimulus funds.

“We are moving as quickly as possible to get projects going so that we can get the people of Illinois back to work,” said Governor Quinn. “This website will help them learn about important programs and track our progress.”

### Highlights of the $787 billion stimulus plan

#### AID TO POOR AND UNEMPLOYED

- $40 billion to provide extended unemployment benefits through Dec. 31, as well as increase them by $25 a week; $20 billion to increase food stamp benefits by 14 percent; $4 billion for job training; and $3 billion in temporary welfare payments.

#### DIRECT CASH PAYMENTS

- $14.2 billion to give one-time $250 payments to Social Security recipients, poor people on Supplemental Security Income, and veterans receiving disability and pensions.

#### INFRASTRUCTURE

- $48 billion for transportation projects, including $27.5 billion for highway and bridge construction and repair; $8.4 billion for mass transit; $8 billion for construction of high-speed railways and $1.3 billion for Amtrak; $4.6 billion for the Army Corps of Engineers; $4 billion for public housing improvements; $6 billion for clean and drinking water projects; $7.2 billion to bring broadband Internet service to underserved areas; and $4.2 billion to repair and modernize Defense Department facilities.

#### HEALTH CARE

- $24.7 billion to provide a 65 percent subsidy of health care insurance premiums for the unemployed under the COBRA program; $86.6 billion to help states with Medicaid; $19 billion to modernize health information technology systems; $10 billion for health research and construction of the National Institutes of Health facilities; and $1 billion for prevention and wellness programs.

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**STATE BLOCK GRANTS**

$8.8 billion in aid to states to defray budget cuts.

**ENERGY**

About $50 billion for energy programs, focused primarily on efficiency and renewable energy, including $5 billion to weatherize modest-income homes; $6.4 billion to clean up nuclear weapons production sites; $11 billion toward a so-called “smart electricity grid” to reduce waste; $6 billion to subsidize loans for renewable energy projects; $6.3 billion in state energy efficiency and clean energy grants; $4.5 billion to make federal buildings more energy efficient; and $2 billion in grants for advanced batteries for electric vehicles.

**EDUCATION**

$44.5 billion in aid to local school districts to prevent layoffs and cutbacks, with flexibility to use the funds for school modernization and repair; $25.2 billion to school districts to fund special education as well as the No Child Left Behind Act law for students in K-12; $15.6 billion to boost the maximum Pell Grant by $500 to $5,350; and $2 billion for Head Start.

**HOUSING**

$4 billion to repair and make more energy efficient public housing projects; $2 billion for the redevelopment of foreclosed and abandoned homes; $1.5 billion for homeless shelters; and $2 billion to pay off a looming shortfall in public housing accounts.

**SCIENCE**

$3 billion for the National Science Foundation for basic science and engineering research; $1 billion for NASA; and $1.6 billion for research in areas such as climate science, biofuels, high-energy physics and nuclear physics.

**HOMELAND SECURITY**

$2.8 billion for homeland security programs, including $1 billion for airport screening equipment.

**NEW TAX CREDIT**

About $116 billion for a $400 per-worker, $800 per-couple tax credit in 2009 and 2010. For the last half of 2009, workers could expect to see about $13 a week less withheld from their paychecks starting around June. Millions of Americans who don’t make enough money to pay federal income taxes could file returns next year and receive checks. Individuals making more than $75,000 and couples making more than $150,000 would receive reduced amounts.

**ALTERNATIVE MINIMUM TAX**

About $70 billion to spare about 24 million taxpayers from being hit with the alternative minimum tax in 2009. The change would save a family of four an average of $2,300. The tax was designed to make sure wealthy taxpayers can’t use credits and deductions to avoid paying any taxes. But it was never indexed to inflation, so families making as little as $45,000 could get significant increases without this change. Congress addresses the alternative minimum tax each year, usually in the fall.

**EXPANDED COLLEGE CREDIT**

About $14 billion to provide a $2,500 expanded tax credit for college tuition and related expenses for 2009 and 2010. The credit is phased out for couples making more than $160,000.

**CHILD TAX CREDIT**

About $15 billion to provide the $1,000 child tax credit to more families that don’t make enough money to pay income taxes.

**EARNED INCOME TAX CREDIT**

$4.7 billion to expand the Earned Income Tax Credit for low-income families with three or more children.

**HOMEOWNER CREDIT**

$6.6 billion to repeal a requirement that an $8,000 first-time home buyer tax credit be paid back over time for homes purchased from Jan. 1 to Nov. 30, unless the home is sold within three years.

**AUTO SALES**

$1.7 billion to make sales taxes paid on new cars, light trucks, recreational vehicles and motorcycles tax deductible through the end of the year.
RENEWABLE ENERGY INCENTIVES

About $20 billion in tax incentives for renewable energy and energy efficiency over 10 years, including extending tax credits for energy produced from wind, geothermal, hydropower and landfill gas; grants to build renewable energy facilities; tax credits for the purchase of energy-efficient furnaces, windows, doors, or insulation; as well as a tax credit for families that purchase plug-in hybrid vehicles.

BONUS DEPRECIATION

$5 billion to extend a provision allowing businesses buying equipment such as computers to speed up its depreciation through 2009.

REPEAL BANK CREDIT

Repeals a Treasury provision that allowed firms to buy money-losing banks so that they could use use more of the losses as tax credits to offset the profits of the merged banks for tax purposes. The change would increase taxes on the merged banks by $7 billion over 10 years.

DEBT LIMIT INCREASE

Increases the statutory limit on the national debt by $789 billion, to $12.1 trillion.

IMSCA Spring Legislative Update...

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Representative Franks bill to create a residential contractors registration act, which removes subcontractors lien rights if a general contractor was paid. We will continue to oppose this bill until this provision is removed.

Representative Verchoore introduced HB 1092 to eliminate all mechanic liens on any wind energy device erected on farmland. After some discussion he agreed to table the bill.

One other bill worth discussing is HB 379 sponsored by Representative Connelly. This bill requires the state to use a reverse auction for state purchases. IMSCA explained the problems with a reverse auction in the construction process and the sponsor agreed to exempt the construction industry from his legislation.

Many other bills that could be adverse to the subcontractors under consideration have been tabled or amended due to IMSCA’s involvement to remove harmful language or adding favorable language for our members. For a detailed list of legislation IMSCA is working on please go to our website www.imsca.org and click on legislation.
Governor Quinn outlined his Fiscal Year 2010 budget plan last week to a joint session of the Illinois General Assembly. Here are some highlights of the Capital Budget infrastructure programs identified in the Governors address.

The total of the proposed Capital Budget is $26.5 billion. Of this amount, approximately $10.6 billion is from state funds, $11.6 is from federal funds, $2.4 billion is from local sources, and just under $2 billion is from the stimulus package.

By category, $10.1 billion is for a multi-year road program. $3.9 billion is for road and bridge repair, $4.2 billion is for schools and higher education, almost $2 billion is for environment, energy and technology projects, $5.1 billion is for rail, mass transit and airports, $266 million is for state facilities and $971 million is for economic development.

The real question now is how will the General Assembly fund the Capital plan. The Governor has suggested that Road and bridge projects funding will be paid for by increases in fees for motor vehicle registration, driver’s licenses and the road fund. Transit projects will be funded by increases in motor vehicle title fees. School, Higher Ed, State facility, environment, energy and technology and economic development will be financed by increases in the corporate income tax and a portion of the increased personal income tax.

The following breakdowns give an overview of proposed spending:

**State Facilities**

$252 million for 79 projects through CDB

$4.4 million for deferred maintenance at 14 state agencies

**Education**

$1.5 billion for a three year school construction grant program

$25 million for pre-school facilities initiative

$461 million for public university new construction

$110 million for public university capital renewal

$108 million for community college new construction

$126 million for community college renovation

$414 million for public university renovation

$54 million for community college capital renewal

$100 million for private university construction, renovation, modernization and maintenance

$100 million for school maintenance grant program

**Economic Development**

$1.075 billion for regional economic development

$25 million for affordable housing

$100 million for healthcare facilities

$3 million for port development

**Transportation**

$14 billion-bridge repair, maintenance and improvements to roads, highways and interstates

$4.6 billion-mass transit agency buses, rail cars, new train stations, bus garages and rail yards, reconstruct commuter rail bridges and elevated rail structures

$96 million-improve rail tracks and rail freight facilities

$380 million-airport improvements

Legislators will now debate the entire budget and changes will probably be made in the request from the Governor. Since it has been almost 10 years since we have had a capital program there are close to 1000 projects on the list.
Sir Isaac Newton's third law of motion is often simplified into the sentence "To every action there is an equal and opposite reaction." This very same law can be applied to the relationship between general contractors and their subcontractors. When subcontractors make progress with a favorable new law in Springfield, general contractors almost immediately demand a change in their subcontracts requiring the subcontractors to give up those newly acquired rights. Case in point: The Contractor Prompt Payment Act, 815 ILCS 603/1. (The “Prompt Payment Act”)

The Prompt Payment Act provides a guaranty of prompt payment to both general contractors and subcontractors if the work is performed in accordance with the contract and the owner approves of the work. Specifically:

If a contractor has performed the work according to the contract, and the work has been accepted by the owner, the owner must pay the contractor within 15 calendar days of the approval.

A payment application from a contractor is considered approved unless the owner disapproves of it in writing within 25 days of receipt.

- If a subcontractor has performed the work according to the contract, and the work has been accepted by the owner, the contractor has to pay the subcontractor for the amount due within 15 calendar days of the date when the contractor receives payment from the owner for the work performed by the subcontractor under the construction contract.

- If a payment is due, and is not made, the delinquent party is liable for the amount of the payment, plus interest of 10% per annum, but the interest is not duplicative of the interest charged under the Mechanics Lien Act at the same rate.

- If a contractor or subcontractor is owed payment under the provisions of the Act, he may give written notice to the delinquent party demanding payment. If the delinquent party does not pay within 7 calendar days of receiving the written demand for payment, then the subcontractor can suspend performance of the contract without penalty for breach of contract until the payment is made.

Though the Act specifies that all contracts are deemed to include the provisions of the Act, it does not say whether an owner, general contractor, contractor, or subcontractor can waive those provisions by contract. Therefore, an important question arises: are the key points found in the Act mandatory in all construction contracts, or can they be waived? Though the answer to that question may ultimately have to come from the courts, we can attempt to determine now the likely outcome based on existing law.

There are several relevant points of Illinois law to consider in determining whether the provisions of the Prompt Pay Act can be waived by contract. The first step toward answering that question is to consider the language of the Act. The best evidence of what the legislature meant in passing any law is the actual language of the law itself. The language of the law passed by the legislature should be given its plain and ordinary meaning. Generally speaking, particular benefits provided in the law can be waived by contracting parties, unless the benefit is a matter of “public policy”. If the benefit that is provided by the law is a matter of public policy, contracting parties cannot waive the benefit. The law that exists in Illinois at the time a contract is made is considered to be a part of that contract, as though it were written into the contract. Contracting parties are presumed to know that contracts containing provisions which violate public policy are invalid. When the legislature deletes a provision from a bill, it is an indication of the intent of the legislature, of how the bill should be used.

Interestingly, when the bill that established the Act was first introduced in the legislature, it included a provision that permitted contracts to “… expressly exclude the provisions of the Act.” However, the legislature amended the bill to remove the language that permitted its provisions to be excluded. Eventually, both chambers of the legislature approved the amended bill, which did not permit excluding the Act’s provisions by contract.

There are two methods available to establish whether under this new law, the provisions of the Act are mandatory, or if they can be waived by contract. One option is to lobby the Illinois legislature to add a provision to the Act stating definitively that the provisions of the act are mandatory and cannot be waived. A second option is to bring a lawsuit on behalf of a party who has agreed to waive the Act’s provisions, asking the court to determine that the waiver is invalid and that the provisions of the Act apply despite the contractual waiver.

The first option is cumbersome and the legislature would probably not want to revisit a recently enacted law. Further, there is some possibility the legislature would upon reconsideration, change its apparent position and decide to permit contractual waiver. Therefore, attempting to amend the law in the legislature is an unattractive option.

The second option is to take a case to court where a

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The Importance of Estate Planning for Subcontractors

by Tarick Loutfi and Jim Rohlfing

Many Subcontractors use lawyers to review contracts and help resolve construction disputes but don’t take the time to meet with an attorney to prepare an effective estate plan. Working with an attorney on an individualized estate plan can be an effective means of reducing future expenses. Typically, subcontractors and other business people ought to have an estate plan in place to protect their family and their assets and to provide for a transition of their business in the event of their death or incapacity. In these shaky economic times and when we are experiencing a change in political control at the Federal level, estate plans are more important than ever.

An effective estate plan will organize your estate and express your preferences to avoid undue confusion and expense at a time when your family is least able to manage it. Death is not the only reason to have an estate plan. Your incapacity or disablement are also important reasons for one. Without a proper estate plan, the government rather than you will decide what will be done regarding you, your family and your assets.

The following are some of the important things an effective estate plan should do:

A. Protecting Your Family:
- from painful decisions regarding your last wishes;
- from inability to pay for costly medical or nursing care expenses and burial expenses;
- from stress and fighting over the division of property;
- from confusion over your remaining financial decisions;

B. Protecting Your Estate:
- from unnecessary legal fees, accountants’ fees and appraisal fees;
- from delay in the distribution of your assets and costs which result from delay; and
- from distribution which is not according to your wishes.

C. Protecting Your Children:
- from the courts deciding who will have custody and raise your minor children;
- from the courts deciding how much of your estate will go to the minor children and adult children;
- from additional attorneys’ fees incurred as a result of opening a separate minor’s estate for each minor child in the probate court.

D. Reducing Estate/Inheritance Taxes:
- the significant loss of one’s estate due to the payment of Federal and State taxes;
- through estate planning married couples can reduce or eliminate inheritance taxes; and
- the money for taxes that have to be paid can be obtained by the appropriate designation of the beneficiary or beneficiaries on life insurance and other assets.

Estate Planning Documents:

Wills:
A basic will is an important vehicle to assure that your property will be distributed according to your wishes. If you have assets titled in your name at your death, it may be necessary to go through a court process called “probate” to effect their transfer (such as obtaining a transfer of a deed to property), even though a will may leave that property to a specific person. Wills do not prevent probate, but they almost always make it simpler.

Living Wills:
Illinois, like many other states, has enacted the Living Will Act which recognizes the fundamental right of persons to control decisions regarding their own medical care, “including the decision to have death-delaying procedures withheld or withdrawn in instances of a terminal condition.” 755 ILCS 35/1. The best way to have these wishes respected is through a properly executed written declaration. This document can prevent many thousands of dollars being spent by your family toward proving your unexpressed wishes in court, or toward additional life support systems being utilized by your hospital due to uncertainty about your wishes and a fear of lawsuits by your family.

Living Trusts:
A funded revocable trust can be a valuable method to avoid an expensive and distribution-delaying probate proceeding at death. While it does not always avoid the payment of estate and gift taxes, a living trust benefits your family and protects your assets. Your family will not have to wait months, or even years, to receive the assets you give them in a Will. The trustee you have designated will see to the immediate distribution according to your wishes, and title assets (house, car, bank account) will revert to the successor beneficiaries you have named.

Some people who realize the high cost of probate may attempt to “transfer” title to assets to family members or friends during their lifetime to avoid probate. However, transferring title to your house, cars, bank accounts and other assets can leave you without adequate security for your remaining years.

Thus, one of the safest and most effective ways to secure your assets is with a funded revocable trust. You will need a trust document, as well as advice from an attorney or financial professional about how to properly register your trust assets. Your designated trustee can then administer your trust assets without the interference of any court or third party.

Powers of Attorney:
There are two main types of Powers of Attorney, a Healthcare
The Importance of Estate Planning for Subcontractors...

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Power of Attorney and a Power of Attorney for Property. A Healthcare Power of Attorney allows the person designated by you to handle your healthcare/medical decisions during your lifetime either in the event that you are incapacitated or at a set point in time. A Power of Attorney for Property allows the person designated by you to make financial decisions on your behalf during your lifetime.

Your Taxable Estate Includes:

Your Assets:
- Cash, bank accounts, money markets; real estate; stock, bonds, mutual funds, I.R.A.'s; automobiles, boats; jewelry, art, antiques, heirlooms; pension and profit sharing plans, KEOGHS; annuities; life insurance from employer, self or spouse, credit cards or clubs; assets held in trust; and inheritance or other transfer of assets, or interest in third party's assets.

Illinois Prompt Payment Act One Step Forward, One Step Back...

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In a case seeking to interpret the provisions of the Prompt Pay Act, a plaintiff would be asking the court to recognize three important points: (1) the actual language of the Act that "all construction contracts shall be deemed to provide" the provisions of the Act; (2) the legislature deleted the provision in the original bill that authorized a waiver of its provisions; and (3) having contractors and subcontractors timely paid is an important public policy - making sure that the vital construction industry does not falter due to non-payment or untimely payment.

Therefore, before turning to the legislature to amend the Prompt Pay Act, the authors of this article recommend that subcontractors search for an opportunity to have the issue determined by the courts. Once such an opportunity is found, it is hoped that subcontractor organizations in the state might assist the individual plaintiff so that a fair clarification of the law may be obtained for the benefit of all subcontractors. Meanwhile, it would be prudent for subcontractors, who after all cannot know for sure how a court would rule on the issue, to refuse to waive their rights under the Act. In the end, it benefits the individual plaintiff as well as the entire industry for all participants to insist on fair treatment in their subcontracts.

Wrigleyville Rooftop on Waveland
1032 Waveland—Chicago
Sunday
July 12th
7:05 p.m.

Watch the Chicago Cubs play the St. Louis Cardinals on Sunday, July 12, 2009, at 7:05 p.m. The doors will open 1/2 hour before the game and your name will be on a list at the front door when you check in. (A name represents a ticket.)

Watching a Chicago Cubs baseball game from the Wrigleyville Rooftop is one of the most unique baseball experiences in the country. Their double-wide rooftops offer considerably more square footage over the single-wide rooftops so there is much more room to stretch out and enjoy the ball game including an inside level with air/cond!

The food is plentiful and delicious. The rooftop catering service generally includes items such as grilled salmon, rib-eye steaks, hotdogs, bratwursts, chicken, hamburgers, pasta salad, chips and dessert. Beverage service includes beer, wine, soda and bottled water and continues through the seventh inning. Parking recommendations is street parking and surrounding parking lots.

Come and enjoy a memorable evening with friends and family and reserve your tickets today! Also, help fund IMSCA’s PAC by being a SPONSOR. Thank you for your continued support!

Please RSVP as soon as possible as tickets are sold on a 1st-come-1st-sold basis. Make check payable to IMSCAPAC, 925 S Spring St, Springfield II. 62704

Please reserve tickets @ $260 each. My list of names of those attending is enclosed.

- Grand Slam Sponsor $5,000 (includes 6 tickets)
- Homerun Sponsor $3,000 (includes 4 tickets)
- No Hitter Sponsor $1,000 (includes 2 tickets)
- Pennant Sponsor $250

Please provide the following information for your sponsorship:

- (company name)
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* A copy of our report is (or will be) filed and available for purchase from the State Board of Elections, Springfield, IL. Contributions are not tax deductible. State law requires that we report the occupation and name of the employer of any individual who contributes over $1,000.