MONTHLY EDUCATIONAL JOURNAL OF THE FOUNDATION OF THE AMERICAN SUBCONTRACTORS ASSOCIATION

JANUARY 2025

THE CONTRACTOR'S COMPASS

New Year, New Numbers: Mastering Cash Flow and Taxes

FOUNDATION OF THE AMERICAN SUBCONTRACTORS ASSOCIATION

FASA CARES

1004 Duke Street, Alexandria, VA 22314 | (703) 684-3450 | www.asaonline.com | communications@asa-hq.com

FASA'S

THE CONTRACTOR'S COMPASS

JANUARY 2025

EDITORIAL PURPOSE
The Contractor's Compass is the monthly educational journal of the Foundation of the American Subcontractors Association, Inc. (FASA) and part of FASA's Contractors' Knowledge Network. FASA was established in 1987 as a 501(c)(3) tax-exempt entity to support research, education and public awareness. Through its Contractors' Knowledge Network, FASA is committed to forging and exploring the critical issues shaping subcontractors and specialty trade contractors in the construction industry. The journal is designed to equip construction subcontractors with the ideas, tools and tactics they need to thrive. The views expressed by contributors to The Contractor's Compass do not necessarily represent the opinions of FASA or the American Subcontractors Association, Inc. (ASA).

MISSION
To educate and equip subcontractors and suppliers with the education and resources they need to thrive in the construction industry. Additionally, FASA raises awareness about issues critical to and about construction in the United States.

SUBSCRIPTIONS
The Contractor's Compass is a free monthly publication for ASA members and nonmembers. For questions about subscribing, please contact communications@asa-hq.com.

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Contributing authors are encouraged to submit a brief abstract of their article idea before providing a full-length feature article. Feature articles should be no longer than 1,500 words and comply with The Associated Press style guidelines. Article submissions become the property of ASA and FASA. The editor reserves the right to edit all accepted editorial submissions for length, style, clarity, spelling and punctuation. Send abstracts and submissions for *The Contractor's Compass* to communications@ASA-hq.com.

ABOUT ASA
ASA is a nonprofit trade association of union and non-union subcontractors and suppliers. Through a nationwide network of local and state ASA associations, members receive information and education on relevant business issues and work together to protect their rights as an integral part of the construction team. For more information about becoming an ASA member, contact ASA at 1004 Duke St., Alexandria, VA 22314-3588, (703) 684-3450, membership@ASA-hq.com, or visit the ASA Web site, www.asaonline.com.

TCC TASK FORCE
William Burke, John Cruz, Sheri Kitchen, and Cheri Woodsmall

EDITOR
Mary Klett

FEATURES

DEPARTMENTS

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PRESIDENT'S LETTER

Greetings fellow ASA Members and Guests of ASA -

Well, whether we were ready for it or not, 2025 has arrived. And I might add, that it has literally arrived with a vengeance. While most of us may be comfortable in our homes and offices, there are those that are starting 2025 with record cold temperatures and snowy weather while others are having to deal with the devastating fires that have engulfed our friends in southern California. We ask God's blessing on those that are dealing with these natural disasters and pray for the safety and quick recovery of those affected. And as always ASA is there to lend a helping hand when called upon to do so. At the beginning of a new year, most seem to come up with a list of "resolutions" on how we are going to do better for ourselves and our businesses. Then as soon as the "honeymoon" of the New Year wears off, we find ourselves reverting back to our old ways and in some cases, bad habits of the past. I encourage all of you to look at each day as a new beginning and keep the enthusiasm of "something new", throughout the year.

One of the ways in which we, as business owners and leaders in our industry, can keep things fresh is through careful planning. This month we focus on Mastering Cash Flow and Taxes. Since it is the start of a new year, plan on how to look at your finances and figure out a way to keep more of what you earn. After all, as business owners and leaders we take on HUGE risks with the work we perform. The more money we can keep because of those great risks, the better off we are and the more capital we have to invest in the growth and prosperity of our businesses.

With the start of this new year in particular, we are also ushering in a new (but previous) President and his Cabinet Secretaries and leaders. Whereas some may be happy with the new administration and others not so happy, we must unite as a nation and support each other in our efforts to better our lives and keep the values of our great nation intact. I encourage all of you to stay informed on issues that affect our industry and there is no better place to stay informed than by listening to our outstanding ASA Director of Government Relations, Mike Oscar. If you have questions or concerns regarding issues that affect you or your businesses from the perspective of what is happening on Capitol Hill, please reach out to Mike. He is more than willing to always help. With that said, plan on coming to DC in June for our annual "Walk on the Hill".

I encourage you to please take advantage of all that ASA National has to offer. There are many tools to assist you as business owners and also tools to help your chapters function better and grow. Please consider attending our ASA Webinar on February 26th from 12:00 Noon to 1:00 PM EST—*How to Build Your Brand on LinkedIn*.

Registration for SUBExcel will be open soon and I encourage that you all plan on attending in September in Oklahoma City. You will hear more about this in the months ahead but I hope you put this down on your calendars as a "must attend" event.

A Happy and Successful 2025 to all of you. As always, "my door is open" to any comments, feedback, ideas, questions, etc. that you may have. Good luck to your football teams that may (or may not) reach the Super Bowl this year. Sorry to my friends in Texas and Dallas in particular but....

You know that they call the Dallas Cowboys, "America's Team". Do you know why? It's because when the playoffs roll around, they are just like the rest of America... Sitting at home watching football on TV. – Sorry but I couldn't pass on that one.

God bless you all and take care!

Ray Moya
President, ASA - 2024-25
asapresident@asa-hq.com

2024 Design-Build Utilization Study

FMI Corporation released an updated 2024 Design-Build Utilization Study projecting design-build will account for over 47% of U.S. construction spending by 2028, surpassing $1.1 trillion in total construction spending over the next five years.projecting design-build will account for over 47% of U.S. construction spending by 2028, surpassing $1.1 trillion in total construction spending over the next five years.

The findings emphasize the critical importance of skilled Owner Advisors (OAs) in navigating complex projects and ensuring effective communication across teams. The study highlights the growing need to engage Underutilized Business Enterprises (UBEs) to address scalability challenges and promote meaningful participation in design-build project delivery. The study also reveals design-build's early collaboration, innovative approaches and integration of UBEs provide unique opportunities to address supply chain challenges and enhance project outcomes.

Among the report's highlights:

- **Market Growth:** Design-build is forecast to grow at a 2.9% compound annual growth rate (CAGR) from 2024 to 2028, with public and private Owners increasingly adopting the method to mitigate challenges such as labor shortages and supply chain disruptions.
- **Sector Expansion:** Manufacturing, highway/street and educational sectors are expected to see the largest design-build investments. In particular, the education sector is seeing rapid adoption due to its ability to handle tight schedules and evolving needs.
- **Progressive Design-Build:** Progressive design-build is gaining momentum, particularly for water/wastewater and healthcare projects, offering flexibility and fostering innovation while maintaining cost predictability.
- **Talent Retention:** The study emphasizes how design-build's collaborative approach supports talent retention through enhanced team engagement and early involvement, addressing critical workforce challenges in the AEC industry.
- **Equity and Inclusion:** The report highlights the increasing emphasis on involving UBEs, with strategic mentorship programs and early engagement helping to unlock new opportunities for smaller firms.

Learn more about the report:

- **Full FMI Report:** Download the free full report *here*.
- **Webinar**: Join FMI's Emily Beardall on January 29 for an *in-depth discussion* of the report's key insights and their implications for the design-build community.
- **Podcast:** Be on the lookout for February's *episode* of the Design-Build Delivers Podcast, where Beardall explores the results and narratives shaping design-build's future. Available wherever you listen to podcasts.

NGA's Latest Release Offers Voluntary Guidance for Specification

NGA is proud to announce the publication of another new technical resource, eight years under development, *Determining an Acceptable Color Variance for Decorative Glass*.

This eight-page Glass Technical Paper (GTP) establishes a voluntary measurable industry acceptable color variance for decorative glazing products that can be used as a baseline for specification. The document addresses measuring tolerances, both reflected and transmitted, of decorative glazing with solid uniform color applied as a pigmented coating or interlayer.

The new GTP further defines optical density and transparency metrics and includes a table of suggested color tolerance for various glass substrates across batches. It also outlines measuring equipment and glass color calculation formulas.

BuiltWorlds Recognizes 75 Global Innovators Across the Buildings and Infrastructure Industries

BuiltWorlds' fifth annual Global Innovators awards has expanded from 50 to 75, acknowledging the industry's increased appetite and bandwidth for innovation.

BuiltWorlds has released its 2024 Global Innovators list, which annually recognizes leading companies for their dedication and commitment to advancing change and innovation in the buildings and infrastructure construction industries.

"The Global Innovator awards are an annual recognition of the companies considered by the industry to be driving change, both internally and externally, in the most impactful and widespread ways. The intent of this award is to highlight those organizations on the leading and bleeding edges of innovation to inspire, educate, and inform the whole ecosystem," says Tyler Sewall, senior research director for BuiltWorlds. "Companies on this list are the first movers, the lighthouses in the fog, and in certain instances the canaries in the coal mine for the global industry.

Check out the list of *Global Innovators*.

ASA's Comments to OSHA's Heat Injury and Illness Prevention Rule

ASA, along with the Construction Industry Safety Coalition (CISC), 30 trade associations representing virtually every aspect of the construction industry, submitted comments in response to the Occupational Safety and Health Administration (OSHA)'s Notice of Proposed Rulemaking (NPRM) concerning the Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings. In addition to the announced informal public hearing on June 16, 2025, CISC requested that the Agency schedule a series of in-person hearings on the proposed rule during the comment period and before OSHA issues any final rule. The CISC believes that in-person hearings would afford the Agency and interested stakeholders a more robust opportunity to have interactive engagement during the hearing process since participants in virtual meetings may experience technology issues such as poor connections and virtual meetings do not lend themselves to easy interactive questions and testimony.

Per their comments, "CISC members and their employees are directly impacted by this NPRM as they are engaged in all facets of construction occurring in outdoor, indoor, and combined workplaces, and thus CISC members are keenly interested in this NPRM. The CISC appreciates OSHA's consideration of the information presented in these comments. As addressed in prior CISC comments regarding the Agency's engagement on this topic, CISC remains concerned with OSHA's decision not to exclude the construction industry from such a broadly sweeping proposed standard. The construction industry faces unique challenges that differ from those experienced by general industry, as well as maritime and agricultural industries, when combating the impact of hazardous heat. The CISC shares OSHA's goal of protecting employees from exposure to excess heat and to prevent heat illness from occurring in construction employees. However, the CISC has significant concerns with several components OSHA included in the proposed rule to accomplish its goals. CISC is concerned that OSHA is not affording smaller employers with the flexibility CISC members requested during the Advanced Notice of Proposed Rulemaking for Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings as well as during testimony from stakeholders during the SBREFA panels. For the reasons set forth more fully below, the CISC requests the Agency to thoroughly review all comments it receives from affected stakeholders and, at a minimum, carve out a separate standard for the construction industry." Our comments can be found *here*.

UPS® New Rates Campaign

Lower Your Shipping Costs. Unlock Even Greater UPS® Savings!

Whether you're a small business owner, a large corporation, or an individual sending a package to a loved one, the need for dependable delivery services is universal. Boost your business with UPS® and your ASA UPS® Savings Program! We continually evolve to meet the changing demands of the market so you can focus on what matters most.

These enhanced savings can make a real difference on your bottom line. Join other members who have already experienced the benefits of our UPS® Savings Program – and now, enjoy even greater savings. Sign up for a new account or enroll your existing account to unlock your new member savings incentives!

Have an account? Use your ASA Savings Program discount to save 65% on domestic UPS® Next Day and 42% on UPS® Ground. No code needed!

- **Ship with Confidence** and Even More Savings
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- **Enhanced Protection** by simply entering the declared value on your shipments.
- **Ship & Save** [*https://www.savewithups.com/asamembers*]

Enhanced Savings Impact Example:

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** Note: Final savings are calculated based on the discount and fuel surcharges.*

Insurance coverage is offered through UPS Capital Insurance Agency, Inc., a licensed insurance producer. If you elect protection for your shipment, it will be insured under a policy of insurance (the "Policy"), but you are not an insured under the Policy. In the event of a loss covered under such Policy, any resulting claim payment will be directed to you as a loss payee. All insurance-related information is provided by UPS Capital and does not in any way alter or amend the terms, conditions, or exclusions of the Policy. Insurance coverage is not available in all jurisdictions or on all shipments. For a detailed explanation of program coverage Click *here*

ASA GOVERNMENT RELATIONS COMMITTEE 2024 WRAP-UP

by Mike Oscar, ASA

As we enter the New Year, the American Subcontractor Association (ASA) Government Relations Team wanted to briefly update you on our legislative and regulatory successes in 2024. Though last year proved to be challenging, we offer thanks to our Government Relations Committee (GRC) for their tireless efforts in advocating for our members and industry as we worked to address your legislative and regulatory priorities.

ASA is a pivotal entity in the construction industry, representing over 2,400 construction subcontractors across the United States.

The following were our 2024 legislative priorities aimed to address critical issues that impact subcontractors, and by extension, the broader construction sector, who play an essential role in construction projects. On June 12, 2024, these priorities were specifically highlighted during our legislative-fly on Capitol Hill in which our membership participated in 50 congressional meetings (27 Senate Meetings, including Senate Small Business Committee Staff, and 23 House Meetings, including House Small Business Committee Majority/Minority staff; House Transportation and Infrastructure Water Resources' Subcommittee Staff).

1. **Promoting Prompt Payments through Legislative Action**
   A core issue for the ASA in 2024 was the enforcement of prompt payment to subcontractors and suppliers, especially concerning change orders. The organization supported the "Small Business Payment for Performance Act of 2023" (H.R. 2726), which mandates quick payment for contractors following change orders.

   Timely payments are vital to maintaining cash flow for subcontractors, ensuring they can meet their financial obligations and maintain stability in their operations.

2. **Enhancing P3 Bonding Requirements**
   ASA championed H.R. 1740, which seeks to affirm that existing payment and performance security requirements extend to infrastructure projects financed through the Water Infrastructure Finance and Innovation Act (WIFIA), including Public-Private Partnerships (P3s). This legislation is crucial for surety professionals as it upholds stringent bonding requirements, ensuring that all parties are adequately protected in large-scale infrastructure projects.

3. **Reforming Retainage Practices**
   Another significant focus was the reform of retainage practices. The ASA advocated for reducing the maximum retainage rate from

10% to 5%. High retainage rates can strain subcontractors who must front the cost of labor and materials, impacting their liquidity and financial health. This change would alleviate financial pressure and improve the economic conditions for subcontractors.

4. **Ensuring Fairness in Bid Listing**
   The ASA supported the "Stop Unfair Bid Shopping Act" (SUBS Act), which mandates that general contractors on federal construction contracts valued at over $1.5 million list the subcontractors for work valued at more than $100,000. This act aims to curb bid shopping, promoting fairness and transparency in the procurement process, thereby protecting subcontractors from being undercut after bidding.
5. **Streamlining Permitting Processes**
   The ASA continued to advocate for streamlining project review and approval processes through the "One Federal Decision" framework and other enhancements under the Infrastructure Investment Jobs Act (IIJA). Simplifying these processes can reduce delays and costs, benefiting the entire construction timeline and reducing risks associated with surety bonds.
6. **Tax Reform**
   In advance of large scale tax legislation that will be forthcoming in 2025, ASA supported the following provisions:
   a. the repeal of the Corporate Transparency Act or, at the least, support modifications that ease the regulatory compliance burdens on small business;
   b. passage of the Tax Relief for American Families and Workers Act of 2024 (H.R. 7024).

   Specifically, we supported the business tax provisions of Tile II of H.R. 7042 which would provide for R&D benefits as well as extended bonus depreciation with increased limits on business expensing for certain assets; and c. the tax working groups of Congress as they prepare for the expiring provisions of the Tax Cuts and Jobs Act of 2017 (TCJA). Specifically, we supported the renewal of the Qualified Business Income Deduction (199A) and all extensions of the provisions related to business succession planning (e.g., increased estate and gift tax limitations).
7. **Supporting Workforce Development**
   Workforce development remained a priority, with the ASA supporting apprenticeship funding opportunities and opposing the misclassification of workers as independent contractors. Strengthening the workforce is essential for the growth and sustainability of the construction industry.
8. **Encouraging Construction Procurement Reform**
   Lastly, the ASA supported the House Construction Procurement Caucus, focusing on improving construction procurement policies. This caucus served as a platform for addressing issues that affect the construction industry and ensuring that procurement practices are equitable and efficient.

These legislative priorities not only address the immediate needs of subcontractors. By supporting these initiatives, the ASA helped create a more predictable and fair business environment for all stakeholders in the construction industry.

Beyond our legislative priorities, ASA offered affirmative comments on the Department of Defense (DOD), the General Services Administration (GSA) and the National Aeronautics and Space Administration (NASA)'s proposal to amend the Federal Acquisition Regulation (FAR) to implement a section of the Construction Consensus Improvement Act of 2021 that prohibits the use of reverse auctions for certain construction services, which ASA championed.

Additionally, we addressed the following regulatory issues proposed by the Department of Labor regarding Project Labor Agreements, Independent Contractor, Davis Bacon, Overtime, and Joint Employer. We worked with the Construction Industry Safety Coalition on comments regarding: Leading Indicators (training, physical and mental well-being, safety training audits), Walk Around Rule (any individual could occupy OSHA inspectors on facility walkaround), Blood Lead Levels, Process Safety Management for Hazardous Chemicals, Severe Violator Enforcement, Personal Protective Equipment, and Heat and Injury Illness Prevention. Finally, on the MSHA (Mine Safety and Health Administration) Silica Proposal, we proposed that there should be one, similar set of rules and exposure limits for employers that do work in both OSHA and MSHA locations.

ASA Government Relations Director Mike Oscar continued his chapter visits across the country. Mike visited these chapters to provide our members with a federal legislative, regulatory, and political update. Each of these chapter visits provided a tremendous opportunity to brief members about ASA's efforts to advance subcontracting issues nation-wide, while also highlighting individual chapters. In 2024, Mike met with the following chapters:

- ASA Central PA
- ASA North Texas
- ASA of California
- ASA of Houston
- ASA Washington
- DC Metro
- ASA of Arizona
- ASA of Colorado
- ASA of South Carolina

We would like to thank our Attorneys' Council for their continued contribution to ASA and the GRC as they provided numerous Contractor's Compass articles, webinars, and podcasts.

The ASA Government Relations Team looks forward to 2025, where we will build on the momentum of last year's advocacy achievements. We want to thank you for your commitment to our initiatives and your passion propelled many of our 2024 legislative accomplishments. Our best wishes to you for health and happiness in the New Year!

IT'S ALWAYS SOMETHING AWESOME

ASA Greater Baton Rouge Celebrates in Style

If the smiles, laughter, hugs, and mutual slaps on the back were any indication, the First Annual Awards Dinner of ASA's Baton Rouge chapter is the start of something much bigger. As Angie Weidel, Executive Director, said, "If you missed it, we missed you!" Judge for yourself from just these few photos, what an incredible evening it was!

A special shoutout to the event sponsors: Cypress Roofing, Capitol City Carpentry, and Mallett Buildings!

We look forward to having you all join us again for the Second Annual edition! Until then have a prosperous New Year!

Congratulations to our winners!

President's Award	**David Lee**
Advocacy Award	**Caprice Cline**
Associate of the Year	**Laperouse Patin**
Supplierof the Year	**Holmes Building Materials**
Subcontractor of the Year	**Cornerstone Flooring Companies**
Industry Partners Council	**JW Grand**
Industry Partners Council	**MAPP**
Industry Partners Council	**Arkel Constructors**
Industry Partners Council	**Marks Construction**
Industry Partners Council	**Stuart & Co**
Estimator of the Year	**Patrick Hollier**
Superintendentof the Year	**Clyde Welch**
Project Manager of the Year	**Mike Johnson**
Gold Star Leadership	**BJ Charles**
Gold Star Leadership	**Chad Johnson**
Gold Star Teamwork	**Josh Madere**
Gold Star Teamwork	**Byron Clinkingbeard**
Gold Star Most Improved	**Eli Buckels**

AMERICAN SUBCONTRACTORS ASSOCIATION

PODCAST

How Payment Delays and Change Orders Are Killing Small Business

ASA member Adrienne Smoot-Edwards—President of Regeneracy, Inc., a restoration subcontractor in Washington, D.C. and board member of ASA of Metro Washington—joins the ASA Podcast and offers firsthand experience on challenges with change orders and prompt payment:

- Gain insights into the significant cash flow and financial challenges that subcontractors face due to delayed payments from general contractors and owners.
- Understand the complex, opaque payment approval processes that create bottlenecks and frustrations for subcontractors trying to get paid for their work.
- Learn about the additional complications that change orders introduce, further exacerbating the payment problems for subcontractors.
- ...plus more challenges subcontractors face!

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Can You Save $$ with Group Captive Insurance Programs?

In this podcast, Nick Napolitano of Assured Partners provides an in-depth overview of group captive insurance programs, an alternative risk management strategy that is particularly well-suited for middle market construction companies. Following this podcast, listeners will:

- Understand the fundamentals of group captive insurance programs.
- Be able to identify the criteria and characteristics that makes a firm well-suited candidates for joining a group captive insurance program.
- Learn the process and considerations involved in evaluating, selecting, and transitioning to a group captive insurance solution.

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Construction Data & Figures

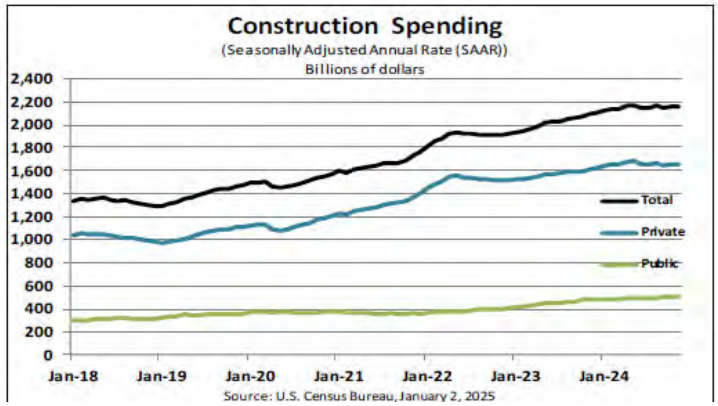
U.S. Census—Monthly Construction Spending, November 2024

CONSTRUCTION SPENDING

NOVEMBER 2024	**$2,152.6 billion**
OCTOBER 2024 (revised)	**$2,152.3 billion**

Next release: February 3, 2025

Seasonally Adjusted Annual Rate (SAAR)
Source: U.S. Census Bureau, January 2, 2025



Total Construction

Construction spending during November 2024 was estimated at a seasonally adjusted annual rate of $2,152.6 billion, virtually unchanged from (±1.0 percent)* the revised October estimate of $2,152.3 billion. The November figure is 3.0 percent (±1.5 percent) above the November 2023 estimate of $2,090.7 billion. During the first eleven months of this year, construction spending amounted to $1,986.8 billion, 6.5 percent (±1.2 percent) above the $1,866.0 billion for the same period in 2023.

Private Construction

Spending on private construction was at a seasonally adjusted annual rate of $1,650.7 billion, 0.1 percent (±0.5 percent)* above the revised October estimate of $1,649.8 billion. Residential construction was at a seasonally adjusted annual rate of $906.2 billion in November, 0.1 percent (±1.3 percent)* above the revised October estimate of $905.1 billion. Nonresidential construction was at a seasonally adjusted annual rate of $744.5 billion in November, virtually unchanged from (±0.5 percent)* the revised October estimate of $744.6 billion.

Public Construction

In November, the estimated seasonally adjusted annual rate of public construction spending was $501.9 billion, 0.1 percent (±1.6 percent)* below the revised October estimate of $502.5 billion. Educational construction was at a seasonally adjusted annual rate of $107.0 billion, 0.2 percent (±2.5 percent)* below the revised October estimate of $107.2 billion. Highway construction was at a seasonally adjusted annual rate of $142.9 billion, 0.2 percent (±4.3 percent)* above the revised October estimate of $142.7 billion.

Dodge Momentum Index Grows 10% in December.

The Dodge Momentum Index (DMI), issued by *Dodge Construction Network*, grew 10.2% in December to 212.0 (2000=100) from the revised November reading of 192.3. Over the month, commercial planning increased 14.2% while institutional planning improved 2.5%.

"Commercial activity rebounded strongly in December, thanks to a re-acceleration in data center and warehouse planning activity," stated Sarah Martin, associate director of forecasting at Dodge Construction Network. "Overall, the strong performance of the Momentum Index this past year is expected to support nonresidential construction spending throughout 2025."

On the commercial side, data center and warehouse planning drove much of the growth this month, while stronger healthcare and education activity supported the institutional portion. In December, the DMI was up 19% when compared to year-ago levels. The commercial segment was up 30% from December 2023, while the institutional

DODGE MOMENTUM INDEX
(2000=100, Seasonally Adjusted)

	Dec-24	Nov-24	% Change
Dodge Momentum Index	212.0	192.3	10.2%
Commercial Building	262.7	230.1	14.2%
Institutional Building	149.2	145.6	2.5%

Source: Dodge Construction Network

segment was flat over the same period. The influence of data centers on the DMI this year has been substantial. If we remove all data center projects in 2023 and 2024, commercial planning would be up 8% from year-ago levels, and the entire DMI would be up 5%.

A total of 32 projects valued at $100 million or more entered planning throughout December. The largest commercial projects included six phases of the $1.6 billion Powerhouse 95 data center in Fredericksburg, Virginia, and four phases of the $1 billion Brambleton Data Center at Tech Park in Ashburn, Virginia. The largest institutional projects to enter planning were the $226 million OhioHealth Outpatient Cancer Center in Columbus, Ohio, and the $220 million county jail in Peoria, Illinois.

The *DMI* is a monthly measure of the value of nonresidential building projects going into planning, shown to lead construction spending for nonresidential buildings by a full year.

ABC's Construction Backlog Indicator Slips in December, Contractor Confidence Remains Elevated

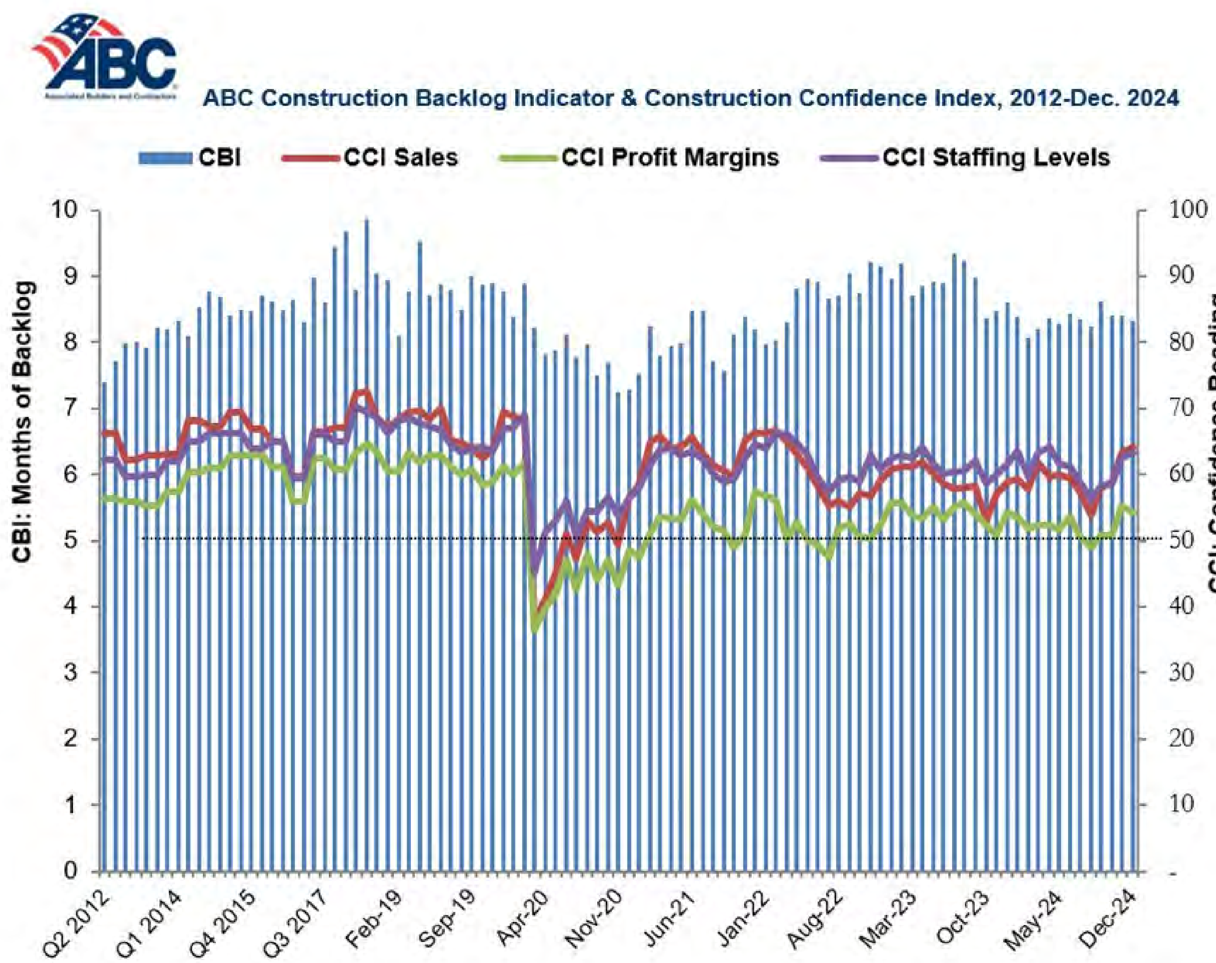
Associated Builders and Contractors reported that its Construction Backlog Indicator inched down to 8.3 months in December, according to an ABC member survey conducted Dec. 20 to Jan. 6. The reading is down 0.3 months from December 2023.

View ABC's *Construction Backlog Indicator* and *Construction Confidence Index* tables for December. View the full Construction Backlog Indicator and Construction Confidence Index *data series*.

Backlog in the commercial and institutional category has fallen by almost a full month over the past year and is now at the lowest level since February 2023. Backlog in the infrastructure category, on the other hand, currently stands at the highest level since August 2023.

ABC's Construction Confidence Index readings for sales and staffing levels improved in December, while the reading for profit margins declined. The readings for all three components remain above the threshold of 50, indicating expectations for growth over the next six months.

"While backlog inched lower in December, contractors broadly expect construction activity to pick up in the first half of this year," said ABC Chief Economist Anirban Basu. "Contractor confidence remained extraordinarily elevated in December, with the share of contractors that expect their sales to increase over the next six months now at the highest level since early 2022. Despite that confidence, the path of interest rates will play a critical role in industry performance in 2025. If rates remain higher for longer, backlog may remain subdued, especially in the struggling commercial and institutional category."

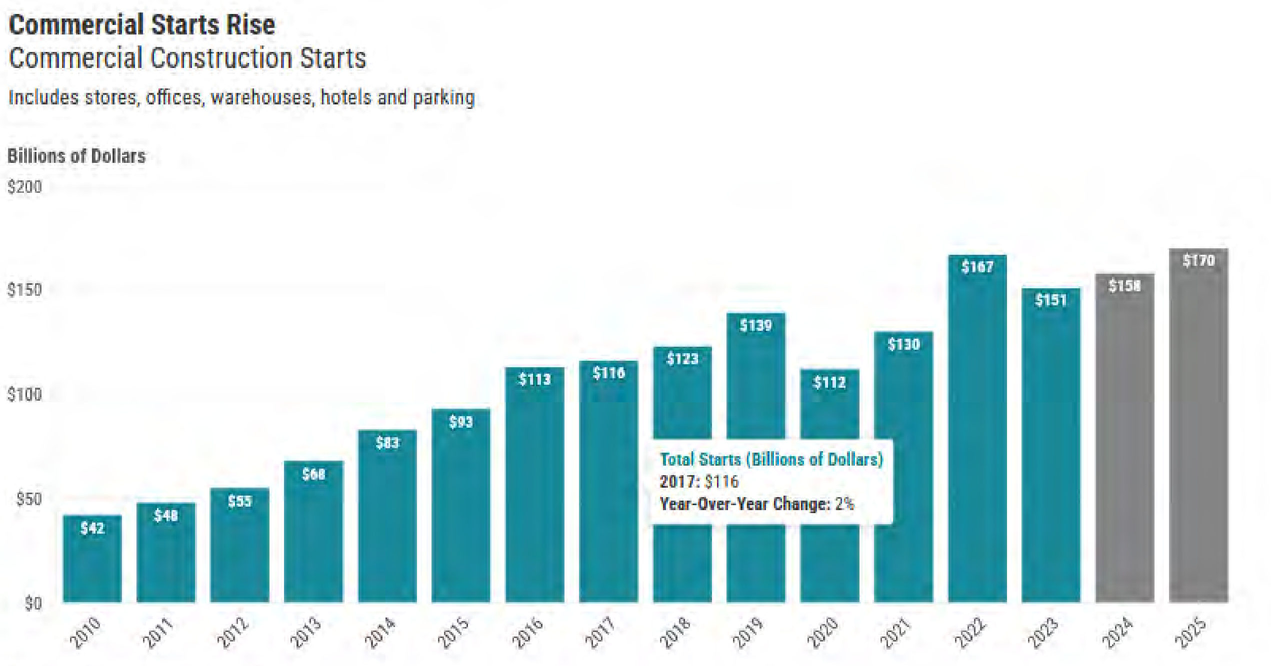


©Associated Builders and Contractors, Construction Backlog Indicator, Construction Confidence Index

Note: The reference months for *the Construction Backlog Indicator and Construction Confidence Index data series* were revised on May 12, 2020, to better reflect the survey period. CBI quantifies the previous month's work under contract based on the latest financials available, while CCI measures contractors' outlook for the next six months. View the *methodology* for both indicators.

The 2025 Forecast: Top Takeaways

The latest construction forecasts reflect reasons for optimism in 2025



Source: Dodge Construction Network

https://www.glassmagazine.com/article/2025-forecast-top-takeaways

FEATURE

Understanding Additional Insured Endorsements in Construction Contracts

by Gary Semmer, AssuredPartners

In the construction industry, contracts define relationships, responsibilities, and expectations among contractors, subcontractors, and owners. One of the most important yet often misunderstood elements in these contracts is the Additional Insured (AI) Endorsement, which provides extended insurance coverage and is important in managing risk for all parties involved in a construction project.

What Is an Additional Insured Endorsement?

An AI endorsement is an add-on to an insurance policy that extends certain coverage to a third party (such as a contractor or project owner) who is not the primary policyholder. In construction, it typically involves contractors adding project owners or other parties as "additional insureds" on their liability policies, providing those parties some level of protection if claims arise from the contractor's operations.

Why Do Construction Contracts Require Additional Insured Endorsements?

Before 1985, indemnity agreements were the primary method of risk transfer. In these agreements, a contractor would agree to indemnify (i.e., cover costs for) another party if a claim or loss occurred. However, without a dedicated insurance endorsement, this setup left gaps, as contractors often ended up with hefty legal costs that were not reimbursed.

The introduction of the AI endorsement in 1985 transformed this approach, allowing contractors to provide coverage to project owners through endorsements like the CG 20 10 11/85. This particular endorsement offered broad coverage, including for completed operations, which made it highly desirable for construction contracts. However, as construction risks evolved, newer versions of AI endorsements gradually narrowed coverage, meaning contractors and project owners now must carefully select the proper endorsement to suit their needs.

Types of Additional Insured Endorsements

- **ISO Forms:** These standardized forms, such as the CG 20 10 and CG 20 37, are widely accepted and have been tested in court. They offer a more predictable scope of coverage, so they're often preferred. For example, the CG 20 10 endorsement provides AI coverage for ongoing operations, while the CG 20 37 is often used to cover completed operations.
- **Manuscript Forms:** These are custom endorsements created by insurance carriers. While they may look similar to ISO forms, they often differ in coverage specifics. For example, some manuscript forms only provide AI status if the primary insured (e.g., a subcontractor) is 100% liable, which may not adequately protect the project owner in most real-world scenarios.
- **Project-Specific Endorsements:** For large, complex projects, additional insureds may need coverage tailored to their specific requirements. These endorsements often include extended completed operations coverage, which is essential for larger developments to address liability even after the project's completion.

Key Components to Understand in AI Endorsements

- **Indemnification vs. Additional Insured:** Indemnity clauses and AI endorsements work hand-in-hand but are not interchangeable. Indemnity agreements obligate one party to compensate another for certain losses, while AI endorsements provide direct insurance coverage. Together, they create a "belt-and-suspenders" approach, offering both direct coverage and financial backing.
- **Privity of Contract:** This concept addresses which parties have a direct contractual relationship. Some AI endorsements require direct contractual privity, meaning that the endorsement only applies to the party directly in contract with the insured. This limitation is important because it could leave additional parties without coverage if they lack a direct contract with the insured.

Tips for Ensuring Adequate Coverage

- **Specify Endorsement Details in Contracts:** Construction contracts should specify which AI endorsement version and addition date are required. This can make a significant difference in the breadth of coverage. For instance, the 2001 versions of the CG 20 10 and CG 20 37 forms are generally more restrictive than the 1985 version.
- **Consider Both Ongoing and Completed Operations:** Ensure that the AI endorsement includes both ongoing and completed operations, especially for long-term construction projects. Completed operations coverage is crucial for claims that may arise years after the project is finished.
- **Request Proof and Review of Endorsements:** Along with a certificate of insurance, contractors should request a copy of the actual endorsement. This review helps verify that the coverage aligns with contract requirements and meets the specified endorsement version and terms.
- **Implement Robust Contract and Certificate Management:** Effective tracking of contracts, insurance certificates, and AI endorsements is essential. Regular audits help ensure that all parties remain in compliance throughout the project's lifecycle.

Additional insured endorsements are a cornerstone of risk management in construction, but their complexity requires careful consideration. Ensuring you have the proper AI endorsement not only protects your project but also enhances your ability to manage risk effectively. A well-crafted contract, aligned with the correct endorsements, provides peace of mind and helps avoid costly disputes, making it an essential part of any construction insurance strategy.

About the Author

Gary Semmer, CIC CWCA, is Executive Vice President and Construction Practice Vertical Leader with AssuredPartners. Gary specializes in providing Insurance & Risk Management solutions to the Construction and Real Estate industries. He has served as President of the Independent Insurance Agents of Illinois (IIAI) and Associated Risk Manager (ARM) of Illinois. At AssuredPartners, we represent over 20,000 Construction Clients nationwide with 200+ offices to serve you. Contact our experienced team of Construction & Surety Professionals to help you achieve your lowest possible Total Cost of Risk (TCOR). AssuredPartners is the 11th largest Insurance Broker and Consultant in the country providing Commercial Insurance, Risk Management, Employee Benefits through consulting and services. For more information on AssuredPartners, please contact Gary at Gary.Semmer@assuredpartners.com or asa@assuredpartners.com

This article originally appeared on AssuredPartners website in January 2025, and is reprinted with permission.

FEATURE

The Tax Cuts and Jobs Act Is Riding into the Sunset: Here's How to Prepare

by Travis Klein, Ellin & Tucker

The Tax Cuts and Jobs Act (TCJA) of 2017 marked a significant shift in U.S. tax policy, introducing a range of changes aimed at stimulating economic growth and corporate investment. The landmark legislation included a whole host of provisions and significant changes to existing tax policies, including a corporate tax rate reduction, depreciation enhancements, and limited interest deductibility—to name just a few.

But all good things must or, in this case, may come to an end.

Pending congressional action, certain TCJA provisions will begin to sunset after December 31, 2025. This ending means that construction firms, general contractors, and specialty subcontractors will face several significant changes that could impact their financial performance, strategic planning, and operational practices. The same can also be said for business owners themselves, especially when it comes to estate and gift tax lifetime

exclusions. Here's a quick breakdown of what to expect and when the provisions will expire:

- **Bonus Depreciation: Bonus depreciation will continue its phase-out at 20% per year, ending December 31, 2026.**
  As of 2024, bonus depreciation is at 60% (in the year of acquisition) and will decrease every year by 20% until it hits 0% in 2027. In 2027, bonus depreciation will revert to pre-TCJA rules, requiring firms to depreciate assets over their useful lives, with no upfront acceleration. As a result, construction firms may be less inclined to invest in new equipment, vehicles, or technology due to the longer depreciation schedules. They may need to reassess their capital expenditure plans, potentially delaying modernization investments or seeking alternative financing methods to manage the impact on cash flow.
- **Lifetime Estate & Gift Exclusion: The amount a taxpayer can gift over his or her lifetime is set to be lowered by roughly 50%.**
  One of the main provisions that will sunset after 2025 is the lifetime estate exclusion limit. The limit will go from roughly $13.61 million per taxpayer over his or her lifetime, to roughly $7 million per taxpayer. Now is the time for construction business owners to look at succession planning. If done properly and surrounded by the right advisors and professionals, early planning from an estate standpoint can leave the company in good standing for the next generation of family or key stakeholders and not burdened by a large estate tax bill. There are many options for succession planning, whether that is gifting individually or using trusts such as Spousal Lifetime Access Trust or Dynasty; but it is vital to have the conversation while the limits are still raised over the next 12 months. Leaving a healthy company behind, based on your wants and wishes, is important and something your financial partners will be on board with.
- **Pass-Through Entity Deductions: The 20% deduction for qualified business income from passthrough entities will end.**
  For construction business owners, this deduction has been advantageous for their firms operating as pass-through entities. Since 2018, trade or business income for owners of pass-through entities has been taxed with a 20% haircut included in the rate. This cut has allowed owners to invest more back into the company and go after a larger bid pool. Now is the time to discuss whether it makes sense to accelerate income while the tax rates are lower compared with other tax planning options. Business owners might consult with their leadership team and financial advisors to evaluate whether remaining a passthrough entity is advantageous, or if converting to C corporation status could be more beneficial, as those provisions were made permanent in the TCJA.
- **Interest Deductibility Limitations: The limitation on interest deductibility to 30% of adjusted taxable income will end.**
  The expiration of this limitation could result in an increased ability to deduct more interest expense annually, as companies may now be able to fully deduct interest payments on their debt. With interest rates likely on the way down, and the ability to deduct the interest payments through their profit and loss more readily available, companies may be more inclined to borrow to invest in their equipment, fleet, and technology versus looking at their capital stack being more investor-driven, keeping ownership as originally intended.

Pending congressional action, certain tcja provisions will begin to sunset after December 31, 2025. This ending means that construction firms, general contractors, and specialty subcontractors will face several significant changes that could impact their financial performance, strategic planning, and operational practices.

The Right Sounding Board

It is crucial for contractors, their ownership, and key stakeholders to surround themselves professionally with the right people to have the necessary tools in the toolbox. One person won't have all the answers, so try to gather all the facts, get on paper what everyone needs to succeed, and have a timeline to properly execute plans. Change is inevitable. But with the proper planning, understanding the potential risks and pitfalls, and vetting out multiple forecasts, contractors can come out of the legislative changes stronger, better positioned in their backlog and bid process, and ready to accelerate their strategy.

The sunset of individual and estate provisions of the TCJA presents significant challenges and opportunities for construction firms and general contractors. The changes to accelerated depreciation benefits, limitations on interest expense deductibility, and the elimination of the 20% pass-through entity deduction could impact financial performance and strategic planning. By proactively addressing these potential changes through careful tax planning, financial forecasting, and legislative engagement, construction firms can better position themselves to navigate the evolving tax landscape and sustain their growth and profitability in the coming years.

About the Author

Travis T. Klein, CPA, MBA, is a Director in the Tax Department at Ellin & Tucker (https://www.ellinandtucker.com) in Baltimore, MD. He may be reached by email at tklein@ellinandtucker.com. This article was originally published in Surety Bond Quarterly, a publication by ASA's alliance partner, the NASBP.

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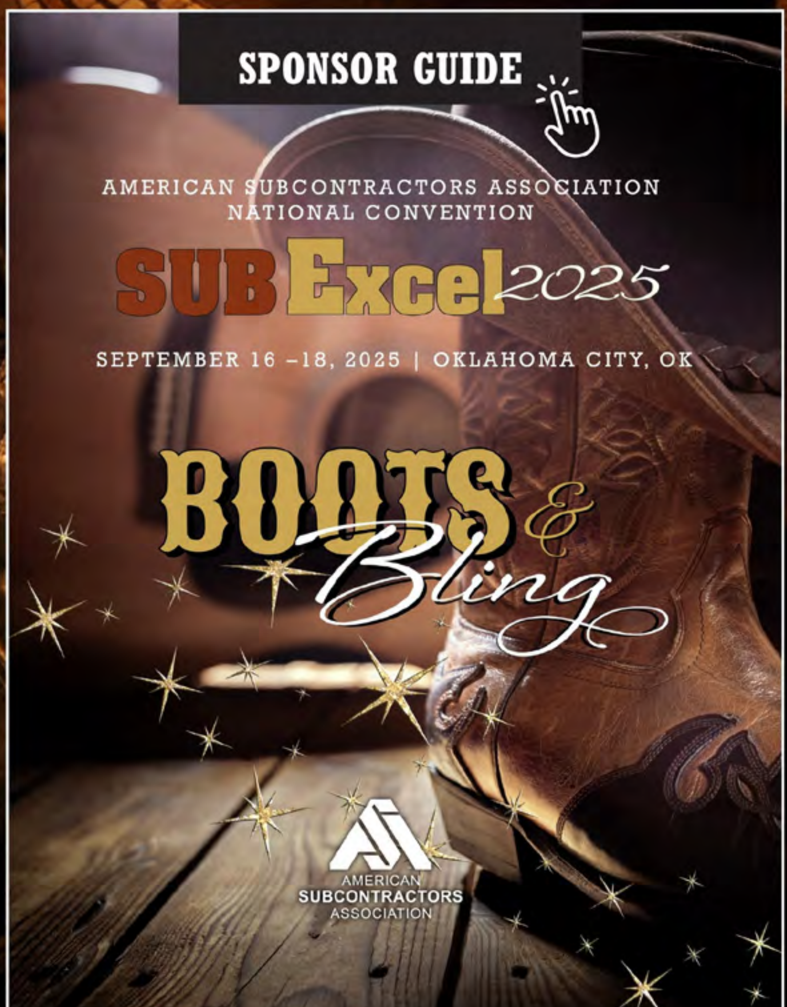

FEATURE

IRS Publications: Your Construction Company's Secret Weapon

by Jack Biltis, eBacon

The construction industry is notorious for its intricate financial landscape. From fluctuating project timelines and unpredictable material costs to the complexities of tax regulations, navigating the financial waters can feel like a constant battle. However, amidst the challenges lies a powerful resource: the Internal Revenue Service (IRS) Publications. These comprehensive guides offer invaluable insights into tax laws, regulations, and best practices specifically tailored to the construction industry. By leveraging this readily available information, contractors' and subcontractors' payroll teams can significantly improve their cash flow, optimize tax strategies, and ultimately enhance their bottom line.

Understanding the Importance of IRS Publications for Construction

The IRS provides a wealth of information through its publications, covering a wide range of topics relevant to construction businesses. These publications offer clear and concise explanations of complex tax laws, making it easier for contractors to grasp key concepts.

Moreover, many publications address unique challenges faced by construction companies, such as job site expenses, equipment depreciation, and the intricacies of the construction industry's tax code. Importantly, the IRS regularly updates its publications to reflect the latest tax laws and regulations, ensuring contractors have access to the most accurate and current information.

Key IRS Publications for Construction Businesses

Several IRS publications (all found online) are particularly valuable for construction subcontractors:

- **Publication 334, Tax Guide for Small Business:** This comprehensive guide provides a broad overview of tax obligations for small businesses, including information on income, expenses, deductions, and credits.
- **Publication 535, Business Expenses:** This publication delves deeper into allowable business expenses, providing detailed guidance on deductions for travel, meals, entertainment, and employee-related costs.
- **Publication 946, How To Depreciate Property:** Construction companies often invest heavily in equipment. This publication provides guidance on depreciation methods, including the Modified Accelerated Cost Recovery System (MACRS), which allows for faster depreciation of certain assets.
- **Publication 583, Starting a Business and Keeping Records:** Accurate record-keeping is crucial for tax compliance and financial success. This publication offers valuable advice on establishing and maintaining effective record-keeping systems, including tips on tracking income, expenses, and mileage.

Leveraging IRS Publications for Cash Flow Improvement

Understanding tax implications can significantly impact a contractor's cash flow. By carefully reviewing IRS publications, subcontractors can identify potential tax deductions and credits.

Recognizing eligible deductions can reduce taxable income and increase cash flow. For example, publications like 535 can help identify deductible expenses related to job sites, such as temporary housing, meals, and travel.

By understanding the tax implications of various business decisions, such as equipment purchases or investment in new technologies, contractors can optimize their tax planning strategies and make informed choices that minimize their tax burden and maximize cash flow.

Finally, staying informed about tax deadlines and filing requirements through IRS publications can help contractors avoid costly penalties and interest for late filing or underpayment of taxes.

Enhancing Tax Compliance with IRS Guidance

Navigating the complexities of tax laws can be daunting. However, by utilizing IRS publications, subcontractors can enhance tax compliance.

Understanding the specific requirements for tax filings, including deadlines and necessary documentation, can help ensure accurate and timely submissions.

Maintaining accurate records and following IRS guidelines can reduce the likelihood of an audit and minimize potential penalties.

By demonstrating a commitment to tax compliance through accurate record-keeping and timely filings, contractors can establish a positive relationship with the IRS.

Utilizing Online Resources and Tools

The IRS provides a wealth of online resources to assist taxpayers, including:

- **IRS website:** The official IRS website offers access to all IRS publications, forms, and instructions (available at https://www.irs.gov).
- **Interactive Tax Assistant (ITA):** This online tool provides personalized guidance on specific tax situations (available at: https://www.irs.gov/help/ita).
- **Where's My Refund?** This tool allows taxpayers to track the status of their tax refunds (available at: https://www.irs.gov/wheres-my-refund).

Seeking Professional Guidance When Needed

While IRS publications provide a wealth of information, some tax situations can be too complex to handle without professional assistance. Consulting with a qualified tax advisor can make a significant difference in navigating these challenges effectively. Here's how professional guidance can support subcontractors:

- **Navigating Complex Tax Issues**
  Tax advisors specialize in unraveling intricate tax scenarios, including determining the tax implications of different business structures. They can recommend strategies to optimize tax outcomes, whether you're transitioning from a sole proprietorship to an LLC or managing the tax obligations for a multi-state operation.
- **Ensuring Compliance with Tax Laws**
  Compliance is non-negotiable, and failing to meet federal, state, or local tax requirements can result in penalties or legal trouble. Tax advisors stay updated on evolving regulations and ensure all obligations are met. From accurately filing W-2s and 1099s to addressing multi-jurisdictional payroll taxes, their expertise ensures your business adheres to the rules.
- **Identifying Tax Savings Opportunities**
  A skilled tax advisor doesn't just help you pay taxes; they help you save on them. They can identify potential tax deductions and credits specific to construction businesses, such as energy-efficient equipment credits or work opportunity tax credits for hiring veterans. By analyzing your financial situation and understanding IRS guidelines, they uncover savings opportunities you may have missed.

Professional guidance bridges the gap between general IRS guidance and the specific needs of your business. Investing in expert advice can save you time, money, and stress, ensuring your construction operation runs smoothly while staying compliant.

Staying Informed about Tax Law Changes

Tax laws evolve frequently, making it essential for contractors to stay current with new regulations to maintain compliance and optimize tax benefits. Leveraging technology, professional resources, and reliable strategies can simplify this task.

- **Utilize a Construction Payroll Management Software System**
  Modern payroll management systems designed for the construction industry often incorporate tools that automatically update tax rates, compliance guidelines, and reporting requirements. These systems help contractors stay aligned with federal, state, and local tax regulations while simplifying processes such as tax withholding and reporting.
- **Subscribe to IRS Updates**
  The IRS offers email subscription services to keep businesses informed about changes to tax laws, deadlines, and other critical updates. Subscribing ensures that you receive accurate, timely information directly from the source.
- **Stay Engaged with Industry News and Resources**
  Regularly follow industry publications, attend tax seminars, and participate in webinars that focus on construction-specific tax challenges. These resources provide valuable insights into regulatory changes and practical strategies for managing them effectively.

By integrating IRS resources, reliable software systems, and expert advice, construction subcontractors can successfully navigate tax complexities. Staying informed about tax law changes helps avoid compliance issues, enhances financial planning, and improves overall cash flow management.

About the Author

Jack Biltis is the co-founder of eBacon, bringing over 20 years of experience in payroll, insurance, and administrative services. At eBacon, a leading construction payroll software company, Jack focuses on innovative technologies that help businesses streamline workforce management operations and improve profitability. Learn more at eBacon.com.

New Year, New Numbers: Mastering Cash Flow with Prompt Payment Laws

by Karalynn Cromeens, Cromeens Law Firm PLLC

For subcontractors, managing cash flow is one of the most pressing challenges in the construction industry. The unpredictable nature of payments, coupled with disputes and delays, can often create financial strain that impacts not only ongoing projects but also the very foundation of a business. However, there is a critical tool at your disposal that can significantly alleviate these challenges and streamline your collection strategies—prompt payment laws.

These laws are designed to protect subcontractors and ensure timely payments for work done. By understanding and using prompt payment laws, contractors can improve cash flow, reduce the pains of delayed invoices, and secure better leverage when handling payment disputes.

What Are Prompt Payment Laws?

Prompt payment laws vary by state but aim to ensure that construction businesses— including subcontractors—receive timely payments for their work. These laws ensure project owners and general contractors make payments within a specific time frame once a payment

application or invoice is approved. Failure to issue timely payments can result in financial penalties, such as interest on late payments.

Why Prompt Payment Laws Matter to Cash Flow

- **Timely Payments Keep Projects Moving:** Prompt payment laws address one of the most significant cash flow disruptors in the industry—payment delays. By emphasizing timeliness, these laws help subcontractors maintain steady cash flow, making sure that operational costs such as payroll, materials, and equipment are covered.
- **Interest on Late Payments:** Late payments can cause big headaches for subcontractors, from being unable to keep the project moving forward to financial hits like late fees or taking out loans to cover cash gaps. Luckily, prompt payment laws let contractors charge interest on overdue payments, helping them recover some costs and soften the blow of delays.
- **Leverage to Stop Work Without Breaching the Contract:** One of the most overlooked but powerful benefits of prompt payment laws is the ability to safely stop work without breaching contract terms when payments are not received on time. This offers subcontractors vital bargaining power while minimizing risk.

Spotlight on Texas Prompt Payment Law

While prompt payment laws exist in various states, some, like Texas, stand out due to their clear and efficient implementation. The Texas Prompt Payment Act gives subcontractors important protections, helping them keep better control of their cash flow.

Key Highlights of the Texas Prompt Payment Act

- **Interest on Late Payments:** Under Texas law, unpaid amounts accrue interest at 1.5% per month (or 18% annually) for late payments. This provision makes sure subcontractors are compensated for payment delays.
- **Time Limits:** The law outlines strict timelines for payments. Owners must pay general contractors within 35 days of receiving a payment request. General contractors must pay subcontractors within seven days of receiving payment from the owner.
- **Right to Suspend Work:** If payments are not made within the stipulated time frame, subcontractors may suspend work after providing written notice. This offers substantial protection against not being paid for labor and materials provided.

Understanding and actively using laws like the Texas Prompt Payment Act can provide subcontractors with the tools necessary to safeguard their payments and ensure their business keeps running smoothly.

Practical Tips for Leveraging Prompt Payment Laws

To fully realize the benefits of prompt payment laws, it is important to fit them into your collection strategy. Here are some practical tips to help subcontractors manage their cash flow in line with prompt payment laws:

1. Know Your State's Law: Familiarize yourself with the prompt payment laws of your state. Each state has its own rules regarding payment terms and penalties, so it is essential to understand the details applicable to where you work. Work with an attorney if additional clarification is needed.
2. Document Everything: Maintain clear, organized documentation for every payment request, invoice, and correspondence. If payment disputes arise, this documentation will serve as critical evidence to support your case.
3. Monitor Payments Closely: Keep a detailed tracking system for payment schedules, due dates, and amounts owed. Staying proactive will allow you to identify and act on delayed payments quickly.
4. Consult Legal Expertise: If payments are delayed or withheld, find an attorney familiar with construction law to help. They can help explain and enforce your rights under prompt payment laws.

Prompt Payment Laws as a Foundation for Financial Stability

For subcontractors, incorporating prompt payment laws into everyday operations is no longer just a best practice—it is a necessity. These laws are powerful tools for preventing financial strain, improving cash flow, and mitigating the risks associated with delayed payments. By leveraging the protections they offer, contractors can operate with greater confidence and stability, even amidst the fluctuations of the construction industry.

About the Author

With more than 18 years of experience in construction and real estate law, Karalynn Cromeens has filed more than a thousand lawsuits to foreclose or remove mechanics liens successfully. Her family also owns a material supply company, providing Karalynn first-hand knowledge of the construction industry. This personal understanding, combined with her extensive legal experience, guides The Cromeens Law Firm's true purpose— To protect and defend all that you have worked hard for and be your partner in business. She is also a best-selling author and podcast host for Quit Getting Screwed.

FEATURE

Improving Cash Flow Predictability in 2025

by Patrick Hogan, handle.com

Cash flow in construction is notoriously unpredictable. Projects start, work progresses, and costs pile up long before payment hits your account. Delays in invoicing, slow approvals, and late payments can leave subcontractors and suppliers scrambling to cover payroll, materials, and other expenses.

Without steady cash flow, even the most profitable projects can turn into financial headaches. That's why improving invoicing practices isn't just a small administrative fix—it's a critical strategy for maintaining stability, reducing risk, and ensuring long-term business success.

For 2025, here are practical steps to take control of cash flow, from structuring payment terms to leveraging automation and protecting payments through lien management.

Set Payment Terms That Work for You

Construction businesses often operate under standard payment terms that don't necessarily serve their financial needs. Too many subcontractors default to Net-30, Net-45, or even Net-60 terms—effectively giving their customers an interest-free loan. Meanwhile, they're still expected to pay for materials, labor, and overhead.

It's time to rethink payment terms to better align with your cash flow needs.

- **Negotiate shorter terms.** Instead of accepting Net-30 or longer, push for Net-15 or progress payments. Faster payment cycles help keep cash moving.
- **Enforce late fees.** Adding reasonable interest or penalties on overdue invoices creates urgency and discourages slow payments.
- **Clarify retainage terms.** Retainage often becomes a major cash flow issue, with final payments dragged out for months. Set clear expectations in your contracts about when retainage will be released.

Customers who value your work will respect fair payment terms. The key is to set expectations upfront and not wait until an invoice is overdue to address payment issues.

Use Progress Payments to Avoid Cash Gaps

Waiting until project completion to invoice is a common mistake that puts businesses in a financial bind. Cash flow stops and starts unpredictably, creating unnecessary pressure. Instead, progress payments provide a more consistent stream of income throughout a project.

How to Implement Progress Payments Effectively

- **Break invoices into stages.** Instead of one final invoice, bill at defined project milestones.
- **Use percentage-based billing.** Many subcontractors bill based on work completed (e.g., 30% upfront, 40% at midpoint, 30% at completion).
- **Invoice immediately.** Don't wait for the end of the month. The sooner invoices are sent, the sooner payments can be processed.
- **Request deposits.** On larger jobs, requesting a deposit before work begins helps offset upfront costs.

Progress billing keeps cash moving and reduces financial risk. If your customer has cash flow issues of their own, staged payments make it easier for them to pay rather than holding off on a lump sum until the end.

Automate Invoicing and Payment Follow-Ups

One of the biggest reasons businesses experience cash flow issues isn't necessarily late payments—it's slow invoicing. Payments can't be made on time if invoices aren't sent promptly.

Benefits of Automated Invoicing

- **Immediate invoice delivery.** Paper invoices get lost. Digital invoices reach customers instantly.
- **Automated reminders.** Set up reminders for customers before and after due dates to keep invoices top-of-mind.
- **Real-time tracking.** See which invoices are due, which are overdue, and what needs follow-up.

Subcontractors and suppliers who still rely on manual invoicing often experience delays in sending out bills, leading to delays in receiving payments.

Automation eliminates this lag, making it easier to predict when payments will arrive.

Strengthen Payment Security with Lien Management

Even with strong invoicing practices, some payments will still be delayed—or worse, never come. That's where lien rights come into play. Mechanics liens are one of the most powerful tools for securing payment to subcontractors and suppliers.

How Lien Management Improves Cash Flow

- **Preliminary notices create visibility.** Many states require a preliminary notice to secure lien rights. These notices let owners and general contractors know you're on the project and expect to be paid.
- **Deadlines prevent lost payments.** Every state has strict deadlines for filing liens. Miss one, and you lose the ability to enforce payment. Tracking these deadlines ensures you keep your legal options open.
- **Lien waivers should be handled carefully.** Never issue a lien waiver before payment is received. Conditional lien waivers can be used to provide reassurance while still protecting your rights.

Strong lien management ensures subcontractors and suppliers have leverage when payments slow down. It also discourages slow-paying customers from pushing payments too far past due dates.

Addressing Common Payment Delays

Even with all these strategies in place, cash flow can still be impacted by customers who delay payments. Handling these situations proactively can make a big difference in your financial stability.

How to Prevent and Handle Late Payments

- **Check payment history.** Check the customer's payment track record before signing a contract. If they have a history of late payments, adjust terms accordingly.
- **Send invoices promptly.** The sooner an invoice is sent, the sooner it can be processed.
- **Follow up consistently.** Don't wait weeks to check on an unpaid invoice. Follow up as soon as a payment is late.
- **Be ready to escalate.** If a customer consistently delays payments, use lien rights or legal action to enforce payment.

Late payments are one of the biggest threats to cash flow predictability. A proactive approach keeps accounts receivable under control.

Cash Flow Is More Than Just Getting Paid—It's About Control

Cash flow unpredictability doesn't have to be the norm in construction. By setting strong payment terms, leveraging progress payments, automating invoicing, and using lien rights effectively, subcontractors and suppliers can take control of their financial stability.

The more predictable cash flow becomes, the easier it is to manage operations, plan for growth, and reduce financial stress. Taking these steps now will help ensure that payments arrive on time, reduce uncertainty, and keep your business on solid financial ground.

With a structured approach, subcontractors and suppliers can reduce cash flow disruptions and maintain financial strength, even in an unpredictable industry.

About the Author:

Patrick Hogan is the CEO of handle.com, where they build software that powers the largest credit teams in construction. Handle is the new approach to construction payments and lien management, optimizing workflows to increase all credit and finance efficiency.

SOCIAL MEDIA NEWS YOU CAN USE

Community Notes Feature Now Rolling Out on Threads

For those on Threads, and who want to grow their influence, Meta has activated the Community Notes feature on Threads. To add a note, tap the three-dot menu on any post and select "Write Community Note." Notes remain anonymous and appear on posts when rated helpful by other users.

For marketers, this adds a new layer of community interaction to your Threads strategy. It's important to monitor notes appearing on both your own and competitor content, as they could impact message effectiveness and brand perception.

Classic or Professional Mode?

Marketers and Entrepreneurs + Facebook Professional Mode in 2025

Are you wondering whether to enable Professional Mode on your Facebook profile? Are you curious about how this feature could enhance your marketing efforts?

Facebook introduced this version of a profile as a solution for entrepreneurs, creators, and solo professionals who have never created a Facebook page or have found their page engagement plateauing.

This feature essentially bridges the gap between personal profiles and business pages, offering many business-oriented features while maintaining the personal nature of your profile.

When using it, you can utilize all content types available on regular Facebook pages, including photo posts, background-color posts, and multi-photo layouts, but video content tends to receive better reach and engagement.

Useful Features That Profiles Don't Have

Professional Mode transforms your personal profile by adding several powerful features typically reserved for business pages.

A Professional Dashboard and Metrics: You can access a comprehensive professional dashboard that provides detailed metrics about your content performance. This dashboard is the closest thing you'll get to business page analytics while maintaining a personal profile, allowing you to track your content's reach and engagement effectively.

Mari Smith says users often see significant initial growth in reach and engagement. She saw a massive spike in her reach, which slowly tapered off after six months or so, underscoring the importance of consistently monitoring your metrics and adjusting your strategy accordingly.

Public Following: While traditional Facebook profiles limit you to friends, this option allows unlimited public followers.

You can still post to friends only or specific friends while making professional content public. You can even lock down friend requests entirely, allowing only followers, similar to Mark Zuckerberg's profile setup.

Native Post Scheduling: One significant advantage is the ability to schedule posts directly from your mobile device. You can schedule multiple posts in advance, allowing you to maintain a consistent posting schedule without being tied to your phone at specific times.

Post Boosting: It gives you access to the boost button, enabling you to amplify posts that are performing well organically. If the algorithm and Facebook users show you you've got a great piece of content, why not throw $10 or $20 behind it to get more reach?

Passive Monetization Options: It opens up various monetization opportunities, though Smith advises treating these as supplementary income rather than primary revenue streams. You may receive a few dollars occasionally, but don't rely on it as sustainable income.

Before You Make the Switch

First, understand that you can only have Professional Mode on your main account, not any secondary accounts.

Second, be prepared to post consistently and engage with your audience. This profile version works best when you maintain regular activity and interaction with your followers.

Finally, remember that you can always switch back to classic mode if Professional Mode doesn't meet your needs.

FEATURE

Apprenticeships Are a Trending Alternative to College, But There's a Hitch—*More People Are Lining Up for Apprenticeships Than There Are Employers to Provide Them*

by Jon Marcus, Hechinger Report

Joey Cook was 17 and a junior in high school when he heard about a way to learn a profession while getting paid: by landing an apprenticeship, a path into the workforce that everyone was suddenly talking about as an alternative to college.

"I didn't want to go get an associate degree. I didn't want to get a bachelor's degree," said Cook. He wanted to get a certification in heating, ventilation and air-conditioning, an in-demand field in his rural western Texas hometown of Hamlin.

An apprenticeship would lead to that. So when he ran into the school superintendent at a basketball game, Cook asked about one — and was told that if he wanted an apprenticeship, he'd have to find it himself.

His disappointment was brief; a local HVAC company happened to be looking for apprentices, and hired him. "It was perfect timing," said Cook, who sailed through the training and now, at 20, is working at the company full time.

But Cook's experience also spotlights a big hitch in the movement for apprenticeships, even as they're being pushed by policymakers and politicians of all stripes and expanded beyond the trades to jobs in tech and other industries: Demand for apprenticeships is outpacing their availability.

"Those employers are really dang hard to find," said Brittany Williams, chief partnerships officer at Edu-REACH — it stands for Rural Education Achievement for Community Hope — the nonprofit organization that now works to find apprenticeships for students in and around Hamlin, including at the high school Cook attended.

Apprenticeships combine paid on-the-job training with classroom time. Increasing their use has bipartisan support and was a rare subject of agreement between the presidential candidates in the election just ended.

Apprenticeships have also benefited from growing public skepticism about the need for college: Only one in four adults now says having a four-year degree is extremely or very important to get a good job, the Pew Research Center finds, and nearly two-thirds of 14- to 18-year-olds say their ideal educations would involve learning skills on the job, as in apprenticeships, according to a survey by the ECMC Group. (ECMC Group is affiliated with the ECMC Foundation, one of many funders of The Hechinger Report.)

But while more Americans may see apprenticeships as a path into the workforce, employers have been generally slow to offer them.

Put simply, Williams said: "We have more learners than we have employers."

There are *679,142 Americans* in apprenticeships, according to the U.S. Department of Labor — up 89 percent since 2014, the earliest year for which the figure is available.

Publicity about apprenticeships means people "think they can roll right in and go ahead and get" one, said Kathy Neary, who works at the Center of Workforce Innovations in northwest Indiana. That isn't proving true. Photo Credit: Getty Images

But that's not even half of one percent of the U.S. workforce. By comparison, there are more than 18 million Americans in college.

An emerging body of research nationwide blames this imbalance partly on reluctance among employers to provide apprenticeships. Training people for work, after all, was a job that most of them previously relied on colleges and universities to do.

"Apprenticeship in America remains massively under-scaled," the advocacy group Apprenticeships for America pronounced in September. In Indiana, which is encouraging apprenticeships in high school, "there is no data that there is sufficient organic employer demand for these programs," an independent fiscal watchdog found.

Apprenticeships are likely to continue to be encouraged under President Donald Trump, who pushed them in his first administration and whose nominee for education secretary, Linda McMahon, is a vocal booster of them. His opponent, Vice President Kamala Harris, promised to double the number of apprenticeships.

But employers find them expensive to set up, since apprentices have to be paid and mentored.

"What's holding it back is the cost, both in terms of the financial cost and the people who are going to engage the trainees," said Nicole Smith, chief economist at the Georgetown University Center on Education and the Workforce. "The way employers see it, they're going

to invest this money and train these people, but they have no guarantee of keeping them. There's no contract that says you have to stay. And who wants to train their competitors? Nobody."

In fact, 94 percent of apprentices *stay with their employers* when they're finished with their programs, according to the Department of Labor. And for every dollar invested in an apprenticeship, an employer *realizes an average return of $1.44*, the Urban Institute found.

"The apprentices on the one hand are costing money because they don't know everything yet, and they're having to be mentored," said Robert Lerman, a former professor of economics at American University and chair of Apprenticeships for America. "But on the other hand, they're doing things you'd have to pay somebody else to do anyway. So if employers do it right, they can recoup a lot of their investment pretty fast."

Still, getting employers on board "is the stage we're at now," said Lerman. "You have to get out there and help an employer change what they've been doing in recruiting and training workers, and that is not easy. Even when we have worked with large corporations, they want help in setting it up. And if that's the case with them, you can imagine the case with smaller companies. They don't even know what you're talking about."

Orrian Willis works with many of those big companies as a senior workforce development specialist for the city of San Francisco. A lack of available apprenticeships "is definitely a pinch point," he said. Even at big tech firms that have started apprenticeship programs, "They're really small. We've seen some of our partner companies post their apprenticeships on Indeed or LinkedIn and within a few days they have to take them down, because they've gotten so many applications."

Meanwhile, apprenticeships continue to be hyped, including by people who recommend them as an alternative to college. The problem is, "If you get people to apply for apprenticeships without increasing the number of apprenticeship offers, you're just creating waiting lists," Lerman said.

All the publicity about apprenticeships means people "think they can roll right in and go ahead and get" one, said Kathy Neary, chief strategy and business engagement officer at the Center of Workforce Innovations in northwest Indiana.

That isn't proving true.

In Washington, D.C., "We don't have nearly enough seats to meet demand" for apprenticeships for high school students, said Jennie Niles, president and CEO of the nonprofit CityWorks DC. "But the reason we don't have the demand from the employers is because it's so complicated. Employers first and foremost need it to be easy for them."

Among other things, employers are discouraged by red tape. The federal government recognizes so-called registered apprenticeships, which require employers to meet quality standards and provide worker protections and must be approved by the Department of Labor or a state apprenticeship agency.

"It's a ton of paperwork," said Brittany Williams, in western Texas.

The Labor Department proposed *updates to the regulations* aimed at strengthening worker protections, among other changes. But critics complained this would only make things worse. The proposal was quietly withdrawn last month.

The suggested new rules filled hundreds of pages, threatening "to overwhelm the system and introduce confusion and unintended consequences," *according* to the nonprofit Jobs for the Future. "Employers find the existing apprenticeship system to be confusing and cumbersome already."

Registered apprenticeships that require employers to meet quality standards and provide worker protections must be approved by the Department of Labor or a state apprenticeship agency — a process that discourages some employers. Photo Credit: Sy Bean for The Hechinger Report

The organization argued that the additions would make apprenticeships an even harder sell to employers and reduce instead of increase the number of apprenticeships available.

The first Trump administration created a new category of apprenticeships, called "industry-recognized," run by trade associations of employers instead of requiring the existing level of government oversight. They were ended by the Biden administration, but observers expect they may be reintroduced.

"If you look at apprenticeship programs, most of the resources that are geared toward them are really based on registered apprenticeships," said Smith, at Georgetown. "But there's many unregistered apprentice programs that maybe we should figure out how to incentivize, too, to mop up some of this demand."

There are also calls for more support for government subsidies for apprenticeships.

Many states already offer employers *tax credits for apprenticeships* of from $1,000 per year, per apprentice in South Carolina to up to $7,500, in Connecticut.

Crusaders for apprenticeships want more funding for intermediaries such as Edu-REACH and CityWorks DC that connect prospective apprentices with employers.

"We have to help steward the business through building these types of experiences," said Betsy Revell, senior vice president for career-connected learning at EmployIndy, the workforce board in Indianapolis, which does this. "They need a lot of help figuring it out. They've never had to supervise a 16- or 17-year-old before or help them identify coursework" that is typically a part of apprenticeship programs.

Back in Hamlin, Texas, Joey Cook has witnessed this himself, as a young apprentice.

"I can see both sides," Cook said. An apprenticeship was a great path to a job for him. But "for businesses, they're taking a leap of faith on kids who have never had a legitimate job."

Until more employers bridge that gap, said Krysti Specht, who co-directs Jobs for the Future's center for apprenticeships, "it doesn't personally make sense to me to create a groundswell for opportunities that don't exist."

About the Author

Contact writer Jon Marcus at 212-678-7556 or jmarcus@hechingerreport.org. This article originally appeared in The Hechinger Report, a national nonprofit newsroom that reports on one topic: education. Sign up for their weekly newsletters to get stories like this delivered directly to your inbox. This article is reprinted with permission.

FEATURE

Three Principles to Consider Before Deploying Your Working Capital

by Travis Mayor, Billd

Subcontractors have a host of working capital options to choose from: lines of credit, cash, credit cards, construction-specific financing, supplier terms, and more.

As they cover all the capital needs of the business, subs have to be strategic and intentional, deciding which source of capital makes the most sense for each purchase. For subs who do have a strategy, it's worth re-evaluating as the business grows and your *working capital toolkit* evolves with more options or higher limits.

Billd hosted a Subcontractor Meetup where Travis Mayor, Director of Strategic Partnerships at Billd, and Jerry Aliberti, Principal at Pro-Accel, discussed how to develop a capital deployment process, outlining tried-and-tested principles you can easily implement in your own business. Here are their top 3 principles to live by.

Principle #1: Be Intentional When You Choose A Payment Option

Every decision related to using capital should have strategic reasoning behind it. You should always have a clear plan for how and when to use each form of capital and the expected return associated with the expense.

You should have these systems and processes in place at the project level and the overall operating level. This approach ensures that your capital options amount to good debt, and that your options work for you, not against you.

Principle #2: Use Capital in Order of Least to Most Flexible

A common mistake we see among subs is using their most flexible capital options, like cash and lines of credit, first. Using flexible forms of capital first may seem intuitive, given how easy or relatively cheap they are to use. However, you open yourself up to risk by removing your flexible options early on.

When you make this mistake:

- You take away the options you may need down the line.
- It eats up your easy-to-use capital with non-urgent expenses, which can limit your ability to take on growth opportunities as they arise.
- If an emergency strikes, you're left with only your least flexible options and their limited use cases, which puts your business at unnecessary risk.
- Maintaining capacity in your flexible working capital serves more purposes than just payment. For example, if you eat up your LOC with project expenses, you limit your bonding capacity.

Instead, use your more rigid options like supplier terms and material financing early, leaving ample runway in your cash and lines of credit. They are considered rigid because they can only be used in one way. But "inflexible" doesn't mean "undesirable." It just means these options were tailor-made for this expense and you should use them for their intended purposes.

This strategy helps you safeguard your most flexible options to handle all the unpredictability and curveballs of the construction industry. Payment cycles in construction are always slow, stretching subs thin. Given all this uncertainty, if your cash and line of credit are used too early and liberally, your working capital buffer is diminished, making it harder for businesses to navigate financial headwinds.

Principle #3: Deploy Capital for the Right Kind of Work

To round out a strong capital deployment strategy, you need to take a hard look at the work you're deploying capital for. If the work you're bidding isn't as profitable as expected, then even the right deployment strategy can't make that a smart use of working capital or resources.

So, prior to refining your capital deployment strategy, make sure you're going after your most profitable work. Aliberti recommends that you cultivate a deep understanding of your current state, and fix whatever needs to be fixed, because we all can work better than we did on our previous project.

A defined working capital strategy is crucial for maintaining financial health and fostering growth in your subcontracting business. For more tips on how to protect your profits and create a stronger, more resilient business, *watch the full Meetup on demand*.

About the Author

Travis is the Director of Strategic Partnerships at Billd. He thrives in guiding subcontractors through the intricate landscape of financial management, offering tailored solutions to enhance cash flow efficiency and maximize profitability. His mission is to empower commercial subcontractors with the knowledge, tools, and resources they need to thrive in today's dynamic business landscape. At Billd, we provide payment solutions that enable commercial subcontractors to free up cash for material purchases while enjoying the flexibility of up to 120-day payment terms.

Five Fun Facts About 2025 You Probably Didn't Know

2025 is a cubed sum.

2025 is the sum of the cubes from 1 to 9, and also the square of (1 + 2 + ... + 9)

$2025 = 1^3 + 2^3 + 3^3 + 4^3 + 5^3 + 6^3 + 7^3 + 8^3 + 9^3$

$2025 = (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)^2$

Fun Product:

There are several ways to get to 2025 using consecutive digits.

2025

$= 3^4 \times 5^2$

$= 1^0 \times 3^4 \times 5^2$

$= 1^6 \times 3^4 \times 5^2 \times 7^0$

We also have:

$2025 = 12 \times 3 + (4 + 5)(6 + 7)(8 + 9)$

$2025 = 9 \times 8 + 76 + 5^4 \times 3 + 2 \times 1$

2025 is a square number.

2025 = 45 x 45, and people born in 1980 will have age = 45 so (age)2 = year. This is not a common occurrence. The last square year was 442 = 1936, and the next one will be 462 = 2116.

Funky Digits:

Write a number with one 1, two 2s, etc, to forty-five 45s. The number 122333...4545...45 will have exactly 2025 digits, and of course 45^2 = 2025. According to *Numbers Aplenty*, this is the only number greater than 1 with this property.

Upcoming Webinars

The State of the Construction Insurance Marketplace in 2025

WEDNESDAY, FEBRUARY 12, 2025 | 12:-00 - 1:00 PM EST

The Presentation will provide an overview of the current Construction Insurance market including what to expect on your next Renewal by major lines of coverage. How to improve your Risk profile to Insurance Carriers to get the best possible coverage & pricing terms. Are you ready for alternative Market including high WC & GL Deductible programs and Group Construction Captives?

Presented by:
Gregory Stephens, CLS, CRIS, EVP, National Construction Best Practice Leader

With over 15 years of experience in the sales, leadership and operations of independent insurance brokerages, Gregory brings a wealth of expertise to his National Construction Leader role. As a professionally designated Commercial Lines and Construction Risk Specialist, he focuses on helping clients and colleagues solve challenges by fusing best-in-class creativity and innovation with real world solutions. As a graduate of The National Alliance for Insurance Education, The National Underwriter, and International Risk Management Institute he is dedicated to ongoing education and driving transformative solutions.

Gary Semmer, CIC CWCA, Executive Vice President & Construction Vertical Practice Leader

With his considerable insurance and risk management experience in the construction and real estate industries, Gary is AssuredPartners' Construction Vertical Practice Leader. Gary has taught Seminars for the Society of CIC, guest lectured at Carlson School of Management, University of Minnesota, and has authored articles and presented webinars for the Pre-Cast Concrete (PCI) Association and American Subcontractors Association (ASA).

REGISTER HERE

How to Build Your Brand on LinkedIn

WEDNESDAY, FEBRUARY 26, 2025 | 12:00 - 1:00 PM EST

With 11% of the population and 137 million US users on the platform daily, LinkedIn is a powerful tool for personal and professional growth. By attending this workshop you'll gain practical tips and actionable strategies that can be implemented to maximize your brand's LinkedIn presence. This online Workshop will cover the following:

- Why LinkedIn
- How to build your profile
- The LinkedIn Algorithm
- Creating, sharing, and posting quality content
- LinkedIn Advanced Search
- Analytics & Artificial Intelligence
- Sales Navigator & Advertising (both very brief)

Presented by:
Andrew Schenkel— *A seasoned marketing and sales professional with a diverse background in branding and business development, Andrew began his career working with renowned brands such as Warner Music Group, the National Basketball Association, and Beanstalk, an Omnicom Agency. In 2019, Andrew ventured into the construction industry, joining Apollo Electric, a prominent high-end residential and commercial electrical contractor. As the Director of Strategic Growth, he oversaw all marketing and sales activations, as well as spearheading special projects to help grow the company. When Covid-19 disrupted the world in 2020, he started to consult and founded his company, Double Play Marketing and Sales. Double Play serves as an outsourced Chief Marketing Officer/Marketing Department and performs lead generation for clients, taking a data driven and sales focused approach with all activations having metrics geared towards your brand awareness and/or leads, showing a return on your investment.*

Outside of work, Andrew loves spending time with his wife, Jessica, daughter, Maddie, and their mini labradoodle, Yogi. He's an avid NY/NJ sports fan and enjoys traveling and golfing.

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