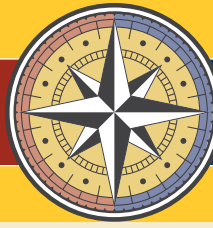


**THE CONTRACTOR'S COMPASS**



# Payment Practices, Retainage, and Contract Risk for Sub-Trade Firms





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For more information, contact:

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EVP US Construction - Gallagher ASA Contact

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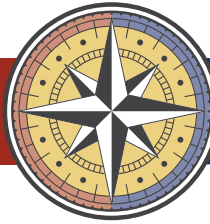
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# THE CONTRACTOR'S COMPASS



**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](mailto:communications@asa-hq.com).

**ADVERTISING**

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**EDITORIAL SUBMISSIONS**

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](mailto: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](mailto:membership@asa-hq.com), or visit the ASA Web site, [www.asaonline.com](http://www.asaonline.com).

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# PRESIDENT'S LETTER



Dear Readers,

Spring always brings a renewed sense of momentum to our industry, and this year is no exception. Across our chapters and across ASA, we are preparing for an active season of advocacy, education, and connection.

First off, I wanted to draw your attention to ASA's urgent concern regarding the recent modifications to Section 232 tariffs on steel, aluminum, and copper, effective April 6. These changes impose duties of up to 25% on the full value of HVACR systems, including those produced with U.S.-origin metals, eliminating the exemption that supported domestic manufacturing. **Read more about this**, and our letters to Congress in the Contractor Community section of this issue.

The Subcontractors Legal Defense Fund's win in Colorado is a major victory for fairness. By overturning the prior Court of Appeals decision on *Ralph L. Wadsworth Construction Company v. Regional Rail Partners* precedent, the Colorado Supreme Court protected subcontractors and

suppliers from losing all recovery rights simply for asserting disputed or unliquidated claims in good faith. Details of this case are also in this issue.

One of the biggest highlights ahead is SUBExcel 2026, with registration now open for September 29 through October 1. This year's event will bring subcontractors, suppliers, and industry partners together in Bonita Springs, Florida, for valuable learning, fresh ideas, and the kind of networking that strengthens both our businesses and our association.

Before that, many of us are gearing up for this year's Fly-In to Washington, D.C., where ASA members will once again take our message directly to legislators. The 2026 ASA Legislative Fly-In is scheduled for June 8-10 in Washington, and it is one of the most important opportunities we have to make sure the voice of subcontractors is heard on Capitol Hill. These conversations matter. They help lawmakers better understand the real challenges facing our companies and our workforce, and they remind all of us that engagement is one of the most powerful tools we have as an association.

Construction Safety Week is being observed May 4-8. Safety Week gives our industry a dedicated time to refocus, share best practices, and renew our commitment to sending every worker home safely at the end of the day. But as important as this week is, safety cannot be something we emphasize only once a year. It must remain part of every conversation, every plan, every

jobsite, and every decision we make throughout the year. A strong safety culture is not built in five days. It is built day by day, through leadership, accountability, training, and care for the people who make this industry move forward.

As we head into the months ahead, I encourage each of you to stay involved, stay informed, and stay connected. Whether that means registering for SUBExcel, participating in our advocacy efforts in Washington, or recommitting your teams to safety every day, your involvement helps strengthen this association and the industry we all care about.

Thank you for all you do, and thank you for continuing to make this community strong.

Andrew V. Christ  
ASA President, 2025-26  
asapresident@asa-hq.com



# CONTRACTOR COMMUNITY

## ASA's Opposition to Section 232 Tariff Modifications

I wanted to share the letters regarding ASA's urgent concern regarding the recent modifications to Section 232 tariffs on steel, aluminum, and copper, effective April 6. These changes impose duties of up to 25% on the full value of HVACR systems, including those produced with U.S.-origin metals, eliminating the exemption that supported domestic manufacturing.

These tariffs have immediate and severe consequences for our members who are small businesses in subcontractor construction and HVACR sectors. Many of them operate on narrow margins, and they cannot absorb these sudden cost increases. Homeowners, businesses, and public institutions rely on their services to maintain essential heating and cooling—services that directly affect safety and health, particularly during extreme weather.

We URGED the Administration to exempt HVACR equipment from the modified Section 232 tariff structure, consistent with the USMCA exemption framework. At a minimum, a 90-day delay in enforcement is essential to prevent contractors and consumers from being blindsided by these sudden cost spikes. Heating and cooling are not luxuries—they are essential services that protect public safety and ensure economic stability.

I wish you a great week and ASA members can call Mike Oscar with any questions. Thank you!

- [Letter to Treasury Secretary re: 232 tariff modifications](#)
- [Letter to Commerce Undersecretary re: 232 tariff modifications](#)



## Welcome Bobyard as New Silver Sponsor!

[Bobyard](#) is an AI-powered estimating and takeoff platform designed to support complex construction project plans. Developed by Stanford-trained computer

scientists and initially developed for landscaping, Bobyard now supports a broader range of preconstruction trades, including MEP and HVAC.

Trained on thousands of real-world plans, Bobyard extracts quantities such as areas, linear measurements, counts, and system-specific components directly from project drawings. The platform is used by contractors and preconstruction teams to help estimators bid faster, improve accuracy, and reduce manual effort.

## Verizon Whole Office Management helps members simplify everyday IT challenges

Verizon Whole Office Management provides business-grade IT support for office technology and software. With a dedicated team of experts to help troubleshoot issues, set up devices and keep systems running smoothly—businesses get reliable support for the technology they depend on without needing in-house IT staff.

When members enroll their company with NPP, they gain access to this simple, predictable service with one team to call, one monthly bill and no long-term contracts. Plans start at \$55/mo with no long-term contracts.

Download the marketing material below and link to your association's landing page to share these offers with your members.

- [Your NPP landing page: https://mynpp.com/association/asa/](https://mynpp.com/association/asa/)
- [Verizon Whole Office Management marketing material: https://brandfolder.com/s/4qc4hmfhkwm2rtkrq7h7r7c](https://brandfolder.com/s/4qc4hmfhkwm2rtkrq7h7r7c)

## City of St. Louis—Building Commissioner Position

**Salary:** \$104,078 - \$163,332

**Job Type:** Full-Time (Permanent)

**Location:** Downtown St. Louis, MO

The [Commissioner of Building Operations & Code Administration](#)

serves as the executive leader responsible for the City's building regulatory, permitting, and inspection functions. This role is accountable for ensuring public safety through code compliance while advancing efficient, transparent, and customer-focused service delivery that supports economic development and community recovery in the May 16th tornado-impacted areas and across the city.

The City is seeking a transformational leader to join its team in this pivotal moment in history, to address its decades of blight, accelerate demolitions in the tornado zone, and reform the Division's permitting process to make St. Louis a predictable and attractive place to do business.

The Commissioner will also lead the Zoning Section of the Building Division's historic role in overhauling the City's zoning code—the Zoning Upgrade: a modern code to meet the moment—marking the first major rewrite and map update since the mid-twentieth century.

The Commissioner operates as a division-level executive, overseeing strategy, operations, and performance across building code enforcement, plan review, permitting, and inspection services with a team of 200 employees.

### MINIMUM QUALIFICATIONS

- Bachelor's degree in Architecture, Engineering, Public Administration, or a directly related field, with Certified Building Code Official (CBO) status; **OR**
- Master's degree in Architecture, Engineering, Public Administration, or a directly related; plus five years of experience managing building code enforcement at a senior management level; **OR**
- Registration as a Professional Architect in the State of Missouri; **OR** Registration as a Professional Engineer in the State of Missouri; **OR** equivalent combination of education, training and experience. (Pursuant to 25.103.2.1 of the City's Revised Codes.)

## SCORING COMPONENTS AND THEIR WEIGHTS

- Experience and Training: 100%
- May be Subject to:
  - Background Investigation: Pass/Fail
  - Medical Examination: Pass/Fail

## DOCUMENTATION OF ACADEMIC CREDENTIALS MUST BE SUBMITTED UPON REQUEST

[More information](#)



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— Meghan C.

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## IEEPA Tariff Refunds

U.S. Customs and Border Protection (CBP) announced that Phase 1 of its Consolidated Administration and Processing of Entries (CAPE) process for refunding International Emergency Economic Powers Act (IEEPA) tariffs began Monday, April 20, 2026. Phase 1 is limited and does not cover every type of IEEPA transaction.

CBP guidance on CAPE and Phase 1 refund submissions is available here: <https://content.govdelivery.com/accounts/USDHSCBP/bulletins/4126a9c>

Through the CAPE Claim Portal, only the importer of record (IOR) or its authorized broker(s) may request refunds by uploading a CSV file listing eligible entries. This process applies only to IEEPA-related tariffs and does not apply to Section 122, 232, or 301 tariffs (or other tariff programs).

Submissions will go through a validation process. Once validated, CAPE will remove IEEPA HTS numbers from covered entries, recalculate duties, and support liquidation or reliquidation without the IEEPA duties. Refunds will be routed through ACE's collections module for payment, with potential interest where applicable.

Phase 1 focuses on basic transactions and will not cover all entries on which IEEPA tariffs were paid. At this time, CBP will accept CAPE declarations only for entries liquidated within the preceding 80 days, to align with CBP's 90-day voluntary reliquidation period. CBP's guidance suggests that "finally liquidated" entries may not be eligible for Phase 1 and may need to wait for a later phase.

In addition, CBP stated that the following categories of entries will not be accepted on a CAPE declaration during Phase 1:

- Entries flagged for reconciliation and Entry Type 09 – Reconciliation Summary entries
- Entries designated for drawback claims
- Entries covered by a protest
- Entries not filed in ACE and without a liquidation status in ACE
- Entries subject to antidumping and countervailing duties that have liquidation instructions

After CBP accepts a complete, validated CAPE refund declaration—and assuming no complicating issues—CBP estimates a 60- to 90-day review period even for straightforward transactions. Additional phases are expected, but CBP has not yet provided details on timing or scope.

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IT'S ALWAYS SOMETHING  
**AWESOME**



## Metro DC Subby Awards

By Gwyn Donohue, Executive Director, Metro DC Chapter ASA

"A great evening celebrating with our Trade Partners whose skill, dedication, and partnership make our work possible. We truly could not do it without you."

—Lynn Stith Bennett, CEO of Coakley & Williams Construction (CWC)

The 62nd Annual Subby Awards Gala was a night to remember. On March 7, nearly 450 construction industry professionals gathered at the Hilton McLean for an elegant, cherry blossom-inspired celebration recognizing 21 outstanding honorees from the subcontractor, general contractor, and service provider sectors. With a record-setting 113 nominations, the evening showcased the depth of talent, leadership, and collaboration that continues to elevate our region's construction industry.

As ASAMW's signature event, the Subby Awards honor those who exemplify our commitment to Better Construction Through Fair Construction—from project excellence and safety leadership to teamwork and industry impact. We are proud to celebrate this year's nominees and winners, whose work sets the standard for our industry.

The event was well-received by the attendees, who praised the Gala on social media and in the event survey. Twenty-one companies who are part of ASAMW's [GC Partner program](#) were recognized during the evening as well.

We extend our sincere thanks to our sponsors—40 companies strong—whose generous support made this celebration possible, and to everyone who joined us to recognize the very best of our community. The sponsors are listed below the award recipients.

### SUBBY AWARD RECIPIENTS

#### General Contractor Awards

- **Project Manager of the Year**  
Megan Ross, Coakley Williams (CWC)
- **Superintendent of the Year**  
Eric Eisenzopf, Grunley Construction
- **Safety Manager of the Year**  
Hannah Roberts, Clark Construction Group
- **Project Engineer of the Year**  
Tucker Larson, CBG Building Company
- **Best GC Group Manager, Leader or Division Head**  
Todd Allen-Gifford, Grunley Construction
- **Great Team**  
Capital One Arena Transformation
- **General Contractor of the Year Under \$50M**  
Associated Builders, Inc.



- **General Contractor of the Year \$50-\$250M**  
Chiarmonte Construction
- **General Contractor of the Year \$250-\$500M**  
Coakley & Williams
- **General Contractor of the Year Over \$500M**  
HITT

### Subcontractor Awards

- **Second-tier Subcontractor of the Year**  
Kogok Corporation
- **Subcontractor Safety Manager of the Year**  
Walter Santos, Titan Mechanical & Plumbing, Inc.
- **Subcontractor Project Manager of the Year**  
Jawad Hoorani, Press Mechanical Contractors, Inc.
- **Subcontractor Superintendent/Foreman of the Year**  
Lizbeth Mendez, Precision Wall Tech, Inc.
- **Subcontractor of the Year Under \$15M**  
Precision Wall Tech, Inc.
- **Subcontractor of the Year \$15-\$50M**  
Press Mechanical Contractors, Inc.
- **Subcontractor of the Year Over \$50M**  
Shapiro & Duncan
- **Service Provider of the Year**  
AssuredPartners, a Gallagher Company



### Special Recognition Awards

- **Industry Achievement Award**  
Dwight "Ike" Casey
- **President's Award**  
Andrew Cook, K&L Gates
- **Young Professional Award**  
Heather Asbury, Press Mechanical Contractors, Inc.



## SUBBY GALA SPONSORS

- **Platinum:** Hercules Fence, Telligent Masonry
- **Diamond:** Precision Wall Tech
- **Pearl:** Shapiro & Duncan, Press Mechanical
- **Gold:** Clark Construction, Grunley, Marsh & McLennan, Preferred Insurance, Southern Insulation
- **Silver:** Assured Partners/Gallagher, Balfour Beatty, Goldin and Stafford, Smith Currie
- **Bronze:** Consigli, Gilbane Building Company, HITT, The Whiting-Turner Contracting Company, John Moriarty & Associates, DPR Construction
- **Entertainment:** Chiamonte Construction Company
- **Cigar:** Havtech
- **Program:** Titan Mechanical
- **Centerpiece:** RCM&D
- **Cocktail:** Scaffold Resource, Steele Foundation
- **Dessert:** F.B. Harding Inc.
- **Wine:** Tindall Corporation
- **Photobooth:** Coakley & Williams Construction
- **After Hours Bar:** Winmar Construction, Vericon Construction Company
- **Coat Check:** Ferguson Enterprises
- **Registration:** Miller & Long Co. Inc., H&B Engineered Products
- **Water to Go:** Avalon Bay Communities, Document Crunch
- **Coffee to Go:** D2 Sitework, Industrial Disposal Services Inc./ Broad Run Recycling
- **Hotel Guest Gift Bags:** Pelles.ai
- **Kisses in a Jar / Blossoms:** Regeneracy, Inc.





# Construction Data & Figures

## Emerging Design Trends Surveys



Every quarter, hundreds of architecture firms share current project data to reveal new and emerging trends in residential design, providing an incisive look at the key features owners and buyers want—and purchase.

Architects and firms rely on the Home Design Trends Survey to educate homeowners about current trends they may want to explore and, ultimately, position themselves as knowledgeable professionals in the home construction and remodeling industry.

Starting with the Q1 2019 report, we have renumbered the reports to reflect the quarter in which they are released. Going forward, the quarterly breakdowns are:

- Q1: Kitchen and Bath ([View Q1 2026](#))
- Q2: Home and Property Designs ([View Q2 2025](#))
- Q3: Home Features ([View Q3 2025](#))
- Q4: Neighborhood and Community Design ([View Q4 2025](#))

**One variety of preconstruction tech is seeing more widespread usage than any other.**

Preconstruction technology has become a staple of the buildings and infrastructure industries over the past decade, but none more so than estimating software, according to BuiltWorlds' latest [Annual Preconstruction Benchmarking Report](#).

Nearly 90% of survey respondents (primarily general contractors) admitted to implementing an estimating solution at some level, with 64% saying that they use the technology on every project. That's a 42% year-over-year increase of usage on every project, and a 392% increase from 2022—the year BuiltWorlds began collecting granular, preconstruction tech user data—when overall implementation was at 13%.

Of the six preconstruction technology categories, three saw regular usage by over 70% of respondents: one was estimating, the other two were scheduling (83.3%) and bid management (71.5%).



**AGC**  
THE CONSTRUCTION  
ASSOCIATION

## Construction jobs increase in 30 states and the District of Columbia between February 2025 and February 2026; 22 states have one-month gain in construction jobs.

*Texas and Montana Have the Largest Number and Percent of 12-Month Increases, While California and Alaska Trail; Florida and Montana Lead in Monthly Gains, While New Jersey and Delaware Have the Biggest and Steepest Losses*

Construction employment rose in 30 states and the District of Columbia from February 2025 to February 2026, while 20 states added jobs between January and February, according to an [analysis](#) of new federal data released in April by the Associated General Contractors of America. Association officials cautioned there are signs construction is slowing in parts of the country and urged federal officials to pass a new highway and transportation bill before the current measure expires to avoid delaying additional projects.

"Severe winter weather in late January and February probably led to a drop in the number of states with one-month job gains," said Ken Simonson, the association's chief economist. "But construction is slowing in many parts of the country, apart from areas with data center, power, and large manufacturing projects, as other owners hold back on starting projects."

Between February 2025 and February 2026, 30 states and D.C. added

construction jobs, 18 states shed jobs, and employment held steady in Arkansas and New Hampshire. Texas added the most construction jobs (24,000 jobs or 2.7 percent), followed by North Carolina (11,200 jobs, 4.1 percent), Wisconsin (10,200 jobs, 7.1 percent), and Missouri (10,000 jobs, 6.9 percent). Montana had the largest percentage gain over 12 months (8.8 percent, 3,100 jobs), followed by West Virginia (7.6 percent, 2,600 jobs), Wisconsin and Missouri.

California lost the most construction jobs from February 2025 to February 2026 (-10,300 jobs, -1.2 percent), followed by Florida (-9,100 jobs, -1.4 percent), New York (-5,000 jobs, -1.3 percent), Arizona (-3,200 jobs, -1.4 percent), and New Jersey (-3,100 jobs, -1.9 percent). The largest percentage loss was in Alaska (-5.6 percent, -1,100 jobs), followed by New Mexico (-3.6 percent, -2,000 jobs), New Jersey, and Delaware (-1.6 percent, -400 jobs).

For the month, industry employment increased in 22 states, declined in 27 states and D.C., and was unchanged in South Dakota. Florida added the most construction jobs (1,100 jobs or 0.2 percent), followed by 1,000-job increases in Colorado (0.2 percent), Nevada (0.9 percent), and Ohio (0.4 percent). The largest percentage gain occurred in Montana (1.3 percent, 500

jobs), followed by 0.9 percent increases in Nevada and Idaho (700 jobs).

New Jersey experienced the largest number of construction job losses from January to February (-5,900 jobs, -3.5 percent). Other states with significant numerical losses included New York (-5,300 jobs, -1.4 percent), Illinois (-4,900 jobs, -1.9 percent), Missouri (-4,200 jobs, -2.6 percent), and Maryland (-4,100 jobs, -2.4 percent). The largest percentage loss was in Delaware (-4.4 percent, -1,100 jobs), followed by New Jersey and Missouri.

Association officials urged Congress to pass a new highway and transportation bill before the current law expires at the end of September to avoid delaying vital infrastructure projects. They added that the association has launched a new national campaign, called [America's Moving Forward](#), to push for passage of the vital legislation.

"Unless Congress acts on time, state and local transportation officials will have a hard time planning and budgeting for vital new road, bridge, and transit projects," said Jeffrey D. Shoaf, the chief executive officer of the Associated General Contractors of America. "Passing a new measure on time should help boost construction employment in many parts of the country."

## Construction materials costs climb in March, driven by near-record jump in diesel fuel price and further increases in prices for key metals.

*Construction Association Officials Warn Rising Metals and Fuel Costs Could Put Additional Pressure on Project Budgets; Impact on Project Delays and Costs Depends on Extent of Damage and War's Duration*

The producer price index for materials and services used in nonresidential construction recorded its largest one-month increase in four years last month, driven by a near-record jump in the price of diesel fuel and ongoing increases in metals prices, according to an [analysis](#) by the Associated General Contractors of America of government data released today. Association officials warned that fast-rising costs are pressuring contractors, making it

harder for project owners to go ahead with planned construction, and jeopardizing economic growth.

"The staggering jump in fuel costs only reflects prices as of mid-March," said Ken Simonson, the association's chief economist. "Diesel fuel prices have continued to rise sharply since then, while the destruction of aluminum facilities and blockage of ship movements due to the Middle East war is driving costs still higher."

The producer price index for inputs to new nonresidential construction climbed by 1.7 percent from February to March, the most since January 2022. The index rose 4.4 percent over 12 months, a three-year high.

The index for diesel fuel soared 37.8 percent from February to March 13, the day prices are collected each month for calculating the indexes. That increase reflected the impact of the first two weeks of the Middle East war, Simonson noted. The only larger one-month rise was a 39.7 percent jump during the Gulf War in 1990.

In the month since March prices were collected the average retail price of diesel fuel has jumped another 71 cents per gallon, or 14 percent, according to AAA, the economist added. He said contractors have reported being hit with rapidly increasing fuel surcharges on the thousands of

*continued next page*

# Construction Data & Figures

deliveries of materials and equipment to jobsites, in addition to the direct cost of fuel they buy for their trucks and construction equipment.

The indexes for three key metals used in construction continued to post outsized increases, driven by tariffs as well as the war. The index for aluminum mill shapes rose 1.2 percent for the month and 34.1 percent year-over-year. The index for copper and brass mill shapes rose 0.5 percent in one month and 21.3 percent over

12 months. The index for steel mill products rose 2.1 percent from February and 15.4 percent from March 2025.

Association officials noted that rising costs for metals and fuel highlight how sensitive construction supply chains remain to global disruptions and trade policy. They urged federal officials to pursue policies that reduce volatility in materials markets and provide greater certainty about the future cost of key construction inputs.

“Because contractors can seldom pass along cost increases after committing to a project, these extreme, sudden jumps are causing major hardship,” said Jeffrey D. Shoaf, the chief executive officer of the Associated General Contractors of America. “In addition, uncertainty over future costs and demand for structures may cause owners to delay or cancel previously planned projects, adding to contractors’ woes and slowing economic growth.”

View producer price [in dex data](#).



The construction industry added 26,000 jobs in March, according to an Associated Builders and Contractors analysis of data released by the U.S. Bureau of Labor Statistics. On a year-over-year basis, industry employment has grown by 57,000 jobs, an increase of 0.7%.

## Construction Employment Statistics March 2026

	March 2026	February 2026	March 2025	1-Month Net Change	12-Month Net Change	12-Month % Change
<b>Construction</b>	<b>8,330,000</b>	<b>8,304,000</b>	<b>8,273,000</b>	<b>26,000</b>	<b>57,000</b>	<b>0.7%</b>
<b>Nonresidential</b>	<b>5,029,400</b>	<b>5,017,200</b>	<b>4,943,000</b>	<b>12,200</b>	<b>86,400</b>	<b>1.7%</b>
Nonresidential building	941,800	937,300	924,600	4,500	17,200	1.9%
Nonresidential specialty trade contractors	2,883,000	2,879,100	2,838,100	3,900	44,900	1.6%
Heavy & civil engineering	1,204,600	1,200,800	1,180,300	3,800	24,300	2.1%
<b>Residential</b>	<b>3,300,600</b>	<b>3,286,300</b>	<b>3,329,900</b>	<b>14,300</b>	<b>-29,300</b>	<b>-0.9%</b>
Residential building	931,600	928,500	935,500	3,100	-3,900	-0.4%
Residential specialty trade contractors	2,369,000	2,357,800	2,394,400	11,200	-25,400	-1.1%
<b>Average Hourly Earnings</b>						
All private industries	\$37.38	\$37.29	\$36.11	\$0.09	\$1.27	3.5%
Construction	\$40.92	\$40.71	\$39.22	\$0.21	\$1.70	4.3%
<b>Average Weekly Hours</b>						
All private industries	34.2	34.3	34.2	-0.1	0.0	0.0%
Construction	39.2	39.5	39.3	-0.3	-0.1	-0.3%
<b>Unemployment Rate</b>						
All private industries (SA)	4.3%	4.4%	4.2%	-0.1pp	0.1pp	
Construction (NSA)	6.7%	6.9%	5.4%	-0.2pp	1.3pp	

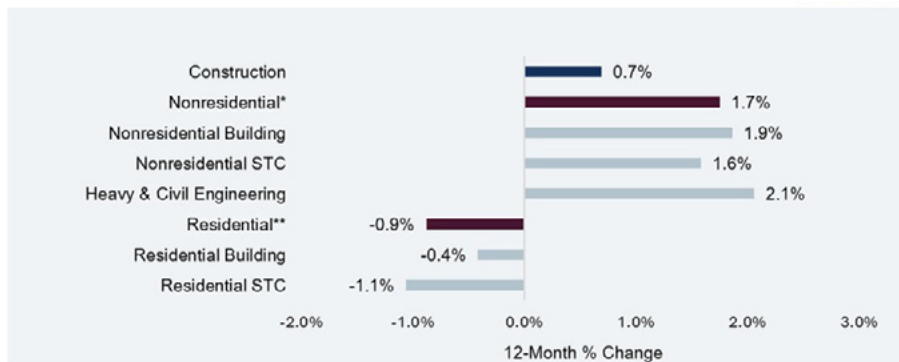
Nonresidential construction employment increased by 12,200 positions, with gains in all three subcategories. Nonresidential building added the most jobs, increasing by 4,500 positions. Nonresidential specialty trade and heavy and civil engineering added 3,900 and 3,800 jobs, respectively, in March.

The construction unemployment rate was 6.7% in March. Unemployment across all industries dropped to 4.3%, but is still 0.1 percentage points higher than one year ago.

“Construction employment rebounded in March as both the residential and nonresidential segments added jobs for the month,” said ABC Chief Economist Anirban Basu. “Industrywide employment has expanded by an average of 19,300 jobs per month in 2026. That’s a marked improvement from 2025, when construction employment actually declined, but there remains cause for concern about the industry’s outlook.

“The March jobs data do not capture the detrimental ways in which the conflict in Iran will continue to affect the construction industry,” said Basu. “Oil prices have risen to heights not seen since 2022 and diesel prices have soared to \$5.40 per gallon, up more than \$1.90 per gallon from the start of 2026. At the same time, higher treasury yields have put renewed pressure on borrowing costs. While contractors were relatively optimistic about the near-term outlook as of February, according to [ABC’s Construction Confidence Index](#), it remains to be seen how long that optimism can persist under current economic conditions.”

## Construction Employment Growth March 2025 v. March 2026



Source: U.S. Bureau of Labor Statistics, Associated Builders and Contractors

\*\*Includes Residential Building and Residential \*Includes Nonresidential Building, Nonresidential STC, and Heavy and Civil Engineering

# welcome

## NEW ASA MEMBERS!

- 1 Stone Construction Cleaning LLC
- 10-Spec
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- Adept Mechanical Services, Inc.
- ALK Asphalt
- Alliance Safety & Fire Protection
- Alliant Insurance Services
- American Momentum Bank
- Andrews Myers P.C.
- APCO Glass
- APG Federal Credit Union
- Arizona Business & Development, Inc.
- Armstrong Bank
- Automated Controls
- AVAdek
- Bobbyard
- Bobbyard
- Bold Entity
- Bosch Building Technologies
- BuildOps
- C. Global Inc.
- Carr Industries LLC
- Chances Bonding
- Cheek & Falcone. PLLC
- Cherry Coatings
- Cogent Bank
- Cohen Seglias Pallas Greenhall & Furman PC
- Control Tec Mechanical
- Cory's
- Crossroads Equipment Lease and Finance LLC
- Crossroads Investment Lending
- Cunningham, Inc.
- D10 Specialties
- Danson Insulation
- Deaver and Saldivar CPA Firm
- Design Build Masonry LLC
- Diamond Carports
- Document Crunch
- Drexler Insurance Services LLC
- Dux Commercial
- East Coast Earthworks
- Eastern Mechanical Contractors
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- Empower Business Solutions
- EquipmentShare
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- North American Formworx
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- Phoenix Direct Communications
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- Strategic Factory
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- Tex-Air Filters
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- The Alera Group
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- Trench- Ade
- Trident Mechanical Services
- VGM Holdings LLC
- Waste Connections of Colorado
- Waste Management
- Western Pipe Fabrication Inc.
- Willscot
- Wilson Glass
- WSMT Insurance



# SLDF NEWS HIGHLIGHT

**Below is a recap of the Colorado Supreme Court’s decision in the Wadsworth case, which was a huge victory for the construction industry, thanks to help and assistance of ASA and the Legal Defense Fund.**

Per Mark Gruskin— “the breadth of the Colorado Supreme Court decision underscores the severe negative impacts on subcontractors in particular and the construction industry generally in the Court of Appeals decision that was reversed unanimously by our Supreme Court. Unfortunately, in the intervening time between the Court of Appeals and Supreme Court decisions, subcontractors, including some of my clients, were deprived of their rights to assert claims for certain types of damages under our Public Works Act, some of which are now time barred.”

## Colorado Supreme Court Reinforces Subcontractor Payment Rights on Public Works Projects

by Mark D. Gruskin, Senn Fortis LLC

The Colorado Supreme Court recently issued a unanimous decision that significantly strengthens subcontractors’ and suppliers’ ability to pursue payment on public construction projects. For Senn Fortis clients, as well as many others in the construction industry, this ruling represents a meaningful course correction, reaffirming critical protections under the Colorado Public Works Act and reducing formerly significant risks in pursuing payment disputes on public works projects.

A prior Court of Appeals decision in *Ralph L. Wadsworth Construction Company v. Regional Rail Partners* had put subcontractors and suppliers in a very difficult position: assert the full value of a claim and risk losing all rights to recovery, or take a more conservative approach and risk not getting paid.

In its ruling, the Colorado Supreme Court rejected the previous Court of Appeals decision, holding that subcontractors may include disputed or unliquidated amounts in their claims and confirming that, even if a claim is later challenged, it does not result in a total forfeiture of recovery.

In doing so, the Court brought the law back in line with how construction projects actually operate and reinforced key protections for subcontractors and suppliers seeking payment. I was honored to support the American Subcontractors Association of Colorado and the American Subcontractors National Legal Defense Fund by participating as amicus curiae in this case, advocating for a fair and workable interpretation of the law.

### Key Changes from the Colorado Supreme Court Decision

#### 1. Disputed and Unliquidated Amounts Are Permissible

The Court confirmed that subcontractors may include disputed or evolving costs in a verified statement of claim, including:

- Delay damages
- Disruption costs
- Contested change orders
- Retainage (withheld amounts)

So long as the costs relate to labor, materials, equipment, supervision, or other project inputs, subcontractors may include them in a claim, even if the claim is not yet fully resolved.

#### 2. The Penalty for an “Excessive” Claim Is Limited

Equally important, the Court rejected the notion that an excessive claim results in total forfeiture of all claims, including contract and equitable claims. Instead, any forfeiture applies only to statutory remedies under the Public Works Act.

Subcontractors may still pursue recovery through:

- Breach of contract and equitable claims
- Bond claims
- Other available legal and equitable avenues

## Why This Ruling Matters for Subcontractors

### It protects subcontractors from overly harsh penalties when asserting claims

The Court of Appeals' interpretation created an untenable situation: assert your full claim (and risk losing everything), or understate your claim and risk not being paid, and rejected the assertion that the statutory term "amounts due" does not include disputed claims. In its decision, the Colorado Supreme Court acknowledged that even though certain claimed damages may be disputed or unliquidated, there is still the reasonable possibility that such amounts are due to the claimant.

### Brings balance back to risk allocation on public projects

Under the prior Court of Appeals ruling, any dispute of a claim could potentially trigger a finding that the claim was excessive, wiping out all recovery. The Supreme Court's decision

eliminates that dynamic and strengthens subcontractor position in public works payment claims and disputes.

### It acknowledges how construction projects actually operate

Delays, disruptions, and disputed costs are a real part of the construction industry. The Court recognized that subcontractors should be able to assert claims for these damages without the fear of losing all opportunity for recovery.

### Important Limitations Still Apply

Subcontractors should keep in mind:

- Claims must be grounded in actual project costs (labor, materials, equipment, supervision)
- Lost profits, costs for idle time associated with delays or disruptions, and purely consequential damages are not recoverable under the statute
- There must be a reasonable basis for the amount claimed at the time of filing

### More about the SLDF:

*Subcontractors deal with real legal challenges every day, issues that can affect how and when they get paid, how risk is shared, and how their businesses operate. The Subcontractors Legal Defense Fund (SLDF) helps make sure subcontractors aren't facing those challenges alone.*

*By supporting key legal cases and funding "friend of the court" briefs, the SLDF gives subcontractors a voice in decisions that shape the industry. Whether it's pushing back on unfair contract terms or addressing broader legal issues, this work helps create more balanced, fair outcomes.*

*The impact goes far beyond a single case. These decisions influence how contracts are written and enforced across the country, affecting thousands of subcontractors.*

*Supporting the SLDF is about standing up for the industry and protecting it for the long run.*

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## The Most Expensive Phrase in Health Care: “Go Down the Hall”

by Chris Cordon, Affinity Benefits

You get an MRI ordered. The doctor's office is inside a hospital system. Someone at the front desk says five words that will cost you thousands: “You can just go down the hall.” So, you walk down the hall. Get the MRI. **The bill: \$2,500. The same MRI at a freestanding imaging center ten minutes away? \$450.**

Nobody lied. Nobody committed fraud. The system worked exactly the way it was designed to...and that's the problem.

### The Facility Fee Trick

Over the past decade, hospitals have been buying up independent

physician practices at a staggering rate, more than 44,000 acquired since 2019. Once a hospital owns the practice, it reclassifies it as a hospital outpatient department. Same doctor. Same office. Same parking lot. But now every visit includes a “facility fee” that didn't exist before.

The result: hospital outpatient imaging costs 165% more than at freestanding centers. Hospital lab work runs 3.5 times higher than independent labs. An EKG at a hospital outpatient office: \$453. The same EKG at an independent practice: \$189.

Only 42.2% of physicians remain in private practice today, down from 60.1% in 2012. That shrinking number means fewer independent options for your employees, and more bills with facility fees baked in.

## The “Discount” That Isn’t

Your insurance company will tell you they negotiate aggressive discounts with hospital systems. They do. The problem is what they’re discounting from.

According to RAND Corporation’s 2024 study, commercial insurers pay hospitals an average of 254% of what Medicare pays for the same services. For outpatient services specifically — the ones your employees use most, that number jumps to 279% of Medicare rates.

So yes, your insurer got a discount. It’s still nearly three times what the government pays. The average emergency room visit costs \$2,715. The same issue handled at an urgent care clinic: \$165.

The gap varies by city, but it’s massive everywhere:

- **Houston:** ER visits average \$2,500 to \$3,200. Urgent care: \$150 to \$250.
- **Phoenix:** ER visits average \$2,300 to \$3,000. Urgent care: \$150 to \$250.
- **Chicago:** ER visits average \$2,600 to \$3,400. Urgent care: \$150 to \$275.
- **Atlanta:** ER visits average \$2,400 to \$3,100. Urgent care: \$140 to \$240.
- **Denver:** ER visits average \$2,700 to \$3,500. Urgent care: \$160 to \$275.

Every one of those ER bills lands on someone’s plan. Eventually, that’s your renewal.

## Cash Pay Beats Insurance

In many cases, paying cash at an independent facility costs less than using your insurance at a hospital.

A hospital charges \$401 for a basic CBC blood test. Quest Diagnostics or LabCorp charges \$32 for the same test. That’s a 12x markup. An MRI at a hospital: \$1,200 to \$3,000. At an independent imaging center: \$400 to \$800. Surgery Center of Oklahoma publishes all-inclusive cash prices and routinely saves patients 50 to 90% compared to hospital rates.

This isn’t a fringe strategy. Researchers estimate that 12 to 43% of all healthcare spending is on “shoppable” services; procedures where patients can compare prices and choose a provider. The savings are sitting right there. Most people just don’t know to look.

## The HDHP Question

High-deductible health plans now make up 29 to 33% of employer-sponsored plans nationally. RAND Corporation data shows HDHP members spend 14% less on healthcare than those in traditional plans.

Pair an HDHP with a Health Savings Account and the math gets interesting. HSAs offer a triple tax advantage — contributions are pre-tax, growth is tax-free, and withdrawals for qualified medical expenses are tax-free. For 2026, contribution limits are \$4,400 for individuals and \$8,750 for families.

But an HDHP only delivers value if your employees actually shop for care. Which brings us back to “go down the hall” ...the opposite of shopping.

## Tools That Actually Help

Price transparency is supposed to be the law. CMS requires hospitals to publish their negotiated rates. Only 36% are fully compliant. But several independent tools make shopping easier.

Healthcare Bluebook rates procedures as green, yellow, or red based on fair pricing. MDsave lets patients purchase procedures upfront at negotiated rates. FAIR Health Consumer provides cost estimates by ZIP code. New Choice Health compares imaging, surgery, and lab costs across facilities.

None of this is complicated. It just requires knowing these tools exist — and using them before walking down the hall.

## What ASA Members Can Do Today

Educate yourself and your employees. The single most valuable question in American healthcare is: “Is there an independent facility that does this?” Before accepting a referral down the hall, before scheduling at the hospital-affiliated lab, before defaulting to the ER — ask.

Use price shopping tools. Build them into your onboarding and communication. Make them part of how your company talks about benefits. Consider HDHP and HSA combinations that reward employees for being smart consumers. And remember: somewhere between 12 and 43 cents of every healthcare dollar you spend is on a service where the price can vary by 200 to 500% depending on where you walk in.

Health insurance is the only insurance anywhere where people usually want it to “use” it. Do you use your car insurance for an oil change? Given the increasing cost sharing responsibility of raised deductibles and copays, these are some ways to be more “value” conscious when you start to “use” your health insurance.

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### About the Author

Chris Cordon is a Benefits Consultant at Affinity Benefits, the program administrator for the ASAdvantage Health Plan.



## Statutory Notice Schemes, Payment Bonds, and Liens

by J. Brewer Anderson, Cobb Law Group



Despite the strong legal protections America has developed for construction contracts since our founding 250 years ago, many contractors still fail to utilize these protections to their full effect. Frequently, their attention can get caught up in the logistics and operational aspects of an upcoming project, resulting in niche, but helpful, legal protections being left in the dust. As such, with uncertainty and difficulty surrounding negotiations of contract terms, final contracts can often be oversimplified. While there is nothing inherently wrong with simple contracts, you may be lacking important terms that guarantee protections from job-site disruptions, disputes, and more.

### The Foundational Contract

As with everything on the construction project, legal protections start with the owner. Contracts between the owner, engineers, general contractors, etc. set out the groundwork for the whole project. Further agreements involving subcontractors and suppliers often build off (or even merge with) the originating contract. Prime contracts are therefore crucial to ensuring protection for all project participants.

While scope can often be glanced over or taken for granted as understood by all parties, it is important that the boundaries are clearly defined in the initial contract proceedings. Any gaps or overlap between general contractors or

engineers can create major problems, such as schedule disruptions, failure to complete required operations, or even damage to the project itself. When any of these problems arise, the flow of money can be disrupted and profits lost. Therefore, it is imperative that a clear and complete scope is outlined in the general contract with minimal room for personal judgement in the future, or on the jobsite.

Liability protections are also integral to contracts overseeing the project. While the determined scope often outlines the general liabilities and responsibilities, there are further protections that can be used in a contract to minimize monetary risk or loss. For example, limitation of

liability clauses and damage caps can be helpful to protect general contractors from excessive financial risk. Limiting the amount you can be held liable for and the acceptable claims that can be made against you will have a direct impact on the expected profits throughout long-term practice.

## Keeping Risk Out of Subcontracts

Similar to general contracts, a great deal of liability is contained within subcontracts. It is important to maintain healthy working relationships with subcontractors as you will often work with the same one(s) over the course of several projects. It is therefore helpful to reduce the number of disputes that could possibly arise between the GC and subcontractor when disruptions occur.

While indemnity is often misunderstood, it is necessary when detailing and accounting for liabilities between the General Contractor and subcontractor. Indemnification clauses shift the financial responsibility between the GC and the subcontractor when one causes damage or losses on the job site. These range from "narrow form", in which subcontractors are responsible only for their sole negligence to "broad form", where subcontractors are liable for all losses under contract. Indemnification clauses often vary on a state-by-state basis, so it is important to be aware of the protections available under applicable legal codes.

Flowdown clauses are useful as they preserve the baseline provided in general contracts and have agreements accepted between the GC and owner "flowing down" to agreements entered into between the GC and subcontractor. It is a catch-all that protects the general contractor as the employment of a subcontractor assumes their compliance with the owners' demands. This flowdown clause guarantees that consequences of breach of contract will be the sole responsibility of the party in breach of the terms and not unjustly attributed to a compliant party.

"Pay-if-paid" and "Pay-when-paid" provisions are contractually important as

they can define the financial relationship between the GC and subcontractor. "Pay-if-paid" places payment risks on the subcontractor; in the event of owner default, neither the subcontractor nor the GC will receive payment. Under "Pay-when-paid" clauses, the risk falls on the GC as there is a reasonable timeline in which the subcontractor must be paid, regardless of the GC's receipt of payment.

## Before the Work Starts

It is important to cover your procedural bases prior to beginning work on a jobsite as failure to do so can place you at risk of avoidable liabilities or loss of legal protections. Examples of important considerations prior to work on a job include but are not limited to:

- Applicable licensing and registration requirements met for operating area
- Signed contracts outlining the scope of work
- Adequate labor force for the scale of the job
- Notice of Commencement/Notices of Furnishing and delivery of Notice to Owner (if applicable)

## Translation to the Jobsite

When negotiations have been finalized, and work is begun on the jobsite, it can be difficult to maintain practices that protect your legal and financial rights. With change orders, delays, disruptions, etc., there are often more variables than a supervisor or project manager can reasonably keep track of throughout the life of a project. While it may seem like another nuisance to keep up-to-date records and copies of written correspondence, the complexity of a modern jobsite makes it more essential than ever to keep as much as possible documented and accessible to maintain accountability both within, and outside, your party's involvement on the jobsite.

Keeping documentation of all invoices, purchase orders, change orders, jobsite updates, signed agreements, correspondence between supervisory units, etc., is the most effective precautionary measure that can be taken

to protect from possible disputes that may arise throughout the lifespan of a project. Due diligence in this aspect can protect against accusations, double payments or missing payments, litigation, etc.

## After Project Completion

Securing payment can often come down to the awareness of legal protections that are available under the law. It often happens that suppliers or subcontractors can stop receiving payments, resulting in them ceasing work on the jobsite. This injures the party not receiving payment, and the rest of the jobsite as there will be delays arising from the loss of an integral subcontractor or supplier. Maintaining and keeping your lien and payment bond rights current can greatly reduce the risk of nonpayment. In the occurrence of nonpayment, valid liens and payment bonds allow contractors and suppliers to legally pursue missing funds, without the cost of litigation.

The available protections and the amount of complications that could possibly arise are innumerable. When unique circumstances arise or there is a clear opportunity to strengthen your legal claims, it is prudent to hire an attorney specialized in these matters. For example, when reviewing a contract that is unusually large in scope, an attorney's assistance can strengthen your rights and available protections. Additionally, attorneys can ensure that valid claims to payment are not lost in scenarios of nonpayment or other financial disputes. Short-term dealings with a contract lawyer may also prove to be beneficial in drafting a standardized and complete contract that can be broadly utilized over future contracts. Whether your firm feels the need to employ counsel or not, awareness of risk management techniques and legal protections are paramount to securing payment and maintaining healthy relationships between contracting parties.

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### About the Author

*J. Brewer Anderson is a Construction Law Paralegal at [Cobb Law Group](#).*



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- All essays must be less than 500 words and submitted by 5pm Eastern on June 30th to [mlevine@asa-hq.com](mailto:mlevine@asa-hq.com) and include ASA 60 / USA 250 in the subject line.



## Contract Risk—Four Things You Can Do to Mitigate It

by Doug Reitz, Maxim Consulting Group

Over the years, I have seen skilled subcontractors do outstanding work and then not get paid for it. It could be disputes that drag on for months, unforeseen delays, missed contractual deadlines or even a misunderstanding that escalated. For some owners and GCs, holding payment is the quickest and easiest way to get a trade contractor's attention or to even hold it ransom to get what they want in a dispute. Mitigating risk starts with the contract; knowing what is in it and being able to comply if challenges arise.

There are four key areas that affect risk and payment that you have little control over unless the GC and owner are willing to negotiate:

1. Timelines
2. Change processes
3. Billing processes
4. Dispute resolution

And there are two things you have control over:

1. Your internal processes to properly address the contractual requirements
2. Your internal process to determine if you should even bid the project due to known issues with the client, GC, or designers. Hope is not a plan. Be realistic. If things go south, ask yourself, "Can we afford to go through the pain physically and financially?"

Think about being a builder in everything you do, not just in construction, but everything else around it. You will need to build knowledge, relationships, systems, and processes to be successful.

Let's explore what you should be looking for in the contracts and examine where systems and processes can be used to help mitigate risk. My hope is that you can take these items and turn them into a positive impact on your company tomorrow. "Discipline Equals Freedom" – Jocko Willink. Have the discipline to review the contract documents and plan how you will handle them if challenges occur.

### Know Your Timelines and Notifications: Submittals, RFIs, Delays and Response Windows

Time is one of your most valuable assets on a project. Contracts define timeframes that affect your schedule, your procurement, and your liability. Understanding the requirements and hitting those target dates can help mitigate your liability.

- Submittal timeframes: When are submittals due, and how long does the design team have to review them? Is it built into your procurement schedule?
- RFI response timeframes: Unanswered RFIs can stall work and create claims. Know how many days the contract allows for response.
- Cost notification requirements: How quickly must you notify the owner or GC? Does
- Delay notifications: When weather, late deliveries, or owner-caused impacts delay your work, does your team have the tools to track and notify in a timely manner?

- Rain day and weather procedures: Many contracts have specific requirements for how weather delays are documented and claimed. Do you have a process to track rain and mud delays?.

For all the items noted above, create a calendar or task system for weekly follow-up to confirm proper dates are met.

### Change Order Processes and Who can Approve/Authorize

It is critical to understand the process for changes on the project in addition to the timelines, what format, overhead and profit allowed, time and material procedures, and force account work. There are owners and GCs that play the game to hold approval as long as possible. It's not right, but it happens.

Do not proceed with work until there is a meeting of minds. This could be an approved change order, direction to proceed on time and material, or direction on force account. In any case, negotiate the change order, time, and payment terms for the work (especially if there is over a month of work to be performed). This can dramatically affect your cash flow.

### Payment Processes

One of the most common challenges is treating payment as something that happens to you rather than something you can control. You do the work, you submit the pay app, and then you wait. Sixty days... Ninety days go by. You follow up once, maybe twice, and then you are sitting

in a cash flow crisis wondering what happened.

That is not a billing problem. That is a systems problem. You must build a payment follow-up process and implement it the same way you track a look-ahead schedule, submittals, and RFIs. Consistently, with accountability, every week.

- Know your pay application deadlines: There is a hard cutoff date for submitting pay applications each month. If you miss it, you may lose an entire billing cycle. Assign a person to track them by putting those dates in your project calendar and strive to be early each month.
- Review every week: Each week, your team should know the status of every outstanding invoice. Who has it? When is it due? What is holding it up? Treat aging receivables urgently, the same way you treat an overdue change order.
- Follow up at 20-30 days, not 60: If a pay app has not been processed within 30 days, pick up the phone. A professional, proactive call is not aggressive, it is leadership. It signals that you run a tight operation and you are helping in every way possible to keep things on track.

## Know the Rules of Engagement: Disputes, Claims, and Disputed Work

Disputes happen on construction projects. That is not a failure, it is a reality. What matters is that you understand the rules before you are sitting in the middle of one.

- Dispute resolution process: Does the contract require mediation before arbitration or litigation? Is there a defined escalation path?

- Claim notification requirements: Most contracts require formal written notice within a specific timeframe for claims to be valid. DO you have a process to track it?
- Proceeding with disputed work: Many contracts include a “proceed and protest” requirement, meaning you must continue performing disputed work while the claim is being resolved.

## Selecting the Project

Before you find yourself in a challenging situation, decide if it is a good project for your company. Here are some key questions to ask that may give you insight into building a good project selection process.

1. Have you worked with the design team and client in the past? Was it a good outcome?
2. Do you have the right team to lead this project?
3. Can the risk items in the contract be overcome and at what cost?
4. Is the project within your normal territory and can you provide proper oversight if it's not?
5. Do you have the working capital to do the project without stressing the company's financials?
6. Have you performed similar projects in the past successfully?
7. Have you performed past projects successfully with this delivery method?

If you answered no to more than a couple of these, you may want to reconsider pursuing the project. Hope and optimism are great but again, hope is not a plan.

## Build It Before You Need It

There is a trend emerging across the country with skilled builders. They

know how to read drawings, manage crews, and deliver quality work. But the contract terms, timeframes for notifications, and responses may go unmanaged. Building with paper as well as materials has become just as important these days. They go hand in hand. Without paper approvals, responses and authorizations, materials cannot be installed. Knowing the requirements and putting a process in place with weekly follow-up could eliminate 80% of your challenges.

Again, “Discipline Equals Freedom.” Treat contract review as a preconstruction activity, not an administrative formality. Build a system to track and follow through with items each week. The builders who lead their industry are not the ones who react the fastest to problems. They are the ones who build systems to prevent those problems in the first place.

I challenge you to be a builder: build trust, build systems, build accountability. They all become tools within you that you can use to mitigate risk for your company.

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## About the Author

*Doug Reitz is a Director with **Maxim Consulting Group**, where he works with contractors across the country to strengthen leadership, operations, and project execution. He is the author of **BUILD: A Blueprint for Constructing Success in Leadership and Life** and the owner of **Mark Wilson Construction** in Fresno, California. With more than 36 years in the industry, Doug brings a practical, builder-focused mindset to every aspect of the business—from the jobsite to the boardroom. He is available for keynote speaking, workshops, and peer group facilitation.*



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## The Law Is Catching Up to Retainage—and Subs Should Take Notice

by *Claire Wilson, Sitaline*

The math has never been pretty. A general contractor negotiates 5% retainage with the owner, then turns around and holds 10% from its subcontractors. You absorb twice the financial burden for the same project risk—at margins that typically run 3 to 10%. For most subcontractors, the retainage being withheld is most or all of their profit from the entire job, sitting idle until someone else's punch list gets finished.

This arrangement has been around since the 1840s, originally used to ensure laborers finished projects and didn't cut corners. The concept stuck, and so did the tendency to accept it as just part of how construction works, without much attention to what the law now actually requires.

Over the past several years, state legislatures have been steadily moving to constrain how much retainage can be withheld, how long it can be held, and—in the most significant recent reforms—whether a GC can hold a higher percentage from subcontractors than the owner holds from the GC.

More than 35 states now have some form of statutory retainage protection, and the laws passed since 2020 have been meaningfully stronger than what came before. Here's what's worth knowing and how to put it to work.

### What the Recent Reforms Look Like

The reforms vary by state, but several passed in the past few years are worth knowing specifically.

#### California (effective January 1, 2026)

California's newest retainage law is one of the most consequential in the country for subcontractors. For private works contracts entered on or after

January 1, 2026, SB 61 does two things:

- It caps retainage at 5% of the contract price for each progress payment, and
- It explicitly prohibits GCs from withholding a higher percentage from subcontractors than the owner is withholding from the GC.

In other words, the double standard—5% upstream, 10% downstream—is now illegal in California on covered projects.

As an added layer of protection, failure to make timely retention payments can result in penalties of 2% per month on the amount wrongfully withheld. Furthermore, none of these statutory protections can be contractually waived. ([Cal. Civ. Code §§ 8811, 8818, 8820](#))

#### New York (effective November 17, 2023)

New York's prompt payment law now imposes clearer limits on retainage for qualifying private construction projects (generally those with an aggregate cost of \$150,000 or more).

Under [Article 35-E](#):

- Retainage is capped at 5% of the contract sum, and
- Contractors and subcontractors cannot withhold a higher percentage than the owner is withholding upstream.

Retainage must also be released within 30 days of final approval of the work, aligning payment timing more closely with project completion rather than extended closeout delays.

Proposed amendments may further restrict attempts to contract around these limits, but subcontractors should confirm current law before relying on them. ([N.Y. Gen. Bus. Law §§ 756-a, 756-c](#))

#### Tennessee (effective July 1, 2020)

Tennessee has long had one of the more structured retainage frameworks, and recent updates have reinforced those protections.

- Retainage is generally capped at 5%, and
- On contracts of \$500,000 or more, retained funds must be held in a separate interest-bearing escrow account.

This law applies to all construction contracts—public and private—and in certain situations, allows a subcontractor to release retainage upon substantial completion of their own scope (rather than waiting for full project closeout). Failure to comply can result in statutory damages. ([Tenn. Code Ann. §§ 66-34-103, 66-34-206](#))

#### Minnesota (effective August 1, 2019)

Minnesota is often overlooked in these conversations, but its statute applies to both public and private building and construction contracts.

- Retainage is capped at 5%, and
- Its flow-down provision means that if an owner reduces retainage for the GC, the GC must pass that reduction proportionally to subcontractors.

The statute also sets firm timelines on retainage release: within 60 days of substantial completion. And once a GC receives payment, they have 10 days to get it downstream to subs.

Also worth noting is that after substantial completion, withholding is limited to amounts necessary to cover the cost of completing or correcting known work, which helps prevent retainage from being used as open-ended leverage late in the project. ([Minn. Stat. § 337.10, subd. 4](#))

## Illinois (effective June 1, 2027)

Illinois is the next state to watch, with changes coming to public construction projects in 2027.

The law includes a structured retainage framework—generally allowing up to 10% before the project reaches 50% completion, dropping to 5% thereafter—while also adding new limits on when retainage can be withheld at all. It also restricts a contractor's ability to withhold retainage from subcontractors unless retainage is actually being withheld upstream and attributable to that subcontractor's work.

For subs working on public work in Illinois, it's worth factoring into contract review today. ([See P.A. 104-0168.](#))

## A Baseline Starting Point

The American Subcontractors Association published Retainage Law in the 50 States in 2018, providing a state-by-state summary of caps, release triggers, and alternative security options.<sup>1</sup> It's a useful foundation, but it predates several of the reforms above, so use it as a starting point and verify the current rules in every state where you operate.

## Knowing the Law Is Only Step One

These laws reflect a sustained legislative trend toward recognizing that retainage burden falls disproportionately on the sub tier. But these statutory protections don't enforce themselves, and the law isn't the only lever you have.

Here's how to collect more of what you've earned, starting before you ever sign a contract.

### 1. Know the rules in every state where you operate—before the project starts.

Build a [state-by-state retainage reference](#) into your pre-contract review process the same way you'd review lien deadlines or insurance requirements.

Then, once the project is underway, use it: in states with flow-down provisions—California, Minnesota, and New York among them—a GC

withholding 10% while the owner holds 5% may be a statutory violation, not just an unfair practice. If that's happening, document the upstream retainage terms, raise the discrepancy in writing, and consult counsel if it isn't corrected.

### 2. Document the date that starts the statutory clock.

Most state laws tie retainage release to substantial completion. Write down that date the moment it's established, confirm it in writing with the GC, and treat it as the formal starting point for any statutory deadline. That one step turns a vague "we're waiting on payment" situation into a trackable deadline.

### 3. Cite the statute when you follow up.

There's a real difference between a general check-in and a written notice that states: "Per Minnesota Statute § 337.10, retainage on this project was due within 60 days of substantial completion, which occurred on [date]. That deadline has now passed." That framing puts the GC on notice that you know the rules, you're tracking them, and the conversation is no longer informal.

### 4. Know your lien rights in parallel.

Mechanic's lien rights are the most powerful enforcement tool subcontractors have when retainage doesn't come. They're time-limited, triggered by specific events, and vary significantly by state. Knowing your deadlines before you need them is operational due diligence, and waiting until you're in a dispute to figure them out is a common and costly mistake.

### 5. If the law isn't already on your side, know where (and how) to push.

State law may set the floor, but it doesn't prevent you from pushing for more in the contract itself. Here are some things subs should [get in the habit of asking for](#) when it comes to retainage:

- Ask for a 5% cap even on private projects where the law doesn't require it.

- Push for scope-based release so your retainage isn't tied to another trade's punch list.
- Ask about variable rates, a structure where retainage drops from 10% to 5% at the project's midpoint puts real dollars back in your hands while the work is still happening.
- Consider a retention bond on large, long-duration jobs. Instead of cash sitting in someone else's account for months, you provide a surety bond as security.

None of these gets offered voluntarily, but all of them are legitimate asks.

## The Bigger Picture

The retainage landscape has changed more in the past five years than in the previous 50. California's January 2026 law is the freshest example, but it's part of a pattern: state legislatures are increasingly willing to codify what the industry has long recognized as structurally unfair.

That's meaningful progress. But a law you don't know about can't protect you, and one you know about but don't use is just trivia. So treat these protections the way you'd treat any other contract right: know what you have, and be prepared to enforce it.

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### About the Author

*Claire Wilson is the co-founder and COO of [Siteline](#), a billing software for subcontractors. Previously, she was a project manager at Tishman Construction in New York City, where she worked on major projects like Hudson Yards and JP Morgan's Corporate Headquarters. She is an active CFMA San Francisco member, serves on the Bay Area Subcontractors Association board, and has spoken at numerous regional and national construction conferences. Claire holds a BS in Civil Engineering from Bucknell University.*



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## Top 10 Contract Red Flags Every Subcontractor Should Flag Before Signing

by Christian Fernandez, Snell & Wilmer L.L.P.

Winning the job is only half the battle. For many subcontractors, the real risk—and the real potential for lost profit—starts with the contract. Today's subcontracts are often written to push as much risk as possible downstream. If you're not reading carefully or pushing back where it matters, you may be taking on obligations that far exceed the value of the work.

The good news is that most high-risk provisions are predictable. Below are ten of the most common contract red flags subcontractors should consider identifying—and addressing—before signing.

### 1. Pay-if-Paid Clauses

Pay-if-paid clauses make your payment contingent on the general contractor being paid by the owner. In effect, you are taking on the owner's credit risk.

Why it matters: You can perform your work perfectly and still not get paid if the owner fails to pay upstream. Whether a pay-if-paid clause is enforceable typically depends on the state where the project is located. Some states have found these clauses to be against public policy and unenforceable.

What to do: Where possible, negotiate for a pay-when-paid clause instead, which typically requires payment within a reasonable time regardless of owner payment. At a minimum, try to include a time limit for payment or investigate the owner's financial stability before proceeding.

### 2. Broad Flow-Down Clauses

Flow-down clauses incorporate terms from the prime contract into your subcontract—often without attaching the actual prime contract.

Why it matters: You may be agreeing to obligations you've never seen,

including scheduling requirements, indemnity terms, or insurance obligations.

What to do: Request a copy of the prime contract and review it. If that's not feasible, negotiate to limit flow-down provisions to those directly related to your scope of work.

### 3. Undefined or Overly Broad Scope of Work

Vague scope language is one of the most common sources of disputes. Phrases like "all work necessary for a complete system" can expand your responsibilities far beyond what you intended to price.

Why it matters: You may be required to perform additional work without additional compensation.

What to do: Clearly define what is included—and just as importantly, what is excluded. Reference specific drawings and specifications, including dates or versions, and document any assumptions made in your bid.

### 4. No Clear Change Order Process

Many subcontracts include strict procedures for approving changes, often requiring written authorization before any extra work is performed.

Why it matters: If you proceed based on verbal directives or informal instructions, you risk a dispute arising and possibly not getting paid for that extra work.

What to do: Make sure the contract allows for practical realities. At a minimum, ensure that written directives via email or field authorization are sufficient to proceed. Train your project team to follow the process consistently.

### 5. "No Damage for Delay" Clauses

These clauses limit your remedy for delays to additional time—not additional compensation.

Why it matters: Delays can significantly increase labor costs, extend equipment rentals, and disrupt scheduling, all without reimbursement.

What to do: Attempt to negotiate exceptions, particularly for delays caused by the general contractor or circumstances beyond your control. Even if the clause remains, understanding it allows you to price the risk more accurately.

### 6. Overly Broad Indemnity Obligations

Indemnity provisions often require subcontractors to defend and indemnify the general contractor and others for claims arising out of the project.

Why it matters: Some clauses go beyond your own negligence and require you to cover the fault of others.

What to do: Limit indemnity obligations to damages caused by your own work or negligence. Also confirm that your insurance coverage aligns with the indemnity language—otherwise, you may be assuming uninsured risk.

### 7. Unreasonable Liquidated Damages

Liquidated damages (LDs) are pre-set amounts owed for delays. These are often passed down from the prime contract.

Why it matters: Daily LDs can quickly exceed your profit, especially if they are not tied specifically to delays you caused.

What to do: Negotiate a cap on LDs and ensure they apply only to delays directly attributable to your scope of work. If possible, request documentation of the upstream LD terms.

## 8. Termination for Convenience Without Protection

Termination for convenience allows the general contractor to end your contract without cause.

Why it matters: Without proper protections, you may not recover your full costs—or any anticipated profit.

What to do: Ensure the contract provides for payment for work performed, materials purchased, and reasonable demobilization costs. Ideally, include compensation for a portion of lost profit on unperformed work.

## 9. Strict Notice Provisions

Many contracts require subcontractors to provide written notice of claims, delays, or changes within very short timeframes—sometimes just a few days.

Why it matters: Missing a notice deadline could result in losing your right to claim additional time or compensation—regardless of the merit of your claim.

What to do: Negotiate reasonable notice periods and allow for practical methods of communication, such as email. Internally, establish systems to track and comply with notice requirements.

## 10. One-Sided Attorney's Fees and Dispute Terms

Some subcontracts allow only one party—typically the general contractor—to recover attorney's fees in a dispute.

Why it matters: This creates an uneven playing field and may discourage you from pursuing valid claims. Some states have found one-sided attorney's fees provisions to be against public policy and unenforceable.

What to do: Push for mutual attorney's fees provisions. Also review dispute resolution terms carefully, including venue and arbitration requirements, to ensure they are practical and fair.

## A Practical Pre-Signing Checklist

Before signing any subcontract, take a step back and run through a simple checklist:

- Is payment tied to owner payment?
- Are you bound to terms you haven't reviewed?
- Is your scope clearly defined?
- Can you realistically comply with change order and notice requirements?
- Are you taking on risk that isn't covered by your insurance?

Even a brief review can identify issues worth addressing before the job begins.

## The Value of Having a Construction Attorney in Your Corner

Spotting red flags is an important first step, but knowing what to do about them is just as critical. One of the smartest investments a subcontractor can make is building an established relationship with a construction attorney—not just for emergencies or when disputes arise, but as a regular part of doing business.

Before work begins, an experienced attorney can review and help negotiate the contract terms discussed in this article. Subcontractors are experts at building—not at parsing legal language designed to shift risk. A brief contract review before you sign can identify problematic clauses, clarify your obligations, and give you leverage to negotiate better terms. In many cases, the cost of a contract review is a fraction of the cost of the dispute it may prevent.

Just as important is involving your attorney early when a dispute may be developing—before it spirals into costly litigation. When a payment dispute, scope disagreement, or delay claim starts to surface, an attorney who already knows your business and your contracts can step in quickly, even behind the scenes, to help you document your position, respond strategically, and preserve your rights. Early legal involvement often resolves issues at the negotiation stage, saving subcontractors

significant time and money that would otherwise be spent in arbitration or court. Think of it this way: an attorney who reviews your contracts before you sign and advises you when problems first arise is not an expense—it is a risk management tool, no different from insurance or bonding.

## Conclusion: Don't Just Win the Job—Protect the Job

In today's construction environment, contracts are one of the primary tools for shifting risk. Subcontractors who take the time to understand and negotiate key provisions—and who have the right professional support in place—are better positioned to protect their margins and avoid costly disputes.

The goal isn't to eliminate all risk—that's rarely possible. But by spotting these common red flags early, you can make informed decisions about which risks to accept, which to price, and which to push back on.

Because in the end, the most successful projects aren't just the ones you win—they're the ones you finish profitably.

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### About the Author

Christian Fernandez is a member of the firm's commercial litigation practice group. In addition to handling general commercial disputes, Christian's practice focuses on construction, real estate, and investigations, government enforcement and white collar protection. Christian has experience representing clients throughout the litigation process, including trial. In his construction practice, Christian regularly represents owners, developers, contractors, subcontractors, and suppliers in all aspects of construction disputes, including delay, defect, wrongful termination, change order, mechanic's liens, and breach of contract disputes. More information on Snell & Wilmer can be found at [https://www.swlaw.com/people/christian\\_fernandez/](https://www.swlaw.com/people/christian_fernandez/).

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**Presented by: Jamie Hasty**

*Ms. Jamie M. Hasty is a Vice President with SESCO Management Consultants, Bristol, Tennessee and Richmond, Virginia. Jamie graduated from East Tennessee State University with a B.B.A in Human Resources Management. Her professional affiliations include the Society for Human Resource Management and various state Chambers of Commerce.*

*Jamie is a Generalist consultant in all areas of human resource management with specialties in affirmative action, policy development, wage and hour accounting, employment regulation compliance, training and development, compensation and performance management systems, labor relations, client representation with state and federal agencies like the Department of Labor, employee satisfaction assessments, executive screening and placement, and general human resources consulting. The variety of client engagements and daily interaction over the course of Jamie's career enables her to provide practical, helpful and legal advice and support to clients in all industries throughout the country.*

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*Mr. Conner is Area Executive Vice President, Executive Lines, Risk Placement Services, Inc.*

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**Experience:**

*Adam began his career when he joined Risk Placement Services (RPS) in 2006. He spent three years with Aon before returning to RPS in 2013. He is a national cyber liability specialist. He has worked with numerous organizations, and associations to help create unique offerings to their members working with domestic and international insurance carriers, brokers, and reinsurers. He has also worked closely with large private organizations to help create cyber programs*

*and best practices for the betterment of their security.*

**Education and Professional Designations:**

- Bradley University—B.S., Finance

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## Break Glass in Case of Emergency—

### Preparing your organization for the inevitable “hiccup” or roadblock

by Gregg M. Schoppman, FMI Corp.

Reflecting on the worldwide cyber outage in mid-2025 has been an eye-opening experience. This is certainly not about technology or redundancy, but there are certainly nuggets that could be gathered in that bucket. This is about how the firm prepares for the hiccup or inevitable “rock in the road” that will occur in the business or on a project.

There are two observations that take center stage. The first was the football field-sized queue that was in one of the major airports. Once again, hardly unexpected in light of the thousands of stranded travelers. However, what was shocking was the two airport representatives servicing the overwhelming number of frustrated

passengers. It was safe to say they probably had the worst job in the world that day. Secondly, there was the gate agent in that same airport, who by all accounts was an established senior leader, as designated by the color of their blazer. However, it was quickly apparent that this person was overwhelmed and had no ability to make positive changes or even deal with the pressure of the moment. One could make an argument that no one is prepared for an unprecedented event such as the internet being turned off. On the other hand, isn't it incumbent on leaders to equip their teams to prepare for the unexpected? Realistically, airlines are constantly playing “defense” and there seem to be so many

instances like they are seeing a delayed flight for the first time ever.

If the pandemic should have taught us all one thing, it is that you never know what is coming down the line. In the last couple of years, it seems like everyone is collecting “unprecedented world events” like one collects baseball cards. The “that will never happen” happens with such frequency that we are almost numb. Yet, whether it is some massive “happening” or even a simple project roadblock, there appears to be a naivete that permeates even the most seasoned business leader. No one wants to always play the devil's advocate, anticipating the worst-case scenario – if you aren't careful, you quickly become branded as the “Debbie Downer” (insert the blaring trumpet). However, there has to be a sense of realism in business leadership and project leadership that worse case scenarios have to be considered and anticipated. There is the old adage that you plan for the worst and hope/work for the best. Advice has never been wiser but how many organizations have contingency plans that are articulated, strategized and ultimately implemented effectively and efficiently?

### Business Scale

Reflecting on the Pandemic often gives people a bad case of hives. Whether it was thinking about social distancing, orchestrating effective supply chain management or thinking about the long-range ramifications of the firm's backlog, there is no shortage of lessons learned. However, how many businesses had that “Black Swan Plan” that was expeditiously engaged when the first “quarantine” was engaged? Realistically, there were probably a few firms, if any, that had a Pandemic Response Kit. More than likely, it was stored with the Zombie Apocalypse Kit. However, while not every emergency will shutter the world, there are plenty of events or scenarios that will have a long



lead in to allow leadership to take the respective steps. For instance, one of more common events is a hurricane. By no means do we think that living through a hurricane is easier than a pandemic or cyber outage. The point is that tropical events normally provide some notice of their impending arrival, coupled with the ubiquitous “cone of uncertainty.” The closer the storm gets, the less the uncertainty. However, how many residents heed the warnings and spend the lead in, boarding up their windows, sandbagging their house and leaving that location with their families? The majority of the population is proactive but think about how absurd it is to see that one person boarding their windows as the storm is raging on their doorstep. Certainly, is a daunting task holding a 4X\* sheet of plywood in a gale storm. Yet, how many businesses fail to spend the requisite time developing and gaming the “what if” scenarios occur in their business. For instance, consider the following items:

- **Black Swan Event**—Named by Nassim Taleb to describe highly unlikely negative events that are seemingly impossible to predict. While no one knows when/if a pandemic, financial crisis, or world war will ever occur, there should be a “Break Glass in Case of Emergency” plan that at least provides the starting point for business to consider. There are an infinite number of events that could occur on a macro-level scale so the framework and action plan must be more generic, allowing for adaptability and allowances for specific conditions
- **Recessionary Markets**—While hardly catastrophic, recessions happen and will always be a part of any economic cycle. What does this mean for the business in terms of backlog? Cost structure? Crews? Capital expenditures? While some leaders see a recessionary market as a time to hunker down, others will see this as an opportunity for strategic growth. Assuming there is enough preparation, astute leaders will capitalize.
- **Customer/Market Attrition**—Lose a customer? Not catastrophic unless that one customer is 50% of your

business. More importantly, what happens if a sector disappears? For instance, what if your business specialized in tenant improvements for Blockbuster Video stores? Not only did they go away but the entire market vaporized.

These types of scenarios are also listed in terms of severity as well. The commensurate amount of internal deliberation should be reflected in the amount of time strategizing for the event. For instance, it is probably prudent to have more detailed mitigation plans to address losing a top customer/market as compared to the start of World War 3. Ultimately, the job of leadership is to be forward thinking and proactive.

## Project Scale

Project managers, superintendents and foremen are some of the greatest optimists. Rainbows, unicorns and pots of gold are all we anticipate yet every project ends up with stormy skies, dragons and a bucket of “ahem” lead. The greatest project managers constantly demonstrate forward thinking and more importantly an affinity for worst case scenario situations. For instance, some of the following elements should be covered within your project risk register:

- **Weather Impacts**—Weather is always a wild card, and it appears to be getting worse and less predictable. We certainly don’t control the weather but are our productivity rates, schedules, etc. all based on best case scenarios? What is our back-up plan if we have unseasonable rain/snow? What are our hot weather best practices?
- **Supply Chains**—If we learned anything from the Pandemic, nothing is “standard” or “off the shelf.” What do you know about the worst-case scenario for all aspects of your material supply chain?
- **Trade Contractor Participation**—We never like to think a critical trade partner will disappear but what if that critical path trade partner goes bankrupt? Who is our back-up plan?
- **Municipality Entanglements**—While you can’t fight City Hall, you better have factored in the ramifications of

how they will handle plan reviews, inspections, fees, etc.

- **Customer Changes**—While no customer has ever changed their mind – ahem – this is more about the customer changing the script. What happens if the customer downsizes? What happens if your contact goes away?

Once again, scenario planning can easily become an infinite exercise and the probability of each event must be factored to ensure the right amount of time is expended in “potential solution generation.”

Mike Tyson was famous for his quote, “Everyone has a plan until they get punched in the mouth.” We are certainly not privy to what the airlines, banks, etc. had in place as back-up plans prior to the cyber outage. There may have been the most proactive plan sitting in a filing cabinet. Ultimately, the success of these plans will be measured on the outcomes. It is incumbent on everyone to have not only a relevant contingency plan, but also demonstrate confidence in the execution. Rather than cower behind the desk, everyone from the field to the top leader in charge has to act like they’ve been there before, even if they’ve never seen a zombie before.

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## About the Author

As a principal with FMI, Gregg specializes in the areas of productivity and project management. He also leads FMI’s project management consulting practice. He has completed complex and sophisticated construction projects in several different niches and geographic markets. He has also worked as a construction manager and managed direct labor. FMI is a unique and fast-growing firm of professionals passionate about creating a better future for engineering and construction, infrastructure and the built environment throughout North America and around the world. For more information on FMI, please visit [www.fminet.com](http://www.fminet.com) or contact Schoppman by email at [gschoppman@fminet.com](mailto:gschoppman@fminet.com).

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# FEATURE

## Turning the Tide on Small Business Healthcare Costs

In a recent Affinity Benefits podcast, Richard Bright, CEO of ASA, sat down with Chris Cordon, Benefits Advisor at Affinity Benefits, to unpack one of the most pressing challenges facing small and mid-sized businesses today: the rising cost and growing complexity of healthcare coverage. What followed was a candid, practical conversation about why the system feels broken, what business owners get wrong, and how association-based solutions are quietly changing the game.

### **Q: What led you into the benefits and insurance space?**

Chris Cordon's journey is deeply personal. He entered the industry more than 16 years ago after watching his mother struggle through serious illness and ultimately losing her to ALS. That experience lit a fire in him, especially as he began working with small and mid-sized business owners and hearing the same frustration year after year: costs climbing, options shrinking, and no clear path forward.

### **Q: What has changed most for small businesses trying to access healthcare?**

Healthcare has become the second-largest expense for many small companies. While regulations like the Affordable Care Act were intended to protect consumers, mechanisms such as the Medical Loss Ratio have unintentionally encouraged higher premiums. When insurers earn a percentage of total spend, rising costs increase profit. Add vertical integration and reduced competition, and the pressure continues to mount.

### **Q: Why are premiums rising so quickly?**

Individual market premiums recently jumped an average of 18% nationwide, while small-group plans rose about 10%. Pharmacy costs now make up nearly 40% of total healthcare spend, driven by consolidation and expensive specialty drugs. For small businesses, these increases compound each year, creating unsustainable long-term costs.

### **Q: What mistakes do business owners commonly make?**

Many owners stick with their current providers, as they have limited time, tools or carrier access. Others choose the cheapest plan, often at the expense of meaningful coverage for employees. Both decisions can result in higher long-term costs and employee dissatisfaction.

### **Q: How does an association-based health plan help?**

By pooling risk across a large group, association plans offer greater stability and predictability. While individual and small-group plans frequently see double-digit increases, the association plan discussed in the podcast has averaged increases closer to 5%, with some members seeing flat or even reduced rates.

### **Q: Is it difficult or risky to explore?**

No. There is no cost or commitment to getting a quote, and the digital process takes about six minutes to start. Enrollment is ongoing, so businesses are not locked into traditional renewal timelines.

### **Q: Can members keep their doctors?**

In most cases, yes. The program offers access to broad national PPO networks and simple provider lookup tools to confirm coverage before making any changes.

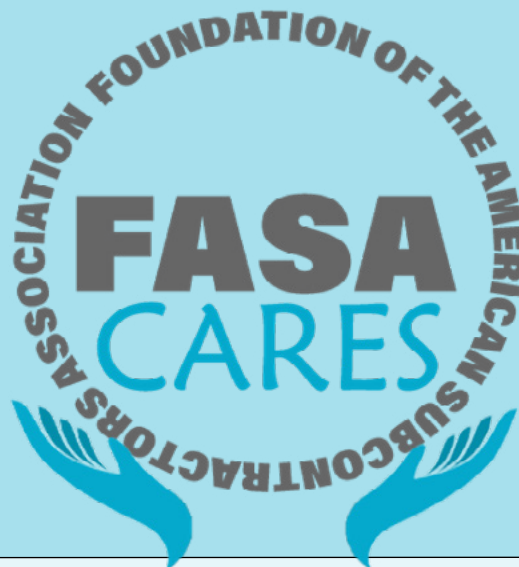
### **Big Takeaways**

- Healthcare inflation is accelerating, and small businesses feel it first.
- Fewer carrier choices mean doing nothing is no longer neutral.
- Stability and predictability matter as much as price.
- Exploring alternatives does not mean abandoning relationships—it means being informed.

### **Call to Action**

If you are facing yet another double-digit premium increase, the real question is why you would not explore better options. Association-based health plans provide a proven path to stability, cost control, and better outcomes for both employers and employees.

There is no cost, no obligation, and no downside to taking a closer look. Spend six minutes to get informed and decide from a position of strength. Your business and your people deserve it.





# FEATURE

## What AI Deep Research Mode Does for Marketers and Business Owners

by Mary Klett, ASA Communications Team

Most people use AI for basic writing tasks, but deep research mode unlocks a much more advanced capability. Instead of relying only on what the model already knows, deep research sends AI out to actively

investigate—reviewing websites, reports, documents, URLs, and large volumes of source material—then synthesizing that information into practical insights.

For business owners, that changes the game. Rather than manually tracking competitor activity, market shifts, customer behavior, and industry trends, AI can gather and organize the



information quickly, then highlight the patterns that matter most. The result is not just more data, but better-informed decisions.

Before using deep research mode [available under the + sign on Claude, ChatGPT, and Gemini], there are a few important things to understand. First, it is typically available only on paid plans for platforms such as Claude, ChatGPT, and Gemini, and usage limits may apply. Second, the quality of the output depends heavily on the quality of the instructions. Deep research works best when the AI is assigned a clear role—such as analyst or researcher—and given a detailed briefing. Third, results are rarely instantaneous. While a basic AI prompt may take seconds, deep research can take significantly longer because the system is reviewing and processing much larger amounts of information.

The strongest prompts for deep research usually follow three principles: clarity, context, and cues. Clarity means defining the AI's role and the exact research objective. Context means giving the AI enough background to understand your business, goals, audience, offer, and the decision the research is meant to support. Cues include supporting materials such as customer feedback, landing pages, business plans, survey data, campaign assets, or competitor examples. The more relevant information you provide, the more useful the output becomes.

It also helps to build the prompt as a step-by-step standard operating procedure rather than one giant open-ended question. Instead of asking for a broad analysis all at once, guide the AI through a sequence of actions that build on one another. This layered approach improves both accuracy and depth. A smart addition is to ask the AI to provide clarifying questions before it begins so it can

identify missing information instead of making assumptions..

For example:

- **Step one:** Read through the full tax legislation.
- **Step two:** Produce a report on the implications for her specific business entity and location, given the business context she provided.
- **Step three:** Read through all the federal funding bill reports.
- **Step four:** Identify companies most likely to benefit from the funding shifts.
- **Step five:** Run individual financial research on each of those companies.
- **Step six:** Generate a final report with investment recommendations, scored by growth potential and ROI.

Each step feeds the next, and the layered approach dramatically improves both the depth and quality of the final output.

For business owners and marketers, the use cases are significant. Deep research can analyze complex documents, track platform changes, monitor competitor positioning, identify shifts in buyer psychology, evaluate marketing funnels, and compare software or product options before a purchase. It can also help generate tailored reports by combining internal business materials with public information from across the web.

For example, want to know about the impact of impending tax legislation on your business? Using Gemini's deep research mode, a researcher had it process more than 1,000 pages of tax legislation and produce a tailored report on the implications for her S-corp in California. The process took approximately three hours and surfaced the exact questions to bring

to her accountant, the changes to anticipate, and how to restructure her business accordingly.

Deep research is well-suited to analyzing what's currently happening in your specific industry - or construction in general - and how AI and emerging technologies are likely to affect your space over the next few years. Use it to run a full competitive analysis to understand where to position yourself relative to competitors in the market. You can also ask it to identify where your offer might be expanded or future-proofed as the landscape shifts.

Deep research is effective for evaluating competing software tools or products before making a purchase decision. It can compare features, pricing, user feedback, and fit for your specific needs across multiple options at once.

Among the major tools, Claude, ChatGPT, and Gemini each bring different strengths. Claude is often valued for reasoning and long-document analysis. ChatGPT is known for structured thinking and speed. Gemini stands out for deep web research, handling multiple URLs well and drawing from Google's broader ecosystem, including video. For anyone trying to make faster, smarter business decisions, deep research mode is becoming one of AI's most useful capabilities.

But it all hinges on your prompt. And that takes practice...and trial.