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Associated Subcontractors of Mass. president's message: Raising the bar

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This summer marks two years since the passage of the construction industry Prompt Pay Law - a law that was years in the making and a true milestone, not only for ASM but for the industry. On paper, the changes were dramatic; but real change comes slowly in construction, and two years later, the industry is still adjusting. In recent months, however, I have personally noticed real improvements across the board: projects with detailed payment schedules and deadlines; and new procedures in place for faster processing of change orders. It's great to see, and it can only get better.

ASM's efforts to improve the industry did not end with Prompt Pay, however. As president of ASM, it has been my goal to raise the bar for the association, subcontractor businesses and the industry as a whole. In that vein, ASM is now aggressively pursuing legislation to address the unique industry practice of "retainage," i.e., holding back earned funds until the end of the project. ASM's goal is simple - to limit the amount of retainage to a reasonable 5%, down from the 10% that is typical today, and to get it released quickly after the work is complete and approved, instead of months later.

We see this bill as a natural extension of the Prompt Pay Law - assuring companies get the funds they have earned and need to meet payroll, pay suppliers and run their business. It's not just about fairness; it's about providing needed relief to businesses that provide many jobs and are vital to the economy of our state.

The bill has made great progress on Beacon Hill this session, and we look forward to the day very soon when Mass. becomes the 30th state to take action on this important issue.

On a different front, I am proud to report another major milestone for ASM: We have just been approved by the state's Division of Insurance to form a "group health purchasing cooperative" for our members, to help save on the costs of health insurance. ASM is just the third cooperative to be authorized in the state, out of only six that will be allowed. It is truly a major achievement, and we owe our thanks to TGA Cross Insurance, who partnered with us on our application to the state.

Please read more below about this exciting new venture - which is all part of ASM's ongoing efforts to improve the business climate for subcontractors, in every way possible.

David Cannistraro is president of the Associated Subcontractors of Mass., Boston.

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