Substance

The Summer 2026 Issue

A Publication From the Illinois Mechanical & Specialty Contractors Association

IMSCA Leadership

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President

Karsten Pawlik is Vice President of Operations at Alpine Demolition Services, LLC (Alpine), a position he has held since 2002. Alpine is a selective, structural and infrastructure demolition company serving primarily the Chicagoland Area. Karsten has degrees in Civil Engineering from the University of Florida and an MBA from Northern Illinois University. Karsten is past president at ASA Chicago, and a former board member of Fox Valley AGC and National Demolition Association.

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Todd Byxbe is the Vice President of Miller Engineering Company located in Rockford, IL where he has been employed for nearly 35 years. Todd serves on the National Board of Directors for the Sheet Metal and Air Conditioning Contractors National Association (SMACNA National). In addition, Todd serves as SMACNA National Midwest Political Liaison where he is responsible for meeting with US Senators and Representatives to achieve continued growth for the construction industry and the advancement and influence of SMACNA.

Tammy Rich Stimson

Treasurer

Tammy Rich Stimson loves being a part of a 2nd generation family-owned business. Over her 27-year tenure at G.A. Rich & Sons, Inc., Tammy has been presented with many opportunities to grow both in the business and in leadership roles with the Illinois Plumbing Heating Cooling Contractors (ILPHCC). Tammy started her career as an assistant project manager/estimator and bid runner. Over the years, she has worn many hats and held various positions such as Safety Director, Lead Estimator, and Chief Financial Officer; currently serving as the President of G.A. Rich & Sons, Inc. Working in a family-owned business has allowed her to be involved in PHCC at the local, state & national levels, including serving as Illinois' first woman president.

IMSCA Leadership

Billy Serbousek

Secretary

Billy Serbousek has worked for the Illinois Chapter NECA since 2004 and took over as the Executive Director in 2012. There are 8 IBEW Local Unions within the jurisdiction of the Illinois Chapter covering Bloomington/Normal, Champaign-Urbana/Steator-Pontiac, Danville, Decatur, Springfield, Jacksonville and all counties south from east to west in the state of Illinois. He currently serves as Officer or Trustee of 8 trust funds. He is also a graduate of the Institute of Organizational Management sponsored by the United States Chamber of Commerce as well as a graduate of the VOLT Academy. In addition he serves on 4 Local Labor Management Committees in their Danville, Champaign-Urbana/Streator-Pontiac, Southern Illinois, and Southwestern Illinois Divisions. Currently he is serving as the Co-Chair of the 2026 Electrical Expo of Missouri and Illinois hosted in St Charles, Missouri that is held every three years.

James T. Rohlfing

Special counsel

James T. Rohlfing is a partner in the national law firm of Saul Ewing LLP, where he is a member of the firm's Construction Practice Group. He represents subcontractors and other participants in the construction industry in resolving legal disputes and protecting his clients' rights. He is editor of the highly-acclaimed and comprehensive treatise Illinois Construction Law Manual, published by Thomson Reuters. Mr. Rohlfing is special counsel as well as the past president of IMSCA, the largest organization for subcontractors in Illinois. He is an active member of the ABA Construction Forum, the Society of Illinois Construction Attorneys (SOICA), the Chicago Bar Association's Construction Law committee, and the Association ofSubcontractors and Affiliates of Chicago. He has drafted and assisted in passing Illinois legislation critical to the Illinois construction industry and he has testified on construction law issues before committees of the Illinois Legislature.

S.J. Peters

Immediate Past President

S.J. Peters has served as Executive Director of the PCA of Greater Chicago & Plumbing Council since 2006. He previously was Communications Director for UFCW Locals 1546 & 881 for 16 years. A graduate of Loyola University Chicago, S.J. worked professionally in broadcasting, publishing and PR before launching a career in non-profits. He also currently serves on the Boards of CISCO and UAC. S.J. and his wife, Carrie, reside in Chicago's western suburbs and are the parents of two grown daughters.

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2026 Illinois Legislative Review: A Hectic Spring Session Concludes

By: Neil Flynn, Sean Flynn, Daniel Flynn

The 2026 Spring Session of the Illinois General Assembly has officially concluded, with both chambers adjourning after a flurry of activity in the session's final days. Legislators navigated a heavy workload, balancing an ambitious $55.9 billion FY2027 state budget amidst major policy debates that will have lasting implications for the state's energy and construction sectors.

Legislative

While the budget negotiations dominated the final hours of the session, the legislature also addressed several high-profile issues:

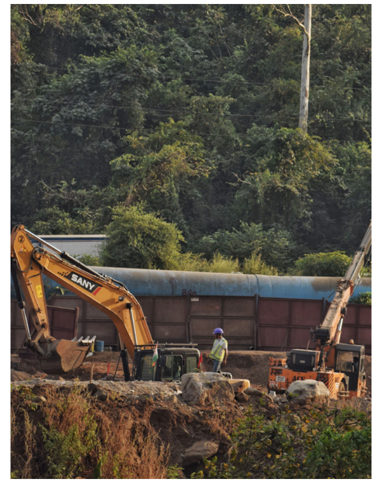
State Budget & Revenue: A $55.9 billion spending plan for FY2027 was approved. Notably, the accompanying revenue package (SB 3019) includes new tax provisions targeting social media companies and digital assets.

Healthcare: SB 3365, a primary Medicaid package addressing managed care standards and provider reimbursements, passed unanimously. This bill was approved by the Governor on June 16, 2026 - Public Act 104-470.

Energy: Following the 2025 Fall Veto Session's "Clean and Reliable Grid Affordability Act," legislators approved HB 1700. This measure includes updates to various energy statutes, including a mandate for project labor agreements on renewable energy projects receiving state incentives. This bill was signed into law on June 26, 2026 - Public Act 104-477.

Chicago Bears Stadium: Despite significant anticipation, a final legislative agreement regarding stadium incentives did not materialize before adjournment. With the Bears' organization announcing a potential move to Indiana, the issue remains unresolved, though some officials speculate it may be revisited after the November elections and during the Fall Veto Session.

Data Center Policy: A Shift in Strategy



One of the most significant developments occurred after the session's close. Despite the failure to pass the POWER Act (HB 5513/SB 4016)—legislation intended to mitigate the strain of large-scale AI and data centers on the power grid and water resources—Governor Pritzker issued an executive directive on June 5, 2026.

Effective July 1, 2026, the Governor has ordered the Illinois Department of Commerce and Economic Opportunity (DCEO) to pause the processing of all new state tax incentives for data centers. This pause will allow the administration and stakeholders to construct a comprehensive regulatory framework, with a formal review planned for the upcoming Fall Veto Session. The directive also mandates a study to determine the impact of existing data centers on local energy grids and economies, while existing agreements under the Data Center Investment Program remain grandfathered.

Construction Industry Update: Legislative Proposals

Several bills from the 2026 Spring Session directly affect the Illinois construction industry. Below is a summary of the status of these key proposals:

SB 3465 (Temporary Restroom Requirements): This legislation passed both chambers and is expected to receive the Governor's approval. SB 3465 updates the Construction Site Temporary Restroom Facility Act to include sanitary conditions for lactation and for those workers who menstruate, provides new requirements for separate facilities, and authorizes inspections by local public health agencies.

SB 3393 (Labor Omnibus Package): While this package, which included revisions to the Prevailing Wage Act and the Paid Leave for All Workers Act, passed the House, it was not called for a concurrence vote in the Senate. Negotiations are expected to resume in the Fall Session.

HB 4751 (Prevailing Wage "Clean Up"): An IMSCA initiative aimed at restoring pre-Public Act 104-17 provisions, this bill failed to advance. As a result, beginning July 1, 2026, apprentices must be paid full journeyman fringe benefits on all projects covered by the Illinois Prevailing Wage Act.

HB 4076 (Paid Leave for All– Construction Industry Exemption): This bill sought to repeal the exemption for construction industry employees governed by collective bargaining agreements. It remains in the House Rules Committee.

HB 3762 / SB 2501 (Workplace Extreme Temperature Safety Act): These bills would establish worker safety standards for excessive heat and cold exposure. Both remain in their respective Rules/Assignments Committees. ■

The General Assembly's Fall Veto Session is scheduled for November 17–19 and December 1–3, 2026.

We want to conclude this article by expressing our gratitude for the continued opportunity to work with and for IMSCA and its member associations.

Neil Flynn, Daniel Flynn, Sean Flynn

Neil Flynn

Daniel Flynn

Sean Flynn

Illinois 2026: A State in Transition

By: Neil Flynn, Sean Flynn, Daniel Flynn

The 2026 election cycle marks a notable period of change for Illinois politics, characterized by significant turnover across federal, state, and legislative offices.

The 2026 election cycle marks the beginning of a significant period of transition for Illinois government. High volumes of retirements and candidates vacating seats to seek higher office have created vacancies at the federal and state level and across the political spectrum, setting the stage for a new legislative and executive makeup. As voters head to the polls in November, the shifting landscape in Washington and Springfield reflects broader trends in the state's political infrastructure.

U.S. Senate and Congressional Outlook

Following the retirement of Senator Dick Durbin, the March 17th primary election narrowed the field for the open U.S. Senate seat. The general election in November will feature Democratic Nominee Lt. Governor Juliana Stratton and Republican Nominee Don Tracy.

The state's congressional delegation is also seeing high levels of turnover. Of the 17 Illinois Congressional seats on the ballot, five (5) are currently open seats—a development that has drawn attention and resources from both parties:

- **2nd District:** Cook County Commissioner Donna Miller (D) won the nomination for the seat previously held by Rep. Robin Kelly.
- **4th District:** Patty Garcia (D) is the nominee following the withdrawal of Rep. Jesus "Chuy" Garcia.
- **7th District:** State Representative La Shawn Ford (D) secured the nomination to succeed retiring Rep. Danny Davis.
- **8th District:** Former Congresswoman Melissa Bean (D) won the nomination for the seat formerly held by Rep. Raja Krishnamoorthi.
- **9th District:** Evanston Mayor Daniel Biss (D) is the nominee to replace retiring Rep. Jan Schakowsky.

Given that Democrats currently hold 14 of the state's 17 congressional seats, these open contests represent a central focus for both major parties.

Statewide Constitutional Offices

The executive branch is undergoing a comprehensive evaluation this cycle, with all six (s) Illinois constitutional offices up for statewide election:

- **Governor:** Incumbent Governor JB Pritzker (D) faces challenger Darren Bailey (R).
- Lieutenant Governor: Christian Mitchell (running with Pritzker) faces Aaron B. Del Mar (running with Bailey).
- **Attorney General:** Incumbent Kwame Raoul (D) is challenged by Robert W. Fioretti (R).
- **Secretary of State:** Incumbent Alexi Giannoulias (D) faces Diane M. Harris (R).
- **Comptroller:** Democratic nominee Margaret Croke will face Republican Bryan Drew.
- **Treasurer:** Incumbent Michael W. Frerichs (D) is running for reelection, and is running unopposed.

General Assembly Dynamics

The Illinois General Assembly currently consists of Democratic a super-majorities in both chambers, with 40 Democrats and 19 Republicans in the Senate, and 78 Democrats and 40 Republicans in the House. However, the upcoming term is expected to see a shift in legislative dynamics due to a substantial number of departures.
Several legislators are not seeking re-election to their current seats, with many pursuing other offices:

- **House Departures:** Departing House incumbents of note include Margaret Croke (D) and Stephanie Kifowit (D) both running for Comptroller); La Shawn Ford (D) and Hoan Huynh (D) (ran for Congress); Dennis Tipsword (R) (running for County Sheriff); Nabeela Syed (D) (running for Illinois Senate), and Terra Costa Howard (D) (appointed Judge). Nicholas Smith (D) is not seeking re-election.
- **Senate Departures:** Departing Senate incumbents of note include Karina Villa (ran for Comptroller); and Laura Fine (D) (ran for Congress). Bill Cunningham (D), Donald DeWitte, (R), Mark Walker (D) and Dale Fowler (R) are not seeking re-election.

This legislative turnover suggests that the makeup of the General Assembly will undergo a period of realignment in the next session.

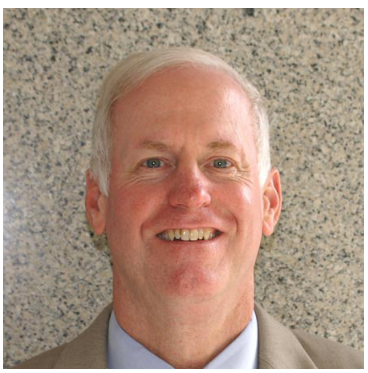
Looking Ahead: The 2027 Mayoral Contest

While the current cycle occupies the political focus, attention is also shifting toward the 2027 Chicago mayoral election. That race is in its preliminary stages, featuring incumbent Mayor Brandon Johnson and Comptroller Susana Mendoza. As the candidate field develops, the contest is anticipated to have a significant impact on the state's broader political narrative in the coming year. ■

Welcome Stephanie Kifowit

By: IMSCA, With Help From SJ Peters

Stefanie Kifowit



Dan Allen

Successor to Dan Allen Brings Legislative, Non-Profit and Military Experience to This Key Role

The local 6-county labor/management cooperative known as CISCO (Construction Industry Service Corp.) has announced Stephanie Kifowit as its new Executive Director. She began her new role in June of 2026. Succeeding Dan Allen (due to his retirement after 13 years) in the top staff leadership position, Kifowit brings extensive community and non-profit experience to CISCO thrQough her tenure as an elected official both on the local and state level. She has also engaged with numerous community and non-profit organizations while also building close working relationships with both the Illinois and Chicagoland Chambers of Commerce as well as various other business groups throughout our state.

Kifowit's application reflected her strong advocacy for job creation programs such as SkillsBridge for Veterans and programs to help middle and high school students consider a career in the trades such as SkillsUSA Illinois. A military Veteran (United States Marines), Kifowit holds a Master's Degree in Public Administration and a Bachelor's Degree in Political Science. Currently concluding her seventh term as the elected State Representative for the 84th district of the Illinois House, she has worked professionally in banking and as a Registered Financial Advisor, and is now serving in a volunteer position as the Treasurer of Illinois Joining Forces – a statewide Veteran services non-profit.

With a demonstrated track record in event planning, marketing and outreach, plus strong abilities and a drive for strategic planning, CISCO's Board, members and staff look forward to continuing and expanding the impact and progress of the nearly 40-year old 501 C 6 organization as Kifowit takes over as Executive Director.

Congratulations to Dan Allen on his well-deserved retirement, and best wishes to Stephanie Kifowit in her new position. While IMSCA will truly miss working alongside Dan Allen, the organization is equally excited for the opportunity to collaborate with Stephanie Kifowit!

Complying with Notice Provisions in Construction Contracts

By: James Rohlfing
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All good commercial construction contracts, whether customized or standard forms, require the parties to provide notice to the other party to the contract about specific events and circumstances. Often, when a construction project ends up in litigation or arbitration, the outcome depends not on which party did the best job, came in under budget, and completed ahead of schedule, but instead, which party most closely adhered to the notice requirements in the contract. Experienced project managers know that completing the work is only one part of their job and that protecting their rights by generating contract compliant and timely notices is equally important. Therefore, understanding notice requirements and how to comply with them in construction contracts is one of the most important ways of protecting your rights as a subcontractor, contractor, or other participant in the building process.

What Are Notice Requirements in Construction Contracts?

Notice provisions require one party (e.g., subcontractor or contractor) to give the other party (e.g., owner or contractor) timely written notice of certain events, such as increased scope of work, increased time to perform work, delays by other parties, differing site conditions, design changes, design inconsistencies, safety incidents, insura nce claims, or claims for extra time or money. Notices are crucial to preserving contract claims, but they are not merely an annoying legal precaution; they also serve positive purposes in the construction process. Notices can clarify changes, communicate intent of design, front minor disagreements before they become major ones, and correct design or project misunderstandings before they become catastrophes. A contract-compliant, comprehensible, and timely notice can prevent months of unnecessary work, confusion, or legal battles.

The notice provision in a construction contract should address the reasons notice is required, when it must be provided, how it is to be conveyed, and what must be included in communicating the notice. The notice typically alerts one of the contracting parties to a claim or change event that might entitle the notifying party to additional time to perform or an increase in cost. The contents of the notice, when it must be provided, and how it is to be served, vary from one contract to another.

Common Reasons For Notice

1. Differing site conditions – A differing site condition is an unexpected condition on a construction site that deviates from the expected condition or the condition indicated in the contract documents. They often lead to project delays and increased costs.
2. Design errors and omissions – If drawings are incomplete or conflicting, contracts often require prompt notice and a request for clarification before proceeding. A notice could alleviate the risk to the party executing the work that it proceeded in a manner inconsistent with the intent of the contract documents.
3. Delays and disruptions – Delays are a common occurrence on jobsites that can result from a variety of causes, including supplier issues, owner actions, weather, or government interference. A related issue is when one party requests the other party to accelerate its performance to recover lost time but does not explicitly and formally agree to pay for the acceleration. Even if the delay is caused or acceleration is initiated by the party to whom notice must be given, failure to provide a clear and timely notice can result in an otherwise innocent party being on the hook for the cost of a delay or being unable to recover its costs for acceleration.
4. Change directives and extra work – Change orders or change directives should be communicated in writing rather than merely orally. Often it is obvious that a change is outside the original scope of work and that it will entail an added cost, but without a written notice, the party performing the work may be unable to recover its costs.

When To Provide Notice

Notice provisions in contracts usually set forth a specific time frame within which to provide notice of a claim or change event. Usually the period of time is measured from when the party required to give notice knew or should have known of the event giving rise to the notice requirement. The contracting parties can agree to any time period and often the time will be longer for the party with leverage in negotiating the contract and shorter for a party without leverage. Common notice periods can be as little as three days or as long as 30. A short time period can make it difficult for the party furnishing notice, especially if the notice must provide details as to why the change will impact the schedule or contract price. An important and impactful event might at first seem inconsequential, and only later be recognized as an event for which notice must be given. Shorter time periods favor the owner or other upstream party because events might not be immediately recognized as requiring notice and because compiling supporting information in a short period will be more burdensome. Longer notice periods favor the contractor or other downstream party by allowing them time to evaluate impacts, gather supporting documentation and then furnish a timely notice. Often subsequent or follow-up notices must be provided after an initial notice as more information becomes available.

What Should Be included In A Typical Notice?

1. The notice must be in writing;
2. It must be served on a specific individual and frequently in a specified manner, such as by personal delivery;
3. It should describe schedule and work activities affected by the event(s);
4. The notice should provide details of the effects or anticipated impacts of the event and describe the relief requested;
5. It should describe what, if any, schedule relief or contract price adjustment is requested;
6. It should include supporting documentation if available, or provide the documentation in a follow up notice; and
7. If available, it should identify sections of the contract supporting the request for relief.

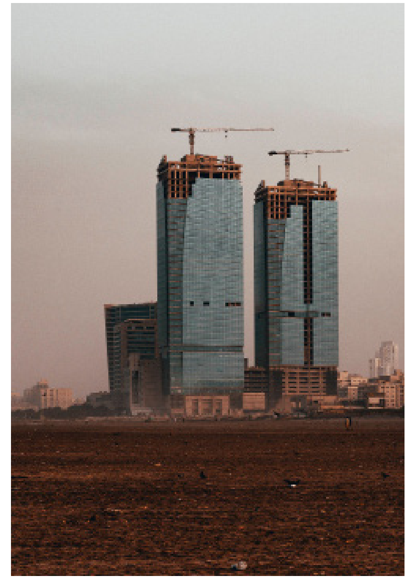
Notice Requirements Construed By Courts

Court cases arising from construction disputes often discuss whether less than full and complete compliance with a contract's notice provisions will suffice or whether something less is acceptable, especially if the party entitled to notice knew of the event for which notice was required. Courts may also consider whether the parties' conduct amounted to waiver of strict notice provisions, or whether the contract includes a general "no waiver" provision. Occasionally, arguments that the party entitled to notice was verbally advised of the event, or that they were on the jobsite and must have known of the event, are ultimately successful. Often, such arguments are rejected by the courts or arbitrators who adhere to the established legal principle that if the contract contains a strict notice requirement that must have been what the parties intended, and it is the responsibility of the courts to enforce contracts willingly entered by the parties. In any event, many cases construing whether notice was sufficient require an in-depth analysis by a judge, jury, or arbitrator of the relevant facts, laws, and contract provisions in an effort to achieve an outcome consistent with the law, fairness, or both.

Courts frequently consider whether a notice was timely, whether the contract language mandated a more detailed notice than the one provided, whether the parties waived notice requirements, and so on. Some states are stricter in enforcing notice requirements, while other states take a more "equitable" approach and only foreclose recovery if the party complaining of inadequate notice shows it was prejudiced by the lack of notice. Moreover, some states require that notice follow precisely the timing and content requirements in a contract, while others look to adherence to the general intent of the parties. For example, in a recent case based on Illinois law, the U.S. 7th Circuit Court of Appeals overturned a District Court ruling on the issue of whether a notice was proper. The appellate court returned the case to the trial court for a jury to determine factual questions related to whether a notice from a subcontractor to a contractor complied with the contract's notice provisions. The Court wrote: "Nothing in the agreement said Boldt had to label its notices using specific terms or that notice could not be sent in response to another letter." Boldt Co. v. Black & Veatch Constr., Inc., No. 25-2003, 2026 WL 1968063, at *9 (7th Cir. July 8, 2026). One lesson from this case for project managers is that, although notices should be as specific and timely as possible, any notice is usually better than no notice, and courts will examine the specific facts surrounding the giving of notice with attention to both common sense and contract enforcement.

Preserving Rights Versus Preserving Relationships

Considering that most construction disputes are resolved by negotiation before a final court or arbitration decision, a party who has an opportunity to provide notice to enhance their negotiation position should always do so. A contractor would not want to risk prevailing on a meritorious claim by failing to comply with contract notice requirements. A party may be reluctant to provide a notice of claim or notice of an event for fear of antagonizing a good customer. In such situations, a clear-eyed business analysis is in order to evaluate the risks and benefits from either course of action. One solution might be to provide a notice worded in a friendly manner with informal language but still covering the notice requirements in the contract. Most sophisticated owner representatives should appreciate that contracts require notices under certain circumstances and that good contractors are in the habit of complying with contract requirements. The content of a notice need not be confrontational or argumentative. Instead, it should serve as an opportunity for both parties to understand an actionable event and to work together to evaluate their positions and advance the project.



Conclusion

Notice provisions in construction contracts can be complex, confusing, and sometimes burdensome, but they should not be ignored. The best approach for notice compliance is to set simple rules for every project:

1. Document impacts as they develop;
2. Track deadlines;
3. Know what the contract says about notice;
4. Maintain an accurate and contemporaneous paper trail;
5. Send notices early even if impact is unclear;
6. Avoid inflammatory or adversarial language; and
7. Follow the notice format required by the contract.

In an increasingly sophisticated and complicated construction industry, there is an avalanche of information about activities on a complex project. Sharing information with the project team in real time is increasingly important. Whether a party furnished a contract-compliant notice is too frequently the determining factor in who wins and who loses a construction dispute, when it should instead be determined by who was truly at fault for an adverse event. Subcontractors and contractors who comply with notice provisions in their contracts greatly increase the likelihood of a successful construction project, and when claims occur, are more likely to resolve claims in their favor. ■

The Death of Graduated Apprentice Fringe Benefits on Illinois Prevailing Wage Projects: HB 2488 Changes the Rules for Illinois Contractors

By: Christina Wernick
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This article is intended for general informational purposes only and does not constitute legal advice.

Union contractors in Illinois have long understood apprentice compensation to consist of two related but distinct components: apprentice wage rates and apprentice fringe benefit rates. This is because under many collective bargaining agreements and registered apprenticeship programs, both wages and fringe benefit contributions increase as an apprentice progresses through an apprenticeship program towards journeyman status.

For Illinois prevailing wage work, that familiar framework has recently changed in a significant way.

House Bill 2488 (Public Act 104-0017) amended the Illinois Prevailing Wage Act and changed how apprentices are paid fringe benefits on public works projects in Illinois. The practical effect of this legislation is significant: apprentices may still be paid reduced apprentice wage rates, but now they must receive the same fringe benefit package as the applicable journeyman classification.

For many union contractors, HB 2488 marks the end of negotiated apprentice fringe benefit rates on public works projects.

What Changed

Before HB 2488, union contractors generally looked to their area-wide collective bargaining agreements and applicable apprenticeship standards to determine both apprentice wage rates and apprentice fringe benefit contributions. If a collective bargaining agreement provided that an apprentice received a percentage of the journeyman wage and a reduced or graduated fringe benefit package, contractors commonly understood that structure as compliant with prevailing wage.

Until the enactment and implementation of HB 2488, that approach was generally understood to comply with the Illinois Prevailing Wage Act. Each year, the Illinois Department of Labor (IDOL) publishes county-by-county prevailing wage determinations based largely upon wage and fringe benefit information collected from unions and substantiated by local area-wide collective bargaining agreements. As a practical matter, the prevailing wage rates issued by IDOL historically mirrored both the wage and benefit schedules established through collective bargaining between local trade unions and contractor associations and/or signatory employers.

HB 2488 changed that framework by separating apprentice wage progression from apprentice fringe benefit progression. Apprentices enrolled in Department of Labor registered apprenticeship programs may still be paid reduced apprentice wage rates. The fringe benefit component, however, is now different. For prevailing wage work, HB 2488 now requires payment of full journeyman annualized fringe benefits, notwithstanding collective bargaining agreement provisions that establish lower or graduated apprentice fringe benefit rates.

This distinction can be easy to miss because collective bargaining agreements are critically important to union contractors. They continue to govern wage progression, fringe fund contribution obligations, apprenticeship standards, work jurisdiction, reporting requirements, and labor-management relations. Nevertheless, compliance with a collective bargaining agreement no longer necessarily means compliance with the Illinois Prevailing Wage Act. A contractor could be complying perfectly with its collective bargaining agreement while simultaneously violating prevailing wage requirements if they pay reduced apprentice fringe benefit rates on public works projects.

Industry Concerns and Legislative Response

IMSCA and other contractor associations expressed concerns regarding HB 2488 because the legislation altered long-standing collectively bargained apprentice fringe benefit structures. In many trades, apprentices receive substantially the same benefit coverage provided to journeymen, notwithstanding the lower contribution rates. As a result, many industry stakeholders questioned whether the legislation would increase the cost of public construction projects without providing a corresponding increase in apprentice benefit coverage.

Those concerns prompted significant industry discussions and legislative efforts to delay, clarify, or modify HB 2488's requirements. Ultimately, the Illinois General Assembly postponed implementation of HB 2488 for approximately one year, providing contractors, labor organizations, apprenticeship programs, fringe benefit funds, and public bodies additional time to evaluate compliance and operational issues.* However, the delay did not alter the substance of the law. As of July 1, 2026, contractors performing work subject to the Illinois Prevailing Wage Act must comply with the apprentice fringe benefit requirements established by HB 2488.

**HB 1437 (Public Act 104-0434) delayed implementation of the apprentice fringe benefit provisions enacted through HB 2488 (Public Act 104-0017) from June 20, 2025 to July 1, 2026.*

What IDOL Has Communicated

IDOL has taken the position that HB 2488 codifies its longstanding interpretation of the Illinois Prevailing Wage Act. IDOL's position is that union apprentices may continue to receive reduced apprentice wage rates, but they must receive the same fringe benefit package as the applicable journeyman classification when performing work covered by the Illinois Prevailing Wage Act.

Based on communications from IDOL and meeting summaries involving IMSCA and IDOL, the following takeaways are especially important for contractors:

› The requirement applies to work performed on projects covered by the Illinois Prevailing Wage Act Illinois Prevailing Wage Act work. It does not apply to purely private construction projects that are not otherwise covered by the Act.
› The July 1, 2026 effective date applies to work performed on or after that date.
› The requirement applies even where a collective bargaining agreement provides for reduced or graduated apprentice fringe rates.
› IDOL has indicated that the requirement cannot be waived through a collective bargaining agreement.
› Hearings pursuant to Sections 4 and 9 of the Illinois Prevailing Wage Act remain potential mechanisms for certifying reduced apprentice fringe benefit rates.

These points do not answer every practical question. In fact, much of the difficulty with HB 2488 lies in its implementation. Contractors must translate a simple statutory concept into payroll, certified payroll reporting, benefit fund contributions, project billing, bid assumptions, and overtime calculations.

The Practical Problem: Paying the Differential

The most immediate question for union contractors is how to satisfy the journeyman fringe benefit requirement when a collective bargaining agreement or benefit fund does not permit the contractor simply to contribute full journeyman fringes for apprentices.

In broad terms, the primary compliance options are likely to include one or more of the following, depending on the trade, collective bargaining agreement, trust documents, fund rules, and compensation structure:

› Pay the additional fringe benefit differential directly to the apprentice as taxable wages, often described as paying the difference "on the check" or as "cash fringes";
› Make increased contributions to the applicable benefit funds for apprentice hours worked on prevailing wage projects, if the funds permit or require those contributions;
› Evaluate whether any contractor benefits may be credited toward the prevailing wage obligation, where permitted by law and supported by appropriate documentation.

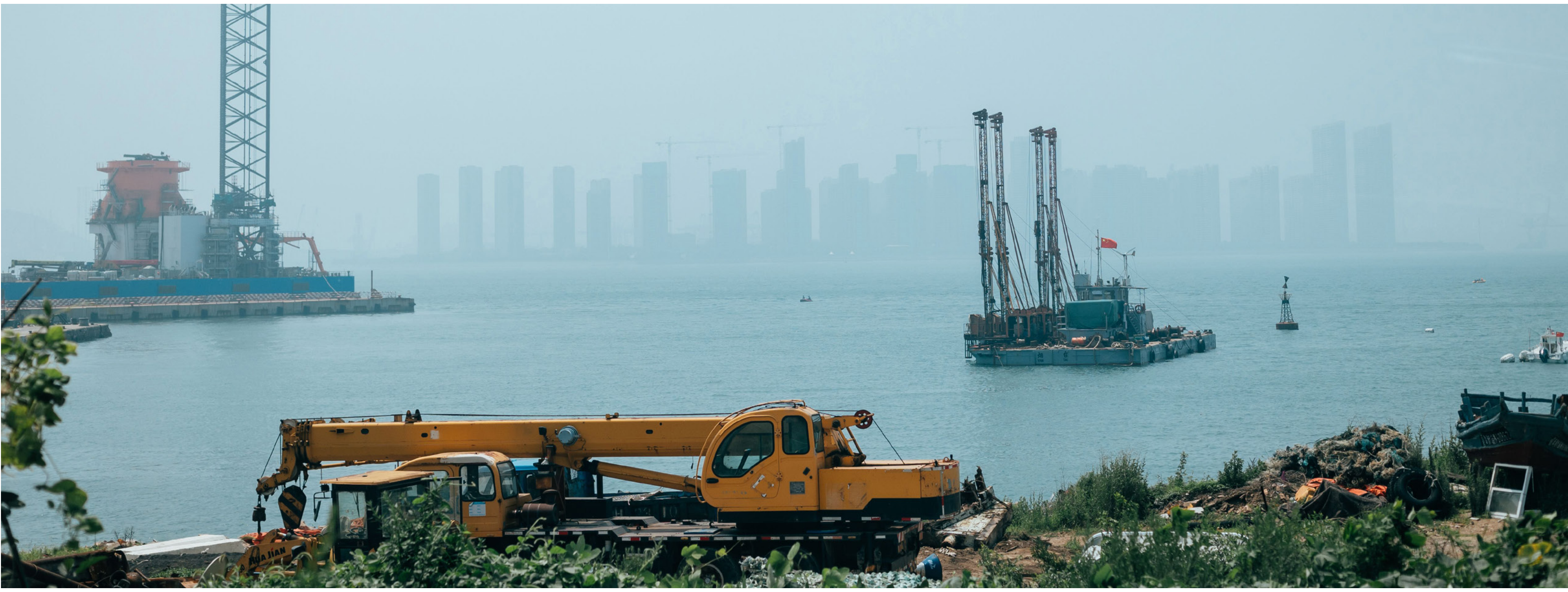
None of these options should be treated as automatic. Benefit funds may have specific rules regarding apprentice contributions. Some funds may accept increased contributions on public work. Others may not. Some trades may adopt side agreements or reporting procedures related to HB 2488's mandate. Others may require a different approach. Contractors should not assume that the same solution applies across all trades, funds, collective bargaining agreements, or counties.

Certified Payroll and Documentation

HB 2488 also creates a documentation problem. Contractors must be able to show how the apprentice received the full journeyman fringe benefit package for prevailing wage purposes, even if the collectively bargained rate sheet, payroll register, benefit remittance report, and certified payroll form do not neatly line up.

If the differential is paid on the check, the contractor should consider how that payment will be identified, calculated, and supported. If the differential is paid to the funds, the contractor should confirm that the remittance report accurately reflects the required contribution and that the certified payroll matches the compliance methodology used. If the contractor wants to take credit for benefits the contractor provides, they should retain records that document the contributions made, the total contribution requirements, policies including eligibility requirements, vesting provisions, and their calculation of the fringe benefit credit taken.

The administrative burden may be substantial, particularly for contractors with apprentices moving between public and private work in the same week or pay period. Contractors may need a project-by-project and employee-by-employee process to track covered hours, applicable journeyman fringe package, apprentice fringe package, differential owed, differential compensation method, and certified payroll treatment.



Don't Forget Overtime

One implementation issue deserves special attention: overtime. If a contractor pays an apprentice additional cash fringes on prevailing wage work to satisfy the fringe differential, that added cash compensation may affect the employee's regular rate of pay for overtime purposes under wage and hour laws. Contractors should be cautious when an apprentice works both prevailing wage and non-prevailing wage hours in the same workweek, particularly where the prevailing wage hours include cash paid in lieu of fringe benefits.

This issue is not merely theoretical. It affects payroll programming, overtime calculations, public project costs, and wage and hour law (Federal, State and Local) compliance. Contractors should review this issue with payroll providers and counsel before assuming that the posted prevailing wage overtime rate resolves all regular rate questions.

Bidding and Existing Projects

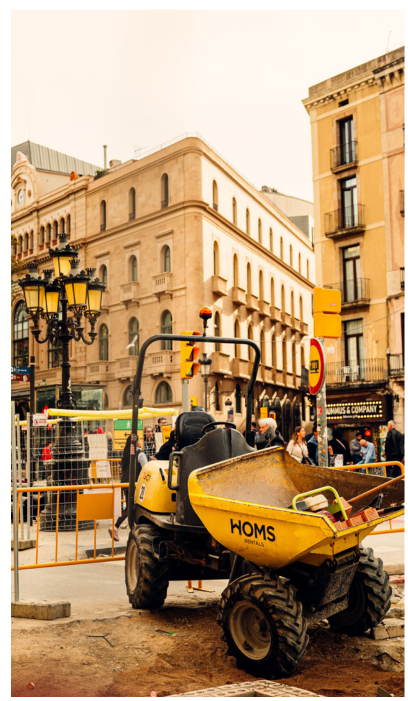
HB 2488 may also affect projects that were bid, awarded, or negotiated before contractors fully appreciated the cost impact of the new rule. IDOL has indicated that the requirement applies to covered work performed on or after July 1, 2026, even if the project was bid or the collective bargaining agreement was negotiated before that date. That means contractors may face increased labor costs that were not built into original bids or contract pricing.

Whether those increased costs can be recovered from a public body, owner, general contractor, or upstream contracting party will depend on the contract documents and applicable law.

Compliance Checklist

Contractors performing Illinois prevailing wage work should consider taking the following steps now:

1. Identify all apprentices who may perform work covered by the Illinois Prevailing Wage Act.
2. Compare apprentice fringe benefit contributions to the applicable journeyman fringe package for each trade/classification and locality to determine the extent of the differential, if any.
3. Review collective bargaining agreements, side letters, trust documents, fund guidance, and association updates to determine whether increased apprentice contributions on prevailing wage projects are permitted or required.
4. Decide how any fringe differential will be paid and documented.
5. Review open bids, pending bids, and contracts for cost recovery language or notice requirements.
6. Maintain clear records supporting the calculation and payment of any apprentice fringe differential.



Final Thoughts

Whether viewed as a clarification of existing law or a significant policy shift, HB 2488 has significantly altered the treatment of apprentice compensation on Illinois prevailing wage projects. Apprentices may still be paid apprentice wages, but the traditional, graduated apprentice fringe benefit has largely disappeared on public work.

Contractors should not assume that existing payroll practices, apprenticeship standards, or collectively bargaining rates automatically comply with the amended statute. Every employer performing public construction work (or private work covered by the Illinois Prevailing Wage Act) should review its practices, evaluate its risks, and ensure that payroll systems and reporting procedures are aligned with the new requirements.

Most importantly, contractors should consult experienced labor and prevailing wage counsel before modifying payroll practices, fringe benefit contribution submissions, certified payroll procedures, or bidding assumptions. The interaction between prevailing wage law, apprenticeship standards, collective bargaining agreements, benefit fund administration, and benefit annualization principles remains complex, and mistakes can be costly. ■

Christina Wernick

About the Author

Christina Wernick concentrates her practice on labor relations, collective bargaining, and the unique legal challenges facing union-signatory contractors and contractor associations. Drawing on her unique experiences in representing both labor organizations and management, she advises clients on collective bargaining negotiations, grievance and arbitration proceedings, jurisdictional disputes, withdrawal liability, labor issues in mergers and acquisitions, and day-to-day labor relations strategy. Christina serves as a trusted advisor to numerous construction industry organizations and is a frequent speaker on labor and employment and construction-related topics.

What Federal, State and Local Interest In Worker Heat And Cold Stress Means for Employers in Illinois

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This article is intended for general informational purposes only and does not constitute legal advice.

Employers in Illinois and in the Chicago area should be monitoring the weather for the safety of their employees year-round, while also keeping tabs on federal, state, and Chicago regulatory developments. On the federal level, the U.S. Occupational Safety and Health Administration ("OSHA") heat illness standard remains under development, possibly stalled without a final rule having been issued. To fill this gap, OSHA has relied upon a National Emphasis Program ("NEP") covering indoor and outdoor workplaces.

In the meantime, the City of Chicago attempted to pass an ordinance in 2025 covering heat stress, and the Illinois Legislature has also considered bills addressing both heat and cold stress as well. Because these regulatory requirements rely on different temperature triggers and can create separate sets of requirements and enforcement mechanisms, employers should keep tabs on federal, state, and local requirements in this area. While employers are only currently faced with federal requirements, the efforts by the Illinois Legislature to tackle cold stress (discussed below) could, in theory, provide local enforcement by OSHA with a basis to cite Illinois employers for cold stress hazards under the OSHA General Duty Clause.

Keep On the Lookout for H.B. 3762: Workplace Extreme Temperature Safety Act

While the City of Chicago 2025 proposed heat stress ordinance may no longer be under consideration this year, H.B. 3762, the Workplace Extreme Temperature Safety Act ("WETSA"), is continuing to be considered by the Illinois Legislature. The Illinois WETSA bill is unique in that it covers both hot and cold temperatures (the OSHA NEP covers heat stress and heat illness risks, by contrast).

If signed into law, H.B. 3762 calls for funding the Illinois Department of Labor to issue regulations consistent with the statute. If regulations are not published, the bill would require employers to take protective measures when the heat index is

80° F or higher at outdoor workplaces and 85° F or higher at indoor worksites. Additional safety measures would have to be implemented at indoor and outdoor workplaces when the heat index reaches or surpasses 90° F.

In addition, unlike under OSHA's heat illness NEP and standards applicable in other states, Illinois employers would have to implement protective measures when the wind chill is 40° F or colder at outdoor workplaces. For indoor workers, jobsites with heavy work would have a 60° F temperature threshold, while light-work sites would have a 65° F threshold.

Employers facing these various possible temperature-related hazards would be required to implement tailored injury and illness prevention plans. The plans would be required to incorporate procedures that include generally:

- Regular monitoring of workers for excessive exposure to heat and cold.
- Providing potable water to employees affected by heat.
- Access to shade, cool-down areas or climate-controlled spaces, along with paid rest breaks, for workers impacted by heat.
- Warm, noncaffeinated beverages for workers impacted by cold, along with paid rest breaks and access to warming stations sheltered from wind and precipitation.
- Establishing limits on how long employees can be exposed to heat or cold during a workday.
- Worker training.

To the extent permitted by law (especially in worksites where the workers are subject to collective bargaining), the injury and illness prevention plans required by H.B. 3762 may need to be developed and implemented with input from employees and their representatives, including collective bargaining representatives.

Under the proposed legislation, employees could refuse to work if they reasonably believed that the employer had not complied with the workplace temperature regulations or that working under the temperature conditions could result in worker illness or injury. Moreover, the bill is extremely deferential to workers' rights. If the Illinois Department of Labor conducts an inspection, much like the OSHA "walkaround rule," employees could have the right to have a non-employee third party participate in the investigation. In addition, the bill provides for enforcement by the Department of Labor, affected employees, as well as interested persons.

Possible claims by interested persons somewhat mirrors a concept that had been introduced into legislation covering Illinois staffing industry employers and allows non-employees to recover a portion of a court award of statutory penalties and attorneys' fees in a successful action to enforce WETSA. Regardless of the merits of regulating heat and cold stress risks at the state level in Illinois, because the WETSA bill currently incentivizes non-employees to get involved in monitoring worksites and establishments and to pursue financial bounties through lawsuits, employers should monitor whether H.B. 3762 moves forward this year.

Unless and Until the State Changes the Rules, Get Into Compliance With the OSHA Heat Illness National Enforcement Program Guidance

In 2022, OSHA launched the original heat National Emphasis Program ("NEP"), establishing a formal, targeted enforcement initiative to protect workers from heat-related hazards in both outdoor and indoor workplaces. The program directed OSHA inspectors to conduct programmed inspections on any day the National Weather Service ("NWS") issued a heat warning or advisory, focusing on a number of high-hazard industries. It also required each OSHA region to double its heat-related inspection activity measured against a five-year baseline average. Since the NEP's launch, no federal heat injury and illness standard has taken effect. In its absence, the NEP has relied primarily on the General Duty Clause to cite employers for heat-related violations.

Effective April 10, 2026, OSHA updated its NEP on heat stress and heat illness safety risks. The updated NEP notes that OSHA's heat-related inspections accounted for six percent of all federal occupational safety and health inspections during the last five years. The industries now targeted for enforcement include construction, farming, manufacturing, retail, transportation, warehousing, and restaurants. Under the revised NEP, twenty-two new industries were added to the list of those targeted for enforcement.

Employers are required to report certain work-related injuries, illnesses, and fatalities, including those related to heat. For example, if a worker needs inpatient hospital care due to a work-related heat exposure, the employer must report the incident to OSHA. Federal OSHA generally requires an employer to report an inpatient hospitalization within twenty-four hours and a fatality within eight hours. Incidents that do not require reporting to OSHA may still have recording obligations if a worker requires medical treatment beyond first aid.

OSHA continues to prioritize on-site responses to complaints and to all employer-reported hospitalizations (e.g., severe injury reports) related to heat hazards, while reserving rapid response investigations for limited circumstances and requiring Area Director approval. Fatalities remain OSHA's highest inspection priority, and complaints or referrals alleging worker exposure to heat hazards, including inadequate access to water, rest, or shade, are also to receive priority for on-site inspection. The revised heat stress NEP also preserves OSHA's practice of conducting follow-up inspections at worksites previously inspected and cited for heat-related hazards to verify abatement and monitor the effectiveness of OSHA's enforcement and guidance efforts.

The revised Heat NEP states that compliance officers investigating for other purposes "shall expand their inspection or refer a heat-related inspection" where there is evidence of heat hazards, including illnesses or injuries recorded on OSHA Forms 300 and 301, employee statements, or plain-view observations. It also provides that on "heat priority days," i.e., when the expected heat index is 80°F or higher, OSHA Area Offices should assess the potential for serious heat-related illnesses and injuries in indoor and outdoor work areas. In addition, programmed inspections "shall occur on any day that the NWS has announced a heat warning or advisory for the local area."

Employers may wish to monitor indoor and outdoor temperatures and quickly address heat-related hazards using the strategies listed in the NEP. For example, employers should consider developing or updating a written heat illness prevention program or sufficiently documenting any verbal program. In general, employers should be sure to address worker acclimatization, training, monitoring and program development. Despite the absence of a federal heat standard, employers remain subject to inspection and citation under the NEP and should anticipate increased OSHA activity. ■

About the Author

Peter Gillespie counsels and defends clients on workplace safety, drug and alcohol (especially cannabis) in the workplace, disputes relating to safety and health issues, and whistleblower claims. he has successfully tried OSHA and other employment matters before federal and state courts, the Occupational Safety and Health Review Commission (OSHRC) Commission judges, and OSHA state plan agencies. His workplace health and safety practice includes contesting, litigating, and negotiating favorable resolutions of federal and state OSHA citations, as well as representing employers in federal and state OSHA inspections arising from workplace fatalities and other catastrophes.

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