



FWC 2023 Legislation Session Report

103rd General Assembly, State of Illinois



BUSINESS DEVELOPMENT

Requiring more industries to publicize their voluntary supplier diversity reporting with their points of contact helps our members solicit more work. We've drafted several laws that bring industries into this space with significant increases in their WBE spend after the transparency of public reporting. Notably utilities but also railroads, hospitals, private higher education, and local governments. These industry-specific reports are all in various stages of transparency and ease of use.

This year we tried to take advantage of a new state agency – the Commission on Equity and Inclusion – to serve as the central repository for all the reports. HB3421, sponsored by Rep Justin Slaughter passed the House but did not advance in the Senate and was not included in the omnibus procurement bill. It is most likely that the ongoing development of the Commission on Equity and Inclusion, leadership transition and Commissioner vacancies may have led to the demise of this idea for this year. As the Commission becomes more established, it is still one of the best homes for centralizing and publishing all these reports to make it easy for our members to find the points of contact for private, non-profit, and government buyers of all kinds in one place. This streamlined reporting depository also helps legislators, procurement representatives, and the business community to identify gaps and opportunities for better procurement practices.

Hospitals have been a challenging industry for our members. The legislation we drafted several years ago requires them to file their M/WBE numbers with their annual capital expenditure reports. Currently available on the Health Facility and Service Planning Board website, which isn't the easiest to find.

Unfortunately, part of the pandemic Executive Orders from the Pritzker Administration exempted hospitals from filing these reports, so there hasn't been a report filed for three years. We tried to include language found in SB2584 filed by Senator Willie Preston to require hospitals to file these reports every year about their annual operating budget, not just their capital spend on larger projects into a Medicaid omnibus package that included additional state money for hospitals serving poorer patients and receiving a commitment from the Illinois Hospital Association to work on an agreed package over the summer and fall. Based on that assurance, legislative leaders declined to include our suggested supplier diversity language in the Medicaid omnibus.

LOWERING COSTS

Our big initiative this year was to lower the cost of surety bonds for our members. These performance bonds are required by state law for any public contract over \$50,000 (for now!) and are priced based primarily on the wealth of the buyer, so our members that aren't third or fourth generation companies pay far more than our competitors.



FWC 2023 Legislation Session Report

103rd General Assembly, State of Illinois



Ultimately we reached an agreement with all stakeholders, including the surety industry and several other contractor associations, to raise the threshold to \$150,000 before a bond is mandated and \$500,000 for the Illinois Department of Transportation and the Tollway Authority.

The agreement was included in the procurement omnibus and will be effective January 1, 2024. Local governments can still require performance bonds below \$150,000 (just as they can do so now for bonds under \$50,000) but will no longer be mandated by state law to do so. IDOT and the Tollway will be required to collect and publish a lot of data around the costs and benefits of relying on prequalification of their vendors to mitigate the risk of default rather than performance bonds and the new provisions are scheduled to expire in 2019.

The net effect will likely be lower costs for contractors for these smaller contracts and a greater ability for newer companies to work as primes as they will be able to bid on a level playing field with far wealthier contractors who get performance bonds at a much lower price.

WHAT'S NEXT?

We will continue legislation that was unsuccessful in getting through this session and monitor passed legislation. We look forward to introducing new legislation in 2024.

For instance, an initiative to reduce the cost of complying with overlapping prevailing wage reporting systems. We haven't yet filed this initiative as legislation, but we're planning on convening stakeholders from the reporting agencies this summer with our members to discuss this administrative burden to see if there is an easy path to reduce or eliminate the redundancy of entering the same prevailing wage data with multiple separate systems.

Another administrative burden is the duplicative vendor registrations and certifications. We want to move toward consolidating procurement processes across state agencies, making it easier for small businesses to go after government contracts adequately.

We want to hear your feedback! Please tell us about issues that are impacting your business at info@fwcchicago.com.