Lack of productivity puts St. Louis region in the backseat for economic development

By ALAN J. ORTBALS

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State’s new tax credit program rewards small firms who hire full-timers in coming year

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Flood insurance bill may not shield property owners from costly mandates

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Illinois companies with 50 or fewer employees that hire new full-timers earning at least $25,000 annually for at least a year beginning July 1 will be eligible for a $2,500-per-employee tax credit, thanks to a new state law.

Illinois small businesses that hire people will receive a $2,500 state tax credit under a new law signed by Gov. Pat Quinn last month. The Illinois Small Business Job Creation Tax Credit will be available to businesses with 50 or fewer employees that hire new, full-time Illinois employees during a 12-month period beginning July 1. Ninety-five percent of Illinois businesses have fewer than 50 employees, according to a press release issued by the governor’s office.

“Small businesses are essential to the Illinois economy and it’s crucial that state government find fresh and creative ways of working with entrepreneurs who will lead the charge toward economic recovery,” Quinn said. “This tax credit will help our small business owners and operators to grow by creating 20,000 jobs over the next year.”

The legislation passed the General Assembly unanimously and was sponsored by Sen. Michael Noland (D-Elgin) and House Speaker Michael Madigan (D-Chicago).

To qualify for the credit, a new job must be sustained for at least one year and pay at least $25,000 annually. Eligible companies can apply for the credit online and will be issued a tax credit certificate beginning July 1, 2011. Applications for the credit may be submitted as soon as a new, full-time Illinois employee is hired and begins providing services. The total
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In April, Quality Testing and Engineering Inc. in O’Fallon celebrated its 10th anniversary of providing geotechnical, environmental services, archeological assessments and construction materials testing in the region. According to president Michael Widman, QTE started with just three employees in 2000 and has grown over the years to include 30 employees, a regional office in Wentzville, Mo., and a fully-staffed environmental consulting division.

QTE is a multi-service engineering firm specializing in consulting on pre-development and construction projects by providing services including geotechnical exploration, environmental services, construction materials testing, soil evaluations, archaeological studies, wetland services, septic site suitability and residential radon testing. Two things set QTE apart in the fiercely competitive engineering industry, Widman says. One is focusing on client’s personal accessibility to engineers and decision makers; the other is QTE’s experienced field staff who are veterans in their fields. Topping the list of highlights for QTE’s decade of projects is over nine million square feet of warehouse projects in the Gateway Commerce Center corridor; work at Prairie State Energy Campus; and Ameren’s Duck Creek Power Plant. An emphasis on strong in-house testing has kept QTE’s workload busy in recent months, even with the current economic downturn. Industrial and government jobs including services for the $4 billion ConocoPhillips refinery expansion project in Wood River, the $111 million BrAC-ADAL

Geotechnology Inc., headquartered in St. Louis with an office in Collinsville and one in Overland Park, Kan., has been in the business of engineering strong communities for 25 years, offering consulting services in applied earth and environmental sciences, geotechnical engineering, construction materials testing and observation, geophysics, drilling, special inspections and non-destructive testing. Senior project manager Dale Smith says Geotechnology established its first office in Southern Illinois - in Collinsville - in 1997. In early 2007, the firm relocated to another location in Collinsville, growing its Illinois presence up to a 2,500-square-foot facility in Collinsville that has a comprehensive testing laboratory, created with the intent to be more responsive to Geotechnology’s Illinois clients. Smith leads the Collinsville staff as its branch manager; he joined Geotechnology in 1995. Smith

Volkert says the workers will just stay at their site, which has been past practice. Under Volkert’s proposal, the workers would stay at the work station until 10 minutes to lunch time; take 10 minutes to wash; 30 minutes for lunch; and go back to work until 20 minutes before quitting time, taking 20 minutes to pick up their tools and clean up. “That’s the way they do it in open shop,” Volkert says. “That’s how you make it work, man.” Diel says, “and that’s our competition.

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“There are a couple of trades in our area that are not as productive as they could be, and that does hurt,” said a district council president who wished to remain anonymous. “We’re all in this together and we all stick by each other, but when you’ve got a couple that are just not doing what they’re supposed to and you go to work in the morning, it’s making it tough on all of us.”

On the other hand, this labor leader said that the contractor needs to take control of the project’s demand productivity from the workers on the job - something that some of them are very reluctant to do. “It’s incumbent upon the contractor to fire these people,” the president said.

And guess what? When they get fired for nonproductivity, they’re not going to help you out; they’re going to push you into a problem down at the union hall. I’ll tell you that right now. Now the union business does cost money. It’s going to be a bit of a burden to the employer, I know it will cost money, but they’re going to fire their guy so they avoid the problem and work with a new contractor. That’s the kind of thing we’ve got to avoid.”

some of the problems is that some unions refuse to do anything that is not specifically their job; they’re not going to help someone who is slipping, but some workers end up sitting around and watching while others need help. This type of inflexibility costs time and money, he said.

Volkert is proposing that the workers start the day at the work station prepared to go to work immediately - not simply at the job site, which has been past practice. Under Volkert’s proposal, the workers would stay at the work station until 10 minutes to lunch time; take 10 minutes to wash; 30 minutes for lunch; and go back to work until 20 minutes before quitting time, taking 20 minutes to pick up their tools and clean up. “That’s the way they do it in open shop,” Volkert said. “That’s how you make it work, man.” Diel says, “and that’s our competition.

Keep it in mind that union workers have only 11 percent of the construction work in this country today and the open shop workers have 89 percent of the work. Who’s doing it right? Who’s doing it wrong? My God, we have slipped, slipped, slipped, slipped, slipped. The thing that kills unions is our arrogance and our attitude. We like we are God’s gift to everybody. Like without us the world would come to an end. We believe that BLS is nuts. But we buy into that stuff.

The time that we’re going to get people to work is going to be very effective at inducing small employment totals. Related businesses includes both in Illinois and out-of-state employees as of June 30, 2010. The determination of whether an employer has 50 or fewer employees will include all employees in every location, which includes both in Illinois and out-of-state employment totals. Related businesses will be treated as one business for the determination.

Noland says he expects this tax credit to be very effective at inducing small businesses to hire.

“If we’re going to provide a quality standard of living in the state of Illinois,” said Noland, “we’re going to have to be able to maintain our educational systems, our health care systems, our transportation systems. We certainly have to do it in a

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Geotechnology, Inc., often money as well. “Intermodality is another scope of work for which Volkert’s expertise is respected. Diel says that it is very much a nice thing to do. We ran an ad three months ago,” Diel added, “and we must have gotten 90 responses of which 30 were super-qualified people.”

Generally speaking, said Diel, unless businesses start seeing a strong demand for their goods or service that stretches out into the future, they are going to be very reluctant to hire new people because employers are so reluctant to lay people off when demand takes a dive. According to Diel, the biggest employers that are filling the hardest businesses owners and managers have to do.

“Until we get the economy back and business back, we’re not going to go out and hire a bunch of people,” Diel said. “We’re going to make people work more, longer, harder and be putting in some overtime before we aggressively start saying, ‘Let’s look at the market and go out and hire somebody.”