Biden Signs Executive Order on Use of Project Labor Agreements for Federal Construction Projects

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On Friday, February 4, 2022, President Biden signed an Executive Order on Use of Project Labor Agreements ("PLAs") for federal construction projects. The logic behind the Executive Order is that construction projects pose unique challenges: 1) construction employers do not typically have a permanent workforce, making it difficult to predict labor costs; and 2) labor disputes with one employer causes construction delays on the entire project.

In order to minimize the risks of both, PLAs, which are defined as "pre-hire collective bargaining agreement(s) with one or more labor organizations that establishes the terms and conditions of employment for specific construction project(s)," will be required for any federal construction projects valued at $35 million or more.

It also must be noted that the Executive Order does not preclude an agency from requiring the use of PLAs in other situations, including but not limited to federal construction projects valued at less than $35 million, as well as construction projects receiving any form of Federal financial assistance (including loans, loan guarantees, revolving funds, tax credits, tax credit bonds, and cooperative agreements). This means that this Executive Order could potentially impact private projects that receive federal funding or tax credits.

This Executive Order will become effective immediately and shall apply to all solicitations for contracts issued on or after the effective date of final regulations issued by the Federal Acquisition Regulatory (FAR) Council, which will be approximately 120 days from now.

The question is whether this Executive Order will help projects actually save time and money. Contact a member of our Construction practice to discuss how the Executive Order might impact your projects.

Click here to read the Executive Order on Use of Project Labor Agreements For Federal Construction Projects | The White House.