JANUARY 4, 2024

Federal Construction Projects Will Soon Require Project Labor Agreements Under New Rule

by Christopher M. Caiaccio , Gunjan R. Talati , Kathryn J. Trent , Destiny D. Williams

On December 18, 2023, the General Services Administration ("GSA") announced a new final rule enforcing Executive Order 14063. The order requires federal agencies to use project labor agreements ("PLA"), which are pre-hire collective bargaining agreements for construction, on large-scale federal construction projects. PLAs are negotiated with construction trades unions to establish terms and conditions of employment for all workers on specific federal construction projects.

The new rule amends the Federal Acquisition Regulation, which provides guidelines for federal agency contracts. Under the new rule, any federal construction project that exceeds $35 million in total cost must enter into a PLA to establish the terms and conditions for the construction workers employed on such large-scale projects. The rule further mandates that all parties involved in the construction must negotiate and set the terms and conditions governing the construction project.

According to the Biden Administration, the goal of this expansion is to ensure that federal construction projects are staffed with a steady supply of skilled workers and also to eliminate the risk of construction delays caused by labor unrest.

The rule could impact nearly 200,000 workers on federal construction projects. The PLA requirement will go into effect on January 22, 2024. Opponents of this requirement say that it will discriminate against non-union contractors and significantly increase costs for federal construction projects.

Kilpatrick's Labor & Employment and Government Contracting & Public Procurement teams are here to help with any further questions or needs. Our teams will guide you on how to comply effectively with the General Services Administration's new rule.