

## AGC Memo: What Federal Contractors Should Know About the New PLA Proposed Rule

### Background

On Aug. 18, the Federal Acquisition Regulation (FAR) Council released a [proposed rule](#) (FAR Case 2022-003)—in line with President Biden's [Executive Order on Use of Project Labor Agreements For Federal Construction Projects](#)—requiring every prime contractor and subcontractor to engage in negotiation or agree to project labor agreements (PLAs) on direct federal construction projects valued at \$35 million or more. This

[proposed rule](#) and adding a federal contract clause to applicable federal construction contracts—which will take place after the 60-day public comment period. Rest assured, AGC of America has spent months preparing for legal action to block this proposal from going into effect.

AGC of America neither supports nor opposes contractors' [voluntary](#) use of PLAs on government projects or elsewhere but strongly opposes any government mandate for contractors' use of PLAs. AGC is committed to free and open competition for publicly funded work. AGC has long [maintained](#) that the federal government should not mandate PLAs. The use of government mandated PLAs hurt [Union Contractors](#), [Open-Shop Contractors](#), and [Trade Unions](#) (including the

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[Threshold](#) – Increases the threshold from \$25 to \$35 million, periodically adjusts to inflation. However, the proposed rule allows flexibility for agencies to apply this [rule](#) (FAR Case 2022-003) (S) (h)-004 w 1.14 (T) 71.04 0 11.0

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