



June 17, 2025

OMB Issues Revised Guidance on PLA's

On June 12, 2025, the Office of Management and Budget (OMB) issued [Memorandum M-25-29](#), revising prior guidance related to the use of Project Labor Agreements (PLAs) on federal construction projects. This memorandum updates and replaces portions of OMB Memorandum M-24-06 and clarifies agency responsibilities for implementing Executive Order 14063 (EO), which mandates PLAs on large-scale federal construction contracts.

Due to several lawsuits challenging the EO, multiple Federal agencies have issued overly broad deviations from the Federal Acquisition Regulation (FAR) on the use of PLAs, resulting in a patchwork quilt of inconsistency. The new memo states that the Trump Administration supports the use of PLAs when those agreements are practicable and cost effective, and blanket deviations prohibiting the use of PLAs are precluded. **That said, Executive Order (E.O.)14063 remains in effect.**

The updated guidance maintains a strong presumption in favor of PLAs on projects with a total estimated cost of \$35 million or more and introduces enhanced documentation, reporting, and approval requirements when exceptions are sought.

Key Provisions

- **Presumption of PLA Use:** All federal agencies are expected to require a PLA on construction projects valued at \$35 million or more unless a documented exception is approved by the agency's Senior Procurement Executive (SPE).
- **Exception Criteria:** An agency may request an exception if it determines that a PLA:
 - Would not advance the interests of economy or efficiency in procurement;
 - Would substantially reduce the number of potential bidders, undermining open competition; or
 - Would conflict with federal law, Executive Orders, or presidential directives.
- **Documentation and Approval:** Requests for exceptions must include specific market research and written justification. Each exemption must be reviewed and approved by the SPE prior to solicitation.
- **Quarterly Reporting Requirements:** Agencies must submit quarterly reports to OMB outlining:
 - Construction projects requiring PLAs;
 - Construction projects granted exceptions, including supporting rationale and SPE approval.
- **Use of PLAs on Smaller Projects Encouraged:** While PLAs are not mandated for projects below the \$35 million threshold, agencies are encouraged to consider their use when appropriate, consistent with existing FAR provisions.

NECA members should stay connected to the evolving landscape of how federal construction projects are bid and the terms they are performed on. Any questions should be emailed to necagovtaffairs@necanet.org for further information.

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