

## **Executive Orders and Actions Impacting Federal Contractors in Construction and Engineering**

Over the past six months, several executive orders and actions have reshaped the federal contracting landscape, particularly for businesses in construction and engineering. These actions affect project funding, regulatory compliance, labor relations, and market opportunities. Small businesses must prepare for these changes to mitigate risks and explore new opportunities.

Federal contractors in the construction and engineering sectors must navigate significant policy changes that impact funding, labor, and regulatory requirements. Small businesses should proactively adjust their strategies by ensuring compliance, seeking alternative revenue streams, and exploring new market opportunities. Engaging with industry groups and government stakeholders will also be crucial to mitigating risks and capitalizing on emerging opportunities in the evolving federal contracting landscape.

---

### **Key Executive Orders and Actions**

#### **1. Repeal of Affirmative Action and DEI Initiatives**

- In January 2025, President Donald Trump signed an executive order eliminating affirmative action requirements and dismantling Diversity, Equity, and Inclusion (DEI) programs for federal contractors.
- This reverses Executive Order 11246, removing mandates for affirmative action plans and non-discrimination policies regarding race, gender, and identity.
- **Impact:** Federal contractors must discontinue DEI programs and reassess their compliance strategies.

#### **2. Suspension of Green Infrastructure Funding**

- Over \$300 billion in federal funds for clean energy and infrastructure projects has been halted.
- This affects projects linked to the Inflation Reduction Act and the bipartisan infrastructure law.
- **Impact:** Construction and engineering firms involved in green projects may face cancellations, delays, and financial uncertainty.

#### **3. Declaration of National Energy Emergency**

- This executive action expedites fossil fuel drilling and pipeline projects, reducing regulatory barriers for oil and gas infrastructure.
- **Impact:** Increased opportunities for contractors specializing in energy, but potential legal and environmental regulatory challenges.

#### **4. Rescission of Project Labor Agreements (PLAs) Requirement**

- The repeal of Executive Order 14063 removes the requirement for PLAs on federal construction projects exceeding \$35 million.
- **Impact:** Broader eligibility for non-union contractors, possibly affecting labor cost structures.

#### **5. Regulatory Freeze Pending Review**

- A temporary hold on new regulatory actions, affecting pending regulations for federal contractors.
- **Impact:** Period of uncertainty as existing and proposed rules undergo review.

---

### **How Small Businesses Can Prepare**

#### **1. Regulatory Compliance Adjustments**

- Review current contracts to ensure compliance with revised federal guidelines.
- Eliminate affirmative action and DEI-related policies where applicable.
- Monitor policy updates from federal agencies regarding regulatory reviews.

#### **2. Financial and Contractual Risk Management**

- Diversify revenue streams to reduce dependence on federally funded green infrastructure projects.
- Reevaluate financial stability and adjust business plans to accommodate funding shifts.
- Seek private-sector or state-level contracts as alternative revenue sources.

#### **3. Workforce and Labor Considerations**

- Non-union contractors may now bid for larger projects; consider workforce expansion.
- Small businesses should prepare for potential legal disputes related to labor agreements.
- Evaluate the need for internal labor policy adjustments in light of PLA removals.

#### **4. Exploring New Market Opportunities**

- Identify opportunities in the fossil fuel and energy infrastructure sector.
- Engage with government agencies to explore new contract opportunities under revised policies.
- Consider partnerships with larger contractors to enhance bidding potential on federal projects.

## **Strategies to Combat Negative Impacts**

### **1. Strengthen Government Relations and Advocacy**

- Engage with industry associations such as the Society of American Military Engineers (SAME), The American Small Business Chamber of Commerce or the U.S. Women's Chamber of Commerce to stay informed on policy changes.
- Participate in public comments and lobbying efforts to influence policy discussions.

### **2. Invest in Alternative Markets**

- Pursue state-funded or private-sector infrastructure projects.
- Expand capabilities in areas unaffected by federal funding cuts, such as commercial construction.

### **3. Enhance Cybersecurity and Compliance Readiness**

- With regulatory freezes and policy shifts, compliance and cybersecurity resilience will be critical.
- Stay updated on new security standards affecting federal contractors.

### **4. Implement Cost-Effective Operational Strategies**

- Streamline operations to reduce dependency on government contracts.
- Optimize supply chains to navigate disruptions caused by regulatory uncertainty.

Sincerely,

Charmagne Manning,  
President