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LABOR SHAKE-UP: TRUMP REVERSES BIDEN STANDARDS FOR FEDERALLY FUNDED EV AND CLEAN TECH PROJECTS

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In a sweeping rollback of Biden-era labor policy, the Trump administration recently rescinded a key executive order that tied federal funding for clean energy and infrastructure projects to pro-union commitments – signaling a major shift for electric mobility companies and other federally funded employers. Issued just seven months ago, Executive Order 14126 favored unions by prioritizing project labor agreements, union neutrality, and apprenticeship participation for winning federal grants and contracts. Now that it is repealed, federal contractors in industries like electric vehicle (EV) battery manufacturing, semiconductor fabrication, and renewable energy infrastructure will have more flexibility in negotiating labor contracts and contract terms. But lingering legal obligations remain for those already under contract, so make sure to proceed with caution. What do employers in clean tech need to know about this development?

A Quick Recap: Biden's Now-Repealed Pro-Labor Order

Designed to tie federal funding to robust labor standards, E.O. 14126 was a cornerstone of Biden's push to ensure that federally backed infrastructure and investment projects favored employers that followed a pro-labor pathway. It prioritized the distribution of federal financial assistance to applicants that:

- Promoted positive labor-management relations by adopting project labor agreements, community benefits agreements, collective bargaining agreements, voluntary union recognition, and union organizing neutrality;

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- Required employee benefits such as paid leave, health care, retirement benefits, and child, dependent, and elder care;
- Took efforts to provide high-quality jobs for workers from underserved communities;
- Expanded worker access to high-quality training and apprenticeships; and
- Ensured workplace safety.

Ultimately, this order required employers receiving significant federal funding – such as grants, tax credits, or federal contracting dollars – to agree to these labor standards if they wanted to remain a competitive recipient in the federal funding arena. It aimed to facilitate union growth in high-growth, high-investment sectors like EV battery production, semiconductor manufacturing, and renewable energy. As a result, union access provisions were often included as conditions of grant agreements or procurement contracts. The order applied to direct recipients and, in some cases, subcontractors or private partners involved in federally supported projects.

These commitments became part of formal agreements with federal agencies through their funding terms, including the Departments of the Interior, Agriculture, Commerce, Labor, Housing and Urban Development, Transportation, Energy, Education, Homeland Security, and the Environmental Protection Agency.

What The Rescission Means for Employers: Key Takeaways

Effective immediately, agencies are no longer required to consider these labor priorities from the federal grantmaking and contracting process. For employers heavily reliant on federal grants, especially those in EV battery, semiconductor, and renewable energy sectors, that means fewer hoops to jump through without the expectation of submitting detailed workforce labor plans.

But the rescission doesn't wipe the slate clean. Here's what you need to know:

- **Existing Agreements Still Stand:** Agreements to E.O. 14126-aligned obligations as part of the federal funding contract are still enforceable. For instance, this means

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community benefit fund contributions remain required if incorporated into your funding terms.

- **Future Awards Have Fewer Conditions:** New funding opportunities will likely come with fewer mandatory labor standards, giving employers more control over how they engage with workers and unions – particularly in states or regions that lean less union-friendly.
- **Legal Risks May Shift:** With the removal of a federal policy backdrop, certain labor-related practices like union neutrality agreements may face renewed scrutiny under National Labor Relations Act – particularly where they include access rights or other tangible benefits for unions. This theory gained traction under Trump's first administration by former General Counsel Peter Robb before his departure and could soon resurface.
- **Political and Reputational Pressure Remains:** Even without federal requirements, employers may still face state-level political pressure, reputational risk, or community challenges if they change their previous labor relation instruments (such as a project labor agreement) in future projects – particularly in union-friendly jurisdictions or future projects involving large public investment.

Practical Steps for Clean Tech Employers

To stay compliant and strategically positioned, employers in the clean tech space should:

- **Review Existing Agreements:** Confirm which labor-related commitments are baked into current federal funding terms, and don't assume they've vanished with the order's repeal.
- **Assess Grant Applications in Progress:** If you've submitted proposals under the old framework, consider whether revisions or clarifications are needed before awards are finalized.
- **Evaluate Labor Policies for New Projects:** With more flexibility ahead, decide whether to maintain, scale back, or drop prior pro-labor commitments based on business priorities and political context.
- **Watch for Legal Risk Areas:** Re-examine neutrality agreements, union access policies, and community

benefit plans in light of shifting legal theories and enforcement risks.

- **Coordinate Across Teams:** Make sure legal, compliance, government affairs, and HR are aligned on next steps and communications.

Conclusion

We encourage you to continue to monitor developments and be prepared for the next twist in this turbulent saga. The best way to stay tuned is subscribe to Fisher Phillips' Insight System to receive the most up-to-date information directly in your inbox. If you have questions, contact your Fisher Phillips attorney, the authors of this Insight, or any member of our Labor Relations Group.