

DOL Rescinds Federal Contractor Nondisplacement Rule

On December 14, 2023, the U.S. Department of Labor (DOL) published a final rule implementing Executive Order 14055 (EO 14055). That rule required federal contractors and subcontractors on covered service contracts to offer a right of first refusal to service employees working under the outgoing contract, helping to ensure employees were not displaced during contract transitions.

On December 22, 2025, the DOL formally rescinded these nondisplacement regulations following Executive Order 14148, issued earlier in 2025. Executive order 14148 revoked EO 14055, effectively removing the rules that supported the nondisplacement requirements. With this change, federal contractors and subcontractors are no longer required to offer a right of first refusal to the current service employees when a contract transitions.

Employers Impacted: Employers who do business with the federal government as federal contractors or subcontractors.

Effective Date: December 22, 2025.

Employer Actions:

- Review and update any internal processes or transition procedures that reference non-displacement or right of first refusal requirements.
- Consult with employment counsel to review existing contracts and determine how any changes to your contract obligations may impact operations.
- Continue monitoring the DOL's [Government Contracts Compliance Assistance](#) site for future rulemaking or agency-specific guidance.

For questions, log in to TriNet (login.TriNet.com) and go to the Administrator Dashboard. Use the “Contact HR Plus Support” Quick Link to connect with an HR Advisor. If you have an assigned HR Manager, you may also reach out to them directly or through the “Contact HR Plus Support” link.

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