GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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Washington, DC 20548

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September 10, 2026

The Honorable Bill Cassidy
Chairman
The Honorable Bernie Sanders
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Tim Walberg
Chairman
The Honorable Bobby Scott
Ranking Member
Committee on Education and Workforce
House of Representatives

Subject: *Department of Labor: Nondisplacement of Qualified Workers Under Service Contracts; Rescission of Regulations*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Labor (DOL) entitled "Nondisplacement of Qualified Workers Under Service Contracts; Rescission of Regulations" (RIN: 1235-AA45). We received the rule on August 28, 2026. It was published in the *Federal Register* on December 22, 2025. 90 Fed. Reg. 59734. The effective date of the rule is December 22, 2025.

According to DOL, the President issued an executive order rescinding certain executive orders and actions, which revoked an executive order concerning nondisplacement of qualified workers under federal service contracts and directed the heads of each agency to take immediate steps to effectuate the revocations listed. In accordance with this directive, DOL is issuing this final rule to rescind the regulations on nondisplacement of qualified workers under service contracts, which were promulgated solely pursuant to the authority provided by the revoked executive order.

The Congressional Review Act (CRA) requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). The 60-day delay in effective date does not apply, however, if the agency finds for good cause that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest, and the agency incorporates the finding and a brief statement of its reasons in the rule. 5 U.S.C. § 808(2). DOL stated it found notice and comment unnecessary because the revoked executive order was the only legal authority for the prior regulations. 90 Fed. Reg. 59734. According to DOL, with the rescission of the executive order, the nondisplacement regulations are ultra vires and serve no purpose. *Id.* DOL stated no public comment could affect those underlying considerations and therefore such public process is unnecessary. *Id.*

Enclosed is our assessment of DOL's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact me at (202) 512-8156.

Shirley A. Jones

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Andrew B. Rogers
Administrator, Wage and Hour Division
Department of Labor

ENCLOSURE

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF LABOR
ENTITLED
"NONDISPLACEMENT OF QUALIFIED WORKERS UNDER SERVICE CONTRACTS; RESCISSION OF REGULATIONS"
(RIN: 1235-AA45)

(i) Cost-benefit analysis

The Department of Labor (DOL) prepared a cost-benefit analysis of this rule. 90 Fed. Reg. 59734, 59737-38. DOL estimated the familiarization costs of the rule to be $8.01 million. *Id.* DOL further estimated the implementation cost savings of the rule to be $40.30 million and the recordkeeping cost savings to be $6.83 million. *Id.*

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

DOL prepared a Final Regulatory Flexibility Analysis, where DOL provided an estimate of the cost of the final rule on small entities. 90 Fed. Reg. at 59738-40. DOL estimated rule familiarization costs on small entities would be between $1.18 and $5.24 million. *Id*. DOL additionally estimated the costs savings of the final rule for small entities would be $9.52 million. *Id*.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

In its submission to us, DOL indicated that it did not address the Act in the final rule.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

DOL waived notice and comment rulemaking because DOL determined it would be unnecessary. 90 Fed. Reg. at 59734. According to DOL, with the rescission of the executive order, the nondisplacement regulations are ultra vires and serve no purpose. *Id.* DOL stated no public comment could affect those underlying considerations and therefore such public process is unnecessary. *Id.*

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

DOL stated that the information collection requirements contained in the prior regulations were previously approved by the Office of Management and Budget (OMB) and assigned OMB Control Number 1235-0033. 90 Fed. Reg. at 59734. In light of the rescission of the regulations, DOL stated that the Department has submitted a request to OMB to discontinue the information collection under OMB Control Number 1235-0033. *Id*.

Statutory authorization for the rule

DOL issued the final rule under the authority of Executive Order 14148 and pursuant to section 301 of title 5, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

DOL stated that OMB determined the final rule was economically significant and subject to review. 90 Fed. Reg. at 59735.

Executive Order No. 13132 (Federalism)

In its submission to us, DOL indicated it did not discuss the Order in the final rule.