

## DOL Announces Minimum Wage Increase for Federal Contractors

The DOL has announced that federal contractors will have to pay workers performing on or in connection with covered contracts at least \$10.20 per hour and covered tipped employees a cash wage of at least \$6.80 per hour, beginning January 1, 2017. Covered contractors should review and update their pay practices to ensure compliance.

### Background

Issued by President Obama on February 12, 2014, [Executive Order 13658](#) (EO or EO 13658) established a minimum wage for federal contractors that exceeds the federal minimum wage in effect for other employers. The EO required executive departments and agencies to include a clause in covered contracts requiring their contractors and subcontractors to pay covered workers at least \$10.10 per hour and tipped workers an hourly cash wage of \$4.90, beginning on January 1, 2015.

The EO also provides for annual rate adjustments based on the CPI-U, in an amount determined by the DOL. Effective January 1, 2016, the DOL increased the applicable minimum wage rate paid to workers performing work on or in connection with federal contracts covered by EO 13658. The 2016 minimum wage rate increased to \$10.15 per hour, and the minimum cash wage for tipped employees increased to \$5.85 per hour.

### 2017 Minimum Wage

On September 20, the DOL issued [notice](#) that the minimum wage rate for workers performing on or in connection with covered federal contracts will increase next year. Beginning January 1, 2017, the hourly minimum wage that must generally be paid to workers on such contracts will be at least \$10.20 per hour (at least \$6.80 per hour for tipped employees).



## In Closing

The federal minimum wage rate for government contractors will increase slightly in 2017. Covered employers should review their pay practices and make any needed adjustments to ensure compliance.

### Authors

Nancy Vary, JD  
Abe Dubin, JD

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