



2018 "Contractor Minimum Wage" Rate Released

Insights

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The U.S. Labor Department has published the 2018 wage-rate floor required by Executive Order 13658, "Establishing A Minimum Wage for Contractors". Beginning on January 1, 2018, the minimum rate will increase by 15 cents per hour to \$10.35 per hour.

At the same time, USDOL announced that the minimum *cash* wage for tipped workers performing work on or in connection with a covered contract will increase by 45 cents per hour, that is, to \$7.25 per hour, in conjunction with the increase to \$10.35 per hour. If the worker does not receive enough tips to produce the full amount, then the employer must pay the worker additional wages to bring him or her up to \$10.35.

Both the Executive Order 13658 and implementing regulations call for USDOL to conduct annual re-determinations of these rates. Notably, for tipped workers, the Order initially provided for an annual increase of 95 cents per hour to the minimum cash wage, but it also capped the rate. As of 2018, the cash rate will reach that cap and, thus, subsequent increases will be set at approximately 70 percent of the Executive Order minimum wage.

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