

LABOR DEPARTMENT SETS NEW FEDERAL CONTRACTOR MINIMUM WAGE FOR NARROW GROUP: KEY TAKEAWAYS FOR EMPLOYERS

Insights
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Some federal contractors will need to ensure compliance with a new \$13.65 minimum wage that takes effect on May 11 for contracts covered by the Obama-era Executive Order 13658. But the new rate will apply only to a narrow group of contracts entered into before January 30, 2022. What does this mean for federal contract compliance? Here's an overview of your continuing obligations and a few steps you should consider taking now.

What Happened?

President Obama's 2014 Executive Order 13658 established a minimum wage – including annual adjustments – for covered employees of federal contractors. The minimum rate under that order is currently \$13.30 per hour (\$9.30 for covered tipped employees).

The DOL [announced on February 9](#) that it's raising the rate to \$13.65 an hour (and \$9.55 for tipped employees). The increase was an expected annual adjustment under Executive Order 13658, and the Department of Labor (DOL) noted that the new rate will apply only to certain contracts entered into between January 1, 2015, and January 29, 2022, that were not renewed or extended thereafter.

Why the Small Number of Covered Contracts?

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Notably, last year, [President Trump rescinded a Biden-era order](#) that had raised the wage to \$15 an hour (effective January 30, 2022) and ultimately increased it to \$17.75 in early 2025.

President Biden's Executive Order 14026 had superseded the Obama order to the extent it was inconsistent and applied to all new and renewed contracts beginning January 30, 2022.

Since the Trump administration rescinded the Biden order last year, the DOL is applying the annual minimum wage adjustment only to covered federal contracts under Obama's Executive Order 13658 that were entered into before January 30, 2022.

Federal contractors should be familiar with juggling how to determine which executive orders covered which contracts and employees, so this limited applicability provides some clarity in this area.

What Should Federal Contractors Do Now?

Here are a few tips to consider as you update your compliance plan:

- **Review Federal Prevailing Wage Laws:** Many federal contracts are covered by a prevailing wage law – such as the Davis-Bacon Act or the McNamara-O'Hara Service Contract Act. These prevailing wage laws still apply, and it's a good idea to regularly review all pay practices to ensure compliance with applicable rules.
- **Check State Laws and Contractual Obligations:** Beyond federal law, you may have minimum wage requirements at the state or local level. You may also have obligations under collective bargaining agreements.
- **Track Additional Changes Impacting Federal Contractors:** Check out [FP's Trump Administration Resource Center for Employers](#) and monitor for updates impacting federal contractors and beyond.
- **Work with Your Legal Counsel:** Your Fisher Phillips attorney can help you create an action plan focused on compliance as changes occur.

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