Minimum Wage of $10.10 an hour for workers on Government Contracts

By Mary Love

Per Executive Order 13658, signed by President Obama on Feb 12, 2014, the hourly minimum wage paid by Federal Government contractors to employees performing on or in connection with covered Federal contracts is $10.10 per hour beginning January 1, 2015.

Beginning Jan 1, 2016, and annually thereafter, they will be paid a minimum amount determined by the Secretary of Labor in accordance with the Order.

This applies to contracts and subcontracts, including lower tier subcontracts, for construction contracts covered by the Davis Bacon Act (exceeding $2000.00); service contracts covered by the Service Contract Act (exceeding $2500.00); Concession Contracts, and Contracts in connection with Federal property or lands and related to offering services for Federal employees, their dependents, or the general public.

This Order applies to “new contracts” meaning those that resulted from a solicitation which was issued on or after Jan 1, 2015. It does not apply to the unilateral exercise of a pre-negotiated option to renew an existing contract by the Federal Government on or after January 1, 2015.

The Secretary of Labor will determine the Executive Order minimum wage beginning January 1, 2016, and annually thereafter. The amount will be published by the Secretary at least 90 days before such new minimum wage is to take effect. It will be:

1. Not less than the amount in effect on the date of such determination;
2. Increased from such amount by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, or its successor publication, as determined by the Bureau of Labor Statistics; and
3. Rounded to the nearest multiple of $0.05.

This will obviously affect multi-year contracts. If appropriate, contractors are entitled to be compensated for the increase in labor costs resulting from the annual inflation increases in the future Executive Order wage increases.

For additional information on this new regulation go to: http://www.dol.gov/whd/flsa/eo13658/faq.htm#enforcement

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