

Biden Ups Minimum Wage for Contractors

PUBLISHED ON
April 29, 2021

As the call for a higher minimum wage gets louder across the country, President Joe Biden did his part Tuesday by increasing the minimum wage for federal contractors to \$15 per hour.

According to the [executive order](#), workers "working on or in connection with a federal government contract" will receive a mandatory \$4.05 per hour pay hike, up from \$10.95 per hour. The order covers the same contracts covered by former President Barack Obama's [Executive Order 13658](#), which originally set a minimum wage for employees of federal contractors.

The latest executive order instructs federal contractors to pay *all* workers, including individuals with disabilities, a minimum wage of \$15 per hour beginning January 30, 2022. On January 1, 2023, and annually thereafter, the order will increase the minimum wage at the annual percentage increase in the Consumer Price Index.

The order also increases the minimum wage for federal contractors that are tipped employees. Beginning January 30, 2022, tipped workers must receive a cash wage of no less than \$10.50 per hour. In 2023, the minimum wage for tipped employees will increase to 85% of the minimum wage then in effect. By January 1, 2024, however, federal contractors will be required to pay tipped employees 100% (or the same amount) of the minimum wage in effect for federal contractors. Similar to the Fair Labor Standards Act, the order states that if a tipped worker does not receive sufficient tips to equal the mandatory minimum wage, the employer is required to pay the employee the difference.

The U.S. Department of Labor must issue regulations implementing the order by November 24, 2021. Those regulations will provide contractors with more detailed guidance on compliance.

If you are a federal contractor and need to know how this executive order affects you, please contact me or contact anyone in the [Barley Snyder Employment Practice Group](#).

READ MORE

[Tax Credits Available for Vaccination Sick Leave](#)

[OSHA's Obligations for Employers Requiring Vaccines](#)