

LEGAL UPDATE

DOL Announces \$11.25 Minimum Wage Rate for Federal Contractors

On Sept. 15, 2021, the U.S. Department of Labor (DOL) [announced](#) a minimum wage rate of \$11.25 per hour for federal contractors. Similarly, the minimum wage rate for federal contractor tipped employees will increase to \$7.90 per hour. The new rates become effective Jan. 1, 2022.

Affected Federal Contractors

Under [Executive Order 13658](#), the minimum wage rate for federal contractors applies to workers performing work on or in connection with covered contracts, which include four major categories of contractual agreements:

- Procurement contracts for construction covered by the Davis-Bacon Act (DBA);
- Service contracts covered by the Service Contract Act (SCA);
- Concessions contracts, including any concessions contract excluded from the SCA; and
- Contracts in connection with Federal property or lands and related to offering services for Federal employees, their dependents or the general public.

\$15 Minimum Wage Rate

As a reminder, [Executive Order 14026](#) will increase the minimum wage rate for federal contractor employees to \$15 per hour (\$10.50 for tipped workers) on Jan. 30, 2022. The \$15 per hour rate applies to new contracts entered into on or after Jan. 30, 2022, and to contracts that are renewed or extended on or after Jan. 30, 2022.

The DOL has stated that it expects that not all federal contracts will qualify as “new contracts” under Executive Order 14026. These contracts will then be subject to the minimum wage requirements of Executive Order 13658.

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Important Dates

Jan. 1, 2022

- \$11.25 minimum wage rate for covered federal workers
- \$7.09 for tipped federal workers

Jan. 30, 2022

- \$15 minimum wage rate for covered federal workers
- \$10.50 for tipped federal workers

The \$11.25 minimum wage rate applies to workers performing work on or in connection with covered contracts.

