

LEGAL UPDATE

DOL Announces Rule to Increase Federal Contractor Minimum Wage

On Nov. 22, 2021, The U.S. Department of Labor (DOL) [announced](#) a [new rule](#) that will increase the minimum wage rate for federal contractor employees. The new rule implements [Executive Order 14026](#) and increases the minimum wage for individuals performing work on or in connection with federal contracts to **\$15 per hour** on **Jan. 30, 2022**. The rule also allows the DOL to adjust this minimum wage rate beginning Jan. 1, 2023, and creates standards and procedures to implement and enforce minimum wage protections created by the executive order.

Complying With Two Executive Orders

Currently, two executive orders regulate minimum wage rate increases for federal contractor employees: Order 13658 and Order 14026. The DOL has published a [comparison chart](#) of these two orders.

- ☑ **Order 13658** increases the minimum wage rate to \$11.25 per hour on Jan. 1, 2022 (\$7.90 for tipped employees). Order 13658 applies to contracts awarded on or between Jan. 1, 2015, and Jan. 29, 2022, that are neither renewed nor extended on or after Jan. 30, 2022.
- ☑ **Order 14026** increases the minimum wage rate to \$15 per hour on Jan. 30, 2022 (\$10.50 for tipped employees). This order applies to contracts entered into on or after Jan. 30, 2022, and contracts renewed or extended on or after Jan. 30, 2022.

Impact on Employers

The timing for entering into, renewing or extending work under a federal contract determines which minimum wage rate will apply to federal contractor employees working on or in connection with that federal contract. As a result, federal contractors will need to determine and become familiar with the set of rules that apply based on their federal contract date.

Important Dates

Jan. 1, 2022

Effective date for \$11.25 minimum wage rate for federal contracts awarded on or between Jan. 1, 2015, and Jan. 29, 2022, that are neither renewed nor extended on or after Jan. 30, 2022.

Jan. 30, 2022

Effective date for \$15 minimum wage rate for federal contracts entered into on or after Jan. 30, 2022, and for contracts renewed or extended on or after Jan. 30, 2022.

Federal contractors will need to determine and become familiar with the set of rules that apply based on their federal contract date.

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