

LEGAL UPDATE

DOL Announces 2021 Minimum Wage Rate for Federal Contractors

On Aug. 31, 2020, the U.S. Department of Labor (DOL) [announced](#) that the minimum wage rate for federal contractor employees will increase from \$10.80 to **\$10.95 per hour** on Jan. 1, 2021. The minimum wage rate for federal contractor employees is subject to annual adjustments as required by [Executive Order 13658](#) (the Order).

Tipped Employees

Tipped employees covered by the Order will also see their cash wage increase from \$7.55 to **\$7.65 per hour** on Jan. 1, 2021.

A covered tipped employee's tips when combined with the \$7.65 per hour cash wage must be at least equal to the applicable minimum wage rate for federal contractor employees. Federal contractors must subsidize a covered tipped employee's wages if his or her tips and cash wage are less than the required minimum wage rate.

Affected Contracts

The Order applies to:

- All contracts for construction covered by the Davis-Bacon Act;
- Contracts for services covered by the Service Contract Act;
- Concessions contracts, such as contracts to furnish food, lodging, automobile fuel, souvenirs, newspaper stands, and recreational equipment on federal property; and
- Contracts to provide services, such as child care or dry cleaning, in federal buildings for federal employees or the general public.

A few limited exclusions apply to some workers. The DOL has published [resources](#) employers can use to review the Order's requirements.

Important Dates

Oct. 7, 2014

Executive Order 13658 increases the minimum wage rate for certain federal contractor employees.

Jan. 1, 2020

- \$10.80 minimum wage for federal contractor employees
- \$7.55 cash wage for federal contractor tipped employees

Jan. 1, 2021

- \$10.95 minimum wage for federal contractor employees
- \$7.65 cash wage for federal contractor tipped employees

*The minimum wage rate for federal contractor employees will increase to **\$10.95 per hour** on **Jan. 1, 2021.***

Provided to you by **Kinloch Consulting Group, Inc.** Sept. 14, 2020

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