

NEWS BRIEF

Biden Issues Executive Order Raising the Federal Contractor Minimum Wage to \$15

On April 27, 2021, President Joe Biden issued an executive order raising the minimum wage of federal contractors to \$15 per hour.

Beginning Jan. 30, 2022, agencies must incorporate the new rate into contract solicitations, implementing the wage into new contracts by March 30 of that year, according to the order.

Organizations must also implement the \$15 per hour wage into existing contracts if they are extended.

This increase builds upon a previous executive order from former President Barack Obama that raised federal contractor minimum wage to \$10.10 per hour.

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According to a release from the White House, the executive order ensures that hundreds of thousands of workers no longer have to work full time and still live in poverty.

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Specifics of the Executive Order

According to the White House fact sheet, the following measures are included in the executive order:

- **Increase the hourly minimum wage for federal contractors to \$15.** The rate will be indexed for inflation every year after 2022.
- **Eliminate the tipped minimum wage for federal contractors by 2024.** Currently, tipped employees can receive sub-minimum wage if they receive tips that make up the difference. By 2024, tipped employees will receive the same rate as other federal contract workers.
- **Ensure a \$15 minimum wage for federal contract workers with disabilities.** This provision was included to ensure equity among workers.
- **Restore minimum wage protections to outfitters and guides operating on federal lands.** This reverses an executive order issued by the previous administration.

What's Next?

Experts predict this executive order will fuel another push for Congress to raise the private sector minimum wage to \$15 per hour, which was already attempted once so far during the Biden administration.

In the meantime, employers dealing with federal contracts should prepare for these upcoming changes. Read the White House's statement on the order [here](#).



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