

Covered Contractors Take Note of Changes in 2016

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Pay transparency final rule is in effect

Executive Order 13665 (EO 13665), the Final Rule promoting pay transparency protection, took effect on January 11, 2016. The executive order covers employees and job applicants of companies with over \$10,000 in federal contracts/subcontracts entered into or modified on or after January 11, 2016.

If covered by the law, employers must:

- Disseminate the Pay Transparency Statement, as prescribed and made available by the OFCCP on its [website](#), by either electronic posting **OR** by posting a copy of the provision in conspicuous places available to employees and applicants for employment; and
- Incorporate the Pay Transparency Statement into existing employee manuals or handbooks; and
- Update your equal employment opportunity clause in covered federal contracts/subcontracts **and** purchase orders to include a prohibition from discharging, or in any manner discriminating against any employee or applicant for employment because the employee or applicant inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. If you are currently only incorporating the nondiscrimination obligation by reference to 41 CFR 60-1.4, you may continue to do so.

It is important to note that the pay transparency nondiscrimination provision is required to be posted *in addition to* the required “EEO is the Law” posting. Once the “EEO is the Law” poster is updated to reflect the new pay transparency nondiscrimination provision, it will be made available on the OFCCP’s and EEOC’s website. In the meantime, however, you can place the supplement to the “EEO is the Law” poster alongside the “EEO is the Law” poster. You can find the supplement on the OFCCP’s [website](#).

Minimum wage increases for covered contractors

Effective as of January 1, 2016, the minimum wage for certain employees of covered federal

contractors will increase by five cents to \$10.15 per hour, and the minimum cash wage for tipped employees working on or in connection with covered federal contracts will increase to \$5.85 per hour.

Covered contracts include those contracts resulting from solicitation issues on or after January 1, 2015, and contracts awarded outside of the solicitation process on or after January 1, 2015.

Significantly, not all federal contractors are subject to this new requirement. As a practical matter, most “supply” contractors, or those providing goods (and not services) to the federal government should not be covered by this new Executive Order.

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