

## Federal Contractor Minimum Wage Increase Announced – Changes Effective January 1, 2018

Article By:

Government Contractor Compliance Practice Group

---

On September 15, 2017, the Department of Labor announced an increase in the minimum wage that certain federal contractors must pay to employees. This comes as part of a planned incremental increase in the federal contractor minimum wage implemented by President Obama's 2014 Executive Order (the "Order").

As discussed in a previous [blog post](#) on the Order, the minimum wage requirement only applies to certain federal contracts. Specifically, the Order only applies to:

- procurement contracts for services or construction;
- service contracts exceeding \$2,500 covered by the Service Contract Act;
- contracts for concessions; and
- contracts that are both (a) entered into with the Federal Government in connection with Federal property or lands and (b) covered by the Fair Labor Standards Act, Service Contract Act, or Davis-Bacon Act.

**Beginning January 1, 2018**, the minimum wage for covered federal contractors will **increase to \$10.35 per hour** for hourly workers. For tipped employees, the minimum wage for federal contractors will **increase to \$7.25 per hour**.

© 2025 Proskauer Rose LLP.

---

National Law Review, Volume VII, Number 264

Source URL: <https://natlawreview.com/article/federal-contractor-minimum-wage-increase-announced-changes-effective-january-1-2018>