

FAR Council Finalizes Federal Contractor Minimum Wage Rule

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The **FAR Council** published a [final rule](#) to implement the President's February 2014 **Executive Order** establishing a minimum wage for federal contractors. The final rule adopts almost all of the provisions of last year's [interim rule](#), with a few changes that employers should note.

First, the final rule clarifies the timing of price adjustments. Because the Executive Order contemplates an annual review and increase of the minimum wage to keep pace with the **Consumer Price Index**, contractors can request price adjustments to reflect the increased labor costs. Under the final rule, contractors may make the request "only after the effective date of a new annual E.O. minimum wage determination published" by the Department of Labor. In September, the Department [announced](#) that the minimum wage would increase to \$10.15 per hour, effective January 1, 2016.

Second, the final rule pushes some enforcement authority down to contracting officers. For most enforcement actions, contracting officers must receive authorization and direction from the Administrator of the Wage and Hour Division. If, however, a contractor fails to comply with the requirement (in FAR 52.222-55(e) (2)) "to furnish payroll records," the final rule directs the contracting officer to withhold payment until the contractor comes into compliance.

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