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## A Back-Door Increase in the Federal Minimum Wage

The cost of doing business with the federal government has just gone up. Fulfilling a promise from his State of the Union Address, President Obama signed an Executive Order on February 12, 2014 that will raise the minimum wage to \$10.10 an hour. The increased rate will go into effect on January 1, 2015 and will be applicable to all new federal contracts entered into after that time.

The Order also provides for annual separate increases for tipped employees.

It has been estimated that 560,000 federal contract workers are paid under \$12.00 an hour, and that the increase will impact around 200,000 workers. However, these estimates were based on first-tier contractors only. The Order is not so limited - applying to all levels of federal contractors and subcontractors.

**Thus, all employers who do business with the federal government, a federal agency, or an entity that does business with or has a contract with the federal government, will be subject to this rate increase.** The Secretary of Labor is to issue regulations implementing the Order by October 1, 2014.

Until then, please feel free to contact [Karen Smith](#) or any other member of our [Labor and Employment Law Practice Group](#) to find out if the new minimum wage or other regulations will apply to your business.

*The opinions expressed in this bulletin are intended for general guidance only. They are not intended as recommendations for specific situations. As always, readers should consult a qualified attorney for specific legal guidance. Should you need assistance from a Miller & Martin attorney, please call 1-800-275-7303.*

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