Living Wage for Federal Contractors Act Summary and Section-by-Section

Since 2014, presidential administrations have been in a back-and-forth debate on minimum wage standards for federal contractors. In 2014, President Obama increased the minimum wage for federal contractors to $10.10 per hour, and indexed further increases to inflation. In 2018, President Trump issued EO 13828 to create a variety of exemptions from the minimum wage standard. In 2021, President Biden issued EO 14026, which eliminated the minimum wage exemptions created during the first Trump administration and increased the minimum wage to $15 per hour with further increases indexed to the CPI-W. In 2025, the minimum wage for federal contractors reached $17.75 per hour. On March 14, 2025, President Trump issued EO 14236, which rescinded EO 14026 and reduced the minimum wage for federal contractors to $13.65 per hour.

Millions of Americans work on federal contracts, and roughly 400,000 contract workers' wages were increased by EO 14026. Without strong safeguards, federal contracts can encourage a race to the bottom that benefits unscrupulous employers at the expense of those who invest in a stable, well-trained, and well-paid workforce.

Regulatory uncertainty and sporadic changes in wage rates make it easier to exploit workers and deny them the pay they're owed. It's time for Congress to settle the matter and give federal contractors a fair and consistent minimum wage rate. **The Living Wage for Federal Contractors Act codifies and expands EO 14026, ensuring that all federal contractors are paid a living wage**.

Section 1: Establishes the title of the bill, the Living Wage for Federal Contractors Act.

Section 2: Wage increase schedule for federal contractors, applicability to tipped workers, enforcement, and definitions.

- Immediately following the enactment of this Act, the minimum wage for federal contractors is set to $17 per hour. The minimum wage will increase by $2 every year until reaching $25 per hour, at which point further increases will be set to changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
- Immediately following the enactment of this Act, the minimum wage for tipped contract workers is set to $13 per hour. The minimum wage will increase by $3 every year until reaching $25 per hour, at which point further increases will be set to changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
- This section also sets enforcement standards for violations of wage standards, including
    - Affording workers liquidated damages.
    - Setting civil monetary penalties for violations.
    - Affording workers a private right of action.
    - Allowing the Department of Labor to cross-withhold accrued payments to contractors from other contracts operated by the contractor.
    - Permitting the federal government to directly pay workers' unpaid wages.
    - Creating a list of violating contractors, and debarring violators for a three year period.

- This bill has more expansive applicability than previous Executive Orders and includes contractors operating on behalf of Independent Regulatory Agencies and the United States Postal Service. The wage rates of this bill apply to federal contract workers whose wages would otherwise be determined through the 14(c) waiver program.

Section 3: Applicability to the Davis-Bacon Act.
- This bill sets a wage floor for all contract workers covered by the Davis-Bacon Act without superseding any prevailing wage determinations.

Section 4: Applicability to the Service Contracts Act
- This bill sets a wage floor for all contract workers covered by the Service Contracts Act without superseding any prevailing wage determinations.

Section 5: Applicability to the Walsh-Healey Act.
- This bill sets a wage floor for all contract workers covered by the Walsh-Healey Act. Currently, procurement contracts do not have a prevailing wage process (see *Wirtz v. Baldor Electric Co*.).