

March 6, 2014

As the United States Congress contemplates increasing the federal minimum wage, minimum wages continue to rise for employers in the District of Columbia and federal contractors. Under the District of Columbia's Minimum Wage Amendment Act of 2013, employers will need to increase the minimum wage (currently \$8.25 per hour) for all employees working in the District of Columbia on the following schedule:

- \$9.50 per hour on July 1, 2014;
- \$10.50 per hour on July 1, 2015; and
- \$11.50 per hour on July 1, 2016.

If Congress increases the federal minimum wage to exceed these rates, then the minimum wage then in effect will be \$1 higher than the federal minimum wage. On July 1, 2017 and for each July 1 after that date, the minimum wage in the District of Columbia will increase in proportion to the annual average compensation based on the Consumer Price Index. Employers with employees in the District of Columbia earning tips will also be required to submit a quarterly wage report to the District of Columbia within thirty days of the end of each quarter certifying that all tipped employees were paid the minimum wage.

Federal contractors and subcontractors will also experience an increase in the minimum wage next year. On February 12, 2014, President Barack Obama signed an Executive Order requiring all employees working on federal contracts and subcontracts entered after January 1, 2015 to be paid a minimum wage of \$10.10 per hour. Starting in 2016 and each calendar year thereafter the minimum wage for employees working on federal contracts and subcontracts will increase by the annual percentage increase in the Consumer Price Index. This increase will apply to a wide range of contracts, including (1) procurement contracts for services or construction; (2) contracts covered by the Service Contract Act; (3) contracts for concessions; and (4) 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. Federal grants, however, are not covered by the Executive Order.

Employers affected by these changes should review their employees' compensation rates in light of these increases. Contractors should specifically evaluate which of their contracts may be up for renewal in 2015 and beyond and should assess the extent to which the wage increases will affect the pricing of their bids.

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