

Publications

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New Executive Order Rescinds the \$17.75 Per Hour Federal Contractor Minimum Wage

On March 14, 2025, President Trump issued an Executive Order rescinding eighteen (18) prior executive orders and actions, including Executive Order 14026's substantial increase to the minimum wage for federal government contractors and subcontractors. The March 14 Executive Order puts to rest continuing legal uncertainty about the status of the increased minimum wage under Executive Order 14026, which had been invalidated by the U.S. Court of Appeals for the Ninth Circuit but upheld by the Fifth and Tenth Circuits.

Executive Order 14026, issued in 2021, set forth a \$15.00 per hour minimum wage, which has since increased to \$17.75 per hour with adjustments for inflation. The \$17.75 minimum wage is higher than the minimum wage applicable under any state's law and is more than double the general federal minimum wage of \$7.25 per hour. Executive Order 14026 built upon the prior Executive Order 13658, issued in 2014, which provided for a \$10.10 per hour minimum wage that subsequently increased to \$11.25 per hour for inflation.

Importantly, the March 14 Executive Order did not rescind Executive Order 13658. Accordingly, the lower minimum wage set forth in the 2014 order, as adjusted, presumably remains in effect. In addition, the Department of Labor's regulations implementing Executive Order 14026 (which have not yet been rescinded) were issued separately and in addition to those implementing Executive Order 13658. Therefore, the Department of Labor could rescind the newer regulations (14026) while leaving the prior version (13658) in place.

Until further regulatory action is taken, the rescission of Executive Order 14026 leaves another area of uncertainty about contractors' obligations. Contracts subject to Executive Order 14026 may include the implementing FAR clause requiring payment of the increased minimum wage. It is unclear how or when agencies will take action to modify contracts incorporating Executive Order 14026's minimum wage, or whether they will implement substitute language referencing the Executive Order 13658 minimum wage.

Contractors should closely review the applicable terms in any federal contracts with legal counsel in order to assess how their obligations may be affected by the new executive

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- Jack Blum
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order. In addition, contractors seeking to change wages in response to Executive Order 14026's rescission will need to review collective bargaining and state wage law requirements to avoid missteps in doing so. Polsinelli is available to assist employers with questions about these issues.

If you have any additional questions, please feel free to reach out to Jack Blum, Greg Jacobs, Polsinelli's Executive Action Working Group or your Polsinelli attorney.