DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Acquisition Bulletin (AB)
No. 14-02 Revision No. 1
July 3, 2014

MEMORANDUM FOR BUREAU CHIEF PROCUREMENT OFFICERS

FROM: IRIS B. COOPER,
SENIOR PROCUREMENT EXECUTIVE

SUBJECT: **Class Deviation- Implementation of Executive Order 13658, Establishing a Minimum Wage for Contractors**

Purpose: The purpose of this revision no. 1 to AB No. 14-02, issued June 27, 2014, is to add the Treasury deviation number and effective date to the clause at Attachment 1.

This deviation implements Executive Order (E.O.) 13658, dated February 12, 2014, and OMB Policy Memorandum OMB Policy Memorandum M-14-09, "Implementation of the President's Executive Order Establishing a Minimum Wage for Contractors," dated June 12, 2014. The OMB Memorandum requires the FAR Council to provide standard wording for a clause to be used pending issuance of Department of Labor and FAR regulations.

Effective Date: Upon issuance. Revision 1 supersedes AB No. 14-02 in its entirety.

Expiration Date: Until superseded, incorporated in the FAR or DTAR or otherwise rescinded.

Background: E.O. 13658, Establishing a Minimum Wage for Contractors, signed February 12, 2014 seeks to increase efficiency and cost savings in the work performed by parties who contract with the Federal Government by increasing to $10.10 the hourly minimum wage paid by those contractors. Pursuant to the E.O., the aforementioned OMB Policy Memorandum M-14-09, requested the FAR Council to provide standard wording for a clause to be used pending issuance of Department of Labor and FAR regulations to ensure that individuals working pursuant to those contracts are paid an hourly wage of at least $10.10 per hour beginning January 1, 2015. The resultant action taken by the FAR Council is the issuance of the attached deviation to be used pending issuance of Department of Labor and FAR regulations.

Required Bureau Action: Effective immediately, contracting officers shall use the attached clause to require payment, beginning January 1, 2015, of an hourly wage of at least $10.10 to contractor employees. Accordingly, for solicitations and resultant contracts that include the FAR clause 52.222-6 and/or 52.222-41, and will be performed, in whole or in part, in the United States (the 50 States and the District of Columbia), contracting officers shall insert the clause at Attachment 1 in–

- solicitations issued on or after the date this deviation is signed; and

- to the maximum extent practicable, solicitations issued on or after the date of the Executive Order and before the date of this deviation, if the solicitation is otherwise being amended.

Additional Information: Questions about this AB may be directed to Thomas O'Linn via e-mail at thomas.olinn@treasury.gov or via telephone at (202) 622-2092.

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Attachment 1

52.222-99, Establishing a Minimum Wage for Contractors (DEVIATION)
The contracting officer shall insert the following clause in solicitations and resultant contracts that include the FAR clause(s) 52.222-6 and/or 52.222-41, and work is to be performed, in whole or in part, in the United States (the 50 States and the District of Columbia).

ESTABLISHING A MINIMUM WAGE FOR CONTRACTORS (DEVIATION 2014-00003) (JUN 2014)

This clause implements Executive Order 13658, Establishing a Minimum Wage for Contractors, dated February 12, 2014, and OMB Policy Memorandum M-14-09, Implementation of the President's Executive Order Establishing a Minimum Wage for Contractors, dated June 12, 2014.

(a) Each service employee, laborer, or mechanic employed in the United States (the 50 states and the District of Columbia) in the performance of this contract by the prime Contractor or any subcontractor, regardless of any contractual relationship which may be alleged to exist between the Contractor and service employee, laborer, or mechanic, shall be paid not less than the applicable minimum wage under Executive Order 13658. The minimum wage required to be paid to each service employee, laborer, or mechanic performing work on this contract between January 1, 2015, and December 31, 2015, shall be $10.10 per hour.

(b) The Contractor shall adjust the minimum wage paid under this contract each time the Secretary of Labor's annual determination of the applicable minimum wage under section 2(a)(ii) of Executive Order 13658 results in a higher minimum wage. Adjustments to the Executive Order minimum wage under section 2(a)(ii) of Executive Order 13658 will be effective for all service employees, laborers, or mechanics subject to the Executive Order beginning January 1 of the following year. The Secretary of Labor will publish annual determinations in the Federal Register no later than 90 days before such new wage is to take effect. The Secretary will also publish the applicable minimum wage on www.wdol.gov (or any successor website). The applicable published minimum wage is incorporated by reference into this contract.

(c) The Contracting Officer will adjust the contract price or contract unit price under this clause only for the increase in labor costs resulting from the annual inflation increases in the Executive Order 13658 minimum wage beginning on January 1, 2016. The Contracting Officer shall consider documentation as to the specific costs and workers impacted in determining the amount of the adjustment.

(d) The Contracting Officer will not adjust the contract price under this clause for any costs other than those identified in paragraph (c) of this clause, and will not provide price

adjustments under this clause that result in duplicate price adjustments with the respective clause of this contract implementing the Service Contract Labor Standards statute (formerly known as the Service Contract Act) or the Wage Rate Requirements (Construction) statute (formerly known as the Davis Bacon Act).

(e) The Contractor shall include the substance of this clause, including this paragraph (e) in all subcontracts.

(End of clause)