DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON, DC 20350-1000

JUL -7 2014

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Class Deviation – Implementation of Executive Order 13658 Establishing a Minimum Wage for Contractors and OMB Policy Memorandum

The attached Director of Defense Procurement and Acquisition Policy (DPAP) memorandum (same subject, dated June 26, 2014-00017) provides that effective immediately, contracting officers shall use the attached clause (FAR 52.222-99) to require payment, beginning 1 Jan 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 attached clause in-

- solicitations issued on or after the date the 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.

This deviation implements Executive Order 13658, dated February 12, 2014, and OMB Policy Memorandum M-14-09, dated June 12, 2014.

This class deviation is effective immediately and remains in effect until incorporated into the FAR or DFARS or is otherwise rescinded.

My point of contact for this deviation is Patricia Myers. She can be reached on (703) 693 2939 or via patricia.myers@navy.mil.

Elliott B. Branch

Elliott B. Branch
DASN (AP)

Attachment: As stated
Distribution: See page 2

SUBJECT: Class Deviation – Implementation of Executive Order 13658 Establishing a Minimum Wage for Contractors and OMB Policy Memorandum

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OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

JUN 2 6 2014

In reply refer to
DARS Tracking Number: 2014-O0017

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY (ACQUISITION AND PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

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

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 attached clause 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.

This deviation implements Executive Order 13658, dated February 12, 2014, and OMB Policy Memorandum M-14-09, dated June 12, 2014. The OMB Memorandum provides guidance to the FAR Council to provide standard wording for a clause to be used pending issuance of Department of Labor and FAR regulations.

This deviation remains in effect until it is incorporated into the FAR or DFARS or is otherwise rescinded. My point of contact is Ms. Veronica Fallon, who may be reached at 571-372-6176, or at veronica.a.fallon.civ@mail.mil.

Richard Ginman

Richard Ginman
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated

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 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-O0017) (JUNE 2014)

This clause implements Executive Order 13658, Establishing a Minimum Wage for Contractors, dated February 12, 2014, and OMB Policy Memorandum M-14-09, 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 Contractor 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)