



Press Release

The Budgetary Consequences of a \$15 Minimum Wage for Federal Contractors

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President Biden recently issued an executive order raising the federal minimum wage for federal contractors to \$15. This executive order marks the second time in 10 years that federal government has pursued such policy. In a new analysis, AAF's Director of Fiscal Policy Gordon Gray outlines the executive order and notes that it could cost taxpayers up to \$1.2 billion annually.

He concludes:

The new administration has fully embraced the notion that federal spending is largely free of tradeoffs or cost considerations: to wit, the recently announced increase in the minimum wage paid to federal contractors. The administration argues that having federal contractors pay more for labor costs than they otherwise would is somehow a bargain for the taxpayers. But published estimates suggest the entirely sensical observation that increasing costs to the government does in fact increase costs to the taxpayer.

[Read the analysis.](#)