

President Biden Issues Executive Order Promoting New Pay Equity and Transparency Requirements On Federal Contractors

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On March 15, 2022, President Biden issued his [Executive Order on Advancing Economy, Efficiency, and Effectiveness in Federal Contracting by Promoting Pay Equity and Transparency](#) (the “Order”).

Among other things, the Order requires the Federal Acquisition Regulatory Council (“FAR Council”) to “consider issuing proposed rules ... enhancing pay equity and transparency for job applicants and employees of Federal contractors and subcontractors.” In so doing, the FAR Council is required to “specifically consider whether any such rules should limit or prohibit Federal contractors and subcontractors from seeking and considering information about job applicants’ and employees’ existing or past compensation when making employment decisions,” and “the inclusion of appropriate accountability measures in any such rules.”

For now, nothing changes for contractors. However, it is likely a new federal acquisition regulation imposing new pay equity and transparency requirements on contractors and subcontractors will be issued in the near future and incorporated into new federal contracts.

The Order was issued on the same day OFCCP issued a [new directive](#) addressing federal contractors’ obligations to assess their compensation systems and turning over pay equity audits to the agency during OFCCP audits.

We will monitor and report on developments related to the Order.

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