

119TH CONGRESS  
1ST SESSION

# S. 2963

To provide back pay to Federal contractors, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

OCTOBER 1, 2025

Ms. SMITH (for herself, Mr. KAINE, Mr. WARNER, Mr. VAN HOLLEN, Ms. ALSOBROOKS, Mr. PADILLA, Ms. DUCKWORTH, Mr. DURBIN, Ms. BALDWIN, Ms. WARREN, Mr. HEINRICH, Mr. BLUMENTHAL, Mr. MARKEY, Mr. SANDERS, Ms. ROSEN, Ms. HIRONO, Ms. KLOBUCHAR, Mrs. SHAHEEN, Mr. WHITEHOUSE, Mr. WYDEN, Mr. SCHATZ, Mrs. GILLIBRAND, Mr. FETTERMAN, Ms. CORTEZ MASTO, Mr. GALLEGO, Mr. BOOKER, Mr. SCHIFF, Ms. BLUNT ROCHESTER, Mr. LUJÁN, Mr. KING, Mr. KIM, Mr. MERKLEY, and Mr. KELLY) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

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## A BILL

To provide back pay to Federal contractors, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fair Pay for Federal  
5 Contractors Act of 2025”.

1 **SEC. 2. APPROPRIATION.**

2       There is hereby appropriated, out of any money in  
3 the Treasury not otherwise appropriated, for the fiscal  
4 year ending September 30, 2026, such sums as may be  
5 necessary for each Federal agency subject to the lapse in  
6 appropriations that began on or about October 1, 2025,  
7 and any subsequent lapse in appropriations occurring dur-  
8 ing fiscal year 2026 for adjustments in the price of con-  
9 tracts of such agency under section 3: *Provided that*, such  
10 sums shall be available for such purposes until December  
11 31, 2026.

12 **SEC. 3. BACK COMPENSATION FOR EMPLOYEES OF GOV-**  
13 **ERNMENT CONTRACTORS IN CONNECTION**  
14 **WITH THE LAPSE IN APPROPRIATIONS.**

15       (a) BACK COMPENSATION.—

16           (1) IN GENERAL.—Each Federal agency subject  
17 to the lapse in appropriations shall adjust the price  
18 of any contract of such agency for which the con-  
19 tractor suspended, delayed, or interrupted all or part  
20 of the work of such contract, or stopped all or any  
21 part of the work called for in such contract, as a re-  
22 sult of the lapse in appropriations to compensate the  
23 contractor for reasonable costs incurred—

24           (A) to provide compensation, at an employ-  
25 ee's standard rate of compensation, to any em-  
26 ployee who was furloughed or laid off, or who

1 was not working, who experienced a reduction  
2 of hours, or who experienced a reduction in  
3 compensation, as a result of the lapse in appro-  
4 priations (for the period of the lapse); or

5 (B) to restore paid leave taken by any em-  
6 ployee during the lapse in appropriations, if the  
7 contractor required or permitted employees to  
8 use paid leave as a result of the lapse in appro-  
9 priations.

10 (2) ADJUSTMENT NOTWITHSTANDING CON-  
11 TRACT TERMS.—An adjustment may be made under  
12 this subsection for costs incurred as described in  
13 paragraph (1) regardless of whether the contract  
14 concerned provides for, or otherwise prohibits, the  
15 contractor to incur such costs or receive such an ad-  
16 justment for incurring such costs.

17 (b) LIMITATION ON AMOUNT OF WEEKLY COM-  
18 PENSATION COVERED BY ADJUSTMENT.—The maximum  
19 amount of weekly compensation of an employee for which  
20 an adjustment may be made under subsection (a) may not  
21 exceed the lesser of—

22 (1) the employee's actual weekly compensation;  
23 or

1           (2) \$1,442 (or an appropriate lesser amount  
2           pro-rated for an employee who works less than 40  
3           hours per week).

4           (c) SCOPE OF ADJUSTMENT AUTHORITY.—

5           (1) ADJUSTMENT ONLY FOR COSTS ACTUALLY  
6           INCURRED.—An adjustment may be made under  
7           subsection (a) only for costs actually incurred by a  
8           contractor as described in paragraph (1) of that sub-  
9           section.

10          (2) PROOF OF PROVISION OF COMPENSATION.—

11          A contractor seeking an adjustment under sub-  
12          section (a) shall provide the head of the Federal  
13          agency concerned such evidence of the costs incurred  
14          by the contractor as described in paragraph (1) of  
15          that subsection as the head of the agency, in con-  
16          sultation with the Administrator of the Office of  
17          Federal Procurement Policy, considers appropriate.

18          (d) TIMING OF ADJUSTMENTS.—The adjustments re-  
19          quired by subsection (a) shall be made as soon as prac-  
20          ticable after the date of the enactment of this Act.

21          (e) REPORT.—

22          (1) IN GENERAL.—Not later than one year  
23          after the date of the enactment of this Act, the Ad-  
24          ministrator of the Office of Federal Procurement  
25          Policy shall submit to the appropriate committees of

1 Congress and make publicly available a report on the  
2 adjustments made under subsection (a).

3 (2) ELEMENTS.—The report required by para-  
4 graph (1) shall set forth the following:

5 (A) Each Federal agency described in  
6 paragraph (1) of subsection (a) that made ad-  
7 justments required by that subsection.

8 (B) For each agency, the following:

9 (i) The total number of contractor  
10 and subcontractor employees working for  
11 such agency as of the commencement of  
12 the lapse in appropriations described in  
13 subsection (a)(1).

14 (ii) The total number of contractor  
15 employees covered by clause (i) who were  
16 furloughed, laid off, or did not work as a  
17 result of the lapse in appropriations.

18 (iii) The total number, if any, of em-  
19 ployees covered by clause (ii) who received  
20 back compensation in connection with the  
21 furlough, lay off, or cessation of work.

22 (iv) The total number, if any, of em-  
23 ployees covered by clause (ii) who were re-  
24 quired or permitted to use paid leave in

1 place of the furlough, lay off, or cessation  
2 of work.

3 (v) The total number, if any, of em-  
4 ployees covered by clause (ii) who received  
5 back compensation equal to such employ-  
6 ees' actual weekly compensation in connec-  
7 tion with the furlough, lay off, or cessation  
8 of work.

9 (vi) The total number, if any, of em-  
10 ployees covered by clause (ii) who received  
11 back compensation that was subject to the  
12 limitation in subsection (b).

13 (f) DEFINITIONS.—In this section:

14 (1) The term “appropriate committees of Con-  
15 gress” means—

16 (A) the Committee on Homeland Security  
17 and Governmental Affairs of the Senate; and

18 (B) the Committee on Oversight and Gov-  
19 ernment Reform of the House of Representa-  
20 tives.

21 (2) The term “compensation” has the meaning  
22 given that term in section 6701(1) of title 41,  
23 United States Code.

24 (3) The term “employee” means the following:

1           (A) A “service employee” as that term is  
2 defined in section 6701(3) of title 41, United  
3 States Code, except that the term also includes  
4 service employees described in subparagraph  
5 (B) or (C) of that section notwithstanding such  
6 subparagraph.

7           (B) A “laborer or mechanic” covered by  
8 section 3142 of title 40, United States Code.

9 **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

10       There are authorized to be appropriated such sums  
11 as may be necessary for each Federal agency subject to  
12 a lapse in appropriations for adjustments in the price of  
13 contracts of such agency under section 3.

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