

FY 2014

CONGRESSIONAL BUDGET JUSTIFICATION

**OFFICE OF FEDERAL CONTRACT COMPLIANCE
PROGRAMS**

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

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OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

APPROPRIATION LANGUAGE

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

SALARIES AND EXPENSES

*For necessary expenses for the Office of Federal Contract Compliance Programs,
\$108,467,000.*

Note.—A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112–175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2012 Revised Enacted		FY 2013 Full Year C.R.		FY 2014 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	755	\$105,386	743	\$105,831	753	\$108,467
Reduction pursuant to P.L. 112-74 for FY 2012	0	-\$199	0	\$0	0	\$0
<i>Subtotal Appropriation</i>	<i>755</i>	<i>\$105,187</i>	<i>743</i>	<i>\$105,831</i>	<i>753</i>	<i>\$108,467</i>
B. Gross Budget Authority Before Committee	755	\$105,187	743	\$105,831	753	\$108,467
C. Budget Authority Before Committee	755	\$105,187	743	\$105,831	753	\$108,467
D. Total Budgetary Resources	755	\$105,187	743	\$105,831	753	\$108,467
FTE Lapse and Unobligated Balance Expiring	-12	-\$203	0	\$0	0	\$0
E. Total, Estimated Obligations	743	\$104,984	743	\$105,831	753	\$108,467

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2012 Revised Enacted	FY 2014 Request	Net Change
Budget Authority			
General Funds	\$105,187	\$108,467	+\$3,280
Total	\$105,187	\$108,467	+\$3,280
Full Time Equivalents			
General Funds	743	753	10
Total	743	753	10

Explanation of Change	FY 2012 Base		Trust Funds		FY 2014 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	743	\$59,262	0	\$0	0	\$971	0	\$971
Personnel benefits	0	\$17,279	0	\$0	0	\$214	0	\$214
Employee health benefits	0	\$0	0	\$0	0	\$0	0	\$0
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$0	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$30	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$1,800	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$39	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$5,900	0	\$0	0	\$600	0	\$600
Rental payments to others	0	\$67	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$877	0	\$0	0	\$271	0	\$271
Printing and reproduction	0	\$30	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$25	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$2,385	0	\$0	0	\$200	0	\$200
Working Capital Fund	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$500	0	\$0	0	\$50	0	\$50
Other goods and services from Federal sources	0	\$50	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$2	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$6,006	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$451	0	\$0	0	\$0	0	\$0
Equipment	0	\$600	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$14	0	\$0	0	\$0	0	\$0

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

Explanation of Change	FY 2012 Base		Trust Funds		FY 2014 Change General Funds		Total	
	FTE	Amount \$0	FTE	Amount \$0	FTE	Amount \$0	FTE	Amount \$0
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	743	+\$95,317	0	\$0	0	+\$2,306	0	+\$2,306
B. Programs:								
Strengthening Pay Discrimination Enforcement	755	\$106,415	0	\$0	10	\$1,147	10	\$1,147
Programs Subtotal			0	\$0	10	+\$1,147	10	+\$1,147
Total Increase	743	+\$95,317	0	\$0	10	+\$3,453	10	+\$3,453
Decreases:								
A. Built-Ins:								
To Provide For:								
Working Capital Fund	0	\$9,870	0	\$0	0	-\$173	0	-\$173
Built-Ins Subtotal	0	+\$9,870	0	\$0	0	-\$173	0	-\$173
B. Programs:								
Total Decrease	0	+\$9,870	0	\$0	0	-\$173	0	-\$173
Total Change	743	+\$105,187	0	\$0	10	+\$3,280	10	+\$3,280

NOTE: FY 2012 reflects actual FTE.

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2012 Revised Enacted		FY 2013 Full Year C.R.		FY 2014 Request		Diff. FY 14 Request / FY 12 Rev. Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Office of Federal Contract Compliance Programs	743	105,187	743	105,831	753	108,467	10	3,280
General Funds	743	105,187	743	105,831	753	108,467	10	3,280
Total	743	105,187	743	105,831	753	108,467	10	3,280
General Funds	743	105,187	743	105,831	753	108,467	10	3,280

NOTE: FY 2012 reflects actual FTE.

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

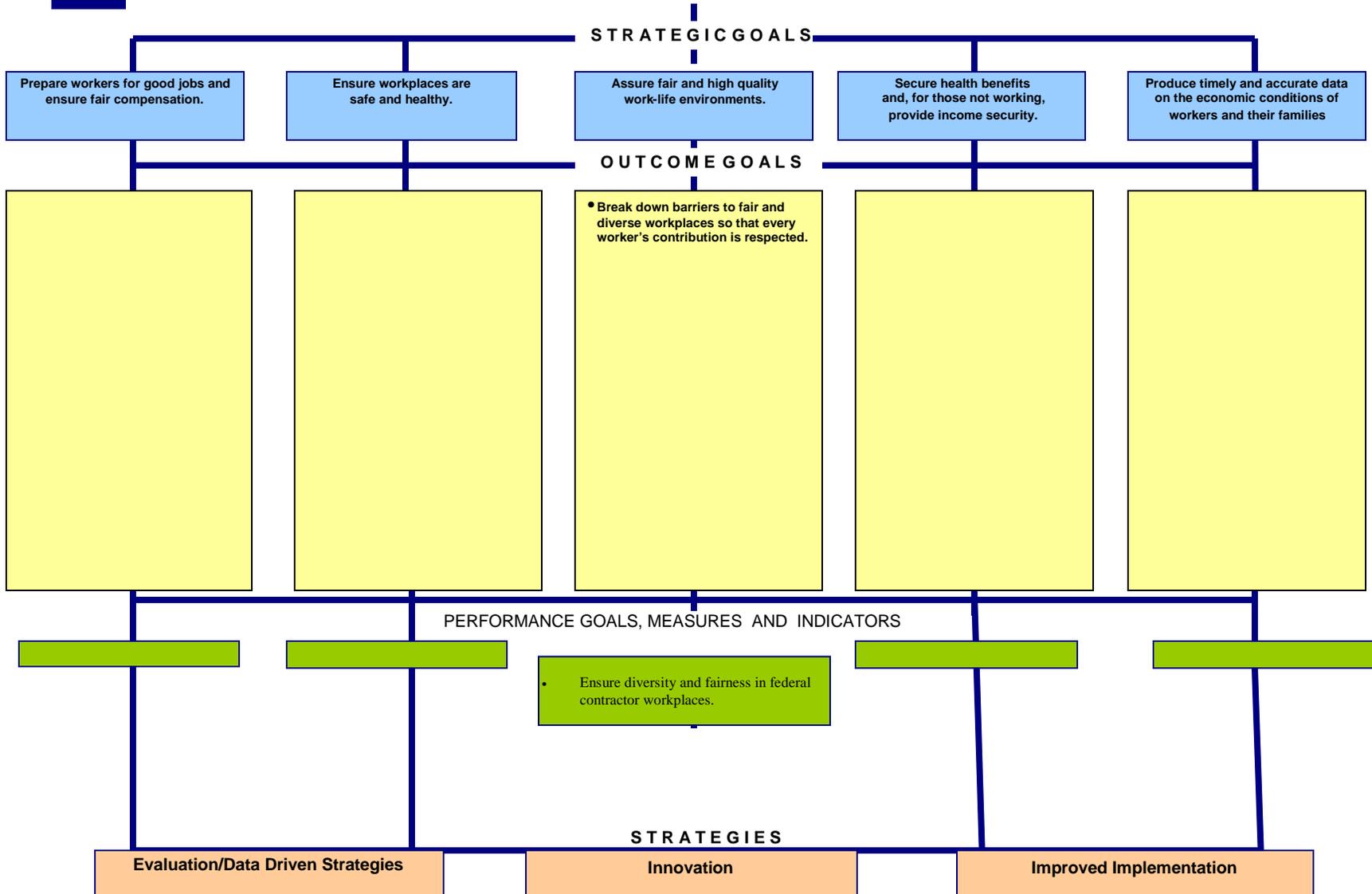
BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2012 Revised Enacted	FY 2013 Full Year C.R.	FY 2014 Request	Diff. FY14 Request / FY 12 Rev. Enacted
	Full-Time Equivalent				
	Full-time Permanent	743	743	753	10
	Total	743	743	753	10
	Average ES Salary	\$224,000	\$224,000	\$224,000	\$0
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$78,000	\$80,000	\$80,000	\$2,000
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	58,407	58,861	60,147	1,740
11.3	Other than full-time permanent	165	165	166	1
11.5	Other personnel compensation	690	710	769	79
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	59,262	59,736	61,082	1,820
12.1	Civilian personnel benefits	17,279	17,636	17,741	462
13.0	Benefits for former personnel	30	30	30	0
21.0	Travel and transportation of persons	1,800	1,820	1,820	20
22.0	Transportation of things	39	39	39	0
23.1	Rental payments to GSA	5,900	6,100	6,500	600
23.2	Rental payments to others	67	67	67	0
23.3	Communications, utilities, and miscellaneous charges	877	1,075	1,148	271
24.0	Printing and reproduction	30	30	30	0
25.1	Advisory and assistance services	25	25	25	0
25.2	Other services from non-Federal sources	2,385	2,307	2,585	200
25.3	Other goods and services from Federal sources 1/	10,420	9,879	10,297	-123
25.4	Operation and maintenance of facilities	2	2	2	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	6,006	6,006	6,006	0
26.0	Supplies and materials	451	455	461	10
31.0	Equipment	600	610	620	20
41.0	Grants, subsidies, and contributions	14	0	14	0
42.0	Insurance claims and indemnities	0	14	0	0
	Total	105,187	105,831	108,467	3,280
	1/Other goods and services from Federal sources				
	Working Capital Fund	9,870	9,329	9,697	-173
	DHS Services	500	500	550	50
	Services by DOL Agencies	32	32	32	0
	Services by Other Government Departments	18	18	18	0

NOTE: FY 2012 reflects actual FTE.

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS



“Good Jobs for Everyone”



OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

PERFORMANCE STRUCTURE

Strategic and Outcome Goals Supporting <i>Good Jobs for Everyone</i>	Supporting Budget Activities
Strategic Goal 1 – Prepare Workers for Good Jobs and Ensure Fair Compensation	
1.1 Increase workers’ incomes and narrow wage and income inequality.	
1.2 Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like “green” jobs.	
1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	
1.4 Help middle-class families remain in the middle class.	
1.5 Secure wages and overtime.	
1.6 Foster acceptable work conditions and respect for workers’ rights in the global economy to provide workers with a fair share of productivity and protect vulnerable people.	
Strategic Goal 2 – Ensure Workplaces Are Safe and Healthy	
2.1 Secure safe and healthy workplaces, particularly in high-risk industries.	
Strategic Goal 3 – Assure Fair and High Quality Work-Life Environments	
3.1 Break down barriers to fair and diverse work places so that every worker’s contribution is respected.	Federal Contractor EEO Standards
3.2 Provide workplace flexibility for family and personal care-giving.	
3.3 Ensure worker voice in the workplace.	
Strategic Goal 4 – Secure Health Benefits and, for Those Not Working, Provide Income Security	
4.1 Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work.	
4.2 Ensure income support when work is impossible or unavailable.	
4.3 Improve health benefits and retirement security for all workers.	
Strategic Goal 5 – Assure the Production of Timely and Accurate Data on Social and Economic Conditions of Workers and their Families	
5.1 Provide sound and impartial information on labor market activity, working conditions, and price changes in the economy for decision making, including support for the formulation of economic and social policy affecting virtually all Americans.	

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AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
PUB. L. 93-112	Rehabilitation Act of 1973, as amended.	29 U.S.C. 793			N/A
PUB. L. 93-508	Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended.	38 U.S.C. 4212			N/A
PUB. L. 101-336	Americans with Disabilities Act, as amended.	42 U.S.C. 12101 et seq.			N/A

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2004					
Base Appropriation	\$80,043	\$0	\$0	\$79,442	749
2005					
Base Appropriation	\$82,078	\$0	\$0	\$80,060	691
2006					
Base Appropriation	\$82,106	\$0	\$0	\$81,285	670
2007					
Base Appropriation	\$83,657	\$0	\$0	\$82,441	625
2008					
Base Appropriation	\$84,182	\$0	\$0	\$81,001	585
2009 ¹					
Base Appropriation	\$89,013	\$0	\$0	\$82,107	622
2010 ²					
Base Appropriation	\$109,521	\$101,521	\$107,021	\$105,386	838
2011					
Base Appropriation	\$113,433	\$0	\$0	\$105,386	775
2012					
Base Appropriation	\$109,010	\$0	\$0	\$105,187	755
2013 ³					
Base Appropriation	\$106,415	\$0	\$0	\$0	755
2014					
Base Appropriation	\$108,467	\$0	\$0	\$0	753

¹ FY 2009 amount reflects reallocated funds from the dissolution of ESA's Program Direction and Support.

² FY 2010 amount reflects reallocated funds from the dissolution of ESA's Program Direction and Support.

³ A full year FY 2013 appropriation for this account was not enacted at the time the budget was prepared.

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

OVERVIEW

Introduction

The FY 2014 request for the Office of Federal Contract Compliance Programs (OFCCP) is \$108,467,000 and 753 FTE, an increase of \$3,280,000 from the FY 2012 Enacted Level. This request will allow OFCCP to focus on three strategies strongly supported by the Department's and Administration's priorities: (1) leveling the playing field for American workers by promoting fair working conditions (*i.e.*, improving enforcement); (2) giving businesses a fair shot by ensuring a common set of rules (*i.e.*, strengthening regulations); and (3) fostering compliance through worker education and worker voice (*i.e.*, conducting strategic outreach).

Funding at this level will allow OFCCP to maintain and continue to expand and improve its vigilant enforcement efforts which support the vision of *Good Jobs for Everyone* and the related outcome goal to *break down barriers to fair and diverse workplaces so that every worker's contribution is respected*. OFCCP examines federal contractors' equal employment opportunity and affirmative action obligations under two laws and one executive order, which apply to federal contractors and subcontractors. Specifically, they are:

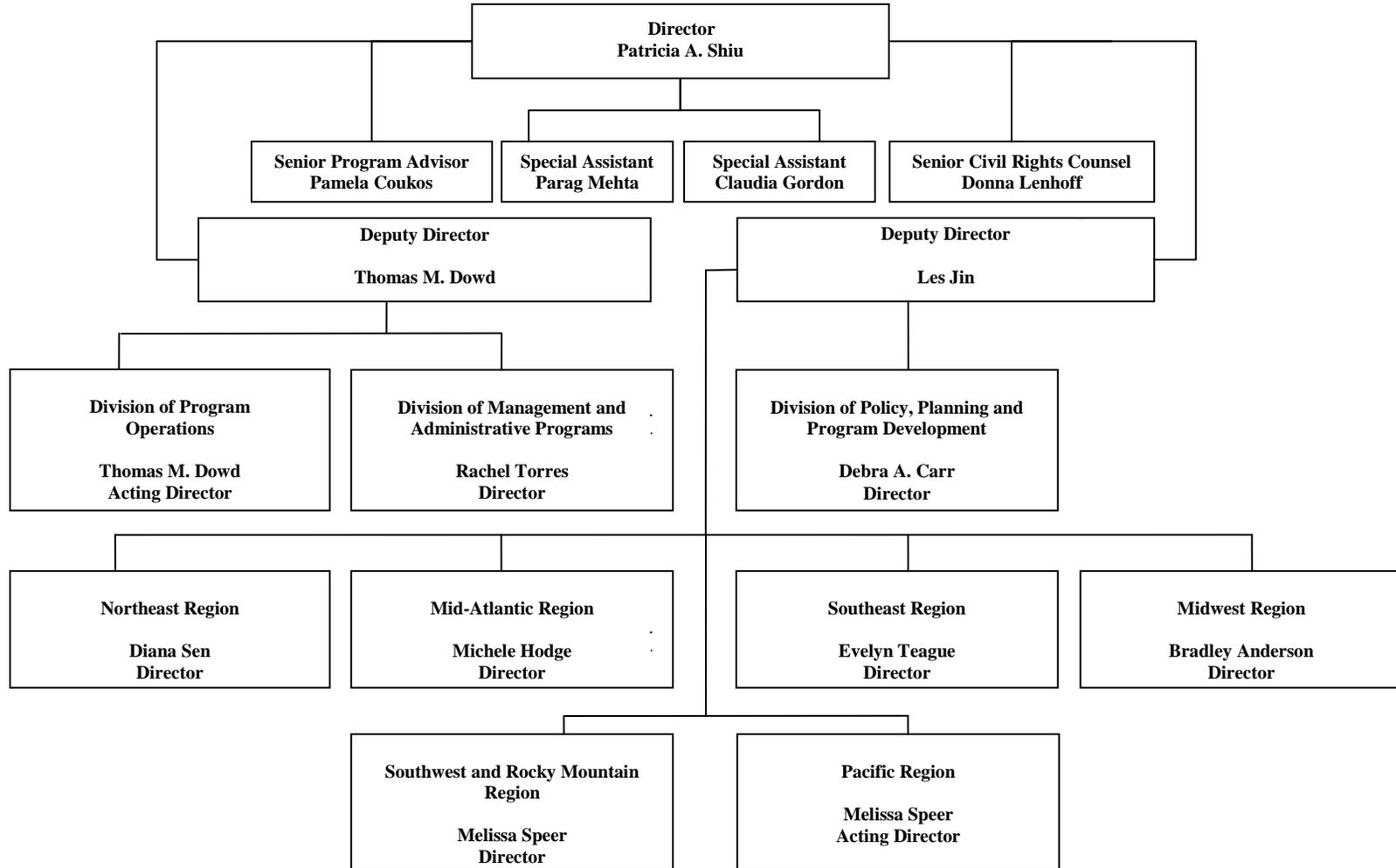
- Section 503 of the Rehabilitation Act of 1973, as amended, prohibiting employment discrimination against individuals with disabilities (Section 503);
- Vietnam Era Veterans' Readjustment Assistance Act of 1974 (VEVRAA), as amended, prohibiting employment discrimination against certain protected veterans; and

Executive Order 11246 (EO 11246), as amended, prohibiting employment discrimination on the basis of race, religion, color, national origin and sex.

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Federal Contractor and EEO Standards Enforcement Organization Chart

The OFCCP is comprised of a national office headquartered in Washington, D.C. with three divisions and six regional headquarter offices with area and district offices distributed nationwide. The regional headquarters are located in Atlanta, Georgia (Southeast); Chicago, Illinois (Midwest); Dallas, Texas (Southwest and Rocky Mountain); New York City, New York (Northeast); Philadelphia, Pennsylvania; (Mid-Atlantic); and San Francisco, California (Pacific).



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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2012 Revised Enacted	FY 2013 Full Year C.R.	FY 2014 Request	Diff. FY 14 Request / FY 12 Rev. Enacted
Activity Appropriation	105,187	105,831	108,467	3,280
FTE	743	743	753	10

NOTE: FY 2012 reflects actual FTE. Authorized FTE for FY 2012 was 755.

Introduction

OFCCP is committed to ensuring that good jobs are within everyone’s reach. Toward this end, OFCCP modified its performance measures and workload production goals in FY 2012 to increase the number of comprehensive and thorough audits. As a result of these efforts, and with improved training, updated procedures, and amended regulations, OFCCP was on target in completing its anticipated number of compliance evaluations in FY 2012 and made significant improvements in the quality of its investigations, in identifying and investigating compensation discrimination, and in engaging in strategic outreach events to develop effective relationships with community-based organizations. The agency also achieved record results in the rate of compliance evaluations with recruitment violations for veterans and persons with disabilities. In FY 2012, OFCCP completed over 4,000 compliance evaluations resulting in over \$11 million in back pay to over 30,000 victims of discrimination, and created nearly 3,500 job opportunities, thereby achieving the Department’s goal of breaking down barriers to fair and diverse workplaces.

While OFCCP has specific mandates for ensuring equal employment opportunity for employees protected under Section 503 and VEVRAA, for nearly a decade the agency’s enforcement activities focused primarily on hiring discrimination. In support of the Department’s vision of *Good Jobs for Everyone*, OFCCP placed greater emphasis on meaningful and effective affirmative action evaluations which shows in the agency’s FY 2012 results. Overall, this reflects OFCCP’s commitment to multi-dimensional enforcement based on the broad scope of Executive Order 11246.

Additionally, the agency is making significant investments in its regulatory activity, primarily in the promulgation of new rules. In FY 2013, OFCCP plans to issue new regulations for federal contractors and subcontractors in the construction industry that strengthen the employment opportunities and protections of women and underrepresented minorities, regulations protecting the employment rights of workers with disabilities, and regulations revising Section 4212 on the employment of covered veterans. Following publication of these final rules, OFCCP will engage in an innovative, extensive campaign to inform and educate internal staff, the contractor community, and worker protection and community-based organizations using national and regional webinars and online learning or e-learn technology. OFCCP will also hold regional town hall meetings for stakeholders, regional educational workshops, and publish new training materials that will be available on the agency’s website.

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OFCCP is updating its compliance evaluation manual with revised enforcement procedures. Once completed in FY 2013, this manual will support a more robust and thorough compliance evaluation process, as well as create a level of consistency across regions. OFCCP will continue to conduct full-desk audits, additional onsite investigations, focused reviews, and stakeholder education. This change in approach, implemented in FY 2011, significantly expanded the quality of OFCCP's investigative process.

In addition to conducting more investigations, OFCCP is committed to conducting investigations that meet exacting standards for quality, accuracy, and thoroughness. Toward this end, OFCCP made the following changes to the Quality Assurance Manual in FY 2011:

- Updated the processes and forms for conducting accountability reviews, which are used to assess the quality of regional performance;
- Resumed the practice of scheduling each region for an accountability review at least once every three years;
- Required each region to conduct a thorough self assessment when not scheduled for an accountability review; and
- Mandated that the regions conduct quality audits on cases prior to closure, in addition to auditing 10 percent of closed cases.

Quality deficiencies identified by the regional quality audits are now designated as major, (i.e., affecting the ability to identify discrimination) or technical. The overall quality of compliance evaluations will be improved by allowing the agency to focus training on the areas where major deficiencies are found.

To meet this goal, OFCCP will continue to provide basic, intermediate, and advanced training to its compliance officers to ensure that they are knowledgeable in assessing compliance, identifying discrimination, and obtaining effective remedies for violations.

Building on the gains reflected in the FY 2010, FY 2011, and FY 2012 budgets, the continued funding of OFCCP's new IT system will enable the agency to improve its program performance and employ significant measurable outputs that will contribute to the Department's strategic and outcome goals. The Federal Contractor Compliance System (FCCS) will modernize OFCCP's ability to perform its mission by employing state of the art cloud technology to track statistical data collected through the compliance evaluation process. In FY 2011, OFCCP awarded a contract for the development of FCCS and anticipates the first deployment of the system will begin in FY 2013. OFCCP estimates that over a ten year period the FCCS will cost approximately \$23 million and result in approximately \$39 million in benefits as compared to the current IT system.

The FCCS will automate the Affirmative Action Program (AAP) process by enabling OFCCP to electronically collect and analyze data submitted directly by the federal contractor community in a much more timely and efficient manner. Such data includes equal employment opportunity, hiring and promotion activities, and compensation information. The agency envisions that AAP data will be collected via a secure web portal that will be accessible to the federal contractor community.

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2009	\$82,107	622
2010	\$105,386	838
2011	\$105,386	775
2012	\$105,187	755
2013	\$105,831	743

FY 2014

The FY 2014 request for OFCCP is \$108,467,000 and 753 FTE. This includes a program increase of \$1,147,000 and 10 FTE to increase the agency's capacity to assess whether contractors engage in compensation discrimination in violation of Executive Order 11246. In FY 2014, OFCCP's priorities include: 1) Narrowing the persistent pay gap between men and women. This reflects the agency's commitment to addressing pay discrimination as a member of the President's National Equal Pay Enforcement Task Force. 2) Expanding its commitment to enforcing the rights of women and under-represented groups. The agency will achieve this by increasing its monitoring efforts to eradicate gender, racial and ethnicity-based discrimination in the construction trades. 3) Ensuring that federal contractors recruit, hire, and retain veterans and individuals with disabilities. The agency will focus significant resources to this effort. 4) Strengthening outreach to community-based organizations for worker education and to the regulated community for comprehensive understanding of new rules, which will further support enforcement efforts and compliance.

At this funding level, OFCCP will also support the government-wide management initiatives, specifically focusing on innovative government. OFCCP will implement a cloud-based system in FY 2014 enabling the agency to improve process standardization, reporting functionality, and overall productivity of employees, which will realize savings beginning in FY 2015 and 2016 in the amount of \$39,000,000 over a period of 7 years. This platform will also enable data sharing across entities and scalability, neither of which are available with the current, antiquated system.

Enforcement Efforts

In FY 2014, OFCCP will continue to devote significant resources to narrow the persistent pay gap between men and women. Building upon the agency's Active Case Enforcement (ACE) audit activities, OFCCP will continue to pursue full desk audits and thorough compliance evaluations. OFCCP will promote quality and quantity of audits and evaluations. In addition, OFCCP plans to improve the quality and efficiency of its compliance evaluations and complaint investigations through triage reviews, training and staff development, rigorous internal auditing

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of staff practices, and by frequently examining the impact of its new regulations on contractor compliance practices.

At the requested funding level, OFCCP will complete 4,200 supply and service compliance evaluations that will examine federal contractors' obligations under all three laws OFCCP enforces. This total represents a 5 percent increase in evaluations over FY 2013 levels. Though the agency has historically focused upon reviewing supply and service contractors, OFCCP will complete 450 construction contractor reviews in FY 2014, a 12.5 percent increase over the number of FY 2013 reviews. This includes the continued focus on identifying and remedying discrimination and affirmative action violations in construction, which will require compliance evaluations of larger construction companies, analysis of complex payroll data, and investigation of detailed patterns of job placement, reassignment, retention and termination.

While continuing to focus on individuals with disabilities (Section 503) and veterans (VEVRAA) compliance issues among federal contractors, OFCCP will also assess whether contractors engage in compensation discrimination in violation of EO 11246, a historically under-investigated personnel practice. To accomplish this task, OFCCP will examine the existence of preliminary indicators during its case triage process, continue improving tools to review contractor pay practices, and enhance staff expertise in identifying potential pay discrimination by hiring statisticians and regional specialists. As explained below, this additional staff support is needed due to the complexity of these investigations.

OFCCP will also implement an enterprise-wide investigative process (as opposed to focusing on individual establishments). This will ensure that corporate-wide changes in personnel practices are implemented, when necessary, throughout the contractor's entire corporate structure, and not just within the facility that is the subject of the initial OFCCP investigation.

To assist contractors in complying with their responsibilities, OFCCP will conduct 650 compliance assistance activities, an 8 percent increase from FY 2013 levels. OFCCP will continue to issue enhanced fact sheets and brochures in various languages describing the role of the agency, the laws it enforces, and what companies can do to ensure compliance.

Compliance investigations are the primary method by which OFCCP assesses federal contractors' compliance with their legal obligations of non-discrimination and affirmative action. Therefore, OFCCP is committed to conducting high-quality investigations of contractors and will continue to implement its Quality Assurance Program through regularly scheduled internal operational audits of field offices' investigative practices. This will include audits of a random selection of regional pre-closure and closed case investigations, National Office Accountability Reviews of Regional and District Offices, and a series of regional self-audits.

Compensation

Although laws that protect workers from pay discrimination have been on the books for more than forty years, persistent, unexplained pay gaps for women and minority workers live on. Pay discrimination is a real problem that continues to shortchange American women and their families. According to the latest Bureau of Labor Statistics data, women's weekly median

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earnings are about 82 percent of men's.⁴ Looking at annual earnings reveals even larger gaps – approximately 23 cents less on the dollar for women compared with men.⁵ According to one [analysis](#) by the Department of Labor's Chief Economist, by the age of 25, a typical woman working full time would already have earned \$5,000 less over the course of her working career than a typical 25-year old man. If that earnings gap is not corrected, by age 65, she will have lost hundreds of thousands of dollars in lost wages, reduced pensions, and reduced Social Security benefits.⁶ The wage gap is even greater for women of color: African-American women make approximately 70 cents and Latinas make approximately 60 cents for every dollar earned by a non-Hispanic white man.⁷ Decades of research shows that no matter how you analyze the data, there is still a “gender gap” in pay -- even after factoring in things like what kind of work people do, or qualifications such as education and experience.⁸

OFCCP compliance evaluations play a unique role in closing the pay gap for federal contractors and subcontractors. Because many workers do not know they are being underpaid, OFCCP's ability to get and review contractor data without a complaint means OFCCP can fix the problems individual workers cannot solve on their own. Other federal agencies do not have this opportunity. OFCCP can fill the gaps where other agencies or individual workers lack effective voice or remedies.

To this end, OFCCP has been building a robust enforcement strategy for investigating and resolving pay discrimination by federal contractors. Approximately 35 percent of OFCCP's financial settlements addressed compensation issues in FY 2012 – a significant increase over prior years. Since 2010 OFCCP has closed more than 70 compliance evaluations with financial settlements remedying pay discrimination on the bases of gender and race. Through those efforts, OFCCP recovered more than \$2.3 million in back pay and salary adjustments for more than 800 workers.

⁴ In 2011, women on average earned .81 for every dollar earned by a man. Bureau of Labor Statistics, Women at Work (2011). In the 1st quarter of 2012, that figure increased slightly. See also BLS, Current Population Survey, Labor Force Statistics from Current Population Survey, available at <http://www.bls.gov/cps/earnings.htm#demographics>; updated 1st quarter 2012 CPS earnings figures by demographics available at <http://www.bls.gov/news.release/wkyeng.t02.htm>.

⁵ U.S. Bureau of the Census, Income, Poverty and Health Insurance Coverage in the United States, Current Population Reports 2010 (Sept. 2011), available at <http://www.census.gov/prod/2011pubs/p60-239.pdf>.

⁶ http://www.whitehouse.gov/sites/default/files/email-files/womens_report_final_for_print.pdf.

⁷ [Ibid.](#)

⁸ A March 2011 White House report entitled “Women in America: Indicators of Social and Economic Well-Being,” found that while earnings for women and men typically increase with higher levels of education, male-female pay gap persists at all levels of education for full-time workers (35 or more hours per week), according to 2009 BLS wage data. Potentially non-discriminatory factors can explain some of the gender wage differences. See, e.g., June Elliot O'Neill, The Gender Gap in Wages, Circa 2000, American Economic Review (May 2003). Even so, after controlling for differences in skills and job characteristics, women still earn less than men. Explaining Trends in the Gender Wage Gap, A Report by the Council of Economic Advisers (June 1998). Ultimately, the research literature still finds an unexplained gap exists even after accounting for potential explanations, and finds that the narrowing of the pay gap for women has slowed since the 1980's. Joyce P. Jacobsen, The Economics of Gender 44 (2007); Francine D. Blau & Lawrence M. Kahn, The U.S. gender pay gap in the 1990s: slowing convergence, 60 Industrial and Labor Relations Review 45 (2006). In addition to the gender pay gap, scholars have found race and ethnicity-based pay gaps that put workers of color at a disadvantage. Joseph G. Altonji and Rebecca M. Blank, Race and Gender in the Labor Market, in, Orley Ashenfelter and David Card, eds., Handbook of Labor Economics 3143 (1999).

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OFCCP's work is part of a larger strategic collaboration across the federal government. President Obama launched the National Equal Pay Task Force in January 2010, OFCCP and its sister agencies at the Department of Labor, including the Women's Bureau and the Wage and Hour Division, as well as partners at the Equal Employment Opportunity Commission, the Department of Justice, and the Office of Personnel Management, have been coordinating and working collectively to address pay discrimination under their respective enforcement mandates. In FY 2013, OFCCP will continue to focus on systemic compensation cases where agency reviews can have the greatest impact. Systemic cases⁹ help larger numbers of workers and their visibility generates a greater deterrent effect to incentivize voluntary compliance. This requires increasing the capacity of field staff, which OFCCP will achieve through planned improvements in guidance and training as well as through hiring specialized staff. By placing skilled statisticians in the regional offices and hiring a resident labor economist in the National office, OFCCP will have the expertise to conduct the kind of complex data analysis necessary to better evaluate pay practices for potential discrimination. By FY 2014, OFCCP intends to expand its staff, especially in the regions, to further support an increase in the number and quality of systemic compensation investigations.

Regulatory Efforts

OFCCP is committed to giving businesses a fair shot by ensuring a common set of rules. In FY 2014, OFCCP will continue its educational and compliance assistance campaign to ensure compliance officers and federal contractors understand the new regulatory requirements issued during FY 2013. The campaign includes formal training opportunities, issuance of guidance to clarify regulatory language, frequent anytime/anywhere communication available through a web-based system such as webinars, and in person meetings and gatherings available throughout the nation. These efforts are all possible through the modernization efforts that were implemented in prior fiscal years.

In FY 2011, OFCCP embarked on updating its regulations, many of which had not been revised since they were first promulgated nearly 40 years ago. OFCCP used an open and transparent process of issuing advanced notice of proposed rulemaking and Notice of Proposed Rulemaking (NPRM) that invited public comments. In FY 2012, OFCCP began drafting final rules that prohibit employment discrimination against specified categories of veterans and individuals with disabilities by federal contractors and subcontractors and that also require that they take affirmative action to employ and advance in employment protected veterans and qualified individuals with disabilities. OFCCP also drafted NPRMs on compensation data collection, and updates to the sex discrimination guidelines and construction regulations, with plans to issue them in FY 2013.

⁹ OFCCP defines systemic discrimination as a case meeting one of two criteria: (a) the case addresses a measurable pattern of discrimination (either based on findings from a regression analysis or based on any other aggregate statistical measure such as mean differences) or (b) the case addresses an identified practice applicable to multiple employees that results in pay discrimination (such as a practice of steering employees who are members of a protected class toward lower paying jobs at hire). There is no specific numeric threshold used to define a systemic case.

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In FY 2013, OFCCP issued final rules protecting veterans and individuals with disabilities from employment discrimination and began drafting final rules on compensation data collection, sex discrimination and construction. OFCCP also began planning to provide written guidance clarifying the intent of the final rules for both compliance officers and federal contractors.

To ensure compliance officers and federal contractors understand the new final rules, the focus of OFCCP's education and compliance assistance campaign is twofold: 1) Compliance Officer Education and Training; and 2) Federal Contractor Compliance Assistance, as discussed below.

1) Compliance Officer Education and Training

Compliance officer training efforts are centralized within the OFCCP Training Academy located at headquarters. Through dedicated training specialists, OFCCP has been able to develop and deploy targeted training courses. Such training courses have been developed in phases as regulations and directives are developed and finalized.

In FY 2014, the Training Academy will continue building on prior fiscal year staff development and training efforts. The Training Academy will:

- improve consistency of compliance evaluations and complaint investigations through the development of improved audit procedures;
- implement fully the Functional Affirmative Action Program guidance;
- update the Federal Contractor Compliance Manual used by all compliance officers to conduct their evaluations to reflect the new final rules issued to date;
- develop and issue a series of directives and/or guidance clarifying or explaining new rules and how to apply them to investigations;
- provide substantial technical assistance on specific cases and implementation issues;
- develop training curriculum that focuses on the provision of effective and efficient customer service; and
- communicate guidance through a series of webinars that are accessible anytime.

2) Federal Contractor Compliance Assistance

Through a comprehensive educational and compliance assistance campaign, OFCCP will give businesses a fair shot by ensuring they understand a common set of final rules and receive clear and reliable guidance. By understanding their regulatory requirements, federal contractors are better positioned to meet their compliance obligations.

OFCCP will continue to provide compliance assistance to federal contractors, with a special emphasis on the new final rules issued to date, by developing and/or updating guidance materials. OFCCP endeavors to provide the clearest possible guidance to federal contractors about their obligations, so that they comply with the law. Guidance will be provided in the form of guides, webinars and directives. OFCCP will:

- focus contractor compliance assistance on new regulations to ensure contractors fully understand and are trained to carry out their regulatory obligations;

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- develop new guidance documents that articulate and/or clarify agency policies and procedures as they relate to final regulations;
- develop new Federal Contractor Compliance Assistance Guides on supply and service and construction;
- develop compliance assistance guidance materials that can be used to educate and train new and small business contractors about their equal employment opportunity and affirmative action obligations;
- develop a “how to” guide for contractors to connect with community-based organizations to fulfill their affirmative action obligations; and
- explore ways to recognize contractors for implementing proactive strategies that eliminate employment discrimination.

Outreach Initiative

Fostering compliance through worker education and worker voice is a customer service initiative that OFCCP takes very seriously. Through strategic and targeted outreach to vulnerable populations, OFCCP will educate, locate and ultimately remediate applicants and workers experiencing employment discrimination. OFCCP will continue its FY 2013 customer service plan to collect and analyze data regarding the agency’s effectiveness in meeting the needs of the general public. Information gathered through this plan will help shape OFCCP’s overall public awareness and outreach strategy.

In FY 2012, OFCCP began to focus on community-based outreach to foster compliance through worker education and worker voice. The agency identified vulnerable populations most at risk for employment discrimination and engaged community-based organizations who serve these populations. In FY 2013, OFCCP will continue this worker-centric strategy, emphasizing the importance of quality events and meaningful relationships with community-based organizations (CBOs), and collecting relevant data to begin to analyze the agency’s outreach effectiveness. Also in FY 2013, the Chief Evaluation Office (CEO) will initiate an evidence-based study to determine the effectiveness of OFCCP’s outreach by saturating a selected city or industry with targeted events. The CEO will compare the resulting worker complaints and inquiries in the saturation site to those in another similar community that does not receive the same outreach. The results of this study, anticipated in FY 2015, will help shape future outreach strategies.

In FY 2014, OFCCP will continue to leverage valuable relationships with key CBOs to support enforcement efforts throughout the lifecycle of OFCCP investigations. Utilizing past enforcement and statistical data to identify and target vulnerable populations facing the most significant employment inequities, OFCCP will align itself with CBOs that serve these at-risk audiences. CBOs are entrenched in the communities, understand the needs and concerns of vulnerable populations, and can help raise awareness among targeted audiences about their employment rights and about OFCCP.¹⁰ As a result, CBOs are well-positioned to play a critical

¹⁰ In addition, DOL agencies have encouraged the use of intermediaries such as CBOs and faith-based organizations, among others, to reach vulnerable populations for their role as connectors and conveners within a community to advocate on behalf of workers. See Soukamneuth, Sengsouvanh (Sukey) and Sandra Harvey. “Literature Review: Intermediaries and FBCOs Working Together.” *Social Policy Research Associates* (2008). Print.

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role during OFCCP's enforcement efforts by encouraging individuals to file complaints with OFCCP, help gather invaluable anecdotal evidence to strengthen open cases, and assist in locating affected class members to ensure that discrimination complaints are remedied.

OFCCP will continue to implement a robust language access plan to effectively communicate with vulnerable populations, including new immigrants and individuals with limited English proficiency by translating products in various languages and ensuring all materials are 508 compliant. In addition, OFCCP will utilize innovative tools and technologies to engage workers and communities through an enhanced agency web site, social media and other communication strategies.

In FY 2014, OFCCP will strengthen its outreach structure with dedicated staff to lead the agency's outreach and education program. The outreach program evolved from a decentralized approach in FY 2012 to a more centralized approach in FY 2013. Dedicated staff will ensure OFCCP meets outreach goals, while compliance officers focus on prioritized enforcement activities.

Customer Service

In FY 2014, OFCCP will continue fostering the customer-centric culture it began to implement in FY 2012 to provide reliable information to its customers irrespective of the channel they use to access information (email, phone, Internet). OFCCP strives to continue providing timely and accurate information that is delivered in a professional manner to stakeholders. In FY 2012, OFCCP transitioned its toll-free phone lines and public email box to the Department's National Contact Center as an initial step in improving customer phone and email experience. In FY 2013, OFCCP plans to deploy a cloud-based technology that allows customers to find the information they need by using new self-service options that enable them to check the status of an existing inquiry and search a sophisticated knowledge-based system to find answers to their questions. In FY 2014, OFCCP will continue to examine methods for receiving customer feedback, adopt best practices for improving customer experience, use metrics and standards to determine the effectiveness of its customer service efforts and streamline agency processes as needed.

In conclusion, OFCCP will review the effectiveness of its external engagement with workers, community-based organizations and the general public to identify ways to refine and enhance the delivery of services and to support the agency's enforcement efforts. For example, if OFCCP effectively educates workers about OFCCP's purview, eliminating confusion about where to file a complaint, the agency will minimize time spent processing non-jurisdictional complaints. By focusing on quality, accessibility and analysis in FY 2014, OFCCP will align its outreach and education program to effectively reach and inform target vulnerable populations about their employment rights. OFCCP continues to advance agency stature and public image as the premier civil rights agency by delivering a message framework that reflects the agency's commitment to protect workers, promote diversity and enforce the laws OFCCP regulates.

FY 2013

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Figures shown for FY 2013 reflect the annualized Continuing Resolution (P.L. 112-175) as a full-year appropriation, which had not been replaced or amended at the time the budget was produced. In addition, these numbers do not reflect the impact of sequestration. The operating plans for Department of Labor programs for FY 2013 including sequestration are being provided to the Committee in a separate communication.

FY 2012

Funding at the level of \$105,187,000 and 755 FTE allowed OFCCP to maintain current resources in support of its expanding enforcement approach, which is designed to ensure compliance with all of its laws and regulations. This funding level allowed the agency to fully implement the quality enforcement efforts initiated in FY 2010 and FY 2011, employ new transformative strategies designed to increase awareness among federal contract workers of their rights, and efficiently increase awareness in the federal contracting community of their legal responsibility to take affirmative action to ensure that all individuals have an equal employment opportunity. With this funding, improved staff training ensured more thorough reviews of completed compliance evaluations with greater effectiveness in identifying and resolving discrimination. OFCCP utilized research results from FY 2010 and FY 2011 to improve investigation impact (along with the agency's scheduling system) and to identify additional efficiencies.

OFCCP continued to implement its three strategies started in FY 2011 that support the ultimate goal of increasing compliance among federal contractors: *effective enforcement, regulatory reform, and outreach/education*. All of the strategies under these three broad focus areas as described above directly contributed to the achievement of OFCCP's primary, outcome-oriented goal: ***increasing the compliance rate of federal contractors***.

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DETAILED WORKLOAD AND PERFORMANCE					
	FY 2012 Revised Enacted		FY 2013 Full Year C.R.	FY 2014 Request	
	Target	Result	Target	Target	
Office of Federal Contract Compliance Programs					
Strategic Goal 3 - Assure fair and high quality work-life environments.					
Outcome Goal 3.1 - Break down barriers to fair and diverse workplaces so that every worker's contribution is respected.					
OFCCP- 4	Total Number of Compliance Evaluations Completed	3,980[r]	4,007	4,400[r]	4,650
OFCCP- 02	Number of Supply and Service Evaluations Completed (including FAAP)	3,580	3,496	4,000	4,200
OFCCP- 03	Number of FAAP Supply and Service Evaluations Completed	80	59	100	100
OFCCP- 04	Number of Construction Evaluations Completed	400	511	400	450
OFCCP- 05	Number of Worker Outreach Hours Completed	560	3,451	1,750	1,850
OFCCP- 06	Number of Worker Outreach Events Completed	532	1,257	700	740
OFCCP- 11a	Percent of Pay Discrimination NOV's with Systemic Findings	[base]	28%	TBD	--
OFCCP- 12	Number of Contractor Compliance Assistance Events Completed	600[r]	874	600[r]	650

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Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

Data for measures OFCCP-1 Overall Compliance Rate of Federal Contractors, OFCCP-2 Discrimination Rate of Federal Contractors, and OFCCP-3 Technical Violation Rate were to have been obtained from a study, but they are unavailable due to unforeseen circumstances. The sample drawn for this study cannot produce legitimate findings due to scheduling letters being rescinded in the Midwest Region (11 percent), a high rate of administrative closures (39 percent) resulting from lack of contract jurisdiction and facility closures, and unanticipated litigation in the health care, banking, and insurance industries. OFCCP is working to implement a replacement study to estimate federal contractors' rates of Compliance, Discrimination, and Technical Violations and will have a milestone in the FY 2014 Operating Plan to initiate the study.

OFCCP was on target in FY 2012 in meeting its goal for the number of completed compliance evaluations, including 3,580 supply and service evaluations (including FAAP), and was above target in construction evaluations. In FY 2013, OFCCP is projected to complete 4,400 compliance evaluations, a 9.8 percent increase from the FY 2012 result of 4,007. Again in FY 2014, OFCCP is estimating to increase its compliance evaluation workload by 16 percent over the FY 2012 result to ensure federal contractors and subcontractors are complying with their affirmative action and non-discrimination obligations. This FY 2014 level would exceed any level achieved in the prior five fiscal years, which reflects the high priority OFCCP places on enforcement.

Compliance assistance is a critical component on OFCCP's enforcement efforts. Since OFCCP conducts annual compliance evaluations of a small percentage of the entire federal contractor workforce, voluntary compliance achieved through compliance assistance is an important component of overall regulatory compliance. In turn, OFCCP's increase in compliance evaluations means that more federal contractors and subcontractors are aware of their affirmative action and non-discrimination obligations, regardless of whether they are subject to a scheduled audit. The targeted increase in compliance assistance reflects the relationship between audit volume, demand for compliance assistance and voluntary compliance.

Similarly, any increase in compliance evaluations must accompany increased worker and community outreach to link audited contractors with appropriate recruitment resources, provide education to workers about their rights, inform workers about OFCCP complaint procedures, and otherwise provide a pathway for the protection of worker rights regardless of whether their workplace is scheduled for an OFCCP audit. The targeted increase in outreach events and hours reflects OFCCP's commitment to ensuring this pathway for workers.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2012 Revised Enacted	FY 2013 Full Year C.R.	FY 2014 Request	Diff. FY14 Request / FY 12 Rev. Enacted
11.1	Full-time permanent	58,407	58,861	60,147	1,740
11.3	Other than full-time permanent	165	165	166	1
11.5	Other personnel compensation	690	710	769	79
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	59,262	59,736	61,082	1,820
12.1	Civilian personnel benefits	17,279	17,636	17,741	462
13.0	Benefits for former personnel	30	30	30	0
21.0	Travel and transportation of persons	1,800	1,820	1,820	20
22.0	Transportation of things	39	39	39	0
23.1	Rental payments to GSA	5,900	6,100	6,500	600
23.2	Rental payments to others	67	67	67	0
23.3	Communications, utilities, and miscellaneous charges	877	1,075	1,148	271
24.0	Printing and reproduction	30	30	30	0
25.1	Advisory and assistance services	25	25	25	0
25.2	Other services from non-Federal sources	2,385	2,307	2,585	200
25.3	Other goods and services from Federal sources 1/	10,420	9,879	10,297	-123
25.4	Operation and maintenance of facilities	2	2	2	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	6,006	6,006	6,006	0
26.0	Supplies and materials	451	455	461	10
31.0	Equipment	600	610	620	20
41.0	Grants, subsidies, and contributions	14	0	14	0
42.0	Insurance claims and indemnities	0	14	0	0
	Total	105,187	105,831	108,467	3,280
1/Other goods and services from Federal sources					
	Working Capital Fund	9,870	9,329	9,697	-173
	DHS Services	500	500	550	50
	Services by DOL Agencies	32	32	32	0
	Services by Other Government Departments	18	18	18	0

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CHANGES IN FY 2014

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$971
Personnel benefits	214
Employee health benefits	0
Moving allowance	0
One day more of pay	0
Federal Employees' Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	600
Rental payments to others	0
Communications, utilities, and miscellaneous charges	271
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	200
Working Capital Fund	-173
Other Federal sources (DHS Charges)	50
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$2,133**

Net Program **\$1,147**

Direct FTE **10**

	Estimate	FTE
Base	\$107,320	743
Program Increase	\$1,147	10

NOTE: Base reflects actual FY 2012 FTE.