

FACT SHEET

Notice of Proposed Rulemaking: Government Contractor Requirement to Submit Equal Pay Report

On August 6, 2014, the U.S. Department of Labor's Office of Federal Contract Compliance Programs issued a Notice of Proposed Rulemaking requiring covered federal contractors and subcontractors with more than 100 employees to submit an annual Equal Pay Report on employee compensation. Covered employers would submit electronically three pieces of information related to employee compensation:

- The total number of workers within a specific EEO-1 job category by race, ethnicity and sex;
- Total W-2 wages defined as the total individual W-2 wages for all workers in the job category by race, ethnicity and sex; and
- Total hours worked, defined as the number of hours worked by all employees in the job category by race, ethnicity and sex.

The Equal Pay Report would not collect any individual pay information, or any information on factors such as education or experience that may affect pay. OFCCP would protect the confidentiality of the Equal Pay Report data to the maximum extent permitted under existing law. The agency plans to design a web-based portal for reporting and maintaining compensation information that conforms with applicable government IT security standards.

The data will enable OFCCP to direct its enforcement resources toward federal contractors whose summary data suggests potential pay violations, while reducing the likelihood of reviewing companies that are less likely to be out of compliance. OFCCP will also release aggregate summary data on the race and gender pay gap by industry and EEO-1 category to enable contractors to review their pay data using the same metrics as OFCCP and take voluntary compliance measures. By using existing reporting frameworks contractors already maintain in electronic payroll records, including W-2 earnings, and the longstanding categories and definitions that apply to the EEO-1 Report, the agency is avoiding costly new recordkeeping requirements and minimizing to the extent feasible the compliance burden on federal contractors and subcontractors.

The Equal Pay Report is one component of a larger strategy to address the reality that, despite five decades of extraordinary legal and social progress, working women still earn only 77 cents for every dollar that working men earn. For African American women and Latinas, the pay gap is even greater. The proposal fulfills the Secretary of Labor's responsibility under President Obama's Presidential Memorandum, "Advancing Pay Equality Through Compensation Data Collection," to develop a rule requiring federal contractors and subcontractors to submit to DOL summary data on the compensation paid to their employees, including data by sex and race.