

FY 2015

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

SALARIES AND EXPENSES

For necessary expenses for the Office of Federal Contract Compliance Programs,
[\$104,976,000] \$107,903,000. (*Department of Labor Appropriations Act, 2014*)

OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	755	\$105,187	700	\$104,976	710	\$107,903
Reduction Pursuant to P.L. 113-6 for FY 2013	0	-\$210	0	\$0	0	\$0
Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985	-26	-\$5,292	0	\$0	0	\$0
<i>Subtotal Appropriation</i>	<i>729</i>	<i>\$99,685</i>	<i>700</i>	<i>\$104,976</i>	<i>710</i>	<i>\$107,903</i>
B. Gross Budget Authority Before Committee	729	\$99,685	700	\$104,976	710	\$107,903
C. Budget Authority Before Committee	729	\$99,685	700	\$104,976	710	\$107,903
D. Total Budgetary Resources	729	\$99,685	700	\$104,976	710	\$107,903
FTE Lapse and Unobligated Balance Expiring	-3	-\$175	0	\$0	0	\$0
E. Total, Estimated Obligations	726	\$99,510	700	\$104,976	710	\$107,903

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2014 Enacted	FY 2015 Request	Net Change
Budget Authority			
General Funds	\$104,976	\$107,903	+\$2,927
Total	\$104,976	\$107,903	+\$2,927
Full Time Equivalents			
General Funds	700	710	10
Total	700	710	10

Explanation of Change	FY 2014 Base		FY 2015 Change					
	FTE	Amount	Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	700	\$58,793	0	\$0	0	\$1,447	0	\$1,447
Personnel benefits	0	\$17,058	0	\$0	0	\$1,074	0	\$1,074
Employee health benefits	0	\$0	0	\$0	0	\$0	0	\$0
Moving allowance	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	\$20	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$0	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$2	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$6,300	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$70	0	\$0	0	\$2	0	\$2
Communications, utilities, and miscellaneous charges	0	\$1,205	0	\$0	0	\$36	0	\$36
Printing and reproduction	0	\$60	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$150	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$1,700	0	\$0	0	\$96	0	\$96
Working Capital Fund	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$605	0	\$0	0	\$18	0	\$18
Other goods and services from Federal sources	0	\$22	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$0	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$0	0	\$0	0	\$0	0	\$0
Equipment	0	\$0	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0

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Explanation of Change	FY 2014 Base		FY 2015 Change				Total	
	FTE	Amount	Trust Funds		General Funds		FTE	Amount
			FTE	Amount	FTE	Amount		
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	700	+\$85,985	0	\$0	0	+\$2,673	0	+\$2,673
B. Programs:								
Strengthening Pay Discrimination Enforcement	0	\$0	0	\$0	10	\$1,147	10	\$1,147
Programs Subtotal			0	\$0	10	+\$1,147	10	+\$1,147
Total Increase	700	+\$85,985	0	\$0	10	+\$3,820	10	+\$3,820
Decreases:								
A. Built-Ins:								
To Provide For:								
Federal Employees' Compensation Act (FECA)	0	\$275	0	\$0	0	-\$61	0	-\$61
Travel and transportation of persons	0	\$1,237	0	\$0	0	-\$57	0	-\$57
Working Capital Fund	0	\$9,635	0	\$0	0	-\$78	0	-\$78
Operation and maintenance of equipment	0	\$7,534	0	\$0	0	-\$670	0	-\$670
Supplies and materials	0	\$250	0	\$0	0	-\$10	0	-\$10
Equipment	0	\$60	0	\$0	0	-\$17	0	-\$17
Built-Ins Subtotal	0	+\$18,991	0	\$0	0	-\$893	0	-\$893
B. Programs:								
Total Decrease	0	+\$18,991	0	\$0	0	-\$893	0	-\$893
Total Change	700	+\$104,976	0	\$0	10	+\$2,927	10	+\$2,927

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request		Diff. FY15 Request / FY14 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Office of Federal Contract Compliance Programs	726	99,685	700	104,976	710	107,903	10	2,927
General Funds	726	99,685	700	104,976	710	107,903	10	2,927
Total	726	99,685	700	104,976	710	107,903	10	2,927
General Funds	726	99,685	700	104,976	710	107,903	10	2,927

NOTE: FY 2013 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
	Full-Time Equivalent				
	Full-time Permanent	729	700	710	10
	Total	729	700	710	10
	Average ES Salary	\$224,000	\$224,000	\$224,000	\$0
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$80,000	\$80,000	\$80,000	\$0
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	58,465	57,829	60,058	2,229
11.3	Other than full-time permanent	195	192	190	-2
11.5	Other personnel compensation	352	772	841	69
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	59,012	58,793	61,089	2,296
12.1	Civilian personnel benefits	17,554	17,333	18,594	1,261
13.0	Benefits for former personnel	60	20	20	0
21.0	Travel and transportation of persons	796	1,237	1,200	-37
22.0	Transportation of things	0	2	2	0
23.1	Rental payments to GSA	5,773	6,300	6,300	0
23.2	Rental payments to others	62	70	72	2
23.3	Communications, utilities, and miscellaneous charges	1,096	1,205	1,241	36
24.0	Printing and reproduction	91	60	60	0
25.1	Advisory and assistance services	166	150	150	0
25.2	Other services from non-Federal sources	1,009	1,700	1,796	96
25.3	Other goods and services from Federal sources 1/	9,511	10,262	10,202	-60
25.4	Operation and maintenance of facilities	113	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,714	7,534	6,864	-670
26.0	Supplies and materials	430	250	250	0
31.0	Equipment	284	60	63	3
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	14	0	0	0
	Total	99,685	104,976	107,903	2,927
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,871	9,635	9,557	-78
	DHS Services	590	605	623	18
	Services by DOL Agencies	32	11	11	0
	Services by Other Government Departments	18	11	11	0

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SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEES' REPORTS

Senate Report 113-71 Page 29: The Committee strongly supports the Administration's plan to issue a final rule during fiscal year 2013. The Committee encourages the Department to make technical assistance regarding the rule available to Federal Contractors.

Response:

On August 27, 2013, the U.S. Department of Labor's Office of Federal Contract Compliance Programs announced a Final Rule that makes changes to the regulations implementing Section 503 of the Rehabilitation Act of 1973, as amended (Section 503) at 41 CFR Part 60-741. Section 503 prohibits federal contractors and subcontractors from discriminating in employment against individuals with disabilities (IWDs), and requires these employers to take affirmative action to recruit, hire, promote, and retain these individuals. At the same time, the agency announced a Final Rule that makes changes to the regulations implementing the Vietnam Era Veterans' Readjustment Assistance Act, as amended (VEVRAA) at 41 CFR Part 60-300. VEVRAA prohibits federal contractors and subcontractors from discriminating in employment against protected veterans, and requires these employers to take affirmative action to recruit, hire, promote, and retain these veterans.

These stronger affirmative action provisions of these regulations aid contractors in their efforts to recruit and hire qualified individuals with disabilities and protected veterans, and to improve job opportunities for these individuals. The Final Section 503 Rule also makes changes to these 503 regulations to bring them into compliance with the ADA Amendments Act of 2008.

Since announcing these Final Rules, OFCCP has worked to facilitate positive outcomes for the Federal contracting community by carefully considering potential implementation challenges, and offering practical guidance, training, and technical assistance. Between August 27, 2013 and March 6, 2014, the agency developed and delivered no less than nine contractor technical assistance or training webinars, and drafted and posted more than 80 Frequently Asked Questions (FAQs) interpreting and providing guidance on the regulations. Currently, as of February 10, 2014, there are more than 70 combined VEVRAA and section 503 FAQs on the OFCCP Web site, and seven contractor technical assistance and training webinars have been held.

We have participated in numerous "listening sessions," including sessions with the Equal Employment Advisory Council (EEAC), National Industry Liaison Group (NILG), Professional Services Council, US Business Leadership Network (USBLN), National Association of State Workforce Agencies (NASWA), and the American Bar Association Employment Law Division, among others. To connect contractors with outreach and recruitment resources, we are working with DOL's Office of Disability Employment Policy, Veterans Employment Training Service (VETS), Employment Training Administration (ETA), as well as veterans' service organizations and disability rights groups. Communication and coordination is taking place with our federal sector counterparts at the Social Security Administration, the Equal Employment Opportunity Commission, and the Department of Justice.

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OFCCP's commitment to providing support and assistance to contractors does not end on March 24, 2014 when the rules become effective. Because these new regulations demonstrate the agency's serious commitment to increasing the employment opportunities for veterans and people with disabilities over the long-term, we have an equally serious commitment to assist contractors in meeting their obligations under these new regulations.

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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

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
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					
Base Appropriation...1/	\$89,013	\$0	\$0	\$82,107	622
2010					
Base Appropriation...2/	\$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					
Base Appropriation...3/	\$106,415	\$0	\$0	\$99,685	729
2014					
Base Appropriation...4/	\$108,467	\$0	\$0	\$104,976	700
2015					
Base Appropriation	\$107,903	\$0	\$0	\$0	710

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/ Reflects a 0.2% across the board rescission pursuant to P.L. 113-6 and the sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985.

4/ The appropriation amount should reflect the amounts passed as part of P.L. 113-76, which did not include any rescissions.

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OVERVIEW

Introduction

The Office of Federal Contract Compliance Programs (OFCCP) assists Federal contractors in meeting their equal employment opportunity and affirmative action obligations under two statutes and one executive order. Specifically, they are:

- Executive Order 11246 (EO 11246), as amended, prohibits employment discrimination on the basis of race, religion, color, national origin and sex;
- Section 503 of the Rehabilitation Act of 1973, as amended, prohibits employment discrimination against individuals with disabilities (Section 503); and
- Vietnam Era Veterans' Readjustment Assistance Act of 1974 (VEVRAA), as amended, prohibits employment discrimination against certain protected veterans.

The FY 2015 request for OFCCP is \$107,903,000 and 710 FTE. Embracing the Secretary's vision of *Promoting and Protecting Opportunity* for all workers, this funding will enable OFCCP to continue and expand its work on priorities that are strongly supported by the Department and the Administration: (1) making America a magnet for jobs by giving businesses a fair shot at adhering to a common set of rules; 2) leveling the playing field for American workers by promoting fair working conditions; and (3) equipping workers with the skills they need to succeed in those jobs, especially supporting our nation's service members and veterans.

Extensively highlighted as a priority in President Obama's January 28, 2014 State of the Union address, dedicated funding in the amount of \$1,147,000 and 10 FTE will be used to strengthen enforcement efforts to combat pay discrimination by focusing on gender fair pay in the workplace.

At the requested FY 2015 funding level, OFCCP will complete 3,840 supply and service compliance evaluations that will examine federal contractors' obligations under the statutes and executive order that OFCCP enforces. In addition, OFCCP will complete 450 construction contractor reviews in FY 2015, for a total of 4,290 completed compliance evaluations – a 2 percent increase over the FY 2013 target of 4,220. The FY 2014 target for total completed compliance evaluations is identical to FY 2015.

Workload and performance targets in FY 2015 build upon the framework established in prior years and the agency's FY 2013 accomplishments. OFCCP modified its performance measures and workload production goals in FY 2013 to increase the number of comprehensive audits. As a result of these efforts, and with improved training, updated procedures, and amended regulations, OFCCP met 97% of its target of 4,220 compliance evaluations in FY 2013. This increase in quantity comes alongside significant improvements in the quality of its investigations including improvements in identifying cases of compensation discrimination and in engaging in strategic outreach events to develop effective relationships with community-based organizations. The agency also achieved record results in 2012 and continued strong performance in 2013 in

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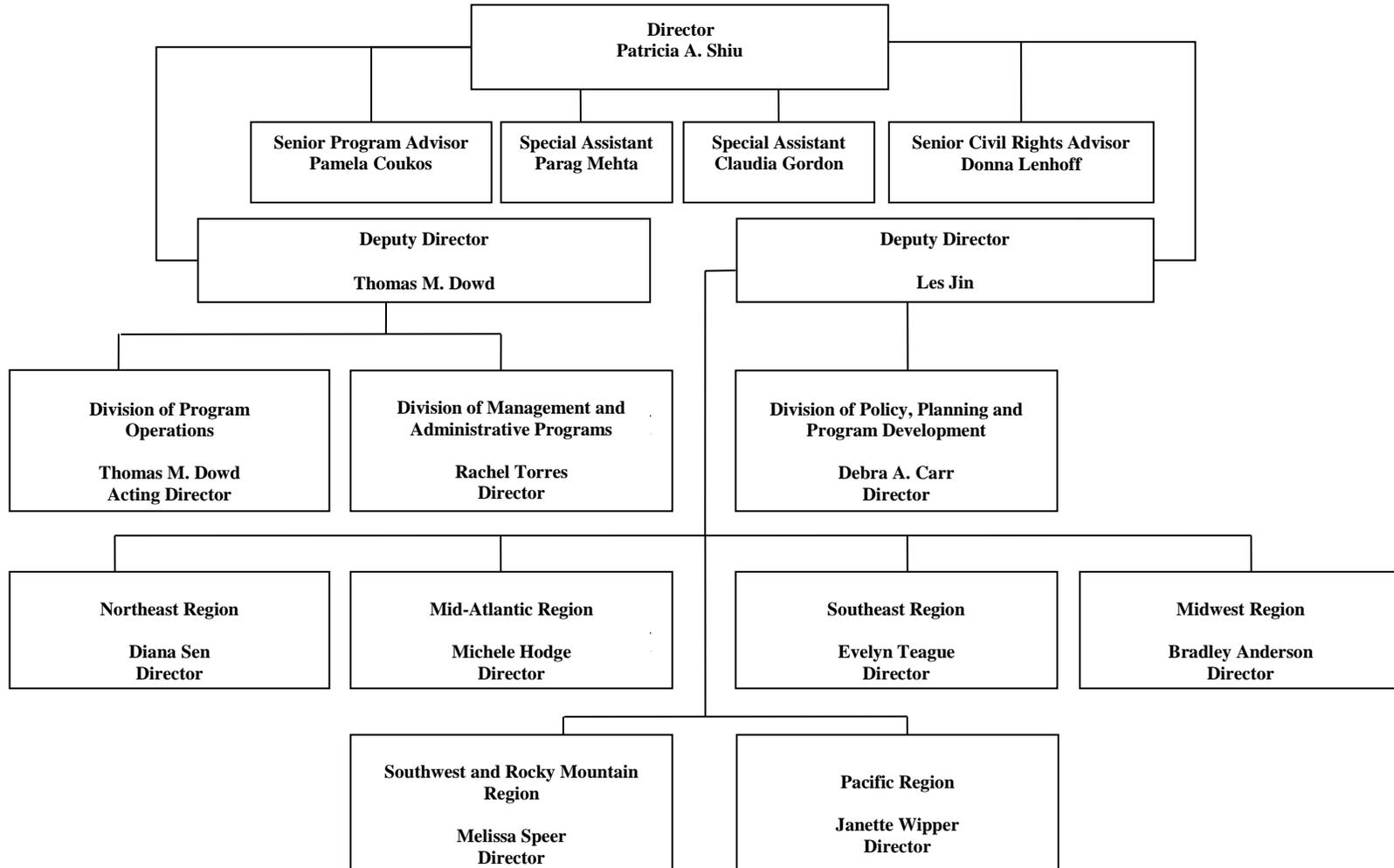
identifying recruitment violations for veterans and persons with disabilities during its compliance evaluations.

Overall, in FY 2013, OFCCP completed 4,110 compliance evaluations resulting in over \$7.8 million in back pay to almost 9,300 victims of discrimination, and created nearly 1,500 job opportunities, supporting the Department's goal of breaking down barriers to fair and diverse workplaces.

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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 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	99,685	104,976	107,903	2,927
FTE	726	700	710	10

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 729.

Introduction

As a dedicated civil rights enforcement agency, OFCCP’s mission has long been aligned with the goal of leveling the playing field for American workers by promoting fair working conditions. We remain committed to all job-seekers having a fair shot to obtain, retain and receive fair compensation for jobs with Federal contractors.

Enforcement Efforts

Looking toward FY 2015, the agency is building on and expanding its efforts in specific enforcement priority areas that promote this goal, including 1) identifying and addressing systemic pay discrimination to help narrow the persistent pay gap between women and men; 2) focusing on the elimination of gender, racial and ethnicity-based discrimination in the construction trades; and 3) assisting veterans and individuals with disabilities to be fairly recruited, hired, paid, promoted, and retained in the workplace. These priorities also align with the broader Department and Administration goal of supporting our nation’s veterans.

Building on its Active Case Enforcement (ACE) initiative, OFCCP is committed to conducting investigations that meet exacting standards for quality, accuracy, and thoroughness. Toward this end, OFCCP:

- Schedules each region for an accountability review at least once every three years;
- Requires each region to conduct a thorough self-assessment when not scheduled for an accountability review; and
- Mandates that the regions conduct quality audits on 10 percent of closed cases on a quarterly basis.

This program of regular quality assurance reviews drives specific improvements in the overall quality of compliance evaluations, allowing the agency to focus training on the areas where it finds deficiencies. Another key accomplishment in this area was the FY 2013 update of the agency compliance evaluation manual (the FCCM) with revised enforcement procedures -- and training for all investigators on its content. This manual supports a more robust and thorough compliance evaluation process, as well as creates a level of consistency across regions.

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Equal Pay Enforcement and Addressing Systemic Pay Discrimination

In FY 2015 OFCCP will continue to build its capacity to assess whether contractors engage in systemic compensation discrimination in violation of EO 11246, a historically under-investigated personnel practice. In FY 2013, OFCCP rescinded outdated and ineffective guidance that made it more difficult for the agency to identify and remedy systemic pay discrimination. OFCCP also announced the revised procedure and protocols it intended to apply going forward, as a way of assisting contractors in evaluating their own pay practices. During FY 2013, OFCCP engaged in extensive training of compliance officers to enable them to better investigate systemic pay discrimination, and continued to increase the extent and quality of its reviews of contractor pay practices. In the next phase of its work, OFCCP will continue improving tools to review contractor pay practices, and enhance staff expertise in identifying potential pay discrimination.

Although laws that protect workers from pay discrimination have been on the books for more than forty years, there remain persistent gaps in pay for women and minorities. Gender pay discrimination is a tangible problem that continues to shortchange American women and their families. According to the latest BLS data, women's weekly median earnings are about 81-82 percent of men's earnings.¹ Looking at annual earnings reveals even larger gaps – approximately 23 cents less on the dollar for women compared with men.² 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 experienced hundreds of thousands of dollars in lost wages, reduced pensions, and reduced Social Security benefits.³ The wage gap is even greater for women of color: African-American women make approximately 70 cents and Latinas make approximately 59 cents for every dollar earned by a non-Hispanic white man based on analysis of weekly wages.⁴ Decades of research shows that regardless of the manner in which data is analyzed, 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.⁵

¹LS, Current Population Survey, Labor Force Statistics from Current Population Survey, available at <http://www.bls.gov/cps/earnings.htm#demographics>; Updated quarterly CPS earnings figures by demographics by quarter through the end of 2013 available at <http://www.bls.gov/news.release/wkyeng.t01.htm>.

²U.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>.

³http://www.whitehouse.gov/sites/default/files/email-files/womens_report_final_for_print.pdf.

⁴CPS, *supra* note 7.

⁵A 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. The research literature finds an unexplained gender pay gap exists even after accounting for potential explanations such as differences in skills and job characteristics, 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 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 obtain and review contractor data without a complaint means OFCCP can address the problems that individual workers may not be able to solve on their own. Other federal enforcement 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. Since January 2010 through September 2013, OFCCP has closed more than 90 compliance evaluations with financial settlements remedying pay discrimination on the bases of gender and race. Through those efforts, OFCCP recovered more than \$3.3 million in back pay and salary adjustments for more than 1,400 workers. Between FY 2010 and FY 2012, OFCCP nearly tripled the number of compensation cases it successfully resolved over prior years. As of 2013 about 1/3 of OFCCP's successful settlements address compensation discrimination, and an increasing number address systemic pay discrimination claims.

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. The 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.

To build on these prior efforts, in FY 2015, OFCCP will continue to focus on systemic compensation cases where agency reviews can have the greatest impact. Systemic cases⁶ provide remedies to larger numbers of workers, and their visibility generates a greater deterrent effect to incentivize voluntary compliance. However, investigating systemic cases places increased demands on the agency's field staff; in order to enhance their capacity to complete such work, OFCCP is continuing to move forward with current and planned improvements in guidance and training. OFCCP intends to build capacity by hiring specialized staff, including the ten additional FTE included in its FY 2015 request, who have the expertise to conduct the complex data analyses necessary for evaluating pay practices.

In addition, OFCCP continues to explore options for collection and analysis of compensation data, which would further increase the workload for its specialized analytical staff. Adding additional staff will enable the agency to not only continue increasing the quality and quantity of its work on systemic pay discrimination, but also provide sufficient expert support for improved data collection and analysis.

⁶OFCCP 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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By expanding the capabilities of its in-house expert staff, OFCCP will also reduce the use of consulting experts for complex cases and cases proceeding to litigation. Outside consulting experts are significantly more costly than using in-house staff. However, for cases that proceed to enforcement litigation, OFCCP will maintain its need to retain testifying experts.

Eliminating Discrimination in the Construction Industry

Another key OFCCP enforcement priority is a focus on identifying and remedying discrimination and affirmative action violations in the construction industry, which will require compliance evaluations of larger construction companies. It will also require analysis of complex payroll data, and investigation of detailed patterns of job placement, reassignment, retention and termination, as well as evaluating discrimination in rates of pay, hours worked, and assignment to higher paying projects.

For years, the construction sector has been an important source of high-skilled, middle-class jobs for millions of American workers. Yet construction was one of the hardest-hit industries during the recent economic downturn. During this contraction, many of the gains that had previously been made in expanding construction trades to underrepresented and disadvantaged populations were slowed or reversed. But now, according to the Bureau of Labor Statistics (BLS), employment in the construction sector is projected to grow 2.6 percent annually. This equates to 1.6 million new jobs over the 2012-22 decade, the most among goods-producing sectors and third most among all major industry sectors.⁷ As the construction industry recovers, it is crucial that minorities, women, people with disabilities, and veterans have a fair opportunity to obtain those jobs and in turn earn wages that increase their purchasing power and tax contributions, helping to spur the nation's economic growth.

OFCCP enforces the legal requirements that federal and federally-assisted construction contractors and subcontractors provide equal opportunity and increase employment for women, minorities, and others who have traditionally been excluded from such jobs. Construction contracts make up approximately 17% of federal contracts. Strategic and quality compliance evaluations in the construction industry are a high priority for the agency and an important part of its enforcement portfolio.

For OFCCP, the key to increasing the number of women and minorities in the construction trades is strong enforcement. To that end, the agency is taking a number of steps, including focusing more on larger and first-time contractors and contractors associated with high-impact "mega" projects, where the agency can have the greatest impact and benefit the largest number of construction workers.⁸

⁷Bureau of Labor Statistics, "EMPLOYMENT PROJECTIONS – 2012-22," (December 19, 2013), <http://www.bls.gov/news.release/pdf/ecopro.pdf>, p. 2.

⁸Mega Projects are defined as federal or federally-assisted construction contracts capable of providing work opportunities for the duration of one or more years, have significant economic and employment impact in the community, and be worth at least \$25 million.

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Regulatory Reform

OFCCP will also be focused in FY2015 on helping contractors understand their obligations, leveling the playing field for companies who do business with the federal government by promoting a common set of anti-discrimination and affirmative action rules and obligations.

Over the past several years, the agency has made significant investments in its regulatory activity, primarily in the promulgation of new rules. In FY 2013, OFCCP issued two final rules protecting the employment rights of workers with disabilities and veterans. In FY 2014, the agency anticipates approval and release of a revised scheduling letter and complaint form. The scheduling letter allows OFCCP to collect data and other information pursuant to a compliance evaluation under the three legal authorities OFCCP enforces. In order to file a complaint with OFCCP, individuals may either complete a complaint form or send a letter describing the acts considered to be discriminatory and any other pertinent information. To facilitate the complaint process, OFCCP provides complainants with an OMB-approved complaint form. We are proposing changes to that form in FY 2014 that would make it easier to understand and complete. Consequently, education and implementation will be conducted in FY 2015 to support these two enforcement related items.

OFCCP also plans to issue in FY 2014 Notices of Proposed Rulemaking (NPRMs) on a compensation data collection tool and updated construction regulations, as well as update existing sex discrimination guidelines. OFCCP will use an open and transparent process that invites public comments and will endeavor to promote that the final rules reflect a balanced approach to addressing different stakeholder interests. Final rules are anticipated sometime thereafter.

Stakeholder Engagement

OFCCP is also continuing to strengthen its outreach program by expanding the scope of its relationship building efforts to include an array of stakeholders. Specifically, the agency seeks to achieve gains in providing education that helps workers to better understand their rights and protections under the law. In FY 2015, OFCCP will also continue to implement a robust language access plan to effectively communicate with key populations, including immigrants and individuals with limited English proficiency. The agency will accomplish this by translating products into various languages most frequently encountered by OFCCP's field offices and having all materials compliant with Americans with Disabilities Act requirements under section 508. In addition, OFCCP will utilize innovative tools and technologies to engage workers and communities through an enhanced agency website, social media and other communication strategies.

Stakeholder engagement activities also involve providing the regulated community with technical support and access to resources so that they can meet their equal employment opportunity and nondiscrimination obligations under the agency's new regulations.

To assist contractors in complying with their responsibilities, OFCCP will conduct 600 compliance assistance activities, the same target set for FY 2014, and a 4% increase over 2013

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levels; furthermore, the agency will do this with some improved tools and materials directed at self-assessment of contractor pay practices. OFCCP will continue to issue fact sheets and brochures in various languages describing the role of the agency, the laws it enforces, and what companies can do to achieve compliance.

Training and Education for Compliance Officers and External Stakeholders

Following publication of the Section 503 and VEVRAA final rules in FY 2013, and continuing through FY 2014, OFCCP provided training and continuing education to compliance officers and other staff, and to its external stakeholders (e.g., contractors, worker protection and community-based organizations) using webinars and online learning or e-learn technology. In FY 2014, the agency will develop new tools and templates for compliance officers to operationalize the new regulations.

In FY 2015, OFCCP will continue its focus of capacity-building and operationalizing its regulations by:

- Developing and delivering contractor technical assistance webinars,
- Writing and distributing technical assistance guides for contractors,
- Participating in regional and national listening sessions with contractors and worker protection organizations,
- Creating and publishing new outreach and education materials for workers and organizations representing workers,
- Conducting staff training webinars on new and pending regulations, including how to conduct construction compliance evaluations to support the Mega Construction Project Initiative and on the use of the proposed new compensation data collection tool,
- Implementing and/or refining the “train-the-trainer” and “first responder” programs for compliance officers when questions arise about compliance evaluations under new regulations, and
- Monitoring the enforcement of new regulations to promote consistent application and results (as appropriate).

Using its training specialists and evaluators, in FY 2015, the agency will continue building upon prior fiscal year staff development and training efforts that have improved the quality of compliance evaluations and complaint investigations. In addition to staff training, outreach and technical assistance related to regulatory and policy changes, the FY 2015 funding requested by the agency will allow OFCCP to:

- Develop training that targets specific topics and compliance officer skills that were identified as “deficient” during the auditing of closed cases or compliance evaluations;
- Build the agency’s library of online courses and webinars that are accessible on-demand; and
- Develop specialized training webinars for staff implementing updates to the Federal Contract Compliance Manual (FCCM) resulting from the issuance of new rules and policy guidance.

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The FCCM provides new and experienced compliance officers the procedural framework for executing quality and timely compliance evaluations and complaint investigations. It provides procedural and technical guidance on compliance issues based on current agency procedures and processes, and improves consistency across the agency's regional and field offices.

Finally, in FY 2015, the agency will continue refining the performance measures and methodology used to assess whether and to what extent learning is resulting from its staff development activities, and will update its training and staff development database to show that there is a systematic way to track staff development opportunities and courses completed by staff members. This work will be done in consultation with DOL's Chief Evaluation Office.

Customer Service

In FY 2015, OFCCP will continue fostering the customer-focused culture it began implementing several years ago with the goal of providing 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 to stakeholders, delivered in a professional manner. In FY 2014, OFCCP deployed 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 2015, 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.

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 specific role in protecting workers' rights, eliminating confusion about when to file a complaint and with whom, the agency will minimize time spent processing non-jurisdictional filings. By focusing on quality, accessibility and analysis in FY 2014, OFCCP aligned its outreach and education program to effectively engage with and inform key populations about their employment rights. These efforts reflect OFCCP's commitment to protect workers, promote diversity and enforce its three legal authorities.

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$105,386	838
2011	\$105,386	775
2012	\$105,187	755
2013	\$99,685	729
2014	\$104,976	700

FY 2015

The FY 2015 request for OFCCP is \$107,903,000 and 710 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 sex-based and other forms of compensation discrimination, in violation of Executive Order 11246.

As explained above, in FY 2015, OFCCP will continue to focus on strong enforcement, regulatory reform and implementation and planned outreach for workers and their employers. Implementing effective enforcement strategies to promote that all workers, including veterans and individuals with disabilities, are recruited, hired, promoted, retained, and compensated fairly and equitably by Federal contractors and subcontractors is paramount. OFCCP will focus its enforcement resources on targeted areas of improvement to include:

- Continued improvement in the quality and timely completion of compliance evaluations and complaint investigations to maximize remedies and job opportunities for workers;
- Continued progress in identifying, investigating and resolving systemic compensation discrimination;
- A targeted training program focused on construction evaluations, and specifically on large and/or multi-year construction projects that have the greatest potential impact on workers;
- Continued and focused technical assistance to Federal contractors regarding all regulations; and
- Strategic outreach to community-based organizations to educate and protect workers.

FY 2014

The FY 2014 enacted funding for OFCCP is \$104,976,000 and 700 FTE. In FY 2014 OFCCP's priorities will focus on:

- Narrowing the persistent pay gap between men and women;

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- Continue improving the quality and efficiency of its compliance evaluations and complaint investigations;
- Increasing efforts to eradicate gender, racial and ethnicity-based discrimination in the construction trades;
- Providing federal contractors assistance to recruit, hire, and retain veterans and individuals with disabilities;
- Strengthening outreach to community-based organizations for worker education and to the regulated community to enable a comprehensive understanding of the new rules; and
- Implement an enterprise-wide investigative process (as opposed to focusing on individual establishments to see that changes in personnel practices are implemented throughout a contractor's entire corporate structure.

At the enacted level, OFCCP will complete 3,840 supply and service compliance evaluations that will examine federal contractors' obligations under the two laws and executive order that OFCCP enforces. This total is the same number of supply and service evaluations as the FY 2013 enacted level. OFCCP is maintaining its focus on increasing the percentage of systemic compensation discrimination cases, which are more complex, and continuing to direct resources to cases involving individuals with disabilities (Section 503) and veterans (VEVRAA). Though the agency has historically focused upon reviewing supply and service contractors, OFCCP will complete 450 construction contractor reviews in FY 2014, an 18 percent increase over the number of FY 2013 enacted level. This includes a continued focus on identifying and remedying discrimination and affirmative action violations in construction, especially of larger construction companies, first-time contractors, and subcontractors associated with mega projects.

In FY 2014, OFCCP will continue its educational and compliance assistance campaign to assist compliance officers through a Training Academy and Federal contractors through technical assistance 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 2014, the Training Academy will continue building on prior fiscal year staff development and training efforts for compliance officers. 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

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- Communicate guidance through a series of webinars that are accessible anytime.

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. Guidance will be provided in the form of guides, webinars and directives. OFCCP will:

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

OFCCP continues to prioritize effective community engagement and relationship building with stakeholders. Through these relationships, OFCCP is able to reach and engage workers, amplify its message, support its enforcement and policy efforts and ultimately increase positive outcomes for workers. OFCCP will revamp the definition of outreach events to distinguish between quality, impactful events and necessary meetings to establish and foster meaningful relationships. By refocusing the definition of events, OFCCP continues to enhance its ability to prioritize and conduct fewer events, while measuring the most significant and high-impact outreach events.

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 will:

- Continue to provide timely and accurate information to stakeholders through its toll-free phone lines and public email box to the Department’s National Contact Center;
- Continue to examine methods for receiving customer feedback and adopt best practices for improving customer experience; and
- Use metrics and standards to determine the effectiveness of customer service efforts.

FY 2013

In FY 2013, OFCCP received funding at the sequestration level of \$99,685,000 and 729 FTE. Given the lower than anticipated funding, the agency managed its resources and achieved the following accomplishments in calendar year 2013:

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- Made historic updates to the regulations implementing Section 503 of the *Rehabilitation Act of 1973* and the *Vietnam Era Veterans' Readjustment Assistance Act of 1974*. In September 2013, the agency published two final rules which establish – for the first time ever – specific, aspirational goals and benchmarks for the employment of qualified workers with disabilities and protected groups of veterans. OFCCP estimates that, if federal contractors and subcontractors achieve the metrics articulated in the rules, more than 200,000 veterans and nearly 600,000 people with disabilities will be added to the American workforce in the first year alone. Both rules become effective on March 24, 2014;
- Completed 4,110 compliance evaluations of federal contractor and subcontractor establishments. The agency uncovered violations of equal employment opportunity laws in nearly one-third of those reviews and, specifically, found evidence of discrimination at 70 establishments. Negotiated more than \$7.8 million in back wages and 1,453 potential job opportunities on behalf of 9,268 workers affected by discrimination;
- Resolved 23 cases of pay discrimination and recovered over \$800,000 in back wages and salary adjustments for approximately 550 workers affected by unfair pay practices. This includes a noteworthy settlement of \$290,000 for 78 Hispanic workers paid less than comparable Caucasians doing the same jobs at a manufacturing facility in Danvers, Massachusetts. About one-third of OFCCP's discrimination settlements now involve issues of pay discrimination compared to only a handful in prior years;
- Rescinded overly-restrictive and arbitrary investigative protocols for investigating pay discrimination cases and issued a new compensation directive that better aligns the agency's enforcement practices with Title VII of the Civil Rights Act;
- Hosted 608 community engagement and worker education events which were attended by more than 46,000 individuals. Eighty-six percent of these events targeted those most at-risk of experiencing workplace discrimination (e.g., individuals with disabilities, veterans and women and minorities in construction);
- Performed the most comprehensive update in more than a decade to the *Federal Contract Compliance Manual*, which is the handbook for OFCCP investigators, detailing how they achieve compliance with the nondiscrimination and affirmative action obligations enforced by the agency;
- Streamlined and modernized the agency's directives system to eliminate or revise outdated and duplicative guidance while establishing a more inclusive process for agency-wide development, review, classification and publication of new directives going forward. The process resulted in the rescission of nearly 85% of OFCCP's directives;
- Entered into a Memorandum of Understanding with the General Services Administration to foster greater cooperation and coordination with respect to OFCCP's enforcement of EEO laws at the sites of federal or federally-assisted "mega" construction projects;

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- Employed new, quantitative measures to improve the agency's staff training program using pre- and post-training tests. Decisions about courses offered, complexity of trainings, appropriateness of materials and effectiveness of instructors are now better informed by data collected through these tests; and
- Conducted 687 compliance assistance events for federal contractors and their representatives including a series of trainings on the new Section 503 and VEVRAA regulations, the revised FCCM and the new directives system.

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DETAILED WORKLOAD AND PERFORMANCE				
	FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request
	Target	Result	Target	Target
Office of Federal Contract Compliance Programs				
Strategic Goal 3 - Promote fair and high quality work-life environments				
Strategic Objective 3.1 - Break down barriers to fair and diverse workplaces and narrow wage and income inequality				
OFCCP- 01	3,840	3,898	3,840	3,840
OFCCP- 02	380	447	450	450
OFCCP- 04b	--	--	4,290	4,290
OFCCP- 05	96	85	96	96
OFCCP- 08	25%	36%	35%	40%
OFCCP- 20	672	815	195	195
OFCCP- 22	576	687	600	600

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

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OFCCP met 97 percent of its FY 2013 target for the number of completed compliance evaluations, including 3,840 supply and service evaluations (including FAAP), and 380 construction evaluations. In FY 2014 OFCCP is projected to complete 4,290 compliance evaluations, a 2 percent increase over the FY 2013 enacted level to assist federal contractors and subcontractors in complying with their affirmative action and non-discrimination obligations. In FY 2015, OFCCP will maintain this level of 4,290 compliance evaluations in order to prioritize larger systemic discrimination cases with the potential for helping more workers, but these investigations are more complex and require greater resources and time to investigate.

With its increased emphasis on enforcement of compensation discrimination, OFCCP also has targeted a 10-percentage point increase in the incidence of discrimination conciliation agreements with pay discrimination findings for FY 2014. OFCCP can achieve this target by prioritizing strong cases with pay discrimination findings. OFCCP projects an additional 5-percentage point increase in FY 2015.

Compliance assistance is a critical component of 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 assistance events to 600 in FY 2014 and FY 2015 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 4 percent increase in compliance assistance events in FY 2014 is necessary to accommodate the demand for compliance assistance associated with OFCCP's new regulations. OFCCP will maintain this level in FY 2015, but improve the efficiency of events, by conducting events with the potential to reach larger audiences.

Similarly, any increase in compliance evaluations must accompany 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 target for outreach events reflects OFCCP's commitment to organizing significant and impactful events that result in positive change for workers – while keeping enforcement efforts a top priority for compliance officers. In FY 2014, OFCCP significantly reduced the target for worker outreach events by 70 percent of the FY 2013 enacted level to focus on fewer, but more strategic events to key populations where OFCCP can build relationships and have the most impact.

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	58,465	57,829	60,058	2,229
11.3	Other than full-time permanent	195	192	190	-2
11.5	Other personnel compensation	352	772	841	69
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	59,012	58,793	61,089	2,296
12.1	Civilian personnel benefits	17,554	17,333	18,594	1,261
13.0	Benefits for former personnel	60	20	20	0
21.0	Travel and transportation of persons	796	1,237	1,200	-37
22.0	Transportation of things	0	2	2	0
23.1	Rental payments to GSA	5,773	6,300	6,300	0
23.2	Rental payments to others	62	70	72	2
23.3	Communications, utilities, and miscellaneous charges	1,096	1,205	1,241	36
24.0	Printing and reproduction	91	60	60	0
25.1	Advisory and assistance services	166	150	150	0
25.2	Other services from non-Federal sources	1,009	1,700	1,796	96
25.3	Other goods and services from Federal sources 1/	9,511	10,262	10,202	-60
25.4	Operation and maintenance of facilities	113	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	3,714	7,534	6,864	-670
26.0	Supplies and materials	430	250	250	0
31.0	Equipment	284	60	63	3
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	14	0	0	0
	Total	99,685	104,976	107,903	2,927
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,871	9,635	9,557	-78
	DHS Services	590	605	623	18
	Services by DOL Agencies	32	11	11	0
	Services by Other Government Departments	18	11	11	0

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CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$1,447
Personnel benefits	1,074
Employee health benefits	0
Moving allowance	0
Federal Employees' Compensation Act (FECA)	-61
Benefits for former personnel	0
Travel and transportation of persons	-57
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	2
Communications, utilities, and miscellaneous charges	36
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	96
Working Capital Fund	-78
Other Federal sources (DHS Charges)	18
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	-670
Supplies and materials	-10
Equipment	-17
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$1,780**

Net Program **\$1,147**

Direct FTE **10**

	Estimate	FTE
Base	\$106,756	700
Program Increase	\$1,147	10
Program Decrease	\$0	0