

**FY 2019**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**OFFICE OF FEDERAL CONTRACT COMPLIANCE  
PROGRAMS**

This page is intentionally left blank.

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

## TABLE OF CONTENTS

Appropriation Language .....	1
Amounts Available for Obligation.....	2
Summary of Changes .....	3
Summary of Budget Authority and FTE by Activity.....	5
Budget Authority by Object Class .....	6
Authorizing Statutes.....	7
Appropriation History .....	8
Overview .....	9
Organization Chart.....	11
Budget Activities .....	13
Office of Federal Contract Compliance Programs.....	13

This page is intentionally left blank.

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

## APPROPRIATION LANGUAGE

### SALARIES AND EXPENSES

*For necessary expenses for the Office of Federal Contract Compliance Programs, \$91,100,000.*

Note.—A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

## OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	<b>FY 2017 Enacted</b>		<b>FY 2018 Full Year C.R.</b>		<b>FY 2019 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>A. Appropriation</b>	<b>556</b>	<b>\$104,476</b>	<b>525</b>	<b>\$103,767</b>	<b>450</b>	<b>\$91,100</b>
<i>Subtotal Appropriation</i>	<i>556</i>	<i>\$104,476</i>	<i>525</i>	<i>\$103,767</i>	<i>450</i>	<i>\$91,100</i>
<b>B. Gross Budget Authority Before Committee</b>	<b>556</b>	<b>\$104,476</b>	<b>525</b>	<b>\$103,767</b>	<b>450</b>	<b>\$91,100</b>
<b>C. Budget Authority Before Committee</b>	<b>556</b>	<b>\$104,476</b>	<b>525</b>	<b>\$103,767</b>	<b>450</b>	<b>\$91,100</b>
<b>D. Total Budgetary Resources</b>	<b>556</b>	<b>\$104,476</b>	<b>525</b>	<b>\$103,767</b>	<b>450</b>	<b>\$91,100</b>
FTE and Unobligated Balance Expiring	7	-\$422	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>563</b>	<b>\$104,054</b>	<b>525</b>	<b>\$103,767</b>	<b>450</b>	<b>\$91,100</b>

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2018 Full Year C.R.	FY 2019 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$103,767	\$91,100	-\$12,667
Total	\$103,767	\$91,100	-\$12,667
<b>Full Time Equivalents</b>			
General Funds	525	450	-75
Total	525	450	-75

### FY 2019 Change

Explanation of Change	FY 2018 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	525	\$52,300	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$18,423	0	\$0	0	\$0	0	\$0
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	\$221	0	\$221
Federal Employees' Compensation Act (FECA)	0	\$162	0	\$0	0	\$13	0	\$13
Benefits for former personnel	0	\$138	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$900	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$4	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$5,752	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$28	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$393	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$35	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$586	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$2,501	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$16,490	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$709	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$0	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$570	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$0	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$491	0	\$0	0	\$0	0	\$0
Equipment	0	\$0	0	\$0	0	\$0	0	\$0

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

FY 2019 Change

Explanation of Change	FY 2018 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>525</b>	<b>+\$99,482</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$234</b>	<b>0</b>	<b>+\$234</b>
<b>B. Programs:</b>								
<b>Total Increase</b>	<b>525</b>	<b>+\$99,482</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$234</b>	<b>0</b>	<b>+\$234</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Operation and maintenance of equipment	0	\$3,634	0	\$0	0	-\$221	0	-\$221
Equipment	0	\$651	0	\$0	0	-\$13	0	-\$13
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>+\$4,285</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$234</b>	<b>0</b>	<b>-\$234</b>
<b>B. Programs:</b>								
Program Restructuring	0	\$0	0	\$0	-75	-\$12,667	-75	-\$12,667
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>-75</b>	<b>-\$12,667</b>	<b>-75</b>	<b>-\$12,667</b>
<b>Total Decrease</b>	<b>0</b>	<b>+\$4,285</b>	<b>0</b>	<b>\$0</b>	<b>-75</b>	<b>-\$12,901</b>	<b>-75</b>	<b>-\$12,901</b>
<b>Total Change</b>	<b>525</b>	<b>+\$103,767</b>	<b>0</b>	<b>\$0</b>	<b>-75</b>	<b>-\$12,667</b>	<b>-75</b>	<b>-\$12,667</b>



## OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b>								
(Dollars in Thousands)								
	<b>FY 2017 Enacted</b>		<b>FY 2018 Full Year C.R.</b>		<b>FY 2019 Request</b>		<b>Diff. FY19 Request / FY18 Full Year C.R</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>Office of Federal Contract Compliance Programs</b>	<b>563</b>	<b>104,476</b>	<b>525</b>	<b>103,767</b>	<b>450</b>	<b>91,100</b>	<b>-75</b>	<b>-12,667</b>
General Funds	563	104,476	525	103,767	450	91,100	-75	-12,667
<b>Total</b>	<b>563</b>	<b>104,476</b>	<b>525</b>	<b>103,767</b>	<b>450</b>	<b>91,100</b>	<b>-75</b>	<b>-12,667</b>
<b>General Funds</b>	<b>563</b>	<b>104,476</b>	<b>525</b>	<b>103,767</b>	<b>450</b>	<b>91,100</b>	<b>-75</b>	<b>-12,667</b>

NOTE: 2017 reflects actual FTE.

## OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2017 Enacted</b>	<b>FY 2018 Full Year C.R.</b>	<b>FY 2019 Request</b>	<b>Diff. FY19 Request / FY18 Full Year C.R.</b>
	Full-Time Equivalent				
	Full-time Permanent	556	525	450	-75
	<b>Total</b>	<b>556</b>	<b>525</b>	<b>450</b>	<b>-75</b>
	Average ES Salary	\$175,958	\$182,818	\$182,218	-\$600
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$92,171	\$92,737	\$98,793	\$6,056
11.1	Full-time permanent	58,553	51,759	45,252	-6,507
11.3	Other than full-time permanent	92	52	0	-52
11.5	Other personnel compensation	657	489	500	11
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>59,302</b>	<b>52,300</b>	<b>45,752</b>	<b>-6,548</b>
12.1	Civilian personnel benefits	18,331	18,585	14,641	-3,944
13.0	Benefits for former personnel	8	138	138	0
21.0	Travel and transportation of persons	941	900	500	-400
22.0	Transportation of things	3	4	4	0
23.1	Rental payments to GSA	5,904	5,752	5,995	243
23.2	Rental payments to others	28	28	28	0
23.3	Communications, utilities, and miscellaneous charges	318	393	393	0
24.0	Printing and reproduction	44	35	35	0
25.1	Advisory and assistance services	637	586	542	-44
25.2	Other services from non-Federal sources	818	2,501	2,353	-148
25.3	Other goods and services from Federal sources 1/	16,268	17,199	17,199	0
25.4	Operation and maintenance of facilities	168	570	570	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	1,168	3,634	1,967	-1,667
26.0	Supplies and materials	355	491	391	-100
31.0	Equipment	183	651	592	-59
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>104,476</b>	<b>103,767</b>	<b>91,100</b>	<b>-12,667</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	16,268	16,490	16,490	0
	DHS Services	0	709	709	0

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

## AUTHORIZING STATUTES

<b>Public Law / Act</b>	<b>Legislation</b>	<b>Statute No. / US Code</b>	<b>Volume No.</b>	<b>Page No.</b>	<b>Expiration Date</b>
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

<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2009					
Base Appropriation	\$89,013			\$82,107	585
2010					
Base Appropriation...1/	\$109,521	\$101,521	\$107,021	\$104,976	788
2011					
Base Appropriation	\$113,433			\$105,386	775
2012					
Base Appropriation	\$109,010			\$105,187	755
2013					
Base Appropriation...2/	\$106,415			\$99,685	729
2014					
Base Appropriation...3/	\$108,467			\$104,976	683
2015					
Base Appropriation	\$107,903			\$106,476	621
2016					
Base Appropriation...4/	\$113,687	\$100,500	\$96,000	\$105,476	615
2017					
Base Appropriation	\$114,169			\$104,476	556
2018					
Base Appropriation...5/	\$88,000	\$94,500			
2019					
Base Appropriation	\$91,100				450

1/ Fiscal Year (FY) 2010 amount reflects reallocated funds from the dissolution of the Employment Standards Administration's Program Direction and Support.

2/ Reflects a 0.2 percent 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.

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

4/ Full Time Equivalent (FTE) shown represent a lowered FTE expectation due to the reallocation of resources to non-staff activities beginning in late FY 2014.

5/ A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

## OVERVIEW

### Introduction

The Department of Labor's (DOL) Office of Federal Contract Compliance Programs (OFCCP) examines the employment practices of federal contractors and subcontractors to determine whether they comply with the nondiscrimination obligation and with the obligation to provide equal employment opportunity through affirmative action under three legal authorities:<sup>1</sup>

- Executive Order (EO) 11246, as amended, that prohibits employment discrimination on the basis of race, color, religion, sex, sexual orientation, gender identity, or national origin. Additionally, this EO prohibits federal contractors and subcontractors from, under certain circumstances, taking adverse employment actions against applicants and employees for asking about, discussing, or sharing information about their pay or the pay of their co-workers;
- Section 503 of the Rehabilitation Act of 1973, as amended, that prohibits employment discrimination against qualified individuals with disabilities (Section 503); and
- Vietnam Era Veterans' Readjustment Assistance Act of 1974 (VEVRAA), as amended, that prohibits employment discrimination against qualified protected veterans.

The Fiscal Year (FY) 2019 request for OFCCP is \$91,100,000 and 450 FTE. The request includes a program decrease of \$12,667,000 and 75 FTE for OFCCP restructuring. This request will enable OFCCP to focus on the following priorities:

- Focus on streamlined high-impact systemic compliance evaluations that make efficient use of OFCCP resources and minimize burden on complying employers, and continue its focus on large federal and federally-assisted mega construction projects that have the potential to employ large numbers of diverse workers.
- Significantly expanding contractor compliance assistance, contractor training and education, and providing meaningful incentives that encourage voluntary compliance and contractor recognition programs that highlight best practices related to achieving compliance. Emphasizing quality compliance assistance and contractor training reduces the cost of compliance for contractors, makes it easier for contractors to meet their obligations, and allows contractors to access a diverse pool of qualified talent for available jobs. When contractors voluntarily comply, America's workers and jobseekers gain the opportunity to seek, obtain, retain and thrive in good jobs.

---

<sup>1</sup> Executive Order 11246, Sept. 24, 1965, 30 FR 12319, 12935, 3 CFR, 1964-1965, Comp., p. 339, as amended; Section 503 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 793, (Section 503); and the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, 38 U.S.C. 4212.

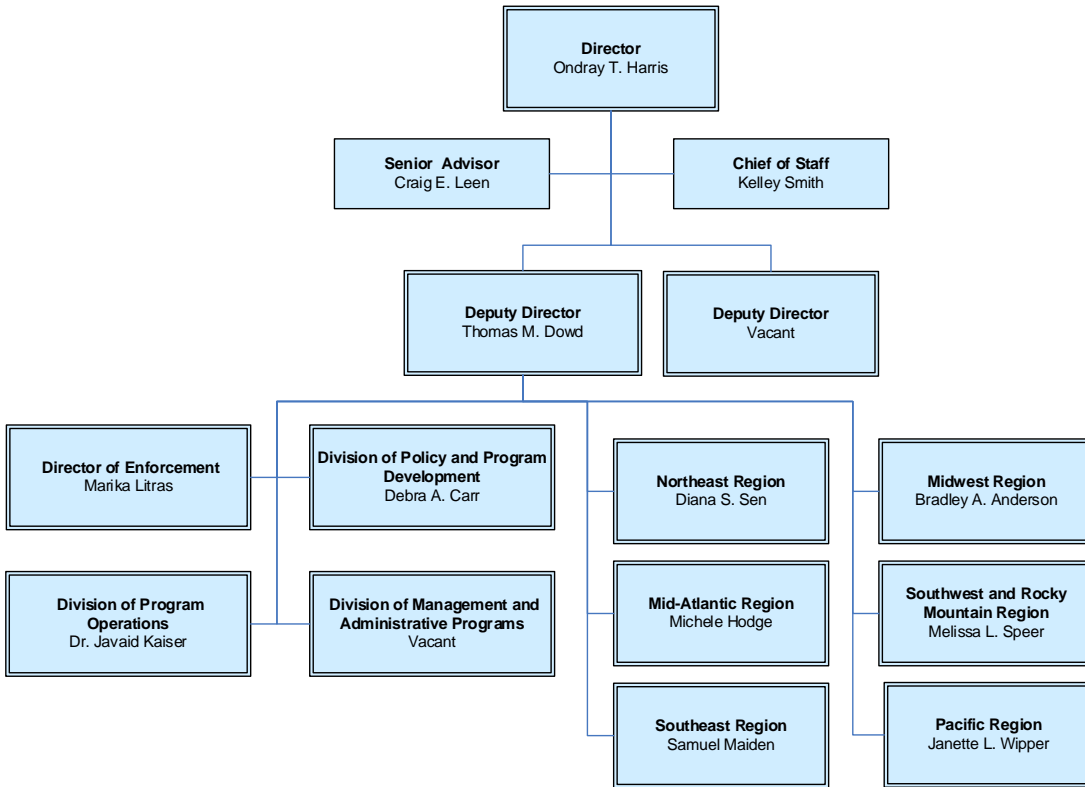
## **OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS**

- Improving organizational efficiency and effectiveness by modernizing the agency's operational model, aligning staff workload with where federal contractors are located, and establishing Skilled Regional Centers. The Skilled Regional Centers, staffed with highly skilled and specialized compliance officers, will address large, complex and industry specialized compliance evaluations. The other operational reforms will reduce the need for an extensive network of field, area and district offices; and reduce operating costs.

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

## Federal Contractor and Equal Employment Opportunity Standards Enforcement Organizational Chart

The OFCCP is comprised of a national office headquartered in Washington, D.C. with four divisions and six regional offices with district and area offices distributed nationwide. The regional offices 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).







## OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2017 Enacted</b>	<b>FY 2018 Full Year C.R.</b>	<b>FY 2019 Request</b>	<b>Diff. FY19 Request / FY18 Full Year C.R.</b>
<b>Activity Appropriation</b>	<b>104,476</b>	<b>103,767</b>	<b>91,100</b>	<b>-12,667</b>
FTE	563	525	450	-75

NOTE: 2017 reflects actual FTE.

### **Introduction**

OFCCP’s FY 2019 priorities support the agency’s efforts to enforce the law by emphasizing high-impact systemic cases and expand contractor compliance assistance, thereby reducing the cost of compliance that covered contractors incur while simultaneously protecting a greater number of workers and jobseekers from employment discrimination. Many of the strategies and initiatives implementing these priorities also address recommendations contained in the 2016 GAO report, *Strengthening Oversight Could Improve Federal Contractor Nondiscrimination Compliance*.<sup>2</sup> Others contribute to the agency addressing GAO recommendations in the November 2017 report titled *Diversity in the Technology Sector: Federal Agencies Could Improve Oversight of Equal Employment Opportunity Requirements*.<sup>3</sup>

#### *Streamlined High-Impact Systemic Compliance Evaluations*

OFCCP can make better use of its resources, and minimize the cost and burden of compliance, by streamlining its desk audit procedures. OFCCP may also maximize the use of its resources, and support voluntary compliance by covered contractors, by increasing its focus on quality high-impact systemic compliance evaluations<sup>4</sup> that help the largest number of workers, have the potential to transform industry employment practices, and address the labor market’s most egregious systemic discrimination problems. In FY 2017, OFCCP completed 1,142, or 30 percent fewer compliance evaluations from FY 2016. These evaluations, however, resulted in \$23.9 million, or more than double, in monetary remedies for applicants and employees subject to systemic employment discrimination in hiring, compensation and other employment practices.

<sup>2</sup> Government Accountability Office, *Strengthening Oversight Could Improve Federal Contractor Nondiscrimination Compliance*, GAO-16-750, Sept. 22, 2016 at <https://www.gao.gov/products/GAO-16-750> (last accessed Feb. 1, 2017).

<sup>3</sup> Government Accountability Office, *Diversity in the Technology Sector: Federal Agencies Could Improve Oversight of Equal Employment Opportunity Requirements*, GAO-18-69, Nov 16, 2017 at <https://www.gao.gov/products/GAO-18-69> (last accessed Feb. 1, 2018).

<sup>4</sup> OFCCP’s definition of systemic discrimination satisfies 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.

## OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

OFCCP's compliance officers continue to increase their knowledge and experience in investigating systemic cases of pay discrimination. Using a collaborative approach, compliance officers and managers regularly work with a team of OFCCP national and regional staff to develop thorough evidence and investigative plans tailored to the unique circumstances of each case. OFCCP anticipates about 35 percent of its discrimination conciliation agreements to address systemic pay discrimination by prioritizing review of pay related employment practices.

OFCCP will continue its strategic focus on its Mega Construction Project (MCP) Program. A MCP is a construction project that is valued at \$25 million or more, will last for at least one year, and has the potential to have a significant employment and economic impact on the community. In selecting MCPs, OFCCP works with the General Services Administration and other federal agencies to identify large, high-profile projects when they are funded, long before any construction begins. Using an approach based on providing intensive compliance assistance early during the life cycle of a large construction project, OFCCP helps construction contractors and subcontractors understand their requirements to provide equal employment opportunity. This program has the potential to increase diversity in construction because it includes early involvement with the funding agencies, supports creating relationships between the contractors/subcontractors, apprenticeship and pre-apprenticeship programs, local or regional recruitment resources, and engages in community outreach. All this is done before any compliance evaluation is scheduled. OFCCP is committed to focusing resources in this area to reasonably ensure that all construction trade workers are provided equal employment opportunity and are free from employment discrimination in construction. At the requested FY 2019 funding level, OFCCP expects at least 60 percent of construction compliance evaluations to be associated with mega construction projects.

### *Contractor Compliance Assistance, Training and Education*

OFCCP recognizes the importance of striking the right balance between enforcement and conducting proactive compliance evaluations, and contractor compliance assistance to promote voluntary compliance with nondiscrimination and equal employment opportunity requirements. Compliance assistance will take various forms including formal training webinars and seminars, and the use of infographics that demonstrate compliance concepts, procedures and processes. Additional ways that OFCCP will deliver assistance include providing access to a toll free Help Desk phone line for one-on-one assistance, developing various tools, templates and samples, publishing technical assistance guides, creating a larger digital outreach presence, sponsoring various regional and district office events for contractors, and routinely participating in contractor events and conferences.

At the requested FY 2019 funding level, OFCCP's compliance assistance agenda will also include proactively seeking stakeholder feedback. Prior stakeholder feedback in FY 2017 and FY 2018 resulted in the agency undertaking revisions to existing technical assistance guides and factsheets, and the creation of new publications, for employers that are federal contractors, workers, and jobseekers. This feedback informed new initiatives such as the development of online communities of practice for employers, the use of voluntary compliance incentive programs, ongoing changes to portions of the agency's website, and training program reforms for contractor training and education. This feedback will be used to provide additional contractor-

## OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

focused compliance tools and resources; expand compliance assistance offerings by conducting a national training conference for contractors, incentivizing voluntary compliance by contractors through recognition and peer-to-peer learning; increasing the training program's effectiveness; and create more accountability for contractors and OFCCP's compliance officers.

### *Improve Organizational Efficiency and Effectiveness*

To support these efforts, OFCCP would establish Skilled Regional Centers of Excellence. As described in the FY 2018 Budget proposal, OFCCP must build staff capacity and industry expertise to effectively conduct compliance evaluations in today's complex labor market. The Skilled Regional Centers initially would be located in the Pacific (San Francisco) and Northeast (New York) regions, would have highly skilled and specialized compliance officers capable of handling various large, complex and industry specialized compliance evaluations. Compliance evaluations conducted by highly skilled compliance officers would increase the compliance evaluation quality, timeliness and more efficient use of limited resources. OFCCP anticipates establishing the initial Skilled Regional Centers in FY 2019 and FY 2020.

OFCCP also would modernize the distribution of its work by aligning OFCCP compliance evaluation workload with federal contractor establishments. This addresses a problem that has evolved over time as staffing historical OFCCP locations has lagged behind a gradual shift in federal contractor locations. For example, there are more contractors located in the Northeast, but FTEs in this region are not currently proportional to the number of contractor establishments. GAO's 2016 study highlighted a similar finding recommending the agency make changes to its current scheduling list distribution process.

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2014	\$104,976	683
2015	\$106,476	621
2016	\$105,476	615
2017	\$104,476	556
2018	\$0	0

NOTE: A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

### **FY 2019**

The FY 2019 funding request for OFCCP is \$91,100,000 and 450 FTE. This funding level will provide OFCCP with the resources necessary to focus on high-impact systemic compliance evaluations, continue implementing agency reforms that strengthen the contractor training and education to support voluntary compliance with their equal employment opportunity and nondiscrimination requirements, and implement the agency's Skilled Regional Centers of Excellence.

## OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

In FY 2019, OFCCP anticipates continuing its priorities of identifying and resolving systemic pay discrimination, and providing extensive compliance assistance on mega construction projects to connect qualified women, minorities, veterans, and individuals with disabilities to opportunities in construction, including through apprenticeship and pre-apprenticeship programs, when the appropriate opportunities exist. OFCCP also anticipates improving its organizational efficiency and effectiveness through continued implementation of its Skilled Regional Centers of Excellence.

### Streamlined High-Impact Systemic Compliance Evaluations

In FY 2019, OFCCP's top priority in its compliance evaluations is to streamline its desk audit procedures and increasing its focus on quality high-impact systemic compliance evaluations that address the labor market's most egregious systemic discrimination problems, help the largest number of workers, and have the potential to transform industry employment practices. OFCCP will accomplish this in FY 2019 by continuing to prioritize systemic pay discrimination to contribute to narrowing race and sex-based pay gaps, focus its construction compliance evaluations on large high impact projects, and encourage contractors to develop or participate in apprenticeship programs to enhance equal employment opportunities.

### *Systemic Pay Discrimination*

In FY 2019, OFCCP anticipates a continuation of its multi-year effort to identify and resolve systemic compensation discrimination in violation of Executive Order 11246. OFCCP has engaged in extensive training of compliance officers, equipped them with the tools to better investigate systemic pay discrimination and has built a robust program of technical assistance to field staff in developing these cases. In FY 2017, OFCCP recovered over \$14 million in back pay and salary adjustments for pay discrimination cases – a substantial increase over the prior year and a record for the agency. Thirty-six percent of the discrimination settlements in FY 2017 resolved systemic pay discrimination compared with only 33 percent in FY 2016. In FY 2019, OFCCP anticipates continued improvement in the percent and quality of systemic pay discrimination investigations.

In FY 2019, OFCCP will continue to focus on systemic compensation cases where agency evaluations can have the greatest impact. Systemic cases provide remedies and allow for corrective policies and practices that benefit larger numbers of workers. Since systemic investigations place increased demands on compliance officers, OFCCP will continue building capacity through staff training and case consultation by specialized staff with expertise in conducting the complex data analyses necessary for evaluating pay practices.

### *High-Impact Construction*

In FY 2019, OFCCP also anticipates its construction compliance evaluations to focus on large high-impact construction projects valued at \$25 million or more and at least one year in duration. For years, the construction sector has been an important source of skilled, middle-class jobs for millions of American workers.

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

## Improved Contractor Training and Education

Taking steps to ensure that contractors know and understand their compliance obligations is essential. OFCCP's current approach and existing resources allow it to conduct compliance evaluations on a fraction of the contractor establishments that it currently oversees. To leverage its resources, and to support compliance by the vast number of contractors that are not likely to be the subject of a compliance review in any given year, greater emphasis must be placed on contractor education and voluntary compliance supported by quality compliance assistance.

### *Accreditation of the Training and Education Program*

Building upon the progress made in FY 2018, OFCCP will finalize the reforms to its contractor and compliance officer training and education program. The reforms address the quality concerns raised in the 2016 GAO report calling for several improvements in how the agency provides compliance assistance, including contractor training and education.

In FY 2019, OFCCP plans to obtain third-party accreditation for its contractor and compliance officer training program from the International Association for Continuing Education and Training (IACET). This organization is a non-profit association dedicated to quality continuing education and training programs. IACET is the only standard-setting organization approved by the American National Standards Institute (ANSI) for continuing education and training. The ANSI/IACET Standard is the core of thousands of educational programs worldwide. Obtaining certification should generally improve the quality of its contractor and compliance officer training by ensuring that it has a documented, consistently implemented, and quality training development and delivery process.

### *Incentivized Regional Contractor Training*

In FY 2019, OFCCP plans to move from the FY 2018 pilot of its regional contractor training program to fully deploying this initiative. This training program incentivizes learning and supports voluntary contractor compliance with their mandatory obligations. Based on existing agency resources, this program could benefit between 1,500 to 3,000 contractors annually.

### *Studying the Impact of Training and Managing Performance*

As a companion piece to training program certification in FY 2019, OFCCP proposed a study in FY 2018 on the impact of its training on compliance officer behaviors as a part of the Department of Labor's Learning Agenda. With this study proposal, OFCCP is specifically seeking to:

- Determine the best indicators of quality and consistency when conducting a quality audit.
- Determine if deficiencies in closed cases that undergo a quality audit decrease after compliance officers receive training.

The study proposal, if accepted, would be underway in FY 2019. The insight obtained should assist OFCCP with improving its quality audit process for compliance evaluations, integrating

## OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

commonly identified errors into compliance officer training courses, measuring the impact of skills development training on the actual behaviors of a sample of compliance officers, and using data to further support performance management.

### Contractor Compliance Assistance

Using existing MOUs, obtaining input provided through various stakeholder meetings and focus groups, and through its proposed contractor recognition program, OFCCP will refine existing compliance assistance deliverables such as its nearly 300 “Frequently Asked Questions” related to compliance; identify and develop new compliance assistance aids including materials and training on how covered contractors can develop and use apprenticeships programs; expand its online library of contractor education courses by adding three to four new courses; and increase its use of technology to deliver practical and useful compliance assistance.

### *Integration of Regional Offices into 1-800 Help Desk Operations*

In order to implement a triage process for routing incoming national office Help Desk requests from contractors to regional offices, as needed, OFCCP will be required to invest in software and licenses for its Help Desk telephone and customer relations management (CRM) system. OFCCP plans to link its existing Help Desk information technology to a limited number of terminals/computers in each region. With the new software, call routing, and call responses, tracking and reporting of regional Help Desk calls will be possible. The value of this integration is better data collection and reporting on contractor compliance assistance needs, and improved delivery of compliance assistance to contractors because response times and most outgoing OFCCP responses to incoming questions may be documented.

### *Contractor Recognition Program*

Announced in FY 2018, and planned for launch in FY 2019, this program seeks to provide contractors an opportunity to submit applications for recognition for best or model overall compliance program, best program for disability employment practices under Section 503, and best program for veterans under VEVRAA. In each category, the recognition would be given for small, medium and large size contractor establishments. The recognition recipients for best overall program would be granted a one-time exemption from compliance evaluations for up to a five-year period. In addition, the recognition recipients would be committing to working with OFCCP to develop and/or participate in delivering contractor training and education, mentoring their peers on how to achieve their level of success, and providing input into the development of compliance assistance material for a specific period of time. This program helps to ensure that OFCCP’s compliance assistance is appropriate for the intended audience, reflects the realities of the business community, and is useful and practical. It, therefore, supports voluntary compliance and addresses the 2016 GAO report concerns about compliance assistance, including contractor training and education.

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

## *Contractor Online Community of Practice (COP)*

Planned for launch in late FY 2018, this contractor online community is proposed as a place where federal contractors come together to learn, share and collaborate with each, and build solutions to common OFCCP compliance problems and challenges. OFCCP will use this platform to support the spread of successful strategies, create a new contractor knowledge base, and delivery compliance assistance. OFCCP will periodically host live group chats or discussions. By participating in this interactive community, OFCCP can gather stakeholder input on how it can be helpful and responsive to contractors' needs in the context of voluntary compliance. Even when OFCCP is not online contractors can post questions, comment on discussions, access special topic areas, collaborate with other contractors, and share best practices. These discussions can be archived for later use and reference. In FY 2019, OFCCP proposes expanding the compliance assistance offerings available on this platform. OFCCP will, in support of this initiative, continue to review, reorganize, and update the content on its website to make is easily accessible when it is linked to this COP platform and directly from the DOL-OFCCP homepage.

## **FY 2018**

A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (P.L. 115–56). The amounts included for 2018 reflect the annualized level provided by the continuing resolution. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.

## **FY 2017**

In FY 2017, OFCCP maintained effective enforcement and planned outreach for workers and their employers to ensure that all workers are recruited, hired, promoted, retained, and compensated fairly and equitably by Federal contractors and subcontractors. The agency achieved great results by implementing effective enforcement strategies. Some highlights of FY 2017 outcomes are listed below.

- OFCCP recovered \$23.7 million in back pay for 11,653 victims of discrimination and negotiated 512 job opportunities. There were 735,090 workers in the facilities that OFCCP reviewed. The back pay obtained was more than twice the back pay recovered in FY 2016.
- In FY 2017, 79 percent of completed construction compliance evaluations were associated with high-impact projects.
- OFCCP completed three times more Corporate Management Compliance Evaluations in FY 2017 than in FY 2016 and obtained over six million in back pay for 1,360 victims.
- 29 percent of FAAP evaluations resulted in discrimination findings and produced about \$260,000 in back pay for 45 victims.
- OFCCP received 626 complaints in FY 2017 and completed processing more this year than in FY 2016.

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

## Workload Summary

In FY 2016, OFCCP eliminated case closure targets as a benchmark of success in order to balance compliance evaluation quantity, quality and results. As a result, the agency adopted fewer measures, but with ambitious targets that demonstrate implementation of OFCCP's compliance evaluation priorities of systemic compensation and mega construction projects.

In FY 2017, OFCCP continued this strategy of conducting fewer compliance evaluations, maximizing case quality, and prioritizing larger systemic cases with the potential for helping more workers. In FY 2017, 40 percent of discrimination conciliation agreements involved pay issues, and 79 percent of completed construction evaluations were associated with a mega construction project, almost double the FY 2017 target. The target for FY 2019 is set at 80 percent.

Compliance assistance that supports contractors self-auditing their employment practices and implementing plans to come into compliance with their mandatory obligations remains a critical component of OFCCP's contractor outreach and education strategy. Compliance assistance is also an important complement to the agency's compliance evaluation strategy in light of the limited number of contractors that are actually scheduled to undergo a compliance review each year.

During the FY 2017, OFCCP recorded more than 3,000 compliance assistance and other stakeholder inquiries incoming to its Help Desk or 1-800 compliance assistance telephone line and online via email. Eighty-seven percent of the inquiries were closed in three days or less. To measure user satisfaction, a survey tool was used on the toll free number and the agency's self-service web portal. OFCCP obtained contractor feedback on compliance assistance and other matters through three town hall sessions in FY 2017.



## OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2017 Enacted</b>	<b>FY 2018 Full Year C.R.</b>	<b>FY 2019 Request</b>	<b>Diff. FY19 Request / FY18 Full Year C.R.</b>
11.1	Full-time permanent	58,553	51,759	45,252	-6,507
11.3	Other than full-time permanent	92	52	0	-52
11.5	Other personnel compensation	657	489	500	11
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>59,302</b>	<b>52,300</b>	<b>45,752</b>	<b>-6,548</b>
12.1	Civilian personnel benefits	18,331	18,585	14,641	-3,944
13.0	Benefits for former personnel	8	138	138	0
21.0	Travel and transportation of persons	941	900	500	-400
22.0	Transportation of things	3	4	4	0
23.1	Rental payments to GSA	5,904	5,752	5,995	243
23.2	Rental payments to others	28	28	28	0
23.3	Communications, utilities, and miscellaneous charges	318	393	393	0
24.0	Printing and reproduction	44	35	35	0
25.1	Advisory and assistance services	637	586	542	-44
25.2	Other services from non-Federal sources	818	2,501	2,353	-148
25.3	Other goods and services from Federal sources 1/	16,268	17,199	17,199	0
25.4	Operation and maintenance of facilities	168	570	570	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	1,168	3,634	1,967	-1,667
26.0	Supplies and materials	355	491	391	-100
31.0	Equipment	183	651	592	-59
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>104,476</b>	<b>103,767</b>	<b>91,100</b>	<b>-12,667</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	16,268	16,490	16,490	0
	DHS Services	0	709	709	0

# OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

## CHANGES IN FY 2019

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Employee health benefits	0
Moving allowance	0
One day more of pay	221
Federal Employees' Compensation Act (FECA)	13
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	-221
Supplies and materials	0
Equipment	-13
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$0**

**Net Program** **-\$12,667**

**Direct FTE** **-75**

	Estimate	FTE
<b>Base</b>	<b>\$103,767</b>	<b>525</b>
<b>Program Increase</b>	<b>\$0</b>	<b>0</b>
<b>Program Decrease</b>	<b>-\$12,667</b>	<b>-75</b>