



OFCCP Compliance 101



What is the OFCCP?

Navigating the complexities of OFCCP compliance can be confusing – it's also critical for protecting your organization from costly violations. This guide provides basic OFCCP information to help you better understand the regulations and mitigate the risks.

An agency within the U.S. Department of Labor, the Office of Federal Contract Compliance Programs (OFCCP) requires federal contractors (sometimes called prime contractors) and subcontractors to adhere to specific regulations to avoid discriminatory practices in their hiring and employment. The OFCCP is also responsible for auditing federal contractor employment practices, including selection, hiring, recruiting, promotion, and compensation.

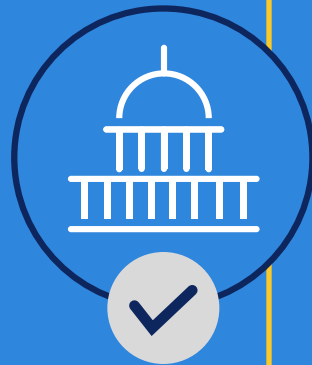
The OFCCP provides information and support materials on outreach and engagement, employer legal obligations, and staff and contractor education.



Do OFCCP Regulations Apply to Your Organization?

Are you a federal subcontractor?

Federal subcontractors don't work with the government directly. A federal contractor brings in a subcontractor to provide a product or service to satisfy a government contract. If your organization is providing a product or service to a federal contractor to satisfy a government contract, your organization may qualify as a subcontractor.



Both federal contractors and subcontractors must adhere to OFCCP regulations to avoid potential violations and costs, including financial penalties, revocation of existing contracts, not being awarded future contracts, increased reporting requirements to the OFCCP and damage to your organization's brand.

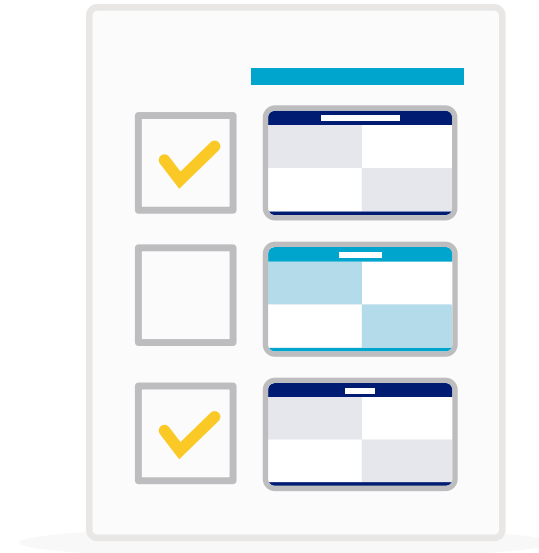
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If you are doing business with the federal government, there are several OFCCP regulations that may apply to you. Typically, federal contractors and subcontractors who have been awarded a contract of \$15,000 or more are required to meet specific nondiscrimination and equal employment opportunity (EEO) regulations.

Jurisdictional Thresholds:

There are different employee numbers and dollar amount thresholds, which will determine if you must comply with OFCCP regulations and what requirements your organization must follow.

Consult with your legal advisor to determine if you are subject to OFCCP regulations.



An Overview of OFCCP Regulations



The OFCCP enforces two principal regulations to which federal contractors and subcontractors must adhere to remain compliant.

Section 503 of the Rehabilitation Act: The law prohibits discrimination against individuals with disabilities and requires affirmative action employment practices for these individuals. Section 503 applies when an organization has at least one federal contract or subcontract exceeding \$15,000.

Vietnam Era Veterans' Readjustment Assistance Act (VEVRAA): The law prohibits federal contractors and subcontractors from discrimination against veterans and requires employers to take affirmative action for these individuals. VEVRAA applies when an organization has at least one federal contract or subcontract of \$150,000 or more.



Best Practices for Maintaining Compliance

Maintaining OFCCP compliance can be confusing and challenging, but its importance cannot be understated. These best practices can help guide you through the process.

Create an Affirmative Action Plan (AAP):

Contractors must provide the OFCCP with an AAP for veterans and individuals with disabilities within 120 days of their government contract start date. Existing contractors are required to update their current AAP annually.



The requirements to uphold vary depending on the number of employees in your organization and contract values:

- Organizations with 50 or more employees and at least a \$50,000 federal contract or subcontract, must create at least one AAP for individuals with disabilities.
- Additionally, organizations with 50 or more employees and a federal contractor or subcontract of \$150,000 or more create an AAP for veterans.

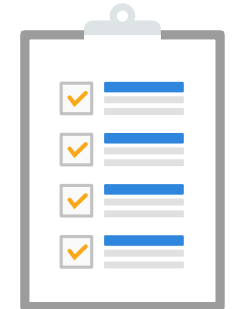
Best Practices for Maintaining Compliance

AAP requirements include documentation about an organization's:

- Applications and new hires
- Outreach efforts to veterans and individuals with disabilities
- Evaluation of a utilization goal for individuals with disabilities (currently 7% of each job group)
 - While a goal – and not a requirement – this means that 7% of employees, per job group, should have self-identified as having a disability

Keep track of your records:

It's essential to document your good-faith efforts. Collect detailed employment records – applicant flow log, compensation, promotion, hires – and hold onto them for three years. This can be done internally or through a third party.



Best Practices for Maintaining Compliance



Simple ways to align with regulations:

A checklist is a terrific way to ensure you follow Section 503, and VEVRAA. The OFCCP offers best practice recommendations to help contractors prevent, identify, and solve potential discrimination in their hiring and employment practices, including:

- Post equal employment opportunity notices and posters
- List the equal employment opportunity tagline in job postings
- Invite job seekers to self-identify at the application stage and again after an offer is extended
- Engage with community-based organizations and agencies to attract veterans and individuals with disabilities
- Log all good-faith outreach activities
- Track your progress towards goals

Post to state job banks:

If you are a federal contractor or subcontractor, you must post your jobs to the State Workforce Agency Job Bank under the Vietnam Era Veterans' Readjustment Assistance Act (VEVRAA) regulations. This is to ensure the state gives priority referrals to veterans for your job openings.

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The OFCCP Contractor Portal

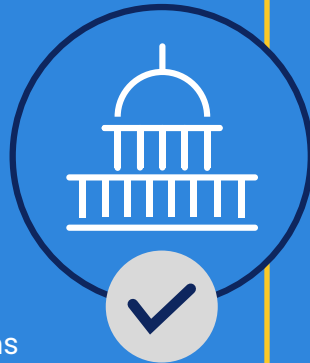
Federal contractors must create and maintain written Affirmative Action Programs if they fall under specific jurisdictional thresholds. The Contractor Portal is for federal contractors to certify their Affirmative Action Plan. According to the OFCCP's website, "the portal allows multiple users from individual organizations to register, manage records, and certify each establishment and/or functional/business unit, as applicable."

It's important to note that certifying your AAP through the Contractor Portal needs to be done on an annual basis. To learn more about the Contractor Portal, visit the OFCCP's official website [here](#).



Summary

With compliance violations, an organization risks financial penalties, damage to the organization's brand, the revocation of existing contracts, increased reporting requirements to the OFCCP and the potential loss of future contracts.



In 2022, the OFCCP completed over 866 evaluations and found violations that **cost organizations \$11 million in damages** to class members. It is imperative to make sure your record-keeping, support documentation, AAPs, hiring procedures, and salary and pay information meet OFCCP standards.

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