

A GUIDE TO DETERMINING COVERED FEDERAL GOVERNMENT CONTRACTOR STATUS

Helping Businesses Determine if They Must Comply with Affirmative Action and Specific Antidiscrimination Rules

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IMPORTANT NOTICE

This is not a do-it-yourself guide to federal contracting law or compliance with federal affirmative action or antidiscrimination laws. Rather, it is intended solely as a guide to help companies understand the parameters that could cause a business to be covered by such laws and the potential compliance costs and burdens if they are. This paper is not a substitute for experienced legal counsel and does not provide legal advice.

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Table of Contents

SECTION / TOPIC	PAGE
EXECUTIVE SUMMARY	1
CASE STUDY: THE UNSUSPECTING SUBCONTRACTOR	2
DETERMINING IF YOU MUST COMPLY: THE METHODOLOGY	4
THE THRESHOLD REQUIREMENTS FOR COMPLIANCE	4
STEP ONE: THE RED FLAG CHECKLIST	5
STEP TWO: EVALUATING THE INFORMATION	6
Direct Government Contracts	6
Subcontract To An Ultimate Government Contract	6
Single Entity Analysis	6
THE 50–50 DECISION TREE	7
STEP THREE: REVIEWING COMPLIANCE RISKS	8
Compliance Obligations	8
Ramifications of Noncompliance	8
CONCLUSION	9
APPENDIX A: PRIMARY LAWS SPECIFICALLY AFFECTING COVERED FEDERAL GOVERNMENT CONTRACTORS	10
Executive Order 11246 and OFCCP Regulations	10
Laws Preventing Discrimination Against the Disabled	10
Laws Preventing Discrimination Against Veterans	11
Other Obligations Imposed On Covered Federal Government Contractors	12
APPENDIX B: WILLIAM HAYS WEISSMAN BIO	13
OFCCP/Affirmative Action Expertise	13
Employment Tax Expertise	13
Advising Employers On Talent Management	13
Contact Information	13

A GUIDE TO DETERMINING COVERED FEDERAL GOVERNMENT CONTRACTOR STATUS

Helping Businesses Determine If They Must Comply With Affirmative Action and Specific Antidiscrimination Rules

EXECUTIVE SUMMARY¹

The Issue: Having a federal government contract or subcontract can obligate a business to comply with substantial affirmative action obligations. Knowing whether such a contract triggers these obligations is critical and allows a business to properly evaluate the contract's true benefits and burdens. A business should not learn of these obligations for the first time in a government audit that could result in significant financial costs.

The Question: Do you need to comply with the affirmative action and specific antidiscrimination requirements that are imposed on covered federal government contractors?

Determining If You Must Comply: The "50-50" Test

- ✓ Does the company have more than 50 employees **AND**
- ✓ A single contract worth at least \$50,000 that is:
 - ✓ With the federal government directly; **OR**
 - ✓ With a federal government contractor to provide goods or services that are either "necessary" to the performance of the ultimate contract with the federal government or that fulfills a part of the direct contractor's agreement with the federal government.

If you answer **YES**, then your company must comply with the following requirements:

- ✓ Affirmative action plans (AAPs)
- ✓ Detailed recordkeeping
- ✓ Posting and notice requirements
- ✓ Submission to audits

The Ramifications of Noncompliance: Failure to prepare AAPs and keep detailed records can lead to significant back pay awards, notices of violations, years of federal government oversight, negative public press and possible disbarment.

What You Should Do Now:

- Determine if your company needs to comply.
- Get into compliance *before* being audited.

¹ This is not a do-it-yourself guide to federal contracting law or compliance with federal affirmative action or antidiscrimination laws. Rather, it is intended solely as a guide to help companies understand the parameters that could cause a business to be covered by such laws and the potential compliance costs and burdens if they are. This paper is not a substitute for experienced legal counsel and does not provide legal advice.

CASE STUDY: THE UNSUSPECTING SUBCONTRACTOR

In *OFCCP v. Monongahela Railroad Company*,² the Office of Administrative Law Judges (OALJ) addressed whether the Office of Federal Contract Compliance Programs (OFCCP) had jurisdiction over a company that sold goods to another company that contracted with the federal government. The facts in *Monongahela Railroad Company* are typical of many subcontractor relationships with covered federal government contractors. The Monongahela Railroad Company (“Monongahela Railroad”) transported coal by rail for a portion of the trip from the coal mines to Detroit Edison’s Monroe, Michigan, power plant. Detroit Edison contracted with the federal government’s General Services Administration (GSA) to supply electric and steam service to federal facilities from all of the company’s power plants including the Monroe plant. The federal government used approximately 0.4 percent of the electricity generated by Detroit Edison on a yearly basis.

When the OFCCP sought to audit the railroad, Monongahela Railroad objected, asserting it was not a government subcontractor. It argued that its services were not necessary to Detroit Edison’s government contract because Detroit Edison produced electricity without interruption even when the railroad did not transport any coal to it. The OALJ rejected that argument, pointing out that “[a]s the type of service provided by defendant, *i.e.* the transportation of coal, is necessary to the performance of Detroit Edison’s government contract to supply electricity, defendant meets the definition of a subcontractor in the regulations.”

The railroad also argued that there was no way to prove that its coal was used to produce the electricity that was sold to the GSA, and that the amount of electricity purchased by the government from Detroit Edison was so minimal that the coal the railroad sold created “such a weak and tenuous connection to the provision of contractual services to the government that it cannot be considered a subcontractor.” In rejecting this argument, the OALJ found that once it was determined that the coal was “necessary” to the government contractor, “it should not make any difference whether the defendant’s contribution to the government contract is large or small, significant or insignificant.” Accordingly, Monongahela Railroad was found to be a covered federal government contractor, and thus required to comply with affirmative action obligations.

As the *Monongahela Railroad Company* case study demonstrates, a business can become a covered federal government contractor not only by directly contracting with the federal government, but by being a subcontractor to a federal government contractor. Further, the subcontractor can become covered even if the connection between the goods and services provided and the ultimate government contract is minimal or remote. Moreover, the company will be obligated to comply even if it does not know there is an ultimate federal government contract and its contract does not reference equal employment opportunity language or related affirmative action and antidiscrimination obligations.

Key Takeaway: A company will have affirmative action obligations if the cost of what it sells is more than \$50,000 and necessary to an ultimate government contract, whether minimal, remote or even unknown to the company. Therefore, knowing whether contracts trigger such obligations is critical.

² *OFCCP v. Monongahela Railroad Co.*, 85–0FC–2 CALJ (Apr. 2, 1986), *aff’d* Mar 11, 1987.

A business can also become a covered federal government contractor by being a part of a “single entity” that includes a covered federal government contractor. A “single entity” is defined as a closely integrated corporate family that generally shares common ownership, management and controls or operations. A business that is part of a single entity that includes a federal government contractor will have affirmative action obligations even though the business has no involvement in the federal government contract. Accordingly, there are multiple ways that businesses can become covered federal government contractors, and in particular two possible ways – subcontracting and being part of a single entity – that can come as an unpleasant surprise to a business.

The purpose of this Guide is not to suggest that businesses should avoid becoming covered federal government contractors. Rather, what should be avoided is the *surprise* of realizing the business is a covered federal government contractor without having taken the opportunity to weigh the costs and benefits of covered federal government contractor status. Your business should have full information about what federal government contractor status entails in order to make an intelligent business decision about whether to sell goods and services to the federal government, whether directly or indirectly.

This Guide contains:

- ✓ A simple methodology to help companies identify whether they are a covered³ federal government “supply and service” contractor,⁴ including:
 - ▶ The **Red Flag Checklist** to help gather necessary information; and
 - ▶ The 50–50 Decision Tree to aid in analyzing whether a company must comply;
- ✓ An explanation of the compliance obligations costs;
- ✓ A discussion of the ramifications of noncompliance; and
- ✓ An appendix that provides summaries of the major laws and compliance obligations that apply to covered federal government contractors.

³ For purposes of this Guide, a “covered” federal government contractor simply means a contractor that meets the minimum requirements that trigger affirmative action and specific antidiscrimination obligations.

⁴ A business can also be a covered federal government construction contractor. The thresholds and requirements for covered construction contractors are somewhat different than the requirements for “supply and service” contractors. This Guide does not address federal government construction contractors.

DETERMINING IF YOU MUST COMPLY: THE METHODOLOGY

STEP ONE: Use the **Red Flag Checklist** to gather the information needed to evaluate whether your company satisfies the “50–50” Test.

STEP TWO: Use the 50–50 Decision Tree to evaluate the information gathered with the **Red Flag Checklist** to determine if your company must comply.

STEP THREE: If, after evaluation, you determine your company must comply, review your practices and procedures against the requirements imposed on covered federal government contractors and take corrective action as needed. In addition, evaluate the ongoing costs of compliance to determine the relative benefits and burdens of being a covered federal government contractor.

STEP FOUR: Repeat this process on a regular basis as circumstances change.

THE THRESHOLD REQUIREMENTS FOR COMPLIANCE

Merely having a contract to supply goods or services to the federal government does not obligate a company to be in compliance with the regulations governing covered federal government contractors. Rather, apply the “50–50” Test to determine if the threshold requirements are satisfied:

AT LEAST 50 employees AND \$50,000 contract = covered federal government contractor

50 Employee Requirement:⁵ If the company has less than 50 full-time employees, it will not be a covered federal government contractor, even if it has a contract worth more than \$50,000.

\$50,000 contract requirement: The \$50,000 contract does not need to be directly with the federal government. Rather, the \$50,000 contract with the federal government may arise from one of four possible contracting relationships:

- 1) Direct federal government contract;
- 2) Direct federal government contract by another division of your company;
- 3) Subcontract for necessary goods or services to an ultimate government contract; or
- 4) Contract by another company that is part of the same single entity as your company.

Note: “Federal financial assistance” (which means loans or grants of federal funds) is not a “contract” for purposes of the “50–50” Test, and thus does not trigger covered federal government contractor status even if more than \$50,000. Medicaid is an example of federal financial assistance.

The Red Flag Checklist: The **Red Flag Checklist** on the following page guides you through potential sources of information to check to determine whether your company meets the \$50,000 contract threshold requirement. Once you have gathered the necessary information, you can use the 50–50 Decision Tree under Step Two to determine if you must comply with the requirements imposed on covered federal government contractors.

⁵ There are some minimal compliance burdens if the business has a contract worth at least \$10,000, but they effectively overlap the antidiscrimination requirements of Title VII, and thus are not likely to cause companies any significant compliance burdens or subject the company to OFCCP audit risk.

STEP ONE: THE RED FLAG CHECKLIST

YES	NO	SOURCES OF INFORMATION TO GATHER TO ADDRESS THE FOLLOWING FOUR QUESTIONS
		1. Do you have a federal government contract for $\geq$ \$50K?
		✓ Ask your procurement personnel. ✓ Check the federal procurement databases. ✓ Check EEO-1 forms, Question C-3.
		2. Do you have a branch office/division with a federal gov't contract $\geq$ \$50K?
		✓ Ask your divisions and branch offices. ✓ Check the federal procurement databases. ✓ Check all EEO-1s, Question C-3.
		3. Do you do $\geq$ \$50K business with a federal gov't contractor?
		✓ Get a list of customers that you do $\geq$ \$50K business with. ✓ If you have an initial contract $\leq$ \$50K, has it been added to or amended to increase the total amount to $\geq$ \$50K? ✓ Review for obvious federal government contractors. ✓ Check the federal procurement databases. ✓ Check contracts $\geq$ \$50K for incorporation language or reference to: • Executive Order 11246 • 41 C.F.R. Part 60; • Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended; • Section 503 of the Rehabilitation Act of 1973, as amended; • Jobs for Veterans Act of 2002; • FARs (52.222-26, - 35, - 36, - 54). ✓ Check for contractor certification forms. ✓ Is what you provide necessary to your customer's gov't contract?
		4. Are you part of a tightly controlled corporate group that includes a covered federal government contractor?
		✓ Ask your parent, subsidiaries and sister companies if they are covered federal government contractors. ✓ Check the federal procurement databases for parent, subsidiaries, and sister companies. ✓ If yes, conduct a <i>Single Entity</i> analysis.

STEP TWO: EVALUATING THE INFORMATION

Direct Government Contracts

Evaluating direct government contracts is usually rather straightforward, even if the contract is with another division or office of the same legal entity. Thus, it is usually possible to readily determine whether you are a covered federal government contractor by locating and reviewing such contracts.

Subcontract to an Ultimate Government Contract

The more difficult question to analyze is whether you have a subcontract that is necessary to someone else's federal government contract. You need not be the first tier subcontractor to be covered. For example, if you sell ball bearings to a company that manufactures jet engines that are sold to a company that manufactures jet airplanes under a contract to sell them to the U.S. Air Force, the ball bearings are likely "necessary" to the ultimate government contract for the sale of jet airplanes to the Air Force. Thus, the company manufacturing ball bearings likely has affirmative action obligations, even if it was unaware that its ball bearings were eventually going to the Air Force.⁶

- **Step One:** Determine if you are selling at least \$50,000 of goods or services to a covered federal government contractor or covered subcontractor.
- **Step Two:** Determine if what you are selling is necessary to the government contract.

Determining what is necessary is not always easy. Certain kinds of administrative services or "back office" functions may or may not be necessary to the performance of the government contract. For example, in *Liberty Mutual Insurance Company v. Friedman*,⁷ the court held that the OFCCP did not have jurisdiction over the insurance company merely because it provided blanket worker's compensation coverage to government contractors. Nonetheless, employers should not assume that such services are always unnecessary to an ultimate federal contract without undertaking a thorough analysis.

Single Entity Analysis

A company that has nothing to do with federal government contracts may still qualify as a covered federal government contractor if it is part of a tightly controlled corporate family known as a "single entity" with a parent, subsidiary or sister company that is a covered federal government contractor. The test used to determine whether a corporate family constitutes a single entity for purposes of subjecting all member companies to the compliance requirements is similar to the test used under Title VII and the National Labor Relations Act, and is a facts and circumstances test that takes into account five general factors:

- Do the entities have common ownership?
- Do the entities have common officers and directors?
- Does one of the entities exert day-to-day control over the other companies through policies, management, and supervision of the other companies' operations?
- Do the companies have common or centralized personnel policies?
- Are the operations dependent upon each other or principally for the benefit of each other, such as shared management, office space, or other services?⁸

⁶ The affirmative action obligations apply to covered subcontractors as a matter of law regardless of whether the subcontractor's contract contains reference to them. Thus, it is not an excuse to assert that the contract did not put the subcontractor on notice of the potential affirmative action obligations. However, this does help explain why subcontractors are often surprised, and why making these determination is so critical. See, e.g., *OFCCP v. UPMC Braddock*, 2007–OFC–001 (May 29, 2009), at 4–5.

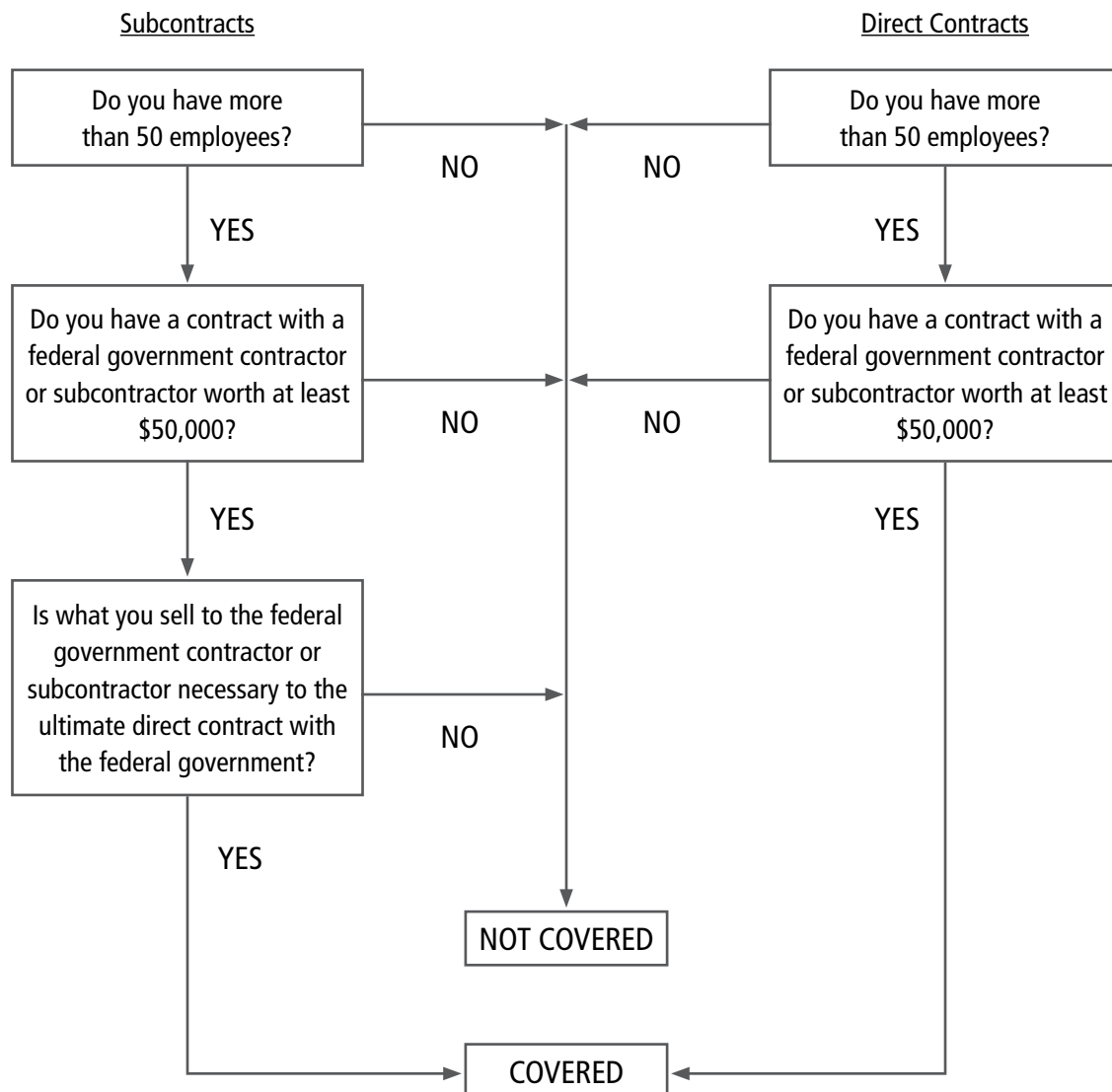
⁷ *Liberty Mut. Ins. Co. v. Friedman*, 639 F.2d 164 (4th Cir. 1981).

⁸ Single entity analysis is complex and complicated. The OFCCP uses a 27–question test that can be distilled down into these five factors that are typically used by the courts. The point here is that even if a company does not do business with the federal government, it may still become a covered federal government contractor if it is part of a tightly controlled corporate family that includes a covered federal government contractor. Unless a company knows about the potential for covered status it cannot make intelligent business decisions that take those affirmative action obligations into consideration.

Thus, when a company is part of a corporate family, it must make inquiries not only of itself or its branches and divisions, but of the other companies in its corporate family using the same sources of information that it would review for direct contracts or subcontracts (see the **Red Flag Checklist**). If one company turns out to be a covered federal government contractor, then it must be determined whether it will be treated as part of a single entity with any other companies in the corporate family under the test outlined above. With careful planning, it is possible to isolate covered federal government contractors so that not all related companies become part of a single entity. Again, however, a company must know about the potential for being a covered federal government contractor before it can plan to isolate such risk.

50-50 Decision Tree: The 50-50 Decision Tree below provides a simple way to analyze whether a company meets the minimum requirements for being a covered federal government contractor.

THE 50-50 DECISION TREE



STEP THREE: REVIEWING COMPLIANCE RISKS

If you determine that your company must comply with the requirements imposed on covered federal government contractors, you should determine your level of compliance, take steps to get into compliance, assess the risks of noncompliance, and evaluate the benefits and burdens of ongoing covered federal government contractor status.

Compliance Obligations

- **EEO Compliance Personnel:** A covered federal government contractor may need dedicated personnel to handle the obligations associated with being a covered federal government contractor. These personnel costs are often a hidden cost of compliance when evaluating the potential profit from a government contract and can be expensive depending upon the number of dedicated personnel.
- **AAPs:** AAPs can cost several thousands of dollars to prepare each year. A company generally must prepare one for each location the company has with more than 50 employees. As a result, a large company can have dozens of AAPs.
- **Detailed Recordkeeping:** Continuous tracking of all applicants and ongoing analysis of all employment activity may require expensive upgrades to human resource information systems (HRIS). Data tracking must include:
 - ✓ Tracking the race and gender of applicants, and the race, gender, veteran status, and disability status of employees.
 - ✓ Detailed statistical analyses, including:
 - (1) applicants, hires;
 - (2) competitive promotions, non-competitive promotions;
 - (3) voluntary terminations, layoffs, involuntary terminations; and
 - (4) compensation.
- **Audits:** The OFCCP has a right to audit covered federal government contractors. Audits can last for years, and covered federal government contractors can incur thousands of employee hours responding to burdensome information requests.
- **Companywide Obligations:** Once a company becomes a covered federal government contractor, the compliance obligations apply to the *entire* company, not just the particular location or division involved in federal contracts. Thus, *any* facility could be audited, even if it has no involvement in the federal government contract.

Ramifications of Noncompliance

- **Audits:** The Obama Administration has been aggressively auditing covered federal government contractors, issuing notices of violations and seeking substantial monetary remedies. As a result, covered federal government contractors have a strong incentive to pay careful attention to whether: (1) they are covered federal government contractors; and (2) the requirements for compliance. If a company is subject to audit and has not been in compliance, it is unlikely to have the necessary documentation to explain any discrepancies in hiring, promotion, termination or compensation that the OFCCP determines exist.
- **Back Pay Awards:** The OFCCP has been seeking more back pay awards, usually two years plus interest, based on alleged patterns of discrimination against women or minorities. For example, if the OFCCP accuses a company of having discriminated against 10 women in hiring into a position that pays \$50,000 per year (including the value of benefits), it can seek a back pay award of \$1 million (\$50,000 annual pay for two years times 10 women), plus additional interest. Thus, back pay awards can be substantial.
- **Conciliation Agreements:** The OFCCP now generally demands noncompliant contractors to enter into Conciliation Agreements for one, two, or more years (depending on the nature of the violation) that require additional reporting requirements and subject the company to continued scrutiny and oversight.
- **Negative Press:** The OFCCP often issues press releases when a monetary settlement in a hiring discrimination case is more than \$100,000, indicating how many victims of discrimination are receiving remedies and how many preferential hires the company must make in the future. Such press releases can create negative public perceptions that have other unintended consequences for companies.

Key Takeaway: Compliance costs can outweigh the profit from a federal contract, as even a single back pay award could wipe out total contract revenues, let alone profits. Thus, it is critical for businesses to know what those compliance costs and risks are when determining the benefits of covered federal government contractor status.

CONCLUSION

It is critical for businesses to know if they are covered federal government contractors so that they can properly evaluate a contract's costs and burdens, in addition to the benefits, and make intelligent business decisions based on full information. The costs of compliance can be significant, and costs of noncompliance even more so, such as to make any profits from government contracts illusory.

Many businesses can become covered federal government contractors without knowing it or actively seeking to become federal government contractors. Thus, companies should evaluate on a regular, periodic basis whether they are a covered federal government contractor and take steps to address compliance if they are. Companies should seek qualified counsel to help evaluate their status and ensure compliance with all affirmative action and antidiscrimination obligations.

APPENDIX A: PRIMARY LAWS SPECIFICALLY AFFECTING COVERED FEDERAL GOVERNMENT CONTRACTORS

Executive Order 11246 and OFCCP Regulations

Executive Order 11246 prohibits discrimination in employment by federal government contractors on account of race, color, religion, sex, or national origin. Further, companies must engage in activities designed to ensure that all employees and candidates for employment are treated without regard to race, color, religion, sex, or national origin. These activities are known as “affirmative action.”

The OFCCP, which is part of the United States Department of Labor, audits federal government contractors for compliance with these affirmative action and non-discrimination laws. Under the OFCCP’s regulations (promulgated under 41 C.F.R. §§ 60–1 *et seq.*), a covered federal government contractor must annually prepare an affirmative action plan (AAP) and related documents and analyses. A separate AAP is generally required for each “establishment” or company location. Thus, a business could have dozens of AAPs depending upon the size of the company. An AAP must include the following information:

- Organizational profile or workforce analysis;
- Job group analysis;
- Placement of employees in job groups;
- Determination of availability of women and minorities for jobs in each job group;
- Comparison of percentage of employees in each job group to their estimated availability in the labor market and within the company;
- Placement goals;
- Designation of company personnel responsible for implementing the AAP;
- Identification of *Problem Areas* (analysis of its employment process to determine whether and where impediments to equal opportunity exist), which at a minimum include a detailed evaluation of the following:
 - The workforce by organizational unit and job group to determine whether there are problems of minority or female utilization or of minority or female distribution;
 - Personnel activity (applicant flow, hires, terminations, promotions, and other personnel actions) to determine whether there are selection disparities;
 - Compensation systems to determine whether there are gender-, race-, or ethnicity-based disparities;
 - Selection, recruitment, referral, and other personnel procedures to determine whether they result in disparities in the employment or advancement in employment of minorities or women;
 - Action-oriented programs to address identified problem areas; and
 - Periodic internal audits.

There are other recordkeeping requirements, such as the need to maintain employment applications, as well as requirements that may overlap with other employment laws, such as the obligation to maintain employee files.

Laws Preventing Discrimination Against the Disabled

In addition to Executive Order 11246 and OFCCP regulations, Section 503 of the Rehabilitation Act of 1973 prevents discrimination against disabled persons and requires an employer to invite individuals to self-identify as disabled after an offer of employment has been extended. In addition, covered federal government contractors are required to:

- **EO Statement:** Annually prepare an equal opportunity policy statement that indicates the Chief Executive Officer’s commitment.
- **Annual Procedure Review:** Review personnel processes to ensure they provide for careful and systematic consideration of the job qualifications of applicants and employees with disabilities.
- **Review Job Qualifications:** Establish a schedule for the periodic review of all physical and mental job qualification standards to ensure that qualification standards are job related and do not screen out otherwise qualified disabled applicants and employees.

- **Reasonable Accommodations:** Make reasonable accommodation to the physical and mental limitations of otherwise qualified individuals with disabilities unless the contractor can demonstrate that the accommodation would impose an undue hardship on the operation of its business.
- **No Harassment:** Develop and implement procedures to ensure that its employees are not harassed because of any disability.
- **Outreach and Recruitment:** Undertake appropriate outreach and positive recruitment activities to recruit qualified individuals with disabilities.
- **Organizational Buy-In:** Ensure adequate internal support from supervisory and management personnel to encourage them to take the actions necessary to meet the contractor's affirmative action obligations, and disseminate relevant policy internally.
- **Internal Auditing:** Design and implement an audit and reporting system that measures the effectiveness of the contractor's affirmative action program.
- **Responsible Employee:** Designate an official to be assigned responsibility for implementing the contractor's affirmative action program.
- **Training:** Train all personnel involved in the recruitment, screening, selection, promotion, evaluation, and discipline systems to ensure that the contractor's commitments are implemented.

Laws Preventing Discrimination Against Veterans

The Vietnam Era Veterans Readjustment Assistance Act (VEVRAA) requires covered federal government contractors to take affirmative steps to employ veterans. Covered federal contractors must fill out an annual VETS-100A form, which is similar to the EEO-1 form. In addition, covered federal contractors are required to:

- **EO Statement:** Annually prepare an equal opportunity policy statement that indicates the Chief Executive Officer's commitment.
- **Mandatory Job Posting:** List all jobs being filled externally with the local office of the state employment delivery service, unless the job is a senior management job or a temporary job lasting three days or less. Contractors are not relieved from this mandatory job posting requirement just because they use recruiting agencies or temporary agencies to fill positions.
- **Annual Procedure Review:** Review personnel processes to ensure they provide for careful and systematic consideration of the job qualifications of applicants and employees who are known special disabled veterans.
- **Review Job Qualifications:** Establish a schedule for the periodic review of all physical and mental job qualification standards to ensure that qualification standards are job related and do not screen out otherwise qualified disabled veterans.
- **Reasonable Accommodations:** Make reasonable accommodation to the physical and mental limitations of an otherwise qualified special disabled veteran, unless the contractor can demonstrate that the accommodation would impose an undue hardship on the operation of its business.
- **No Harassment:** Develop and implement procedures to ensure that its employees are not harassed because of their status as veterans.
- **Outreach and Recruitment:** Undertake appropriate outreach and positive recruitment activities to recruit qualified veterans.
- **Organizational Buy-In:** Ensure adequate internal support from supervisory and management personnel to encourage them to take the actions necessary to meet the contractor's affirmative action obligations, and disseminate relevant policy internally.
- **Internal Auditing:** Design and implement an audit and reporting system that measures the effectiveness of the contractor's affirmative action program.
- **Responsible Employee:** Designate an official to be assigned responsibility for implementing the contractor's affirmative action program.
- **Training:** Train all personnel involved in the recruitment, screening, selection, promotion, evaluation, and discipline systems to ensure that the contractor's commitments are implemented.

Other Obligations Imposed On Covered Federal Government Contractors

There are other employment–related rules and laws applicable to covered federal government contractors, including, but not limited to:

- **E–Verify:** Federal government contractors must use E–Verify to determine the work eligibility of all employees assigned to work on a federal government contract.
- **Worker’s Rights Notice:** Executive Order 13496 requires covered federal government contractors to post a “Worker’s Rights Notice” in the workplace informing employees of their rights regarding union dues and under the National Labor Relations Act.⁹
- **No Union Avoidance Activities:** Executive Order 13494 prohibits the federal government from paying any of the costs of any activities undertaken to persuade employees to exercise or not exercise their rights to collectively bargain.
- **Offer Jobs to Predecessor’s Employees:** Executive Order 13495 requires covered federal government contractors to offer jobs to qualified employees of a predecessor contractor when a covered government contract changes from one contractor to another contractor.
- **Prevailing Wage Laws:** Covered federal government contractors may have obligations under prevailing wage laws such as the Davis–Bacon Act, the Service Contract Act, the Walsh–Healey Public Contracts Act, and other similar laws.

Key takeaway: There are a variety of laws that apply to covered federal government contractors that prohibit discrimination in the hiring, promotion, and termination of employees and applicants based on race, color, religion, sex, or national origin, that require affirmative steps to promote the hiring of veterans and the disabled, and that bar the use of federal money to address union activities.

⁹ There are somewhat different threshold requirements and exclusions for application of Executive Order 13496, including that the prime contract must be worth at least \$100,000, rather than \$50,000.

APPENDIX B: WILLIAM HAYS WEISSMAN BIO

William is an employment attorney with special expertise in three areas: OFCCP/Affirmative Action audits and counseling; employment taxes; and talent management issues. As an attorney with both an M.B.A. and Master of Laws (LL.M.) in Taxation, he understands the business and legal perspectives employers need to consider when addressing any employment problem. William counsels employers of all sizes, from small start-ups to Fortune 100 companies, in a wide range of industries.

OFCCP/Affirmative Action Expertise

William counsels employers on EEO and affirmative action issues, including issues relating to OFCCP jurisdiction, single employer status, and disparate impact and discrimination in hiring, promotion, and compensation. He also drafts AAPs and defends government contractors in OFCCP audits.

Employment Tax Expertise

William advises and represents employers in a broad range of employment tax matters, including employment tax audits, protests and appeals before state taxing agencies and the IRS, as well as litigation in civil court, drafting employment and independent contractor agreements, and counseling on the tax implications of various employer provided benefits. He is past Chair of the Employment Taxes Committee of the American Bar Association's Tax Section. He is a frequent speaker and author on employment tax issues.

Advising Employers on Talent Management

William crafts employment policies, agreements, and benefit programs that enhance employers' ability to attract, retain, and motivate the right talent. William takes a proactive, practical approach that uses the law to advance business needs rather than hinder them. He also defends employers in disputes with current or former employees on a wide range of employment-related issues, including employment taxes, worker status, discrimination and retaliation, and wage and hour claims.

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Orange County, CA

949.705.3000

Orlando, FL

407.393.2900

Overland Park, KS

913.814.3888

Philadelphia, PA

267.402.3000

Phoenix, AZ

602.474.3600

Pittsburgh, PA

412.201.7600

Portland, OR

503.221.0309

Providence, RI

401.824.2500

Reno, NV

775.348.4888

Rochester, NY

585.203.3400

Sacramento, CA

916.830.7200

San Diego, CA

619.232.0441

San Francisco, CA

415.433.1940

San Jose, CA

408.998.4150

Santa Maria, CA

805.934.5770

Seattle, WA

206.623.3300

St. Louis, MO

314.659.2000

Walnut Creek, CA

925.932.2468

Washington, D.C.

202.842.3400

INTERNATIONAL**Caracas, Venezuela**

58.212.610.5450

Mexico City, Mexico

52.55.5955.4500

Monterrey, Mexico

52.81.8851.1211

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