NAVIGATING THE NEW OFCCP REGULATIONS ON AFFIRMATIVE ACTION OBLIGATIONS: MAKE SURE YOUR ORGANIZATION IS READY

Sara Rafal, Laura Windsor, Mary Pivec, Lynn Jacob, and Randy Thompson

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Sara Rafal Partner



Laura Windsor Partner



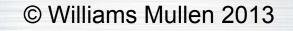
Mary Pivec Partner



Lynn Jacob Partner



Randy Thompson Paralegal





OBAMA'S OFCCP

> Increased funding – 35% increase in OFCCP staff

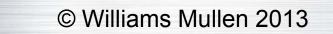
- More in-depth audits with increased scrutiny
- Auditing several facilities of the same contractor
- More companies being audited, including focus on smaller companies just over the threshold
- Reverse discrimination
- More aggressive
- > As U.S. decreases troop presence in MidEast and Afghanistan, more veterans returning to the workforce, many of whom are injured
 - Employing these veterans is a concern of the Obama administration



OBAMA'S OFCCP

> Unemployment rates for 2012

- Nondisabled: 7.9%
- Disabled: 13.4%
- Non veterans: 7.9%
- Gulf War II-era Veterans: 9.9%





NEW OFCCP REGULATIONS

> Published in the Federal Register on September 24, 2013

> Become effective on March 24, 2014

> Current contractors with a written affirmative action plan already in place on the effective date have additional time to come into compliance with the AAP requirements.

- Next plan year after March 24, 2014.

 If your plan year runs from January 1 to December 31, your plan will not need to change until 2015.



- > Annual hiring benchmarks for protected veterans
 - Not a "goal" as seen in Executive Order 11246 regulations
- > Utilization goal of 7% for disabled individuals in each job group (or for entire workforce if 100 or fewer employees)
 - Focuses on the entire workforce instead of just employees newly placed
- > Pre-offer (in addition to post-offer) invitation to self-identify as a protected veteran or individual with a disability (or both).
- > Additional recordkeeping requirements
- > New vocabulary

- > New Federal Contract Compliance Manual
- > OFCCP has invited contractors to contact them with questions



TODAY'S WEBINAR

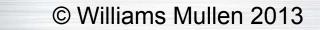
- > Changes to regulations regarding individuals with disabilities
- > Changes to regulations regarding protected veterans
- > Changes regarding outreach, compliance, and recordkeeping
- > Data needed to develop AAP and defend against audit

>Q&A





SECTION 503: OFCCP FINAL RULE ON DISABILITY AFFIRMATIVE ACTION REQUIREMENTS





OVERVIEW OF SECTION 503

Section 503 of the Rehabilitation Act of 1973

- Prohibits employment discrimination by federal contractors and subcontractors against individuals based on their disability
- Requires federal contractors and subcontractors to take affirmative action to recruit, hire, train, and promote qualified individuals with disabilities
- Goal is to reduce income inequality and provide employment opportunities for individuals with a disability



OVERVIEW OF SECTION 503

Section 503 of the Rehabilitation Act of 1973

 Under the affirmative action obligations imposed by the Rehabilitation Act, contractors shall not discriminate because of physical or mental disability and shall take affirmative action to employ and advance in employment qualified individuals with disabilities at all levels of employment, including the executive level.



OVERVIEW OF SECTION 503

AAP policy statement shall state, among other things that the contractor will: recruit, hire, train, and promote persons in all job titles, and ensure that all other personnel actions are administered without regard to disability; and ensure that all employment decisions are based only on valid job requirements. The policy shall state that employees and applicants shall not be subjected to harassment, intimidation, threats, coercion, or discrimination because they have engaged in or may engage in protected activities



WHAT IS A DISABILITY?

- Same definition as in the Americans With Disabilities Act, as amended in 2008 ("ADAAA")
 - A physical or mental impairment that substantially limits one or more major life activities
 - "physical or mental impairment" is any physiological disorder, disfigurement, or anatomical loss affecting one or more body systems, such as neurological, musculoskeletal, sense organs, respiratory, cardiovascular, reproductive, digestive, genitourinary, immune, circulatory, hemic, lymphatic, skin and endocrine; mental or psychological disorders, emotional or mental illness, and specific learning disabilities.



• 7% Utilization Goal for Individuals With Disabilities

- Applied at each job group level, or if 100 employees or less, to the company as a whole
- OFCCP: "The goal is not a quota;" also not a ceiling
- Should be used as a management tool that guides decision-making in hiring, promotions, etc.
- Goal based on OFCCP's estimate that at least 5.7% of the civil labor force is disabled; and 7.42% of the civilian population as a whole is disabled
- Failure to meet utilization goal will not lead to fine, penalty, or sanction, but WILL be reviewed and measured by OFCCP in audits; contractor must set action-oriented plans to meet the utilization goal

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- Contractors must "invite" applicants and employees to self-identify as disabled
 - Self-identification invitation must occur pre-offer, postoffer, and during employment
 - Pre-offer: "This invitation shall be provided to each applicant when the applicant applies or is considered for employment. The invitation may be included with the application materials for a position, but must be separate from the application."
 - Post-offer: "At any time after the offer of employment, but before the applicant begins his or her job duties"



- Contractors must "invite" applicants and employees to self-identify as disabled
 - Employees: Contractors must invite employees to selfidentify 1st year after implementation, and every 5 years thereafter
 - Contractors must remind employees that they may voluntarily update their disability status at any time
 - May not compel or coerce individuals to self identify
 - OFCCP developing a form for contractors to use; will be available on DOL/OFCCP website
 - Self-identification forms must be kept confidential



- Query: How does the Final Rule work with the ADA prohibition on employers from making disabilityrelated inquiries prior to job offer?
 - EEOC says not to worry
 - August 8, 2013 opinion letter from EEOC
 - http://www.dol.gov/ofccp/regs/compliance/sec503/OLC __letter_to_OFCCP_8-8-2013_508c.pdf
 - ADA regulations provide that employers cannot be liable under ADA for taking an action required by another federal law
 - Specific exception from federal contractors covered by Section 503



Required EO language in all contracts and subcontracts

- "This contractor and subcontractor shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities." (Bold print required)
- Contractors must state in solicitations and ads that they are equal opportunity employers of individuals with disabilities



Data Collection and Analysis

- Document and update annually:
 - Total number of applicants; number with known disabilities
 - Total number of job openings, number of hires, and number of hires with disabilities
 - Document outreach and recruitment
 - Maintain for 3 years



NEW RULES GOVERNING COMPLIANCE WITH THE VEVRAA ANTI-DISCRIMINATION AND AFFIRMATIVE ACTION REQUIREMENTS



EFFECTIVE DATES

ANTI-DISCRIMINATION RULES, SUBPART B, 60-300.20-60-300.25 AFFIRMATIVE ACTION REQUIREMENTS, SUBPART C, 60-300.40-60-300.45

MARCH 24, 2014

MARCH 24, 2014, OR EFFECTIVE DATE OF NEW AA PLAN YEAR, WHICHEVER IS LATER



NEW DEFINITION - 1

- "Protected Veteran" comprehensive term referring to membership in one or more classes of veterans protected under the VEVRAA, including
 - Disabled Veterans
 - Recently Separated Veterans (redefined to apply to any veteran during the 3-year period beginning on the date of discharge or release from active duty)
 - Active Duty Wartime or Campaign Badge Veteran (replaces the term "Other Protected Veteran"), and
 - Armed Forces Service Medal Veteran (any veteran who, while on active duty, participated in a US military operation for which an Armed Forces service medal was awarded pursuant to EO 12985)

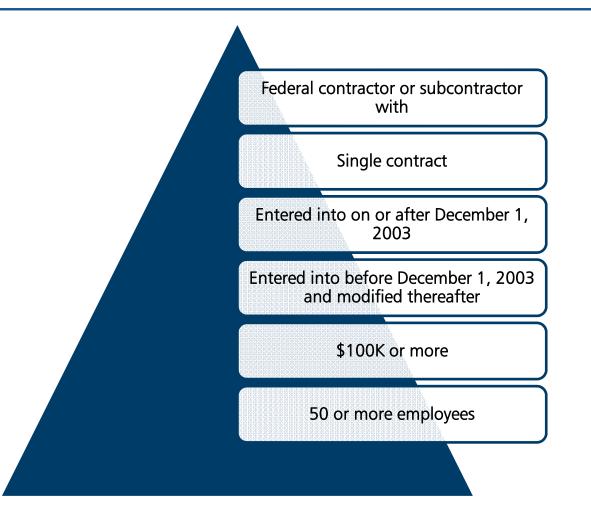
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NEW DEFINITION - 2

- > "Pre-JVA Veteran" comprehensive term referring to membership in one or more classes of veterans protected under now rescinded Part 60-250, as an applicant or employee of a contractor with a contract of \$25K or more entered into prior to December 1, 2003 and unmodified since to \$100K or more, including:
 - Special Disabled Veterans
 - Veteran of the Vietnam Eras
 - Pre-JVA Recently Separated Veterans
 - Other Protected Veterans (now subsumed under the term "Active Duty or Wartime Campaign Badge Veteran"
- Now permitted to file complaints under Part 60-300



EMPLOYER COVERAGE - PART 60-300





- >Mandatory hiring goal established annually by the contractor, which must be either
 - National percentage of Veterans in the civilian labor force (currently 8%) as determined by DOL, or
 - Percentage set by the contractor, based on 5 mandatory factors:

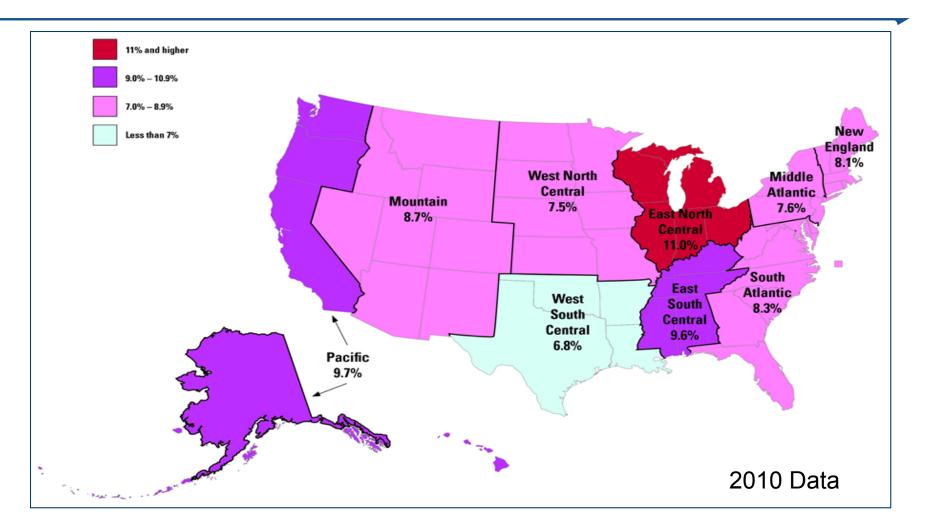


FIVE FACTOR TEST - INDIVIDUAL BENCHMARKING

- Three year average % of veterans in the civilian labor force in the state where the contractor is located;
- % of veterans participating in SES delivery system over previous 4 quarters;
- Contractor's applicant and hiring ratios for prior year;
- Contractor's recent assessments of the effectiveness of its outreach and recruitment efforts; and
- Any other factors, such as the nature of the job or its location, that would affect the availability of qualified protected veterans.
- > GOOD NEWS: PERMISSIBLE BUT NOT MANDATORY TO APPLY VETERAN HIRING GOAL TO EACH JOB GROUP.



VETERAN UI STATUS BY CENSUS TRACKS



South Atlantic division: DE, DC, FL, GA, MD, NC, SC, VA, and WV.

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VETERAN UI DISTRIBUTION - 2010

- > Veterans ages 18-24 (those who have recently separated from the military) was 20.9 percent, up from a prerecession rate of 11.7 percent in 2007.
- >Gulf War-era II veterans had the highest rate of reported unemployment of all veteran categories -- 11.5 percent.
- > From 2007 through 2010, the unemployment rates for African-American veterans increased by *nearly 7 percentage* points, compared to 5 percentage points each for the White and Hispanic/Latino cohorts.
- The national unemployment rate for Female veterans was9.3 percent compared with 8.4 percent for Males.



- >Job listings must be submitted in a format permitted by the ESDS
- >Job listings must state that the employer is a federal contractor and indicate desire for priority referrals of protected veterans
- Provide contact information for the contractor officials responsible for hiring at each hiring location who can verify the information in the job listing



"This contractor and subcontractor shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans."



MANDATORY EEO POLICY STATEMENT IN JOB

ADVERTISEMENTS



We are an Equal Opportunity Employer and do not discriminate against applicants due to veteran status or on the basis of disability.



Evaluations of outreach and recruitment efforts, 60-300.44(f)

Records pertaining to data collections of comparisons regarding applicants and employees, 60-300.44(k)

Records relating to hiring benchmark requirement, 60-300.45



> PRE-OFFER

- Must contain definitions for all classes of protected veterans
- Must state that protected veterans may have additional rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA) – particularly with respect to reemployment rights.



> POST-OFFER

- Must request employee to check off all categories of protected veterans of which the employee believes himself a member
- If the employee checks off "Recently Separated Veteran," the contractor is required to track the discharge date.



REVIEW OF PERSONNEL PROCESSES

> Appendix C to Part 60-300 – Recommended Non-Mandatory Procedures

- Annotating the application form of protected veterans to identify each vacancy for which they were considered and making such forms quickly retrievable for OFCCP review
- Including within the personnel files relating to known protected veterans: (1) identification of each promotion for which the employee was considered; and (2)identification of each training program for which the employee was considered.



REVIEW OF PERSONNEL PROCESSES

- In each case in which a protected veteran was rejected for employment, promotion, or training, the contractor should prepare a written statement of the reason as well as a description of the accommodations considered (for a rejected disabled veteran). To the extent the reason for rejection is medically related, and the description of the accommodations considered should be treated as confidential medical records. Such materials should be made available to the applicant or employee upon request.
- All records made in connection with reasonable accommodations provided in the case of hire or promotion should be treated as confidential medical records.



- > Failure to maintain required records constitutes noncompliance; deliberate destruction may result in a negative inference
- > Contractor must grant OFCCP access to records during normal business hours at the contractor's place of business or off-site
- > Upon request, Contractor must provide information about all formats in which records are maintained.
- > Contractor must produce electronic records in any format in which they are regularly maintained, as determined by OFCCP.
- > Contractor records may only be used in furtherance of the VEVRAA and must be treated as confidential by OFCCP.



> 30 days from receipt of scheduling letter to submit plan.> New focus on compliance with current regulations.



VETERAN HIRING BENCHMARKS

> Two options:

- National percentage of veterans in labor force as updated annually on OFCCP website (8%) across workforce.
- Five factor determinations document hiring benchmark for each year factors considered in establishing and relative significance of each factor.

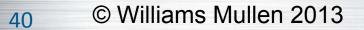


UTILIZATION GOAL FOR IWD

- > 7% for each job group
- > Conduct annual utilization analysis and establish specific action-oriented program to address any identified problems
- > Identify problem areas when percentage in job group drops below goal
 - Assess impediments by assessing personal processes effectiveness of outreach, audit results.
 - Action oriented programs
 - Include alternative or additional



OUTREACH EFFORTS





JOB POSTING

- > Inform state employment service delivery system (ESDS) of status as federal contractor
- > Only once unless status changes
- > Name of hiring official
- > Document delivery of notices to ESDS
- > Continue to send ESDS a list of all job openings that are not temporary or to be filled internally



JOB POSTING/PRIORITY REFERRAL

- > All job opening does not include executives and senior managers meeting FLSA executive exemption test.
- > Request priority referrals of protected veterans.
- > If using outside job search companies, must provide their contact information to ESDS.



CHANGE TAG LINE ON ADVERTISEMENTS AND INTERNAL POSTINGS

- > We are an EOE/AA employer and do not discriminate against applicants due to veteran status or on the basis of disability
 - OR
- > We are an EOE M/F/D/V



UPDATE EO CLAUSE IN CONTRACTS AND Purchase Orders

> Section 503 regs require that specific language be used when incorporating the equal opportunity clause into a purchase order or subcontract of \$10,000 or more

>VEVRAA requires specific language for purchase orders or subcontract of \$100,000 or more



EQUAL OPPORTUNITY CLAUSE

>Unless exempt, the seller/contractor will comply with the Notice Clause of 29 CFR Part 471, Appendix to Subpart A and the Equal Employment Opportunity Clauses set forth in 41 CFR Section 60-1.4 (a), 60-300.5 (d) and 60-741.5 (d).



> More than a one-liner

> These regulations prohibit discrimination in employment on the basis of race or sex, discrimination against qualified individuals on the basis of disability, and discrimination against qualified protected veterans, and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified females, minorities, individuals with disabilities and protected veterans."



> Provide written notification of Contractor's affirmative action policy and request their assistance



INTERNAL DISSEMINATION





- > Full affirmative action plan for IWD and Protected Veterans, absent metrics, must be made available to employees and applicants upon request
- > Location and hours during which the program may be attained must be posted at each establishment



REVISE EEO POLICY STATEMENT

- >To be included in AAP and also on bulletin boards (and on web)
- > Must be available to all applicants and employees with disabilities in a form accessible and understandable
- > Must indicate top US executive's support for AAP
- > Must reference existence of audit and reporting system
- > Must note to whom overall responsibility for implementation of policy has been assigned
- > Refer to non-harassment prohibition



REVISE EED STATEMENT

- > Words changed include to employ and advance in employment individuals with disabilities, and to treat qualified individuals without discrimination on the basis of their physical or mental disability.
- > "Contractor shall not discriminate because of a physical or mental disability and shall take affirmative action to employ and advance in employment qualified individuals with disabilities at all levels of employment including the executive level."



- > If you use an electronic application process, you must post an electronic notice to inform job applicants of their EEO rights and how to seek accommodations for filling out application form. Electronic notices for applicants must be conspicuously stored with, or as part of, the electronic application
- > "If you are an individual with a disability or a disabled veteran who is unable to use our online tool to search for or to apply for jobs, you may request a reasonable accommodation by contacting [____]"



- > Modify current invitation to self-identify to include invitation to identify as IWD or protected veterans who may be covered by [VEVRAA] using specific language on website
 - Voluntary
 - No adverse treatment
- > Must be issued when applicant applies to, or is considered for, employment
- > Must be included with application materials, but separate from the application



PRE-OFFER - LIMITED INQUIRY

- > Say enough but not too much
- Protected veterans may have additional rights under USERRA the Uniformed Services Employment and Reemployment Rights Act. In particular, if you were absent from employment in order to perform service in the uniformed service, you may be entitled to be reemployed by your employer in the position you would have obtained with reasonable certainty if not for the absence due to service. For more information, call the U.S. Department of Labor's Veterans Employment and Training Services (VETS), toll-free, at 1-866-4-USA-DOL.
- > [] IDENTIFY AS ONE OR MORE OF THE CLASSIFICATIONS OF PROTECTED VETERAN LISTED ABOVE.
- > [] I AM NOT A PROTECTED VETERAN



Post Offer/Pre Work

- > Issue invitation <u>after</u> offered job but <u>before</u> starts working.
- > Includes whether fall within one of specific categories of protected veteran for which contractor is required to report.
- > If you are a disabled veteran, it would assist us if you tell us whether there are accommodations we could make that would enable you to perform the essential functions of the job, including special equipment, changes in the physical layout of the job, changes in the way the job is customarily performed, provisions of personal assistance services or other accommodations. This information will assist us in making reasonable accommodations for your disability.
- > Use OFCCP's language



CURRENT EMPLOYEE INVITATION

- > Requires contractors to invite all employees to self-identify during first year <u>contractor</u> subject to regulations
- > Extend invitation to all employees every five years
- > Sometime during 5 years must remind employees that they may voluntarily update their disability or protected veteran status
- > Specific text to be used for invitations as related to disability status will be posted to the OFCCP (not up yet)
- > Regs provide no need to canvas employees in any other fashion.
- > Cannot coerce or compel applicants/employees to self identify



ELECTRONIC POSTINGS

- > Post in conspicuous places, available to applicants and employees, a notice which contains a statement of their rights to be free of discrimination and the contractor's obligations to take affirmative action. Contractor is responsible for ensuring that applicants or employees with disabilities are provided notice in a form that is accessible and understandable.
- > May need to be in braille or different language



ELECTRONIC POSTING

- > Must post for employees in a conspicuous location and format on Contractor's website or send it to them by electronic mail
- >Where employee is not working at physical site, Contractor must either provide employees with computers that can access the electronic posting or must have actual knowledge that the electronically posted notice is otherwise accessible to these employees





> All personnel involved in recruitment, screening, selection, promotions, discipline.



DATA COLLECTION REQUIREMENTS

- > Document and update the following comparisons and information annually and maintain for 3 years (as opposed to 5)
- > Applicants:
 - number of protected veteran applicants
 - number of applicants who self-identified as individuals with disabilities or who are otherwise known to be IWD
 - total number of applicants for all jobs
- > Employees:
 - number of job openings; number of jobs filled
 - number of protected veteran applicants hired
 - number of IWD applicants hired
 - number of applicants hired
 - Allows to compare 3 year history



REVISE TEXT OF DISABLED AND VEVRAA AAP PLANS

> Equal Opportunity Policy

- > Review of personnel processes
 - Contractors are encouraged to make their information and communication technologies accessible, even absent specific request for accommodation.
 - Required to describe the review and any modifications made as a result of the review.
 - Adopt a schedule for reviewing all physical and mental job qualification standards.



REVISE TEXT OF DISABLED AND VEVRAA AAP PLANS

- > Reasonable accommodation to physical and mental limitations. (See Appendix C to VEVRAA regs.)
 - If have reason to believe IWD having performance problems because of limitations, must inquire whether problem is related to disability.
 - If affirmative, must inquire whether needs an accommodation.
- > Encouraged to adopt reasonable accommodation procedures (Appendix B to 503 regs.).
 - How to request an accommodation.
 - How request will be processed.
 - How supervisors must proceed when receive request.
- > Develop and implement anti-harassment policy on basis of disability or protected veterans status



REASONABLE ACCOMMODATION

- > Contractor must take part in interactive process regarding accommodation and should, but not required to, seek advice of applicants and employees regarding accommodation.
- > Must give disabled veteran option of covering a portion (or all) of expense themselves if accommodation is deemed an undue hardship.
- > Must consider totality of circumstances when determining what constitutes a reasonable amount of time in context of available vacant positions.



REVISE TEXT OF DISABLED AND VEVRAA AAP PLANS

- > Outreach and Recruitment activities. Note specific activities may not be mandatory but Contractor will be asked to provide evidence during review.
 - On the job training opportunities for protected veterans and the disabled.
 - When hiring, consider applicants who are known to have disabilities or who are protected veterans for all positions for which may be qualified.
- > Recommends scheduling periodically special meeting with all employees to explain policies and separate meetings with Management.



BEST PRACTICES FOR REVIEW OF PERSONNEL PROCESS

- > Specifics not mandated by sample supplied in Appendix C to VEVRAA regs - worth reading
- > Design procedure that facilitates a careful, thorough and systematic personnel process
- > Review "periodically" (unchanged) include timeline.
- > Ensure no stereotyping
- > Periodic review of job descriptions (include when)



OUTREACH ASSESSMENT

- > Each year evaluate effectiveness of recruitment efforts for veterans and disabled.
- > Evaluation, including criteria used to evaluate, must be documented
- > Documentation retained 3 years.



OUTREACH ASSESSMENT (CONT.)

> If contractor concludes totality of efforts were not effective in identifying and recruiting qualified protected veterans and IWD, must implement alternative efforts.



CREATE DATA ANALYSIS FILES

- > Must create and return records related to:
 - Number of applicants who self identified as protected veterans or are otherwise known to be protected veterans
 - Number of applicants who self identified as IWD or are otherwise know to be IWD
 - Total number of job openings and total number of jobs filled
 - Total number of applicants for all jobs
 - Total number of protected veterans hired
 - Total number of IWD hired
 - Total number of applicants hired
- > Contractors must document all requests for accommodations and responses thereto
- > Retain these documents as employment records for three years
- > Retain all outreach activity records for 3 years



RECORD KEEPING - 2 YEARS

- > Results of physical examinations.
- > Job advertisements and postings.
- > Applications and resumes.
- > Tests and test results.
- > Interview notes.
- > Records related to hiring, assignment, lay-off, terminations.
- > Rates of pay.
- > Selection for training or apprenticeship.
- > Personnel records of anyone that has been terminated.



RECORD KEEPING - 2 YEARS

- > Complaint/Compliance Evaluation
 - All personnel records relevant to complaint or evaluation until final disposition.
 - Includes records of employees similarly situated to complainant.
 - Application forms and tests compiled by all candidates.

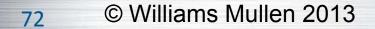


RECORD KEEPING - 3 YEARS

- > All records made to assess external outreach and recruitment efforts
- > All self identifications as IWD or protected veterans
- > Applicant/hire comparisons



DATA NEEDED TO DEVELOP AN AAP AND DEFEND AGAINST AN OFCCP AUDIT





DEVELOPING THE AAP

> The Plan Year

- The Plan year actually looks forward
- The "snapshot" date
- Must compile mandatory data on each employee
- The snapshot data is your Plan

> Personnel Activity

- Hires, Promotions, Applicants and Terminations
- Personnel activity data looks back the preceding 12 months from the start of the Plan year
- Data must be consistent!
- Applicant and Hire Logs must be updated to include column for veterans and persons w/disabilities



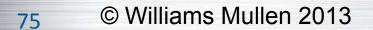
THE OFCCP AUDIT

- > Must have a copy of your prior year Plan
- > Important to have all personnel activity up to date, including
 - Requests for short/long term leaves of absence.
 - Requests for accommodation looking back 24 months.
- > Be prepared to explain your hiring procedures
- > Be prepared to explain your compensation system
 - Overtime
 - Bonuses, if applicable
- > Compile all evidence of positive outreach undertaken during the preceding twelve months of the Plan year under audit



QUESTIONS?

SUBMIT QUESTIONS VIA THE CHAT FEATURE IN THE RIGHT HAND CORNER OF YOUR SCREEN





FOR MORE INFORMATION

CONTACT:

Sara Rafal Laura Windsor Mary Pivec Lynn Jacob Randy Thompson **757.473.5384**804.420.6466**202.293.8218**804.420.6427**804.420.6511**

