

## Using Administrative Data to Monitor Equal Employment Opportunity in Federal Contractors

The Office of Federal Contract Compliance Programs (OFCCP), an agency within the U.S. Department of Labor, was created to enforce regulations that prohibit discrimination and require affirmative action in firms contracting with the federal government. Its focus is on finding and resolving discrimination with the intent to also deter future discrimination. It conducts reviews of federal contractors to determine their compliance with EEO laws and applies remedies when contractors are found to violate those laws.

This study examined trends in, and factors associated with, violations and re-violations of equal employment opportunity (EEO) laws, as well as the effectiveness of remedies and press releases to deter re-violations. It addressed the general research question: How can OFCCP administrative data be used to better understand violations and re-violations of EEO laws among federal contractors? To address this question, the study combined administrative data from OFCCP on reviews of federal contractors that closed between fiscal years 2003 and 2012 with information on remedies issued to correct violations that were codified in conciliation agreements and consent decree documents.

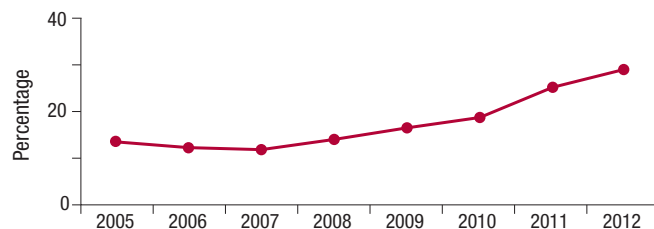
Although data quality limits the reliability of the study's findings, the methods for using and extracting data and the models developed to address research questions of interest to OFCCP highlight the capacity of the data to be used as a monitoring tool after data limitations are lessened. The study also identified three key areas for data improvements: (1) ensuring the accuracy and completeness of violation status and information; (2) identifying contractors across reviews, and remedies; and (3) standardizing information across different entities and investigations.

### Potential Tool for Monitoring Violations, Re-Violations, and Characteristics

Each year the Office of Federal Contract Compliance Programs (OFCCP) conducts approximately 4,000 audits of firms in receipt of federal contracts. In addition, it responds to complaints. The OFCCP information system (OFIS) contains information about these reviews, including the characteristics of contractors reviewed, types of reviews conducted, and the nature of violations identified. Such information could be a powerful tool for monitoring trends over time in violations and re-violations of the equal employment opportunity (EEO) laws that OFCCP enforces and the characteristics of contractors found to violate and re-violate those laws. This study demonstrates the potential of these data to monitor both changes in violation and re-violation rates over time and differences in rates associated with contractor characteristics.

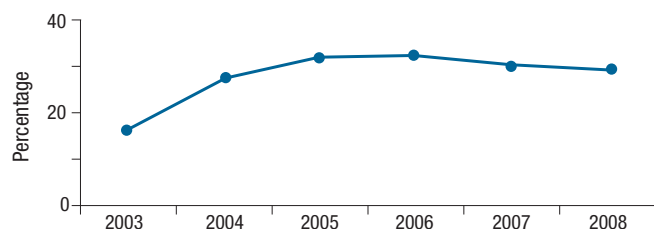
The study shows that about 18 percent of the reviews closed during fiscal years 2005 to 2012 found violations.<sup>1</sup> The rate at which violations were found increased steadily over the period, from about 14 percent in 2005 to 29 percent in 2012 (Figure 1). The rate varied with the industry and size (number of employees) of the establishment being reviewed, and with the OFCCP regional office conducting the review.

**Figure 1.** Violation Rates in Reviews Closed, 2005 to 2012



The study also shows that about 25 percent of establishments that were found to violate EEO laws were found in a subsequent review to have violated them again. Re-violation rates increased sharply for those with first reviews closing between 2003 and 2004, from 16 to 27 percent, and remained relatively flat through 2008 (Figure 2). The rate of re-violations among establishments varied with the OFCCP regional office conducting the review, and with the industry and size (number of employees) of the establishment.

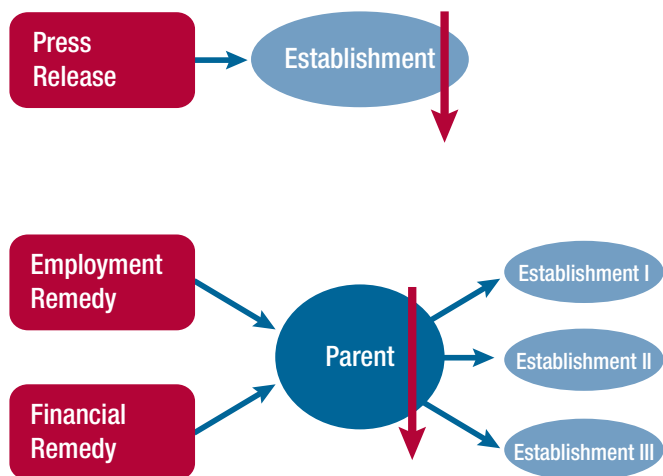
**Figure 2.** Re-Violation Rates of Establishments, First Reviews Closed 2003 to 2008



## Potential Tool for Monitoring Enforcement

In addition to OFIS data, OFCCP maintains (1) press releases, and (2) conciliation agreements and consent decree documents, which contain information on the remedies applied to violations found in reviews. This study developed a method of integrating information from these documents into the OFIS data. This integration allows researchers to address questions about the associations between re-violations of EEO laws, press releases, and three broad types of remedies—employment, financial, and organizational change—applied when the first violation was found. This study found evidence that press releases and remedies might deter contractors from re-violating EEO laws in a manner illustrated in Figure 3. Establishments that had a press release about their first violation were less likely than other establishments to be found to re-violate EEO laws. Further, parent firms in which one of its establishments had an employment or financial remedy negotiated in its first violation were less likely to be found to re-violate EEO laws, suggesting that employment and financial remedies issued to one establishment might deter re-violations in other establishments under the same parent.<sup>2</sup>

**Figure 3.** Remedies Associated with Lower Re-Violation Rates



This research was conducted by Mathematica Policy Research for DOL's OFCCP and was sponsored by DOL's Chief Evaluation Office. The full report is available on the DOL website at [www.dol.gov/asp/evaluation/].

## Improving the Data

Data limitations severely restrict the reliability of the findings of any study that uses currently available OFIS data. This study identified four key areas in which data improvements are needed to achieve the potential of the data and enable their use in monitoring trends in federal contractors' adherence to EEO and affirmative action requirements:

### 1. Improve tracking of violation information in each review.

Accurate tracking of violation information in each review is critical to understanding whether and how a contractor is found to violate EEO laws. We recommend that OFCCP monitor data entry and validate violation information to ensure that OFIS contains accurate information in this area.

### 2. Ensure accuracy and completeness in identifying contractors across different reviews.

Performing analyses of re-violators, or of the effectiveness of remedies in preventing re-violation, requires the ability to identify the same contractor across several reviews. We recommend that OFCCP monitor data entry and validate parent and establishment identifiers.

### 3. Ensure accuracy and completeness of information on remedies.

Analyses of the effectiveness of remedies in deterring re-violations depend on accurate and complete remedy information. To decrease the likelihood of errors, information on remedies for each review should be entered into OFIS or another coded database when conciliation agreements and consent decrees are established.

### 4. Standardize information across review types and between establishments and parents.

Unless the data collected for all entities are the same, analyses can be conducted only in limited ways. We therefore recommend that OFCCP standardize the fields and codes across parents and establishments, and across selection system and non-selection system reviews. Violation codes should be standardized across reviews, and violation bases should be provided for each violation found in a complaint investigation. Industry and number of employees should be entered for parents, establishments, and all types of reviews.

In addition, if the Department of Labor (DOL) or OFCCP desires to understand violation or re-violation rates in the population of federal contractors as a whole, not just in the sample of contractors reviewed, information is needed on the contractor population as a whole.

## Endnotes

<sup>1</sup> Data limitations preclude examining violations in years 2003 and 2004. Re-violation rates are only computed for first violations that occurred in 2008 or earlier to allow time for a second review.

<sup>2</sup> Caution must be dictated in interpreting results as press releases and financial remedies apply only to contractors with discrimination violations.