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Clarity Comes to Compensation Data Collection: EEOC Guidance and Notices Issued for EEO-1 Filers

Authored by Britt-Marie K. Cole-Johnson, Rachel V. Kushel, and Abby M. Warren.

The Equal Employment Opportunity Commission (EEOC) has issued a set of <u>Frequently Asked Questions</u> (<u>FAQs</u>) regarding its collection of 2017 and 2018 Component 2 compensation data. Additionally, many EEO-1 filers recently received notices from the EEOC advising that the EEOC has contracted with a third party to collect the Component 2 data for 2017 and 2018.

WHAT IS EEO-1 COMPONENT 2 COMPENSATION DATA?

All private employers with at least 100 employees <u>and</u> all federal contractors and subcontractors with 50 or more employees and at least one federal contract or subcontract worth at least \$50,000, must file EEO-1 reports each year. For the first time, the EEOC will now require such employers to file the EEO-1 Component 2 compensation data, listing their employees' hours worked and Form W-2 Box 1 wages by pay band for each job category by gender, ethnicity, and race.

COMPLIANCE REQUIREMENTS

The EEOC has advised all EEO-1 filers that they must submit Component 2 data for calendar year 2017 as well as calendar year 2018, by September 30, 2019. The EEOC has contracted with a third party, specifically the National Opinion Research Center (NORC), an independent, non-partisan social research organization at the University of Chicago, to gather the Component 2 data for calendar years 2017 and 2018. As of July 15, 2019, EEO-1 filers will be able to utilize a web-based portal for the submission of the Component 2 EEO-1 reports for 2017 and 2018, referred to as the *Component 2 EEO-1 Online Filing System*. Additional information about the Component 2 EEO-1 compensation data collection can be found at https://eeoccomp2.norc.org. The EEOC has also launched a Component 2 EEO-1 Help Desk, which can be reached via email at EEOCcompdata@norc.org or via phone at 877-324-6214.

KEY DATES FOR 2019 EEO-1 FILERS

- July 15, 2019 Component 2 EEO-1 Online Filing System available for EEO-1 filers.
- September 30, 2019 Component 2 EEO-1 Compensation Data due for 2017 and 2018.

OTHER CONSIDERATIONS

If an employer has <u>not</u> conducted a pay equity analysis recently, specifically evaluating any wage differences between employees taking into account legitimate factors to determine if there are gaps as it relates to female, minority, or any other employee group's compensation, those employers may wish to look closely at the data being submitted to the EEOC. Employers would be well served to assess whether any pay disparities are significant or show any concerning trend lines. Without a recent pay equity analysis, employers can be caught unprepared. Being able to demonstrate one or more legitimate, nondiscriminatory reasons for any pay disparities could assist employers in preparing to defend any legal action or respond to an internal complaint.

FOR MORE INFORMATION

For more information or if you have questions about how the issues raised in this legal update affect your policies, practices, or other compliance efforts, please contact one of the following lawyers in the firm's Labor, Employment, Benefits + Immigration Group.

Stephen W. Aronson | Bruce B. Barth | Britt-Marie K. Cole-Johnson | Natale V. Di Natale

Rachel V. Kushel | Virginia E. McGarrity | Matthew T. Miklave | Joshua S. Mirer

Megan R. Naughton | Jean E. Tomasco | Alexander Friedman | Nicole S. Múle

Lauren M. Sigg | Alisha N. Sullivan | Jennifer L. Shanley | Abby M. Warren

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Robinson & Cole LLP | 280 Trumbull Street, Hartford, CT 06103