Veteran Recruitment Regulations on the Way for Federal Contractors in Manufacturing

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In anticipation of the large number of veterans returning to the workforce, the Obama administration has pursued expanded employment opportunities for veterans. In 2011, the Office of Federal Contract Compliance Programs (OFCCP) issued proposed Affirmative Action and Nondiscrimination Obligations for contractors and subcontractors regarding protected veterans. In January 2 013, the OFCCP announced that it would issue final regulations this April. While that deadline has passed, federal contractors can expect final regulations sometime this year. It is anticipated that federal contractors, including those in manufacturing, will need to take the following initial steps to comply with the regulations once they are issued: (1) expand the invitation for veterans to self-identify at the pre-hire stage; (2) establish hiring benchmarks; (3) maintain linkage agreements with referral sources; and (4) maintain recruiting data for five years. The OFCCP estimates that all of these actions will have an annual cost to contractors of no more than $880 per establishment.

One complicated task when implementing the regulations will be establishing hiring benchmarks for veterans. Federal contractors will calculate the benchmark by dividing the number of protected veterans it seeks to hire by the total number of hires anticipated for the following year. It must consider: (1) the percentage of veterans in the local civilian workforce; (2) the number of veterans who participate in the state’s employment service; (3) the referral, applicant, and hiring ratios; (4) the contractor’s recent assessments of outreach; and (5) any other factors that would likely affect the number of veterans in the applicant pool. One problem with such a benchmark is the lack of data regarding the number of qualified veterans in the workforce. The other main component of the expected regulations requires “linkage agreements.” Essentially these agreements for referral of veterans will be between the federal contractor and local vocational or veterans groups that provide

training or recruiting.

The OFCCP will be looking for good faith efforts, beginning with effective recruitment efforts for veterans. Implementing greater outreach efforts now will assist federal contractors with adhering to the regulations once they are in place. Contractors must assess whether the individual sources are effective, and the failure to focus recruiting efforts on those sources from which the employer will truly hire may lead to a finding that the contractor is simply going through the motions and is not engaged in good faith efforts.

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