

EMPLOYER ALERT: Remember EEO-1 Reports Are Due September 30th And Beware For Next Year

AUTHOR: TIMM SCHOWALTER

Substantial New Wage Reporting Responsibilities Are On The Horizon

The September 30, 2016, due date for employers to file their annual EEO-1 reports with the Equal Employment Opportunity Commission (EEOC) is on the near horizon. Private employers with 100 or more employees, and federal government contractors or first-tier subcontractors with 50 or more employees and a contract/subcontract of \$50,000 or more, should take the appropriate measures to file their reports on time.

The EEO-1 remains unchanged for 2016, but under a recent proposal employers will be required to provide substantial pay data with the a revised EEO-1 Report. In their continued effort to eradicate pay disparities, the EEOC and DOL have proposed to expand on the type of information collected using an updated EEO-1 Report. Additional summary pay data, by gender, race and ethnicity, would be required. The pay data would be categorized in 12 pay bands and would consist of Form W-2, Wage and Tax Statement, earnings information for a 12-month period, as well as the hours worked by employees. Form W-2 earnings information includes amounts paid by an employer to an employee during a tax year in wages, salaries, fees, commissions, tips, taxable fringe benefits and elective deferrals. The reporting deadline would be changed to March 31 of the year following the EEO-1 report year. The first report that would have to conform to the new requirements - the 2017 report - would be due on March 31, 2018.

Both the EEOC and DOL will inevitably utilize an employer's wage data to conduct random comprehensive wage audits to determine if an employer's pay practices constitute intentional discrimination or have a disparate impact on minorities.

Employer Action: Employers should closely monitor and analyze their pay data to determine if their compensation practices are legal and, if not, make the necessary adjustments. Also, employers subject to EEO-1 Report filing requirements should begin to take the appropriate measures with their payroll departments or third-party payroll companies to maintain and devise systems to gather the newly required wage data. Please note, the new reporting requirements may be more complicated than originally expected considering there may be data security concerns and compensation not fully captured by the W-2 as unexpected difficulties in gathering and analyzing reliable pay data.