

## OFCCP Proposes Major Changes to Federal Regulations

On July 1, 2025, the U.S. Department of Labor's Office of Federal Contract Compliance Programs ([OFCCP](#)) published proposed changes to the regulations that the agency enforces. OFCCP's proposals would make major changes to the obligations that federal contractors and subcontractors face. The proposals affect all three of the laws that OFCCP has traditionally enforced. Comments on these proposals are due to OFCCP by September 2, 2025. It is unclear when these proposed changes will come into effect.

### Removal of Executive Order 11246 Regulations

OFCCP is proposing to remove most of its regulations that implemented Executive Order 11246 (EO 11246). This executive order required federal contractors and subcontractors to take certain actions to ensure that equal opportunity in employment was provided to all applicants and employees regardless of race/ethnicity, color, sex, religion, sexual orientation, or gender identity. The regulations under EO 11246 required the establishment of placement goals for minorities and females as a way to ensure equal opportunity was being provided to members of these groups. These regulations also created various record-keeping and action obligations for federal contractors and subcontractors.

Executive Order 11246 was rescinded by the Trump Administration in January of 2025. President Trump's [Executive Order 14173](#) rescinded various diversity, equity, and inclusion programs in the federal government, including EO 11246. This rescission effectively invalidated the regulations that implemented EO 11246. While these regulations formally remained in place, OFCCP had no authority to enforce these regulations.

[OFCCP's July 1 proposal](#) would formally remove most of the regulations related to EO 11246. This would include removal of the following:

- Requirements for non-construction companies to prepare statistical reports such as placement goal reports
- Requirements for construction companies to measure hiring against pre-established participation goals
- Requirements for federal contractors and subcontractors to take a variety of affirmative steps to prevent discrimination in employment based on race, ethnicity, or sex
- Requirements regarding record-keeping for applicants and employees, including OFCCP's Internet Applicant rule
- Requirements meant to prevent sex discrimination in the workplace
- Guidelines on religion and national origin discrimination

OFCCP's proposal would also remove the agency's regulations regarding the Uniform Guidelines on Employee Selection Procedures (UGESP). The UGESPs were adopted jointly with the Equal Employment Opportunity Commission ([EEOC](#)), the Department of Justice, and the U.S. Civil Service Commission. Each of these three agencies have parallel regulations for the UGESPs which

are not affected by the OFCCP's proposal. For example, the UGESB can be found within EEOC's regulations at [29 CFR Part 1607](#).

The only part of the regulations related to EO 11246 that would remain under OFCCP's proposal is the part labeled "Rules of Practice for Administrative Proceedings." These regulations are found at [41 CFR 60-30](#) and currently provide rules regarding proceedings related to all three laws administered by OFCCP. OFCCP's proposal would strip all language regarding EO 11246 from 41 CFR 60-30 and leave the remaining rules in place. OFCCP expects to ultimately rescind 41 CFR 60-30 and port the relevant language to the regulations for the other two laws the agency administers. However, in the interim, the agency is proposing revisions to 41 CFR 60-30 to ensure there continue to be rules for administrative proceedings while the agency's remaining proposals are being considered.

### **Changes to Regulations Regarding Individuals with Disabilities**

OFCCP is proposing major changes to the regulations regarding Section 503 of the Rehabilitation Act of 1973 (Section 503). Section 503 prohibits discrimination against individuals with disabilities and requires federal contractors and subcontractors to take certain steps to employ individuals with disabilities.

[OFCCP's July 1 proposal](#) would include the following changes to the regulations implementing Section 503:

- Removal of the requirement to invite applicants and employees to self-identify as an individual with a disability as found in 41 CFR 60-741.42
- Removal of the requirement to establish a 7% utilization goal for individuals with disabilities and to measure progress towards meeting this 7% utilization goal as found in 41 CFR 60-741.45
- Removal of the requirement to conduct a data analysis on applicants and hires regarding disability status and maintain records regarding this analysis for three years as found in 41 CFR 60-741.44(k)
- Removal of the requirement to include information on the data analysis when conducting an assessment of outreach efforts as found in 41 CFR 60-741.44(f)3
- Inclusion of the rules of practice currently found in 41 CFR 60-30 in the disability regulations as part of 41 CFR 60-741.65

OFCCP's July 1 proposal would effectively end all data collection and reporting requirements regarding individuals with disabilities for federal contractors and subcontractors. The Section 503 regulations would, in some ways, return to the state they were in prior to the major revisions that occurred in September of 2013. Prior to September of 2013, federal contractors and subcontractors had no obligations to analyze data regarding disability status. Affirmative action programs for Section 503 tended to be formulaic narrative documents that restated sections of the federal regulations rather than provide individualized information on an employer's actions and

results. Without the data collection and analysis requirements, there would be less information for employers and regulatory agencies to consider in evaluating compliance efforts.

### **Changes to Regulations Regarding Protected Veterans**

Unlike the changes to Section 503, OFCCP is only [proposing minor changes to the regulations](#) regarding the Vietnam Era Veterans Readjustment Assistance Act of 1974 (VEVRAA). VEVRAA prohibits discrimination against certain classes of veterans and requires federal contractors and subcontractors to take certain steps to employ these classes of veterans.

The current VEVRAA regulations parallel many of the current Section 503 regulations. For example, there are requirements to survey applicants and employees for protected veteran status, requirements to conduct a data analysis on applicants and hires for protected veterans, requirements to maintain records of these analysis, and requirements to consider the data analysis when conducting an assessment of outreach. OFCCP's proposed changes to the VEVRAA regulations do NOT remove these requirements. Instead, the major change to the VEVRAA regulations is the incorporation of the rules of practice found in 41 CFR 60-30 into 41 CFR 60-300.65.

### **Providing Comments on Proposed Changes and Timeline for Finalization**

The public may provide comments on OFCCP's proposals. As noted above, comments must be submitted by September 2, 2025. Comments may be submitted electronically at <https://www.regulations.gov>. They may also be mailed to OFCCP Director Catherine Eschbach.

Once OFCCP reviews comments on the proposed changes to its regulations, the agency will be required to publish a final version of these changes. This is unlikely to happen any earlier than October of 2025, and could take additional months. After the final version of these changes is published, the public will have an opportunity to comment on the final version of the changes to the Office of Information and Regulatory Affairs ([OIRA](#)). Following a review by OIRA and the Office of Management and Budget ([OMB](#)), these regulatory revisions would take effect. The entire process is unlikely to be completed before the end of 2025.

### **Considerations Regarding Proposed Regulatory Changes**

There are three major issues associated with these proposed changes that federal contractors and subcontractors should consider.

1. The Trump administration's recent [budgetary proposals for the Department of Labor](#) state that the administration expects OFCCP will cease operations in October 2025 at the start of federal fiscal year 2026. OFCCP's July 1 proposed revisions to its regulations conversely assume that there will be an OFCCP to administer the revised Section 503 and VEVRAA regulations. There is no discussion in these proposals about the possibility of transferring OFCCP's responsibilities to other agencies.

2. If OFCCP continues to operate and its July 1 regulatory proposals are adopted, there will be a confusing situation regarding data collection and recording of demographic information. Under the July 1 proposals, federal contractors and subcontractors would:
  - a. Be PROHIBITED from routinely collecting and recording information on disability status
  - b. Be REQUIRED to provide applicants and employees with an opportunity to self-identify their status as a protected veteran and produce data analyses regarding protected veterans
  - c. Have no specific regulatory guidance on the collection and recording of information on race/ethnicity and sex from applicants and employees
3. Until these proposals are adopted in final form, federal contractors and subcontractors continue to have obligations to provide opportunities for both applicants and employees to self-identify disability status and have obligations to conduct a utilization analysis as well as data analyses of the disability information that has been collected.

As of July 1, 2025, there is no way to know with certainty what will happen with OFCCP's proposed regulatory changes. It will be important to monitor additional information from OFCCP, the Department of Labor, and the White House regarding OFCCP's status and the progress of these regulatory proposals.

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