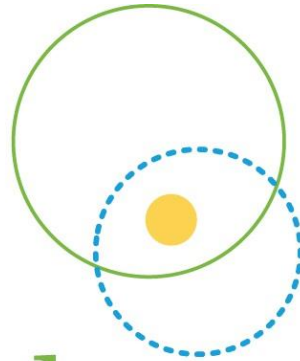


# Rehabilitation Act §503 Updates

Information & Impact



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## §503 Updates

# History: The Rehabilitation Act of 1973

- Signed into law by Richard Nixon on September 26, 1973.
- Required that funding to States for Vocational Rehabilitation services be used for those with the most severe disabilities first.

### Other Sections of Note:

§501- Focused on non-discrimination in employment by Federal Agencies in the Executive Branch of government

§504- Extended civil rights protections and opportunities to people with disabilities



# History of §503

## §503 Updates

- In 1973, this section prohibited disability discrimination in employment by Federal Contractors and Sub-Contractors.
- When originally passed, this applied to ALL contractors receiving more than **\$2,500** in Federal contract funds
- This was later amended to apply to contractors receiving more than **\$10,000** in Federal contract funds
- Additional requirements and regulations applied to contractors or sub-contractors receiving more than **\$50,000** in Federal contract funds
- Although no official data exists on the size or number of government contracts currently held, the average government contract is believed to be **more than \$250,000-** with many in the millions!



# What IS a Federal Contractor?

## §503 Updates

- **Federal Contractor:** A company or entity that contracts with the Federal government to provide supplies, goods, services, and/or research.

*(Example: Boeing contracts with the government to make Plane X for the military.)*

- **Federal Sub-Contractor:** A company or entity that has a separate contract with an existing Federal contractor, providing that contractor with supplies, goods, services, and/or research.

*(Example: Boeing has a contract with Lockheed Martin to make the equipment to launch missiles for Plane X.)*

**Federal Contracts are monitored by the  
Office of Federal Contract Compliance Programs (OFCCP)**



## §503 Updates

# Need for Changes to §503

Information from the Bureau of Labor Statistics - 2012

People <u>WITH</u> Disabilities	People <u>WITHOUT</u> Disabilities
Workforce Participation* <b>31.6%</b>	Workforce Participation <b>76.5%</b>
Unemployment Rate† <b>15%</b>	Unemployment Rate <b>8%</b>
Median Household Income <b>\$25,420</b>	Median Household Income <b>\$59,411</b>

\*Participation is defined as actively working OR searching for a job.

†Unemployment is calculate using unemployment application data.



# We've Gone Live!

## §503 Updates

- **Final Rule:** Published on September 24, 2013. Contractors were given 6 months to prepare, familiarize themselves with the new regulations, and begin planning for the changes.
- **Effective Date:** Changes to §503 and VEVRAA went “live” on March 24, 2014.
- **AAP Compliance:** Federal contractors submit Affirmative Action Plans (AAPs) each year. Contractors will be required to implement changes and begin fully complying with the new regulations in the first AAP year after the effective date. (For example, if a company has a January 1 AAP renewal date, they have until January 1, 2015 to make changes and fully implement changes in regards to 503 & VEVRAA.)

What does this REALLY mean?  
Are companies ACTUALLY doing anything yet?



# Changes to §503

## §503 Updates

- **7% utilization goal for individuals with disabilities:**
  - Across job groups (for employers with 100+ employees TOTAL)
    - This means employing people with disabilities in roles throughout the company, not just in one job area (i.e., janitorial)
  - NOT a quota but “a management tool that informs decision-making and provides real accountability”
  - Failing to meet the goal alone will NOT result in fine, penalty, or sanction
- **Invite voluntary self-identification from applicants:**
  - At two points in the process:
    - Prior to the offer of a job (with the application, typically)
    - At the time of the job offer
  - Collect and maintain this data on all applicants



# Changes to §503

## §503 Updates

- **Invite existing and future employees to self-identify on a regular basis:**
  - Invitations will be anonymous and responses kept separate from an employee's HR file
  - The suggested frequency is every 5 years
  - Allows for employees to change or adjust the status they previously reported
- **Maintain quantitative measurements and comparisons on disability hiring efforts:**
  - Track the number of applicants with a disability
  - Track the number of people with a disability hired
  - Use the data to make decisions about effectiveness of outreach and recruiting efforts.
  - Use the data to inform changes or adjustments to the Affirmative Action plan
  - There is NOT a stipulation requiring employers to ANALYZE this data- just to maintain it and, in theory, to use it in some way.





# Changes to §503

## §503 Updates

- **Requires “prime” contractors to include specific, mandated language in their sub-contracts:**
  - Ensure sub-contractors are aware of their responsibilities
  - Increase compliance with Affirmative Action goals
- **Implements the changes that are necessitated by the ADA Amendments Act (ADAAA) of 2008:**
  - Definitions of disability have changed and need to be reflected in the efforts
  - Procedures for reasonable accommodations need to reflect the ADAAA updates, as well
  - ADAAA dramatically broadened the definition of “disability” to include a much broader group of people.

# ADAAA

## §503 Updates

- The Americans with Disabilities Amendments Act (ADAAA) was enacted on September 25, 2008 and became effective on January 1, 2009.
- EEOC regulations regarding the ADAAA went into effect on March 24, 2011.
- The ADAAA expanded the definition of disability to (according to Congress), “make it easier for an individual seeking protection under the ADA to establish that he or she has a disability...”
- The new, expanded definition requires that a person have a “substantial limitation” in **one or more** life areas AND included a new category for major bodily functions.
- The “major bodily functions” category includes:  
*Immune system, digestive system, cell growth (a.k.a. cancer), neurological & brain function, respiratory & circulatory systems, endocrine & reproductive functions (a.k.a. diabetes AND perhaps infertility); hematic, lymphatic, musculoskeletal, special sense organs & skin, and cardiovascular*



# Impact on Employers

## §503 Updates

Given the changes to §503, employers will need to:

- Increase recruiting and outreach efforts for people with disabilities.
- Create partnerships with agencies that provide services to people with disabilities.
- Show “due diligence” efforts toward HIRING people with disabilities.
- Ensure they have a system for tracking and monitoring applicant/hire ratios and information.
- Update Affirmative Action plans to include information about disability hiring and outreach
- Think broadly about HOW they might meet these goals and the support they need to meet them.



## §503 Updates

# Impact on People with Disabilities???

People with disabilities will ONLY be impacted if the people serving them are prepared!!!  
Given the changes to §503, agencies & advocates should:

- Become knowledgeable about these changes and make sure they are aware of the specific requirements for companies.
- Be prepared to meet with companies and to assist them in planning for the changes.
- Adjust mindset and approach to serve the business needs. It's not about one consumer or one job- it's much bigger.
- Move at the pace of business. Set timelines that are clear and live up to them consistently.
- Don't expect companies to begin hiring at a crazy pace but do operate and plan as if they will.



## §503 Updates

# Direct from OFCCP...

The OFCCP had to “take the teeth out” of these regulations due to complaints by contractors, lawyers, and national business groups that the proposed regulations were too unbalanced and required too large a commitment from contractors.

HOWEVER- OFCCP representatives have stated that this does NOT change the intent behind the regulations nor the seriousness of the affirmative action being required by contractors.

**A regional OFCCP director stated- “If you (Federal Contractors) do what is right, you won’t have a problem with OFCCP.” She went on to discuss that “good faith efforts” are necessary AND must be legitimate.**

**As Pat Shiu, National Director of OFCCP, says- “What gets measured gets done.”**

What does this mean for companies?  
What does this mean for people with disabilities?

# In Missouri

## §503 Updates

In Missouri, there are hundreds of employers impacted by these changes. Some are ready to start an initiative now, some are pretending they haven't heard the news.

Major Federal Contractors in Missouri Include:





## §503 Updates

# Resources

Office of Federal Contract Compliance (OFCCP):

[www.dol.gov/ofccp](http://www.dol.gov/ofccp)

Office of Disability Employment Policy (ODEP):

[www.dol.gov/odep](http://www.dol.gov/odep)

Employer Assistance and Resource Network (EARN):

[www.askearn.org](http://www.askearn.org)

Job Accommodation Network (JAN):

[www.askjan.org](http://www.askjan.org)

Jackson/Lewis Employment Associates

[www.affirmativeactionlawadvisor.com](http://www.affirmativeactionlawadvisor.com)

The Employment Collaborative

[www.employmentcollaborative.org](http://www.employmentcollaborative.org)



§503 Updates

# Questions?

What questions do you have about updates  
to §503??





§503 Updates

**Thank You!**

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