FISCAL YEAR 2023

AGENCY FINANCIAL REPORT

U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

HOW THIS REPORT IS ORGANIZED

The *Fiscal Year 2023 Agency Financial Report* (AFR) will describe the financial management of the U.S. Equal Employment Opportunity Commission (the EEOC or agency) and provide high-level performance information, including management challenges. Pursuant to guidance from the Office of Management and Budget (OMB), we organize our AFR into the following major sections:

- **Management Discussion and Analysis (MD&A):** The MD&A provides an overview of the EEOC's performance and financial information. The MD&A highlights our strategic objectives and our accomplishments in achieving our mission. This section also highlights the agency's financial results and provides management's assurances on the agency's internal controls.
- **Financial Section:** This section outlines our efforts to be good stewards over the funds the agency receives to carry out its mission, including an independent auditor's opinion on the agency's financial statements.
- **Other Information:** This section includes the Inspector General's Statement on Management Challenges, the agency's progress and plans to address them, and summary tables related to our Financial Statement Audit and Management Assurances.
- **Appendices:** Contain information on EEOC's organization, jurisdiction, leadership, and revolving fund, as well as a glossary of the acronyms used in the report.

TABLE OF CONTENTS

MESSAGE FROM THE CHAIR

I am pleased to present the U.S. Equal Employment Opportunity Commission's (EEOC) Agency Financial Report (AFR) for fiscal year 2023. It is an honor to lead the agency's dedicated employees, who strive to advance equal opportunity for all in the workplace.

The EEOC was created in direct response to calls for racial justice at the historic 1963 March on Washington for Jobs and Freedom and first opened its doors in 1965 with a clear mission — to prevent and remedy discrimination in our nation's workplaces. This fiscal year, we celebrated the 60th anniversary of the March on Washington, and other key civil rights milestones including the 60th anniversary of the Equal Pay Act of 1963 and the 50th anniversary of the Rehabilitation Act of 1973. These milestones allow us to reflect on how far we have come as an agency and as a nation. They also allow us to recognize how far we still have to go to fulfill the promise of equality for America's workers. Today, promoting equal employment opportunity and enforcing the nation's federal workplace anti-discrimination laws remain as important as ever.

As the primary federal agency that enforces laws against employment discrimination, the EEOC continued to play a critical role in fiscal year 2023 in advancing equal opportunity in the workplace. As detailed in this report, during the past fiscal year, the agency focused on addressing systemic discrimination in all forms and on all bases; preventing and combatting workplace harassment; advancing racial justice; preventing and remedying retaliation; advancing pay equity; fostering diversity, equity, inclusion, and accessibility in the workplace to promote equal opportunity; examining potential bias in the use of technology, including artificial intelligence, machine learning, and other automated systems, in employment decisions; and ensuring the EEOC has the resources needed to effectively enforce the law and serve the public.

The EEOC strategically leveraged its appropriations in fiscal year 2023 to achieve change on a broad scale using all of its tools to combat discrimination, including outreach, technical assistance, and enforcement. The agency also placed a specific emphasis on strategic systemic enforcement. The EEOC filed 25 systemic lawsuits during fiscal year 2023, which is almost double the number filed in each of the past three fiscal years. Systemic enforcement is an important part of the agency's efforts to leverage its limited resources to maximum effect, because it allows the EEOC to address unlawful practices on a national, regional, or industry level while helping substantial numbers of employees at once. While increasing its private sector enforcement, the EEOC also focused on strengthening the agency's ability to combat employment discrimination in the federal sector. These efforts allowed the agency to provide enhanced mission-critical services to federal employees and applicants.

In fiscal year 2023, the agency had the exciting and vitally important task of implementing the newly enacted Pregnant Workers Fairness Act (PWFA). Signed into law by President Biden on December 29, 2022, the PWFA fills the gaps in other federal legal protections by giving workers with limitations related to pregnancy, childbirth, or related medical conditions the right to reasonable accommodations, absent undue hardship to the employer. To implement the PWFA, the EEOC began accepting PWFA charges on June 27, 2023, the day the law became effective; released educational resources for employees and employers; conducted broad public outreach; and published a Notice of Proposed Rulemaking approved by a bipartisan vote of the Commission. In addition to the EEOC's substantive and meaningful work to implement the PWFA, the agency also raised awareness of sex-based wage discrimination during the 60th anniversary of the Equal Pay Act of 1963 (EPA).

The successes of fiscal year 2023 were made possible in part through efforts to rebuild and strengthen the enforcement capacity of the agency. During my tenure as Chair, I have focused on the strategic use of the agency's resources to help ensure that the EEOC can vigorously enforce the law and meet the increasing public need for the agency's assistance. During fiscal year 2023, the agency experienced a surge in the public's outreach to the EEOC, with a 10% increase in calls to the agency's contact center compared to fiscal year 2022 and a 25% increase in emails. To meet the demand for the EEOC's services and to help strengthen our capacity to fulfill the agency's vital role in preventing and remedying employment discrimination, I authorized hiring to fill 493 positions, of which 338 were front-line positions (investigators, mediators, and attorneys, among other positions). The addition of new employees in mission critical positions was essential and must be followed by additional investments to ensure that the EEOC has resources commensurate with its task.

I also am pleased to report that the EEOC has once again received an unmodified opinion from an independent audit of our financial statements. As required by the Federal Managers Financial Integrity Act (FMFIA), the AFR provides reasonable assurances about the agency's internal controls. Moreover, the financial data and performance results provided in the AFR are reliable and complete.

The EEOC was created nearly 60 years ago as a result of a strong national commitment to civil rights. We continue to move forward with the knowledge that our legacy, our mission, and our work are critically important to the American people and to this administration. The EEOC remains committed to advancing equal employment opportunity and fostering fair and inclusive workplaces for all of America's workers.

Charlotte A. Burrows
Chair
U.S. Equal Employment Opportunity Commission
November 15, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

The Equal Employment Opportunity Commission's (EEOC or agency) Agency Financial Report (AFR) provides financial information and an overview of programs, accomplishments, and challenges that enable the President, Congress, and the American people to assess the EEOC's performance and accountability for the resources entrusted to it for the fiscal year (October 1 through September 30). The report is prepared in accordance with the requirements of OMB Circular No. A-136, *Financial Reporting Requirements.*

The EEOC publishes an AFR with a primary focus on financial results and a high-level discussion of performance results, along with an Annual Performance Report (APR), which details strategic goals and performance results. The EEOC will issue the APR in coordination with its Congressional Budget Justification. Both reports will be available at https://www.eeoc.gov/budget-and-performance.

MISSION, MAJOR PROGRAMS, AND ORGANIZATIONAL STRUCTURE

MISSION
Prevent and remedy unlawful employment discrimination and advance equal employment opportunity for all.
VISION
Fair and inclusive workplaces with equal opportunity for all.

AGENCY OVERVIEW

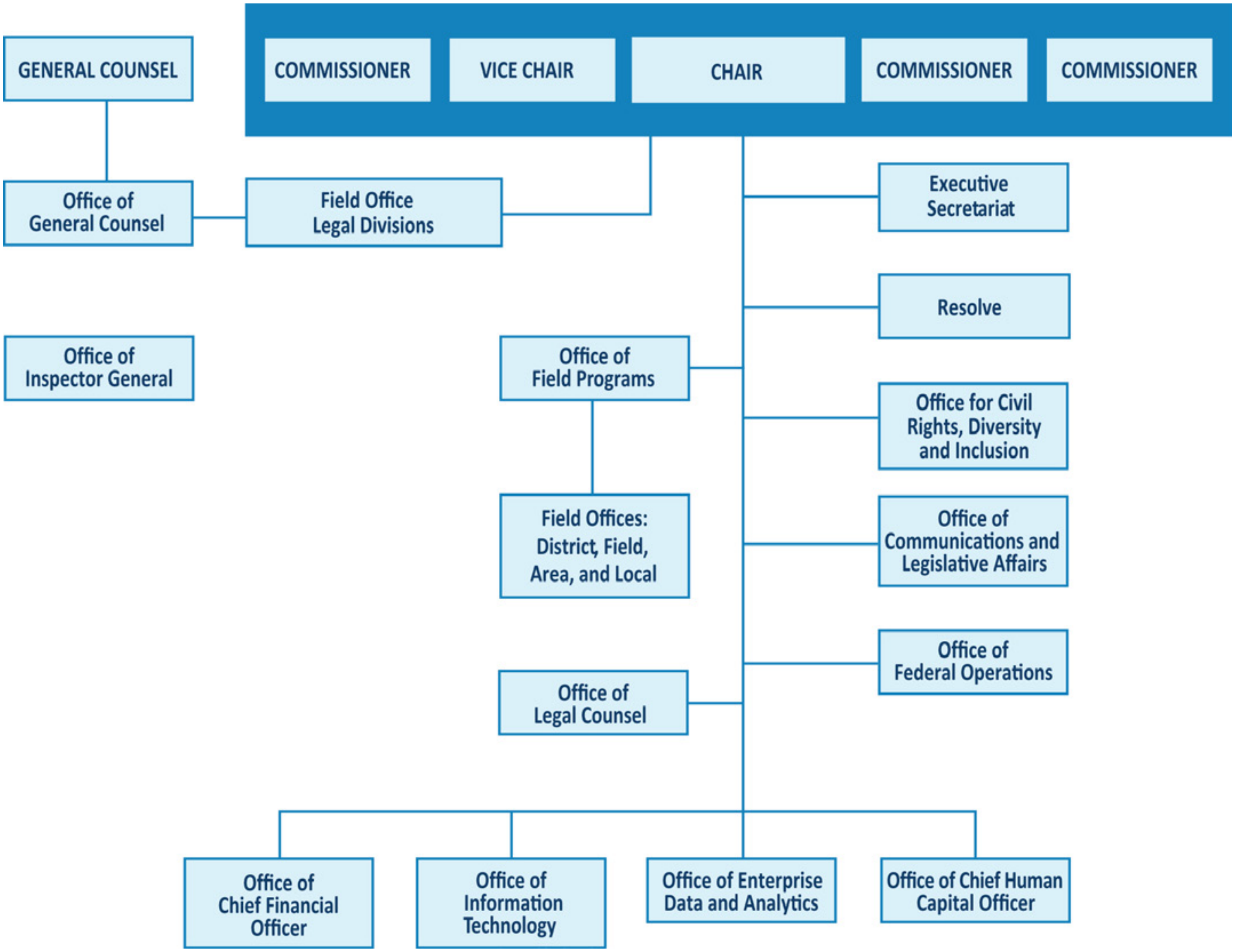
Title VII of the Civil Rights Act of 1964 (Title VII) created the EEOC to enforce protections against employment discrimination on the bases of race, color, religion, sex, and national origin. Congress subsequently vested the EEOC with responsibility to enforce the Equal Pay Act of 1963 (EPA), the Age Discrimination in Employment Act of 1967 (ADEA), Sections 501 and 505 of the Rehabilitation Act of 1973, Titles I and V of the Americans with Disabilities Act of 1990 (ADA), Title II of the Genetic Information Nondiscrimination Act of 2008 (GINA), and the Pregnant Workers Fairness Act of 2022 (PWFA). In addition, in 1972, Congress further expanded the agency's responsibilities by providing federal government employees the protections of Title VII and providing the EEOC with independent litigation authority against private employers under Title VII.

STATUTORY STRUCTURE

The EEOC is led by six presidential appointees — five Commissioners (including the Chair and Vice Chair) who serve staggered five-year terms and the General Counsel. No more than three Commissioners (including the Chair and Vice Chair) may be from the same political party. The Chair is responsible for the administration and implementation of policy, the enforcement program, financial management, and day-to-day operations of the Commission. The Commissioners participate in the development and approval of Commission policies, issue charges of discrimination where appropriate, and authorize the filing of lawsuits. The General Counsel supports the Commission and provides direction, coordination, and supervision to the EEOC's litigation program.

THE COMMISSIONERS AND GENERAL COUNSEL	Term Expires
CHAIR CHARLOTTE A. BURROWS	2028
VICE CHAIR JOCELYN SAMUELS	2026
COMMISSIONER KEITH E. SONDERLING	2024
COMMISSIONER ANDREA R. LUCAS	2025
COMMISSIONER KALPANA KOTAGAL	2027
GENERAL COUNSEL KARLA GILBRIDE	2027

ORGANIZATION



The EEOC accomplishes its mission through component offices that administer various programs. For more information about specific EEOC offices, please see Appendix A.

These programs are carried out through a network of 53 district, field, area, and local offices. For more information about the EEOC Field Offices across the nation, please see Appendix B.

PERFORMANCE GOALS, OBJECTIVES, AND RESULTS

EEOC'S PERFORMANCE MEASUREMENT PROCESS

The Government Performance and Results Modernization Act of 2010 (5 U.S.C. 306, as amended) requires executive departments, government corporations, and independent agencies to develop and post a Strategic Plan on their public websites every four fiscal years. The implementing guidance in Circular No. A-11 from OMB instructs agencies on the necessary elements required in an agency's strategic plan and the requirements to publish a new strategic plan with the beginning of each new term of an administration. The U.S. Equal Employment Opportunity Commission Strategic Plan for Fiscal Years 2022-2026 (Strategic Plan) established three overarching strategic goals and fifteen performance measures to gauge the agency's progress in meeting these goals. Goal leaders, assigned by program office representatives in headquarters, lead the efforts on each of the agency's performance measures. The EEOC conducts periodic performance measure reviews. During these reviews, program office representatives report on the progress made to achieve the agency's performance measures.

The EEOC reports on performance measures each year. In the agency's Annual Performance Plan (APP), issued as part of OMB's budget request, the EEOC identifies the level of planned performance to achieve in the fiscal year, along with performance goals and key milestones that align with the EEOC's Strategic Plan and agency priorities. In the agency's Annual Performance Report, issued in coordination with the agency's Congressional Budget Justification, the EEOC reports on progress achieving the goals and objectives in the agency's Strategic Plan and APP, along with performance and program results achieved for the previous fiscal year.

OVERVIEW OF THE STRATEGIC PLAN GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

In accordance with the Government Performance and Results Modernization Act of 2010, the Commission approved the EEOC's Strategic Plan on August 16, 2023. To do so, the agency engaged in a comprehensive assessment of its programs and priorities. As stated above, under this Strategic Plan, the EEOC focuses on three strategic goals to achieve its critical mission to prevent and remedy unlawful employment discrimination and advance equal employment opportunity and to pursue its vision of fair and inclusive workplaces with equal opportunity for all. In fiscal year 2023, the Commission also commemorated several key civil rights milestones, including the 60th anniversary of the Equal Pay Act of 1963 and the 50th anniversary of the Rehabilitation Act of 1973.

Strategic Goal I, to combat and prevent employment discrimination through the strategic application of the EEOC's law enforcement authorities, reflects the EEOC's primary mission of preventing and remedying unlawful employment discrimination and advancing equal employment opportunity for all through: 1) the administrative (investigation and conciliation) and litigation enforcement mechanisms applicable to private employers, labor organizations, employment agencies, and state and local government employers, that Congress entrusted to the EEOC; and 2) the adjudicatory and oversight mechanisms for federal employers that Congress entrusted to the EEOC.

There are two objectives and seven performance measures for Strategic Goal I.

Strategic Goal I: Combat and Prevent Employment Discrimination through the Strategic Application of the EEOC's Law Enforcement Authorities.	
Strategic Objective I.A.: The agency has a broad impact on preventing and remedying employment discrimination while providing meaningful relief for victims of discrimination.	**Strategic Objective I.B.:** The agency exercises its enforcement authority fairly, efficiently, and based on the circumstances of each charge or complaint.
Performance Measure 1: By FY 2025, 90% of EEOC conciliations and litigation resolutions contain targeted, equitable relief and that level is maintained through FY 2026. **Performance Measure 2:** In each year through FY 2026, the EEOC continues to favorably resolve at least 90% of enforcement lawsuits. **Performance Measure 3:** In each year through FY 2026, the EEOC increases its capacity to conduct investigations of systemic discrimination through training and other resources. • **Sub-Measure 3a.:** In each year through FY 2026, the EEOC will provide training to all field staff on identifying and investigating systemic discrimination, and at least 90% of investigators and trial attorneys will participate in systemic training each year. • **Sub-Measure 3b.:** By FY 2026, 90% of systemic cause investigations reviewed meet or exceed criteria established in the Quality Enforcement Practices Plan. • **Sub-Measure 3c.:** By FY 2026, every District will have at least two dedicated Enforcement Unit systemic staff members. **Performance Measure 4:** By FY 2026, the EEOC will make significant progress toward enhanced monitoring of conciliation agreements, leading to a more robust compliance program. • **Sub-Measure 4a.:** Each year, the EEOC will report on enhancements to its compliance monitoring program for conciliation agreements. **Performance Measure 5:** By FY 2026, 74% of federal agencies subject to oversight activities or compliance reviews change their employment practices based on EEOC recommendations.	**Performance Measure 6:** For each year through FY 2026, a significant proportion of completed investigations, conciliations, hearings, and federal appeals meet or exceed established quality criteria. • **Sub-Measure 6a.:** By FY 2026, at least 90% of the EEOC's charge investigations and conciliations meet or exceed criteria established in the Quality Enforcement Practices Plan. • **Sub-Measure 6b.:** Each year through FY 2026, at least 90% of the EEOC's federal sector hearings and appeals meet criteria established in the Federal Sector Quality Practices Plan. **Performance Measure 7:** By FY 2026, EEOC will enhance its intake services to potential Charging Parties, Respondents, and Representatives. • **Sub-Measure 7a.:** By FY 2023, the EEOC will evaluate its intake services, determine baseline levels of service, and identify technological solutions and other resources to improve and expand accessibility to those services. • **Sub-Measure 7b.:** From FY 2024-2026, the EEOC will make yearly progress in improving availability of intake interview appointments.

Strategic Goal II, to prevent employment discrimination and advance equal employment opportunities through education and outreach, reflects the EEOC's obligation to deter employment discrimination before it occurs. Educational and outreach programs, projects, and events are also cost-effective law enforcement tools because they promote understanding of the law and voluntary compliance. All parties benefit when the workplace is free of discrimination, and everyone has access to equal employment opportunity.

There are two objectives and four performance measures for Strategic Goal II:

Strategic Goal II: Prevent Employment Discrimination and Advance Equal Employment Opportunities through Education and Outreach.	
Strategic Objective II.A.: Members of the public are aware of employment discrimination laws and know their rights and responsibilities under these laws.	**Strategic Objective II.B.:** Employers, federal agencies, unions, and staffing agencies have the information and guidance necessary to advance equal employment opportunity, prevent discrimination, and effectively resolve EEO issues.
Performance Measure 8 for Strategic Objectives II.A. and II.B.: By FY 2026, the EEOC leverages technology, analytics, and innovative outreach strategies to provide members of the public greater access to information about their rights and responsibilities.	
Performance Measure 9 for Strategic Objectives II.A. and II.B.: By FY 2026, participants in outreach, training, and technical assistance programs indicate either an improvement in an employment policy, practice, or procedure (employer representatives), or an increased knowledge of the laws the EEOC enforces (individuals) as a result of their participation.	
Performance Measure 10 for Strategic Objectives II.A. and II.B.: By FY 2026, the EEOC updates existing guidance and training materials, and creates new, user-friendly resource tools to address and prevent workplace discrimination.	
Performance Measure 11 for Strategic Objective II.A.: Develop a federal government-wide network and repository to share EEO resources and leading practices that are occurring across the federal government.	

Strategic Goal III, achieving organizational excellence, seeks to improve management functions with a focus on people, service to the public, information technology, infrastructure enhancement, and accountable financial stewardship. These areas are cross-cutting and require integration and coordination to promote organizational excellence from internal and external perspectives.

There are two objectives and four performance measures for Strategic Goal III.

Strategic Goal III: Strive for Organizational Excellence Through Our People, Practices, and Technology	
Strategic Objective III.A.: The EEOC achieves a culture of accountability, inclusivity, and accessibility.	**Strategic Objective III.B.:** Resources align with priorities to strengthen intake, outreach, education, enforcement, and service to the public to protect and advance civil rights in the workplace.
Performance Measure 12 for Strategic Objective III.A.: Effectively allocate people and resources to accomplish agency mission goals, within budgetary limitations.	
Performance Measure 13 for Strategic Objectives III.A. and III.B.: Feedback surveys and other mechanisms provide measures of satisfaction for EEOC stakeholder experiences.	
Performance Measure 14 for Strategic Objective III.B.: Build and deploy charge/case management systems for litigation and federal sector program offices. Complete deployment, monitor and improve effectiveness of digital charge/case management system for program offices.	
Performance Measure 15 for Strategic Objective III.B.: The budget process prioritizes funding for the EEOC's strategic goals.	

The agency's progress on the strategic goals, objectives, and related performance measures is discussed below.

VERIFICATION AND VALIDATION OF DATA

The agency's private sector, federal sector, and litigation programs require accurate enforcement data, as well as reliable financial and human resources information, to assess the EEOC's operations and performance results and make sound management decisions. The EEOC will continue efforts to ensure the accuracy of program information and analysis.

The EEOC systematically reviews the information collected in its databases for accuracy by using statistical software (e.g., SAS, PowerBI, etc.) and program reviews of a sample of records during field office technical assistance visits. Additionally, headquarters offices regularly analyze the information collected in order to correct and identify any errors.

The modernization of the agency's legacy Integrated Mission System (IMS) application to the new Agency Records Center (ARC) system is expected to significantly improve the collection and validation of the EEOC's program data related to charge intake, investigation, mediation, conciliation, and Fair Employment Practices Agencies (FEPA) functions — migrating away from manual activity-based data entry to automated event-driven recording. During these modernization efforts, the EEOC has identified many areas where the agency will be able to further improve and automate current processes and related data integrity. Because several performance measures require data to assess our achievements, it is significant that the EEOC can now obtain more reliable data more quickly. The EEOC's Office of Inspector General (OIG) continues to review the agency's data validity and verification procedures, information systems, and databases and offer recommendations for improvement. The EEOC uses the OIG's information and recommendations to continually improve the agency's systems and data.

PROGRAM EVALUATIONS

Program evaluation is an important component of the EEOC's efforts to ensure that its programs are operating as intended and achieving results. Program evaluation is a thorough examination of program design and operational effectiveness that uses rigorous methodologies and statistical and analytical tools. Evaluations also use expertise internal and external to the agency for the program under review.

Independent program evaluations have played an important role in formulating the strategic and performance goals for the EEOC's Strategic Plan. They have helped shape some of the program issues and key focus areas for improvement, thereby increasing the plan's value as a management tool to guide the agency's strategic efforts in attaining overall productivity and program efficiency, effectiveness, and accountability. To that end, the EEOC has undertaken the following program evaluations to advance its performance-based management initiatives under the Government Performance and Results Management Act, and to improve the effectiveness of key agency programs. The findings and recommendations in these independent assessments of the agency's programs were used to guide development of the EEOC's strategic direction and goals for the next several years.

- *Digital Process Transformation and Automation Evaluatio*n, KAI Partners for the EEOC Office of Inspector General, January 2023.
- *Evaluation of the EEOC's Management of Private Sector Customer Service,* Office of Inspector General, October 2022.
- *Evaluation of the EEOC's Social Media Program*, Hager Sharp for the EEOC Office of Inspector General, July 2021.
- *Evaluation of the EEOC's Contracts Administration Activities*, Office of Inspector General, March 2020.

- *EEOC Federal Hearings and Appeals Processes*, The Center for Organizational Excellence, Inc. and CohnReznick LLP for the EEOC Office of Inspector General, March 2020.
- *Evaluation of the EEOC's Data Analytics Activitie*s, Elder Research for the EEOC Office of Inspector General, September 2018.
- *Evaluation of the EEOC's Strategic Enforcement Plan FY 2013–2016*, EEOC Office of Research, Information and Planning, July 2016.
- *An Exploratory Evaluation of the EEOC's Litigation Activities*, The Urban Institute for the EEOC Office of Inspector General, June 2016.
- *Evaluation of the EEOC's Outreach and Education*, The Urban Institute for the EEOC Office of Inspector General, May 2015.
- *Urban Institute Evaluation of the EEOC's Performance Measures*, The Urban Institute for the EEOC Office of Inspector General, March 2013.

Consistent with the Commission's focus on improving the effectiveness of government through rigorous evaluation and evidence-based policy initiatives, the EEOC will continue to identify appropriate program areas for evaluation during the reporting period of the agency's Strategic Plan. This on-going evaluation will ensure that the EEOC's efforts align with the agency's budget and other programmatic priorities. The EEOC will assess its progress on an ongoing basis to reaffirm its commitment to fulfilling the agency's mission.

In fiscal year 2023, the agency continued its work to address the following evaluation projects:

- **Inter-Agency Agreement between the EEOC and the National Academies for a Panel to Evaluate the Quality of Compensation Data Collected from U.S. Employers by the EEOC through the EEO-1 Form**. In 2020, the EEOC contracted with the National Academies to evaluate the EEOC's historic, first-time collection of pay data from certain private employers and federal contractors between July 2019 and February 2020. On July 28, 2022, the National Academies issued an approximately 300-page Consensus Study Report, which concluded that the data the EEOC collected may be used to prioritize investigations and the agency's allocation of resources to identify potential pay discrimination. The report also offers recommendations for improving the collection of pay data in the future. Many of the recommendations complement and were incorporated into existing efforts as part of the agency's ongoing modernization of its EEO data collections and data analytics that began in fiscal year 2022 and continued in fiscal year 2023. The EEOC will use the report from the National Academies to inform the agency's approach should it decide to again undertake pay data collection in the future.

- **Mediation Survey Modernization Project**. EEOC mediation participants are now able to share their feedback by completing a survey electronically, in English, Spanish, Chinese (Simplified), and Haitian Creole. The project's benefits include fewer steps in the process of distributing the survey to participants, faster receipt of survey responses, reduced data entry, and elimination of postage. In fiscal year 2023, technological enhancements were made to allow for same day availability of survey results, data compilation, and analysis. Previously, surveys were sent weekly/bi-weekly to the participants, with results dependent upon the dates of the transmissions maintained in each office in varying Excel formats. The cross-office collaboration and experience acquired in executing targeted survey instruments, protocols, and oversight among EEOC program offices is an excellent model for other strategic applications involving customer canvassing, training/outreach assessments, and targeted programmatic evaluations.

- **The EEOC's Data and Analytics Modernization Program**. The goals of the modernization program are to: 1) enhance transparency of agency functions and operations; 2) reduce burden on our stakeholders; 3) augment agency use of modern data analytics to drive data-driven decision making; and 4) promote greater public access to data. In fiscal year 2023, the EEOC's Office of Enterprise Data and Analytics (OEDA) led and participated in several modernization efforts specific to the evaluation of its data collection and reporting. With the transition of the enforcement data collection from the EEOC's IMS to ARC, OEDA worked closely with EEOC's Office of Information Technology (OIT) and Office of Field Programs (OFP) to identify reporting errors. Inaccurate data or data collection issues were promptly reported to OIT/OFP and collaboratively corrected. In fiscal year 2023, OEDA continued to rebuild its regular reporting for enforcement using the new ARC data structure and performed regular quality assurance testing on the reports.

STRATEGIC GOALS AND PERFORMANCE RESULTS SUMMARY

As discussed above, the EEOC's Strategic Plan established a national framework to achieve the agency's mission by pursuing three strategic goals and their underlying objectives. The Strategic Plan also identified strategies for achieving each strategic objective and identified 15 performance measures for gauging the EEOC's progress for fiscal year 2023.

The Strategic Plan was approved by the Commission on August 16, 2023. The agency began implementation of the plan immediately and made significant process during the remainder of fiscal year 2023. The chart below summarizes the agency's progress in meeting the performance measures for fiscal year 2023.

EEOC FY 2023 Performance			
Measures	**Targets Met or Exceeded**	**Targets Partially Met**	**Targets Not Met**
15	12	3	0

In fiscal year 2023, the agency's ability to make progress on the goals and objectives adopted in the Strategic Plan depended on effective management of an increased demand for the agency's services. During fiscal year 2023, the EEOC undertook substantive and meaningful work to implement the Pregnant Workers Fairness Act — a new statute that provides workers with limitations related to pregnancy, childbirth, or related medical conditions the right to reasonable accommodations absent undue hardship. The agency also successfully responded to increased calls and emails from members of the public seeking the agency's assistance. As described in more detail below, through the strategic use of the agency's resources, the EEOC was able to effectively combat employment discrimination during fiscal year 2023.

PERFORMANCE RESULTS

The EEOC's mission to prevent and remedy unlawful employment discrimination and advance equal employment opportunity for all guides the agency's work to promote fair and inclusive workplaces and enforce the nation's federal workplace anti-discrimination laws. In fiscal year 2023, the agency continued to expand its legacy of civil rights accomplishments.

Addressing Systemic Discrimination in all Forms and on all Bases

Effectively identifying and investigating systemic discrimination — where a discriminatory pattern, practice, or policy has a broad impact on an industry, company, or geographic area — is central to the mission of the EEOC. Systemic discrimination creates barriers to opportunity that can cause widespread harm to workers, workplaces, and the economy. If not effectively addressed, the discriminatory patterns, practices, and policies persist, leading to more harm to individuals subject to such practices and potentially more individuals filing charges against their employers. A robust systemic program enables the EEOC to make change on a national, regional, or industry level, while helping substantial numbers of employees at once.

In fiscal year 2023, the EEOC continued to identify and remedy systemic discrimination in all forms and on all protected bases. The EEOC has numerous tools to combat systemic discrimination, including outreach and education, technical assistance, and enforcement, and uses all of them to achieve change on a broad scale. As a result, the Commission's systemic enforcement program produced significant results during fiscal year 2023, including resolving over 370 systemic investigations on the merits and obtaining more than $29 million in monetary benefits for workers subjected to discrimination. These resolutions also included targeted, equitable relief designed to change employment practices, prevent future discrimination, and bring respondents into compliance with the law. In fiscal year 2023, the EEOC secured targeted equitable relief in 100% of successful systemic conciliations.

Some notable examples of systemic investigations that were successfully resolved in fiscal year 2023 include:

- A systemic investigation against a large retailer, which established evidence of failure to hire and promote women, Black, Asian, and Hispanic applicants, resolved for $5 million in monetary relief; the resolution also required retention of an expert to assist with the recruitment, hiring, training, and promotion of qualified Black, Asian, Hispanic, and female applicants; internal posting of all promotional opportunities; implementation of anti-discrimination policies and complaint procedures; the CEO's statement of commitment to equal employment opportunity to the company's workforce; and EEO training.
- An ADA and Title VII Commissioner charge, along with related charges, resolved for $3.8 million in monetary relief to a class of 106 employees denied religious and/or disability-related accommodations involving a COVID-19 vaccination requirement. Additional relief included the retention of a claims administrator, and ADA and Title VII training for respondent's human resources staff who process requests for reasonable accommodation. Prior to each training, the President and CEO will inform the participants of its commitment to non-discrimination.
- A systemic investigation against a nationwide juice and sandwich chain finding evidence of a failure to recruit, hire, and promote women resolved for $715,000 for a class of 1,000 applicants, as well as non-monetary relief including implementation of a nationwide promotion platform, EEO training during employee onboarding, and workplace climate surveys.

- A systemic investigation against an employer that failed to provide reasonable accommodations to eligible call center employees resolved for $595,000 for 49 aggrieved individuals, as well as non-monetary relief requiring changes to respondent's attendance and ADA accommodation-related policies, and ADA training for all call center employees.

- A systemic investigation against an electric utility company that failed to hire women due to the improper use of a non-job-related physical abilities test resolved for $592,000 for 58 female applicants. Additional relief included the discontinuation of the discriminatory test, procedures for the potential implementation of any subsequent hiring-related test, and training for the employer's personnel responsible for identifying, analyzing, or approving tests for applicant or employee selection.

During fiscal year 2023, EEOC administrative judges in the federal sector also resolved several significant class cases involving a discriminatory pattern, practice, or policy with a broad impact on federal employees and applicants, obtaining tens of millions of dollars along with equitable relief in the process. Some of the most notable examples include:

- A class action alleging a federal agency engaged in a pattern or practice of age discrimination in the rehiring process. Following an administrative judge's finding of liability, the case settled and the parties agreed to create a settlement fund of $47.5 million to be distributed to class members.

- A class action involving allegations that a federal agency discriminated on the basis of disability against federal sector job applicants settled for $37.5 million and substantial equitable relief.

When efforts to combat systemic discrimination through voluntary compliance fail, litigation may be necessary to remedy and prevent future discrimination. In fiscal year 2023, the EEOC filed 25 lawsuits challenging systemic discrimination, comprising 17.5% of all merits suits filed. Of these 25 systemic cases, 11 were "pattern or practice" cases. The fiscal year 2023 systemic filings were almost double the number of systemic suits filed in each of the past three fiscal years, and the largest number of systemic filings since 2018. The allegations in the systemic lawsuits filed in fiscal year 2023 included hiring claims based on sex, race, national origin, age, and disability; harassment claims based on sex and race; claims of failure to accommodate and unlawful application of a qualification standard based on disability; discharge claims based on disability, race, color, and retaliation; and an equal pay claim based on sex.

The EEOC resolved 14 systemic lawsuits in fiscal year 2023, obtaining just over $11.7 million for 806 workers subjected to systemic discrimination as well as significant equitable relief. The EEOC's litigation program achieved a remarkable 100% success rate in its systemic case resolutions this year. As just one example, in *EEOC v. R&L Carriers, Inc., and R&L Carriers Shared Services, LLC*, No. 1:17-cv-00515 (S.D. Ohio April 24, 2023), the EEOC alleged that national freight trucking carriers denied dockworker positions to women because of their sex. In addition to data showing a statistically significant underrepresentation of female dockworkers/loaders at the Wilmington terminal, statements attributable to defendants indicated their belief that women should not be employed as loaders. Also, comparisons of contemporaneous male and female applicants showed that men were hired for loader positions over more qualified women. The 3-year consent decree in this case provides $1.25 million to about 200 women who applied for loader positions and were not selected between 2010 and 2017 and enjoins the employer from failing to hire women as loaders because of their sex.

Preventing and Combatting Workplace Harassment

Harassment, both in-person and online, remains a serious issue in our nation's workplaces. Nearly 35% of the charges of employment discrimination that the EEOC received between fiscal year 2018 and fiscal year 2022 included an allegation of harassment.

During fiscal year 2023, the EEOC continued to prevent and combat workplace harassment in all forms and on all bases—including sexual harassment and harassment based on race, disability, age, national origin, religion, color, sex (including pregnancy, childbirth, or related medical conditions, gender identity, and sexual orientation) or a combination or intersection of any of these. For example, the EEOC issued several resource documents aimed at preventing and addressing unlawful workplace harassment, including:

- On September 29, 2023, the EEOC posted for public inspection *Proposed Enforcement Guidance on Harassment in the Workplace*. The updated proposed guidance reflects notable changes in law, including the Supreme Court's decision in *Bostock v. Clayton County*; the #MeToo movement; and emerging issues, such as virtual or online harassment. The proposed guidance explains the legal standards and employer liability applicable to harassment claims under the federal employment discrimination laws enforced by the EEOC. It provides numerous updated examples to reflect a wide range of scenarios, incorporates updates throughout on current case law on workplace harassment, and addresses the proliferation of digital technology and how social media posts and other online content can contribute to a hostile work environment. After considering the public comments, the Commission plans to finalize the document in fiscal year 2024.
- In May 2023, the EEOC updated its compendium of advice for employers and workers known as *What You Should Know About COVID-19 and the ADA, the Rehabilitation Act, and Other EEO Laws* to address EEO implications of the end of the COVID-19 public health emergency, including concerns about workplace harassment of individuals with disabilities (some of whom continue to wear protective masks in the workplace).
- In April 2023, the EEOC issued a technical assistance document, *Promising Practices for Preventing Harassment in the Federal Sector*, which provides practical tips for preventing and addressing harassment within the federal civilian workforce. Many of the practices identified in the document may also be helpful to employers outside of the federal government. This technical assistance document builds on the work of the *2016 Report of the Co-Chairs of the EEOC's Select Task Force on the Study of Harassment in the Workplace* and the *2017 Promising Practices for Preventing Harassment*.

During fiscal year 2023, the EEOC worked to prevent and combat workplace harassment in the federal sector. Harassment has been the number one issue alleged in employment discrimination complaints filed against federal agencies since at least fiscal year 2011 and has been alleged in over half of federal sector EEO complaints since fiscal year 2018. In fiscal year 2023, EEOC administrative judges processed thousands of harassment complaints, obtaining significant settlement awards for federal employee complainants. Some notable examples include:

- Resolution of a federal sector case involving allegations of a hostile environment based on sex, sexual orientation, and reprisal for $95,000 in compensatory damages and attorneys' fees.
- Resolution of two federal sector cases involving allegations of race, national origin, age, sex, and reprisal-based hostile-environment harassment and disparate treatment for $105,000 in compensatory damages, lost wages, and attorneys' fees.

- After an administrative judge sanctioned an agency for its failure to adequately investigate an individual's formal complaint of disability and reprisal-based hostile-environment harassment, with the help of an EEOC mediator, the case resolved for $240,000 to the complainant.

In addition, administrative judges made formal findings of discrimination in dozens of cases alleging harassment, including:

- Finding that the complainant, a food service worker at a federal agency, was sexually harassed by her team lead and then retaliated against when she complained to her supervisor, the agency was ordered to pay the complainant $85,000 in compensatory damages, restore leave taken as a result of the harassment, and provide EEO training for the responsible management officials.

- Finding that the complainant was subjected to hostile-environment harassment based on sex and reprisal for prior EEO activity when he endured micromanagement that his female colleagues did not and was given unreasonable deadlines and other performance expectations, the complainant was awarded $182,786 in non-pecuniary compensatory damages, attorneys' fees, and costs.

In fiscal year 2023, the EEOC also resolved 35 lawsuits alleging harassment (all bases) for nearly $9.8 million in monetary relief benefiting 184 individuals, including three systemic cases. For example, in *EEOC v. AMTCR, Inc., AMTCR Nevada, Inc., AMTCR California, LLC* No. 2:21-cv-01808 (D. Nev. Jan 5, 2023), the EEOC alleged that affiliated entities that own and operate 21 McDonald's franchises in the southwest subjected the male charging party and other male and female employees to sexual harassment, resulting in the constructive discharge of the charging party and other employees. The charging party, a teen, was subjected to sexual comments and advances and unwanted touching. After the teen and his mother complained to management, no corrective action was taken; instead, a manager said that the teen should take the conduct as a compliment. The teen quit due to the employers' failure to stop the sexually offensive conduct. Other male and female employees, including some teens, were also subjected to groping, sexually explicit comments, and sexual requests from coworkers and managers. One male general manager conditioned hire on the acquiescence of male applicants to dates and sexual activity. The 3-year consent decree in this case provides for $1,997,500 to 41 individuals, injunctions against sexual harassment and retaliation, trainings on sex-based discrimination, harassment, and retaliation, a toll-free bilingual hotline for complaints, and reporting.

The EEOC also engaged in outreach and education to prevent and combat workplace harassment in fiscal year 2023. In the federal sector, the agency offered eight Respectful Workplace courses and one Anti-Harassment Program course and addressed workplace harassment in outreach and engagement events at stakeholder conferences and meetings.

The EEOC also expanded its Youth@Work initiative and updated its related Youth@Work website that provides information regarding rights and responsibilities of young workers. The EEOC's Youth@Work materials now include important information related to human trafficking, which may violate the laws that the EEOC enforces, usually in the context of harassment and exploitation. The expanded content provides easily accessible information containing links and examples of EEOC cases involving human trafficking and teaches youth how to recognize when a job offer may be part of a human trafficking scheme and how to avoid it. Updated materials also provide guidance and tips new employees should follow to safeguard their critical documents such as passports and visas and making sure that trusted friends and relatives have the individual's contact and travel information.

Advancing Racial Justice

Over the past six fiscal years, approximately one-third of all charges filed with the EEOC have alleged some form of racial discrimination. As the primary federal agency that enforces laws against employment discrimination, the agency continued to play a key role in promoting racial justice in the workplace during fiscal year 2023. For example, the EEOC successfully conciliated a systemic investigation after finding evidence of egregious racial harassment, which included racial epithets, graffiti, and the hanging of confederate flags in the workplace of a construction mining company. The EEOC resolved the case for $730,000 for the 16 affected workers, and far-reaching injunctive relief to prevent the recurrence of race discrimination at this workplace.

The EEOC also resolved a systemic investigation against a construction company and four subcontractors that were accused of racial harassment. The EEOC obtained $315,000 in monetary relief for the six charging parties plus a class of aggrieved individuals and extensive injunctive relief, which included the hiring of an external EEO monitor, workplace climate surveys, and anti-discrimination training for all staff.

When efforts to combat racial discrimination through voluntary compliance fail, litigation may be necessary to remedy and prevent future discrimination. In fiscal year 2023, the EEOC resolved 19 lawsuits alleging race and/or national origin discrimination for nearly $4.9 million in monetary relief benefiting 89 individuals, including two systemic cases. As one example, in *EEOC v. The Whiting-Turner Contracting Company*, No. 3:21-cv-00753 (M.D. Tenn. May 3, 2023), the EEOC alleged that a construction contractor headquartered in Maryland subjected the two charging parties and other Black employees working as laborers at a construction site in Clarksville, Tennessee to racial harassment and retaliated against the charging parties. The harassment included a white crew leader referring to Black employees as "boy," "m___ f___," and "you." According to the suit, portable toilets and buildings were riddled with racially offensive graffiti, such as the n-word and KKK references. In addition, Black employees were assigned the most physically difficult work while white employees were given more desirable assignments. Black employees reported the harassment, but the defendant did not investigate; instead, a white assistant superintendent told one of the Black employees to "let it go" and that the crew leader was "old-fashioned." A newly appointed white crew leader also treated Black employees in a demeaning and disrespectful manner. The charging parties complained about the racially offensive conduct multiple times and were eventually discharged after they complained to a manager in a team meeting. The 2-year consent decree in this case provides for $1.2 million to 31 claimants and requires the employer to assign an EEO liaison to each construction site and provide training.

Race also remains among the most alleged protected bases in federal sector discrimination complaints. During fiscal year 2023, the EEOC received approximately 1,400 hearing requests involving race as a basis of discrimination. During the same period, the EEOC's federal sector received 909 appeals that alleged discrimination based on race/Black. The EEOC's federal sector hearings and appeals programs remain committed to eradicating race discrimination and all other forms of employment discrimination.

In January 2022, the agency adopted an equity action plan, which focuses on systemic racial discrimination, advancing equity in the agency's activities, and improving outreach and access to underserved communities, including communities that are disproportionately Black, Hispanic and Native American. The equity action plan includes improving worker access to the EEOC's charge filing process and continuing to improve access to EEOC's resources for people whose primary language is not English or who have limited proficiency in reading or accessing digital resources.

In furtherance of the agency's equity action plan, in fiscal year 2023, the EEOC conducted 24 events reaching 8,530 attendees, 316 low literacy outreach events reaching 26,107 attendees, and 243 listening sessions reaching 31,663 attendees. The EEOC also partnered with advocacy groups to reach immigrant and farmworker communities, as well as communities where individuals are reluctant to come forward. During fiscal year 2023, the agency conducted 224 immigrant and farmworker outreach events reaching 21,173 attendees.

In fiscal year 2023, the EEOC-FEPA and Tribal Employment Rights Office (TERO) Joint Conference included discussions on top employment-related issues that Native Americans and Alaska Natives face, facilitated by a TERO Director and the Chairman of the Board of the Council for Tribal Employment Rights (CTER), an organization that represents the interests of Tribes. The EEOC also sponsored a Tribal youth event titled, "Breaking Employment Barriers—Tribal Students and Equal Opportunity." During the Tribal youth event, the American Indian Higher Education Consortium (AIHEC), which serves as the collective voice of the Tribal Colleges and Universities (TCUs), the U.S. Department of Education/Office of Indian Education, and the Society of American Indian Government Employees (SAIGE) gave presentations. The audience of over 200 included TCU students, media, and federal employees from the EEOC and other agencies.

To provide members of the public, including both Tribal and non-Tribal audiences, with greater access to the services offered by the EEOC, the agency created an animation video on ways to reach the EEOC and file a charge of discrimination. The video has voice overlay technology in Arabic, Haitian Creole, Korean, Mandarin Chinese, Russian, Spanish, Tagalog, and Vietnamese. The video is posted on the EEOC YouTube channel and is embedded on the Tribal Programs webpage, and other webpages on the EEOC's external website.

During fiscal year 2023, the EEOC undertook additional notable language access projects to increase accessibility to the EEOC's programs and services, including:

- Conducting nationally syndicated radio media tours in Spanish and in English to inform the public of the PWFA, with a potential reach of over 3.5 million Spanish speaking listeners and more than 34.2 million English speaking listeners.
- Posting over 170 additional webpages on www.eeoc.gov in languages other than English: 10 in simplified Chinese, Haitian Creole, Korean, Russian, Tagalog, and Vietnamese, 14 in Spanish, 28 in Arabic, and 60 in traditional Chinese. In total, all of the EEOC's translated webpages have been visited 3,066,794 times in fiscal year 2023, over one million more times than in fiscal year 2022.
- Developing an interactive Contact Us map that features addresses, phone numbers, and webpages for EEOC Offices, TEROs, and FEPAs. The contact information for each office is available in Spanish, Arabic, Simplified Chinese, Haitian Creole, Korean, Russian, Tagalog, and Vietnamese.
- Partnering with the U.S. Citizenship and Immigration Services (USCIS) Verification Division to inform workers new to the workforce that the right to work includes the right to work free of discrimination and harassment. A QR Code that takes the user to the EEOC's contact information and a brief narrative of the laws the EEOC enforces was launched in late January 2023, and is now included in USCIS' employment authorization card mailer and permanent resident card mailer. USCIS reports 5 million people have received the EEOC QR Code to-date.

The EEOC also conducted additional education and outreach activities in fiscal year 2023 to promote racial justice and confront systemic barriers in the workplace, including:

- 220 racial justice events reaching 24,188 attendees;
- 188 race and color outreach events reaching 21,386 attendees;
- 46 Tribal outreach events reaching 2,865 attendees;
- 31 Historically Black Colleges and Universities (HBCU) outreach events reaching 1,626 attendees; and
- 684 vulnerable worker outreach events reaching 74,769 attendees.

The EEOC continued working with the White House Initiative on Asian Americans, Native Hawaiians, and Pacific Islanders (WHIAANHPI) Regional Network to coordinate interagency stakeholder events and listening sessions to promote equity and improve access to federal services for Asian Americans, Native Hawaiians, and Pacific Islanders (AANHPI). In fiscal year 2023, EEOC Regional Network participants partnered with WHIAANHPI to address safety, access to justice, and violence prevention for AANHPI communities by preventing, addressing, and better tracking acts of hate and bias. During fiscal year 2023, the agency conducted 95 WHIAANHPI outreach events reaching 4,241 attendees.

The EEOC also continued to support Executive Order 13985: Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, by integrating the order into the EEOC's partnership and outreach strategy. Through the EEOC's state, local, Tribal, federal, and advocacy group partnerships, the agency worked to advance equity in organizational policies and employment practices, and to reduce employment barriers for targeted underserved communities. The EEOC's district offices worked together to host regional listening sessions and identify partnerships that allow the agency to extend its reach into underserved communities. During these sessions, the EEOC increased awareness of fiscal year 2023 strategic partnership priorities, provided information, and shared upcoming virtual trainings.

To support Executive Order 14041: White House Initiative on Advancing Educational Equity, Excellence, and Economic Opportunity Through Historically Black Colleges and Universities (HBCU), the EEOC developed a strategic plan with five targeted goals to enhance communication and collaboration with HBCUs. The EEOC plan identifies areas of progress made toward achieving these goals and highlights continued efforts to recruit HBCU students and graduates. For example, the EEOC engages in outreach to HBCUs through several initiatives, such as the EEOC's Youth@Work program, technical assistance/engagement workshops, and fostering collaborative relationships with HBCUs at the annual Equal Justice Works Career Conference. The EEOC continues to build upon its effort to advance the aims of Executive Order 14041 and the HBCU PARTNERS Act by broadening its engagement, partnership, and collaboration with federal, state, local, and Tribal partners to better support HBCUs. These efforts include recent partnerships with the U.S. Department of Labor (DOL) to host HBCU Presidents Listening Sessions and the EEOC's participation in the National HBCU Week Conference.

Preventing and Remedying Retaliation

Retaliation continues to be a deeply entrenched problem in American workplaces. During fiscal year 2023, the EEOC continued its efforts under its joint initiative with the Department of Labor (DOL) and the National Labor Relations Board (NLRB) to raise awareness about retaliation issues when workers exercise their protected rights. As part of this initiative, the EEOC has been collaborating with DOL and NLRB to protect workers, educate the public and engage with employers, business organizations, labor organizations and civil rights groups.

During fiscal year 2023, the EEOC successfully resolved a systemic investigation against an employer which involved allegations of retaliation, sexual harassment, and disability-related harassment. The EEOC obtained $250,000 for five aggrieved individuals, and non-monetary relief including retention of an outside consultant to review, revise, and distribute the employer's EEO policies; anti-discrimination training to all facility employees; and submission of all harassment and retaliation complaints to the EEOC for the term of the agreement.

In the federal sector, retaliation/reprisal remains the most frequently alleged basis of discrimination by federal-employee complainants. EEOC administrative judges identified and remedied unlawful retaliation, including instances of *per se* reprisal, in numerous cases during the fiscal year. Some notable examples include:

- Finding that a federal agency committed *per se* reprisal against the complainant when an agency official made comments critical of the complainant's EEO activity, the agency was ordered to provide over $209,000 in compensatory damages and attorney's fees and costs, as well as non-monetary relief and EEO notice postings.
- Finding that a federal agency discriminated against the complainant on the basis of retaliation (oppositional EEO activity) when he was involuntarily reassigned and issued a minimally successful performance rating, the agency was ordered to pay the complainant $291,000 and to expunge the performance rating from the complainant's official record, replacing it with a highly successful rating. The agency was also ordered to provide training and post an EEO notice.

When efforts to combat retaliation through voluntary compliance fail, litigation may be necessary to remedy and prevent future retaliation and ensure that employees are not dissuaded from exercising their federally protected rights. In fiscal year 2023, the EEOC resolved 34 lawsuits alleging retaliation for nearly $8.3 million in monetary relief benefiting 167 individuals, including three systemic cases. For example, in *EEOC v. Hooters of Louisiana, LLC, Blue Sky Management Company, LLC, and Gibson, Greco, and Wood, Ltd.*, No. 2:23-cv-2864 (E.D. La. Sept. 5, 2023), the EEOC alleged that the three defendants subjected Black servers, hostesses, and bartenders working at a Hooters franchise restaurant in Metairie, Louisiana between 2017 and 2020 to racial harassment and to failure to recall because of their race and in retaliation for their complaints of discrimination. In March 2020, at the outset of the pandemic, the Metairie restaurant laid off 33 of its 40 employees, including its seven Black employees. In June, a number of Black employees filed hotline complaints with corporate about race-based harassment and discriminatory recall and hiring practices; the charges of discrimination were filed shortly thereafter. They were never recalled, the EEOC alleged, either because of their race or in retaliation for complaining about discrimination. The 3-year consent decree in this case provides for $650,000 in damages to six individuals, injunctions against discrimination and harassment based on race and retaliation, annual training, and reporting.

Enforcement, outreach, education, and training are essential tools that the EEOC utilizes to prevent and remedy retaliation. During fiscal year 2023, in addition to including information about retaliation in all outreach programs, the EEOC:

- Conducted 188 retaliation outreach events reaching 26,695 attendees.
- Provided the agency's retaliation outreach brochure and other outreach materials to all of our TERO partners and CTER for broad dissemination to Tribes nationwide.
- Conducted several Training Institute workshops and customer specific trainings about preventing workplace retaliation and best practices.
- Addressed retaliation in both the private sector and federal sector courses on "Respectful Workplaces" for employees and "Leading for Respect" for managers and supervisors.

Advancing Pay Equity

Although it has been almost 60 years since the EPA and Title VII outlawed pay discrimination, significant and unjustified pay disparities persist. While not all pay disparities result from discrimination, discrimination in promotions as well as other discriminatory factors such as race and gender segregation in jobs and assignments contribute to the problem. As significant pay disparities continue to persist for women and, in particular, many women of color, Native American and indigenous women, immigrant women, and women with disabilities, the EEOC focuses on compensation systems and practices that discriminate on any protected basis, including sex.

In fiscal year 2023, the EEOC successfully conciliated a systemic investigation after finding evidence that a car manufacturing company paid a class of Black managers substantially less than their white peers and subjected them to retaliatory harassment as a result of their complaints of wage discrimination. The EEOC obtained $2.5 million for 19 aggrieved individuals, as well as extensive injunctive relief to correct the wage disparities and prevent future harassment, including training for over 4,000 workers over the term of the four-year agreement. The EEOC also successfully conciliated an EPA/Title VII systemic investigation after finding evidence of pay discrimination against women by a behavioral health and medical care services company. The EEOC obtained $172,500 for six female employees, extensive injunctive relief and corrective actions such as a company-wide compensation analysis and subsequent wage increases for those identified through the analysis, and company-wide Title VII and EPA training conducted by a qualified external instructor.

The EEOC is equally committed to the enforcement of equal pay laws in federal sector employment. During fiscal year 2023, the EEOC received 5 requests for federal hearings and 141 federal appeals involving wage or compensation discrimination.

When efforts to combat wage discrimination through voluntary compliance fail, litigation may be necessary to remedy and prevent future discrimination. In fiscal year 2023, the EEOC resolved nine lawsuits involving compensation discrimination, including a systemic case. Notably in fiscal year 2023, the EEOC resolved *EEOC v. Verona School District*, No. 3:22-cv-39 (W.D. Wisc. June 16, 2023). The EEOC alleged that the defendant, a public school district in Wisconsin, paid nine female special education teachers less than a male special education teacher and paid a female school psychologist less than a male school psychologist. The female special education teachers all had much more experience than the male teacher, and two of the female teachers, but not the male, were nationally board-certified in special education. The male special education teacher, who was hired in June 2019, earned $80,924 during the 2021-22 school year, while more senior female teachers earned between $63,816 and $75,755 that year. The female school psychologist was hired in 2004 and the male in 2017. They had similar educational backgrounds. For the 2020-2021 school year, the female school psychologist earned $70,449 while the male earned $87,595. The 4-year consent decree in this case provides the 10 claimants $450,000, and the defendant will raise claimants' salaries. The decree also enjoins paying female teachers less than male teachers, enjoins retaliation, provides that the defendant will review and revise its compensation policies, and provides for EPA training and reporting.

To ensure that workers understand their right to equal pay and that employers understand their responsibilities in this area, the EEOC conducted 125 equal pay outreach events reaching 13,814 attendees in fiscal year 2023. The Training Institute also conducted three workshops addressing compliance with the EPA and pay equity, and the EEOC's Examining Conflicts in Employment Law (EXCEL) conference featured several sessions on pay equity.

The agency also commemorated the 60th anniversary of the EPA with resources for the public, including an equal pay data highlight, a fact sheet on notable EEOC litigation involving pay discrimination, and an equal pay social media video campaign called "#Level The Paying Field." Through this 9-week social media campaign, in which EEOC leaders, other public officials, charging parties, celebrities, and the general public made short videos explaining why equal pay is important to them, the EEOC reached 64,650 accounts, including 55,210 non-followers, allowing the agency to reach individuals who typically do not see the EEOC's content. The campaign resulted in a 13.8% increase in followers and generated 105,000 impressions between June 8, 2023 and August 11, 2023.

Advancing Diversity, Equity, Inclusion, and Accessibility in the Workplace to Promote Equal Opportunity

On June 25, 2021, President Biden issued Executive Order 14035: Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce (EO 14035), which provides that the federal government, as the nation's largest employer, will promote equal opportunity through diversity, equity, inclusion, and accessibility (DEIA) in the federal workforce. The Executive Order directs agencies to develop and implement a more comprehensive, integrated, and strategic focus on DEIA as key components of their strategies.

During fiscal year 2023, the EEOC played a vital role in advancing the goals of EO 14035, including:

- Operationalizing the Chief Diversity Officers Executive Council to advance the national strategy for DEIA across the federal government. The Council is chaired by the Director of OPM, and vice-chaired by the EEOC Chair and the OMB Deputy Director for Management.

- Convening a special meeting for the federal sector EEO/DEIA community at which the EEOC Chair and Vice Chair provided insights on EEO/DEIA policies and programs after the Supreme Court's holding in *Students for Fair Admissions, Inc. v. President & Fellows of Harvard College* and *Students for Fair Admissions, Inc. v. University of North Carolina*.

- Issuing resource documents in support of the EO's objectives, including:

    - Building for the Future: Advancing Equal Employment Opportunity in the Construction Industry.
    - Promising Practices for Preventing Harassment in the Federal Sector.
    - Second Chances Part I — Federal Employment for Workers with Past Arrests or Convictions.
    - Second Chances Part II — History of Criminal Conduct and Suitability for Federal Employment.
    - Protections Against Employment Discrimination for Service Members and Veterans.
    - What to Do if You Face Antisemitism at Work.

- Working with the White House and OPM to offer barrier analysis training to support federal hiring efforts under the Bipartisan Infrastructure Law — to help agencies understand potential hiring barriers to underserved communities.

The EEOC's own DEIA Strategic Plan, which was adopted in fiscal year 2022, lists the agency's proposed goals and a strategy to implement the agency's new DEIA program. The Plan is designed to achieve four overarching goals:

- **Workforce Diversity.** Recruit from a diverse, qualified group of potential applicants drawn from all segments of American society to secure and retain a high-performing workforce.
- **Employee Equity**. Create and ensure equal opportunity for all aspects of the employment life cycle.
- **Inclusive Practices.** Cultivate a culture that encourages collaboration, flexibility, and fairness to enable individuals to reach their full potential.
- **Accessibility.** Develop and maintain facilities, information and communication technology, programs, and services so that all EEOC employees can fully and independently use them to perform the essential functions of their work.

The creation, in fiscal year 2022, of the EEOC's Office for Civil Rights, Diversity, and Inclusion (OCRDI) laid the foundation for the agency's efforts to achieve these goals. The EEOC is committed to being an organization that seeks out and employs people with differing points of view, backgrounds, experiences, perspectives, and ideas. The continued growth and expansion of OCRDI in fiscal year 2023 demonstrates the agency's commitment to becoming an organization that understands the importance of cognitive and identity diversity and intentional inclusion in driving innovation, through which it accomplishes its mission.

During fiscal year 2023, the EEOC served on the implementing committee for Executive Order 13988: Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation (EO 13988), the White House Gender Policy Council, and the interagency working group for the White House Initiative on AA and NHPIs. The agency also participated in the Interagency Policy Committee to Counter Antisemitism, Islamophobia, and Related Forms of Discrimination and Bias, which resulted in the National Strategy to Counter Antisemitism, and a new Gender Based Violence Federal Interagency Working Group. Additionally, the EEOC provided consultation in support of Executive Order 13985: Advancing Racial Equity and Support for Underserved Communities Through the Federal Government (EO 13985), and Executive Order 14075: Advancing Equality for Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex Individuals (EO 14075).

The Training Institute's annual EXCEL Conference was held in person for the first time since before the Covid-19 pandemic and included sessions focused on DEIA with a record number of 880 registrants from the private and federal sectors. The conference featured presentations from DEIA experts across the country and included training sessions on various DEIA issues.

In January 2022, the EEOC and OFCCP launched the Hiring Initiative to Reimagine Equity (HIRE), a multi-year collaborative effort. HIRE has engaged a broad array of stakeholders to expand access to good jobs for workers from underrepresented communities and help address key hiring and recruiting challenges as our nation makes major investments in our infrastructure and recovery. Since its launch, HIRE has hosted four virtual public roundtables to highlight barriers and promising practices on a variety of topics.

In addition to the EEOC's efforts to advance racial equity, during fiscal year 2023, the EEOC worked to ensure equity for other underserved communities, including workers who face discrimination based on pregnancy or pregnancy-related conditions. President Biden signed into law the PWFA on December 29, 2022, charging the EEOC with enforcement of the new statute. The PWFA requires covered employers to provide reasonable accommodations to a worker's known limitations related to pregnancy, childbirth, or related medical conditions, unless the accommodation will cause the employer an undue hardship. The PWFA requires the EEOC to issue regulations to implement the law by December 29, 2023. Accordingly, the Commission issued a Notice of Proposed Rulemaking (NPRM) on August 11, 2023, with a comment period that closed on October 10, 2023. The EEOC began accepting PWFA charges on June 27, 2023, the day the law became effective.

The PWFA promotes the economic security and health of pregnant and postpartum workers by providing them with access to support on the job to keep working. It recognizes that even though workers affected by pregnancy, childbirth, or related medical conditions may have certain rights under other civil rights laws, such as Title VII, the ADA, the Family and Medical Leave Act, and various state and local laws, there are gaps in that protection. The PWFA fills the gaps in current federal legal protections, giving workers affected by pregnancy, childbirth, and related medical conditions a direct route to obtaining reasonable accommodations, absent undue hardship.

The EEOC also worked to combat discrimination and ensure inclusion of individuals with disabilities in the workplace. For example:

- In January 2023, the EEOC released a significant update to a technical assistance document entitled, *Hearing Disabilities in the Workplace and the Americans with Disabilities Act.* These updates responded to a significant number of EEOC charges and case resolutions arising from applicants who are deaf or hard of hearing facing rejection shortly after requesting American Sign Language (ASL) interpreting services for a job interview. The document discusses the rights of job applicants who are deaf or hard of hearing, and the availability of free or low-cost reasonable accommodations. In March 2023, the EEOC released an ASL video discussing the key issues addressed in the technical assistance document, allowing the agency to directly reach a key community of ASL-speakers.

- In July 2023, the EEOC also issued significantly revamped technical assistance on *Visual Disabilities in the Workplace and the Americans with Disabilities Act*. Pulling together an up-to-date collection of potential reasonable accommodations for individuals with visual disabilities, as well as notable updates to the discussions of job applicants, disability-related inquiries, and reasonable accommodation, the technical assistance document serves as a resource for both employers seeking to engage in voluntary compliance, and job applicants and employees seeking greater understanding of their workplace rights.

- In September 2023, the EEOC jointly released, with the U.S. Department of Labor's Office of Federal Contractor Compliance Programs (OFCCP) and Office of Disability Employment Policy (ODEP) a commemorative resource guide — *Employment Protections Under the Rehabilitation Act of 1973: 50 Years of Protecting Americans with Disabilities in the Workplace* — providing an overview of the rights of applicants and employees with disabilities at federal agencies and federal contractors, and the corresponding duties of their employers, as well as a rich collection of resources more fully fleshing out these rights and obligations. Marking the 50th anniversary of the passage of the Rehabilitation Act of 1973, the resource guide marks a step forward in ensuring diversity, equity, inclusion, and accessibility in federal and federal contractor workplaces for individuals with disabilities.

Addressing the Use of Technology, Including Artificial Intelligence, Machine Learning, and Other Automated Systems in Employment Decisions

The EEOC recognizes that while the use of technology, including artificial intelligence, machine learning, and other automated systems, may offer new opportunities for employers, such systems also have the potential to discriminate. During fiscal year 2023, the EEOC built upon its Artificial Intelligence and Algorithmic Fairness Initiative to ensure that the use of software, including artificial intelligence (AI), machine learning, and other emerging technologies, in hiring and other employment decisions complies with the federal civil rights laws that the EEOC enforces.

In fiscal year 2023, some of the EEOC's accomplishments in this area included:

- Holding a public hearing to examine the use of automated systems, including artificial intelligence, in employment decisions.
- Issuing technical assistance, including:
    - *Assessing Adverse Impact in Software, Algorithms, and Artificial Intelligence Used in Employment Selection Procedures Under Title VII of the Civil Rights Act of 1964*, which clarifies that Title VII applies to employers' use of automated systems to make or inform selection decisions, discusses how an employer might determine whether its use of such systems has a disparate impact on the basis of race, sex, or other characteristic protected by Title VII, and emphasizes that compliance with the "four-fifths rule" as described in the *Uniform Guidelines on Employee Selection Procedures*, 29 C.F.R. part 1607, does not guarantee that a procedure won't be found to have a disparate impact on a prohibited basis.
    - *Visual Disabilities in the Workplace and the ADA*, which includes a discussion of visual disabilities and algorithmic or AI decision-making tools.
- Issuing a Joint Statement from the EEOC Chair, along with the Director of the Consumer Financial Protection Bureau, the Assistant Attorney General of the Department of Justice's Civil Rights Division, and the Chair of the Federal Trade Commission on Enforcement Efforts Against Discrimination and Bias in Automated Systems.
- Providing introductory AI training to all of the EEOC's headquarters staff and field offices and intermediate AI training to all systemic staff in the field.

In fiscal year 2023, the EEOC resolved two matters with technology at the forefront. In *EEOC v. iTutorGroup, Inc.; Tutor Group Limited; and Shanghai Ping'Aan Intelligent Education Technology Co. Ltd.*, No. 1:22-cv-02565 (E.D.N.Y. Sept. 8, 2023), the EEOC alleged that the providers of English-language tutoring services discriminated against a group of individuals because of their ages. In 2020, the companies programmed their application software to automatically reject female applicants over the age of 55 and male applicants over the age of 60. Consequently, over a period of a few weeks in 2020, the companies failed to hire the charging party and more than 200 other qualified tutor applicants age 55 and older from the United States because of their ages. The five-year consent decree in this case provides for $365,000 to the affected applicants who were rejected between March and April 2020. The decree enjoins rejecting applicants or screening applicants based on sex or age, requesting dates of birth of applicants, and retaliation. The EEOC also successfully resolved a public conciliation of a Title VII investigation after finding evidence of national origin discrimination. DHI Group, Inc., which operates a job-search website for technology professionals Dice.com, had customers post positions that excluded applicants of American national origin, deterring a class of workers from applying. Pursuant to the conciliation agreement, DHI will compensate the estate of the original complainant and rewrite its programming to "scrape" for potentially discriminatory keywords. DHI also agreed to revise its guidance to customers on its "Job Postings not permitted on Dice" website pop-up to include instructions to avoid language such as "H-1Bs Only" or "H-1Bs and OPT Preferred." Through DHI's use of programming to "scrape" for discriminatory postings, it has agreed to use artificial intelligence to prevent and combat employment discrimination.

To ensure businesses, including small businesses, and workers, including those from vulnerable and underserved communities, understand that the use of software, including AI, machine learning, and other emerging technologies used in hiring and other employment decisions, must comply with EEO laws, the EEOC hosted 119 AI and algorithmic fairness outreach events reaching 11,735 attendees. During fiscal year 2023, EEOC Chair Charlotte A. Burrows also participated in a number of outreach events focused on the use of emerging technologies and the potential for discrimination, including the Forbes Future of Work Summit and a South by Southwest (SXSW) conference panel titled, "Is AI the New HR? Protecting Civil Rights at Work." The Training Institute also conducted two well-attended workshops to educate employers about the risks associated with AI in the workplace. Additionally, the EXCEL conference featured a session on Equitable Artificial Intelligence in the Workplace. Through the engagement of outside experts, State, Local, and Tribal Programs also held a panel discussion on the topic of Artificial Intelligence and Algorithmic Fairness at the 2023 EEOC-FEPA Conference, during which the EEOC presented training on identifying the use of artificial intelligence in employment decisions.

Ensuring the EEOC has the Resources Needed to Effectively Enforce the Law and Serve the Public

The EEOC has a critical role to play in addressing many of the urgent issues facing our nation. The EEOC requires sufficient resources and tools to continue to protect the civil rights of America's workers, both now and far into the future. In fiscal year 2023, the agency continued to prioritize ensuring that it had sufficient staff to address its expanding workload.

During fiscal year 2023 the EEOC filled 493 positions and ended the year with 2,331 employees onboard. Notably, 338 of the positions filled were front-line positions (investigators, investigative support assistants, mediators, and attorneys, among other positions). As a result of this hiring effort, the EEOC was able to address critical service and morale issues by restoring staffing losses in key areas. These hires also better position the agency to effectively manage an increased demand for the agency's services and ensure timely and appropriate resolution of discrimination charges.

The EEOC's Contact Center, which is operated by the Intake Information Group (IIG), serves a very high volume of EEOC stakeholders by providing a wide range of EEOC-related information through the EEOC's 1-800 toll free telephone number, 1-844 ASL video phone number, and the general EEOC email inbox, info@eeoc.gov. In fiscal year 2023, the EEOC received 522,132 calls to its 1-800 number (an almost 10% increase from fiscal year 2022) and 86,008 emails to its general information email inbox (an over 25% increase from fiscal year 2022). During fiscal year 2023, the EEOC successfully recruited, hired, and trained new contact representatives at the EEOC's Contact Center, to ensure that attrition did not result in a decrease in staffing at the IIG. Given the significant volume of contacts to the IIG during the fiscal year, ensuring that attrition did not result in a decrease in staffing was critical to the agency's ability to enforce the law and serve the public.

In addition, the EEOC was able to leverage technological resources within the IIG to serve the public more effectively. In June 2022, the IIG launched a new, state-of-the-art Telephony Platform for the EEOC's 1-800 toll free telephone number. The new platform was designed to provide comparable services to those offered by high volume, private sector call centers. A critical part of the new platform is the updated Interactive Voice Response (IVR), which was implemented in both English and Spanish. The new IVR contains significantly more automated information sought by callers to the EEOC's 1-800 number and presents that information in a user-friendly manner. During fiscal year 2023, the EEOC was able to fully leverage this new technology and greatly enhance the agency's ability to communicate with and provide accurate and timely information to a large number of stakeholders.

In addition to the enhanced IVR, the new Telephony system offered members of the public the option to receive information via an automated text messaging system. This enhancement proved highly successful with over 124,000 callers to the 1-800 number using the text messaging system during fiscal year 2023. Moreover, the EEOC was able to fully leverage the new Telephony system's ability to provide real-time customer satisfaction surveys. These surveys will provide the EEOC with feedback necessary to provide ongoing improvements to the customer satisfaction levels of EEOC stakeholders seeking information from the EEOC's Contact Center.

LOOKING FORWARD

The EEOC will continue to embrace and leverage technology to improve our services and upgrade the agency's ability to deliver greater access to data, enhance transparency, and augment the use of modern analytics to drive decision making. The EEOC will also continue to focus on efforts to modernize our digital systems to build upon our ability to prevent and remedy unlawful employment discrimination, as well as other technological enhancements necessary to improve the quality of services to the public.

One of the EEOC's major digital transformation efforts is the modernization of its legacy charge/case management system. In early 2020, the Technology Modernization Fund (TMF) Board provided the EEOC with an initial tranche of $2 million to modernize the legacy technology and data structure of our 22-year-old Integrated Mission System (IMS). From fiscal years 2020 through 2022, the EEOC defined and built a modern solution to enable the agency's private sector processes and the accompanying processes for its Fair Employment Practice Agency (FEPA) partners. This included evaluating, cleansing, and transforming more than thirty years of EEOC and FEPA data from legacy systems. In January 2022, the new ARC system went live for 145 EEOC and FEPA offices and more than 2,000 users. Having met the milestones outlined in the agreement with the TMF, the agency received the second, and final, $2 million tranche of TMF funding in mid-2022, supporting the remaining two domains that will be serviced by ARC: federal sector services and litigation. The litigation and litigation appeals modules were deployed in ARC during fiscal year 2023. The final modules, supporting federal sector services, are under development for deployment in fiscal year 2024.

In fiscal year 2024, the EEOC will continue its focus on enhancing its intake process for stakeholders aimed at increasing efficiencies related to the agency's private sector intake and charge receipt process. The EEOC continues to explore innovative ways to increase access to limited English proficient communities and communities with low literacy skills.

The EEOC will also continue to strengthen, strategically target, and develop outreach programs to engage with our many different audiences including underserved communities, advocacy groups, and small businesses. Education, training, and technical assistance are cost effective tools that promote understanding and voluntary compliance with EEO laws. One of the primary goals of outreach is to prevent employment discrimination before it occurs. The EEOC will continue to use a variety of methods, depending on the specific audience, to conduct outreach, education, and training.

FINANCIAL HIGHLIGHTS

The EEOC used OMB Circular Number A-136 Revised, dated May 19, 2023, as guidance for the preparation of the accompanying financial statements. The EEOC prepares four financial statements: Consolidated Balance Sheets, Consolidated Statements of Net Cost, Consolidated Statements of Changes in Net Position, and the Combined Statements of Budgetary Resources.

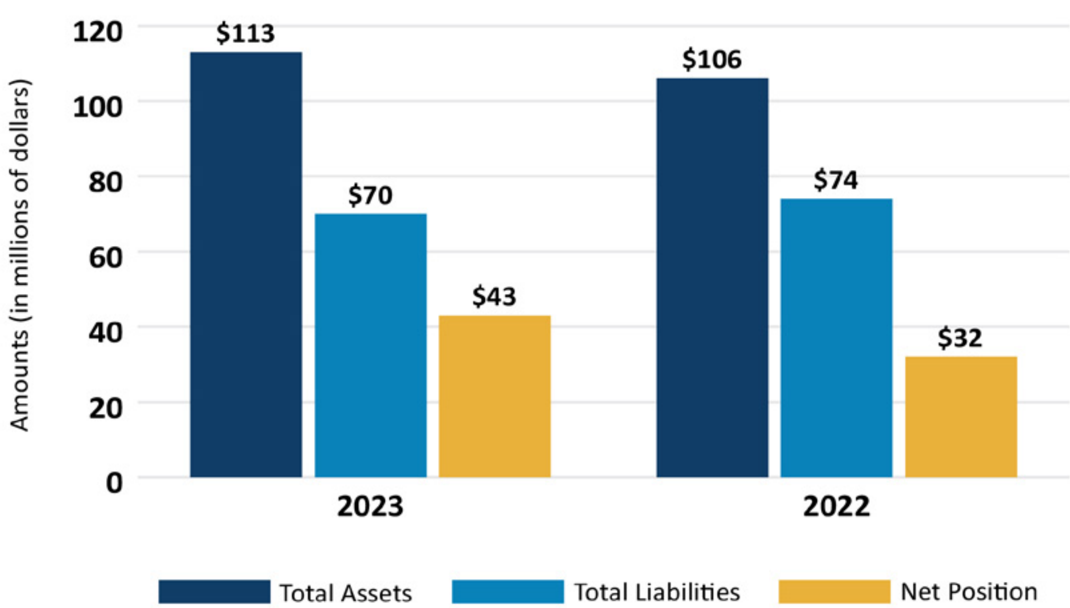
Consolidated Balance Sheets

The Consolidated Balance Sheets present amounts that are owned or managed by the EEOC (assets); amounts owed (liabilities); and the net position of the agency divided between the cumulative results of operations and unexpended appropriations.

The EEOC's balance sheets show total assets of $113 million at the end of fiscal year 2023 and $106 million at the end of fiscal year 2022.

The Net Position is the sum of Unexpended Appropriations and the Cumulative Results of Operations. The EEOC's Net Position on its Balance Sheets and the Statement of Changes in Net Position show $43 million at the end of fiscal year 2023 and $32 million at the end of fiscal year 2022.

Equal Employment Opportunity Commission Balance Sheet

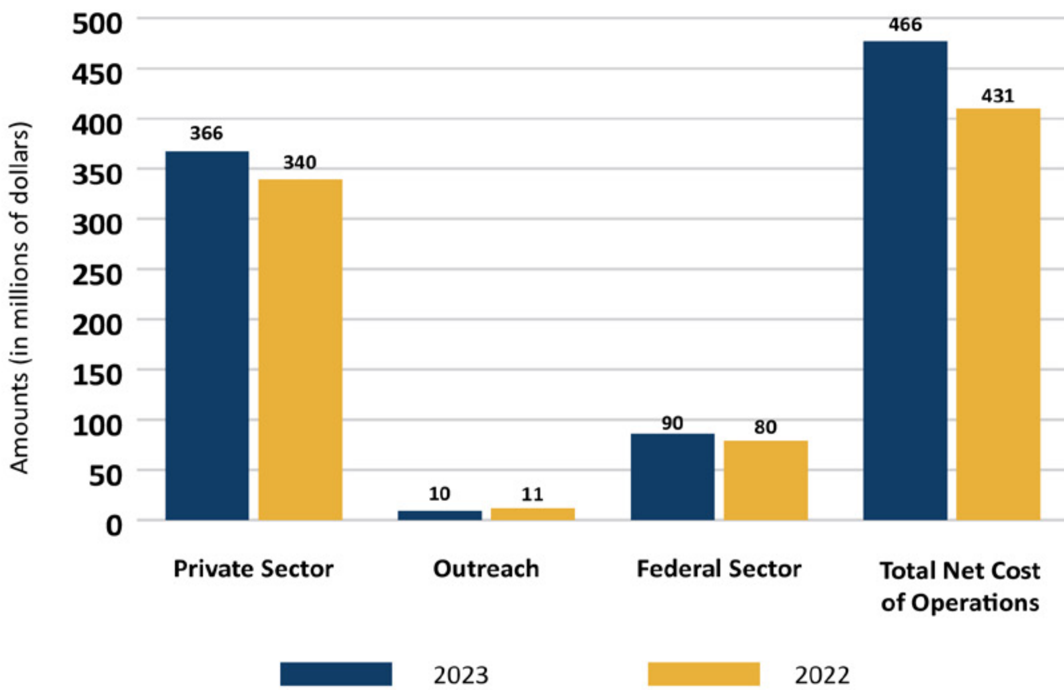


		2023	2022
	Total Assets	$113	$106
	Total Liabilities	$70	$74
	Net Position	$43	$32

Consolidated Statements of Net Cost

The Consolidated Statements of Net Cost presents the gross cost incurred by all programs less any revenue earned. Overall, in fiscal year 2023, the EEOC's Consolidated Statements of Net Cost of Operations increased by $35 million.

Consolidated Statements of Net Cost of Operations by Major Programs



		Private Sector	Outreach	Federal Sector	Total Net Cost of Operations
	2023	$366	$10	$90	$466
	2022	$340	$11	$80	$431

Consolidated Statement of Changes in Net Position

The Consolidated Statement of Changes in Net Position represent the change in the net position for fiscal year 2023 and fiscal year 2022 from the cost of operations, appropriations received and used, and the financing of some costs by other government agencies. The Consolidated Statement of Changes in Net Position increased by $11 million for fiscal year 2023 when compared to fiscal year 2022.

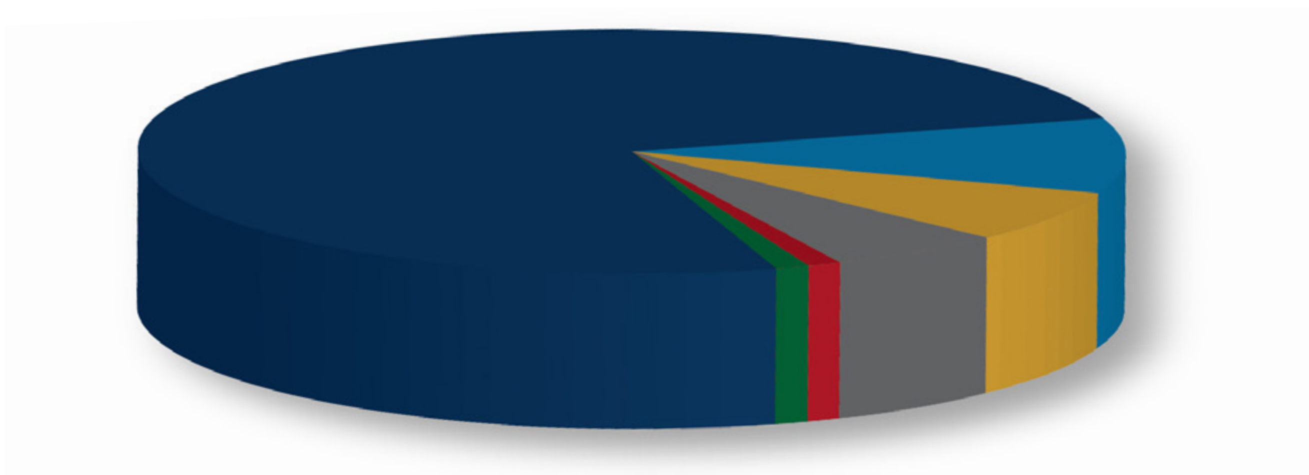
Combined Statements of Budgetary Resources

The Combined Statements of Budgetary Resources shows how budgetary resources were made available and the status of those resources at the end of the fiscal year. In fiscal year 2023, the EEOC received $455 million in budget authority. The EEOC ended fiscal year 2023 with an increase of $26 million in total budgetary resources. Resources not available for new obligations at the end of the year totaled $11 million and $10 million in fiscal year 2023 and fiscal year 2022, respectively. The unobligated balance not available represents expired budget authority from prior years that are no longer available for new obligations.

Use of Resources

The pie chart displays the EEOC's fiscal year 2023 use of resources by major object class. The chart below shows costs actually incurred by the EEOC. It does not include costs incurred by others on behalf of the EEOC. The chart shows that Pay & Benefits, State & Local, Rent to GSA, and Other Contractual Services consumed 98% of the EEOC's resources, and other expenses (e.g., communication, utilities & miscellaneous charges, travel & transportation, supplies & materials, etc.) consumed 2% of the EEOC's resources for fiscal year 2023.

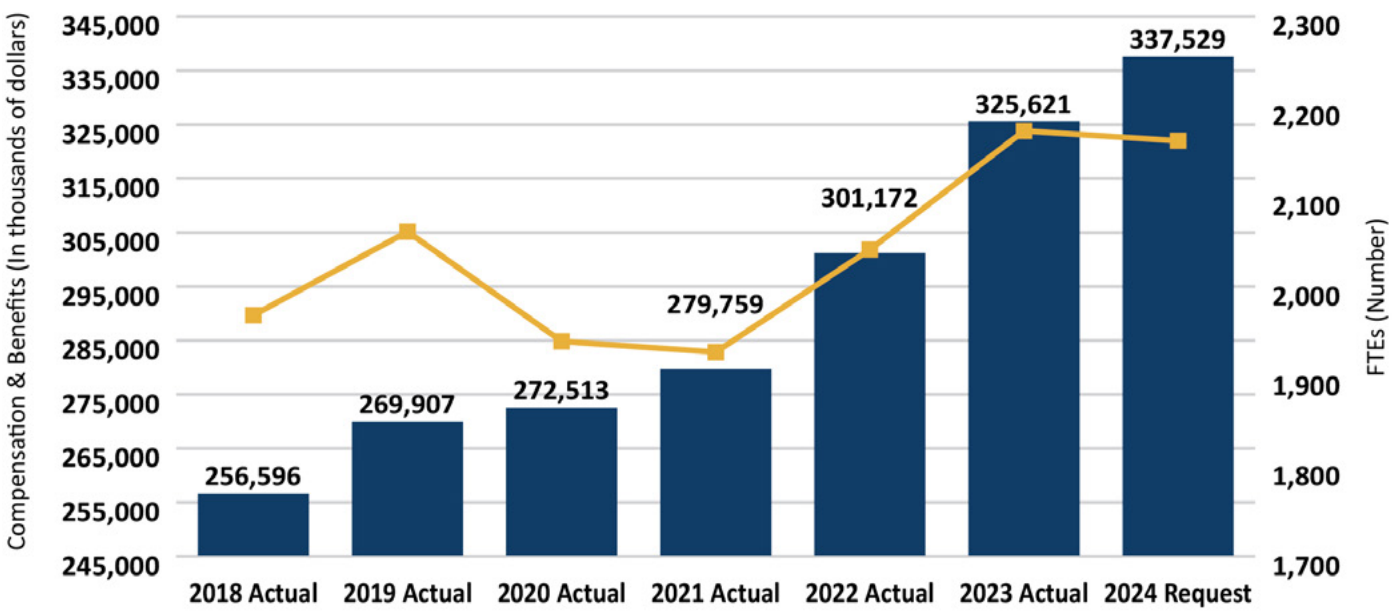
FY 2023 by Major Object Class (in millions)



- Pay & Benefits, $354 — **75%**
- Other Contractual Services, $46 — **10%**
- Rental Payments to GSA, $34 — **7%**
- State & Local, $26 — **6%**
- Supplies & Materials, $4 — **1%**
- Comm., Util., & misc. charges, $6 — **1%**
- Equipment, $1 — **0%**
- Travel & Transportation, $2 — **0%**

The dual axis chart below depicts the EEOC's compensation and benefits versus full-time equivalents (FTE) over the past six years. The EEOC ended fiscal year 2023 with 2,173 FTEs, a net increase of 132, or 6%, above fiscal year 2022.

Compensation & Benefits (C&B) and FTEs for FY 2018 through FY 2023



		2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Request
	C&B	$256,596	$269,907	$272,513	$279,759	$301,172	$325,621	$337,529
	FTEs	1,968	2,061	1,939	1,927	2,041	2,173	2,162

Limitations of the Financial Statements

The principal financial statements are prepared to report the financial position, financial condition, and results of operations, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of federal entities in accordance with federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. government.

MANAGEMENT ASSURANCES

The Equal Employment Opportunity Commission's (EEOC) internal controls and financial management systems were sound during fiscal year (FY) 2023. Based on the actions taken, and considering the agency's controls environment as a whole, the agency concludes that during FY 2023, its financial and internal controls systems were in compliance with the Federal Managers' Financial Integrity Act (FMFIA). Controls systems were effective; agency resources were used in a manner that was consistent with the EEOC's mission and in compliance with applicable laws and regulations; and there was minimal potential for waste, fraud, and mismanagement of resources.

There were nine financial non-conformances that were not fully corrected during fiscal year 2023. These financial non-conformances were identified in several audit reports prepared by the OIG: Fiscal Year 2021 Annual Report on EEOC's Compliance with the Payment Integrity Information Act of 2019 (PIIA), (OIG Report No. 2022-001-AOIG), July 11, 2022; and through Harper, Rains, Knight & Company (HRK) for OIG: Performance Audit Report on the EEOC Charge Card Program Fiscal Years 2019 and 2020 (OIG Report No. 2020-004-AOIG), March 24, 2021; Transmittal of Management Letter Report for Fiscal Year 2020 Financial Statement Audit (OIG Report No. 2020-002-AOIG), December 16, 2020; and Performance Audit Report on the EEOC Charge Card Program Fiscal Years 2018 and 2017 (OIG Report No. 2018-007-AOIG), May 31, 2019. The agency will continue its work to resolve these matters during fiscal year 2024.

The EEOC's management is also responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations. The EEOC conducted its assessment of the effectiveness of the agency's internal control over financial reporting in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of this evaluation, the EEOC can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2023 was operating effectively, and no material weaknesses were found in the design or operation of the internal controls.

Charlotte A. Burrows
Chair
November 15, 2023

LEGAL COMPLIANCE

EEOC maintained controls for and compliance with the Anti-Deficiency Act, the Debt Collection Act of 1996, as amended, the Prompt Payment Act, Federal Information Security Modernization Act of 2014, Pay and Allowance System for Civilian Employees, the Government Charge Card Abuse Prevention Act of 2012, Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, the Digital Accountability and Transparency Act of 2014 (DATA Act), and the Fraud Reduction and Data Analytics Act of 2015.

FINANCIAL SECTION

LETTER FROM THE INSPECTOR GENERAL TRANSMITTING AUDIT

U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
Washington, D.C. 20507

Office of Inspector General

November 15, 2023

MEMORANDUM

TO: Charlotte A. Burrows
Chair

FROM: Joyce T. Willoughby
Inspector General

JT Willoughby

SUBJECT: Audit of the U.S. Equal Employment Opportunity Commission's Fiscal Year 2023, and 2022 Financial Statements (OIG Report No. 2023-001-AOIG)

The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of Harper, Rains, Knight & Company, P.A. (HRK) to audit the financial statements of the U.S. Equal Employment Opportunity Commission (EEOC) for fiscal years ended September 30, 2023, and 2022, and to report on EEOC's internal controls over financial reporting, and compliance with laws, regulations, contracts, and other matters. The contract required that HRK conduct the audit in accordance with generally accepted government auditing standards (GAGAS) contained in Government Auditing Standards, issued by the Comptroller General of the United States, Office of Management and Budget (OMB) audit guidance, and U.S. Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency Financial Audit Manual.

In its audit of EEOC, HRK reported:

- EEOC's financial statements present fairly, in all material respects, EEOC's financial position as of September 30, 2023, and 2022, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.
- HRK identified a deficiency in EEOC's internal control over financial reporting that was not considered to be a material weakness or a significant deficiency. Nonetheless, this deficiency warrants EEOC management's attention. HRK has communicated this matter to management and, where appropriate, will report on it separately.
- HRK identified and issued three findings and recommendations during its audit.
- HRK's tests of compliance with these selected provisions of applicable laws, regulations, and contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2023, that would be reportable under GAGAS or OMB Bulletin No. 24-01.

HRK is responsible for the opinion on the attached auditor's report dated November 14, 2023, and the conclusions expressed in the report. We do not express an opinion on EEOC's financial statements or conclusions on internal control over financial reporting or on compliance and other matters. EEOC management was given the opportunity to review the draft report and to provide comments.

OMB issued Circular Number A-50, Audit Follow-up, to ensure that corrective action on audit findings and recommendations proceed as rapidly as possible. EEOC Order 192.002, Audit Follow-Up Program, implements Circular Number A-50 and requires that for resolved recommendations, a corrective action work plan should be submitted within 30 days of the final audit report date describing specific tasks and completion dates necessary to implement audit recommendations. Circular Number A-50 requires prompt resolution and corrective action on audit recommendations. Resolutions should be made within six months of final report issuance.

Attachment

cc:

Cynthia Pierre
Chief Operating Officer

Brett Brenner
Acting Deputy Chief Operating Officer

Elisa Krobot
Chief Financial Officer

Kevin Richardson
Chief Human Capital Officer

Pierrette McIntire
Chief Information Officer

Karla Gilbride
General Counsel

Carlton Hadden
Director, Office of Federal Operations

Jiashen You
Director, Office of Enterprise and Data Analytics

Delner Franklin-Thomas
Acting Director, Office of Field Programs

Jacinta Ma
Director, Office of Communications and Legislative Affairs

Donnie Landon
Audit Follow-Up Coordinator

INDEPENDENT AUDITORS' REPORT

Harper, Rains, Knight & Company

Independent Auditors' Report

Inspector General
U.S. Equal Employment Opportunity Commission

Report on the Audit of the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act, we have audited the financial statements of the U.S. Equal Employment Opportunity Commission (EEOC). EEOC's financial statements comprise the consolidated balance sheets as of September 30, 2023, and 2022, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, EEOC's financial statements present fairly, in all material respects, EEOC's financial position as of September 30, 2023, and 2022, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EEOC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

EEOC's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Certified Public Accountants · Consultants · hrkcpa.com

1052 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157
p: 601-605-0722 · f: 601-605-0733

1425 K Street NW, Suite 1120
Washington, DC 20005
p: 202-558-5162 · f: 601-605-0733

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB Bulletin No. 24-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EEOC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB who considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of (1) inquiries of management about the methods of preparing the RSI and (2) comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on EEOC's financial statements. The information in the Message from the Chair and Other Information section contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of EEOC's financial statements as of and for the year ended September 30, 2023, in accordance with GAGAS, we considered EEOC's internal control relevant to the financial statement audit as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of EEOC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of EEOC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Exhibit I to be significant deficiencies.

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Exhibit I, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

During our audit, we identified a deficiency in EEOC's internal control over financial reporting that we do not consider to be a material weakness or a significant deficiency. Nonetheless, this deficiency warrants EEOC management's attention. We have communicated this matter to management and, where appropriate, will report on it separately.

Inspector General
U.S. Equal Employment Opportunity Commission (continued)

Report on Internal Control over Financial Reporting (continued)

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether EEOC's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, that have a direct effect on the determination of material amounts and disclosures in EEOC's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on EEOC's compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to EEOC. EEOC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our tests of compliance with these selected provisions of applicable laws, regulations, and contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2023, that would be reportable under GAGAS or OMB Bulletin No. 24-01. We caution that noncompliance may occur and not be detected by these tests.

Management's Response to Finding

Management's response to the findings identified in our audit is described in the accompanying Exhibit I. Management's response was not subjected to the auding procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of EEOC's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAGAS and OMB Bulletin No. 24-01 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Rains, Knight & Company, P.A.

November 14, 2023
Washington, DC

Exhibit I
Significant Deficiencies

I: Technology Modernization Fund Transactions

Condition:

EEOC was required to repay $60,000 in FY2021, $740,000 in FY2022, and $800,000 in FY2023 to GSA for funds associated with the Technology Modernization Fund (TMF) initiatives. Each of these payments were made, but inaccurately recorded as expenses in SGL 610000, Operating Expenses/Program Costs instead of as a reduction of the liability to GSA. As such, EEOC did not properly record the repayment of GSA funds and the capitalized costs associated with the TMF.

Criteria:

GSA's TMF was authorized by the Modernizing Government Technology Act of 2017 to fund projects for technology-related activities to improve information technology and enhance cybersecurity across the Federal government. Agency projects that are approved by the Technology Modernization Board are eligible to receive funding in the form of SF 1151: Non-expenditure Transfer Authorization. Projects recommended for funding by the Board receive incremental funding contingent on the successful execution of milestones. This funding could be full or incremental funding based on an agreed-upon schedule, detailing both the transfers-out (non-expenditure) and repayments to GSA (expenditure). Repayments, in accordance with the written agreement, must occur within 5 years of the last transfer-out to the recipient agency. EEOC has applied for, and received, $4 million over the past two fiscal years to fund its modernization program and has a liability established to repay GSA in U.S. Standard General Ledger (SGL) 299000, Other Liabilities. Guidance for transactions related to TMF can be found on Treasury's website[1].

Per the SGL 183200, Internal-Use Software in Development, is used to record the full cost amount incurred during the software development stage of (1) contractor-developed software, and (2) internally developed software. Upon completion, these costs will be transferred to the proper capital asset account as the acquisition cost of the item. This account does not close at year-end.

Per the SGL 661000, Cost Capitalization Offset, is used to record the amount of any costs originally recorded into another expense account that are directly linked to a specific job or a product. These costs are transferred to an "in-progress: asset account such as inventory-work-in-process, construction-in-progress, internal-use software in development or a completed asset account.

Cause:

EEOC Office of Information Technology (OIT) is responsible for notifying EEOC Office of Chief Financial Officer (OCFO) of any changes to projects for software under development. OIT failed to notify OCFO regarding progress on TMF activity in the current year. Additionally, controls over financial reporting were not operating effectively to appropriately capture the repayments to GSA.

[1] https://www.fiscal.treasury.gov/files/ussgl/approved_scenarios/technology-modernization-fund-accounting-guide-(gsa)-fiscal-2023.pdf

Exhibit I
Significant Deficiencies

I: Technology Modernization Fund Transactions (continued)

Effect:

EEOC understated SGL 1832 (Internal-Use Software in Development) and overstated SGL 6610 (Cost Capitalization Offset) by $1,638,368 and overstated both SGL 2990 (Other Liabilities) and SGL 6100 (Operating Expenses/Program Costs) by $1,600,000 as of 9/30/23.

Recommendation:

We recommend that EEOC adjust the balances for all activity as of September 30, 2023, and vigilantly monitor transactions related to software under development, especially those associated with the TMF. As such, OIT should notify OCFO at least quarterly of all activity related to software under development for proper recording of costs associated with internally developed software.

Managements' Response

OCFO will coordinate with OIT to develop and implement TMF procedures that ensure the accuracy and timely recording of such transactions as a requirement for quarterly and year-end financial reporting.

Exhibit I
Significant Deficiencies

II: State and Local Expenditure Accruals

Condition:

We reviewed invoices received in October 2023 to ensure that cutoff of accounts payable was complete. Transactions were identified with FY23 activity that were not accrued in accounts payable as of September 30, 2023. Upon further examination, these transactions were contracts to state and local government offices (State and Local Program FPSLP).

- We reviewed eight transactions received in October 2023 greater than $100,000 that were not accrued as of September 30, 2023, totaling $2,467,520. Upon expanding invoice review to all state and local (FPSLP), the value of invoices received totaled $3,891,340.34.

Criteria:

EEOC Financial Policy and Procedures #7 – Accounts Payable Review Process states:

"EEOC's Certification of Unliquidated Obligations for Annual and Revolving Fund Accounts (1311 Review) will be conducted on a quarterly basis. Use EEC 1311 Undelivered Orders Review for this certification in Oracle Federal Financials (OFF).

District Offices submit their certifications to the Office of Field Programs (OFP) Headquarters. HQ offices should forward a hard copy of the certification to OCFO/FSSD (Finance and Systems Services Division).

As part of the review, ensure the following steps have been taken on a quarterly basis: 1) Must review all undelivered orders for validity of amount and accuracy of classification. 2) Must cancel/de-obligate invalid undelivered orders. 3) Ensure all items have the proper documentation required to support an obligation, delivery status, and payment.

Conducting these reviews: Make the necessary adjustments and reporting the results assist EEOC with determining the accurate status of appropriation account balances. To comply with accounting standards, all Office Directors must certify and sign that obligation reviews have been completed and that balances are not over-stated or under-stated. Because of the importance of the 1311 Review, each reviewer and certifying officer (Director) should make every effort to perform a complete review of the financial documents under the management control of the office. For every open item listed on the report they must be supported by a source document. The supporting documentation should be provided quickly upon request by FSSD or the external auditors. If there are no source documents to support the open item, the open balance for the item should be de-obligated."

Cause:

Contracts for State and Local Programs were not reviewed at year-end to ensure that outstanding expenditures could be accrued as of September 30, 2023.

Exhibit I
Significant Deficiencies

II: State and Local Expenditure Accruals (continued)

Effect:

Failure to review these balances resulted in an understatement of accounts payable and expenditures on the Balance Sheet and an overstatement of the undelivered orders balance reflected in the notes to the financial statements.

Recommendation:

We recommend EEOC review all State and Local Program undelivered orders at year end and accrue an estimated value of these payments that will be made after year-end. As the State and Local Program is a reimbursement for the current year activity, the expectation is that a significant amount of these transactions will be submitted for reimbursement. EEOC should perform a historical review of State and Local Program reimbursements against contracts to determine an estimate to apply to all unpaid State and Local Program undelivered orders at each year end. Utilizing this historical ratio against current year outstanding undelivered orders as an accrual amount should help ensure that EEOC capture its costs for the fiscal year.

Managements' Response

OCFO will collaboratively work with the State and Local Program office to refine business operating procedures that align to the year-end accounting procedures by conducting trend analysis to generate an estimate for accrual processing in addition to maintaining consistent communication policy changes.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

CONSOLIDATED BALANCE SHEETS

As of September 30, 2023 and 2022
(in dollars)

	2023	2022
ASSETS:		
Intragovernmental:		
Fund Balance With Treasury (Note 2)	$ 105,131,067	$ 100,298,824
Advances and Prepayments	98,059	10,000
Total Intragovernmental	**$ 105,229,126**	**$ 100,308,824**
With the Public:		
Accounts Receivable, Net (Note 3)	43,519	58,220
General Property, Plant, and Equipment, Net (Note 4)	7,385,170	5,756,802
Total with the Public	**$ 7,428,689**	**$ 5,815,022**
TOTAL ASSETS	**$ 112,657,815**	**$ 106,123,846**
LIABILITIES (Note 6):		
Intragovernmental		
Accounts Payable (Note 6)	955,866	1,008,487
Employer Payroll Taxes (Note 6)	1,522,370	1,367,933
Workers' Compensation Liability (Note 6)	1,612,058	1,574,923
Other Liability (Note 6)	2,400,000	4,000,000
Total Intragovernmental	**$ 6,490,294**	**$ 7,951,343**
With the Public:		
Accounts Payable (Note 6)	25,722,678	29,281,470
Future Workers' Compensation Liability (Note 6)	8,120,379	8,321,260
Accrued Payroll (Note 6)	6,055,988	5,666,375
Employer Payroll Taxes (Note 6)	208,723	185,092
Accrued Annual Leave (Note 6)	23,192,284	22,386,334
Deferred Revenue (Note 6)	28,400	38,000
Amounts Collected for Restitution (Note 6)	46,774	67,950
Total with the Public	**$ 63,375,226**	**$ 65,946,481**
TOTAL LIABILITIES	**$ 69,865,520**	**$ 73,897,824**

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS, CONTINUED

	2023	2022
NET POSITION:		
Funds from Dedicated Collections:		
Unexpended Appropriations	-	-
Cumulative Results of Operations (Note 11)	3,292,696	2,581,804
Total Net Position — Funds from Dedicated Collections	$ **3,292,696**	$ **2,581,804**
Funds other than those from Dedicated Collections		
Unexpended Appropriations — Other Funds	63,400,445	56,110,073
Cumulative Results of Operations — Other Funds	(23,900,846)	(26,465,855)
Total Net Position All other Funds	39,499,599	29,644,218
TOTAL NET POSITION	$ **42,792,295**	$ **32,226,022**
TOTAL LIABILITIES AND NET POSITION	$ **112,657,815**	$ **106,123,846**

The accompanying notes are an integral part of these statements.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

CONSOLIDATED STATEMENTS OF NET COST

For the Years Ended September 30, 2023 and 2022

(in dollars)

	2023	2022
COMBATTING EMPLOYMENT DISCRIMINATION THROUGH STRATEGIC LAW ENFORCEMENT		
Private Sector:		
Enforcement	$ 202,749,486	$ 190,136,694
Mediation	33,056,982	31,828,901
Litigation	90,355,749	76,865,758
Intake information	8,374,435	7,434,273
State and Local	31,481,482	33,583,122
Total Program Costs — Private Sector	**$366,018,134**	**$ 339,848,748**
Revenue	-	-
Net Cost — Private sector	**$ 366,018,134**	**$ 339,848,748**
Federal Sector:		
Hearings	50,687,371	43,148,305
Appeals	23,801,027	22,689,860
Mediation	440,760	284,857
Oversight	14,985,832	13,951,557
Total Program Cost — Federal Sector	**$ 89,914,990**	**$ 80,074,579**
Revenue	(100,967)	(18,100)
Net Cost — Federal Sector	**$ 89,814,023**	**$ 80,056,479**
Total Private, Federal Sector		
Program Costs	455,933,124	419,923,327
Revenue	(100,967)	(18,100)
Net Cost, Private, Federal Sector	**$ 455,832,157**	**$ 419,905,227**
PREVENTING EMPLOYMENT DISCRIMINATION THROUGH EDUCATION AND OUTREACH		
Outreach		
Fee Based	3,919,977	3,785,389
Non-Fee Based	11,018,994	10,084,387
Total Program Cost — Outreach	**$ 14,938,971**	**$ 13,869,776**
Revenue	(4,630,869)	(2,303,096)
Net Cost Outreach	**$ 10,308,102**	**$ 11,566,680**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF NET COST, CONTINUED

		2023		2022
Total, All Programs				
Program Cost	$	470,872,095	$	433,793,103
Revenue (Note 8)	$	(4,731,836)	$	(2,321,196)
Net Cost of Operations	**$**	**466,140,259**	**$**	**431,471,907**

The accompanying notes are an integral part of these statements.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended September 30, 2023 and 2022

(in dollars)

	2023		
	Consolidated Funds from Dedicated Collections (Note 11)	**All Other Funds**	**Consolidated Total**
Unexpended Appropriations:			
Beginning Balances	$ -	$ 56,110,073	$ 56,110,073
Adjustments	-	1,639	1,639
Beginning Balances, as Adjusted	-	56,111,712	56,111,712
Budgetary Financing Sources:			
Appropriations Received (Note 9)	-	455,000,000	455,000,000
Appropriations Used	-	(443,524,482)	(443,524,482)
Other Adjustments		(4,186,785)	(4,186,785)
Total Budgetary Financing Resources	-	7,288,733	7,288,733
Total Unexpended Appropriations	$ -	$ 63,400,445	$ 63,400,445
Cumulative Results of Operations:			
Beginning Balances	2,581,804	(26,465,855)	(23,884,051)
Adjustments	-	798,361	798,361
Beginning Balances, as Adjusted	$ 2,581,804	$ (25,667,494)	$ (23,085,690)
Budgetary Financing Sources:			
Appropriations Used	-	443,524,482	443,524,482
Imputed Financing (Note 12)	-	25,093,317	25,093,317
Total Financing Sources	-	468,617,799	468,617,799
Net Cost of Operations	710,892	(466,851,151)	(466,140,259)
Net Change	710,892	1,766,648	2,477,540
Cumulative Results of Operations	3,292,696	(23,900,846)	(20,608,150)
Net Position	$ 3,292,696	$ 39,499,599	$ 42,792,295

The accompanying notes are an integral part of these statements.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended September 30, 2023 and 2022

(in dollars)

	2022		
	Consolidated Funds from Dedicated Collections (Note 11)	**Consolidated All Other Funds**	**Consolidated Total**
Unexpended Appropriations:			
Beginning Balances	$ -	$ 53,505,053	$ 53,505,053
Adjustments	-	-	-
Beginning Balances, as Adjusted	-	53,505,053	53,505,053
Budgetary Financing Sources:			
Appropriations Received (Note 9)	-	420,000,000	420,000,000
Appropriations Used	-	(415,501,602)	(415,501,602)
Other Adjustments		(1,893,378)	(1,893,378)
Total Budgetary Financing Resources	-	2,605,020	2,605,020
Total Unexpended Appropriations	-	56,110,073	56,110,073
Cumulative Results of Operations:			
Beginning Balances	4,064,097	(29,502,931)	(25,438,834)
Adjustments	-	-	-
Beginning Balances, as Adjusted	4,064,097	(29,502,931)	(25,438,834)
Budgetary Financing Sources:			
Appropriations Used	-	415,501,602	415,501,602
Imputed Financing (Note 12)	-	17,525,088	17,525,088
Total Financing Sources	-	433,026,690	433,026,690
Net Cost of Operations	(1,482,293)	(429,989,614)	(431,471,907)
Net Change	(1,482,293)	3,037,076	1,554,783
Cumulative Results of Operations	2,581,804	(26,465,855)	(23,884,051)
Net Position	$ 2,581,804	$ 29,644,218	$ 32,226,022

The accompanying notes are an integral part of these statements.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

COMBINED STATEMENTS OF BUDGETARY RESOURCES

For the Years Ended September 30, 2023 and 2022

(in dollars)

		2023		2022
Budgetary resources				
Unobligated balance from prior year budget authority, net	$	13,519,838	$	22,466,551
Appropriations (discretionary and mandatory)		455,000,000		422,000,000
Spending authority from offsetting collections (discretionary and mandatory)		4,722,236		2,340,196
Total budgetary resources	$	473,242,074	$	446,806,747
Status of budgetary resources				
New Obligations and upward adjustments (total) (Note 10)	$	459,113,664	$	433,301,702
Unobligated balance, end of year				
Apportioned, unexpired accounts		3,391,541		3,130,639
Unapportioned, unexpired accounts		-		26,000
Unexpired unobligated balance, end of year (Note 2)	$	3,391,541	$	3,156,639
Expired unobligated balance, end of year	$	10,736,869	$	10,348,406
Unobligated balance, end of year (total)	$	14,128,410	$	13,505,045
Total budgetary resources	$	473,242,074	$	446,806,747
Budget Authority and Outlays, Net:				
Outlays, net (total) (discretionary and mandatory)	$	445,959,796	$	422,895,842
Agency outlays, net (discretionary and mandatory)	$	445,959,796	$	422,895,842

The accompanying notes are an integral part of these statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023, and September 30, 2022
(In Dollars)

1) Summary of Significant Accounting Policies

a) Reporting Entity

The EEOC was created by Title VII of the Civil Rights Act of 1964 (78 Stat. 253:42 U.S.C. 2000e, *et seq*.) as amended by the Equal Employment Opportunity Act of 1972 (Public Law 92261) and became operational on July 2, 1965. Title VII requires that the Commission be composed of five members, not more than three of whom shall be of the same political party. The members are appointed by the President, by and with the consent of the Senate, for a term of 5 years. The President designates one member to serve as Chair and one member to serve as Vice Chair. The General Counsel is also appointed by the President, by and with the advice and consent of the Senate for a term of 4 years.

In addition, based on the EEOC Education Technical Assistance and Training Revolving Fund Act of 1992 (P.L. 102-411), the EEOC is authorized to charge and receive fees to offset the costs of education, technical assistance, and training.

The EEOC enforces federal laws that prohibit employment discrimination based on race, color, religion, sex (including sexual orientation, gender identity and pregnancy, childbirth or related medical conditions), national origin, disability, age (40 or older), and genetic information (such as family medical history). These laws cover federal agencies, most private employers, state and local governments (excluding elected or appointed officials), employment agencies, most labor organizations, or agencies which refer persons for employment, or which represent employees of employers covered by the laws, and joint labor-management apprenticeship programs of covered employers and labor organizations. The EEOC carries out its mission through investigation, conciliation, litigation, coordination, regulation in the federal sector, and through education, policy research, and provision of technical assistance.

b) Basis of Presentation

These financial statements have been prepared to report the consolidated financial position, net cost of operations, changes in net position, and budgetary resources of the EEOC, consistent with the Chief Financial Officers' Act of 1990 (CFO Act) and the Government Management Reform Act of 1994. These financial statements have been prepared from the books and records of the EEOC in accordance with generally accepted accounting principles (GAAP) and the form and content requirements of the Office of Management and Budget (OMB) Circular No. A-136, and the EEOC's accounting policies, which are summarized in this note. All intra-agency transactions and balances have been eliminated, except in the Statement of Budgetary Resources, which is presented on a combined basis, as required by OMB Circular No. A-136. These consolidated financial statements present proprietary information, while other financial reports also prepared by the EEOC pursuant to OMB directives are used to monitor and control the EEOC's use of federal budgetary resources.

c) Basis of Accounting

The Commission's integrated Oracle Federal Financials (OFF) uses Oracle, which has funds control, management accounting, and a financial reporting system designed specifically for federal agencies.

Financial transactions are recorded in the financial system, using both an accrual and a budgetary basis of accounting. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability occurs without regard to the receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements and mandated controls over the use of federal funds. It generally differs from the accrual basis of accounting in that obligations are recognized when new orders are placed, contracts are awarded, or services are received that will require payments during the same or future periods.

d) Revenues, User Fees, and Financing Sources

The EEOC receives the majority of the funding needed to support its programs through congressional appropriations. Financing sources are received in annual and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Appropriations used are recognized as an accrual-based financing source when expenses are incurred, or assets are purchased.

The EEOC also has a permanent, indefinite appropriation. These additional funds are obtained through fees charged to offset costs for education, training and technical assistance provided through the revolving fund. The fund is used to pay the cost (including administrative and personnel expenses) of providing education, technical assistance, and training by the Commission. Revenue is recognized as earned when the services have been rendered.

An imputed financing source is recognized to offset costs incurred by the EEOC and funded by another federal source, in the period in which the cost was incurred. The types of costs offset by imputed financing are: (1) employees' pension benefits; (2) health insurance, life insurance, and other post-retirement benefits for employees; and (3) losses in litigation proceedings.

e) Assets and Liabilities

Assets and liabilities presented on the EEOC's balance sheets include both entity and non-entity balances. Entity assets are assets that the EEOC has authority to use in its operations. Non-entity assets are held and managed by the EEOC but are not available for use in operations. The EEOC's non-entity assets represent receivables that, when collected, will be transferred to the U.S. Treasury.

Intragovernmental assets and liabilities arise from transactions between the Commission and other federal entities. All other assets and liabilities result from activity with non-federal entities.

Liabilities covered by budgetary or other resources are those liabilities of the EEOC for which Congress has appropriated funds, or funding is otherwise available to pay amounts due. Liabilities not covered by budgetary or other resources represent amounts owed in excess of available congressionally appropriated funds or other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future congressional appropriations or other funding.

f) Fund Balance with the U.S. Treasury

Fund Balances with the U.S. Treasury are fund balances remaining as of the fiscal year-end from which the EEOC is authorized to make expenditures and pay liabilities resulting from operational activity, except as restricted by law. The balance consists primarily of appropriated undelivered orders, accounts payables, unavailable balances, and deposit funds that will be disbursed to third parties. The EEOC records and tracks appropriated funds in its general funds. Also included in Fund Balance with the U.S. Treasury are fees collected for services which are recorded and accounted for in the EEOC's revolving fund.

g) Accounts Receivable

Accounts receivable consists of amounts owed to the EEOC by other federal agencies and from the public.

Intragovernmental accounts receivable represents amounts due from other federal agencies. Amounts due from federal agencies are considered fully collectible.

Accounts receivable from non-federal agencies are stated net of an allowance for estimated uncollectible amounts. All public receivables, collectible in their entirety, become due upon the receipt of a due process notice. Although the allowance is determined by the age of the receivable for financial statement reporting, the actual allowance is determined by considering the debtor's current ability to pay, their payment record and willingness to pay and an analysis of aged receivable activity. The estimated allowance for accounts receivable is computed as follows: Accounts receivable between 365 days and 720 days old are computed at 50% and those older than 720 days are calculated at 100%.

h) Property, Plant, and Equipment

Property, plant, and equipment consist of equipment, leasehold improvements, and capitalized software. There are no restrictions on the use or convertibility of property, plant, and equipment.

For property, plant, and equipment, the EEOC capitalizes equipment (including capital leases), with a useful life of more than 2 years and an acquisition cost of $100,000 or more. Leasehold improvements and capitalized software are capitalized when the useful life is 2 years or more and the acquisition cost is at least $200,000.

Expenditures for normal repairs and maintenance for capitalized equipment and capitalized leases are charged to expense as incurred unless the expenditure is equal to or greater than $100,000 and the improvement increases the asset's useful life by more than 2 years. For leasehold improvements and capitalized software, the amount must be greater than $200,000 and the improvements increase the asset life by more than 2 years.

Depreciation or amortization of equipment is computed using the straight-line method over the assets' useful life ranging from 5 to 15 years. Copiers are depreciated using a 5-year life. Computer hardware is depreciated over 10 to 12 years. Capitalized software is amortized over a useful life of 2 years. Amortization of capitalized software begins on the date it is put in service, is purchased, or when the module or component has been successfully tested if developed internally. Leasehold improvements are amortized over the remaining life of the lease.

The EEOC leases the majority of its office space from the General Services Administration. The lease cost is comparable to approximate commercial lease rates for similar properties.

i) *Advances and Prepaid Expenses*

Amounts advanced to EEOC employees for travel are recorded as an advance until the travel is completed and the employee accounts for travel expenses.

Expenses paid in advance of receiving services are recorded as a prepaid expense until the services are received.

j) *Accrued Annual, Sick and Other Leave, and Compensatory Time*

Annual leave, compensatory time, and other leave time, along with related payroll costs, are accrued when earned, reduced when taken, and adjusted for changes in compensation rates. Sick leave is not accrued when earned, but rather expensed when taken.

k) *Retirement Benefits*

EEOC employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after September 30, 1983 are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984 could elect to either join FERS and Social Security or remain in CSRS.

For employees under FERS, the EEOC contributes an amount equal to 1% of the employee's basic pay to the tax deferred thrift savings plan and matches employee contributions up to an additional 5% of pay. FERS and CSRS employees can contribute $22,500 of their gross earnings to the plan, for the calendar year 2023 and $20,500 in calendar year 2022. However, CSRS employees receive no matching agency contribution. There is also an additional $7,500 that can be contributed as a "catch-up" contribution for those 50 years of age or older, for the calendar years 2023 and $6,500 for the calendar years 2022.

The EEOC recognizes the full cost of providing future pension and Other Retirement Benefits (ORB) for current employees as required by SFFAS No. 5, *Accounting for Liabilities of the Federal Government*. Full costs include pension and ORB contributions paid out of EEOC appropriations and costs financed by the U.S. Office of Personnel Management (OPM). The amount financed by OPM is computed based on OPM guidance and recognized as an imputed financing source and benefit program expense. Reporting amounts such as plan assets, accumulated plan benefits, or unfunded liabilities, if any, is the responsibility of OPM.

Liabilities for future pension payments and other future payments for retired employees who participate in the Federal Employees Health Benefits Program (FEHB) and the Federal Employees Group Life Insurance Program (FEGLI) are reported by OPM rather than the EEOC.

l) *Workers' Compensation*

A liability is recorded for estimated future payments to be made for workers' compensation pursuant to the Federal Employees' Compensation Act (FECA). The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and subsequently seeks reimbursement from federal agencies employing the claimants. Reimbursements to the DOL on payments made occur approximately two years subsequent to the actual disbursement. Budgetary resources for this intragovernmental liability are made available to the EEOC as part of its annual appropriation from Congress in the year that reimbursement to the DOL takes place. A liability is recorded for actual un-reimbursed costs paid by DOL to recipients under FECA.

Additionally, an estimate of the expected future liability for death, disability, medical, and miscellaneous costs for approved compensation cases is recorded, as is a component for claims that have been incurred but have not yet been reported. The EEOC computes this estimate using a DOL-provided model for non-CFO Act agencies that uses actual benefit payments for the EEOC from the past 9 to 12 quarters to project these future payments. The estimated liability is not covered by budgetary resources and will require future funding. This estimate is recorded as a noncurrent liability.

m) Contingent Liabilities

Contingencies are recorded when losses are probable, and the cost is measurable. When an estimate of contingent losses includes a range of possible costs, the most likely cost is reported, but where no cost is more likely than any other, the lowest possible cost in the range is reported.

n) Amounts Collected for Restitution

The courts directed an individual to pay amounts to the EEOC as restitution to several claimants named in a court case. These monies will be paid to claimants as directed by the courts.

o) Cost Allocations to Programs

Costs associated with the EEOC's various programs consist of direct costs consumed by the program, including personnel costs, and a reasonable allocation of indirect costs. The indirect cost allocations are based on actual payroll amount devoted to each program from information provided by EEOC employees.

p) Unexpended Appropriations

Unexpended appropriations include the unobligated balances and undelivered orders of the EEOC's appropriated spending authority as of the fiscal year-end that have not lapsed or been rescinded or withdrawn.

q) Income Taxes

As an agency of the federal government, the EEOC is exempt from all income taxes imposed by any governing body, whether it is a federal, state, commonwealth, local, or foreign government.

r) Use of Estimates

Management has made certain estimates and assumptions in reporting assets and liabilities and in the footnote disclosures. Actual results could differ from these estimates. Significant estimates underlying the accompanying financial statements include the allowance for doubtful accounts receivable, contingent liabilities, and future workers' compensation costs.

s) New Accounting Standard

In April 2018, the Federal Accounting Standards Advisory Board (FASAB) issued Statement of Federal Financial Accounting Standards 54: Leases (SFFAS 54), which among other things, requires lessees to (1) recognize operating leases as lease assets and lease liabilities on the balance sheet and (2) disclose key information about significant leasing arrangements. This new accounting standard will be effective for EEOC's fiscal year 2024 financial statements. While the required changes are prospective, the overall impact has not yet been determined.

2) Fund Balance with Treasury

The Department of the Treasury (Treasury) performs cash management activities for all federal agencies. The net activity represents Fund Balance with Treasury. The Fund Balance with Treasury represents the right of the EEOC to draw down funds from Treasury for expenses and liabilities.

The status of the fund balance is classified as unobligated available, unobligated unavailable, or obligated. Unobligated funds, depending on budget authority, are generally available for new obligations in the current year of operations. Unavailable unobligated balances are not available to fund new obligations because they are expired, they must be re-apportioned, or their use has been permanently or temporarily restricted. The obligated, but not yet disbursed, balance represents amounts designated for payment of goods and services ordered but not yet received, or goods and services received, but for which payment has not yet been made.

Annual appropriation balances returned to Treasury along with balances classified as miscellaneous receipts are not included in the EEOC's fund balance presented on its balance sheet. For the period ended September 30, 2023, and September 30, 2022, funds in the cancelling appropriation of $4,186,786 and $1,893,378 have been returned to Treasury. As of September 30, 2023, and September 30, 2022, miscellaneous receipts of $61,249 and $49,349 will be returned to Treasury.

The Status of Fund Balance with Treasury as of September 30, 2023, and September 30, 2022, consists of the following:

	FY 2023	FY 2022
Status of Funds		
Unobligated balance:		
Available	$ 3,391,541	$ 3,156,639
Unavailable	*10,736,869	*10,348,406
Obligated balance not yet disbursed	90,317,883	86,087,829
Non-budgetary Fund Balance with Treasury	46,774	67,950
Totals	**$ 104,493,067**	**$ 99,660,824**

*Note: Total Fund Balance with Treasury will not equal Total Status of Fund Balance with Treasury. This is due to sequestration of $638,000 and $638,000 for fiscal year 2023 and fiscal year 2022, respectively.

3) Accounts Receivable, Net

Intragovernmental accounts receivable due from federal agencies arise from the sale of services to other federal agencies. This sale of services generally reduces the duplication of effort within the federal government resulting in a lower cost of federal programs and services.

Accounts receivable due to the EEOC from the public arise from payroll debts and revolving fund education, training and technical assistance provided to public and private entities or to state and local agencies. An analysis of accounts receivable is performed to determine collectability and an appropriate allowance for uncollectible receivables is recorded. Accounts receivable as of September 30, 2023, and September 30, 2022, are as follows:

	FY 2023	FY 2022
Intragovernmental:		
Accounts receivable	$ -	$ -
Totals	**$ -**	**$ -**
With the public:		
Accounts receivable	$ 86,759	$ 117,137
Allowance for uncollectible receivables	(43,240)	(58,917)
Totals	**$ 43,519**	**$ 58,220**

4) Property, Plant and Equipment, Net

Property, plant, and equipment consist of that property which is used in operations and consumed over time. The following tables summarize cost and accumulated depreciation of property, plant, and equipment.

As of September 30, 2023	Cost	Accumulated Depreciation	Net Book Value
Equipment	$ 120,284	$ (120,284)	$ -
Capital leases	72,340	(72,340)	-
Internal use software	2,036,508	(2,036,508)	-
Leasehold improvements	11,240,209	(11,240,209)	-
Internal use software in dev	7,385,170	-	7,385,170
Totals	**$ 20,854,511**	**$ (13,469,341)**	**$ 7,385,170**

As of September 30, 2022	Cost	Accumulated Depreciation	Net Book Value
Equipment	$ 120,284	$ (120,284)	$ -
Capital leases	72,340	(72,340)	-
Internal use software	2,036,508	(2,036,508)	-
Leasehold improvements	11,240,209	(11,240,209)	-
Internal use software in dev	5,756,802	-	5,756,802
Totals	**$ 19,226,143**	**$ (13,469,341)**	**$ 5,756,802**

Note: The EEOC has $0 of depreciation expense as of September 30, 2023, and September 30, 2022.

5) Non-Entity Assets

The EEOC has $0 of net receivables to collect on behalf of the U.S. Treasury as of September 30, 2023, and September 30, 2022.

6) Total Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources represent amounts owed in excess of available congressionally appropriated funds or other amounts.

Liabilities not covered by budgetary resources as of September 30, 2023, and September 30, 2022, are shown in the following table:

	FY 2023	FY 2022
Intragovernmental		
Workers' compensation liability	$ 1,612,058	$ 1,574,923
Total Intragovernmental	1,612,058	1,574,923
Accrued annual leave	23,192,284	22,386,334
Deferred revenue	28,400	38,000
Future worker's compensation liability	8,120,379	8,321,260
Total liabilities not covered by budgetary resources	32,953,121	32,320,517
Total liabilities covered by budgetary resources	36,865,625	41,509,357
Total liabilities not requiring budgetary resources	46,774	67,950
Total liabilities	**$ 69,865,520**	**$ 73,897,824**

Liabilities Analysis

Current and non-current liabilities as of September 30, 2023, are shown in the following table:

	Current	Non-Current	Totals
Intragovernmental			
Accounts payable	$ 955,866	$ -	$ 955,866
Employer payroll taxes	1,522,370	-	1,522,370
Other Liability	800,000	1,600,000	2,400,000
Total Intragovernmental	3,278,236	1,600,000	4,878,236
With the Public:			
Accounts payable	25,722,678	-	25,722,678
Accrued payroll	6,055,988	-	6,055,988
Employer payroll taxes	208,723	-	208,723
Liabilities covered by budgetary resources	$ 35,265,625	$ 1,600,000	$ 36,865,625
Intragovernmental:			
Workers' compensation liability	1,612,058	-	1,612,058
Total Intragovernmental	1,612,058	-	1,612,058
Accrued annual leave	23,192,284	-	23,192,284
Deferred revenue	28,400	-	28,400
Future workers' compensation liability	-	8,120,379	8,120,379

Current and non-current liabilities as of September 30, 2022, are shown in the following table (continued):

	Current	Non-Current	Totals
Liabilities not covered by budgetary resources	24,832,742	8,120,379	32,953,121
Amounts collected for restitution	46,774	-	46,774
Liabilities not requiring budgetary resources	46,774	-	46,774
Total liabilities	**$ 60,145,141**	**$ 9,720,379**	**$ 69,865,520**

Current and non-current liabilities as of September 30, 2022, are shown in the following table:

	Current	Non-Current	Totals
Intragovernmental:			
Accounts payable	$ 1,008,487	$ -	$ 1,008,487
Employer payroll taxes	1,367,933	-	1,367,933
Other Liability	4,000,000	-	4,000,000
Total Intragovernmental	6,376,420	-	6,376,420
With the Public:			
Accounts payable	29,281,470	-	29,281,470
Accrued payroll	5,666,375	-	5,666,375
Employer payroll taxes	185,092	-	185,092
Liabilities covered by budgetary resources	$ 41,509,357	-	$ 41,509,357
Intragovernmental:			
Workers' compensation liability	1,574,923	-	1,574,923
Total Intragovernmental	1,574,923	-	1,574,923
Accrued annual leave	22,386,334	-	22,386,334
Deferred revenue	38,000	-	38,000
Future workers' compensation liability	-	8,321,260	8,321,260
Liabilities not covered by budgetary resources	23,999,257	8,321,260	32,320,517
Amounts collected for restitution	67,950	-	67,950
Liabilities not requiring budgetary resources	67,950	-	67,950
Total liabilities	**$ 65,576,564**	**$ 8,321,260**	**$ 73,897,824**

7) Leases

Operating leases

The EEOC has several cancelable operating leases with the General Services Administration (GSA) for office space which do not have a stated expiration. The GSA charges rent that is intended to approximate commercial rental rates. Rental expenses for operating leases as of September 30, 2023, and 2022 are $33,564,175 and $32,513,514 respectively. The EEOC does not have any noncancelable operating leases with terms longer than one year.

8) Earned Revenue

The EEOC charges fees to offset costs for education, training, and technical assistance. These services are provided to other federal agencies, the public, and state and local agencies, as requested. In the chart below, the fees from services does not include intra-agency transactions. The Commission also has a small amount of reimbursable revenue from contracts with other federal agencies to provide on-site personnel. Revenue earned by the EEOC as of September 30, 2023, and September 30, 2022, is as follows:

	FY 2023	FY 2022
Reimbursable revenue	$ 100,967	$ 18,100
Fees from services	4,630,869	2,303,096
Total Revenue	**$ 4,731,836**	**$ 2,321,196**

9) Appropriations Received

Warrants received by the EEOC as of September 30, 2023, and September 30, 2022, are:

	FY 2023	FY 2022
Warrants/Continuing Resolution received	**$ 455,000,000**	**$ 420,000,000**

The EEOC received no warrant reductions for fiscal years 2023 and 2022.

10) New Obligations and Upward Adjustments

Direct and Reimbursable new obligations, by apportionment category, incurred as of September 30, 2023, and September 30, 2022, are:

	FY 2023	FY 2022
Obligations		
Direct A	$ 423,075,445	$ 396,813,372
Direct B	30,871,961	32,868,422
Subtotal Direct Obligations	453,947,406	429,681,794
Reimbursable — Direct A	5,166,258	3,619,908
Total New Obligations and Upward Adjustments	**$ 459,113,664**	**$ 433,301,702**

11) Funds from Dedicated Collections (Permanent Indefinite Appropriations)

The EEOC has permanent, indefinite appropriations from fees earned from services provided to the public and to other federal agencies. These fees are charged to offset costs for education, training, and technical assistance provided through the revolving fund. This fund is a fund from dedicated collections and is accounted for separately from the other funds of the agency. The fund is used to pay the cost (including administrative and personnel expenses) of providing education, technical assistance, and training by the EEOC. Revenue is recognized as earned when the services have been rendered by the EEOC.

	FY 2023	FY 2022
ASSETS		
Fund balance with Treasury	$ 3,390,126	$ 2,631,575
TOTAL ASSETS	**$ 3,390,126**	**$ 2,631,575**
LIABILITIES		
Accounts payable	69,030	11,596
Disbursements in Transit	-	175
Deferred Credits	28,400	38,000
TOTAL LIABILITIES	**$ 97,430**	**$ 49,771**
NET POSITION		
Cumulative results of operations	3,292,696	2,581,804
TOTAL LIABILITIES AND NET POSITION	**$ 3,390,126**	**$ 2,631,575**
Statements of Net Cost		
Program Costs	3,919,977	3,785,389
Revenue	(4,630,869)	(2,303,096)
Net Cost (Revenue)	**$ (710,892)**	**$ 1,482,293**

12) Imputed Financing

OPM pays pension and other future retirement benefits on behalf of federal agencies for federal employees. OPM provides rates for recording the estimated cost of pension and other future retirement benefits paid by OPM on behalf of federal agencies. The costs of these benefits are reflected as imputed financing in the consolidated financial statements. Expenses of the EEOC paid or to be paid by other federal agencies on September 30, 2023 and September 30, 2022 consisted of:

	FY 2023	FY 2022
Judgment Fund	$ -	$ -
Office of Personnel Management:		
Pension expenses	8,039,784	2,584,632
Federal employees health benefits (FEHB)	17,012,190	14,902,144
Federal employees group life insurance (FEGLI)	41,343	38,312
Total Imputed Financing	**$ 25,093,317**	**$ 17,525,088**

13) Undelivered Orders at the End of the Period

The undelivered orders at the end of the period consists of the following:

	FY 2023	FY 2022
Unpaid:		
Federal	$ 16,348,531	$ 15,049,256
Non-Federal	39,503,727	33,529,216
Paid:		
Federal	$ 98,059	$ 10,000
Non-Federal	-	-
Totals	**$ 55,950,317**	**$ 48,588,472**

14) Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

Information from the President's Budget and the Combined Statement of Budgetary Resources for the period ended September 30, 2022, is shown in the following tables. A reconciliation is not presented for the period ended September 30, 2023, since the President's Budget for this period has not been issued by Congress.

The differences between the President's 2022 budget and the Combined Statement of Budgetary Resources for 2022 are shown below:

FY 2022 (Dollars in millions)	Budgetary Resources	Obligations Incurred	Distributed Offsetting receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 447	$ 433	-	$ 423
Revolving Fund Collections and Obligations	$ (2)	$ (4)	-	$ (2)
Carry-forwards and Recoveries	$ (22)	$ (10)	-	-
Rounding Differences	$ (1)	$ 1	-	$ 1
Budget of U.S. Government	$ 422	$ 420	-	$ 422

a) The EEOC's revolving fund provides training and charges fees to offset the cost. The collections are reported on the Combined Statement of Budgetary Resources as a part of total budgetary resources but are not reported in the President's Budget.

b) The obligations incurred by the revolving fund and no year fund are not a part of the President's Budget but are included in total obligations incurred in the Combined Statement of Budgetary Resources.

c) Revolving funds and no-year funds have carry-overs of unobligated balances and recoveries of obligations that are included in total resources on the Combined Statement of Budgetary Resources but are not included in the President's Budget.

d) Expired funds have carry-overs of unobligated balances and recoveries of obligations that are included in total resources on the Combined Statement of Budgetary Resources until they are canceled but are not included in the President's Budget.

e) New obligations in expired funds are shown as a part of obligations incurred on the Combined Statement of Budgetary Resources but are not included in the President's Budget.

f) Canceled appropriations are not shown in the President's Budget but are reported as a reduction to resources in the Combined Statement of Budgetary Resources.

g) Difference due to rounding by millions.

15) Reconciliation of Net Cost to Net Outlays

The new reconciliation, referred to as the Budget and Accrual Reconciliation (BAR), requires a reconciliation of the net outlays on a budgetary basis and the net cost of operations during the period.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

BUDGET AND ACCRUAL RECONCILIATION

For the Years Ended September 30, 2023 and 2022
(in dollars)

	FY 2023		
	Intragovernmental	With the public	Total FY 2023
NET COST	**$ 153,969,692**	**$ 312,170,567**	**$ 466,140,259**
Components of Net Cost That Are Not Part of Net Outlays			
Other	-	822,418	822,418
Increase/(decrease) in assets:			
Accounts receivable	-	(14,701)	(14,701)
Other assets	-	88,059	88,059
Increase/(decrease) in liabilities:			
Accounts payable	52,620	3,558,792	3,611,412
Salaries and benefits	(154,436)	(413,244)	(567,680)
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	-	1,773,346	1,773,346
Other financing sources:			
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(25,093,317)	-	(25,093,317)
Transfers out (in) without reimbursement	-	-	-
Other imputed financing	-	-	-
Total Components of Net Cost That Are Not Part of Net Outlays	**$ (25,195,133)**	**$ 5,814,670**	**$ (19,380,463)**
Total Components of Net Outlays That Are Not Part of Net Cost	-	-	-
Other Temporary Timing Differences	(800,000)	-	(800,000)
NET OUTLAYS	**$ 127,974,559**	**$ 317,985,237**	**$ 445,959,796**

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

BUDGET AND ACCRUAL RECONCILIATION CONTINUED

For the Years Ended September 30, 2023 and 2022
(in dollars)

	FY 2022		
	Intragovernmental	With the public	Total FY 2022
NET COST	**$ 137,324,352**	**$ 294,147,555**	**$ 431,471,907**
Components of Net Cost That Are Not Part of Net Outlays			
Other	-	2,342,654	2,342,654
Increase/(decrease) in assets:			
Accounts receivable	-	(23,742)	(23,742)
Other assets	-	1,869	1,869
Increase/(decrease) in liabilities:			
Accounts payable	(284,210)	(3,104,118)	(3,388,328)
Salaries and benefits	2,188,165	7,130,881	9,319,046
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	-	697,524	697,524
Other financing sources:			
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(17,525,088)	-	(17,525,088)
Transfers out (in) without reimbursement	-	-	-
Other imputed financing	-	-	-
Total Components of Net Cost That Are Not Part of Net Outlays	**$ (15,621,133)**	**$ 7,045,068**	**$ (8,576,065)**
Total Components of Net Outlays That Are Not Part of Net Cost	-	-	-
Other Temporary Timing Differences	-	-	-
NET OUTLAYS	**$ 121,703,219**	**$ 301,192,623**	**$ 422,895,842**

OTHER INFORMATION

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Lack of Sufficient Control over Financial Management	0	0	0	0	0

Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Lack of Sufficient Control over Financial Reporting	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Lack of Sufficient Control over Operations	0	0	0	0	0	0

Conformance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems conform, except for instances of non-conformance					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Lack of Sufficient Control over Conformances	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	Agency	Auditor
1. Federal Financial Management System Requirements	N/A	N/A
2. Applicable Federal Accounting Standards	N/A	N/A
3. USSGL at Transaction Level	N/A	N/A

U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
Washington, D.C. 20507

Office of
Inspector General

FY 2024 Management Challenges

Background

In accordance with the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) is reporting what it has determined are the most serious management and performance challenges facing the U.S. Equal Employment Opportunity Commission (EEOC) for FY 2024. This annual statement provides our views on these challenges for inclusion in the EEOC's FY 2023 Annual Financial Report.

Management Challenges

We determined that two of the three areas from FY 2023, Reentry and Digital Mission-Critical Data System Modernization, are no longer considered major management challenges. In the Agency's Reentry Memorandum of Understanding, dated November 18, 2022, all employees were instructed to resume their routine telework schedule of two in-office days per week, effective March 1, 2023. Also, the Agency is in the final stages of transitioning from its Integrated Mission System to the new Agency Record Center (ARC). The final module associated with ARC is scheduled to be completed in calendar year 2024. The Agency must continue its diligence to complete this project.

In FY 2024, we believe the EEOC faces three challenges that impact the Agency's ability to effectively perform its mission to "prevent and remedy unlawful employment discrimination and advance equal opportunity for all in the workplace." The identification of these challenges is based on information uncovered during the performance of our oversight responsibilities, as well as OIG analyses and observations. The challenges are Customer Service, Data and Technology Transformation and Modernization, and Digital Records Management, initially identified as a challenge in 2020.

Customer Service

All Executive agencies (5 U.S.C. 105) have a responsibility to manage customer experience and improve service delivery using leading practices and a human-centered approach.[1] In December 2021, President Biden issued Executive Order 14058 which states "Government must be held accountable for designing and delivering services with a focus on the actual experience of the people whom it is meant to serve." Improving customer service in the government is a priority for the current administration and EEOC has incorporated customer service goals into its strategic plan for 2022-2026.

During the last fiscal year, the OIG completed two internal evaluations and determined that EEOC faces several challenges related to customer service. In a report entitled "*Evaluation of EEOC's*

[1] The customer experience in the Federal government refers to "a combination of factors that result from touchpoints between an individual, business, or organization and the Federal Government over the duration of an interaction and relationship."

Management of Private Sector Customer Service," issued on October 18, 2022, the OIG found that the Agency lacks an overall customer service plan. Customer service standards are not clearly defined or consistently measured. In addition, the Information Intake Group (IIG), which serves as the call center for the Agency, had wait times that exceeded industry standards, and did not have a quality control mechanism to ensure that customer emails are answered in a standard way. The Agency also does not collect and use customer feedback to improve customer service. The Agency has begun to implement the seven recommendations issued in the report.

Furthermore, in a second OIG report entitled "*Customer Service Portals Evaluation*," the contractor determined that EEOC's portals are not designed from a customer perspective.[2] While the portals provide some efficiency to EEOC staff, the metrics cited offer no helpful indication of whether or how the agency should improve the customer service experience. The portals are not easily accessible from the main EEOC website and portal usage does not work well on mobile devices, nor do they support multiple languages. This is problematic because most Americans own a cell phone, and non-English speakers will have difficulty navigating the portals. One of the most common issues that the public experiences with the portal is scheduling appointments within the district offices, which manage their own calendars with varied resources. A significant portion of the IIG's incoming calls and helpdesk inquiries relate to the public's inability to schedule appointments. Seven recommendations were issued in this report.

The customer service experience crosses organizational functions which highlights the need for a comprehensive customer service plan. In October 2022, EEOC created a workgroup called Reimagining Intake whose vision is "a fully accessible charge intake process, and a corresponding system, that leverages appropriate EEOC personnel and serves the public by accepting and efficiently processing charges of discrimination." The workgroup briefed the Chair on its recommendations to improve customer service in August 2023. This workgroup is an important step in addressing customer service weaknesses and EEOC leadership should ensure that this work continues, and improvements are implemented.

Data and Technology Transformation and Modernization

In its recently issued Strategic Plan for FY 2022 through 2026, the Agency stated its dedication to improved use of technology and innovation in mission-critical areas. We agree that improvement in technology use and a more innovative ideology are key drivers for the Agency's success. Over the past several years, EEOC took action to improve its technological transformation, modernization, and digital capabilities, but more work remains.

In January 2023, an OIG contractor completed an evaluation of EEOC's digital process transformation and automation efforts.[3] The evaluation report notes four areas needing substantial improvement: Strategy, Organization & Culture, Customer, and Operations digital elements are either in the developing or early stages. Under these elements, the OIG contractor found that EEOC

[2] The OIG funded a contractor led evaluation of four Agency portals to include the Public Portal, Respondent Portal, and FedSEP, as well as a now-defunct application known as the "Online Charge Status Portal."
[3] Digital transformation is the process of using digital technologies to create new, or modify existing, business processes, culture, and customer experience to meet changing business requirements.

does not have a sufficiently defined and comprehensive vision for digital transformation which has resulted in insufficient consideration of the customer perspective and how the agency's processes could be streamlined. The Agency's culture is reluctant to embrace new technologies and automated service delivery methods. There is no evidence of a customer experience measurement or improvement plan consistent with meeting the guidelines in Executive Order 14058 and the collection of customer feedback is inconsistent.[4] EEOC policies and procedures are neither uniform nor streamlined for end-to-end connectivity. The Agency also does not have an agency-wide operational performance measurement plan. This report was issued with nine recommendations and a corrective action plan was submitted in September 2023.

In September 2023, an OIG contractor completed an evaluation of EEOC's outward-facing customer portals. The evaluation assessed how well the portals meet EEOC's strategic needs, as well as key performance aspects of the portals from the perspectives of how well they assist stakeholders and function as web applications. The OIG contractor found that the Agency's portals continue to facilitate interaction between EEOC and external customers, but they are reaching the end of their useful lifecycle because EEOC can do little to further expand or adapt them.[5] It is important that the Agency's corrective action plan addresses how each recommendation will be implemented in a timely manner.

Finally, the Agency should consider exploring the additional use of artificial intelligence technologies, such as machine learning, to further enhance decision-making and business processes.[6] Artificial intelligence (AI) is a wide-ranging tool that enables people to rethink how we integrate information, analyze data, and use the resulting insights to improve decision-making. EEOC should begin to explore how this emerging technology can be used to improve efforts to prevent and remedy unlawful employment discrimination and advance equal opportunity for all.

Digital Records Management

For the fourth year, records management remains a challenge for the Agency. However, over the last year, EEOC has made significant progress in this area. The Office of Legal Counsel (OLC) now has two dedicated staff to oversee the Agency's records management program. OLC's records management staff have established Records Liaisons in each EEOC office to serve as the initial point of contact for records management. The liaisons conduct a records inventory of different types of records and notify records management staff when an employee is leaving the agency or transferring to another EEOC office to ensure their records are properly stored before leaving. OLC also developed a monthly newsletter and Microsoft Teams site to share information about records management and updates from the National Archives Records Administration (NARA).

[4] Executive Order 14058, "Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government," dated December 13, 2021, directed that each agency and department address how it will further streamline service delivery and improve the customer experience.

[5] System and data modernization is the multiple step process of transforming access to data to greatly improve business intelligence and decision-making.

[6] Machine learning is a pathway to artificial intelligence. This subcategory of AI uses algorithms to automatically learn insights and recognize patterns from data, applying that learning to make increasingly better decisions. To be successful in nearly any industry, organizations must be able to transform their data into actionable insight. Artificial Intelligence and machine learning give organizations the advantage of automating a variety of manual processes involving data and decision making.

Lastly, record schedules for legal and ARC records are completed and under internal review. After those are finalized, OLC will move to develop records schedules for other specialized areas such as financial and human resource records.

Despite this progress, OLC acknowledges there are challenges ahead. Along with developing additional records schedules, all existing paper records must be identified, prepared, and transferred to NARA which is an imposing task. The deadline to transfer paper records is June 30, 2024. Vandalism of EEOC headquarters office space in early 2023 delayed the progress of this effort. OLC identified four headquarters offices that still maintain paper records.[7]

Additionally, OLC plans to conduct a File Room Inventory Survey to identify any additional paper records maintained in headquarters offices. The Field offices have already completed this survey and most of their paper records are litigation and charge files which will be covered under the pending legal and ARC system record schedules.

Starting July 1, 2024, agencies will be required to digitize permanent records created in analog formats before transfer to NARA. Digitization and transfer must be made in accordance with NARA regulations and transfer guidance, including metadata requirements. To avoid such an arduous task, which would likely require contracting outside assistance and associated costs, it's critical that EEOC address the significant number of paper records that still exist within the Agency to comply with federal records management law and to protect the rights and interests of the government and public.

Respectfully, submitted:

Joyce. T.
Willoughby

Joyce T. Willoughby, Esq.

Inspector General

[7] The Executive Secretariat, Office of Federal Operations (OFO), Office of General Counsel (OGC), and OLC.

PAYMENT INTEGRITY

Payment Integrity means ensuring payments made to people on behalf of the government are managed correctly to minimize the likelihood of errors.

The Payment Integrity Information Act of 2019 (PIIA) (Public Law No. 116-117) requires agencies to review all programs and activities and identify those which may be susceptible to significant erroneous payments. For all programs and activities in 2023 where the risk of improper payments is significant, agencies are required to estimate the annual number of improper payments in the susceptible programs and activities. OMB requires agencies to report the results of their improper payment activities. The PIIA also requires conducting payment recapture audits.

OMB Circular No. A-136 and Appendix C of OMB Circular No. A-123 requires detailed information related to the EEOC's Improper Payments Elimination Program, which is provided below. Prior to the passing of PIIA, agencies were not required to review intragovernmental transactions or payments to employees. PIIA now requires agencies to review payments to employees as well as government charge card transactions. Intragovernmental transactions remain the lone exception to PIIA requirements. Therefore, management identified commercial payments, employee payments and government charge cards as potential areas to test pending results of an PIIA risk assessment.

OMB Memorandum M-18-20 prescribes guidance for agencies to use in implementing PIIA. OMB guidance defines "significant improper payments," for fiscal year 2023 reporting, as those in any particular program or activity that exceed both 1.5% of program outlays and $10 million of all program or activity payments made during the fiscal year ($100 million regardless of the improper payment percentage of total program outlay). In addition, the OMB guidance addresses implementing payment recapture audits, for programs and activities that expend $1 million or more annually, provided it is cost-effective to do so. In accordance with the OMB guidance, the EEOC reviewed its programs and activities and determined that none of the agency's programs or activities was susceptible to making significant improper payments and that the implementation of a payment recapture audit would not be cost-effective. The EEOC has provided information to fulfill reporting requirements under the PIIA to OMB. Comprehensive agency improper payment data and information can be found on PaymentAccuracy.gov.

The EEOC is cross-serviced by the Department of Interior, Interior Business Center (DOI/IBC) for accounting system support and accounts payable processing. As a result, the implementation of the Do Not Pay initiative is a joint responsibility between the EEOC and IBC. Prior to making a new contract award, the EEOC checks the System for Award Management (SAM) and the Excluded Parties List System (EPLS) for a match. If there is no match, the EEOC submits a new vendor request to IBC. The IBC Vendor Maintenance Team verifies EEOC's entire new employee and non-federal vendor requests against the Department of Treasury's Do Not Pay (DNP) database using the DNP portal on-line search capability. If the IBC Vendor Maintenance Team finds a positive match, they notify the EEOC. The EEOC reviews the match, determines if the payment is proper, and reports the result.

Based on the results of fiscal year 2023 transaction testing applied to a sample of payments, consideration of risk factors, and reliance on the internal controls in place over the payment process, the EEOC determined that none of its programs and activities are susceptible to significant improper payments at or above the threshold levels set by OMB.

The EEOC will conduct another review in fiscal year 2024 of its programs and activities to determine whether the programs have experienced any unexpected changes. If so, the EEOC will assess program risk susceptibility and make a statistically valid estimate of improper payments for any programs determined to be susceptible to significant erroneous payments.

RECAPTURE OF IMPROPER PAYMENTS

The EEOC does not administer grant, benefit, or loan programs. Implementation of recapture auditing, if determined to be cost-effective, would apply to vendor payments. Because the definition of payment in the new PIIA legislation means any payment or transfer of federal funds to any non-federal person or entity, the EEOC is not required to review, and has not reviewed, intragovernmental transactions.

The EEOC has determined that implementing a payment recapture audit program for vendor payments is not cost-effective. That is, the benefits or recaptured amounts associated with implementing and overseeing the program do not exceed the costs, including staff time and resources, or payments to a contractor for implementation, of a payment recapture audit program. In making this determination, the EEOC considered its low improper payment rate based on testing conducted in fiscal year 2023. The EEOC also considered whether sophisticated software and other cost-efficient matching techniques could be used to identify significant overpayments at a low cost per overpayment, or if labor intensive manual reviews of paper documentation would be required. In addition, the EEOC considered the availability of tools to efficiently perform the payment recapture audit and minimize payment recapture audit costs and determined that such tools were not cost effective.

The EEOC will continue to monitor its improper payments across all programs and activities that it administers and assess whether implementing payment recapture audits for each program is cost-effective. If through future risk assessments the agency determines a program is susceptible to significant improper payments and implementing a payment recapture program may be cost-beneficial, the EEOC will implement a pilot payment recapture audit to measure the likelihood of cost-effective payment recapture audits on a larger scale.

Even though the EEOC has determined that implementing a payment recapture audit program for its programs is not cost-effective, the agency strives to recover any overpayments identified through other sources, such as payments identified through statistical samples conducted under the PIIA.

FRAUD REDUCTION REPORT

The agency has complied with the Fraud Reduction and Data Analytics Act of 2015 throughout fiscal year 2023.

In fiscal year 2023, EEOC reviewed internal controls to ensure the integrity of its programs, operations, and business and financial systems. This effort increased focus on risk management. The agency conducted a risk assessment to identify risks and fraud vulnerabilities. The agency followed a risk-based approach in assessing agency risks and developed controls to mitigate those risks. The assessment includes the identification of risk; determining the likelihood and impact of the risk; developing risk mitigation strategies; and communicating the risk information to related offices. Through adequate risk management, the agency concentrated its efforts on key points of vulnerability to reduce or eliminate the potential for disruptive events. The agency also assessed the agency's internal controls environment to ensure reasonable assurance that the objectives of the agency will be achieved.

This risk management process provides a logical and systematic method for establishing the context for risks, as well as identifying, analyzing, evaluating, responding to, monitoring, and communicating them in a way that will allow EEOC to make decisions and respond to risks and opportunities as they arise. This approach promotes comparability and a shared understanding of information and analysis in the decision process and facilitates a better risk management structure and risk-informed decision making.

The EEOC continues its proactive approach to addressing fraud risk. Fraud risk was addressed in the development of the annual assurance statement. The internal control review addressed the 5 Components and 17 Principles of Internal Control. Program reviews are conducted annually.

The financial and administrative controls are listed below:

Functional Area	Supervisory Review	Risk Assessment
Travel	Day to day controls established and maintained by management to ensure travel system integrity and compliance with federal travel regulations.	Non-compliance with federal regulations.
Contracts and Simplified Acquisition (Purchase Card Program)	Purchase orders and competitive contracts authorized by headquarters Contracting Officer. Contracting Officer approves procurement authorization for purchase card holders.	Employees assigned as approving officials are not authorized.
Disbursements, Receivables, General Ledger, Payables and Debt Collections, Payroll Processing	Financial reports are consistently reviewed and analyzed.	Amounts recorded in the general ledger are not accurate and valid.
Records, Space, Property, Vehicle, Printing and Mail Management	Requests are required to be reviewed and authorized.	Requests are not properly authorized.

Financial and administrative controls were implemented to ensure alignment to meet these goals. EEOC strategies for developing an Enterprise Risk Management (ERM) capability provide a structured, disciplined, and consistent approach to risk management that facilitates risk-informed decision making throughout the organization. ERM provides the EEOC with a means to align strategy, processes, people, technology, and knowledge for the purpose of evaluating and managing uncertainties in executing our unique mission. A consistent approach to risk management across the organization is essential for EEOC leaders to identify and prioritize strategic risks and to prioritize competing requirements in a very restricted funding environment. ERM enables the EEOC to more effectively manage enterprise level risks, and it enables agency leaders to consider the trade-offs between risks, associated costs, and value creation across the organization.

The EEOC's ERM handbook explains the ERM process, provides actionable steps necessary for a mature and successful ERM program, and provides a path to achieve mature and sustainable ERM activities and processes over time. By consistent use of ERM across the organization, the EEOC will be positioned to identify and assess risks within the current environment through a systematic process which evaluates the impact of risk on the EEOC's ability to more actively achieve its mission and objectives within the limited resources available.

CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION

On March 23, 2023, the Commission, in accordance with the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, published a final rule in the *Federal Register* to adjust for inflation the civil monetary penalty for violation of the requirement that every employer, employment agency, labor organization, and joint-labor management committee controlling an apprenticeship or other training program post notices describing the pertinent nondiscrimination provisions of Title VII of the Civil Rights Act, the ADA, ADEA, PWFA and GINA.

Statutory Authority	Penalty	Year Enacted	Latest Year of Adjustment	Current Penalty Level	Sub-Agency/ Bureau/ Unit	Locations for Penalty Update Details
Sections 711(a) & (b) of Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §§ 2000e-10(a) & (b); 29 C.F.R. §§ 1601.30(a) & (b)	Willful Violation	1964	2023	$659	N/A	88 Federal Register 17372 (Mar. 23, 2023)

APPENDICES

APPENDIX A: ORGANIZATION AND LAWS ENFORCED

When the EEOC first opened its doors in 1965, it was charged with enforcing the employment provisions in Title VII of the landmark Civil Rights Act of 1964. The EEOC's jurisdiction over employment discrimination now includes the following areas:

- **Title VII of the Civil Rights Act of 1964**, which prohibits employment discrimination on the basis of race, color, religion, sex (including pregnancy, gender identity, and sexual orientation), and national origin.
- **Pregnancy Discrimination Act of 1978**, which amended Title VII to clarify that discrimination on the basis of pregnancy, childbirth, or related medical conditions constitutes sex discrimination and requires employers to treat female employees affected by pregnancy, childbirth, or related medical conditions the same as other employees who are similar in their ability or inability to work, with respect to terms and conditions of employment, including leave and benefits.
- **Equal Pay Act of 1963 (included in the Fair Labor Standards Act)**, which prohibits sex discrimination in the payment of wages to men and women performing substantially equal work in the same establishment.
- **Age Discrimination in Employment Act of 1967**, which protects workers age 40 and older from discrimination in hiring, discharge, pay, promotions, fringe benefits, and other aspects of employment. The ADEA also prohibits the termination of pension contributions and accruals on account of age and governs early retirement incentive plans and other aspects of benefits planning and integration for older workers.
- **Title I and Title V of the Americans with Disabilities Act of 1990**, **as amended by the Americans with Disabilities Act Amendments Act of 2008**, which prohibits employment discrimination by private sector respondents and state and local governments against qualified individuals on the basis of disability.
- **Section 501 of the Rehabilitation Act of 1973**, which prohibits employment discrimination on the basis of disability in the federal government.
- **Title II of the Genetic Information Nondiscrimination Act of 2008**, which prohibits employment discrimination on the basis of an applicant's or employee's genetic information (including family medical history), generally prohibits acquisition of genetic information from applicants and employees and requires covered entities to keep such information confidential, with limited exceptions.
- **Lilly Ledbetter Fair Pay Act of 2009**, which overturned adverse Supreme Court precedent and restored the EEOC's long-held position on the timeliness of pay discrimination claims.
- **Pregnant Workers Fairness Act of 2022**, which requires that a covered entity provide a reasonable accommodation to a qualified worker's known limitation related to pregnancy, childbirth, or related medical conditions, absent undue hardship.

The Office of Field Programs (OFP), the Office of General Counsel (OGC), and 53 field offices, ensure that the EEOC effectively enforces the statutory, regulatory, policy, and program responsibilities of the agency through a variety of resolution methods tailored to each charge. Staff are responsible for achieving a wide range of objectives, which focus on the quality, timeliness, and appropriateness of individual, multiple victim, and systemic charges and for securing relief for workers subjected to discrimination in accordance with Commission policies. The responsibility for conducting hearings of federal sector complaints is performed in field offices under the oversight of OFP. Staff also counsel individuals about their rights under the laws enforced by the EEOC and conduct outreach and technical assistance programs. OGC conducts litigation in federal district courts and in the federal courts of appeals.

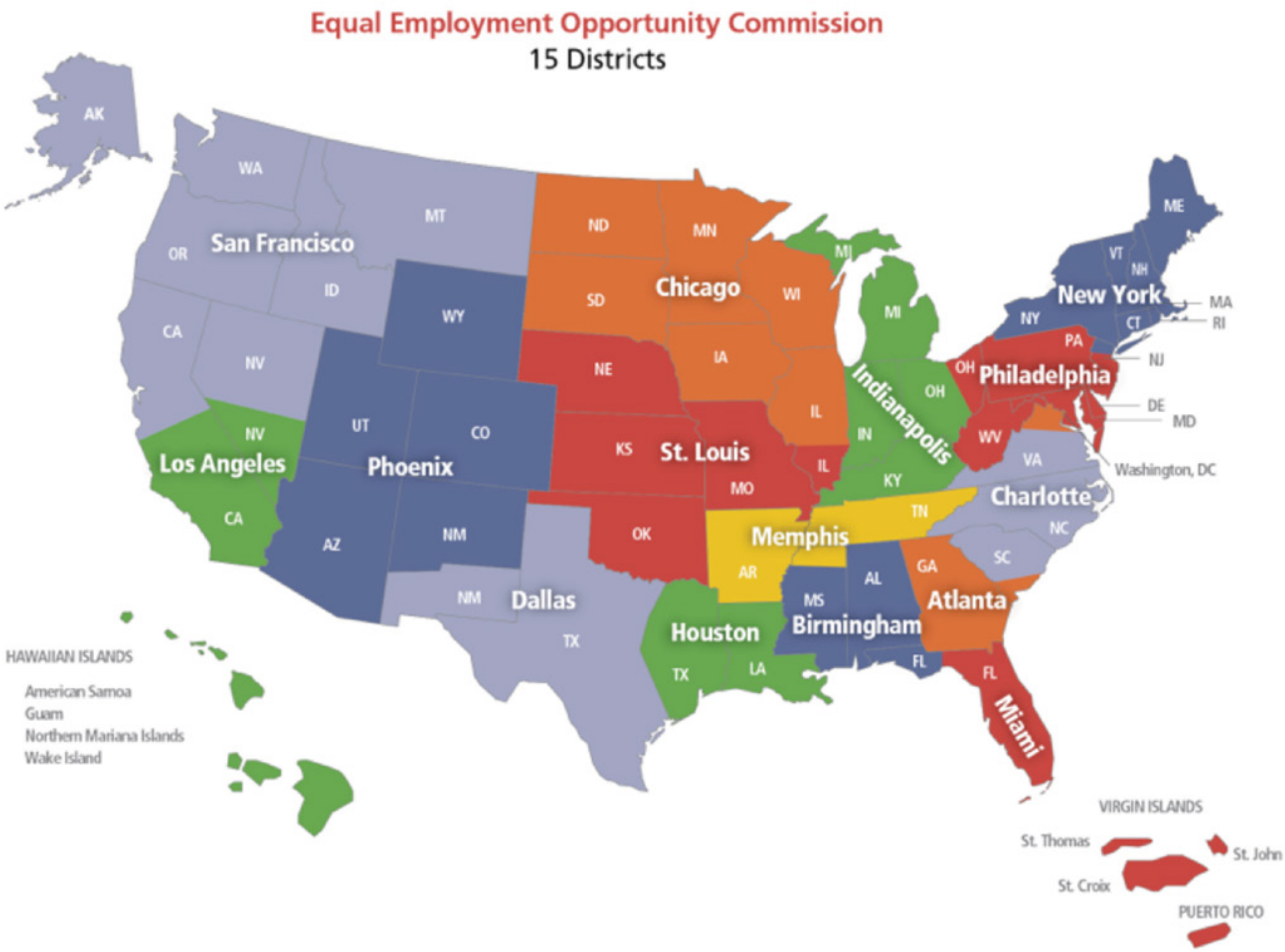
Additionally, through OFP's State, Local, and Tribal Program, the EEOC maintains work sharing agreements and a contract services program with 91 state and local FEPAs for the purpose of coordinating the investigation of charges dual-filed under state and local laws and federal law, as appropriate. The EEOC partners with more than 62 TEROs to promote equal employment opportunity on or near Native American/Alaska Native reservations or Tribal lands.

The Office of Legal Counsel (OLC) serves as counsel to the Chair, developing policy guidance, providing technical assistance to employers and employees, and coordinating with other agencies and stakeholders regarding the statutes and regulations enforced by the EEOC. The Office of Legal Counsel also fulfills in-house counsel functions by conducting or coordinating defensive litigation on behalf of the Chair and the Commission and advising agency officials on administrative issues such as contracts, disclosures, ethics, fiscal law, and recordkeeping matters. OLC houses the agency's FOIA Division and its Records Management Division.

Through its Office of Federal Operations (OFO), the EEOC provides leadership and guidance to federal agencies on all aspects of the federal government's equal employment opportunity program. This office ensures federal agency and department compliance with EEOC regulations, provides technical assistance to federal agencies concerning EEO complaint adjudication, monitors and evaluates federal agencies' affirmative employment programs, develops and distributes federal sector educational materials and conducts training for stakeholders, provides guidance and assistance to EEOC administrative judges who conduct hearings on EEO complaints, and adjudicates appeals from administrative decisions made by federal agencies on EEO complaints.

The EEOC receives a congressional appropriation to fund the necessary expenses of enforcing civil rights legislation, as well as prevention, outreach, and coordination of activities within the private and public sectors. In addition, the EEOC maintains a Training Institute for technical assistance programs. These programs provide fee-based education and training relating to the laws administered by the Commission. See Appendix F for a full description of these programs.

APPENDIX B: EEOC FIELD OFFICES



For a full list of EEOC offices and a zip-code based office locator, please see: https://www.eeoc.gov/field/index.cfm

APPENDIX C: BIOGRAPHIES OF THE CHAIR, VICE CHAIR, COMMISSIONERS, AND GENERAL COUNSEL

Charlotte A. Burrows, Chair

Charlotte A. Burrows was designated by President Biden as Chair of the U.S. Equal Employment Opportunity Commission (EEOC) on January 20, 2021. Chair Burrows was initially nominated to serve as a Commissioner of the EEOC in 2014 and then re-nominated in 2019. By unanimous vote, the U.S. Senate confirmed her to a second term ending July 1, 2023. On November 8, 2023, the U.S. Senate confirmed her to a third term ending July 1, 2028.

For more information about Chair Burrows, please see: www.eeoc.gov/charlotte-burrows-chair.

Jocelyn Samuels, Vice Chair

Jocelyn Samuels was designated by President Biden as Vice Chair of the U.S. Equal Employment Opportunity Commission (EEOC) on January 20, 2021. Vice Chair Samuels was initially nominated to serve as a Commissioner of the EEOC in 2020 and then re-nominated in 2021. On July 14, 2021, the U.S. Senate confirmed her to a second term ending July 1, 2026.

For more information about Vice Chair Samuels, please see: https://www.eeoc.gov/jocelyn-samuels-vice-chair.

Keith E. Sonderling, Commissioner

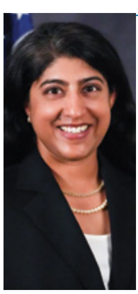
Keith E. Sonderling was nominated to serve as a Commissioner of the U.S. Equal Employment Opportunity Commission (EEOC) in 2019 and was confirmed by the U.S. Senate on September 22, 2020, for a term expiring July 1, 2024. Sonderling previously served as the EEOC's Vice Chair.

For more information about Commissioner Sonderling, please see: https://www.eeoc.gov/keith-e-sonderling-commissioner.

Andrea R. Lucas, Commissioner

Andrea R. Lucas was nominated to serve as a Commissioner of the U.S. Equal Employment Opportunity Commission (EEOC) in 2020 and was confirmed by the U.S. Senate on September 22, 2020, for a term expiring July 1, 2025.

For more information about Commissioner Lucas, please see: https://www.eeoc.gov/andrea-r-lucas-commissioner.



Kalpana Kotagal, Commissioner

Kalpana Kotagal was nominated to serve as a Commissioner of the U.S. Equal Employment Opportunity Commission (EEOC) in 2022 and was confirmed by the U.S. Senate on July 13, 2023, for a term expiring July 1, 2027.

For more information about Commissioner Kotagal, please see: https://www.eeoc.gov/kalpana-kotagal-commissioner.

Karla Gilbride, General Counsel

Karla Gilbride was nominated to serve as the General Counsel of the U.S. Equal Employment Opportunity Commission (EEOC) in 2023 and was confirmed by the U.S. Senate on October 17, 2023, for a term expiring in 2027.

For more information about General Counsel Gilbride, please see: https://www.eeoc.gov/karla-gilbride-general-counsel.

APPENDIX D: GLOSSARY OF ACRONYMS

AANHPI Asian Americans, Native Hawaiians, and Pacific Islanders

ADA Americans with Disabilities Act of 1990

ADEA Age Discrimination in Employment Act of 1967

ADR Alternative Dispute Resolution

APP Annual Performance Plan

ARC Agency Records Center

CFO Chief Financial Officer

CHCO Chief Human Capital Officer

CTER Council for Tribal Employment Rights

DEIA Diversity, Equity, Inclusion, and Accessibility

DOL, OFCCP U.S. Department of Labor, Office of Federal Contractor Compliance Programs

DPC White House Domestic Policy Council

EEO Equal Employment Opportunity

EEOC Equal Employment Opportunity Commission

EPA Equal Pay Act of 1963

EO Executive Order

EXCEL Examining Conflicts in Employment Laws

FEPA Fair Employment Practices Agency

FMFIA Federal Managers Financial Integrity Act

FOIA Freedom of Information Act

GINA Genetic Information Nondiscrimination Act of 2008

GSA General Services Administration

HBCU Historically Black Colleges and Universities

IIG Intake Information Group

IMS Integrated Mission System

OCRDI Office for Civil Rights, Diversity, and Inclusion

OEDA Office of Enterprise Data and Analytics

OFO Office of Federal Operations

OFP Office of Field Programs

OGC Office of General Counsel

OIG Office of Inspector General

OMB U.S. Office of Management and Budget

OPM U.S. Office of Personnel Management

PWFA Pregnant Workers Fairness Act

TERO Tribal Employment Rights Offices

TMF Technology Modernization Fund

WHIAANHPI White House Initiative on Asian Americans, Native Hawaiians, and Pacific Islanders

APPENDIX E: INTERNET LINKS

EEOC Homepage: https://www.eeoc.gov/

EEOC Statistics: https://www.eeoc.gov/statistics

EEOC Strategic Plan for FY 2022–2026: https://www.eeoc.gov/eeoc-strategic-plan-2022-2026

Strategic Enforcement Plan for FY 2024–2028: https://www.eeoc.gov/strategic-enforcement-plan-fiscal-years-2024–2028

Meetings of the Commission: https://www.eeoc.gov/meetings

Newsroom/Press Releases: https://www.eeoc.gov/newsroom/search

EEOC FY 2023 Performance Budget: https://www.eeoc.gov/fiscal-year-2023-congressional-budget-justification

EEOC Performance Budgets: https://www.eeoc.gov/eeoc-budget-archives

EEOC Performance and Accountability Reports: https://www.eeoc.gov/eeoc-annual-reports-archives

Small Business Resource Center: https://www.eeoc.gov/employers/small-business

Youth@Work: https://www.eeoc.gov/youthwork

APPENDIX F: REVOLVING FUND

The EEOC Training Institute (Training Institute) provides fee-based training and technical assistance to stakeholders from both the private and public sector. The operations of the Training Institute are funded through the EEOC's Revolving Fund, which is an instrument established by Congress in 1992 to enable the EEOC to charge reasonable fees for specialized products and services developed and delivered as part of the Commission's training and technical assistance efforts. The Revolving Fund serves as the mechanism through which the EEOC is able to collect payments, thus offsetting some of the costs devoted to training and technical assistance to external entities and allowing the agency to offer more free outreach events to those populations less able to pay for training.

The Training Institute provides a wide variety of fee-based training to assist private sector employers, and state, local, and federal government agencies in educating their managers and employees on the laws enforced by the EEOC and how to prevent and address discrimination in the workplace. The Training Institute also offers workshops, courses, and conferences on a variety of EEO compliance issues including current developments regarding EEOC guidance. Additionally, the Training Institute provides Respectful Workplaces employee training, Leading for Respect manager and supervisor training, and compliance training related to the 2016 Report of the Co-Chairs of the EEOC Select Task Force on the Study of Harassment in the Workplace.

In fiscal year 2023, the Training Institute conducted virtual workshops, courses, conferences, and Customer Specific Training (CSTs) for a total of 290 events with approximately 21,442 registrants. Below is a more in-depth explanation of each type of program offered by the Training Institute in fiscal year 2023.

Examining Conflicts in Employment Laws (EXCEL) Conference. The agency celebrated EXCEL's 26th Anniversary and held its 26th Annual Examining Conflicts in Employment Laws (EXCEL) Training Conference for federal sector and private sector EEO practitioners. This year was the first time the conference was held in person since the start of the Covid-19 pandemic. The EXCEL Training Conference gathered Equal Employment Opportunity (EEO), Human Resources (HR), and Alternative Dispute Resolution (ADR) practitioners from private, state, local, and federal organizations for four days of education, training, and professional development. The agency held three plenary sessions, one specialty track, and over 70 open workshops covering topics such as the Pregnant Workers Fairness Act, disability accommodations, the use of artificial intelligence in the workplace, among other significant employment law and EEO compliance issues. The conference started with an opening plenary session by the EEOC Chair; the U.S. Merit Systems Protection Board Chair; and the U.S. Federal Labor Relations Authority Chair. A record number of attendees including participants, volunteers, and speakers from the federal and private sectors rated EXCEL as outstanding. The conference received outstanding feedback and gave participants the needed EEO knowledge and skills to enhance their performance, and meet the evolving demands of today's workplace while also generating approximately $625,500 in net revenue.

Technical Assistance Program Workshops. In fiscal year 2023, the Training Institute continued its highly successful offerings in a virtual training environment and provided numerous opportunities for employees and employers to receive training, education, and information about their respective rights and obligations to prevent and remedy workplace discrimination. The Training Institute offered 1-hour (breakfast and lunch briefings), 2-hour, 3-hour (half-day), and 5-hour (full-day) workshops. These workshops enabled EEOC field offices to partner together, pool their creative ideas and resources, and maximize revenue potential. In fiscal year 2023, the Training Institute conducted 29 national (1, 2, 3, and 5-hour) workshops with approximately 6,617 registrants. These workshops received excellent evaluations from attendees.

Customer Specific Training. The Customer Specific Training (CST) programs provide training and education for employees, managers, supervisors, and human resource professionals from private sector employers and state, local, and federal government agencies on their EEO responsibilities and how to prevent and remedy workplace discrimination. The Training Institute can design customized courses to be delivered at employers' worksites, including virtual delivery. In fiscal year 2023, the Training Institute conducted 173 virtual and in-person CST events that reached approximately 10,769 registrants and included Respectful Workplaces employee training and Leading for Respect manager and supervisor training.

National Federal Courses and Federal Agency Training. The Training Institute offers federal courses that are designed to meet training requirements for EEO practitioners working throughout the federal government. In fiscal year 2023, there were 47 national federal courses with approximately 1,624 registrants and 40 federal agency training sessions with approximately 1,552 registrants and included Respectful Workplaces employee training and Leading for Respect manager and supervisor training.

In fiscal year 2023, the Training Institute generated revenue of over approximately $4.62 million and met the Revolving Fund's annual threshold self-sustained funding. The Revolving Fund also reimbursed the agency $3,363,731 for costs associated with administration and operations. These reimbursement costs included: 1) full reimbursement of Revolving Fund staff salaries and benefits; and 2) a proportion of the labor costs associated with the time spent by other field and headquarters staff working on Revolving Fund training activities. The Revolving Fund's efficient administration and successful programs resulted in solid financial performance with revenue covering annual expenses.

FY 23 Revolving Fund Training	Number of Events	Registrants (approx.)	Revenue	Expenses	Indirect Expenses *^
OFP Workshops (1, 2, 3, and 5-hour)	29	6,617	1,170,343	30,026	1,007,206
OFP CSTs (private sector, state, and local government employers)	173	10,769	359,356	-3,785	318,065
OFO National Federal Courses	47	1,624	1,260,769	101,176	1,070,289
OFO Federal Agency Training Sessions	40	1,552	300,270	93,210	254,982
EXCEL Conference	1	880	1,530,231	819,004	1,365,431
TOTAL	**290**	**21,442**	**4,620,969**	**1,039,631**	**4,015,973**

^ Indirect expenses include the RFD reimbursable agreement, registration contract and other shared RFD expenses

* Indirect Expenses are broken down as follows (OFP – 33%, OFO – 33%, EXCEL – 34%) and then estimated based on the percentage revenue for each program

Note: Carryover funds from FY 2022 are not included in the revenue figures above (approx. $1.5M)

Indirect Costs are defined by the Office of Management and Budget as "costs that are incurred for common or joint objectives and cannot be easily and specifically identified with a particular sponsored project, an instructional activity, or any institutional activity." The indirect cost expenses included in the above chart are comprised of two major areas: 1) salaries and benefits; and 2) general and administrative costs. The salaries are for those of Revolving Fund staff, Office of Field Program staff, and Office of Federal Operations staff that perform activities related to the preparation and support of all Revolving Fund training activities and oversight. The general and administrative costs include items such as financial systems and reports, EEOC rent, and the use of systems and support from the Office of Information Technology. The indirect expenses in the above chart are necessary to support the execution of the full array of Training Institute offerings including Workshops, Customer Specific Training (CSTs), National Federal Courses, Federal Agency Training Sessions, and the EXCEL Conference.

APPENDIX G: ACKNOWLEDGMENTS

The EEOC's Fiscal Year 2023 Agency Financial Report is a collaborative endeavor on the part of many EEOC employees and contractors. The Commission would like to acknowledge and thank them for their hard work and commitment in successfully preparing this report and in supporting the audit of the financial statements.

We Welcome Your Comments

Thank you for your interest in the EEOC's Fiscal Year 2023 Agency Financial Report. We welcome your comments on how we can make this report more informative.

Please send your comments to:

Executive Officer
Office of the Executive Secretariat
U.S. Equal Employment Opportunity Commission
131 M Street, NE
Washington, DC 20507–0001
(202) 921-2815
TTY 1-800-669-6820
ASL Video Phone 1-844-234-5122
Email: eeoc-executive-secretariat@eeoc.gov