FY 2005 PERFORMANCE AND ACCOUNTABILITY REPORT

U.S. Equal Employment Opportunity Commission

Our Vision

A strong and prosperous nation secured through a fair and inclusive workplace.

Our Mission

We promote equality of opportunity in the workplace and enforce Federal laws prohibiting employment discrimination.

TABLE OF CONTENTS

An electronic copy of this report is available on the EEOC website at www.eeoc.gov/abouteeoc

This page intentionally left blank.

A Message from the Chair

I am pleased to present the U.S. Equal Employment Opportunity Commission's (EEOC's) Performance and Accountability Report for fiscal year (FY) 2005. In FY 2005 we marked a significant milestone in the Nation's history—the EEOC's 40th anniversary of ensuring equal opportunity in America's workplaces. The Civil Rights Act of 1964 established the EEOC, and one year later, on July 2, 1965, the agency opened its doors and the journey toward equality of opportunity in the workplace officially began. As we mark this important milestone along the journey, we celebrate the progress made to date and strive to better position the agency for greater results in the days and years ahead.

The EEOC is making a fundamental shift by taking a more balanced approach of proactive prevention and strategic enforcement, with an emphasis on customer service and results. It is clear that the Commission can no longer serve solely as the "job police." We are striving to build partnerships to prevent discrimination, while taking on more high impact cases that can lead to positive workplace changes for a broad swath of the workforce. This report demonstrates our efforts to promote equality of opportunity in the workplace and enforce Federal laws prohibiting employment discrimination.

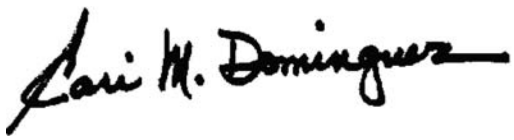
In FY 2005, the Commission continued to build upon the successes of FY 2004. We made considerable progress toward becoming more customer-centered. We continued to reduce our inventory of hearings and appeals filed by Federal employees and maintained a manageable inventory of private sector charges. We settled several highly publicized cases, guaranteeing substantial changes in the affected work environments. In our effort to prevent discrimination, we launched the Freedom to Compete Awards to recognize best practices in workplace diversity. We also continued to develop innovative partnerships and outreach activities to educate young workers about their rights and responsibilities, as well as increase opportunities for individuals with disabilities through the President's New Freedom Initiative.

...on July 2, 1965, the agency opened its doors and the journey toward equality of opportunity in the workplace officially began.

We continue to pursue organizational excellence through our model workplace efforts and implementation of the President's Management Agenda (PMA). We strive to set and implement the highest quality standards for equal employment opportunity, customer service, internal efficiency, and fiscal responsibility. The PMA is integral to our efforts to accomplish these objectives, and we have taken concrete steps to meet PMA standards. To improve customer service, we implemented a national contact center on a 2-year pilot basis. The Commission also approved a plan to reposition the agency's field structure. Specifically, this plan was designed to enhance service delivery and improve the efficiency of our operations. Strengthening

financial management remains a priority and receiving an unqualified audit opinion for FY 2005 provides evidence of this priority. In addition, the agency's management and financial controls environment under the Federal Managers' Financial Integrity Act (FMFIA) is sound. Based on a review of agency-wide information and the assurances of the agency's senior managers, I am reasonably assured that EEOC's systems of management and financial controls during FY 2005 were effective, and agency resources were efficiently used in support of our mission.

The journey toward our final destination of equal employment opportunity for all is an exciting and challenging one. Over the past four decades, EEOC—working closely with our stakeholder partners—has made enormous progress in removing discriminatory barriers and leveling the playing field. FY 2005, with its solid and meaningful results, moved us closer to our final destination.



Cari M. Dominguez
Chair
U.S. Equal Employment Opportunity Commission

November 15, 2005

Management's Discussion and Analysis

INTRODUCTION

This year the Equal Employment Opportunity Commission proudly celebrated a milestone in the nation's history: our 40th anniversary of serving the public by ensuring equality of opportunity in America's workplaces. When the Commission first opened its doors on July 2, 1965, it was charged with enforcing the employment provisions of the landmark Civil Rights Act of 1964. The EEOC has jurisdiction over employment discrimination issues for the Federal Government's role as an employer and also for private employers, State and local agencies, employment services, and labor organizations. The EEOC receives, reviews, and processes charges of employment discrimination, and files discrimination suits. We also provide guidance and information to both employers and employees concerning their rights and responsibilities under the laws we enforce. A more detailed explanation of our structure and the laws we enforce can be found in *Appendix A*.

The past 40 years have brought much progress, yet much work remains to fulfill the promise of equal employment opportunity for all. The EEOC is proud of the pivotal role it has played over the years and will remain ever vigilant in the pursuit of our mission for years to come. However, we find ourselves at a crossroads between a powerful past and an emerging future. The past four decades have seen incredible changes: shifting demographics, globalization, and the explosion of technological innovations. The world and the workplace have changed dramatically during that time, and we are working to better position ourselves to address the needs of the 21st century workplace.

This *FY 2005 Performance and Accountability Report* (PAR), prepared in accordance with the Reports Consolidation Act of 2000 and Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, presents the results of the agency's programs and financial performance, along with its management challenges. This section of the PAR summarizes our efforts in each of these areas. More detailed discussion can be found in the following sections of the Report:

Achieving Results highlights the progress made in meeting the Commission's performance measures, which are articulated in our Strategic Plan for fiscal years 2004 through 2009.

The Inspector General's Statements present key management challenges identified by the Inspector General and the agency's progress and plans to address them, as well as a statement of FMFIA compliance.

The Consolidated Financial Statements demonstrate our efforts to be good stewards over the funds the agency receives to carry out its mission. Included in this section is an independent auditor's opinion on the agency's financial statements.

A copy of this report is available on our website at **www.eeoc.gov/abouteeoc/plan/par/2005.**

THE YEAR IN HIGHLIGHTS

The EEOC is working to make a difference in the lives of those we serve and employ. From briefcases to lunch boxes, from hardhats to handhelds, we are a nation of workers facing opportunities and circumstances unlike any other. This year the EEOC continued to strive toward our mission of promoting equality of opportunity in the workplace and enforcing Federal laws prohibiting employment discrimination.

The Commission made significant progress in its efforts to reposition itself to better serve the public. In September 2004, the Commission approved a 2-year contract to establish EEOC's National Contact Center (NCC), the most pressing of the three major recommendations of the National Academy of Public Administration (NAPA) in its 2002 in-depth examination of the Commission. This Commission vote marked the culmination of an exhaustive process of study, evaluation and planning. On March 21, 2005, following a 6-month planning and training period, the NCC began operating on an 18-month pilot basis.

When the NCC began to accept calls nationwide, the Commission became dramatically more accessible to the public. Constituents can now communicate with the agency in more than 150 languages by telephone, fax, written correspondence, e-mail, and web inquiries to obtain quick, accurate information. The NCC is open from 8:00 a.m. to 8:00 p.m. eastern time, Monday through Friday. More than 24,000 callers a month speak with knowledgeable, EEOC-trained Customer Service Representatives (CSRs), usually within 30 seconds after opting to speak directly to a CSR. Additionally, through Frequently Asked Questions posted on the EEOC's web page and an Interactive Voice Response telephone system available 24 hours a day, another 15,000 customers a month are getting their questions answered through the use of the NCC's technology.

EEOC's National Contact Center may be reached 24 hours a day at 1–800–669–6820 or via e-mail at info@ask.eeoc.gov.

In May 2005, Chair Dominguez addressed NAPA's second major recommendation when she presented her fellow Commissioners with a plan to realign the Commission's field organization. In June 2005, after making the plan available to the public and gathering comments, Chair Dominguez led a panel of senior EEOC managers in a public forum on the plan. The Commission subsequently voted on July 8, 2005, to approve the plan, which retains all existing Field Offices and adds two new offices in Mobile, Alabama, and Las Vegas, Nevada. The plan allows for expanded presence, reduced costs, flattening of overall management structure, and more logical alignment of our offices. This will permit the agency to redeploy staff to front-line positions, fill additional positions, and ensure that each office has the staff necessary to manage its workload. The Commission hopes to implement the field repositioning sometime in FY 2006.

In sum, these repositioning efforts will allow the agency to use its human capital where it is most needed, so the Commission can continue its role as the preeminent civil rights agency well into the 21st century.

While we are making steady progress, FY 2005 was not without unique challenges. The devastation on the Gulf Coast caused by Hurricane Katrina had a profound impact on the EEOC and our New Orleans District Office. Our first concern has been, and remains to be, the safety and well being of our employees. Of the 50 employees in the New Orleans District Office, nearly half had their homes destroyed in the storm and the floods that followed. Approximately one-third of our displaced employees remain in the New Orleans/Baton Rouge area, and the others are currently concentrated in Texas, Georgia, and Florida. The office, in downtown New Orleans, has been closed since August 29, 2005. We are in the process of retrieving what can be saved from the New Orleans District Office and are on track to open a relocated office in November. In the meantime, many of our displaced employees have returned to work at alternative locations.

Our Strategic Plan set forth the framework by which we measure our performance under the Government Performance and Results Act (GPRA). The strategic framework includes three Strategic Objectives and the agency's Five-Point Plan.

Strategic Objectives	Five-Point Plan
Justice and Opportunity	Proficient Resolution focuses on the resolution of workplace disputes through charge handling practices that are timely and cost-effective.
	Promotion and Expansion of Mediation/Alternative Dispute Resolution (ADR) encourages the use of mediation to voluntarily resolve disputes quickly, amicably, and cost-effectively.
	Strategic Enforcement and Litigation draws on research, coordinated enforcement, and selective litigation to secure meaningful impact on employment discrimination issues.
Inclusive Workplace	Proactive Prevention aims to combat employment discrimination by preventing it from happening in the first place.
Organizational Excellence	EEOC as a Model Workplace emphasizes our commitment to "practicing what we preach by fostering a model office environment in our own operations." It also captures our efforts to "get to green" in each area of the President's Management Agenda.

Each strategic objective and its corresponding Five-Point Plan elements have a series of performance measures used to drive results and accountability throughout the agency. Our progress in meeting these measures is summarized below and discussed in detail in the "Achieving Results" section of this report.

EEOC FY 2005 Performance			
Measures	Targets Met ●	Targets Partially Met[1] ◆	Targets Not Met ◉
24	18	1	5

[1] Targets Partially Met: A rating assigned to target results where (1) at least half of the activities targeted for completion were completed, or (2) the target is a 2-year target and at least half of activities have been completed.

STRATEGIC OBJECTIVE 1: JUSTICE AND OPPORTUNITY

Notwithstanding the changing legal and business landscapes, we continue to focus on our fundamental responsibility: to correct the wrongs of employment discrimination and bring justice and equal opportunity to the workplace.

Through our Justice and Opportunity Strategic Objective, we strive to remedy and deter unlawful discrimination and increase public confidence in the fair and prompt resolution of employment discrimination disputes. These broad outcomes focus our measures and strategies on three points of our Five-Point Plan: Proficient Resolution, Promotion and Expansion of Mediation/ADR, and Strategic Enforcement and Litigation.

Justice and Opportunity FY 2005 Performance			
Total FY 2005 Investment: $314 million			
Measures	Targets Met ●	Targets Partially Met ◆	Targets Not Met ◉
13	11	0	2

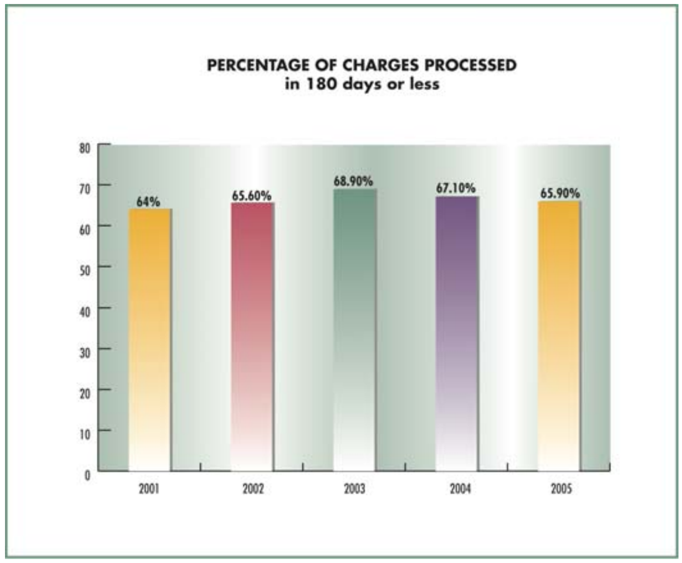
Proficient Resolution

Proficient resolution connotes the importance of timeliness and quality in service delivery. Our private and Federal sector enforcement programs strive to achieve both success factors—timeliness and quality—in serving our customers.

Private Sector Enforcement Program: Providing quality services that are fair and prompt, for both employees and employers, in our administrative processing system is vital to our mission. In FY 2005, we received 75,428 private sector charges of discrimination, which was 5% less than the 79,432 received in FY 2004. We achieved 77,352 resolutions, with a merit factor resolution rate of 21.5%. (Merit factor resolutions include mediation and other settlements and cause findings, which, if not successfully conciliated, are considered for litigation.) In comparison, the merit factor resolution rate for FY 2004 was 19.5%. This left us with a manageable pending inventory of 33,562 charges at the end of the fiscal year, compared with the FY 2004 figure of 29,966.

Timeliness is a key measure of our success in processing private sector charges. Measure 1.1.1 tracks our progress in resolving charges in 180 days or fewer. In FY 2005, our target was to resolve 70% of charges within this time frame. We did not meet this target. Rather, 65.9% of charges were resolved in 180 days or fewer. Several factors contributed to this outcome, including an emphasis on resolving older cases and reducing those inventories. Further, the average charge processing time was 171 days, up slightly from 165 days in FY 2004. This increase was also due to our emphasis on the resolution of older cases. These and other factors are discussed in the "Achieving Results" section of the PAR.

Our other key measure for success in processing private sector charges assesses the quality of our charge files. Under Measure 1.1.4, we met our FY 2005 target of setting a baseline to measure the quality of investigative charge files for FY 2005 and subsequent years through FY 2009. The baseline is set at 88.5%.



Through our partnership contracts with 94 State and local Fair Employment Practices Agencies (FEPAs), we continued to resolve dual-filed charges as a means of preventing duplication of effort and streamlining the charge resolution process. FEPA charge receipts decreased by 2.4%, from 57,318 in FY 2004 to 55,928 in FY 2005. FEPAs resolved 54,530 charges, 4.1% fewer than during the previous year. The pending inventory decreased to 55,188, down from 57,808 in FY 2004.

Federal Sector Enforcement Program: Unlike our responsibilities in the private sector, we do not process charges of discrimination for all Federal employees. Rather, we are responsible for providing hearings and appeals after the initial processing of the complaints. In FY 2005, we received 10,266 requests for hearings and 7,490 for appeals.

Consistent with our Private Sector Program, timeliness and quality are important measures of success in serving the Federal sector. For FY 2005, our target for Measure 1.1.2 was to resolve 38% of Federal sector hearings in 180 days or fewer. We exceeded our goal, resolving 51.3% of hearings cases in 180 days or fewer. We achieved this result through a long-term approach. In FY 2004, we focused our resources on reducing older charges. As a result, we fell just short of meeting last year's goal of resolving 35% of Federal sector hearings in 180 days or fewer. This emphasis on resolving older charges, however, enabled us to address newer hearings cases during FY 2005. Ensuring a more optimal inventory of both older and newer hearings cases has left us better positioned to maintain our inventory target at or near 50% of hearings being resolved in 180 days or fewer for subsequent years.

Other accomplishments in managing the hearings caseload include the following:

- Significantly reduced the hearings processing time by 29.9%—from 355 days in FY 2004 to 249 days in FY 2005.
- Reduced the hearings inventory by 1.3%—from 5,975 cases in FY 2004 to 5,896 cases in FY 2005.
- Obtained more than $58 million in monetary benefits, compared with $45.5 million in FY 2004.

We also made significant gains in processing our Federal sector appellate inventory during FY 2005. Our goal for Measure 1.1.3 was to resolve 50% of appeals within 180 days or fewer. Through the effective management of the appellate inventory, using strategic inventory management projects and technological innovations, we resolved 52% of the appeals received during the fiscal year within 180 days or fewer, exceeding our target.

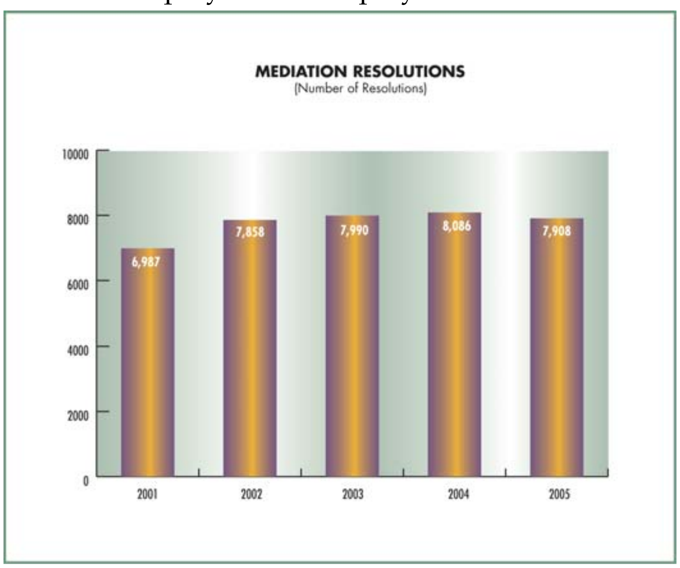
Other accomplishments in managing the appellate caseload include the following:

- Reduced the appellate inventory to 3,610, below the FY 2004 ending inventory and an almost 70% reduction from the inventory high of 11,918 appeals in January 2000.
- Reduced by more than 6% the average processing time of all closures, from 207 days in FY 2004 to 194 days in FY 2005. The average processing time for appellate closures in FY 2005 marks a 58% reduction from the average processing time in FY 2002.

Promotion and Expansion of Mediation

The Commission has been successfully implementing its initiative on Promoting and Expanding Mediation/ADR in our private and Federal sector programs. As an enforcement tool, mediation has proven beneficial in advancing the agency's mission in an effective and efficient manner.

Private Sector Mediation Program: Mediation is an important tool for resolving private sector charges. These resolutions benefit both employees and employers, as well as the American workplace. Employees and employers benefit because the resolutions occur quickly, before workplace problems get worse, and because mediation fosters open and honest dialogue between employee and employer. The American workplace benefits from the positive changes made as a result of mediation agreements. The program has been very successful and has contributed to our ability, over the past few years, to retain a manageable inventory and resolve more charges in 180 days or fewer, thereby meeting our earlier timeliness measure. In FY 2005, the EEOC's National Mediation Program secured over 7,900 resolutions, just short of the highest number reached in FY 2004—8,086. We secured more than $115 million in benefits for complainants from mediation resolutions.



Three measures highlight important aspects of our private sector mediation program: employer participation, the confidence that employers and charging parties have in the program, and workplace improvements resulting from ADR resolutions. Although participants almost uniformly view our mediation program favorably (see a discussion of Measure 1.2.3 in the "Achieving Results" section), the percentage of employers agreeing to mediate is considerably less than the percentage of charging parties agreeing to mediate. Beginning in FY 2004, we implemented Measure 1.2.2 to increase the number of charges in which employers agree to mediate. In FY 2005, over 12,500 employers agreed to mediate, a slight decrease from the 13,100 that agreed to participate in FY 2004. However, in FY 2005, we continued our efforts to increase the number of employers agreeing to participate in our mediation program through a variety of outreach efforts designed to yield increased employer interest in future years.

We have continued to expand our use of Universal Agreements to Mediate (UAMs) with employers. UAMs are agreements between EEOC and an employer to mediate all eligible charges filed against the employer, prior to an agency investigation or litigation. During FY 2005, we reached a total of 100 national/regional UAMs (NUAMs) and entered into 170 local agreements between employers and our district offices. At the national level, 29 large corporations, including several Fortune 500 companies, have agreed to enter into NUAMs to resolve charges filed with EEOC at any of our district offices across the country. Our efforts in this area, this fiscal year, bring our total count of UAMs in place to 907 (807 local UAMs and 100 NUAMs).

Under Measure 1.2.1, we assess the impact of our mediation efforts on employees in their workplace. For FY 2005, 3.1% of the resolutions in our mediation program, or 171 out of 5,577, resulted in improved employers agreeing to make changes to their workplace practices, policies, and procedures. These workplace improvements resulting from ADR settlements benefited about 191,000 persons.

Federal Sector Mediation Program: Using ADR techniques to resolve workplace disputes throughout the Federal Government can have a powerful impact on agencies' EEO complaint inventories and, in turn, the Commission's hearings and appeals inventories. For example, following the completion of two ADR pilots in 2002, EEOC Federal sector hearings units began to show a slight decline in settlements. While settlements obtained in FY 2003 decreased by less than a percentage point, in FY 2004, the decline was over 5%. FY 2005 continued to show a decline. This decline in settlements at the hearings stage can be attributed to an emphasis on consolidation and improvements in Federal agencies' ADR programs at both the informal and formal stages of the Federal process. Additionally, Federal agencies reported increased participation in pre-complaint ADR. The United States Postal Service, whose cases represent a significant percentage of our hearings workload, reported the highest ADR participation rate in the pre-complaint process at 72.3%. Cases that have received settlement attempts before reaching the hearings stage and have not been settled tend to be more difficult to resolve using the ADR mechanism later in the process.

EEOC continues to actively pursue a variety of means of assisting Federal agencies in improving participation in alternative dispute resolution by identifying and sharing best practices, providing assistance in program development and improvements, providing training to federal employees and managers on the benefits of ADR, and maintaining a web page as a clearinghouse for information related to Federal sector ADR. The EEOC completed more than 2 years of intensive work wherein EEOC staff evaluated the effectiveness of ADR and sought ways to promote its usage in the Federal sector EEO process through an extensive survey of ADR programs at 21 partner Federal agencies. The Commission released the initial findings of these efforts in a report entitled *ADR Report Part-I—ADR in the Federal Sector Process, FY 2003–FY 2004*, published in September 2005. In this study we examined ADR in the pre-complaint and formal complaint stages of the Federal sector EEO process. The report also evaluated the Government-wide data, as submitted by Federal agencies, to determine how effectively ADR programs resolved EEO disputes and how efficiently the ADR programs operated. In addition, this report addressed other important ADR issues, including types of ADR techniques, sources

for securing neutrals, and types of settlement benefits. *ADR Report: Part-I* is available online at www.eeoc.gov.

Through these efforts, we aim to increase Federal employee participation in ADR. Specifically, Measure 1.2.4 seeks to increase the percentage of Federal employees who participate in ADR during the pre-complaint stage to 50% or higher by FY 2009. We are well on our way toward surpassing this goal: The rate of those who participated in ADR during the pre-complaint process rose from 23% in FY 2002 to 43% in FY 2004, the most recent period for which data are available. The target rate for FY 2005 was 40%.

Strategic Enforcement and Litigation

To have a meaningful impact on discrimination, we approach our enforcement activities strategically, taking workplace trends, changing workforce dynamics, and shifting demographics into consideration. We employ our resources in ways that will achieve maximum results, while still protecting the rights of the individual. Through focused and strategic enforcement efforts, we seek to broadly influence policies and practices in the American workplace and to bring justice and opportunity to all.

In measuring our more far-reaching and direct impact on the workplace, Measure 1.3.1 assesses the benefits of our administrative enforcement efforts on employees in their workplace. Based on our FY 2005 data, 18% of the private sector charge resolutions (excluding those from our mediation program, which are tracked separately in Measure 1.2.1), or 701 out of 3,863 settlement or conciliation agreements, involved improvements in workplace policies, practices, or procedures. As a result, more than 380,000 persons have benefited from improved workplaces.

An effective litigation program provides relief for victims of discrimination, many of whom have no other recourse, and it encourages employers to settle cases earlier in EEOC's administrative enforcement process. Also, publicity about our

A Win for Women on Wall Street

Elizabeth Grossman, an attorney in our New York District Office, was awarded a prestigious "Service to America Award" in 2005 by the Partnership for Public Service and the Atlantic Media.

Ms. Grossman led a team that filed a sexual discrimination suit against Morgan Stanley, the Wall Street brokerage firm, in September 2001. The lawsuit was filed on behalf of more than 300 current and former female employees of Morgan Stanley, and alleged that there were few women executives at Morgan Stanley, they held lesser positions and earned lower compensation relative to men, and they experienced slower career advancement, all as a result of unlawful discrimination. Three years later the firm entered into a $54 million Consent Decree, the EEOC's second largest gender-bias settlement ever and the largest with a Wall Street firm. A portion of this settlement--$2 million—will be set aside to pay for diversity training and gender management programs.

With more than 60,000 women working in the financial services industry in New York City alone, the impact of this settlement has already gone beyond the 300 women at Morgan Stanley. "Because of the Morgan Stanley case we are getting calls from people who might not have known the Commission existed," said Grossman.

Judge Richard M. Berman of the Southern District of New York said, "The Consent Decree, in my opinion, is a watershed in safeguarding and promoting the rights of women on Wall Street."

high impact cases and other litigation increases employer compliance with the statutes we enforce and educates employees and employers of their rights and responsibilities under the law.

A previous study demonstrated that we achieved a 90% rate of success with our litigation. We established Measure 1.3.3 to maintain this high level of success. Throughout the entire measurement period FY 2004–FY 2009, we expect to maintain at least the 90% level, using a 6-year rolling average of successful lawsuits to account for minor year-to-year fluctuations that can result from a limited database of observations. For FY 2005, we exceeded our target, achieving a success rate of 94.6%.

In FY 2005, EEOC field legal units filed 383 merits lawsuits and 33 subpoena enforcement and other actions. Legal staff resolved 334 merits lawsuits for a monetary recovery of over $106 million. Of the resolutions, there were 240 Title VII resolutions, 40 ADA resolutions, 37 ADEA resolutions and 17 concurrent suit resolutions. We also resolved 33 subpoena enforcement and other actions during the fiscal year. In terms of dollars recovered in direct and intervention lawsuits by statute, EEOC recovered more than $100 million in Title VII resolutions, $2 million in ADEA resolutions, $3.4 million in ADA resolutions and nearly $1 million in concurrent suit resolutions. As of the end of FY 2005, the number of cases on the EEOC's active docket that involve multiple aggrieved parties or challenges to employment policies was 258 cases, or 42.3% of our total case workload.

Consistent with the EEOC's Strategic Plan, Measure 1.3.2**,** we have increased our focus on litigating cases that are expected to have a high impact on reducing discrimination and removing barriers in the workplace. High impact cases frequently affect large numbers of individuals, including many who are not party to the case, and can lead to positive changes throughout a wide geographical area, industry, or employer community. We have identified five high impact cases resolved in FY 2005 that we plan to track to determine the extent to which they bring about positive change. Positive change may be manifested in any number of ways. For example, there may be an increase in the representation of groups that have been subjected to discrimination in discrete job categories, or even in multiple job categories, within a particular industry or region. Likewise, there may be an improvement in the working environment or the terms, conditions, and privileges of employment of affected groups. Next, we briefly discuss our five selected high impact cases from FY 2005, including how each is expected to generate positive change. A further discussion of these cases appears in *Appendix B.*

EEOC v. Northwest Airlines, Inc.

No. 01-705 MJD/JGL (D. Minn. Jan. 12, 2005)

The Milwaukee District Office filed this nationwide ADA action alleging that Northwest Airlines excluded applicants with insulin-dependent diabetes and with seizure disorders requiring antiseizure medication from equipment service employee (ESE) and aircraft cleaner positions because of their disabilities. The case was resolved through an agreed order that prohibits Northwest from applying a zero tolerance policy to applicants for ESE and aircraft cleaner positions who have a diagnosis of diabetes requiring insulin or an epilepsy/seizure disorder requiring antiseizure medication. This case is expected to remove barriers to equal employment opportunity for hundreds of qualified individuals with diabetes or epilepsy in

every region of the country, not only at Northwest, but also within the airline industry generally.

EEOC v. Abercrombie & Fitch Stores, Inc.
No. 04-4731 (N.D. Cal. Apr. 14, 2005)

In this Title VII action, the Los Angeles District Office alleged that Abercrombie & Fitch, a national clothing retailer with over 700 stores, engaged in a pattern or practice of race, color, national origin, and sex discrimination in the recruitment, hiring, assignment, promotion, and discharge of blacks, Hispanics, Asians, and women. The case, which was consolidated with two private class actions, was resolved through a consent decree filed contemporaneously with the complaint and approved following a fairness hearing. The decree, which has a term of 6 years, enjoins Abercrombie & Fitch from discrimination and creates the framework for extensive changes in the way it does business. This case is expected to benefit thousands of applicants and employees of Abercrombie & Fitch nationwide, as well as serve notice to other retailers who would seek to hire and fire based on "image" to develop protocols and policies to prevent bias and stereotyping from influencing employment decisions.

EEOC v. EchoStar Communications Corp.
No. 02-CV-00581 (D. Colo. May 6, 2005)

The Denver District Office alleged in this ADA action that EchoStar, a leading provider of satellite television equipment and services, based in Englewood, Colorado, discriminated against Dale Alton, a blind applicant for a customer service representative position. After completing training at the Colorado Center for the Blind on working in customer service representative positions, Mr. Alton went to EchoStar to apply in response to a newspaper advertisement for customer service representatives. He was told it would not do him any good to put in an application because EchoStar was not set up to handle blind people. After Mr. Alton filed his charge, EchoStar called him back for an interview that included a braille test that had three times as many questions as the written test given to sighted applicants. Following a 3-day trial, the jury returned a verdict for EEOC and Mr. Alton, awarding him $2,000 in back pay, $5,000 in compensatory damages, and $8 million in punitive damages. While this case was brought on behalf of a single individual, we believe it has far-reaching implications because some employers are relying on stereotypical notions associated with disability even in the face of evidence of workable, inexpensive technology-based reasonable accommodations.

EEOC v. Ford Motor Co. and United Automobile Workers of America
No. 1:04-CV-00845 (S.D. Ohio Jun. 16, 2005)

In this nationwide Title VII action, the Cleveland District Office alleged that Ford and U.A.W. used a written test for skilled trades apprentice positions (electrical, millwright, plumber-pipefitter, machine repair, and tool and die) that had a disparate impact on African-American applicants. The case was resolved through a settlement agreement that provides that an industrial organizational psychologist selected by the parties will design and validate an apprenticeship selection instrument(s). The settlement also provides that Ford will select 280 class members for apprentice positions. The 13 charging parties will receive $30,000 each in monetary relief, and approximately 3,400 additional class members will receive $2,400 each, for a total recovery to the class of approximately $8.55 million.

EEOC v. Dial Corp.
No. 3:02-CV-10109 (S.D. Iowa Sep. 29, 2005)

The Milwaukee District Office brought this Title VII class sex discrimination/failure to hire case against a nationwide manufacturer of household products. The suit alleged that Dial's use of a physical "work tolerance" test has a disparate impact on female applicants and constitutes a pattern or practice of intentional sex discrimination. Following a 5-day trial, the jury returned a verdict for EEOC. The court later ruled that the test had a disparate impact against women. The judgment provides approximately $3.38 million in back pay, benefits, and prejudgment interest to be shared among 52 class members. It also prohibits Dial from implementing any pre-employment screening device for 5 years without first consulting the EEOC and provides job offers with rightful place wages to all class members.

The EEOC's suits against Ford and Dial share a common theme—an employment test (a physical test in the Dial case and a written test in the Ford case) operated as a barrier to equal employment opportunities for qualified applicants. Both cases will directly benefit hundreds of individuals by giving them jobs, and will indirectly benefit untold numbers of future applicants who could have been excluded from employment by tests that were not truly job-related.

STRATEGIC OBJECTIVE 2: INCLUSIVE WORKPLACE

The best way to combat workplace discrimination is to prevent it from happening in the first place. Educating employers and workers about their rights and responsibilities under the law is the first step toward an inclusive work culture where all workers are judged on their talents and abilities, without regard to race, ethnicity, color, religion, sex, age, or disability.

A strong prevention program helps employers comply with the law and breaks down barriers to employment opportunities. Through outreach and education, we seek to prevent unlawful exclusionary practices from taking root. Through new and innovative proactive approaches, we believe we are helping move toward sound workplace practices that foster a level playing field and allow the best talent to emerge. Encouraging inclusive, equal opportunity workplaces is a powerful prevention strategy.

For our Inclusive Workplace Strategic Objective, we strive to achieve increased voluntary compliance with the Federal equal employment laws and increased individual awareness and understanding of rights and responsibilities. With these broad goals, our measures and strategies focus on one point of our Five-Point Plan: Proactive Prevention.

Inclusive Workplace FY 2005 Performance			
Total FY 2005 Investment: $13 million			
Measures	**Targets Met** ●	**Targets Partially Met** ◆	**Targets Not Met** ◉
3	1	1	1

Proactive Prevention

The Commission's outreach programs reached 353,987 persons. Field and headquarters offices participated in 5,505 educational, training, and outreach events. This is an increase in the number of events over the same period in FY 2004, when there were 5,340. Specific events included oral presentations; training sessions, including Revolving Fund events; stakeholder input meetings; and expanded presence activities that provided individual counseling and assistance to underserved constituents. These four major types of educational events reached 198,838 persons.

> ***The Denver District Office provided Spanish-speaking staff to two mobile consulates sponsored by the Consulado General de Mexico. Staff distributed materials on and answered questions about EEO issues. Of the more than 900 people who attended, many spoke only Spanish.***

Also, our offices distributed information materials on EEO laws and represented the Commission at 611 other public events that reached an additional 77,206 people. These events included information booths at job fairs, conventions, cultural expositions, and conferences. Through participation in many community organization meetings, informational materials were distributed to another 76,643 people. We also made 764 media presentations, including radio and TV interviews, talk shows, and press conferences that provided substantive EEO information to over a million stakeholders.

Our performance measures for Proactive Prevention focus on increasing voluntary compliance with Federal equal employment laws and individual awareness of rights and responsibilities. Measure 2.1.1 affords us an opportunity to determine the percentage of employers who improve their workplaces as a result of their participation in one of our outreach or technical assistance programs. In FY 2005, we were able to establish a baseline for this measure as well as target values for the comingyears, with a final goal for FY 2009 to measure our results for these types of outreach and training programs. Our FY 2005 data show that 91.2% of participants indicated they made an improvement in their employment policies, practices, or procedures as a result of previously attending our free or fee-based outreach activities and training. This demonstrates the far-reaching impact that these efforts have on the workplace: to ensure that it provides a fair and equal chance for all employees. Highlights of our major outreach initiatives for FY 2005 follow.

> ***Our website, www.eeoc.gov, provides current news and important information. The site averages approximately 575,000 visits per month. In FY 2005, we launched a Spanish-language website: www.eeoc.gov/es/.***

> ***The St. Louis District Office established a quarterly electronic bulletin that is sent to all chambers of commerce in their Kansas, Illinois and Missouri jurisdiction. This bulletin provides updates about EEOC regulations, guidance, reports, court cases and decisions, and other news.***

Small Business Outreach: The Commission is working cooperatively and collaboratively with the small business community to proactively prevent employment discrimination and promote voluntary compliance. We recognize that many small businesses do not have separate human resources and legal staff to guide them through the regulatory process. Therefore, it is important to establish open lines of communication and provide the necessary training and tools to ensure that small employers comply with the law. As such, EEOC District Offices conducted 479 no-cost outreach

events directed toward small businesses in FY 2005, including several events under the President's New Freedom Initiative (NFI). Events included oral presentations, training, and stakeholder input meetings that reached 21,919 small business representatives. An additional 2,753 small business representatives attended Revolving Fund events. Mediation, EEOC overview, sexual harassment, charge processing, Title VII, and the ADA were the most popular topics for small business audiences.

In a report issued in FY 2005, the Small Business Administration's (SBA's) National Ombudsman awarded the agency a rating of "A," the highest rating awarded. For the second year in a row the National Ombudsman's FY 2004 Report to Congress gave the EEOC high marks for its compliance assistance to small business. In particular, the report citedthe efforts of the St. Louis District Office for its outreach efforts to the Joplin, Missouri, Chamber of Commerce and the Small Business Development Center at Missouri Southern State University. The report also lauded the EEOC's efforts to integrate information about regulatory enforcement fairness into our interactions with small businesses. We are proud of this recognition and continue to enhance our efforts to provide small businesses with the information they need to comply with Federal EEO laws and implement sound workplace practices.

Mediation Outreach: In FY 2005, EEOC offices conducted 489 outreach events directed toward the private-sector employer community to promote our mediation program. Events included workshops, mock mediations, and panel discussions with employer representatives as well as representatives from the plaintiff and defense bar.

We also developed new promotional materials, including a video that describes the benefits of mediation to the employer community. The materials were used in EEOC's outreach and education programs throughout the country. The 14-minute video aims to encourage more employers to participate in EEOC's National Mediation Program. It features interviews with employers and employer representatives that have used the agency's program and found it useful in resolving employment disputes. We offered a free copy of the video on compact disk to those visiting our home page at www.eeoc.gov and received over 1,600 requests in FY 2005, with more arriving every day. Responses to the mediation video have been very positive.

> ***"My company will be opening several new stores throughout New Jersey in the next year, and this video will present an excellent training opportunity for my management staff."***
>
> *Nicholas Pantino*
> *Human Resources Manager*
> *Christmas Tree Shops*

Freedom to Compete Initiative: In 2002, EEOC launched the Freedom to Compete Initiative, a national outreach, education, and coalition-building effort designed to complement our enforcement and litigation activities. Freedom to Compete seeks to build partnerships and strategic alliances with groups and organizations not traditionally engaged with the agency, with the ultimate goal of promoting equal employment opportunity and removing workplace barriers.

In 2005, the Commission awarded its first Freedom to Compete Awards to recognize individuals and organizations that have demonstrated exemplary efforts in promoting free and unfettered access to opportunities in the workplace. The award is the culmination, in many ways, of a three-part approach the Commission is using to help tear down barriers and improve America's workplaces. The first is heightening awareness of the problem. The second is enforcing the laws. And the third—and most overlooked element—is recognizing and rewarding good practices, which is where the Freedom to Compete Awards play such a vital role.

The awards have two key characteristics. First, we do not focus on a company in general, but on particular practices and initiatives and the results they generate. Second, we strive to recognize employers that may not have the resources and infrastructure of Fortune 500 companies, especially since we are aware that more than half of our complaint activity comes from small and mid-sized employers.

We presented our first Freedom to Compete Awards in June 2005 to a diverse group of companies, associations, and individuals:

- The **Minority Corporate Counsel Association**'s KAN-Do program is designed to enhance lawyers' knowledge about professional development opportunities and issues such as diversity in the areas of recruitment/hiring, retention, and promotion/advancement.
- **PK U.S.A., Inc**., a large independent auto parts manufacturer based in Shelbyville, Indiana, was recognized for launching a major Diversity Integration Initiative to recruit, hire and retain qualified Latino applicants to fill open production positions.
- **Giant Eagle, Inc.,** one of the nation's largest food retailers and distributors, was recognized for Project Opportunity, a three-phase initiative that trains and employs students with disabilities.
- **International Business Machines Corporation (IBM),** a global information technology company, was recognized for Project View, a national diversity initiative that focuses on the recruitment of college and university candidates, including interns and co-op placements.
- **Horizon Blue Cross Blue Shield of New Jersey**, the Garden State's largest health insurer, was recognized for its Supervisor Candidate Development Program, initiated to help facilitate the inclusion of high-performing persons of diverse backgrounds and women in the supervisor job group.
- **The State of Maryland** was recognized for its vision and initiative as the first State in the Nation to create a cabinet-level Department of Disabilities, unifying and comprehensively reforming State policy, programs, and initiatives for people with disabilities.

Youth@Work: In September 2004, we announced our Youth@Work Initiative to promote equal employment opportunity for our Nation's next generation of workers. This innovative national outreach and education campaign is designed to educate young workers about their workplace rights and responsibilities.

The Youth@Work website http://youth.eeoc.gov is dedicated to educating young workers about their equal employment opportunity rights and responsibilities. The website explains the different types of job discrimination that young workers may encounter and suggests strategies they can use to prevent, and, if necessary, respond to such discrimination. The site includes an interactive tool called "Challenge Yourself!" that provides an opportunity for young workers to test their knowledge by analyzing sample job discrimination scenarios. The site, created with the assistance of EEOC student interns, also includes examples of recent cases involving workplace harassment of young workers. A Spanish-language version of the website debuted in June 2005 at www.youth.eeoc.gov/es.

Throughout FY 2005, EEOC Commissioners and field office staff hosted free outreach events for high school students, youth organizations, and small businesses that employ young workers. For example, in December 2004, the EEOC hosted a press conference in Washington, D.C., for high school journalists from across the country. Students from more than 60 high schools in 16 states and the District of Columbia discussed teen workplace harassment and discrimination with the EEOC Commissioners, an EEOC District Director, and a workplace sexual harassment victim and her private attorney. These events, which include information about the laws enforced by EEOC, and the rights and responsibilities of employers and employees, are aimed at assisting young workers as they enter and navigate the professional world and encouraging employers to proactively address discrimination issues confronting young workers.

> ***"As the next generation of managers, business leaders, and entrepreneurs, young workers will carry the information they learn from our agency with them throughout their professional careers."***
>
> Naomi C. Earp, Vice Chair
> U.S. Equal Employment Opportunity Commission

The initiative also emphasizes partnering with industry trade associations, human resources organizations, and individual employers to further explore the workplace trends and challenges affecting young workers. Our Youth@Work partners play a vital role in increasing public awareness about Federal anti-discrimination laws by putting a Youth@Work link on their websites, publishing articles on the initiative in their newsletters, discussing the initiative with their members or employees, or participating in Youth@Work events throughout the country. The first national Youth@Work partnership agreement was forged with the National Restaurant Association in November 2004, and the second agreement was signed with the National Retail Association in June 2005. EEOC field offices also developed successful partnerships with various local civil rights, education, and business organizations.

New Freedom Initiative: In 2001, President Bush launched the New Freedom Initiative (NFI), a comprehensive strategy to achieve full integration of individuals with disabilities into all aspects of the Nation's social and economic life. As the agency responsible for enforcing the employment provisions of the Americans with Disabilities Act (ADA), EEOC is actively involved in advancing the initiative. During FY 2004, we began to develop a series of documents in question-and-answer format that explain how the ADA applies in the workplace to individuals with particular disabilities. Last year we published documents on diabetes and epilepsy. This year, we added Q&A fact sheets on intellectual disabilities and cancer. Additional fact sheets are planned for FY 2006.

In October 2004, the EEOC issued *How to Comply with the Americans with Disabilities Act: A Guide for Restaurants and Other Food Service Employers*. EEOC worked with the Food and Drug Administration (FDA) on the preparation of the guide, which explains to restaurants and other

food service employers how to comply with the ADA and explains the relationship between the ADA and the FDA's model code for food safety.

In May 2005, the EEOC, along with the Department of Justice and the National Council on Disability, issued two publications addressing how to ensure that mediation of employment disputes is accessible to people with disabilities. The documents—*Questions and Answers for Mediation Providers: Mediation and the Americans with Disabilities Act* and *Questions and Answers for Parties to Mediation: Mediation and the Americans with Disabilities Act*—address the obligations of private and public sector mediation providers and the rights and responsibilities of individuals with disabilities in mediation. The documents examine topics such as the types of reasonable accommodations that may be necessary to make mediation accessible to people with disabilities, and the confidentiality of medical information disclosed during mediation.

To further advance the NFI, our innovative States' Best Practices Project, begun last year, created partnerships between EEOC and nine States. Under this project, the EEOC reviews policies and procedures related to the employment of individuals with disabilities in State government. In early FY 2005, we issued an interim report highlighting best practices in recruitment, hiring, and reasonable accommodation found in four partner States—Florida, Maryland, Vermont, and Washington. Soon thereafter, Chair Cari Dominguez signed Joint Resolutions with the governors of Kansas and Utah to mark their states' enrollment in the project. Three additional partner states—Missouri, New Hampshire, and New Mexico—will be included with the other participating States in our final report in early FY 2006. FY 2005 has been devoted to reviewing the additional States' practices and compiling information on barriers to employment of individuals with disabilities.

"I am pleased to join the EEOC in these efforts to identify best practices in order to enhance State government employment opportunities for individuals with disabilities. This is an important step for our State."

Kansas Governor Kathleen Sebelius

Federal Sector: Our Federal sector programs have a unique role in ensuring that all Federal employees have the freedom to compete in the federal workplace on a fair and level playing field and to be judged on the merit of their performance and not on the basis of race, gender, ethnicity, religion, age, or disability. To this end, the Commission has developed initiatives to focus on preventing discrimination before it occurs and providing services and tools to assist agencies in managing their workforce and ensuring equal opportunity.

The most significant recent initiative in this effort has been the issuance of Management Directive (MD) 715, which was unanimously approved by the Commission and became effective on October 1, 2003. Using the principles and guidance contained in MD-715, the Commission began analyzing the first MD-715 progress reports and actions plans submitted by Federal agencies during the second quarter of FY 2005. After reviewing these submissions and analyzing the data, the EEOC provided training and technical assistance to agencies in the implementation of MD-715. The EEOC also provided a number of agencies with an individualized assessment of their efforts and progress toward achieving Model EEO Program status, focusing on creative strategies to eliminate or reduce the impact of obstacles identified in their barrier analysis.

A key strategy in our efforts to be more responsive to our Federal sector customers was the expansion of our relationship management project during FY 2005. This project, modeled after the private sector's approach to customer service, brought EEOC personnel together with EEO staff from 12 agencies in a partnership to develop methods of helping those agencies foster an inclusive work culture and successfully implement the essential attributes of MD-715's Model EEO Program.

STRATEGIC OBJECTIVE 3: ORGANIZATIONAL EXCELLENCE

Our goal is to ensure that the principles and standards we promote in the workplace are readily apparent in our own operations. We strive to be an organization that sets and implements the highest quality standards for EEO, customer service, internal efficiencies, and fiscal responsibility. Improving our organizational capacity and infrastructure will help us carry out our mission more effectively and efficiently. Sound management of our resources—human, financial, and technological—are key to this effort.

The President's Management Agenda (PMA) is integral to the final element of our Five-Point Plan: EEOC as a Model Workplace. The PMA addresses important enhancements to internal agency operations, with an emphasis on customer service. The integration of the Five-Point Plan and other Administration and agency initiatives will us help build a model workplace where we can effectively and efficiently accomplish two broad outcomes in an environment conducive to good employment practices: improving organizational performance and efficiency and instilling a climate of respect, service, and responsiveness.

Organizational Excellence FY 2005 Performance			
Total FY 2005 Investment: Allocated between Strategic Objectives 1 and 2			
Measures	**Targets Met** ●	**Targets Partially Met** ◆	**Targets Not Met** ◉
8	6	0	2

EEOC As a Model Workplace

EEOC employees are at the heart of our efforts to become a model workplace and achieve organizational excellence. In FY 2005, we continued to implement strategies, programs, and practices to manage our employees for greater results. The PMA and other performance measures are key to our model workplace efforts. A discussion of our progress in implementing the PMA follows.

Several of our performance measures demonstrate the agency's efforts to be a model for other employers in resolving internal complaints and other disputes quickly and successfully. One example is the agency's RESOLVE program, a one-stop, informal program for settling all types of workplace disputes within the EEOC. It is an Alternative Dispute Resolution process available for equal employment opportunity complaints, as well as grievances and unfair practice claims. The program uses mediation or facilitation to resolve disputes brought to the program by our employees.

Measure 3.1.7 tracks employees' acceptance of the RESOLVE program by looking at their willingness to use the program again. Employees who completed a mediation or facilitation through RESOLVE are asked to complete a participant satisfaction survey. Of the employees who completed the survey, 92% indicated that they would use the program again, exceeding the FY 2005 target of 90%.

Also, as illustrated by Measure 3.1.5, the agency is on track to successfully implement the Federal sector model EEO program. For this fiscal year, our target was to meet or exceed 75% of the identified attributes for a Model EEO Program and implemented 79% of the attributes. By the end of FY 2006, our goal is to implement all identified attributes in order to serve as a model for other Federal agencies.

President's Management Agenda: The PMA identifies five areas that require improvement throughout the Federal Government. The five-part agenda is an integrated set of management reforms designed to create a more results-oriented, customer-focused, and market-based government. Since FY 2003 the agency's Inspector General has rated the agency in all areas. Our ultimate goal is to achieve a green rating in all PMA scorecard categories. Our efforts to get to green are discussed in the following sections.

- ***Strategic Management of Human Capital:*** The EEOC has engaged in several key steps toward fully implementing the human capital initiative. These steps include developing a human capital plan to guide strategic management of our most valuable resource; revising the agency's performance management system—first for executives, and then for managers—to strengthen its alignment with the agency's mission and goals; preparing a workforce planning report and honing our efforts to improve forecasting and management of staffing for the future; addressing succession planning/leadership continuity through our Management Development Institute; adopting benchmarking and monitoring for human resources (HR) procedural systems; and reviewing and improving HR processes and operations. The agency also participated in the 2004 Federal Human Capital Survey, with a 67% response rate. Results of the survey will guide the development of action plans in each EEOC office.
- ***Competitive Sourcing:*** The agency has consistently identified commercial and inherently governmental inventories throughout the EEOC. In FY 2005, we conducted an A-76 streamlined competition study for our Federal operations case file administration. The most efficient organization won. In our 5-year competitive sourcing plan, we have included planned competitions for information technology desktop support, telecommunications, server operations, training, human resources record processing, and management and staff training.
- ***Improved Financial Management:*** In FY 2004, EEOC received an unqualified opinion on its financial statements. During FY 2005, EEOC began using off-the-shelf software to prepare the financial statements. This software imports data directly from the financial management system, eliminating the need for data entry by the EEOC staff. This method of preparing financial statements will help us to correct a FY 2004 reportable condition related to the financial reporting process.

- ***Expanded Electronic Government:*** The EEOC is committed to fulfilling the PMA's vision of improved service and government efficiency by transforming to electronic government (e-gov). Over the past several years, we have implemented several major e-gov projects that automated internal processes, reduced paperwork burden, integrated data, and provided electronic alternatives for obtaining services and interacting with the agency. Benefits related to these projects include decreasing the burden on businesses and achieving internal cost savings and efficiencies by enabling businesses to update and submit required report EEO-1 data online; enhancing customer service and internal efficiency by providing the ability to register and pay for EEOC seminars and training materials via the Internet; improving public access to information by submitting EEOC civil case information electronically to coincide with the U.S. courts' jurisdictional acceptance of electronic transmissions; and decreasing the burden on other Government agencies through electronic submission and acceptance of annual federal EEO statistics. In addition, the agency has implemented a new EEOC Assessment System that walks the public through a series of questions to determine whether EEOC is the most appropriate agency to provide them assistance and allows electronic submission of complaint information to the appropriate EEOC field office for follow-up. This system has been implemented through our National Contact Center, with plans under way for deployment to the public through our external agency website.
- ***Budget and Performance Integration:*** In FY 2005, the agency implemented a cost accounting approach to better integrate budget and performance and to improve financial management through the collection, allocation, and reporting of program costs. The cost accounting framework outlines major program elements to which employees allocate their time, allowing the agency to assess the cost of its programs for effective management of resources and operations. During FY 2005, we conducted a mid-year review to assess how the system is working and made a few adjustments. We will continue to use the cost accounting system in FY 2006. The system enables us to better collect, account for, and manage resources and to more strategically meet agency goals. It also results in better alignment of agency resources with program goals as we continue to integrate budget and performance data.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA)

An evaluation of EEOC's management controls and financial management systems revealed that the agency had no material weaknesses and seven financial non-conformances. The agency corrected one financial non-conformance first identified in FY 2004, corrected four of the non-conformances identified in FY 2005, and developed corrective action plans to resolve the remaining two non-conformances during FY 2006.

Based on a review of agency-wide information and the assurances of the agency's senior managers, we conclude that our systems of management and financial controls were effective in FY 2005 and that agency resources were used in a manner consistent with our mission, in compliance with laws and regulations, and with minimal potential for waste, fraud, and mismanagement.

FINANCIAL HIGHLIGHTS

The Office of Management and Budget (OMB) Circular Number A-136 was used as guidance for the preparation of the accompanying financial statements. The EEOC prepares five financial statements: the Consolidated Balance Sheets, Consolidated Statements of Net Cost of Operations, Consolidated Statements of Changes in Net Position, Consolidated Statements of Budgetary Resources, and Consolidated Statements of Financing. The purpose of each statement, an explanation of any significant amounts, and an explanation of significant fluctuations between FY 2005 and FY 2004 are provided next.

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 cumulative results of operations and unexpended appropriations. Intra-governmental accounts payable increased in FY 2005 because EEOC owed the General Services Administration $1,258,875 for field telephone service. The cumulative result of operations shows a negative balance of $24 million. This is due to amounts accumulated over the years by EEOC from financing sources less expenses and losses and an amount representing liabilities for such items as accrued leave and actuarial liabilities not covered by available budgetary resources.

Consolidated Statements of Net Cost of Operations

The Consolidated Statements of Net Cost of Operations present the gross cost incurred by major programs less any revenue earned. In FY 2005, the total Net Cost of Operations increased by 1%. The allocation of costs for FY 2005 shows that resources used for Justice and Opportunity increased by 2%, with a decrease of 1% for Inclusive Workplace. This is due to a change in the methodology for capturing costs. During FY 2004, the EEOC used hours worked by employees, as reported by employees through a survey instrument, to capture costs by major programs. This survey was completed twice during the fiscal year. For FY 2005, we used the Federal Personnel Payroll System to capture employees' biweekly hours worked by major program element. This allowed EEOC to routinely accumulate and report more accurate costs.

Consolidated Statements of Changes in Net Position

The Consolidated Statements of Changes in Net Position represent the change in the net position for FY 2005 and FY 2004 from cost of operations, appropriations received and used, net of rescissions, and the financing of some costs by other Government agencies. The cumulative results of operations increased by $1.4 million, primarily because of an increase in the net cost of operations. Most of this was for employee salaries and benefits.

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. Our budgetary resources increased by $1 million in FY 2005. Appropriations received increased by $2.8 million; authority from collections and beginning balances decreased by $1.8 million; and recoveries, rescissions, and cancelled appropriations decreased by $0.2 million. Resources that remained unobligated at year-end were $9.6 million and $9.8 million in FY 2005 and FY 2004, respectively. These

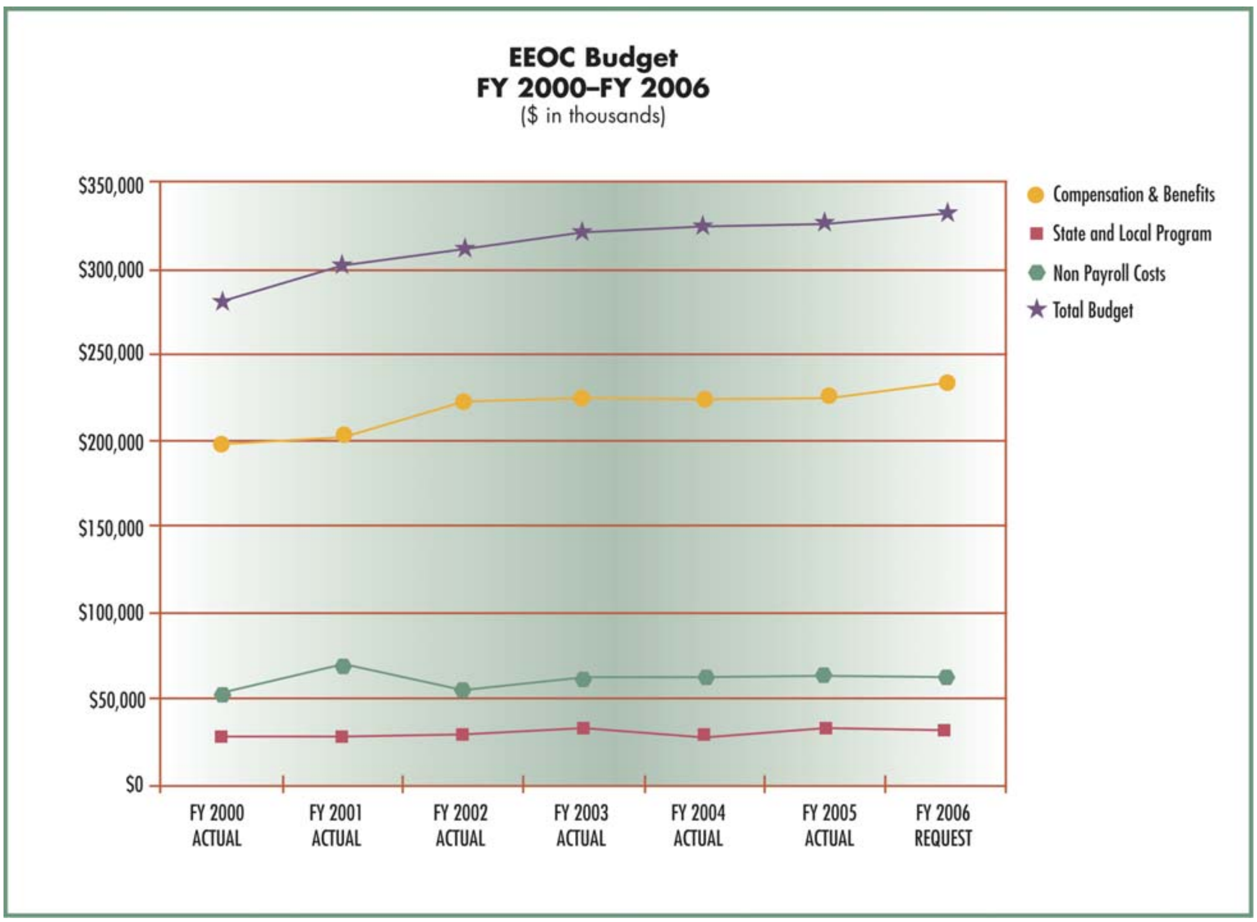
unobligated amounts are from appropriation authority from prior years that are no longer available for obligation.

Consolidated Statement of Financing

The Consolidated Statement of Financing is presented to explain the difference between budgetary- and accrual-based accounting. Total resources available increased by $1.6 million; however, resources used to purchase assets and reduce liabilities were lower in FY 2005 by $3.5 million, resulting in a $5.1 million increase from FY 2004 of resources used in operations. The cost of operations that did not require current resources decreased by $0.7 million. Adding these together yields an increase in the net cost of operations of $4.4 million.

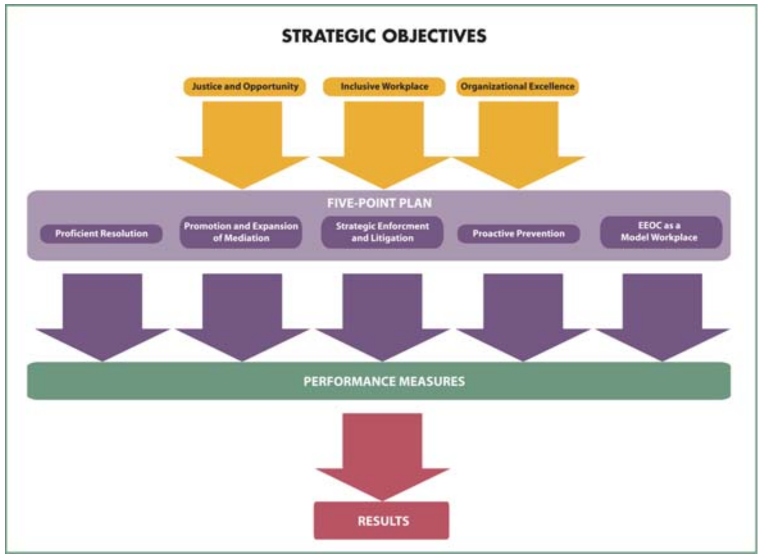
Use of Resources

The chart below displays a 6-year historical view of the EEOC's use of resources. On average, the EEOC's total budget level obligated has increased by 1%. Compensation and benefits continue to consume the majority of the budget at 70%, including a 4% increase in average salary and benefit costs for full-time equivalent (FTE) employees from FY 2004. The second and third items that continue to consume major portions of the budget are State and Local Programs at 10% and rent at 9%. Rent is included in nonpayroll costs.



Achieving Results

INTEGRATION OF ELEMENTS IN THE STRATEGIC PLAN



EEOC implemented our Strategic Plan for Fiscal Years 2004 through 2009 (Strategic Plan) at the beginning of FY 2004. The plan charts our course of action for 6 years. Results-oriented, customer centered, and performance-driven, it represents an improvement in our overall strategic planning and measurement framework. The plan melds our strategic objectives, the Chair's Five-Point Plan, performance measures, and important program initiatives, all of which are integral to the accomplishment of our mission. The figure above illustrates how the integration of these elements will enable us to achieve and evaluate our results.

In this section of the report, we summarize the results achieved in FY 2005 for the 24 performance measures in our Strategic Plan. Our performance measures and the results achieved are organized by the three overarching strategic objectives in the Strategic Plan and in the Chair's Five-Point Plan. We briefly outline the key interrelationships using this organization.

Strategic Objective 1: Justice and Opportunity

We will serve the public interest by obtaining justice for individuals who experience employment discrimination and remove discriminatory barriers to create a level playing field.

The expected outcomes are (1) remedying and deterring unlawful employment discrimination, and (2) increased public confidence in the fair and prompt resolution of employment discrimination disputes.

The Commission, in its role as a law enforcement agency, is responsible for enforcing the Nation's civil rights employment laws. Our first Strategic Objective is premised on this role and the belief that our fundamental responsibility is to correct the wrongs of employment discrimination and bring justice and equal opportunity to the workplace. To fulfill this responsibility, we must improve our delivery of quality services to the public and enhance confidence in our ability to resolve charges of discrimination in a timely, accurate, and consistent manner. Our enforcement programs in the private and Federal sectors require a substantial investment in resources to ensure that we are able to handle an expanding workload.

Strategic Objective 1, Justice and Opportunity, relates to three of the elements of our Five-Point Plan—Proficient Resolution, Promotion and Expansion of Mediation/ADR, and Strategic

Enforcement and Litigation. A total of 13 performance measures are included under these three elements.

Five-Point Plan Element: Proficient Resolution

Charge processing in the private sector and complaint processing in the Federal sector must be accurate, appropriate, and fair. Staff and other resources must be deployed to ensure the quality and timeliness of processing. We are enhancing effective quality control standards and mechanisms to measure our success in meeting this objective.

In the private sector, individuals who believe they have been discriminated against in the workplace or in an employment-related activity may file a charge with the EEOC. We assist them in filing their charge; offer mediation to both charging parties and respondents, where appropriate, to try to resolve the charge; review and investigate the charges; and conduct other settlement efforts throughout the charge process. Finally, when the EEOC determines that discrimination has occurred, we seek to correct it through settlement/conciliation, mediation, or in appropriate cases, litigation.

In our Federal sector program, the Commission has a unique role in ensuring that all employees have the freedom to compete in the Federal workplace on a fair and level playing field and to be judged on the meritsof their performance and not on the basis of their race, gender, ethnicity, religion, age, or disability. Our hearings and appellate enforcement efforts and our monitoring, guidance, and assistance activities help us achieve our purposes.

Performance Measure Highlights

There are five performance measures under the Proficient Resolution element of our Five-Point Plan. Three measures ensure that a significant percentage of private sector charges, Federal sector hearings, and Federal sector appeals will be resolved in 180 days or fewer. Another measure evaluates the quality of investigative charge files. The final measure determines how the general public rates its confidence in EEOC's enforcement of Federal equal employment laws.

1.1.1. By FY 2009, ensure that at least 75% of private sector charges will be resolved in 180 days or fewer.

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	60.0%	60.0%	60.0%	65.0%	70.0%
Result	64.0%	65.6%	68.9%	67.1%	65.9%

Target met   Target partially met   Target not met

This measure builds on our steady success in recent years in reducing the average time to process private sector charges. Although the FY 2009 goal is to resolve 75% of the private sector charges within 180 days or fewer, we did not meet our FY 2005 target of 70%. The agency resolved 65.9% of the private sector charges within 180 days or fewer, 51,060 charges out of 77,441 total resolutions.

Several factors contributed to this result. To ensure that this measure did not unduly affect older cases, we enhanced efforts to process our aging inventory in a timely way. As a result, offices had to balance the processing of its older inventory with the concurrent processing of newer charges. In addition, the agency relied on the transfer of cases between offices to address workload and staffing imbalances. Finally, for the last 5 weeks of this fiscal year, our New Orleans office was not operational because of the effects of Hurricane Katrina. Nearby regional offices were later affected by Hurricane Rita. As a result, their projected contribution to agency resolution figures was not reflected in our final count.

All of these factors adversely affected our ability to achieve this measure. We believe that our long-term approach to balance the age of our inventory and manage the workload will assist us in meeting this goal in future years. We will maintain the 70% target level for FY 2006, because it balances prompt service in our private sector processes with the need to devote resources to charges that take longer to process because meritorious or complex claims are involved. In fiscal years 2007 and 2008 we will increase our targets to 72% and 73%, respectively, in order to achieve our final FY 2009 goal that 75% of the charges resolved in 180 days or fewer.

1.1.2. By FY 2009, ensure that at least 50% of Federal sector hearings will be resolved in 180 days or fewer .

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	20.0%	20.0%	20.0%	35.0%	38.0%
Result	19.4%	24.4%	30.5%	32.8%	51.3%

● Target met ◆ Target partially met ⦿ Target not met

Like our private sector charges, this measure identifies our efforts to process a significant portion of our Federal sector hearings workload in 180 days or fewer. By focusing our resources on reducing our older charges in FY 2004, we better positioned ourselves to address newer hearings cases in FY 2005. This strategy enabled us to resolve 51.3% of our hearings cases within 180 days or fewer (5,241 complaints out of 10,221 total resolutions), exceeding our target of 38.0% by a substantial margin. We believe that our approach lets us increase future targets for this measure to 50% of the hearings resolved in 180 days or fewer for fiscal years 2006 through 2009, maintaining this significant achievement to reach our final goal. We will revisit the target for this measure as part of our efforts to update the Strategic Plan in FY 2006.

1.1.3. By FY 2009, ensure that at least 70% of Federal sector appeals will be resolved in 180 days or fewer.

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	20.0%	20.0%	20.0%	45.0%	50.0%
Result	39.5%	40.3%	44.8%	51.8%	52.0%

● Target met ◆ Target partially met ⦿ Target not met

We made significant gains in processing our Federal sector appellate inventory during FY 2004, exceeding our goal for resolving appeals in 180 days or fewer, even with an 11% increase in new appeals. Building on this achievement, our target for FY 2005 was to resolve 50% of the appellate cases received during the fiscal year in 180 days or fewer. We surpassed this goal, resolving 52% of the appeals within 180 days or fewer (3,899 out of 7,490 appeals received). We surpassed our target through the effective management of the appellate inventory and by using strategic inventory management projects and technological innovations.

Starting in FY 2006, however, we will revise the current methodology for calculating the achievement of our targets and final goal for this measure. The formula will mirror the way we measure the timeliness of our private sector charge resolutions, calculating all appellate cases regardless of the fiscal year they were filed, rather than just cases filed and closed within the fiscal year being measured.

Besides this new approach to the calculation of success for this measure, we will also increase our targets by 5% each year from FY 2006 through FY 2009. These target levels will enable us to meet our final goal of resolving 70% of all Federal sector appeals cases, regardless of the year filed, in 180 days or fewer. The revised methodology will uniformly address our timeliness standards for both the private and Federal sectors, and the increased target values will help us continue to make steady gains toward our long-range goal as many of the streamlining efforts and other federal sector reforms take hold. As Federal sector enforcement staff successfully resolves the older appellate inventory, resources will be deployed to resolve an increasing percentage of newly filed appeals in 180 days or fewer.

1.1.4. By FY 2009,reviews of investigative files indicate that the percentage of files meeting established criteria for quality is at a maintenance level of 90% or higher.

		FY 2004	FY 2005
●	**Target**	Define criteria to evaluate quality and develop system to collect information.	Establish baseline value for FY 2005 and target values and final goal for FY 2006–FY 2009.
	Result	Defined criteria and developed system to collect information.	Baseline: 88.5 %.

● Target met ◆ Target partially met ◉ Target not met

This measure builds on one of the three key factors of charge processing—quality. Along with timeliness (captured in Measure 1.1.1) and inventory, these factors are interdependent and impact our charge processing efforts. In FY 2005, we established our baseline for this measure and the targets for fiscal years 2006–2009. We used a sampling methodology to select investigative files processed by our Field Offices, then evaluated the files on two critical quality criteria: (1) appropriate charge categorization and file documentation to support actions and (2) charge resolution.

Using this methodology, the agency established a baseline value for this measure of 88.5% to indicate the quality of our charge processing. For subsequent years, we have established target values that will enable us to achieve our final goal of 90% by FY 2009.

1.1.5. By FY 2009, the general public rates confidence in EEOC's enforcement of Federal equal employment laws at TBD*% or higher.

		FY 2004	FY 2005
●	**Target**	Design survey methodology, conduct survey(s), establish baseline of confidence Set target values for FY 2005–FY 2009.	Establish baseline. Future targets/goal to be determined.
	Result	Initiated survey design to establish baseline of confidence.	Baseline: 49%.

● Target met ◆ Target partially met ◉ Target not met **TBD*** To be determined

Our Strategic Plan identifies several agency measures that involve the use of external surveys to collect information, establish baseline and target values for results expected, and determine results achieved. The agency's survey methodology to establish our goals and measure our results for this performance measure was to survey members of the public to determine how familiar they are with our enforcement efforts and to what extent they believe that we responsibly and effectively address workplace discrimination. Our assumption is that employers, employees, attorneys, and members of the general public will have confidence in our impartial role as a law enforcement agency, come to us for assistance, and trust in our capability to handle the complaint, if we are viewed as a fair and just enforcer of the civil rights employment laws.

Results from a 2004 survey conducted by a reputable private organization were available during FY 2005, including responses to a question that the agency used to identify an FY 2005 baseline value for this measure. The results demonstrated that 49% of all of the individuals responding to the question who identified a specific confidence level have confidence in EEOC's ability to enforce Federal equal employment laws.

As we revise our Strategic Plan in FY 2006, we will simultaneously continue to review the survey information and possible targets for fiscal years 2006 through 2009. A critical component of our review will be determining a survey methodology to use in subsequent years to identify yearly targets and a final goal for this measure.

Five-Point Plan Element: Promotion and Expansion of Mediation/ADR

Alternative Dispute Resolution (ADR) is intended to settle conflicts quickly, amicably, and cost-effectively. We will build on our earlier successes with ADR and use this tool in various stages of the private and Federal sector processes to address employment disputes and continue to improve our services. Through marketing, information sharing, and outreach we will further encourage the use of ADR.

Our private sector mediation program is an important tool for resolving charges quickly to the benefit of both employees and employers. Since launching it in the early 1990s, we have resolved more than 51,000 charges through the private sector mediation program—the largest workplace mediation program in the country. The program has been very successful and has contributed to our ability over the past few years to maintain a manageable inventory and resolve more charges in 180 days or fewer, thus enhancing our timeliness measure (1.1.1).

In our Federal sector program, ADR can have a powerful impact on Federal agencies' EEO complaint inventories and, in turn, EEOC's hearings and appeals inventories. Resolving disputes as early as possible in the Federal sector EEO process will improve the work environment and reduce the number of formal complaints, allowing all agencies, including the EEOC, to redeploy their resources.

Performance Measure Highlights

There are four performance measures under the Promotion and Expansion of Mediation/ADR element of our Five-Point Plan. Three measures involve EEOC's private sector mediation/ADR program: increase the number of employers agreeing to participate in the program; maintain a high level of confidence in the program; and assess the contributions of the program toward

improved workplaces. The fourth measure aims to increase the participation of Federal employees in mediation to resolve issues before a formal complaint of discrimination is filed.

1.2.1. Assess the contributions of EEOC's private sector mediation/ADR program toward improved workplaces.

		FY 2004	FY 2005
● (Target met)	**Target**	Establish procedures to conduct all agency Program Evaluations.	Establish baseline for FY 2005 and set targets for FY 2006–FY 2009.
	Result	Program Evaluation will not be used to assess this measure. *Alternate Approach:* Collect information in the charge database to assess contributions of the ADR program.	Baseline: 3.1% Targets and final goal established.

● Target met ◆ Target partially met ◉ Target not met

Each year, the agency resolves many charges that cover a broad range of relief—from an individual receiving a position previously denied, back pay awarded to a person to correct for lost wages, or various types of relief for multiple groups of individuals to correct for alleged acts of discrimination at an employer's workplace. Although relief obtained in a resolved charge for one or more individuals is a vital part of our work, the agency identified Measure 1.2.1 to assess the contributions our mediation program makes to improve workplaces. This type of effect on workplaces is a critical measure of our work; however, it represents only a portion of the ADR resolutions we obtain.

In FY 2005, we began to collect data for all settlement agreements obtained in ADR to resolve charges, and for our companion Measure 1.3.1 for settlement and conciliation agreements covering charges resolved outside the mediation program. For FY 2005, 3.1% of the resolutions in our private sector ADR mediation program, or 171 out of 5,577 settlements obtained, involved improvements in workplace policies, practices or procedures. The workplace improvements brought about by these resolutions benefited approximately 191,000 individuals.

Establishing meaningful targets and a final goal for fiscal years 2006 through 2009 must consider the limitations, described above, for obtaining settlements in an ADR process that included the type of workplace changes reflected by this measure. Even moderate percentage changes in target values can indicate substantial increases in either the number of settlements obtained or the number of individuals benefited from year to year. Since the agency only began collecting this type of data in FY 2005, we anticipate that the overall percentage of these types of settlements will not increase during FY 2006. By the end of FY 2009, we project that 4.6% of the settlements in ADR will result in improvements in workplace policies, practices or procedures. We will revisit the target for this measure as part of efforts to update the agency's Strategic Plan in FY 2006.

1.2.2. BY FY 2006, increase by 20% the number of private sector charges in which employers agree to participate in mediation from the FY 2003 baseline.

	FY 2004	FY 2005
Target	Maintain baseline	8.5% above baseline
Result	Maintained the baseline (13,177) of FY 2003 employers accepting mediation.	12% below expected target level

● Target met ◆ Target partially met ◉ Target not met

The targets and final goal for this measure are percentage increases above the FY 2003 baseline level of 13,177 charges in which employers agreed to participate in the EEOC mediation program. The FY 2005 target was to increase the number of such charges in which an employer agrees to mediate by 8.5%, or to 14,297. The FY 2005 result was 12,527 employers who agreed to mediate, which falls below our target. For FY 2006, we have the final goal is to increase the acceptance rate over the baseline by 20%. Although we will continue our efforts to try to increase the acceptance level, including some of the activities we engaged in during FY 2005, it will be a challenge to achieve the goal by the end of FY 2006.

This fiscal year, in an effort to increase the number of employers agreeing to participate in our private sector mediation program, we produced and distributed two DVDs highlighting the benefits of mediation to employers, developed a universal PowerPoint presentation addressing employer concerns about mediation for EEOC staff to use during outreach events, and developed and distributed a bookmark for employers highlighting the "Top Ten Reasons to Mediate." These efforts were considerable, but have not yet translated into an improved respondent acceptance rate of participation in our mediation program. We will continue outreach efforts in FY 2006 to allow more time for the effects of these efforts to become apparent. We will revisit the target for this measure as part of efforts to update the agency's Strategic Plan in FY 2006.

1.2.3. The percentage of respondents and charging parties that report confidence in EEOC's private sector mediation program is 90% or higher.

	FY 2004	FY 2005
Target	Maintain 90%	Maintain 90%
Result	95.6%	96.3%

● Target met ◆ Target partially met ◉ Target not met

We obtained the result for this measure by surveying participants in EEOC's mediation program during the year and tabulating their responses about their confidence in using the program. The FY 2005 survey result of 96.3% exceeds our target by a substantial margin and continues to demonstrate the success of our private sector mediation program once both parties elect to participate in it. We will continue to survey participants and maintain the high confidence level expected for our program, because it helps with our efforts to convince participants, particularly company representatives, of the value of the mediation approach. We will revisit the target for this measure as part of efforts to update the agency's Strategic Plan in FY 2006.

1.2.4. BY FY 2009, increase the percentage of Federal employees who participate in ADR during the pre-complaint stage of the EEOC process by 50% or higher.

		FY 2004	FY 2005
●	**Target**	25%	40%
	Result	43.3%	Data not available until 2nd Quarter of FY 2006.

● Target met ◆ Target partially met ◉ Target not met

This measure supports the proposition that resolving complaints at Federal agencies at the earliest possible stage of the EEO (equal employment opportunity) process improves the workforce environment and curtails actions that could take substantially longer to resolve and use valuable Federal agency and EEOC resources. EEOC did not receive data from Federal agencies for FY 2004 until the second quarter of FY 2005. Consequently, we now can report that we exceeded the FY 2004 target by a substantial amount. Due to lag time in reporting, the FY 2005 result for this measure will be reported in FY 2006.

Because this was a relatively new approach when we first developed the measure, we estimated for FY 2004 that only 25% of the Federal employees would engage in an ADR attempt during the pre-complaint stage. In fact, in FY 2004 parties elected to participate in ADR in 18,381 out of 42,412 instances of pre-complaint EEO counseling across the Federal government, or 43.3% of the time. Since this result was substantially above the target value we had estimated, we are adjusting our future target values. For FY 2005, we raised our target value considerably, from 30% to 40%, expecting more parties to participate in ADR in the pre-complaint stage because of the initial success in FY 2004 and, during FY 2005, our continued technical assistance efforts with agencies to encourage the development of effective ADR programs and the promotion of ADR training among Government managers and staff. For fiscal years 2006 through 2008, we will then increase the target value by 2% each year in order to make steady progress toward our 50% goal by the end of FY 2009.

Five-Point Plan Element: Strategic Enforcement and Litigation

We approach our enforcement activities strategically, taking workplace trends, workforce dynamics, and demographic shifts into consideration. Employing our resources in ways that will achieve maximum results, while still protecting the rights of the individual, we seek to broadly influence policies and practices in the American workplace and to bring justice and opportunity to all.

For our private sector program, the importance of a strong litigation program to effectively enforce our statutes cannot be overstated. Not only does it provide relief for many victims of discrimination who may have no other recourse, but it also serves as an incentive for other employers to settle cases earlier in our administrative enforcement process. In addition, we believe that publicity regarding our high impact cases and other litigation increases employer compliance with the civil rights laws we enforce.

Additionally, an important mechanism to assist our Federal sector program in its efforts to get Federal agencies to improve employment policies, practices, and procedures, is our authority to conduct evaluations of Federal agency EEO programs. To better implement the Commission's focus on establishing effective relationships with Federal employers, we conduct assessments of agencies to help them establish model EEO programs.

Performance Measure Highlights

There are four performance measures under the Strategic Enforcement and Litigation element of. One measure assesses how resolutions of our private sector charges result in workplace improvements. Two measures assess the ripple effect of our high impact litigation and our ability to maintain our high rate of successful litigation. A final measure assesses the results of our Federal sector evaluations and assistance efforts in improving Federal workplaces.

1.3.1. BY FY 2009, 19.0% of private sector resolutions where EEOC is a party result in improvements in employment policies, practices, or procedures by.

	FY 2004	FY 2005
Target	Design survey methodology, conduct survey(s), establish baseline level for improvements.	Determine baseline value for 2005 and set target values and final goal for FY 2006–FY 2009.
Result	Program Evaluation will not be used to assess this measure. *Alternate Approach:* Collect information in charge database to assess contributions of private sector resolutions.	Baseline: 18.1% Target values and final goal established.

● Target met ◆ Target partially met ◉ Target not met

Measure 1.3.1 includes all resolutions of a charge of discrimination obtained by a settlement or conciliation agreement in our private sector charge process, excluding settlements obtained in our mediation program that are covered by companion Measure 1.2.1. We know that these types of agreements have an impact on the workplace. It is important, however, to measure the ones that specifically improve employment policies, practices, or procedures at the workplace.

In FY 2005, we began to collect more detailed information to assess the affect these agreements have on improving workplaces. Many agreements that resolve charges of discrimination provide a broad range of relief for individuals. This work is vital to fulfilling our mission by providing relief to the identified victims of alleged acts of discrimination. The agency proposed this measure, however, to identify the types of relief that have a broader effect in the workplace. Similar to the ADR measure, this is an important part of our work, but it represents only a portion of the charge resolutions we obtain.

In FY 2005, 18.1% of the private sector charge resolutions (excluding those from our mediation program), or 701 out of 3,863 settlement/conciliation agreements, involved improvements in workplace policies, practices, or procedures. The workplace improvements brought about by these resolutions benefited approximately 384,500 individuals.

Using this value as a baseline, we anticipate that the percentage of settlement and conciliation resolutions will remain the same for FY 2006, increase to 18.5% in FY 2007, remain at that level in FY 2008, and increase to our final goal of 19.0% in FY 2009. We will revisit the target for this measure as part of efforts to update the agency's Strategic Plan in FY 2006.

1.3.2. EEOC's high impact litigation and publicity efforts subsequently change workforce status of affected groups and/or improves employment policies, practices, or procedures in affected workplaces.

	FY 2004	FY 2005
Target	Establish procedures to conduct program evaluation.	Initiate steps to measure the impact of litigation and develop approaches to improve efforts to achieve greater results.
Result	Defined types of cases that constitute "high impact litigation" and how to measure "change in workforce status."	Initiated steps to collect information in charge/case database on workplace impact. Addressing methodology for evaluation.

● Target met ◆ Target partially met ⊙ Target not met

This measure will assess our high impact litigation and the subsequent publicity that results from that litigation and how they affect workplaces through a program evaluation in FY 2008. In FY 2004, we defined the case types that constitute our "high impact litigation" and how we will measure any "change in workforce status." Based on our criteria, we identified three High Impact Litigation cases resolved in FY 2004: *EEOC v. Morgan Stanley, EEOC v. Heartway* (which is now on appeal to the 10th Circuit), and *EEOC v. Milgard Manufacturing*. We identified an additional five High Impact Litigation cases resolved in FY 2005: *EEOC v. Abercrombie & Fitch Stores, Inc., EEOC v. Northwest Airlines, Inc., EEOC v. Ford Motor Co. and U.A.W., EEOC v. Dial Corp.*, and EEOC v. *EchoStar Communications Corp*. Detailed descriptions of FY 2005 high impact litigation cases are included in *Appendix B.*

In early FY 2005, we developed an approach to obtain more detailed information to help us measure the effects of our high impact litigation and to measure "changes in workforce status" occurring as a result of our litigation program. The methodology is cost-effective in that it utilizes data collected from the agency's charge/case database, the Integrated Mission System (IMS). Now, instead of using the database to capture only monetary and non-monetary benefits achieved on behalf of specific individuals, we modified the system to track a broader form of relief on the kind of workforce-wide impact, if any, a resolved lawsuit will have.

During fiscal years 2006 and 2007, we will continue to improve the quality of the data we collect for measuring the effects of our designated high impact litigation cases (and other cases we identify), and to develop approaches for improving our efforts to achieve greater results. We will begin to analyze the information and determine the extent of impact in specific workplaces, geographical areas, or industries, and assess whether these cases, along with our targeted outreach and publicity efforts, resulted in any positive changes in the workplace. The identified cases and the collection and analysis of data will assist us with the Program Evaluation of our litigation program in FY 2008.

1.3.3. The success rate of EEOC's lawsuits is 90% or higher for the period ending in FY 2009.

	FY 2004	FY 2005
Target	90% or higher 6-year rolling average	90% or higher 6-year rolling average
Result	92.2%	92.8%

● Target met ◆ Target partially met ⊙ Target not met

This measure ensures that we maintain a high success rate for resolving our lawsuits. Based on an earlier 5-year study, we established the baseline value of 90% for this measure and our litigation program. To aid our efforts to deter and remedy discrimination in the workplace, we expect to maintain at least this 90% level using a 6-year rolling average of successful lawsuits. In FY 2005, we successfully resolved 93.1% of our lawsuits, bringing our 6-year rolling average to 92.8%. We will revisit the target for this measure as part of efforts to update the agency's Strategic Plan in FY 2006.

1.3.4. EEOC's Federal sector evaluations and technical assistance efforts result in Federal agencies improving employment policies, practices, and procedures.

		FY 2004	FY 2005
● Target met	**Target**	Conduct pilot evaluations of six agency EEO programs in preparation of techniques for Program Evaluation.	Develop steps and data needed, using pilots' information and results, to prepare for FY 2009 Program Evaluation.
	Result	Conducted pilot evaluations of six agencies' EEO programs.	Doubling the Relationship Management Project to include an additional 6 Federal agencies for a total of 12 agencies' EEO programs.

● Target met ◆ Target partially met ◉ Target not met

Building on the success of the first year of the Relationship Management pilot, in FY 2005 we expanded the pilot to include an additional 6 Federal agencies for a total of 12 agencies. The Relationship Management Project is designed to improve customer service and relationships among EEOC and Federal agencies; help agencies achieve a Model EEO Program under MD-715; address specific agency needs; and change the way we provide services to our stakeholders. Applying the strategies and tools developed from the experiences of this Relationship Management Project better positions the agency to become a more customer-oriented organization that can deliver relevant information and solutions to Federal agencies. The effects of these activities on the Federal sector EEO community will be assessed with a Program Evaluation study in FY 2009. During fiscal years 2005 through 2008, we will continue to assess, refine, and expand our outreach, training, technical assistance, and oversight efforts with agencies in preparation for the 2009 Program Evaluation study to determine program achievements.

Strategic Objective 2: Inclusive Workplace

We will strengthen America's workplaces by preventing discrimination and promoting workplace policies and practices that foster an inclusive work culture.

The expected outcomes are: (1) increased voluntary compliance with the Federal equal employment laws, and (2) increased individual awareness and understanding of rights and responsibilities.

We believe that the best way to combat workplace discrimination is to prevent it from happening in the first place. Educating employers and workers about their rights and responsibilities under the law is the first step toward an inclusive work culture where all workers are judged on their talents and abilities without regard to race, ethnicity, color, religion, sex, age, or disability. A strong prevention program helps employers comply with the law and breaks down barriers to employment opportunities.

Our Strategic Plan for fiscal years 2004 through 2009 links our broad strategic objectives to the agency's Five-Point Plan. Strategic Objective 2, Inclusive Workplace, relates to one element of our Five-Point Plan: Proactive Prevention. It also identifies our long-term goals for achieving results in this area.

Five-Point Plan Element: Proactive Prevention

We will proactively prevent discrimination by educating employees and employers and by providing information that will help them identify and solve problems; enhancing outreach activities; promoting sound workplace practices; introducing new and expanded outreach activities, including outreach to small and mid-sized companies; and making better use of available technology to communicate with the public and our stakeholders.

Performance Measure Highlights

There are three performance measures under Strategic Objective 2. One measure assesses the extent to which private and Federal sector employers attending our major outreach events improve their workplaces as a result of their participation. A second measure seeks to ensure that over half of the Federal agencies will implement EEOC's Model EEO Program attributes. Our final measure assesses individuals' awareness of their EEO rights and responsibilities.

2.1.1. BY FY 2009, 70% of private and Federal sector employer representatives who participate in a major outreach initiative or training and technical assistance programs indicate an improvement in an employment policy, practice, or procedure as a result of their participation.

		FY 2004	FY 2005
●	**Target**	Design survey methodology, conduct survey(s), establish baseline of improvements. Set targets for fiscal years 2005 through 2009.	Set target values for fiscal years 2005 through 2008 and a final goal for 2009.
	Result	Designed survey methodology and conducted survey. Baseline/target setting postponed to FY 2005.	91.2% of participants indicated that improvements had been made

● Target met ◆ Target partially met ◉ Target not met

We postponed establishing a baseline and target values through FY 2009 because earlier survey results were from only a limited year-end sample of our fee-based outreach participants. Our FY 2005 results reflect a sampling of the employer representatives attending our free and fee-based outreach and training.

Based on responses on training evaluation forms from participants attending our free and fee-based outreach and training who had previously attended EEOC training or other presentations, 91.2% of the participants in FY 2005 indicated that their organization had made an improvement in their employment policies, practices, or procedures as a result of their participation in previous programs. We believe, however, that this result may include participants' responses about cumulative or repeated workplace changes from attendance at several previous years of EEOC training activities. Our survey methodology in subsequent years will adjust the time frame for participants to link our training activity to resulting workplace improvements in order to avoid double-counting responses in later years for the same workplace changes. We project that this adjustment will lower the claimed rate of improvements over the next 4 years. We have set realistic, yet challenging targets to take this revised approach into account: 85% in FY 2006, 75% in FY 2008, and a final goal of 70% by FY 2009.

2.1.2. BY FY 2009, increase to 50% the percentage of Federal agencies that successfully implement the Model EEO Program attributes described in EEOC guidance.

	FY 2004	FY 2005
Target	Issue guidance on attributes of a Model EEO Program; design measurement index.	Using Model EEO Program and measurement index, establish baseline value for FY 2005, target values for fiscal years 2006 through 2008, and a final goal for FY 2009.
Result	Issued guidance on Model EEO Program and designed a preliminary measurement index.	Designed the EEO Performance Compliance Assessment (EPCA) tool as measurement index. Postponed establishing baseline and target values until FY 2006.

● Target met ◆ Target partially met ◉ Target not met

We are in the final stages of completing the EEO Performance Compliance Assessment (EPCA) tool, the measurement index for assessing the performance of Federal agencies' EEO programs. The tool will be shared with appropriate agencies before it is finalized. With this tool we will measure Federal agencies' progress toward meeting our goal of 50% of the identified agencies successfully implementing the Model EEO Program elements described in EEOC's Management Directive (MD)-715 by the end of FY 2009. We will focus our resources and efforts on 83 identified agencies with 100 or more employees, a sample that comprises over 99% of the civilian employees in the Federal Government.

Since Federal agencies report their EEO information only once each year, several months after the fiscal year ends, we will also establish preliminary target values for fiscal years 2006 through 2008 and reassess them once we collect the information and determine the current status of agencies in meeting the criteria.

2.1.3. By FY 2009, increase the percentage of individuals demonstrating an awareness of their equal employment opportunity rights and responsibilities by TBD*%.

	FY 2004	FY 2005
Target	Design survey methodology, conduct survey(s), establish baseline of confidence Set target values for fiscal years 2005 through 2009	Postponed
Result	Activities postponed	Activities postponed

● Target met ◆ Target partially met ◉ Target not met **TBD*** To be determined

Our Strategic Plan identifies this performance measure as an indicator of the agency's contributions toward ensuring that individuals understand their EEO rights and responsibilities. Much of our past work has provided people with information they need to understand their rights and responsibilities under the EEO laws we enforce. We believe that individuals who know both their rights and their responsibilities are more likely to properly identify discriminatory behaviors at the workplace and know what to do about them. In addition, we believe it is equally important for individuals who are responsible for workplace policies, practices, and procedures to possess the information they need to critically assess

whether their workplaces are contributing to a discriminatory environment and what their responsibilities are for changing the situation.

Although we intend to use a survey methodology and establish our targets and final goal to measure our results, agency resource priorities have necessitated that we postpone this activity at this time. We anticipate future opportunities to initiate the activities necessary to implement the survey approach; however, we also will reassess measures, including this one, when we update our Strategic Plan in FY 2006.

Strategic Objective 3: Organizational Excellence

We will establish our own organizational infrastructure and professionalism to obtain the highest quality standards for equal opportunity, customer service, internal efficiency, and fiscal responsibility.

The expected outcomes are: (1) improved organizational performance and efficiency, and (2) a climate of respect, service and responsiveness.

Achieving Organizational Excellence ensures that the principles and standards we promote are readily apparent in our own operations. Through vision, leadership, and a culture of continuous improvement, our efforts seek to improve our organizational capacity and infrastructure to carry out our mission more effectively through sound management of our resources - human, financial and technological. We aim to be an organization that sets and implements the highest quality standards for equal opportunity, customer service, internal efficiencies, and fiscal responsibility, using the President's Management Agenda (PMA) as a roadmap. The PMA addresses important enhancements to internal agency operations and interface with the public by improving organizational performance and efficiency and instilling a climate of respect, service, and responsiveness.

Strategic Objective 3, Organizational Excellence, relates to one element of our Five-Point Plan: EEOC as a Model Workplace. It also identifies our long-term goals to achieve results in this area.

Five-Point Plan Element: EEOC as a Model Workplace

The principles and standards we promote to employers must be an integral part of our own operations. This integration of the Five-Point Plan and other Administration and agency initiatives will build a model workplace where we can effectively and efficiently accomplish EEOC'sgoals.

Performance Measure Highlights

There are eight performance measures under Strategic Objective 3. One measure assesses the confidence our customers have in our services. Two measures address our initiatives to manage our human capital and obtain input from our employees. Another measure ensures that, when our financial systems are audited, we receive unqualified opinions from our auditors. Three measures ensure that we internally implement the Federal sector Model EEO Program attributes successfully, process our internal complaints of discrimination in a timely manner, and increase confidence in using ADR to resolve workplace disputes. Our final measure ensures that we transition toward a "paperless" environment by converting our charge and case files into electronic format to improve agency efficiency and enhance disaster recovery.

3.1.1. BY FY 2009,customers rate their confidence in EEOC's services at TBD*% or higher.		
	FY 2004	**FY 2005**
Target (Target not met)	Design survey methodology, conduct survey(s), establish baseline of confidence . Set target values for fiscal years 2005 through 2009	Postponed
Result	Activities postponed	Activities postponed

Target met   Target partially met   Target not met   **TBD*** To be determined

Our Strategic Plan identified this performance measure as an indicator of service to our customers. We are currently piloting our National Contact Center, which includes customer service measures for this portion of our work. We intend to use a broader survey methodology to address other aspects of our work to measure customer service. As noted for Measure 2.1.3, agency resource priorities have necessitated that we postpone this broader activity at this time. We anticipate future opportunities to initiate the activities necessary to implement the survey approach for this measure. We will also reassess measures, including this one, when we review and update our Strategic Plan in FY 2006.

3.1.2. By FY 2009, EEOC will meet or exceed the Office of Personnel Management's standards demonstrating success in managing and developing human capital.		
	FY 2004	**FY 2005**
Target (Target met)	Develop and begin implementation of comprehensive human capital strategy (2-year target).	
Result	Developed draft strategy, began to design a workforce planning strategy, developed and implemented performance measurement system, and other initiatives.	Continue to develop strategies to complete planning for future human capital needs.

Target met   Target partially met   Target not met

It is critical that we address our future human capital needs and provide a good working environment for our employees in order to achieve our internal and external customer service goals. The Office of Personnel Management (OPM) has developed guidance to help Federal agencies evaluate their working environment and apply successful strategies to manage and develop their human capital. Measure 3.1.2 is designed to track and implement that guidance in order to manage our human capital and to apply one of the five important elements of the PMA, Strategic Human Capital Management.

We achieved our 2-year target for FY 2004 and FY 2005 to develop our comprehensive human capital strategy and begin to implement approaches toward achieving this goal. By the end of FY 2005, we were using our draft strategic human capital plan to chart further efforts to support our Strategic Plan. Several cross-organizational working groups have been established to design a working plan and address several other human capital issues. In addition, a performance management system was developed and implemented for managers to align efforts and rewards with the agency's strategic direction. Managerial development expanded to encompass all levels from first-level supervisors to senior executives, and a performance system will be introduced in FY 2006 for nonsupervisory staff. Managers also received general and tailored guidance on labor relations issues.

A timeline with yearly strategies for implementing the plan and revising it as necessary was developed and will be implemented throughout fiscal years 2006 through 2008 in order to achieve the agency's FY 2009 goal to meet OPM standards in this area.

3.1.3. By FY 2009, EEOC employees will rate their satisfaction in the area of human capital management at or above the overall average rating of all Federal employees collected by the Office of Personnel Management in its Government-wide survey.

		FY 2004	FY 2005
●	**Target**	Survey employees and compare results to the Office of Personnel Management (OPM) survey.	Based on survey results, establish baseline and begin developing actions/steps to achieve FY 2009 goal.
	Result	OPM conducted Government-wide and EEOC employee surveys. (Results available in the 2nd Quarter of FY 2005.)	57% Government-wide (baseline) 54% EEOC

● Target met ◆ Target partially met ◉ Target not met

EEOC participated in OPM's Government-wide Federal Human Capital Survey (FHCS), starting at the end of FY 2004. OPM released the FHCS results during the summer of 2005. At this point, OPM is not expected to construct an index for assessing the overall results. To address the approach designed for this measure, we constructed a methodology for evaluating agency results compared with Government-wide results: a simple percentage from the number of questions receiving a positive response (the two most positive options available for each question). Using this methodology, in FY 2004 employees throughout the Government answered 57% of the 78 survey questions with a positive response and EEOC employees answered 54% of the questions with a positive response.

We have established our baseline for this measure. To ensure that our target is met, we have begun to initiate feedback and action planning in our Headquarters and District Offices. With the cooperation of OPM, we provided office-specific survey results directly for their review and began to develop action plans for implementation during fiscal years 2006 through 2008 to meet our goal.

OPM is expected to conduct the Government-wide survey every 2 years, with the next survey scheduled for late spring of 2006. In the intervening years, starting with FY 2007, we will conduct our own employee survey, obtain and analyze the results, and chart our progress toward achieving our final goal.

3.1.4. EEOC will receive an "unqualified" financial audit opinion each year from fiscal years 2004 through 2009.

		FY 2004	FY 2005
●	**Target**	"Unqualified" financial audit opinion received.	"Unqualified" financial audit opinion received.
	Result	Received an unqualified audit opinion.	Received an unqualified audit opinion.

● Target met ◆ Target partially met ◉ Target not met

In FY 2005, the agency received an unqualified opinion on its financial statements.

3.1.5. By FY 2006, successfully implement the Federal sector Model EEO Program.		
	FY 2004	**FY 2005**
Target	Develop action plan and EPCA tool for implementing Federal sector Model EEO Program attributes. Meet or exceed 50% of identified attributes.	Meet or exceed 75% of identified attributes.
Result	79%	79%

● Target met ◆ Target partially met ◉ Target not met

This measure reinforces our commitment that EEOC will be a model workplace, particularly in the area of equal employment opportunity for our own employees. We intend to adopt the Model EEO Program described in MD- 715 and referenced in Measure 2.1.2. That measure expects 50% of all Federal agencies to successfully implement the model program by the end of FY 2009. As a Federal agency, we intend to achieve that goal, but to do so even earlier—by the end of FY 2006—to serve as a model for all Federal agencies. As noted in Measure 2.1.2, the EEO Performance Compliance Assessment (EPCA) tool—a measurement index for assessing the performance of Federal agencies' EEO programs—is in the final stages of completion. Once it is complete, we will assess our actions in the equal employment opportunity area against the elements of the tool. In the meantime, we have been implementing those same elements, which are described in MD-715. We have successfully implemented 79% of the items identified in the MD-715 self-assessment.

3.1.6. By FY 2009, reduce the average time to process internal EEO complaints by at least 40%.		
	FY 2004	**FY 2005**
Target	Reduce average time to process internal EEO complaints by 10% below FY 2003 benchmark.	Reduce average time to process internal EEO complaints by 20% below FY 2003 benchmark.
Result	Reduced to 17.5% below FY 2003 benchmark.	8% below FY 2003 baseline.

● Target met ◆ Target partially met ◉ Target not met

This measure captures the average processing time for all internal EEO complaints from the filing date to the closure date. This includes complaints that were settled during the formal stage, withdrawn from the process, closed by a Final Decision without an Administrative Judge, and closed by a Final Action after an Administrative Judge issues a decision. The benchmark for this measure was set at 510 days based on the average processing time for closures in FY 2003.

In FY 2004, we were able to reduce this average time to process by 17.5%, to 421 days on average, exceeding our target substantially. However, during FY 2005 our average processing time rose from 421 days to 470 days. This is only 8% below the 2003 baseline; therefore, we did not meet the target for this fiscal year.

For a number of reasons, the results for this measure can vary widely at any time. The percentage of cases for each type of closure may vary from year to year. In FY 2004, 47% of all closures were withdrawals or settlements; that number decreased to only 38% in FY 2005. Generally, the average processing time for withdrawals and settlements is lower than for cases in which a Final Decision is issued on the merits. Likewise, cases that proceed to the hearing stage are likely to have longer processing times than those that do not. The percentage of

closures in 2004 that resulted from a complaint that proceeded to the hearing stage was 22% but increased to 30% during FY 2005.

In addition, our success at reducing our overall year-end inventory by 57% (from 56 complaints at the end of FY 2003 to 24 complaints at the end of FY 2005) affects the validity of this measure. As the total number of cases processed decreases, the average processing time is more susceptible to being skewed by a small number of cases that exceed the expected timeframes. The number of formal complaints filed has also decreased over the past 2 years, from the 38 formal complaints filed in FY 2003 to 31 in FY 2004 and 26 in FY 2005. Much of this reduction is attributable to the success of our ADR Program, RESOLVE, which was implemented in the last quarter of FY 2003. More complaints are being resolved at the informal stage of the process.

We will continue efforts to reduce the average processing time for the complaints in our inventory. However, we are reevaluating the effectiveness of this measure for assessing this program component and exploring methods to capture a more appropriate measure of the efficiency of our complaint processing procedures. As we review our Strategic Plan, we will determine the future efficacy of this measure.

3.1.7. The percentage of EEOC employees reporting a willingness to participate again in EEOC's internal EEO/conflict resolution mediation program, RESOLVE, will be 90% or greater.

	FY 2004	FY 2005
Target	30%	90% or greater
Result	94%	92%

● Target met ◆ Target partially met ◉ Target not met

The RESOLVE Program began in July 1, 2003. We anticipated that it would take several years for employee confidence to build and achieve established targets based on limited information at the time. We increased our targets and final goal for this measure substantially based on the overwhelming success of the program during FY 2004. Our new targets and long-term goal at 90% or greater seem to be appropriate given our results for 2 years. For FY 2005, 92% of our employees using the program who responded in a survey were willing to use the program again. We intend to sustain this high level of employee confidence in our RESOLVE program; however, we will review this measure as we consider and revise our Strategic Plan in FY 2006.

3.1.8. By FY 2009, EEOC will convert key documents contained in 95% of private sector charge, Federal sector complaint, and litigation case files to electronic format.

	FY 2004	FY 2005
Target	Build IT infrastructure required to support document management, and initiate pilots with Headquarters and Field Offices (2-year target).	
Result	Installed first phase of production DMS infrastructure and began converting Federal appellate case files into electronic format.	Installed first phase of production DMS infrastructure and began converting Federal appellate case files into electronic format.

● Target met ◆ Target partially met ◉ Target not met

Our 2-year target for fiscal years 2004 and 2005 focused on building a technical infrastructure required to prepare for the phased-in, multi-year implementation of the Document Management System (DMS). During fiscal years 2004 and 2005, EEOC installed the first phase of the production DMS infrastructure. Additionally, in FY 2005 we completed the conversion of the Federal appellate case files into a structured, electronic format within the DMS. We have also set interim targets for meeting our final goal for FY 2009.

Although we postponed the field pilot, the conversion of our Federal appellate files provided the necessary framework and experience to prepare for the conversion of our Field Office files. Postponing the field pilot will have no measurable impact on the DMS program. In addition, by the end of FY 2005, four areas of our DMS project were in place (Correspondence Tracking System, Commission Notation Voting System, Office of Federal Operations' Federal Appellate Case Files, and Office of Communication and Legislative Affairs' News Clips System). Each area has provided us with more experience that will assist us with our future applications, including the electronic conversion of our litigation case files during FY 2007.

ADDENDUM: INTERIM ADJUSTMENTS TO STRATEGIC PLAN

The agency has previously made, or is making, additional, interim adjustments to the EEOC Strategic Plan for Fiscal Years 2004 through 2009. There are limited changes to the text of six performance measures (identified in items A–D) to ensure that the original meaning intended by each measure is clearly understood. The agency is also altering its schedule of Performance Evaluations (Item E). Because of this schedule change, the agency will be using an alternative method to evaluate one measure (Item F). In addition, the agency has increased a final goal for one measure (Item G) and inserted a final goal for which a measure was pending (Item H). For the convenience of the reader, we have highlighted in bold several words in each measure to make it easier to identify the key changes made.

A) Inclusion of the 180th Day

We are measuring a consistent time frame for the first three measures in our Strategic Plan. We have changed the phrasing of the text to ensure that it is clear that we are including the 180th day of the period in the count. The change is not substantive.

Measure 1.1.1 *Original performance measure:* By FY 2009, ensure that at least 75% of private sector charges will be resolved **within 180 days.**

Revised performance measure: By FY 2009, ensure that at least 75% of private sector charges will be resolved **in 180 days or fewer.**

Measure 1.1.2 *Original performance measure:* By FY 2009, ensure that at least 50% of Federal sector hearings will be resolved **within 180 days.**

Revised performance measure: By FY 2009, ensure that at least 50% of Federal sector hearings will be resolved **in 180 days or fewer.**

Measure 1.1.3 *Original performance measure:* By FY 2009, ensure that at least 70% of Federal sector appeals will be resolved **within 180 days.**

Revised performance measure: By FY 2009, ensure that at least 70% of Federal sector appeals will be resolved **in 180 days or fewer.**

B) Increased Agreement of Employers to Mediate

The private sector mediation program has been very successful; however, our charge data and a research study verified that employers do not agree to participate in the program to the same extent that charging parties do. This measure was developed to increase the number of charges in which employers agree to participate. The original language may incorrectly imply that we would count unique employers in order to increase those agreeing to participate. It is more appropriate, however, to try to increase the actual number of charges that are mediated, which requires that the employer to agree to mediate the charge. The text change is not substantive, but it correctly states how the agency will determine the results for this measure.

Measure 1.2.2 *Original performance measure:* By FY 2006, increase by 20% the number of private sector **employers that** agree to participate in mediation from the FY 2003 baseline.

Revised performance measure: By FY 2006, increase by 20% the number of private sector **charges in which employers** agree to participate in mediation over the FY 2003 baseline.

C) Federal Sector Evaluations

The agency regularly uses the term "Federal sector program" when it describes EEOC's activities, policies, processes, and procedures involving Federal agencies. One of EEOC's activities is to evaluate the EEO programs of other Federal agencies. The use of the word "program" in this measure was intended only to indicate that our own Federal sector program would conduct the evaluation. It could be misunderstood, however, to require the type of rigor and independence expected from the Program Evaluations described in Section VII. The text of the measure has been changed to avoid any misunderstanding. The text change is not substantive.

Measure 1.3.4 *Original performance measure:* EEOC's **Federal sector program evaluations** and technical assistance efforts result in Federal agencies improving employment policies, practices, and procedures.

Revised performance measure: EEOC's **Federal sector evaluations** and technical assistance efforts result in Federal agencies improving employment policies, practices, and procedures.

D) Electronic Conversion of Files

The electronic document management project will electronically convert key documents in a file, but it was not the intention of the agency to count individual documents to assess the results for this measure. The original text of the measure could be misunderstood. It has been revised to convey that the agency will count the number of case files after the electronic conversion of documents occurs. In addition, the original text did not explicitly include our Federal sector files in the document conversion program. The text was changed to clearly reflect that we are also converting key documents in the Federal files. The text changes are not substantive.

In addition, funding shortages in FY 2005 and FY 2006 will require that we adjust our performance measure for FY 2009. New timeframes for completion, along with the interim measures, will be determined in FY 2006.

Measure 3.1.8 *Original performance measure:* By FY 2009, EEOC will **maintain in electronic format 95% of the key documents necessary in active charge/case-related enforcement/litigation files.**

Revised performance measure: By FY 2009, EEOC will **convert the key documents contained in 95% of its private sector charge, Federal sector complaint, and litigation case files to electronic format.**

E) Change in Program Evaluations Schedule

The agency elected to change the order of the Program Evaluations outlined in the Strategic Plan twice. Neither of the changes in the schedule is a substantive changes to the Strategic Plan.

In FY 2004, the Program Evaluation schedule was adjusted to indicate that the agency would conduct an evaluation of the Private Sector Charge Process in FY 2005. The previously scheduled evaluation of the Private Sector Mediation Program was postponed until FY 2006.

In FY 2005, the Program Evaluation schedule was adjusted to indicate that the agency would conduct an evaluation of the Federal Sector Mediation Programs in FY 2006. The previously scheduled evaluation of the Private Sector Mediation Program was further postponed until FY 2007.

F) Alternate Assessment of Private Sector Mediation/ADR Program

The Strategic Plan indicates for Measure 1.2.1 that the agency would conduct a Program Evaluation in FY 2005 to assess the private sector mediation/ADR program. Because the changed program evaluation schedule (item E above), the agency will assess the program using an alternative method by using data collected from its investigative charge files and coded into the agency-wide charge database.

G) EEO/Conflict Resolution

The RESOLVE Program is EEOC's internal ADR program launched in FY 2003. The program is another component of our efforts to become a model workplace. We decided that one aspect of its success would be the willingness of employees to participate in the program again. We established a goal for our first full year at 30%, with our intention to reach a final goal of 80% by FY 2009. We are altering the targets and goals for this measure because of the unprecedented success we have achieved. The text change increases the targets and final goal expected for this measure. We consider the change to be a minor alteration to our Strategic Plan because it does not substantively revise the intention of the measure.

Measure 3.1.7 *Original performance measure:* The percentage of EEOC employees reporting a willingness to participate again in EEOC's internal EEO/conflict resolution mediation program, RESOLVE, will be **80% by FY 2009.**

Revised performance measure: The percentage of EEOC employees reporting a willingness to participate again in EEOC's internal EEO/conflict resolution mediation program, RESOLVE, will be **90% or greater.**

H) Establishing Goals and Required Language Changes to Measures

Initially, several measures did not provide stated intermediate target values and/or a final goal in our Strategic Plan. The following measures required minor adjustments to include goals and/or revise language. The inclusion of the final goals and any text changes to accommodate the type of final goal do not substantively revise the intention of these measures in our Strategic Plan.

Measure 1.1.4 *Original performance measure:* By FY 2009, reviews of investigative files indicate that the percentage of files meeting established criteria for quality is at TBD% or higher.

Revised performance measure: By FY 2009, reviews of investigative files indicate that the percentage of files meeting established criteria for quality is **at a maintenance level of 90% or higher**.

Measure 1.3.1 *Original performance measure:* By FY 2009, **TBD%** of private sector resolutions where EEOC is a party result in improvements to employment policies, practices, or procedures.

Revised performance measure: By FY 2009, **19.0%** of private sector resolutions where EEOC is a party result in improvements to employment policies, practices, or procedures.

PROGRAM EVALUATION

Our Strategic Plan for fiscal years 2004 through 2009 provided a schedule of program evaluations the agency expected to conduct over a 5-year period. Program evaluations are designed to be a thorough examination of a program area by ensuring an independent review, using a rigorous methodology, and applying appropriate statistical and analytical tools. It uses expertise within and outside the program under review to enhance the analytical perspectives and add credence to the evaluation and recommendations. Program evaluations with this degree of rigor and independence are important because they enable an agency to determine whether or not its programs are operating as they are intended to, are operating effectively and efficiently, and are achieving results.

In the past two fiscal years we have modified the initial approach to our program evaluations in several ways. We expected to establish general procedures for conducting all of the evaluations before initiating the first one in FY 2005. We decided that it was more effective to establish our approach to program evaluations as we gained practical experience conducting our first evaluation under the Strategic Plan. We also revised the schedule of program evaluations by deciding to review our private sector charge process first, in FY 2005, instead of reviewing the mediation program as previously scheduled. This interim adjustment to our Strategic Plan was not a substantive revision and was described in our FY 2006 Performance Budget.

An EEOC contractor initiated the program evaluation of our private sector charge process in FY 2005. Early on, the contractor engaged in extensive activity to identify several key areas on which to focus the evaluation. The charge process covers a wide range of activities including inquiries from the public, preparing charges of discrimination, mediating charges, investigating charges, making findings about the merits of charges, and attempting to settle charges. Focusing on a few key areas for the agency would enable the contractor to conduct the evaluation within the fiscal year and with the resources available. The contractor discussed the charge process in a focus group format with over 100 EEOC employees, including staff and senior leadership.

From this broad, inclusive effort the contractor identified the initial stages of the charge process—the inquiry and intake process leading to the filing of a charge—on which to focus the program evaluation of the private sector charge process. The contractor also identified the year-end resolution of charges for review and comparison with resolutions at other times in a fiscal year. The contractor is currently in the data collection phase, where information from Field Office managers is being collected with a survey instrument and data from the agency's charge data system—the Integrated Mission System (IMS)—is being analyzed. A program evaluation report with recommendations is expected in early FY 2006. We will use the information in the report and the recommendations provided by the contractor to review the intake process and implement appropriate changes.

We will also conduct a program evaluation of the Federal Sector Mediation Program during FY 2006; a year earlier than the fiscal year identified in our Strategic Plan. The agency's initial efforts to encourage the use of ADR mechanisms throughout the Federal equal employment opportunity (EEO) process have been a major success. During the initial phase of the program evaluation, the review will focus on several possible areas. We may collect information about the variety of programs being used throughout the Government and their efficacy in improving the EEO environment in Federal agencies. We also may evaluate our own efforts to encourage agencies to adopt ADR approaches in their EEO programs. The agency will postpone the evaluation of the private sector mediation program again, because it will be more valuable to review the Federal sector mediation program at this time.

We show the adjusted program evaluation schedule in the following table, which is a nonsubstantive change to our current Strategic Plan.

Program Evaluation	Statement of Parameters of the Program Evaluation	Expected Initiation and Completion
Private Sector Charge Process	The evaluation will examine and evaluate the quality, timeliness, and other relevant characteristics of the private sector charge process to identify key methods for maintaining high quality investigations, areas to enhance the process, and the efficacy of procedures used.	FY 2005 *(completion now expected in FY 2006)*
Federal Sector Mediation Program	The evaluation will assess the range of mediation/ADR programs used to resolve Federal sector complaints. It will review historical results achieved, techniques employed, customer service attained, and other important criteria to measure the various mediation approaches and compare advantages.	FY 2006
Private Sector Mediation Program	The evaluation will assess EEOC's private sector mediation program by examining how the overall program and different implementation strategies have achieved resolutions and economic savings, enhanced customer service, and improved workplace areas such as morale, productivity, and motivation. The evaluation will explore the quantification of the economic benefits attained by using EEOC's mediation/ADR program and the benefits of using alternative implementation approaches in the program.	FY 2007
Effect of EEOC High Impact Litigation	The evaluation will identify specific high impact litigation that occurred and discern how employers reacted. The expectation is that a number of changed policies, practices or procedures can be identified that correlate to EEOC's litigation activity.	FY 2008
Effect of EEOC's Federal Sector Evaluations and Assistance	The evaluation will identify specific activities conducted by the EEOC with Federal agencies that result in changed policies, practices, or procedures. It will develop a methodology to estimate the results achieved from those changes.	FY 2009

VERIFICATION AND VALIDATION OF DATA

Our private sector, Federal sector, and litigation programs require accurate enforcement data, as well as reliable financial and human resources information, to assess EEOC operations and performance results and make good management decisions. We have continued our efforts to ensure the accuracy of our program information and any analysis of the information.

We review the information collected in our databases for accuracy through software editing programs and program reviews of a sample of records during Field Office technical assistance visits. In addition, Headquarters offices conducting analyses regularly review the information to identify any anomalies that could indicate erroneous entries requiring correction to collection procedures.

We have also deployed approaches in the past that enable the agency to collect information more rapidly and accurately, because the information does not require multiple entries before it can be reviewed and analyzed. For example, in a previous fiscal year, we deployed a secure, web-based application that enabled businesses to electronically submit their annual Employer Information Report (EEO-1) to EEOC. This new system reduced the need for manual entry of report data and includes automated edits to validate data, calculate totals, and compare statistics against the prior year's submission. In another example, we implemented a secure, web-based system that enabled all Federal agencies to electronically submit annual equal employment opportunity statistics (Form 462). This system has improved the quality and timeliness of the information received. Finally, our Integrated Mission System (IMS), which consolidates our mission data on charge intake, investigation, mediation, litigation, and outreach functions into a single shared information system, includes many automated edit checks and rules to enhance data integrity. Since several of our new performance measures require us to use data to assess our achievements, it is significant that we can now obtain those data much more quickly and with greater data accuracy.

We have implemented information guidelines and adopted internal procedures to strengthen our ability to verify and validate the quality of our data before they are released to the public. In addition, the agency's Office of Inspector General includes information and recommendations about aspects of the status of our data validity and verification procedures, information systems, and databases in its reports. We use this information and these recommendations to continue to improve our systems and data.

Inspector General's Statements

SUMMARY OF SIGNIFICANT MANAGEMENT CHALLENGES

Introduction

In accordance with section 3 of the Reports Consolidation Act of 2000, a statement is provided by the Inspector General, which summarizes what she considers to be the most serious management challenges facing the Equal Employment Opportunity Commission. These issues were the focus of significant work conducted by the Office of Inspector General (OIG) during FY 2005, and they require continuous effort by the agency. The management challenges also link directly to the President's Management Agenda (PMA) initiatives.

Summary

During FY 2005, the EEOC strengthened its enforcement activities and expanded outreach, while repositioning the agency for improved service and sustained viability. Repositioning activities, which includes a National Contact Center (NCC) pilot, field office restructuring, and headquarters realignment pose significant challenges to management and staff that impact employee performance and morale, as well as service to customers.

The NCC began accepting calls nationwide in April 2005. Recently, the OIG began an evaluation of NCC operations to determine its impact on field and headquarters staff, including whether some EEOC staff now have additional time to perform other duties. The center's impact on the efficiency and effectiveness of EEOC operations will also be evaluated, as well as its impact on EEOC's customers. In July 2005, the Commission voted on and approved, the Chair's plan to reposition the field structure for improved customer service and efficiency. Implementation of the plan is currently pending. The final repositioning activity, realigning EEOC Headquarters, will be announced in FY 2006.

Additional management challenges address EEOC's efforts to meet the core requirements of PMA initiatives and progress made during the year.

Strategic Management of Human Capital

As the agency moves forward with its repositioning plans, strategic management of human capital remains a critical management challenge. The Office of Human Resources (OHR) is committed to ensuring that the agency meets the initiatives of the PMA and the Office of Personnel Management's (OPM's) Human Capital Standards for Success. Some of OHR's accomplishments included issuing a final EEOC Strategic Human Capital Plan, making significant progress towards completion of employee performance plans, and conducting the OPM Federal Human Capital Survey (FHCS) at the Commission. The Plan for Strategic Human Capital Management has been communicated to staff throughout the commission and is aligned with the agency's mission, strategies, goals and objectives. The plan also includes metrics for each performance standard, timelines, and assigns responsibility to accountable managers. Performance plans for managers and other critical positions were developed and OHR anticipates the completion of all employee performance plans early in FY 2006.

Human capital challenges faced by the agency include the need for additional funds for skill-level training and an agency awards program to reward outstanding employees. Improvement of staff retention and succession planning efforts is needed. In addition, OHR must complete its analysis of the agency's FHCS results and design an action plan to address those areas needing improvement.

Budget/Performance Integration

The agency continues to make progress in budget and performance integration. The Chief Financial Officer (CFO) completed a review of the agency's time allocation system and made recommendations on improving the usefulness of the system, including adding new program element codes to capture time relating to Freedom of Information Act support and time spent for training. These actions will lead to better information for effective management of program costs. The FY 2007 Performance Budget submitted to OMB successfully integrated staffing and funding requests with the two mission-related strategic objectives in the EEOC's current strategic plan.

A challenge for the agency is its upcoming initial Performance Assessment Rating Tool (PART) review, which will be conducted by OMB in the spring of FY 2006. PART evaluates program performance by reviewing program purpose and design, strategic planning, program management, and program results and accountability. To prepare for this review, the agency will conduct a dry run exercise involving staff from a cross section of the agency and the OIG. Once the agency has experienced the PART review process, it will be in a better position to target and design program improvements and provide Congress and other stakeholders with important program insights, in addition to meeting the core requirements of the PMA budget and performance integration initiative.

Financial Performance

The agency was successful in obtaining an unqualified opinion on its FY 2004 financial statements and in meeting the accelerated reporting deadlines established by OMB. To address the material weakness reported during the FY 2004 audit, the CFO provided internal training to its staff and has implemented the use of Hyperion software to improve the quality control over the financial reporting process.

The challenge confronting the agency is one of funding to replace its obsolete integrated financial management system. EEOC's current financial management system is outdated and the system's vendor no longer provides updates to the system. In addition, the Department of the Interior's National Business Center will discontinue hosting and supporting the system in October 2007. Funding for a new financial management system was requested in EEOC's FY 2007 budget.

Competitive Sourcing

The agency met the OMB's established deadlines for reporting its inventory of commercial and inherently governmental positions in accordance with the Federal Activities Inventory Reform Act (FAIR Act). During FY 2005, the EEOC successfully completed a streamlined competition following the established policies contained in OMB circular A-76, *Performance of Commercial Activities*. The Control Room function of the Office of Federal Operations was competed resulting in the function remaining in-house with anticipated savings of $100,000 over five years. Other functions considered for future competitions include the Office of Information Technology's (OIT's) desktop support services, and managed telecommunications and server operations.

However, the OMB core requirements for improved competitive sourcing calls for standard competitions, as opposed to streamline competitions. The agency's challenge in this area is that it has not completed a standard competition involving 65 or more full-time equivalent employees.

E-Government

The EEOC's progress in this area remains consistent. OIT has completed business cases for all major agency systems. These systems are certified and accredited and are also generally secure. Further, the agency continues to participate in a number of the E-Gov initiatives including E-Training, E-Reports, E-Travel, and E-Payroll.

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

Office of
Inspector General

November 10, 2005

MEMORANDUM

TO: Cari M. Dominguez
Chair

FROM: Aletha L. Brown
Inspector General

SUBJECT: Agency Compliance with the Federal Managers' Financial Integrity Act (OIG Report No. 2005-06-AIC)

The *Federal Managers' Financial Integrity Act of 1982* (FMFIA), P.L. 97-255, as well as the Office of Management and Budget's (OMB) Circular A-123, *Management Accountability and Control,* establish specific requirements with regard to management controls. Accordingly, each agency head must establish controls to reasonably ensure that: (1) obligations and costs are in compliance with applicable laws; (2) funds, property and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (3) revenues and expenditures applicable to agency operations are properly recorded and accounted for, in order to permit the preparation of reliable financial and statistical reports, as well as to maintain accountability over the assets. FMFIA further requires each executive agency head, on the basis of an evaluation conducted in accordance with applicable guidelines, to prepare and submit a signed statement to the President disclosing that their agency's system of internal accounting and administrative controls fully comply with requirements established in FMFIA.

On October 31, 2005, the Office of Research, Information and Planning (ORIP) submitted the *FY 2005 Federal Managers' Financial Integrity Report,* to the Office of Inspector General (OIG) for review. EEOC Order 195.001, *Management Accountability and Controls* requires the OIG to annually provide a written advisory to the Chair on whether the management control evaluation process complied with OMB guidelines. Based on our independent assessment of this year's process, OIG is pleased to advise you that the agency's management control evaluation was conducted in accordance with OMB's standards. To determine compliance OIG reviewed: (1) assurance statements submitted by Headquarters and district directors attesting that their systems of management accountability and control were effective and that resources under their control were used consistent with the agency's mission and in compliance with the laws and regulations set out in the FMFIA; (2) all functional area summary tables, and functional area reports; and (3) ORIP's FY 2005 FMFIA Assurance Statement and Assurance Statement Letter, with attachments.

Finally, ORIP asserted that the agency had no material weaknesses during this reporting cycle. OIG concurs with ORIP's assertion based on data obtained through intra-office exchanges and on the results of audits, evaluations, and investigations conducted by OIG during FY 2005.

FY 2005 Consolidated Financial Statements

A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

I am pleased to present the U.S. Equal Employment Opportunity Commission's financial statements for FY 2005. Our financial statements are an integral component of our Performance and Accountability Report. The Accountability of Tax Dollars Act of 2002 extends to the Commission a requirement to prepare and submit audited financial statements. The President's Management Agenda, Improved Financial Performance component, requires us to obtain and sustain clean audit opinions on our financial statements. The Office of Management and Budget issued Circular A-136, *Financial Reporting Requirements,* on August 23, 2005, which further consolidated reporting requirements for the PAR submission.

Our FY 2005 financial statements received an unqualified opinion. This is the second consecutive year that the EEOC has received an unqualified opinion and represents another milestone in our efforts to improve the financial management of the agency. This year we were successful in migrating to a third party software package that produces our financial statements with a high level of integration with our financial system. On the other hand, last year our service provider, the Department of the Interior's National Business Center, notified us that the current version of our financial software is considered obsolete. Our service provider requires that we migrate to some replacement software during FY 2008. Consequently, the agency has made budget plans to replace the financial system in FY 2007 with financial software that has been certified by the Office of Management and Budget. We are in the process of analyzing proposals from designated federal Centers of Excellence (COEs). In addition, we hope to begin implementation of e-Travel software in FY 2008. An unstable GSA vendor environment may impact the implementation date for e-Travel.

In support of the Budget and Performance Integration component of the President's Management Agenda, we implemented an integrated cost accounting methodology in the time and attendance component of the payroll system. We conducted a mid-year post implementation review of the process. Several recommendations were approved to fine-tune the process including the addition of two program element codes to collect labor cost information. The two program elements are training and file disclosures. Over the next few years, the agency will determine what level of program cost detail is necessary to support the objectives of activity-based costing. In fiscal year 2005, we submitted our *FY 2004 Performance and Accountability Report* to the Certificate of Excellence in Accountability Reporting (CEAR) program. We received valuable peer review feedback on areas of the report that needed improvement.

For FY 2005, the agency received a $327 million budget. We completed the fiscal year within budget with improved financial management and some additional focus on cost controls and cost accounting. Compensation and benefit costs continue to consume about 70% of the budget. Some progress has been made to bring rising office space rent costs under control as we re-lease less office space consistent with the number of employees onboard. However, rent costs remain about 9% of our total budget. With 10%

of the budget dedicated to the State and local program, only 11% of the budget is available for technology, programs, travel, and other general expenses.

As reported in the past, I have identified several critical issues for the agency to focus on to improve its long-term financial health. An update on each item is provided below.

- Execute a disciplined analysis of future workforce and infrastructure requirements. Unfortunately, the Agency has been unable to slow the growth of the current and future cost of compensation and benefits, which makes up 70% of the EEOC's budget each year. These costs include salary, health and life insurance, agency contributions for retirement plans, social security, Medicare, worker's compensation, reasonable accommodations, and transit subsidies. A plan to reposition the field structure for improved efficiency and customer service was approved by the Commission on July 8, 2005. This repositioning is expected to save the agency $4.9 million in payroll costs over 8 years. In addition, as office space is right-sized to the staff onboard, we are expected to save $3.4 million in rent costs over the same period. A Headquarters repositioning will be completed during FY 2006. Finally, the agency contracted for an independent top-down study of the information technology infrastructure and staffing, with a report received in October 2005.
- Recognize and manage competing budget priorities. A limited hiring freeze has continued since August 2001. In addition, we have kept spending controls in place for discretionary travel, awards, and training. Nonpayroll costs also increased for homeland security, rent, facility services, and Government-wide programs such as a uniform Federal Government employees' identification card project.
- Formulate a long-term performance budget strategy. We provided one-year forward- looking projections for workload using available forecasting tools in our FY 2005 and FY 2006 performance budget submissions. For future years' performance budget submissions, the agency is considering multiyear forward-looking workload projections in an attempt to better describe our resource requirements.

In FY 2006, guided by an examination and update of our Strategic Plan, the EEOC will continue its focus on accountability and results through improved performance metrics, budget planning and financial management.

Jeffrey A. Smith

Jeffrey A. Smith, CPA, CGFM
Chief Financial Officer
U.S. Equal Employment Opportunity Commission

November 15, 2005

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

Office of
Inspector General

November 15, 2005

MEMORANDUM

TO: Cari M. Dominguez
Chair

FROM: Aletha L. Brown
Inspector General

SUBJECT: Audit of the Equal Employment Opportunity Commission's Fiscal Year 2005 and 2004 Financial Statements (OIG Report No. 2005-09-FIN)

The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of Cotton and Company LLP to audit the financial statements of the U.S. Equal Employment Opportunity Commission (EEOC) for fiscal years 2005 and 2004. The contract required that the audit be done in accordance with U.S. generally accepted government auditing standards; Office of Management and Budget's Bulletin 01-02, *Audit Requirements for the Federal Financial Statements,* and the Government Accountability Office/President's Council on Integrity and Efficiency's *Financial Audit Manual.*

Cotton and Company LLP issued an unqualified opinion on EEOC's FY 2005 and 2004 financial statements. In its "Report on Internal Control," Cotton and Company LLP noted that the material weakness relating to quality assurance over the financial reporting process, which was included in the FY 2004 audit report was resolved before the preparation of this year's statements. Cotton and Company LLP also reported that EEOC's financial management systems substantially complied with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA), and found no reportable noncompliance with laws and regulations it tested.

In connection with the contract, OIG reviewed the Cotton and Company LLP report and related documentation and inquired of its representatives. OIG's review disclosed no instances where Cotton and Company LLP did not comply, in all material respects, with generally accepted government auditing standards. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on EEOC's financial statements or conclusions about the effectiveness of internal controls or on whether EEOC's financial management systems substantially complied with FFMIA; or conclusions on compliance with laws and regulations. Cotton and Company LLP is responsible for the attached auditor's report dated November 2, 2005 and the conclusions expressed in the report.

cc: Leonora Guarraia
Jeffrey A. Smith
Germaine Roseboro
Monica Summitt
Nicholas Inzeo
Peggy Mastroianni

Cotton & Company

Cotton & Company LLP
635 Slaters Lane
4th Floor
Alexandria, VA 22314

P: 703.836.6701
F: 703.836.0941
www.cottoncpa.com

Inspector General
Equal Employment Opportunity Commission

INDEPENDENT AUDITOR'S REPORT

We audited the accompanying Consolidated Balance Sheets of the Equal Employment Opportunity Commission (EEOC) as of September 30, 2005, and 2004; the related Consolidated Statements of Net Cost, Changes in Net Position, and Financing; and the Combined Statement of Budgetary Resources for the years then ended. These financial statements are the responsibility of EEOC management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards; standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin 01-02, *Audit Requirements for Federal Financial Statements*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EEOC as of September 30, 2005, and 2004, and its net costs, changes in net position, combined budgetary resources, and financing for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Certain portions of the Performance and Accountability Report are not a required part of the basic financial statements, but are required by OMB Circular A-136, *Financial Reporting Requirements*, and the Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards No. 15, *Management's Discussion and Analysis.*

Two types of information within EEOC's Performance and Accountability Report are not a part of EEOC's basic financial statements: required supplementary information and other accompanying information. Management's Discussion and Analysis (MD&A) and information on EEOC's intragovernmental support revolving fund are required supplementary information. Other accompanying information consists of the full Performance and Accountability Report, except for the MD&A, revolving fund information, basic financial statements and notes to the financial statements, and this auditor's report. With respect to this information, we made certain inquiries of management and compared the information for consistency with EEOC's audited financial statements and against other knowledge we obtained during our audit. Based on these limited procedures, we found no material inconsistencies among the MD&A or other accompanying information and financial statements or notes. We did not audit required supplemental information or the other accompanying information and therefore express no opinion on them.

In accordance with *Government Auditing Standards*, we issued separate reports dated November 2, 2005, on EEOC's internal control and compliance with laws and regulations. Our reports on internal control and compliance are an integral part of an audit conducted in accordance with *Government Auditing Standards* and, in considering the results of our audits, those reports should be read together with this report.

COTTON & COMPANY LLP

Colette Y. Wilson, CPA
Partner

November 2, 2005
Alexandria, Virginia

Cotton & Company

Cotton & Company LLP
635 Slaters Lane
4th Floor
Alexandria, VA 22314

P: 703.836.6701
F: 703.836.0941
www.cottoncpa.com

Office of Inspector General
Equal Employment Opportunity Commission

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

We audited the Consolidated Balance Sheets of the Equal Employment Opportunity Commission (EEOC) as of September 30, 2005, and 2004; the related Consolidated Statements of Net Cost, Changes in Net Position, and Financing; and the Combined Statement of Budgetary Resources for the years then ended. We have issued our report thereon dated November 2, 2005. We conducted our audits in accordance with generally accepted auditing standards; standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin 01-02, *Audit Requirements for Federal Financial Statements*.

In planning and performing our audit, we considered EEOC's internal control over financial reporting by obtaining an understanding of the agency's internal control, determining if internal control had been placed in operation, assessing control risk, and performing tests of controls to determine auditing procedures for the purpose of expressing our opinion on the financial statements. We limited internal control testing to those controls necessary to achieve objectives described in OMB Bulletin 01-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Consequently, we do not provide an opinion on internal control.

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect an agency's ability to record, process, summarize, and report financial data consistent with management assertions in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in internal control, misstatements, losses, or noncompliance may nevertheless occur and may not be detected. We noted no matters involving the internal control and its operation that we considered to be reportable conditions as defined above.

Status of Prior-Year Internal Control Weaknesses

In the 2004 report on internal control, we described a matter involving the financial reporting process that we considered to be a material weakness. EEOC had not established an effective quality assurance system to verify the work of individuals preparing financial statements and footnotes. EEOC resolved this material weakness before it prepared its FY 2005 financial statements.

With respect to internal control related to significant performance measures included in Management's Discussion and Analysis, we obtained an understanding of the design of internal control relating to the existence and completeness assertions, as required by OMB Bulletin 01-02. Our procedures were not designed to provide assurance on internal control over reported performance measures and, accordingly, we do not express an opinion on such controls.

We noted other nonreportable matters involving internal control and its operation that we will communicate in a separate management letter.

This report is intended solely for the information and use of EEOC management, OMB, and Congress. It is not intended to be and should not be used by anyone other than these specified parties.

COTTON & COMPANY LLP

Colette Y. Wilson

Colette Y. Wilson, CPA

November 2, 2005
Alexandria, Virginia

Cotton & Company

Cotton & Company LLP
635 Slaters Lane
4th Floor
Alexandria, VA 22314

P: 703.836.6701
F: 703.836.0941
www.cottoncpa.com

Office of Inspector General
Equal Employment Opportunity Commission

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

We audited the Consolidated Balance Sheets of the Equal Employment Opportunity Commission (EEOC) as of September 30, 2005, and 2004; the related Consolidated Statements of Net Cost, Changes in Net Position, and Financing; and the Combined Statement of Budgetary Resources for the years then ended. We have issued our report thereon dated November 2, 2005. We conducted our audits in accordance with generally accepted auditing standards; standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin 01-02, *Audit Requirements for Federal Financial Statements*.

EEOC management is responsible for complying with laws and regulations applicable to the agency. As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, we performed tests of EEOC's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin 01-02, including requirements referred to in the Federal Financial Management Improvement Act (FFMIA) of 1996. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to EEOC.

The results of our tests of compliance disclosed no instances of noncompliance with other laws and regulations described in the preceding paragraph, exclusive of FFMIA, that we are required to report under *Government Auditing Standards* or OMB Bulletin 01-02.

Under FFMIA, we are required to report whether EEOC's financial management systems substantially comply with federal financial management system requirements, applicable federal accounting standards, and the United States Government Standard General Ledger at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803 (a) requirements.

The results of our tests disclosed no instances in which EEOC's financial management systems did not substantially comply with the three requirements discussed in the preceding paragraph.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of EEOC management, OMB, and Congress. It is not intended to be and should not be used by anyone other than these specified parties.

COTTON & COMPANY LLP

Colette Y. Wilson, CPA
Partner

November 2, 2005
Alexandria, Virginia

LIMITATIONS OF THE FINANCIAL STATEMENTS

EEOC has prepared its financial statements to report its financial position and results of operations, pursuant to the requirements of the Accountability of Tax Dollars Act of 2002, the Government Management Reform Act of 1994, and OMB Circular A-136, *Financial Reporting Requirements.*

While the EEOC statements have been prepared from its books and records in accordance with the formats prescribed by the Office of Management and Budget, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

These statements should be read with the understanding that they are for a component of the United States Government, a sovereign entity. Liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation by Congress and payment of all liabilities, other than for contracts, can be abrogated by the Federal government.

Equal Employment Opportunity Commission
Consolidated Balance Sheets
As of September 30, 2005 and 2004
(in dollars)

	FY 2005	FY 2004
ASSETS		
Intragovernmental		
Fund balance with treasury (Note 2)	$ 58,426,664	$ 53,323,747
Accounts receivable (Note 3)	11,947	7,942
Total intragovernmental assets	58,438,611	53,331,689
Accounts receivable, net (Note 3)	301,650	272,423
General property and equipment, net (Note 4)	3,508,097	3,982,405
Prepaid expenses	10,000	-
Travel advances	4,314	1,485
TOTAL ASSETS	62,262,672	57,588,002
LIABILITIES		
Intragovernmental		
Accounts payable (Note 6)	2,934,258	223,597
Employer payroll taxes	1,638,444	1,435,749
Worker's compensation liability (Note 7)	2,318,558	2,352,002
Total intragovernmental liabilities	6,891,260	4,011,348
Accounts payable	20,607,578	15,687,841
Accrued payroll	7,109,887	6,355,094
Accrued annual leave (Note 7)	16,781,585	16,816,122
Future worker's compensation liability (Note 7)	10,590,059	10,920,940
Contingent liabilities (Note 9)	125,000	-
Capital lease liability (Note 10)	725,976	940,456
Amounts Collected for Restitution	250,729	248,158
TOTAL LIABILITIES	63,082,074	54,979,959
NET POSITION		
Unexpended appropriations	23,785,471	25,794,279
Cumulative results of operations	(24,604,873)	(23,186,236)
Total net position	(819,402)	2,608,043
TOTAL LIABILITIES AND NET POSITION	$ 62,262,672	$ 57,588,002

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, 2005 and 2004
(in dollars)

	FY2005	FY2004
JUSTICE AND OPPORTUNITY		
Private Sector:		
Enforcement	$ 164,052,071	$ 189,498,876
Mediation	22,566,758	16,672,513
Litigation	57,643,505	40,339,764
State and Local	38,314,787	42,094,244
Total program costs - Private Sector	282,577,121	288,605,397
Federal Sector:		
Hearings	29,953,473	21,774,433
Appeals	15,467,792	9,941,503
Mediation	907,255	1,687,271
Oversight	3,558,945	2,941,493
Total Program costs - Federal Sector	49,887,465	36,344,700
Revenue	(193,254)	-
Net cost - Federal Sector	49,694,211	36,344,700
Totals		
Program costs	332,464,586	324,950,097
Revenue	(193,254)	-
Net cost of Justice and Opportunity	332,271,332	324,950,097
INCLUSIVE WORKPLACE		
Training:		
Program costs	7,787,964	6,702,291
Revenue	(3,840,054)	(3,929,974)
Net cost - Training	3,947,910	2,772,317
Outreach		
Program costs	10,956,062	15,063,517
Totals		
Program costs	18,744,026	21,765,808
Revenue	(3,840,054)	(3,929,974)
Net cost of Inclusive Workplace	14,903,972	17,835,834
Totals all programs		
Program costs	351,208,612	346,715,905
Revenue (Note 11)	(4,033,308)	(3,929,974)
Net Cost of Operations	$ 347,175,304	$ 342,785,931

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, 2005 and 2004
(in dollars)

	FY 2005		FY 2004	
	Cumulative Results of Operations	**Unexpended Appropriations**	**Cumulative Results of Operations**	**Unexpended Appropriations**
Beginning Balances:	$ (23,186,236)	$ 25,794,279	$ (23,941,440)	$ 28,593,060
Adjustments:				
Correction of errors (Note 12)	(94,523)	-	(297,298)	501,340
Beginning balances, as adjusted	(23,280,759)	25,794,279	(24,238,738)	29,094,400
Budgetary Financing Sources:				
Appropriations received (Note 13)	-	331,228,000	-	328,400,000
Recissions and canceled appropriations	-	(5,739,892)	-	(6,747,624)
Unexpended appropriations - used	327,496,916	(327,496,916)	324,952,497	(324,952,497)
Other Financing Sources:				
Imputed financing sources (Note 15)	18,354,274	-	18,885,936	-
Total Financing Sources	345,851,190	(2,008,808)	343,838,433	(3,300,121)
Net Cost of Operations	(347,175,304)	-	(342,785,931)	-
Net Change	(1,324,114)	(2,008,808)	1,052,502	(3,300,121)
Ending Balances	$ (24,604,873)	$ 23,785,471	$ (23,186,236)	$ 25,794,279

The accompanying notes are an integral part of these statements.

Equal Employment Opportunity Commission
Combined Statements of Budgetary Resources
For the Years ending September 30, 2005 and 2004
(in dollars)

	FY 2005	FY 2004
Budgetary Resources		
Budget authority		
Appropriations received (Note 13)	$ 331,228,000	$ 328,400,000
Unobligated balance		
Beginning of period	9,797,380	11,670,436
Spending authority from offsetting collections		
Earned		
Collected	4,052,498	3,867,680
Receivable from Federal sources	(11,361)	145,345
Subtotal	4,041,137	4,013,025
Recoveries of prior year obligations	3,029,321	3,827,300
Permanently not available		
Recissions	(4,424,147)	(3,455,610)
Canceled appropriations	(1,315,745)	(3,292,014)
Total Budgetary Resources	$ 342,355,946	$ 341,163,137
Status of Budgetary Resources		
Obligations incurred		
Direct obligations	332,510,982	331,282,706
Reimbursable obligations	193,254	83,051
Subtotal	332,704,236	331,365,757
Unobligated balance		
Apportioned	480,485	439,728
Unobligated Balances Not Available	9,171,225	9,357,652
Total Status of Budgetary Resources	$ 342,355,946	$ 341,163,137
Relationship of Obligations to Outlays:		
Obligated balance - net, beginning of period	43,278,209	43,569,426
Obligated balance - net, end of period		
Accounts receivable	(133,984)	(145,345)
Undelivered orders	16,368,041	19,721,272
Accounts payable	32,290,167	23,702,281
Outlays:		
Disbursements	324,440,261	327,684,328
Collections	(4,052,498)	(3,867,680)
Net Outlays	$ 320,387,763	$ 323,816,648

The accompanying notes are an integral part of the financial statements.

Equal Employment Opportunity Commission
Consolidated Statements of Financing
For the Years Ended September 30, 2005 and 2004
(in dollars)

	FY2005	FY2004
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations incurred	$ 332,704,236	$ 331,365,757
Less: Spending authority from offsetting collections	(4,041,137)	(4,013,025)
Less: Spending authority from recoveries	(3,029,321)	(3,827,300)
Net obligations	325,633,778	323,525,432
Other Resources		
Imputed financing from costs absorbed by others (Note 15)	18,354,274	18,885,936
Total resources used to finance activities	343,988,052	342,411,368
Resources Used to Finance Items not Part of the Net Cost of Operations		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	(3,340,402)	(1,207,520)
Resources that fund expenses recognized in prior periods	463,642	1,291,124
Resources that finance the acquisition of assets	800,527	1,446,332
Other resources or adjustments to net obligated resources that do not affect net cost of operations	252,309	168,670
Total resources used to finance items not part of the net cost of operations	(1,823,924)	1,698,606
Total resources used to finance the net cost of operations	345,811,976	340,712,762
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods:		
Increase in annual leave liability	-	586,474
Other	125,000	189,032
Total components of Net Cost of Operations that will require or generate resources in future periods	125,000	775,506
Components not Requiring or Generating Resources		
Depreciation (Note 4)	1,205,555	1,168,968
Revaluation of assets or liabilities	18,566	47,915
Other resources or adjustments to net obligated resources that do not require or generate resources	14,207	80,780
Total components of Net Cost of Operations that will not require or generate resources in the current period	1,238,328	1,297,663
Total components of net cost of operations that will not require or generate resources in the current period:	1,363,328	2,073,169
Net Cost of Operations	$ 347,175,304	$ 342,785,931

The accompanying notes are an integral part of the financial statements.

Equal Employment Opportunity Commission

Notes to the Consolidated Financial Statements

September 30, 2005 and 2004

(In Dollars)

(1) Summary of Significant Accounting Policies

(a) *Reporting Entity*

The Equal Employment Opportunity Commission (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 August 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 of the United States of America, by and with the consent of the Senate, for a term of five years. The President designates one member to serve as Chairman and one member to serve as Vice Chairman. 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, through the 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 Commission is concerned with discrimination by public and private employers of 15 or more employees (excluding elected or appointed officials of State and local governments), public and private employment agencies, labor organizations with 15 or more members or agencies which refer persons for employment or which represent employees of employers covered by the Act, and joint labor-management apprenticeship programs of covered employers and labor organizations. The Commission 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 of the EEOC, consistent with the Chief Financial Officers' Act of 1990 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) using guidance issued by the Federal Accounting Standards Advisory Board (FASAB), the Office of Management and Budget (OMB) and the EEOC's accounting policies, which are summarized in this note. 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 Financial Management System uses American Management System's Federal Financial System (FFS), which is a highly flexible financial accounting, funds control, management accounting, and financial reporting system designed specifically for Federal agencies. FFS complies with the Joint Financial Management Improvement Program's core requirements for Federal financial systems.

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 is incurred, 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 awarded, and services received that will require payments during the same or future periods. Any EEOC intra-entity transactions have been eliminated in the consolidated financial statements.

(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 direct and indirect 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 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 by the EEOC.

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. Funding from other Federal agencies is recorded as an imputed financing source.

(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 United States Treasury.

Intra-governmental 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 Treasury are cash 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 appropriations. The EEOC records and tracks appropriated funds in its general funds. Also included in Fund Balance with Treasury are fees collected for services that are recorded and tracked 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.

Intra-governmental accounts receivable represents amounts due from other Federal agencies. The receivables are stated net of an allowance for estimated uncollectible amounts. The method used for estimating the allowance is based on analysis of aging of receivables and historical data.

Accounts receivable from non-Federal agencies are stated net of an allowance for estimated uncollectible amounts. The allowance is determined by considering the debtor's current ability to pay, the debtor's payment record and willingness to pay and an analysis of aged receivable activity.

(h) Property, Plant, and Equipment

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

The EEOC capitalizes property, plant and equipment with a useful life of more than 2 years and an acquisition cost of $15,000 or more ($100,000 for leasehold improvements). Software purchases of $15,000 or more are capitalized with a useful life of 2 years or more.

Expenditures for normal repairs and maintenance are charged to expense as incurred unless the expenditure is equal to or greater than $15,000 and the improvement increases the asset's useful life by more than two years.

Depreciation or amortization of equipment is computed using the straight-line method over the assets' useful lives ranging from 5 to 15 years. Copiers are depreciated using a five-year life. Lectriever power files are depreciated over 15 years and computer hardware is depreciated over 5 years. Capitalized software is amortized over a useful life of two years. Amortization of capitalized software begins on the date it is put in service, if 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 costs approximate commercial lease rates for similar properties.

(i) Advances

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

(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 December 31, 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 one percent of the employee's basic pay to the tax deferred thrift savings plan and matches employee contributions up to an additional four percent of pay. FERS employees can contribute fourteen percent of their gross earnings to the plan. CSRS employees are limited to a contribution of nine percent of their gross earnings and receive no matching agency contribution.

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 recognized as an imputed financing source. 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 (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLI) are reported by OPM rather than 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 intra-governmental 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 unreimbursed costs paid by DOL to recipients under FECA.

Additionally, an estimate of the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases is recorded. The EEOC employs an actuary to compute this estimate using a method that utilizes historical benefit payment patterns related to a specific period to predict the ultimate payments related to the current period. The estimated liability is not covered by budgetary resources and will require future funding. This estimate is recorded as a future 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 at a future date 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

hours devoted to each program from information provided by EEOC employees.

(p) ***Unexpended Appropriations***

Unexpended appropriations represent the amount of EEOC's unexpended appropriated spending authority as of the fiscal yearend that is unliquidated or is unobligated and has not lapsed, 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.

(2) Fund Balance with 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.

Fund Balance with Treasury by fund type as of September 30, 2005 and 2004 consists of the following:

	FY 2005	FY 2004
Fund Type		
Revolving funds	$ 2,864,765	$ 3,585,857
Appropriated funds	55,311,170	49,489,732
Other fund types	250,729	248,158
Totals	$ 58,426,664	$53,323,747

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 current operations. The unavailable amounts are those appropriated in prior fiscal years, which are not available to fund new obligations. The unavailable balance also includes funds in deposit funds and miscellaneous receipts. 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.

Obligated and unobligated balances reported for the status of Fund Balance with Treasury do not agree with obligation and unobligated balances reported on the Combined Statement of Budgetary Resources because the Fund Balance with Treasury includes items for which budgetary resources are not recorded, such as deposit funds and miscellaneous receipts.

Status of Fund Balance with Treasury as of September 30, 2005 and 2004 consists of the following:

	FY 2005	FY 2004
Status of Funds		
Unobligated balance:		
Available	$ 480,485	$ 439,728
Unavailable	9,171,225	9,357,651
Obligated balance not yet disbursed	48,524,225	43,278,210
Non-budgetary Fund Balance with Treasury	250,729	248,158
Totals	$58,426,664	$53,323,747

(3) Accounts Receivable, Net

Intra-governmental 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. While all receivables from Federal agencies are considered collectible, an allowance for doubtful accounts is used to recognize the occasional billing dispute.

Accounts receivable due to EEOC from the public arise from enforcement or prevention services provided to public entities or state and local agencies. An analysis of accounts receivable is performed to determine collectibility and an appropriate allowance for uncollectible receivables is recorded.

Accounts receivable as of September 30, 2005 and 2004 are as follows:

	FY 2005	FY 2004
Intragovernmental:		
Accounts receivable (see detail below)	$ 13,447	$ 8,459
Allowance for uncollectible receivables	(1,500)	(517)
Totals	$ 11,947	$ 7,942
With the public:		
Accounts receivable	$ 347,248	$ 322,657
Allowance for uncollectible receivables	(45,598)	(50,234)
Totals	$ 301,650	$ 272,423

Amounts due from various Federal agencies as of September 30, 2005 and 2004 are shown on the following page.

Agency	FY 2005	FY 2004
General Services Administration	$ -	$ 1,113
Department of Commerce	-	-
Department of Transportation	-	-
Office of Special Council	-	-
Department of Justice	-	225
American Battle Monuments Commission	-	-
National Labor Relations Board	-	-
Department of Defense	-	-
Department of Labor	1,500	2,250
Department of Housing and Urban Development	-	2,041
Department of Health and Human Services	-	-
U.S. Postal Service	-	-
National Aeronautics and Space Administration	11,947	
Other	(1,500)	2,830
Totals	$ 11,947	$ 8,459

(4) Property, Plant, and Equipment, Net

Property, plant, and equipment consists of that property that 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, 2005	Cost	Accumulated Depreciation	Net Book Value
Equipment	$ 1,529,992	$ (754,149)	$ 775,843
Capital leases	1,354,191	(669,775)	684,416
Internal use software	3,264,757	(2,887,039)	377,718
Leasehold improvements	2,924,120	(1,502,573)	1,421,547
Internal software development	248,573	-	248,573
Totals	$9,321,633	$(5,813,536)	$3,508,097
As of September 30, 2004			
Equipment	$ 1,105,063	$ (666,761)	$ 438,302
Capital leases	1,329,470	(425,623)	903,847
Internal use software	3,063,695	(2,550,374)	513,321
Leasehold improvements	3,040,245	(1,040,877)	1,999,368
Internal software development	127,567	-	127,567
Totals	$ 8,666,040	$ (4,683,635)	$3,982,405

Depreciation expense for the periods ended September 30, 2005 and 2004 is:

FY 2005	FY 2004
$ 1,205,555	$1,168,968

(5) Non-Entity Assets

The EEOC has no non-entity assets as of September 30, 2005 and 2004. Cash collections of $102,794 were returned to Treasury on September 30, 2005 as instructed by Treasury.

(6) Liabilities Owed to Other Federal Agencies

As of September 30, 2005 and 2004, the following amounts were owed to other Federal agencies:

Agency:	FY 2005	FY 2004
General Services Administration	$ 2,055,074	$ 217,647
Department of Interior	490,419	-
Other	388,765	5,950
Totals	$ 2,934,258	$ 223,597

(7) 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 are shown in the following table:

	FY 2005	FY 2004
Intragovernmental:		
Accrued worker's compensation	$ 2,318,558	$ 2,352,002
Total intragovernmental	2,318,558	2,352,002
Accrued annual leave	16,781,585	16,816,122
Worker's compensation due in the future	10,590,059	10,920,940
Contingent liability	125,000	-
Capital lease liability	725,976	940,456
Total liabilities not covered by budgetary resources	30,541,178	31.029,520
Total liabilities covered by budgetary resources	32,540,896	23,950,439
Total liabilities	$ 63,082,074	$54,979,959

The EEOC employs an actuary to determine the future workers' compensation liability.

(8) Liabilities Analysis

Current and noncurrent liabilities as of September 30, 2005 are shown in the following table.

	Current	Non-Current	Totals
Covered by budgetary resources:			
Intragovernmental:			
Accounts payable	$ 2,934,258	-	$ 2,934,258
Payroll taxes	1,638,444	-	1,638,444
Due to Treasury	-	-	-
Total intragovernmental	4,572,702	-	4,572,702
Accounts payable	20,607,578	-	20,607,578
Accrued payroll	7,109,887	-	7,109,887
Amounts collected for restitution	250,729	-	250,729
Liabilities covered by budgetary resources	32,540,896	-	32,540,896
Liabilities not covered by budgetary resources:			
Intragovernmental:			
Worker's compensation	1,058,061	1,260,497	2,318,558
Total intragovernmental	1,058,061	1,260,497	2,318,558
Accrued annual leave	16,781,585	-	16,781,585
Actuarial worker's compensation	-	10,590,059	10,590,059
Contingent liability	-	125,000	125,000
Capital lease liability	280,774	445,202	725,976
Liabilities not covered by budgetary resources	18,120,420	12,420,758	30,541,178
Total liabilities	$50,661,316	$12,420,758	$63,082,074

Current and non-current liabilities as of September 30, 2004, are shown below.

	Current	Non-Current	Totals
Covered by budgetary resources:			
Intragovernmental:			
Accounts payable	$ 223,597	-	$ 223,597
Payroll taxes	1,435,749	-	1,435,749
Due to Treasury	-	-	-
Total intragovernmental	1,659,346	-	1,659,346
Accounts payable	15,687,840	-	15,687,840
Accrued payroll	6,355,094	-	6,355,094
Amounts collected for restitution	248,158	-	248,158
Liabilities covered by budgetary resources	23,950,438	-	23,950,438
Liabilities not covered by budgetary resources:			
Intragovernmental:			
Worker's compensation	1,058,061	1,293,941	2,352,002
Total intragovernmental	1,058,061	1,293,941	2,352,002
Accrued annual leave	16,816,122	-	16,816,122

	Current	Non-Current	Totals
Actuarial worker's compensation	-	10,920,940	10,920,940
Capital lease liability	260,389	680,067	940,456
Liabilities not covered by budgetary resources	18,134,572	12,894,948	31,029,520
Total liabilities	$42,085,010	$12,894,948	$54,979,958

(9) Contingent Liabilities

EEOC is a party to various administrative proceedings, legal actions and claims that may eventually result in the payment of substantial monetary claims to third parties, or in the reallocation of material budgetary resources. Any financially unfavorable administrative or court decision could be funded from the various claims and judgment funds maintained by Treasury or paid by EEOC. In FY 2004 there is no amount for contingent liabilities recorded, because any potential contingencies are either not considered probable or are not measurable. In FY 2005, $125,000 has been recorded for contingent liabilities, which was the amount considered probable and measurable by EEOC's management and legal counsel. In addition, there are three claims for which it is reasonably possible that damages will be paid. The estimated amount of these damages is $150,000.

(10) Leases

Capital Leases

The EEOC has several capital leases for copiers in the amount of $725,976 for fiscal year 2005. These leases can be canceled without penalty. The future lease payments and net capital lease liability as of September 30, 2005 is as follows:

Fiscal Year	Future Payments
2006	$ 349,625
2007	207,266
2008	178,780
2009	109,572
2010	-
Thereafter	-
Total future lease payments	845,263
Less: imputed interest	(119,287)
Net capital lease liability	$ 725,976

None of the future lease payments are covered by budgetary resources.

Operating Leases

The EEOC has several cancellable operating leases with the General Services Administration (GSA), for office space that do not have a stated expiration. The GSA charges rent that is intended to approximate commercial rental rates. Rental expenses for operating leases during fiscal years 2005 and 2004 are $27,068,501

and $28,783,804 respectively. The EEOC has estimated its future minimum liability on GSA operating leases by adding inflationary adjustments to the FY 2005 lease rental expense. Future estimated minimum lease payments, for five fiscal years under GSA as of September 30, 2005 are:

Fiscal Year	Estimated Payments
2006	$ 29,520,000
2007	29,938,000
2008	30,565,000
2009	31,298,000
2010	32,050,000
Total	$ 153,371,000

(11) 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 to some State and Local agencies, as requested. 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 Commission as of September 30, 2005 and 2004 was as follows:

	FY 2005	FY 2004
Reimbursable revenue	$ 193,254	$ 1,759
Fees from services	3,840,054	3,928,225
	$ 4,033,308	$ 3,929,974

(12) Correction of Errors

Cumulative Results of Operations	FY 2005	FY 2004
Reclassify unfunded capital lease obligation	$ -	$(501,340)
Leasehold improvements purchased or (disposed) of in prior years	-	116,000
Equipment purchased in prior years	(94,523)	88,043
Total prior period adjustments	$ (94,523)	$ (297,297)
Unexpended Appropriations		
Reclassify unfunded capital lease obligation	-	$ 501,340
Totals	-	$ 501,340

(13) Appropriations Received

Warrants received by the Commission as of September 30, 2005 and 2004 are:

FY 2005	FY 2004
$331,228,000	$328,400,000

(14) Permanent Indefinite Appropriations

The Commission 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. 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 by the EEOC.

(15) 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. The U.S. Treasury's Judgment Fund paid certain judgments on behalf of the EEOC. Expenses of the EEOC paid or to be paid by other Federal agencies at September 30, 2005 and 2004 consisted of:

	FY 2005	FY 2004
Office of Personnel Management:		
Pension expenses	8,199,895	9,022,670
Federal employees health benefits (FEHB)	10,051,150	9,434,490
Federal employees group life insurance (FEGLI)	31,057	30,942
Subtotal OPM	18,282,102	18,488,102
Treasury Judgment Fund	72,172	397,834
Total Imputed Financing	$18,354,274	$18,885,936

(16) Intra-governmental Transactions

Revenue transactions with other Federal entities are shown in the table below for the fiscal years ended September 30, 2005 and 2004.

	FY 2005	FY 2004
Environmental Protection Agency	$ 156,091	$ 143,290
Department of Homeland Security	124,162	79,040
Department of Agriculture	122,553	91,420
Department of Treasury	116,054	143,135
Defense Agencies	101,192	113,630
Department of the Navy	91,464	65,412
Department of Veterans Affairs	90,697	63,845
Department of the Interior	89,822	21,140
Department of the Army	82,470	43,216
Army Corps of Engineers	-	38,920
U.S. Postal Service	78,419	67,582
Nuclear Regulatory Commission	71,410	-

	FY 2005	FY 2004
Department of the Air Force	51,015	65,095
Department of Labor	50,600	-
Department of Justice	49,685	56,030
Department of Health and Human Services	48,083	22,465
Department of State	43,070	21,770
National Aeronautics and Space Administration	51,002	22,730
Department of Transportation	37,071	27,320
Social Security Administration	33,870	23,505
Department of Energy	32,685	-
Department of Commerce	27,455	-
General Services Administration	23,595	-
Other	351,718	176,465
Total intra-governmental revenue	$ 1,924,183	$ 1,286,010

Expense transactions with other Federal entities are shown in the table below for the fiscal years ended September 30, 2005 and 2004.

	FY 2005	FY 2004
Office of Personnel Management	$ 35,923,494	$28,054,747
General Services Administration	34,476,506	35,021,570
Social Security Administration	18,339,183	-
Department of the Interior	2,678,806	16,297,525
Department of Labor	1,016,750	953,454
United States Postal Service	890,234	708,494
Department of Transportation	564,105	571,880
Department of Justice	398,530	1,210,429
Department of Health and Human Services	257,985	644
Department of Commerce	128,846	-
Department of Veterans Affairs	91,506	186,002
Department of the Treasury	73,453	-
Library of Congress	70,411	1,234,195
National Archives and Records Administration	48,456	-
Federal Mediation and Conciliation Svc.	41,400	-
Government Printing Office	38,425	-
Department of Agriculture	28,105	-
Environmental Protection Agency	12,666	585,275
Other agencies	40,204	522,288
Total intra-governmental expenses	$ 95,179,065	$ 85,346,503

(17) Explanation of Differences Between the Statement of Budgetary Resources and the Budget of the United States Government

The EEOC's budget is allocated between two strategic goals: *Justice and Opportunity* and *Inclusive Workplace*.

Information from the President's Budget and the Combined Statement of Budgetary Resources for the period ended September 30, 2004, is shown in the following table. A reconciliation is not presented for the period ended September 30, 2005, since actual amounts for FY 2005 will be in the FY 2007 President's Budget, which has not yet been issued by Congress.

Dollars in Millions	President's Budget FY 2004 actual as of 9/30/04	Statement of Budgetary Resources FY 2004 as of 9/30/04	Estimated FY 2005	Estimated FY 2006
Budgetary resources	$ 325	$ 341	$ 327	$ 331
Total new obligations	325	331	327	331
Total outlays	$ 325	$ 325	$ 326	$ 331

The differences between the President's 2004 budget and the Combined Statement of Budgetary Resources for 2004 are shown below.

Dollars in Millions		Budgetary Resources	Obligations	Outlays (f)
As reported on the Combined Statement of Budgetary Resources for FY 2003		$ 341	$ 331	$ 325
Revolving fund collections not reported in the budget	(a)	(4)		
Obligations in the revolving fund and no-year fund not included in the President's budget	(b)		(4)	
Carry-forwards and recoveries in expired funds	(c)	(15)		
Obligations in expired funds	(d)		(2)	
Canceled appropriations	(e)	3		
Rounding				
As reported in the President's Budget for FY 2004		$ 325	$ 325	$ 325

(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) 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.

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

(e) Canceled appropriations are not shown in the President's Budget, but are reported as a reduction in the Combined Statements of Budgetary Resources.

(f) All outlays, whether from current year funds, expired funds, revolving funds or special funds are included in the President's Budget and on the Combined Statements of Budgetary Resources.

REQUIRED SUPPLEMENTARY INFORMATION

The Commission has a revolving fund that earns fees from services provided to the public and to other Federal agencies. (The major Federal agency customers are listed in Note 16.) These fees are charged to offset costs for education, training and technical assistance provided through the fund. In addition, costs (including administrative and personnel expenses) of providing education, technical assistance and training by the Commission are paid from this fund. Revenue is recognized as earned when the services have been rendered by the EEOC.

Equal Employment Opportunity Commission
Balance Sheets - Revolving Fund
As of September 30, 2005 and 2004
(in dollars)

	FY 2005	FY 2004
ASSETS		
Intragovernmental		
Fund balance with treasury	$ 2,864,765	$ 3,585,857
Accounts receivable	-	7,595
Total intragovernmental assets	2,864,765	3,593,452
Accounts receivable, net	120,071	132,231
Travel advances	-	360
TOTAL ASSETS	2,984,836	3,726,043
LIABILITIES		
Accounts payable	478,449	5,703
TOTAL LIABILITIES	478,449	5,703
NET POSITION		
Cumulative results of operations	2,506,387	3,720,340
Total net position	2,506,387	3,720,340
TOTAL LIABILITIES AND NET POSITION	$ 2,984,836	$ 3,726,043

Equal Employment Opportunity Commission
Statements of Net Cost - Revolving Fund
For the Years Ended September 30, 2005 and 2004
(in dollars)

	FY2005	FY2004
TRAINING		
Program costs	$ 7,787,964	$ 6,702,291
Revenue	(3,840,054)	(3,929,974)
Net cost - Training	$ 3,947,910	$ 2,772,317

Equal Employment Opportunity Commission
Statements of Changes in Net Position - Revolving Fund
For the Years Ended September 30, 2005 and 2004
(in dollars)

	FY 2005 Cumulative Results of Operations	FY 2004 Cumulative Results of Operations
Beginning Balances:	$ 3,720,340	$ 3,577,636
Adjustments:		
Correction of errors	1,849	-
Beginning balances, as adjusted	3,722,189	3,577,636
Other Financing Sources		
Overhead paid by appropriated Funds	2,732,108	2,915,021
Total Financing Sources	2,732,108	2,915,021
Net Cost of Operations	(3,947,910)	(2,772,317)
Net change in Cumulative Results of Operations	(1,215,802)	142,704
Ending Balances	$ 2,506,387	$ 3,720,340

Equal Employment Opportunity Commission
Statements of Budgetary Resources - Revolving Fund
For the Years ending September 30, 2005 and 2004
(in dollars)

	FY 2005	FY 2004
Budgetary Resources		
Budget authority:		
Unobligated balance		
Beginning of period	2,728,994	3,043,440
Spending authority from offsetting collections		
Earned		
Collected	3,871,191	3,784,629
Receivable from Federal sources	(23,308)	145,345
Subtotal	3,847,883	3,929,974
Recoveries of prior year obligations	56,184	31,976
Total Budgetary Resources	$ 6,633,061	$ 7,005,390
Status of Budgetary Resources		
Obligations incurred	4,977,617	4,276,396
Unobligated balance		
Apportioned	341,383	304,087
Unobligated Balances Not Available	1,314,061	2,424,908
Total Status of Budgetary Resources	$ 6,633,061	$ 7,005,390
Relationship of Obligations to Outlays:		
Obligated balance - net, beginning of period	856,862	511,751
Obligated balance - net, end of period		
Accounts receivable	(122,037)	(145,345)
Undelivered orders	852,908	996,505
Accounts payable	478,449	5,702
Outlays:		
Disbursements	4,592,283	3,753,963
Collections	(3,871,191)	(3,784,629)
Net Outlays	$ 721,092	$ (30,666)

Equal Employment Opportunity Commission
Statements of Financing - Revolving Fund
For the Years Ended September 30, 2005 and 2004
(in dollars)

	FY2005	FY2004
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations incurred	$ 4,977,617	$ 4,276,396
Less: Spending authority from offsetting collections	(3,847,883)	(3,929,974)
Less: Spending authority from recoveries	(56,184)	(31,977)
Net obligations	1,073,550	314,445
Other Resources		
Overhead paid by Appropriated Funds	2,732,108	2,915,022
Total resources used to finance activities	3,805,658	3,229,467
Resources Used to Finance Items not Part of the Net Cost of Operations		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	(143,957)	533,991
Other resources or adjustments to net obligated resources that do not affect net cost of operations	(7,829)	-
Total resources used to finance items not part of the net cost of operations	(151,786)	533,991
Total resources used to finance the net cost of operations	3,957,444	2,695,476
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods:		
Other	-	2,789
Total components of Net Cost of Operations that will require or generate resources in future periods	-	2,789
Components not Requiring or Generating Resources		
Other resources or adjustments to net obligated resources that do not require or generate resources	(9,534)	74,052
Total components of Net Cost of Operations that will not require or generate resources in the current period	(9,534)	74,052
Total components of net cost of operations that will not require or generate resources in the current period:	(9,534)	76,841
Net Cost of Operations	$ 3,947,910	$ 2,772,317

Appendixes

APPENDIX A: ORGANIZATION AND JURISDICTION

The U.S. Equal Employement Opportunity Commission (EEOC) is a bipartisan Commission comprised of five presidentially appointed members, including the Chair, Vice Chair, and three Commissioners. The Chair is responsible for the administration and implementation of policy for t and the financial management and organizational development of the Commission. The Vice Chair and the Commissioners participate equally in the development and approval of Commission policies, issue charges of discrimination where appropriate, and authorize the filing of suits. In addition to the Commissioners, the President appoints a General Counsel to support the Commission and provide direction, coordination, and supervision to the EEOC's litigation program. A brief description of major program areas is provided on the following pages.

When the Commission first opened its doors in 1965, it was charged with enforcing the employment provisions of the landmark Civil Rights Act of 1964. The EEOC has jurisdiction over employment discrimination issues has since grown and now includes the following areas:

- **Title VII of the Civil Rights Act,** which prohibits employment discrimination on the basis of race, color, religion, sex, and national origin.
- **Pregnancy Discrimination Act,** which requires employers to treat pregnancy and pregnancy related medical conditions, as any other medical disability with respect to terms and conditions of employment, including health benefits.
- **Rehabilitation Act of 1973,** which prohibits discrimination on the basis of disability in the Federal government.
- **Equal Pay Provisions of 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 (ADEA),** which protects workers 40 and older from discrimination in hiring, discharge, pay, promotions, fringe benefits, and other aspects of employment. 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 (ADA),** which prohibits discrimination against qualified individuals with disabilities in job application procedures, hiring, firing, advancement, compensation, fringe benefits, job training, and other terms, conditions, and privileges of employment.

Through its **Office of Federal Operations,** the EEOC provides leadership and guidance to Federal agencies on all aspects of the Federal Government's equal employment opportunity program. This office assures 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 our Administrative Judges who conduct hearings on EEO complaints, and adjudicates appeals from administrative decisions made by Federal agencies on EEO complaints.

Through our Headquarters-based **Office of Field Programs,** the **Office of General Counsel,** and **51 field offices,** the EEOC effectively enforces the statutory, regulatory, policy, and program responsibilities of the Commission through a variety of resolution methods tailored to each charge. The field staff is responsible for achieving a wide range of objectives, which focus on the quality, timeliness, and appropriateness of individual, class, and systemic charges and for securing relief for victims of discrimination in accordance with Commission policies. The field staff also counsel individuals about their rights under the laws enforced by the EEOC and conduct outreach and technical assistance programs.

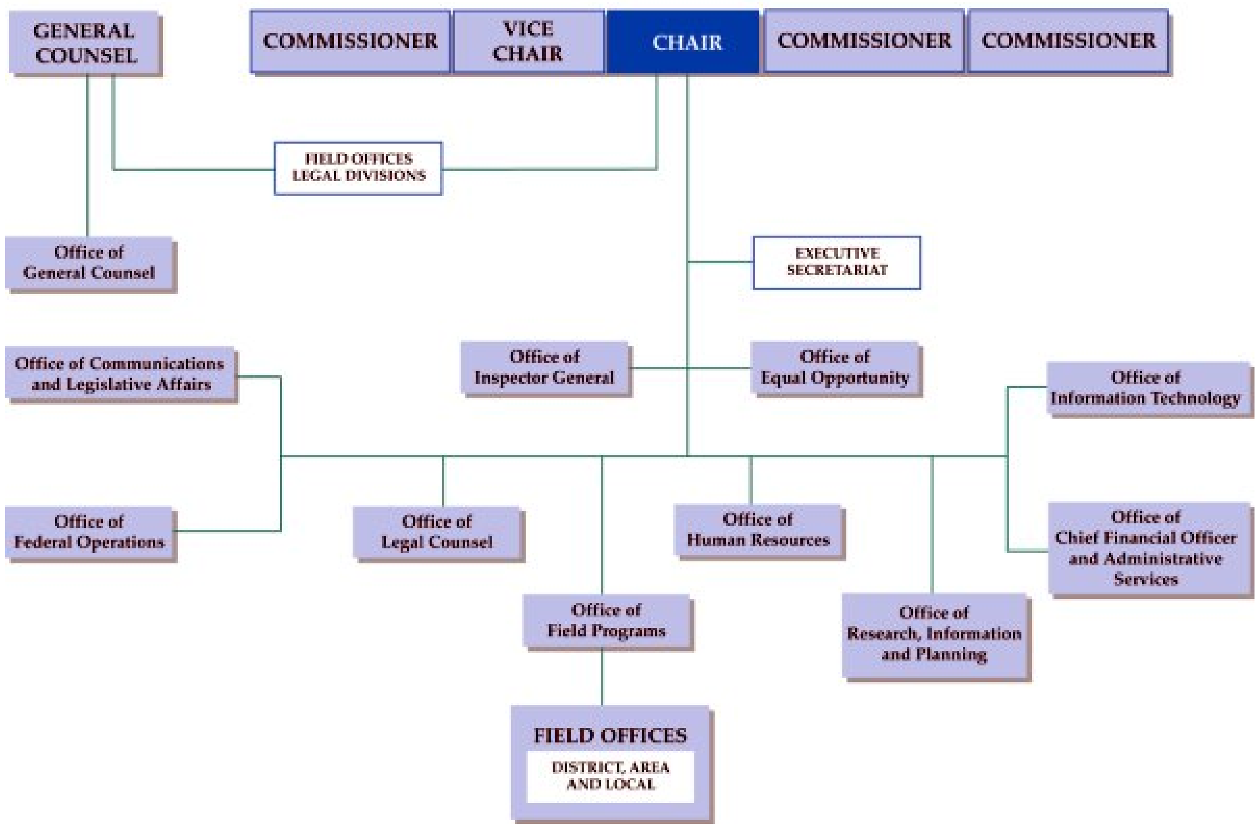
Additionally, through the **Office of Field Program's Office of State and Local Programs,** the EEOC maintains worksharing agreements and a contract services program with more than 90 state and local Fair Employment Practices Agencies (FEPAs) for the purpose of coordinating the investigation of charges dual-filed under State and local law and Federal law, as appropriate.

Through our partnership with more than 60 **Tribal Employment Rights Offices (TEROs),** we seek to promote equal employment opportunity on or near Indian reservations.

Through our **Office of Legal Counsel,** we develop policy guidance, provide technical assistance to employers and employees, and coordinate with other agencies and stakeholders regarding the statutes and regulations we enforce. The Office of Legal Counsel also includes an external litigation and advice division and a Freedom of Information Act unit.

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

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION



APPENDIX B: HIGH IMPACT LITIGATION

EEOC v. Northwest Airlines, Inc.

No. 01-705 MJD/JGL (D. Minn. Jan. 12, 2005)

The Milwaukee District Office filed this nationwide ADA action alleging that Northwest Airlines excluded applicants with insulin dependent diabetes and with seizure disorders requiring antiseizure medication from equipment service employee (ESE) and aircraft cleaner positions because of their disabilities. EEOC alleged that Northwest applied an unwritten "zero tolerance" policy to such applicants because it believed they were at risk of a sudden loss of consciousness and thus posed a safety hazard because the positions sometimes require driving vehicles on airport ramps and working at unprotected heights.

The case was resolved through an agreed order that prohibits Northwest from applying a zero tolerance policy to applicants for ESE and aircraft cleaner positions who have a diagnosis of diabetes requiring insulin or an epilepsy/seizure disorder requiring antiseizure medication. The order further requires that Northwest

- examine work restrictions (e.g., regarding working at heights, driving, working alone) recommended for such applicants by contract physicians and prohibits Northwest from giving conclusive weight to such recommendations,
- individually assess recommended restrictions, and disqualify only applicants who cannot perform the essential functions of the positions with or without a reasonable accommodation or who pose a direct threat to the health or safety of themselves or others,
- consider input offered by applicants, including an applicant's experience in prior comparable positions, and
- inform the applicant of the essential job function(s) that Northwest believes the applicant cannot safely or adequately perform and give the applicant an opportunity to provide additional information regarding his or her ability to safely and adequately perform the essential job functions, with or without an accommodation.

In addition, Northwest will pay a total of $510,000 to 28 claimants denied ESE or aircraft cleaner positions since January 1, 1996, in individual amounts to be determined by EEOC.

This case is expected to remove barriers to equal employment opportunity for hundreds of qualified individuals with diabetes or epilepsy, in every region of the country. Under the terms of the order, Northwest will judge these individuals not based on their physical limitations, but rather on their ability to perform the job. Given the wide-ranging relief obtained in this case and the size of the employer, we expect this case to open up opportunities not only at Northwest, but also within the airline industry generally.

EEOC v. Abercrombie & Fitch Stores, Inc.

No. 04-4731 (N.D. Cal. Apr. 14, 2005)

In this Title VII action, the Los Angeles District Office alleged that defendant, a national clothing retailer with over 700 stores, engaged in a pattern or practice of race, color, national origin, and sex discrimination in the recruitment, hiring, assignment, promotion, and discharge of blacks, Hispanics, Asians, and women. The suit, developed jointly by the Chicago and Los Angeles District Offices, was based upon evidence that defendant, which centered its marketing

efforts around an "image" or "look" that it called "Classic All-American," targeted its recruitment efforts at primarily white high schools and colleges (and at primarily white fraternities and sororities at the colleges); channeled minority hires to stock and night crew positions rather than sales associate positions; maintained a 60%/40% ratio of male to female employees; failed to hire and promote minorities and women into management positions; and discharged minorities and women when corporate representatives believed they were "overrepresented" at particular stores.

The case, which was consolidated with two private class actions, was resolved through a consent decree filed contemporaneously with the complaint and approved following a fairness hearing. The decree, which has a term of 6 years, enjoins defendant from discrimination and provides that

- Defendant's marketing materials (taken as a whole) will reflect diversity as reflected by the major racial/ethnic minority populations of the United States.
- Defendant will create an Office of Diversity headed by a Vice President who will report directly to defendant's Chief Executive Officer or Chief Operating Officer.
- Defendant will hire 25 full-time diversity recruiters.
- In consultation with an industrial organizational psychologist, defendant will develop a recruitment and hiring protocol requiring that it affirmatively seek applications from qualified African Americans, Asian Americans, and Latinos of both genders.
- Defendant will advertise for in-store employment opportunities in periodicals or other media that target African Americans, Asian Americans, and/or Latinos of both genders; attend minority job fairs and recruiting events; and use a diversity consultant to aid in identifying sources of qualified minority candidates.

The decree also establishes percentage benchmarks for the selection of African Americans, Asian Americans, Latinos, and women into sales associate (brand representative), manager-in-training, assistant manager, and store manager/general manager positions. The decree provides for court appointment of a monitor who will prepare annual reports on defendant's compliance with the terms and objectives of the decree. In addition, the defendant will establish a settlement fund of $40 million to provide monetary awards (15% backpay and 85% compensatory damages) to a settlement class consisting of African Americans, Asian Americans, Latinos, and women who applied or were discouraged from applying for positions with defendant since February 24, 1999, and were not hired, or who were employed in one of defendant's stores for any length of time since that date. The defendant also will pay costs and attorneys for the private classes

This case highlights how making employment decisions based on "image" can lead to the systematic exclusion of individuals who are qualified and eager to work but who do not "fit" within the desired image. This case is expected to benefit thousands of applicants and employees of Abercrombie & Fitch nationwide, and to serve notice to other retailers who would seek to hire and fire based on "image" to develop protocols and policies to prevent bias and stereotyping from influencing employment decisions.

EEOC v. EchoStar Communications Corp.

No. 02-CV-00581 (D. Colo. May 6, 2005)

The Denver District Office alleged in this ADA action that defendant, a leading provider of satellite television equipment and services based in Englewood, Colorado, discriminated against a blind applicant for a customer service representative position by failing to provide reasonable accommodation in the application process, failing to administer employment tests in the most effective manner, failing to provide reasonable accommodation for him to perform the duties of a customer service representative, and denying him employment opportunities because of his disability. Following a 3-day trial, the jury returned a verdict for the EEOC and the intervening charging party, awarding charging party $2,000 in backpay, $5,000 in compensatory damages, and $8 million in punitive damages. The damages cap is $300,000.

After completing training at the Colorado Center for the Blind on working in customer service representative positions, charging party went to defendant to apply in response to a newspaper advertisement for customer service representatives. He was told it would not do him any good to put in an application because defendant was not set up to handle blind people. After charging party filed his charge, defendant called him back for an interview that included a braille test that had three times as many questions as the written test given to sighted applicants. At trial, plaintiffs introduced evidence that charging party had been specifically trained to perform a customer service job with the aid of screen-reading technology called JAWS (Job Access with Speech), which translates text into speech. The defendant never attempted to install JAWS or otherwise investigate whether an accommodation could be made to enable charging party to do the job. The defendant also failed to call the Division of Vocational Rehabilitation (DVR), even though at the time charging party applied, the defendant was aware that DVR often paid some or all of the costs of implementing adaptive technology. The EEOC presented expert testimony on how JAWS works and on the expert's installation of screen-reading software in a number of business call centers, including Norwest Bank, Diner's Club, American Express, Pizza Hut, and MCI.

While this case was brought on behalf of a single individual, we believe it has far reaching implications. Breakthroughs in computer technology have opened up doors to individuals with disabilities. However, some employers have closed those doors by relying on stereotypical notions associated with disability even in the face of evidence of workable, inexpensive technology-based reasonable accommodations. We believe that this case, and others like it, will raise consciousness of these issues, and increase the likelihood that other applicants with disabilities will be given the opportunity to show their qualifications and be judged based on their abilities rather than their disabilities.

EEOC v. Ford Motor Co. and United Automobile Workers of America

No. 1:04-CV-00845 (S.D. Ohio Jun. 16, 2005)

In this nationwide Title VII action, the Cleveland District Office alleged that the defendants used a written test for skilled trades apprentice positions (electrical, millwright, plumber-pipefitter, machine repair, and tool and die) that had a disparate impact on African-American applicants. The case was consolidated with a private class action filed in conjunction with the EEOC's suit, and was resolved through a settlement agreement approved by the court through a consent order entered following a fairness hearing. The class consists of current and former

Ford employees of African descent who took the Apprentice Training Selection System test over an eight-year period, and were not placed on a Ford apprenticeship eligibility list. Ford ceased using the test in August 2004.

The settlement, which was reached during conciliation of 13 charges, provides that an industrial organizational psychologist selected by the parties will design and validate an apprenticeship selection instrument(s) consistent with the Uniform Guidelines on Employee Selection Procedures and professional standards within the field of industrial organizational psychology. The settlement also provides that Ford will select 280 class members for apprentice positions. The 13 charging parties will receive $30,000 each in monetary relief, and approximately 3,400 additional class members will receive $2,400 each, for a total recovery to the class of approximately $8.55 million. In addition, counsel for the private class will receive fees and expenses.

EEOC v. Dial Corp.

No. 3:02-CV-10109 (S.D. Iowa Sep. 29, 2005)

The Milwaukee District Office brought this Title VII class sex discrimination/failure to hire case against a nationwide manufacturer of household products. The suit alleged that defendant's use of a physical "work tolerance" test for production operator positions at a plant that produces and packages sausages and other foods has a disparate impact on female applicants and constitutes a pattern or practice of intentional sex discrimination. At trial, the EEOC presented the testimony of an expert witness that 97% of men pass the test while only 40% of women succeed, that the test is more difficult than the job, that the scoring is subjective, and that the test does not accomplish its stated objective of reducing injuries. The EEOC also presented testimony from 10 of approximately 40 unsuccessful female applicants, focusing on their experience in performing jobs that require heavy lifting. Dial presented two expert witnesses, who testified that the production operator job is in the 99th percentile of all jobs in the economy with respect to the physical strength required, that the test is very like the job and therefore is content valid, and that the test has in fact reduced injuries.

Following a 5-day trial, the jury returned a verdict for the EEOC, finding that the defendant's continued use of the work tolerance test since April 2001 (presumably when the extent of the disparate impact should have become apparent to the defendant) constituted a pattern or practice of sex discrimination. The jury denied punitive damages, but in a separate one-day trial on the compensatory damages claims of nine class members, it awarded $5,000 each to six of the nine. The court later ruled that the test had a disparate impact against women. The judgment provides approximately $3.38 million in back pay, benefits and prejudgment interest to be shared among 52 class members. It also prohibits Dial from implementing any pre-employment screening device for 5 years without first consulting the EEOC and provides job offers with rightful place wages to all class members.

A Common Theme

The EEOC's suits against Ford and Dial share a common theme—the exclusion of qualified applicants by operation of an employment test (a physical test in the Dial case and a written test in the Ford case) that did not truly measure job ability. Both cases will directly benefit hundreds individuals by giving them jobs, and will indirectly benefit untold numbers of future applicants who may have been excluded from employment by tests that were not truly job-related. These cases may also serve as a reminder to other large employers to validate properly any widely used employment selection criteria, to be on the lookout for cognitive or physical tests that have a disparate impact on protected groups, and to consider less burdensome means of determining employability when such tests are shown to have a disparate impact.

APPENDIX C: BIOGRAPHIES OF THE COMMISSIONERS AND THE GENERAL COUNSEL

The EEOC has five commissioners and a General Counsel appointed by the President and confirmed by the Senate. Commissioners are appointed for 5-year, staggered terms. The term of the General Counsel is 4 years. The President designates a Chair and a Vice Chair. The Chair is the chief executive officer of the Commission. The 5-member Commission makes equal employment opportunity policy and approves most litigation. The General Counsel is responsible for conducting EEOC enforcement litigation under Title VII of the Civil Rights Act of 1964 (Title VII), the Equal Pay Act, the Age Discrimination in Employment Act, and the Americans with Disabilities Act.

Cari M. Dominguez, Chair

Cari M. Dominguez is the Nation's 12th Chair of the EEOC. She was nominated by President George W. Bush and unanimously confirmed by the U.S. Senate. Her 5-year term expires on July 1, 2006.

Ms. Dominguez serves as the chief executive officer of the Commission. In conjunction with fellow Commissioners, she also guides the development and establishment of EEO policy and approves high impact and novel litigation actions.

As EEOC Chair, Ms. Dominguez continues her distinguished career in the Federal Government, having served from 1989–1993 in the U.S. Department of Labor as Assistant Secretary for Employment Standards and as Director of the Office of Federal Contract Compliance Programs. In the latter capacity, she launched and led the Labor Department's Glass Ceiling Initiative, designed to remove unseen barriers from the workplace.

Ms. Dominguez brings to the Commission a broad perspective and a wealth of expertise in employment and workplace issues gained in a variety of settings: as a small business owner, as a consultant, and as a corporate executive. She owned Dominguez & Associates, a management consulting firm that consulted with many Fortune 500 companies in the areas of workforce preparedness assessments and employment related issues. She was a partner at Heidrick & Struggles and a director at Spencer Stuart, two globally recognized executive search firms.

Her corporate experience includes various human resources positions with Bank America Corporation, including Director of Executive Programs. Among her responsibilities were executive compensation and benefits, succession planning, executive staffing and development and diversity initiatives. She received Bank America CEO's Eagle Award, the highest corporate recognition for excellence.

Naomi Churchill Earp, Vice Chair

Naomi Churchill Earp was sworn in on April 28, 2003, as the Vice Chair of the EEOC. On July 29, 2005, President Bush renominated Ms. Earp to serve a second term.

Ms. Earp brings to the EEOC hands-on leadership and management experience; a strong track record of promoting diversity; and expertise in the equal employment opportunity field. Her breadth of experience, spanning the private and public sectors, provides valuable insight into employment-related issues.

Ms. Earp's work experience in promoting diversity in EEO includes a series of progressively responsible leadership positions with various Federal agencies, including the National Institute of Science and Technology, the National Institutes of Health (NIH), the Federal Deposit Insurance Corporation, and the U.S. Department of Agriculture.

At the NIH, Ms. Earp spearheaded the development of a world-class diversity initiative and a nationally-recognized alternative dispute resolution program. At the Department of Agriculture she headed the Equal Opportunity Program, which included minority small businesses and minority farmers. Ms. Earp also served as an Attorney Advisor at the EEOC during the mid-1980s. In addition, she has worked as an independent consultant providing services to private employers and public agencies on a variety of employment-related issues and programs.

Leslie E. Silverman, Commissioner

Leslie E. Silverman was sworn in on March 7, 2002, as a Commissioner of the EEOC. Ms. Silverman was first nominated by President George W. Bush in February 2002 and unanimously confirmed by the U.S. Senate on March 1, 2002. She was renominated to a full term in July 2003 and unanimously confirmed by the Senate in October 2003. Her current term expires on July 1, 2008.

Ms. Silverman has been active in the EEOC's mediation program and has led an EEOC/American Bar Association focus group that explored ways to expand and enhance the program. Ms. Silverman also is a participant on the Center for Work-Life Policy's Hidden Brain Drain Task Force, which is focusing on the issues surrounding the retention and advancement of women and minority employees.

Ms. Silverman's work experience in labor and employment law includes positions in both the public and private sectors. Immediately prior to joining the Commission, she served for 5 years as Labor Counsel to the Senate Health, Education, Labor, and Pensions Committee. In that capacity, she provided legal advice and counsel to the Committee's chairman, James Jeffords, and subsequently to Senator Judd Gregg, the ranking member, on EEO law and wage and hour matters, as well as on labor standards and labor-management relations.

From 1990 to 1997, Ms. Silverman was an associate specializing in employment law and litigation with Keller and Heckman, a Washington, D.C.-based law firm. She has also worked as a law clerk for the U.S. Attorneys Office for the District of Columbia and for the Antitrust

Division of the U.S. Department of Justice. Her bar memberships include the District of Columbia and the Commonwealth of Massachusetts. She is also licensed to practice before the United States Supreme Court and the United States Courts of Appeals for the Fourth and Sixth Circuits.

Stuart J. Ishimaru, Commissioner

Stuart J. Ishimaru was sworn in on November 17, 2003, as a Commissioner of the EEOC to serve the remainder of a term expiring July 1, 2007. Mr. Ishimaru was nominated by President George W. Bush on October 14 and confirmed by the full U.S. Senate on October 31, 2003.

Mr. Ishimaru previously served as Deputy Assistant Attorney General in the Civil Rights Division of the U.S. Department of Justice between 1999 and 2001, where he served as a principal advisor to the Assistant Attorney General for Civil Rights, advising on management, policy, and political issues involving the Civil Rights Division. He supervised more than 100 attorneys in high-profile litigation, including employment discrimination cases, fair housing and fair lending cases, criminal police misconduct, hate crime and slavery prosecutions, and enforcement of the Americans with Disabilities Act.

Prior to this, as Counsel to the Assistant Attorney General in the Civil Rights Division for 5 years, Mr. Ishimaru provided advice on a broad range of issues, including legislative affairs, politics and strategies. He maintained liaison between the office and Members of Congress, and supervised fair housing and fair lending, equal employment opportunity, education, and Voting Rights Act litigation. He also testified before Congressional Committees on fair housing issues.

In 1993, Mr. Ishimaru was appointed by President Clinton to be the Acting Staff Director of the U.S. Commission on Civil Rights, and from 1984-1993 served on the professional staffs of the House Judiciary Subcommittee on Civil and Constitutional Rights and two House Armed Services Subcommittees of the U.S. Congress.

Eric Dreiband, General Counsel

Eric Dreiband joined EEOC on August 11, 2003, as General Counsel. He was nominated by President George W. Bush on February 4, 2003, and unanimously confirmed by the U.S. Senate on July 31, 2003. He served as General Counsel until September 2005. Mr. Dreiband brought to the Commission a strong background in litigation. Before joining the EEOC, he served as Deputy Administrator for Policy in the U.S. Department of Labor's Wage and Hour Division. Earlier he worked with the Chicago law firm of Mayer, Brown, Rowe, and Mawe, where he litigated cases before state and Federal trial courts, appellate courts, and administrative agencies throughout the United States. Mr. Dreiband's practice included labor and employment, consumer fraud, computer fraud, Internet dispute, class action, commercial dispute, and criminal cases. His areas of practice included Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act, the Age Discrimination In Employment Act, the Fair Labor Standards Act, the Equal Pay Act, and the Occupational Safety And Health Act. Mr. Dreiband also worked as a Federal prosecutor in the Office of the Independent Counsel.

APPENDIX D: GLOSSARY OF ACRONYMS

AJ	Administrative Judge
ADEA	Age Discrimination in Employment Act of 1967
ADR	Alternate Dispute Resolution
ADA	Americans with Disabilities Act of 1990
EEO	Equal Employment Opportunity
EEOC	Equal Employment Opportunity Commission
FEPA	Fair Employment Practice Agencies
FLSA	Fair Labor Standards Act
IFMS	Integrated Financial Management System
IMS	Integrated Management System
MDI	Management Development Institute
NFI	New Freedom Initiative
NUAM	National Universal Agreements to Mediate
PMA	President's Management Agenda
TERO	Tribal Employment Rights Offices
UAM	Universal Agreements to Mediate

APPENDIX E: INTERNET LINKS

EEOC: www.eeoc.gov/

EEOC ***FY 2005 Performance and Accountability Report*** **:**
www.eeoc.gov/abouteeoc/plan/par/2005/

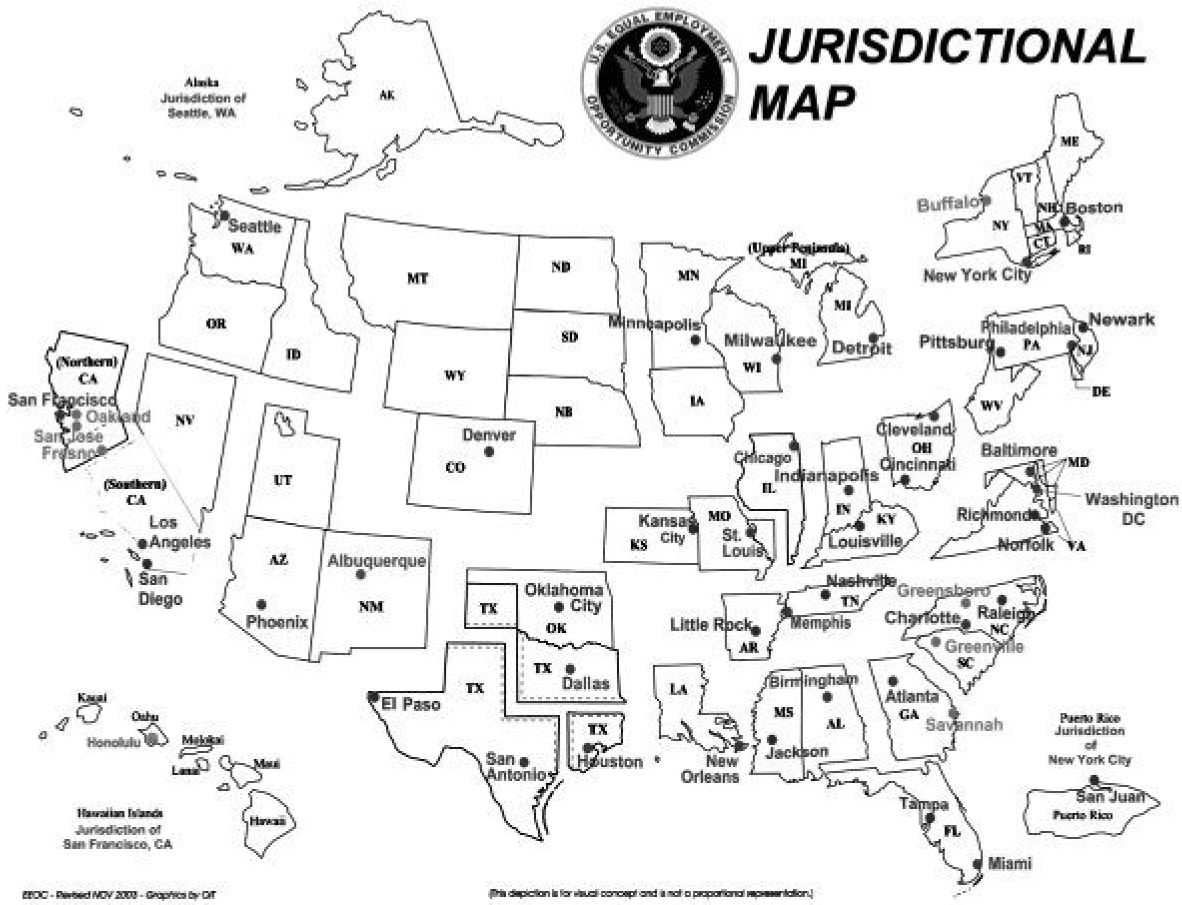
EEOC Strategic Plan: www.eeoc.gov/abouteeoc/plan/strategic_plan_04to09.html

EEOC Performance Plan: www.eeoc.gov/abouteeoc/plan/2006budget.html

EEOC Annual Report on the Federal Workforce: www.eeoc.gov/federal/fsp2003/index.html

Youth@Work Initiative: http://youth.eeoc.gov/

APPENDIX F: EEOC FIELD OFFICES



Acknowledgments

The EEOC's *FY 2005 Performance and Accountability Report* is a collaborative endeavor on the part of many EEOC employees and contractors. We 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 *FY 2005 Performance and Accountability Report*. We welcome your comments on how we can make this report more informative for our readers. Please send your comments to:

Executive Officer
Office of the Executive Secretariat
U.S. Equal Employment Opportunity Commission
1801 L Street, NW
Washington, DC 20507
(202) 663-4900
TTY (202) 663-4494

This page intentionally left blank.

U.S. Equal Employment Opportunity Commission
1801 L Street, N.W., Washington, D.C. 20507

www.eeoc.gov