

# Electronic Alert

Volume 22, Issue 20

July 18, 2019

## Guidance for Preparing EEO-1 Component 2 Compensation Reporting

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The Equal Employment Opportunity Commission (EEOC) launched its [website](#) allowing employers to submit a new component of the EEO-1. As you may recall from our [March](#) and [April](#) E-Alerts, the EEOC is under a court order to implement Obama-era regulations that the Trump administration stalled. Under the court order, employers with 100 or more employees have until September 30, 2019, to submit compensation reports for 2017 and 2018.

While the EEOC's website contains helpful information, including instructions and sample forms, employers are not yet able to upload their compensation reports. The EEOC anticipates that employers will be able to upload their Component 2 compensation reports some time in August, and will inform employers when this feature becomes available.

Larger employers should carefully consider whether they are required to make this new filing. Under the EEOC guidance, an employer must select a "workforce snapshot period," or any pay period between October 1 and December 31 in each of the two reporting years. If an employer has fewer than 100 employees during their chosen pay period, then the employer is not required to file an EEO-1 Component 2 compensation report.

Notably, not all employers that must submit EEO-1 Component 1 forms will need to submit a Component 2 compensation report. Employers with 50 to 99 employees and a contract with the federal government of \$50,000 or more are not required to submit a Component 2 form, even though they are required to submit a Component 1 form.

Under this new reporting requirement, employers must report the number of employees who worked during the snapshot period, categorize the employees in one of ten job categories, and tally the number of individuals that fall within one of twelve pay bands for any given job category. Then, employers will need to further break down these tallies by sex and race. For these compensation reports, it is important that employers report the income total listed in IRS Form W-2 Box 1, and not use gross wage information. A preview of the sample form is available [here](#).

Employers must also report the number of hours employees worked. For exempt employees, employers may either report actual hours worked or use a proxy, i.e., an employer may report that full-time exempt employees worked 40 hours a week and part-time exempt employees worked 20 hours a week.

*For questions on EEO-1 surveys or compensation reporting requirements, contact Josh Goldberg at [jgoldberg@barran.com](mailto:jgoldberg@barran.com) or 503-276-2107.*