

CLIENT UPDATE

JOSHUA S. ROFFMAN

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U.S. DEPARTMENT OF LABOR APPEARS POISED TO MAINTAIN EXISTING CONTRACTOR OBLIGATIONS FOR VETERANS AND INDIVIDUALS WITH DISABILITIES

More than a year into President Trump's second term in office, the U.S. Department of Labor ("DOL") appears to have settled on leaving unchanged contractor regulatory obligations for veterans under the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended ("VEVRAA") and individuals with disabilities under Section 503 of the Rehabilitation Act of 1973, as amended ("Section 503"). The DOL's initial proposed budget for fiscal year 2027 also proposes leaving oversight and enforcement of these two laws together in the same subagency within the DOL.

Request for Extension of Existing Affirmative Action Obligations

On April 23, 2026, the DOL published [notices](#) of availability and requests for comments in the Federal Register to renew the existing information collections related to VEVRAA and Section 503 without change for another three years.

VEVRAA

For VEVRAA, that includes the continued preparation of annual affirmative action plans “to employ and advance in employment qualified protected veterans” for each employer establishment with 50 or more employees. This obligation includes:

- evaluating hires against a **veteran hiring benchmark**;
- preparing a **data collection analysis** of the number of applicants and hires who self-identified as protected veterans and the overall number of applicants, job openings, jobs filled, and applicants hired;
- **reviewing personnel processes** to ensure the “careful, thorough, and systematic consideration of the job qualifications of applicants and employees who are known protected veterans for job vacancies filled either by hiring or promotion, and for all training opportunities offered or available;”
- **reviewing the physical and mental qualifications** to ensure that they are related to the job and consistent with business necessity and ensuring reasonable accommodations related to physical and mental qualifications that don’t impose an undue hardship on the employer;
- **listing employment openings** with the appropriate employment service delivery system;
- engaging in **proactive outreach and recruitment** of qualified protected veterans;
- preparing a **written assessment of the effectiveness of outreach efforts** for qualified protected veterans;
- establishing an **audit and reporting system** for the employer’s veteran affirmative action obligations; and
- **inviting applicants and hires to self-identify** as a protected veteran.

The VEVRAA obligations apply to contractors and subcontractors with at least 50 employees and a government contract or subcontract of \$200,000 or more.

Section 503

The Section 503 obligations likewise include the continued preparation of annual affirmative action plans to “to employ and advance in employment qualified individuals with disabilities”

for each employer establishment with 50 or more employees. This obligation includes:

- preparing a **utilization analysis** of representation of qualified individuals with disabilities in each job group against the 7% utilization goal established in the regulations;
- preparing a **data collection analysis** of the number of applicants and hires who self-identified as individuals with disabilities and the overall number of applicants, job openings, jobs filled, and applicants hired;
- **reviewing personnel processes** to ensure the “careful, thorough, and systematic consideration of the job qualifications of applicants and employees with known disabilities for job vacancies filled either by hiring or promotion, and for all training opportunities offered or available;”
- **reviewing the physical and mental qualifications** to ensure that they are related to the job and consistent with business necessity and ensuring reasonable accommodations related to physical and mental qualifications that don’t impose an undue hardship on the employer;
- engaging in **proactive outreach and recruitment** of qualified individuals with disabilities;
- preparing a **written assessment of the effectiveness of outreach efforts** for qualified individuals with disabilities;
- establishing an **audit and reporting system** for the employer’s disability affirmative action obligations;
- **inviting applicants and hires to self-identify** as an individual with a disability using the form developed by the DOL; and
- **inviting employees to self-identify** as an individual with a disability at least once **every five years** using the form developed by the DOL.

The DOL’s request also includes the three-year **extension** of its **self-identification form for individuals with disabilities**.

The Section 503 affirmative action plan obligations apply to contractors and subcontractors with at least 50 employees and a government contract or subcontract of \$50,000 or more.

Acceptance of Written Comments and Month-to-Month Extension Pending Renewal of the VEVRAA and Section 503 Information Collections

The Office of Management and Budget (“OMB”) will be accepting comments through May 26, 2026 on the DOL’s proposal to extend the existing VEVRAA and Section 503 information collections for another three years. These information collections will receive month-to-month extensions beyond the current April 30, 2026 expiration pending OMB’s review of the requests for three-year renewals under the Paperwork Reduction Act.

Initial Fiscal Year 2027 DOL Budget Request

The Trump Administration’s initial proposed federal budget for FY 2027 keeps oversight and enforcement of VEVRAA and Section 503 within the DOL. The proposed budget houses responsibility for these laws in an Office of Civil Rights. This office will oversee three programs: VEVRAA/Section 503, civil rights compliance, and non-OSH Act whistleblower enforcement. The budget allocates \$35,366,000 and 110 full-time equivalent employees to the Office of Civil Rights. Based on budget allocations for the current fiscal year, we estimate that roughly two-thirds of this budget and nearly half of the staffing for the Office of Civil Rights are tied to legacy VEVRAA and Section 503 oversight currently housed in the Office of Federal Contract Compliance Programs (“OFCCP”).

This is a stark contrast from the Administration’s initial proposed budget for the current fiscal year, which proposed separating oversight of VEVRAA and Section 503—placing oversight of VEVRAA in the DOL’s Veterans’ Employment and Training Service (“VETS”) and Section 503 oversight with the Equal Employment Opportunity Commission (“EEOC”). No additional funding or staffing was budgeted for these activities.

The FY 2026 budget ultimately passed by Congress and signed by President Trump kept responsibility for VEVRAA and Section 503 with OFCCP with a budget that was only 10% less than the OFCCP budget for the last year of the Biden Administration. It is likely that the Democrats in Congress will hold out on allowing the approval of the FY 2027 budget until after the November midterm elections. It also seems likely that they again will negotiate for greater resource allocation for VEVRAA and Section 503 than proposed by the Trump Administration. Regardless, unlike last year, the Trump Administration’s initial budget proposal leaves

oversight for the two laws together and within the DOL. Moreover, given that OFCCP dedicated significantly more resources toward enforcing affirmative action obligations for women and minorities than it did for VEVRAA and Section 503, the initial proposal's resource allocation seems fairly well aligned with prior resource allocation for veterans and individuals with disabilities affirmative action obligations.

Joshua S. Roffman
Managing Attorney
jroffman@roffmanhorvitz.com
(703) 752-3775

Alissa A. Horvitz
Member Attorney
ahorvitz@roffmanhorvitz.com
(703) 752-3776

James M. McCauley
Of Counsel
jmccauley@roffmanhorvitz.com
(703) 752-3766