

EEO Certifications Institute: OFCCP Compensation Analysis Guidelines Core Competencies and Study Guide

Legal framework/history underlying Office of Federal Contract Compliance Programs's compensation enforcement activities

- General knowledge of the Equal Pay Act of 1963.
- Knowledge of Article VII of the Federal Civil Rights Act of 1964.
- Knowledge of Executive Order 11246.

Office of Federal Contract Compliance Programs Final Interpretive Guidelines for compensation analysis

- Ability to define the term "Systemic Discrimination."
- Ability to define, describe, and discuss Office of Federal Contract Compliance Programs's view of the traditional "Pay Grade Theory."
- Ability to identify the three components of Office of Federal Contract Compliance Programs's compensation analysis methodology.
- Knowledge of the Office of Federal Contract Compliance Programs's "tiered" approach for identifying employers whose compensation practices require closer analytical scrutiny.
- Knowledge of the relationship between statistical and anecdotal evidence in compensation analysis.
- Legal justification for using anecdotal evidence in addition to statistical evidence in determining whether compensation discrimination exists.
- Knowledge of compliance requirements related to Item 11 of the Office of Federal Contract Compliance Programs's Scheduling Letter.

Knowledge and application of Office of Federal Contract Compliance Programs Voluntary Compensation Analysis Guidelines

- Knowledge of the difference between proactive/voluntary compensation analyses and a formal Office of Federal Contract Compliance Programs audit.
- Knowledge of the pros and cons of embracing the full Voluntary Guidelines in order to receive Office of Federal Contract Compliance Programs's stated incentives.
- Knowledge of the implications of claiming attorney-client privilege when seeking to follow the Voluntary Guidelines.
- Knowledge of the Office of Federal Contract Compliance Programs's sample size requirement for conducting multiple regression compensation analyses in compliance with the Voluntary Guidelines.
- Ability to describe the process of a contractor audit under the Voluntary Guidelines.
- Knowledge of the records retention requirements under the Voluntary Guidelines.

Statistical topics and techniques relevant to compensation analysis

- Knowledge of "scales of measurement" (i.e., nominal, ordinal, scale) used to measure compensation-related variables.
- Ability to define and interpret measures of central tendency (e.g., mean, median and mode).
- Ability to define and interpret standard deviations as a measure of variation.
- Ability to define and interpret the meaning of statistical significance.
- Ability to describe, discuss, and interpret independent samples t-tests as used to compare the compensation of two groups.
- Ability to describe, discuss, and interpret correlation coefficients.
- Ability to describe and define the concept of a "linear relationship."
- Ability to describe and discuss the multiple regression as a statistical tool for exploring group differences in compensation.

EEO Certifications Institute: OFCCP Compensation Analysis Guidelines Core Competencies and Study Guide

Compensation analysis using multiple regression

- Knowledge of the purpose of multiple regression as it relates to Office of Federal Contract Compliance Programs-style compensation analyses.
- Ability to describe why multiple regression is a superior technique to simply comparing average compensation of two groups.
- Ability to use Microsoft Excel to compute a multiple regression analysis of compensation.
- Knowledge of the assumptions underlying multiple regression and which data are required to meet in order to maximize the likelihood that compensation models are valid.
- Ability to test for and interpret statistics used to assess the extent to which data meet the assumptions for multiple regression.
- Ability to define the term "independent variable" or "predictor variable" as it relates to multiple regression.
- Knowledge of the most common variables used to explain compensation in multiple regression analyses.
- Ability to identify and discuss issues related to "tainted" predictor variables.
- Knowledge of the legal cases/implications surrounding the use of various types of predictor variables in developing models of compensation.
- Ability to define and interpret the term "interaction" as it relates to multiple regression and identify strategies to address it.
- Ability to compute appropriate interaction terms for use in multiple regression.
- Ability to interpret regression coefficients that are created during an analysis of compensation.
- Ability to define and discuss the implications of "multicollinearity."
- Ability to compute the amount needed to eliminate statistically significant differences in compensation based on regression coefficients.

Similarly Situated Employee Groups (SSEGs)

- Ability to define the term "Similarly Situated Employee Groups" (SSEGs) and their importance to the Office of Federal Contract Compliance Programs's approach to compensation analysis.
- Ability to describe the process for establishing valid SSEGs.
- Knowledge of the technique Office of Federal Contract Compliance Programs defines as "Cluster Regression" as a tool for grouping similar jobs into SSEGs.
- Knowledge of the Office of Federal Contract Compliance Programs's SSEG sample size requirement for conducting multiple regression compensation analyses during formal audits.
- Knowledge of the Office of Federal Contract Compliance Programs's purpose for including the Chow Test (or equivalent statistic) to evaluate SSEGs.
- Ability to discuss the issues faced by employers when deciding the unit of analysis to use in conducting compensation analysis.

USEFUL STUDY MATERIALS

- **OFCCP Compensation Analysis Questions and Answers**
<http://www.dol.gov/esa/regs/compliance/ofccp/faqs/comstrds.htm>
- **OFCCP Interpretive Standards for Compensation Analysis**
<http://www.dol.gov/esa/ofccp/compfs.htm>