**Assessing the Five Factors**

OFCCP uses the following list of 27 questions, each associated with one of the factors listed on the previous page, to analyze whether a business or organization is part of a single entity.

**The following question relates to factor 1: Common ownership**

1. What percentage of stock of the subsidiary or affiliate is owned by the parent corporation?

**The following questions relate to factor 2: Common directors and/or officers**

1. What are the names of the directors on the Board of the parent corporation?
2. What are the names of the directors on the Board of the subsidiary or affiliate corporation?
3. What are the names of the directors on the Board of both the parent and the subsidiary corporation?
4. What are the names of the officers of both the parent and the subsidiary corporation?
5. What positions do the individuals in No. 5 hold in each corporation?

**The following questions relate to factor 3: De facto exercise of control**

1. Does the parent corporation pay the wages of any of the subsidiary’s employees?
2. Does the parent corporation pay any other expenses of the subsidiary? If yes, which expenses are paid?
3. Does the parent corporation negotiate and/or provide health insurance, pension or any other employment-related benefits of the subsidiary corporation?
4. In advertising, is the subsidiary referred to as part of the parent corporation?
5. In financial statements of either corporation, is the subsidiary described as a department or division of the parent corporation?
6. Does the same in-house legal staff serve both the parent and the subsidiary corporation?
7. Are any services provided by the parent corporation for the subsidiary corporation or vice versa? If yes, what services?
8. Are the books and/or financial records of the parent and subsidiary kept separately?

**The following questions relate to factor 4: Unity of personnel policies emanating from a common source**

1. Does the parent corporation control the hiring and/or compensation practices and procedures of the subsidiary? For example:
   1. Does the parent corporation establish hiring standards for the subsidiary?
   2. Does the parent corporation establish any compensation ranges or criteria for the subsidiary?
   3. Does the parent corporation establish equal employment opportunity policy for the subsidiary?
2. Does the parent review and/or control the labor practices of the subsidiary? For example:
   1. Does the parent negotiate and/or take part in the negotiation of collective bargaining agreements of the subsidiary?
   2. Does the parent sign the collective bargaining agreements of the subsidiary?
3. Is there ever an exchange of personnel between parent and subsidiary? If yes, does the individual who transfers retain the same seniority date used at the transferor corporation for the purposes of benefits, promotions, layoffs and/or recall?
4. Does the parent recruit personnel for the subsidiary or vice versa?
5. Does the parent hire the subsidiary’s top management officials or vice versa?
6. Are minority employees of the subsidiary listed on the EEO-1 reports of the parent?

**The following questions relate to factor 5: Dependency of operations**

1. Has there ever been an infusion of capital from the parent to the subsidiary or vice versa? If yes, list dates and amount.
2. What percentage of the subsidiary’s business is with the parent?
3. What percentage of the parent’s business is with the subsidiary?
4. Does either the parent or the subsidiary use any of the property of the other? If so, what property?
5. Is the product or service of either the parent or the subsidiary essential to the conduct or operation of the other’s business? If yes, list the product(s) or service(s).
6. Does either the parent or the subsidiary provide any marketing service for the other?
7. Would either the parent or the subsidiary be unable to function if the other ceases operation?

**Based upon evaluation of the above questions:**

* [My business or organization is a Federal contractor](http://www.dol.gov/elaws/esa/ofccp/addition.asp)
* [My business or organization is not a Federal contractor](http://www.dol.gov/elaws/esa/ofccp/close.asp)
* [I’m still not sure. I need more guidance](http://www.dol.gov/elaws/esa/ofccp/contact.asp)