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

Office of Inspector General

FY 2026 Management Challenges

Background

In accordance with the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) is required to report in the U.S. Equal Employment Opportunity Commission's (EEOC or Agency) Agency Financial Report what we have determined to be the most serious management and performance challenges facing the Agency. This statement provides our views on the Agency's management challenges for fiscal year (FY) 2026. Due to the Office of Management and Budget's direction on the Agency Financial Report due date, the OIG had less time than expected to prepare this statement. We were unable to obtain and verify the Agency's latest updates to year-end information. Nevertheless, we believe the Management Challenges capture the most important hurdles facing EEOC in FY 2026.

Introduction

In last year's FY 2025 management challenges, we identified two critical challenges that faced the Agency: 1) Customer Service and 2) Data and Technology Transformation and Modernization. We continue to see the need for improvements to the customer service experience for EEOC stakeholders, such as improving the intake process. While continued work in customer service is needed, because of the Agency's efforts under the current leadership, we are no longer including this as a distinct challenge.

It is our belief that, for FY 2026, the top three challenges are: Managing Human Resources, Data Transformation and Technology Modernization, and Artificial Intelligence. Due to notable reduction in staffing, a likely decrease in the budget, and an internal restructuring, the Agency must focus on effective management of its human resources to deliver on its core mission and priorities. While the Agency, under the leadership of Chair Andrea Lucas, is making significant strides in data transformation and technology modernization, it continues to be a difficult and crucial undertaking for the Agency, and therefore, remains a major challenge carried over from last year. Artificial intelligence (AI), mentioned in last year's management challenges, is now a distinct challenge as the Agency implements potential AI applications to meet new federal requirements and address Agency hurdles.

Challenge 1: Managing Human Resources

A major challenge facing the EEOC is effectively managing its shrinking human resources while addressing its operational needs. As a result of the Trump administration's efforts to significantly

reduce the federal workforce in FY 2025, the Agency experienced a substantial reduction in staff through the Deferred Resignation Program, retirements, and a prolonged hiring freeze.[1] Additionally, the Agency experienced high turnover in many key positions in leadership and management throughout the Agency (both Headquarters and Field Offices).

In conjunction with a potentially lower budget in FY 2026, the Agency's remaining human resources will be strained and may impact the Agency's ability to meet its core mission.[2] The Agency is left to make difficult decisions to pause, postpone, or abandon non-statutory initiatives, projects, and training. The Agency must overcome a changing environment while continuing to tackle pending private sector charge inventory and federal sector workloads as well as its continued efforts in data and technology modernization.

The EEOC began FY 2025 with around 2,170 employees and projects the number to drop below 1,700 in FY 2026, which reduces the workforce by almost a quarter. Many offices are impacted from staffing reductions. Much of the staffing reduction occurs in the Office of Field Programs (OFP) and Office of Federal Operations (OFO). Such a significant reduction in staffing and turnover in management will likely hamper the Agency from achieving the same levels of outputs in private and public sector activities as it had in previous years. With reduction in OFP staff that handles the intake process, the Agency will likely need to rely on effective use of technology to ensure efficient management of potential charge receipts. OFO, which handles the Federal Sector Program, anticipates an increase in pending inventory of federal sector hearings and appeals workload while contending with decreases in the number of Administrative Judges and assigned attorneys available to work their respective cases. As we further explain in the next two challenges, the Agency must undertake efforts to better use technology, including AI, to appropriately address its issues regarding decreased human capital and improve metrics associated with its mission.

Challenge 2: Data Transformation and Technology Modernization

EEOC faces major hurdles in the management of data and technology activities. These are: 1) continuing customer service improvements; 2) managing information technology and data analytics resources; 3) better managing data, including data governance; and 4) implementing digital process transformation and automation improvements.

In previous Management Challenges, we focused on EEOC's efforts to replace its aging mission-critical information system, the Integrated Mission System (IMS), with the Agency Records Center (ARC). While the Agency made progress in partially decommissioning IMS, the work to transition the federal sector information (hearings and appeals data) into ARC remains a primary task for the Agency in FY 2026. Also, in FY 2025, the Agency made progress in improving customer service

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[1] The Deferred Resignation Program allows federal employees to voluntarily resign in advance while still receiving their salary and benefits until a specified date, typically while on paid administrative leave.

[2] The Agency requested a budget of $435M in FY 2026, $20M less than the Agency's FY 2025 budget of $455M.

technology such as implementing, per OIG recommendation, mechanisms to ensure that the design and management of the portals are responsive to customer needs. For FY 2026, EEOC plans to make major improvements to its mission-critical private sector charge intake process, which has a major technology component, including customer portals.

The Agency's technology undertakings and priorities as it relates to improving customer service closely align with President Trump's Executive Order and guidance. The "Improving Our Nation Through Better Design" Executive Order requires agencies to improve the visual presentation and usability of government websites and digital services.

Furthermore, EEOC will need to manage wisely the significantly reduced levels of Agency and contractor staffing to ensure substantial progress in FY 2026. Office of Chief Information Officer (OCIO) leadership estimated OCIO cut its contractor resources by up to 50% and that OCIO lost close to 25% of Agency managers and staff due to the Deferred Resignation Program, attrition, and the hiring freeze. Other challenges include upgrading the Agency's wide area network. OCIO leadership indicated EEOC may need to make difficult choices about which projects to move forward on in FY 2026.

With a curtailed workforce, addressing these organizational hurdles and implementing the required data and technology improvements will require the Agency's concerted management attention to identify innovative and efficient solutions. AI, as explained below in Challenge 3, can play a significant role in bridging the gap.

Challenge 3: Artificial Intelligence

Last year, we encouraged the Agency to continue evaluating how AI could assist mission attainment and improve performance without requiring additional staff. Over the past two years, EEOC appointed a Chief AI Officer, established an AI governance body, developed an AI compliance plan, and solicited field offices for AI use cases, among other activities. However, EEOC's AI hurdles for FY 2026 are much different than FY 2025 because the Trump administration's AI policies are based on accelerating innovation, building AI infrastructure, and improving national security, while aiming to streamline AI governance and reduce federal oversight. These policies rescind the previous, and markedly different, AI policy in President Biden's Presidential Management Agenda.

In FY 2026, EEOC will need to meet the new administration's requirements by updating its AI compliance plan and practices to adhere to the three pillars of President Trump's July 2025 AI Action Plan. The three pillars are accelerating innovation, building AI infrastructure, and leading in international diplomacy and security. For example, the AI Action Plan requires federal agencies to procure large language models that align with "Unbiased AI Principles." EEOC identified potential AI use cases, including language translation, virtual assistants, and cybersecurity. For FY 2026, EEOC should also seek to use AI to increase program/activity efficiency because there are fewer staff as noted in Challenge 1.

To ensure strong progress in AI, EEOC should also ensure high reliability of the data it collects because the accuracy of the AI models depend on the quality of EEOC data. Therefore, robust data governance will play a key role in ensuring successful deployment of AI. Focusing on implementing the recommendations from our July 2025 report will greatly support the Agency implement AI by ensuring quality of the data on which AI depends.[3]

To successfully incorporate AI into key Agency activities, the EEOC, led by the Office of the Chair and a robust AI Governing Board, should develop and implement a robust AI strategy to ensure these conditions are fully met. Improvements to the current AI strategic plan should address how to strengthen EEOC's data culture and ensure the data fueling AI tools is of the highest quality. Progressing in strategy, management, and the implementation areas noted above is especially critical for EEOC due to the major reduction in staffing levels and changing priorities associated with mission attainment and performance.

Respectfully submitted,

Joyce T. Willoughby
Inspector General

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[3] EEOC OIG, Evaluation of Data Governance, Management, and Validity, Evaluation Report 2024-002-EOIG (June 2025), oig.eeoc.gov/node/757