

## STARTUP GRACE PERIOD

First-Time Federal Contractors (<50 Employees) Need 3-Year Phased VEVRAA Compliance — Not Immediate Full AAP Obligation

VEVRAA Recordkeeping | 38 U.S.C. §4212 | Due: MARCH 9, 2026 | [regulations.gov](https://www.regulations.gov)

### ⚠️ URGENT — COMMENT DEADLINE: MARCH 9, 2026 ⚠️

File at [regulations.gov](https://www.regulations.gov) | Docket OFCCP-2025-0100 | DOL-OFCCP, 200 Constitution Ave NW, Room C-3325, Washington DC 20210

<b>Filer</b>	James Hunter Poole, Executive Chairman & CEO — Obelisk Tech Systems Inc.
<b>CAGE / UEI</b>	9S0L8   U34MSJ6A6413   Thomasville, Thomas County, Georgia (Rural, ~23% poverty, ~14% BA attainment)
<b>Contracts</b>	Navy · Army · SOCOM · AFSOC — Cybersecurity, AI, Quantum Comms, Encrypted Comms, Submarine/Aerial Drone Systems
<b>Standing</b>	ETAAC Nominee   DARPA SBIR HR0011SB20254-12   14-Patent Portfolio   DTIC AD1348980   NIST 800-171   ITAR DS-2032   BIS SNAP-R S745686   FinCEN MSB   DOE Energy-AI Nexus
<b>Entity</b>	Delaware Corporation — Defense Technology   CAGE 9S0L8   SAM.gov Active   SBIR Applicant

## I. THE FIRST-CONTRACT COMPLIANCE CLIFF

VEVRAA applies to any federal contractor with a contract of \$200,000 or more. The moment Obelisk receives its first qualifying federal contract — for example, a DARPA SBIR Phase II award — it faces the full VEVRAA compliance obligation simultaneously: a written Affirmative Action Program, annual utilization analysis, veteran benchmark comparison, outreach documentation, applicant tracking, self-identification invitations, and audit-ready recordkeeping. There is no phase-in period. There is no reduced obligation for first-time contractors. There is no size-based simplified track. A 3-person startup in rural Georgia faces the same VEVRAA recordkeeping burden as Lockheed Martin.

The OMB estimate of 48.18 hours per establishment was calibrated against the existing contractor base — the 89,978 contractor establishments that have been doing this for years, have built the systems, have the staff, and have the institutional memory. For a first-time contractor building these systems from scratch, the Year 1 burden is 5–10x the steady-state estimate. Year 1 for Obelisk: AAP drafting from scratch (80+ hours); legal review (50+ hours); ATS implementation (30+ hours); self-ID system buildout (20+ hours). Total Year 1: 250–350+ hours, against an OMB estimate of 48.18.

## II. PROPOSED THREE-YEAR PHASED COMPLIANCE FRAMEWORK

### Year 1 — Good Faith Data Collection Only

- Send pre-offer and post-offer veteran self-identification invitations to all applicants and new hires.
- Maintain basic applicant flow records showing veteran status invitations were extended.
- No AAP required. No utilization analysis required. No outreach documentation required.
- No audit risk during Year 1 for good-faith data collection effort.

### Year 2 — Simplified AAP Using OFCCP Template

- Complete OFCCP-published standard AAP template — accepted without deviation, no legal review required for template compliance.
- Conduct first utilization analysis using Year 1 data collected.
- Begin documented outreach to at least two veteran service organizations.
- Still no audit risk for contractors demonstrating good-faith compliance with Years 1–2 framework.

### Year 3 — Full Compliance

- Full VEVRAA compliance: complete AAP, benchmark analysis, hiring goals, outreach program, audit-ready recordkeeping.
- Transition to standard audit universe at start of Year 4.

### III. LEGAL BASIS FOR GRACE PERIOD

OFCCP has statutory discretion to establish compliance assistance programs and to prioritize enforcement resources. A grace period for first-time small contractors is not a waiver of VEVRAA — it is a phased implementation that reflects the realities of contractor capacity. OFCCP already distinguishes between covered and non-covered contractors by contract threshold (\$200,000). A further distinction by contractor age and size is well within OFCCP's administrative authority.

Analogous model: the IRS provides first-year filing relief for new businesses under various provisions (§6662 accuracy penalty safe harbor, payroll tax deposit relief). The SBA provides procurement preference extensions for 8(a) program participants through phased obligations. OFCCP can implement the same common-sense framework for VEVRAA.

### IV. RELIEF DEMANDED

- OFCCP to publish proposed rule within 180 days establishing a 3-year phased VEVRAA compliance framework for first-time federal contractors with fewer than 50 employees at time of first qualifying contract award.
- During Years 1–2, no OFCCP audit of contractors in the phased framework. Complaints may still be investigated.
- Standard AAP template developed by OFCCP accepted as presumptively compliant for Year 2 obligation — no individual legal review required.
- DOL CFO to certify: what percentage of VEVRAA enforcement actions involve first-time contractors in their first 3 years of federal contracting. If near-zero, the burden on that population cannot be justified by enforcement outcomes.

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*Respectfully submitted,*

**James Hunter Poole**

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CAGE: 9S0L8 | UEI: U34MSJ6A6413 | Thomasville, Georgia

14-Patent Portfolio | DTIC AD1348980 | ETAAC Nominee | DARPA SBIR HR0011SB20254-12  
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