



Federal Contractor Settles Discrimination Claims for \$2M

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Federal contractors take note—yesterday Baldor Electric Co., which holds \$18 million worth of government contracts, agreed to pay \$2 million to settle allegations that its hiring process discriminated against female and minority job applicants. Baldor is a subsidiary of Zurich, Switzerland-based ABB Ltd., and has received nearly \$100 million in U.S. government contracts since 1997.

The US Department of Labor (DOL) alleged that the company's background screening process prevented nearly 800 women and minorities from getting jobs. Sound familiar? The DOL investigation mirrors the disparate impact cases filed by the Equal Employment Opportunity Commission (EEOC) that we have been tracking all year. The DOL looks to be taking a chapter straight from the EEOC's playbook, using its enforcement authority over federal contractors to allege discrimination by challenging the impact of background screening programs. See more on that topic here:
<http://www.employeescreen.com/iqblog/eoc-announces-strategic-plan-more-lawsuits/>

The agreement with the DOL says that Baldor will pay \$2 million in back wages and interest to the affected individuals and will make at least 50 job offers to members of the original class of job applicants as positions become available. If divided equally, the settlement comes to about \$2,500 per person.

Arkansas-based Baldor had been fighting the claims since 2006, and finally grew tired of the fight and the expense.

"It was going to be a much lengthier process to fight it any longer. We don't admit that we've done anything wrong. This was purely a statistical analysis on their (the Labor Department's) part. But it would have been so long and so much more expensive to fight, it was just time to be done," Baldor spokeswoman Tracy Long said.

“We’ve ensured that the screening process is in compliance with the Department of Labor’s expectations. We’ve had lot of time to work on it,” Long said.

Long’s comments defended the company decision to maintain a U.S. workforce , while taking a swipe at enforcement policies, claiming “It makes it hard to have this (U.S.) manufacturing strategy if you have policies like this, but we still feel it’s the right place to be.” Lesson for federal contractors—document your hiring policies and adopt best practices. Even then, be prepared to defend your screening program, or shell out a multi-million dollar settlement. More on that topic here:

<http://www.employeescreen.com/iqblog/the-new-eeoc-guidance-in-a-nutshell/>