



March 2, 2016

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Office of Federal Contract Compliance Programs  
Frances Perkins Building  
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**RE: Critical Legal Developments Following the Conclusion of the Public Comment Period for the Department of Labor Proposed Rule RIN 1250-AA05 – *Discrimination on the Basis of Sex***

Director Shiu:

On behalf of the Human Rights Campaign's more than 1.5 million members and supporters nationwide, I write to bring to your attention a series of critical legal developments relevant to the proposed rule published by your office on January 28, 2015, updating the rules that govern how federal contractors and subcontractors prohibit sex discrimination.<sup>1</sup> HRC submitted a public comment addressing several aspects of the rule including the need for explicit inclusion of discrimination on the basis of sexual orientation alongside gender identity in § 60-20.2(a), § 60-20.7(b), and § 60-20.8(b). Since the conclusion of the formal public comment period in April, there have been a series of critical legal developments bolstering our initial call for explicit inclusion of sexual orientation discrimination as an unlawful form of sex discrimination under the rule.

Historic Deference to EEOC Policy

As a rule, executive branch agencies look to the EEOC's interpretation of Title VII to determine coverage for purposes of sex discrimination claims.<sup>2</sup> This deference was echoed throughout the January 2015 proposed rule. The Department of Labor specifically details its intent to align

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<sup>1</sup> *Discrimination on the Basis of Sex; Proposed Rule*, 80 *Federal Register* 20 (January 20, 2015) pp. 5246-5279.

<sup>2</sup> Federal regulations also explicitly dictate interagency coordination and deference to EEOC guidelines in the context of employment discrimination investigations and complaints. See, e.g., 29 C.F.R. 1691.4.

Departmental policy with current case law and EEOC policy regarding interpretation of the term “sex” under Title VII.<sup>3</sup> Similarly in a proposed rule published January 26, 2016 implementing the nondiscrimination and equal opportunity provisions of the Workforce Innovation and Opportunity Act the Department specifically provides that it “defers to the EEOC’s interpretations of Title VII law as it applies to applicants and employees of employers receiving WIOA Title I financial assistance.”<sup>4</sup> Despite this stated intent, however, the Department failed to fully implement the EEOC policy regarding sexual orientation discrimination under Title VII. As discussed below, the EEOC’s policy regarding sexual orientation discrimination coverage under Title VII could not be more clear.

### EEOC Has Established Sexual Orientation Discrimination as Unlawful Sex Discrimination under Title VII

*January 2015*

One day after publication of the proposed rule on January 29, 2015, the EEOC published a final determination concluding that discrimination on the basis of sexual orientation was unlawful under Title VII in *Cote v. Wal-Mart*.<sup>5</sup> In this case, the EEOC found that Wal-Mart had discriminated against an employee when it denied the employee the opportunity to enroll her same-sex spouse in company provided health care benefits. The EEOC explicitly stated in the determination that the employee had experienced discrimination on the basis of sex under Title VII.

*July 2015*

In July 2015 in *Baldwin v. Foxx*, the EEOC ruled in favor of a Department of Transportation employee who alleged that he did not receive a promotion because of his sexual orientation.<sup>6</sup> The EEOC found that Title VII prohibits employers from relying on “sex-based considerations” when making personnel decisions and that these protections apply equally to LGB individuals under Title VII. The agency concluded that the Department of Transportation wrongfully relied on sex-based considerations when his supervisors declined to promote the complainant due to his sexual orientation. The EEOC held that discrimination on the basis of sexual orientation constitutes sex discrimination under Title VII because sexual orientation is inseparably linked to

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<sup>3</sup> *Discrimination on the Basis of Sex*; Proposed Rule, 80 Federal Register 20 (January 20, 2015) pp. 5246-5279.

<sup>4</sup> *Implementation of the Nondiscrimination and Equal Opportunity Provisions of the Workforce Innovation and Opportunity Act*; Proposed Rule (January 26, 2016) pp. 4494-4571.

<sup>5</sup> EEOC Charge No. 523-2014-00916 (Jan. 29, 2015).

<sup>6</sup> 2015 WL 4397641 at \*5 (E.E.O.C. July 16, 2015). The Commission has developed this interpretation in a long series of decisions prior to Baldwin. See, e.g., *Complainant v. Cordray*, 2014 WL 7398828 (E.E.O.C. Dec. 18, 2014); *Complainant v. Donahoe*, 2014 WL 6853897 (E.E.O.C. Nov. 18, 2014); *Complainant v. Sec’y, Dep’t of Veterans Affairs*, 2014 WL 5511315 (E.E.O.C. Oct. 23, 2014); *Complaint v. Johnson*, 2014 WL 4407457 (E.E.O.C. Aug. 20, 2014); *Couch v. Dep’t of Energy*, 2013 WL 4499198 (E.E.O.C. Aug. 13, 2013); *Brooker v. U.S. Postal Serv.*, 2011 WL 3555288 (E.E.O.C. May 20, 2013); *Castello v. U.S. Postal Serv.*, 2011 WL 3560150 (E.E.O.C. Dec. 20, 2011); *Veretto v. U.S. Postal Serv.*, 2011 WL 2663401 (E.E.O.C. July 11, 2011).

sex-based considerations. The Commission clearly stated that “sexual orientation is inherently a ‘sex-based consideration,’ and an allegation of discrimination based on sexual orientation is necessarily an allegation of sex discrimination under Title VII.” The EEOC further clarified that “[a] complainant alleging that an agency took his or her sexual orientation into account in an employment action necessarily alleges that the agency took his or her sex into account.”

### *January 2016*

In January of this year, the EEOC also filed a brief in support of the plaintiff in *Evans v. Georgia Regional Hospital*, a case in which a former security officer at a state-funded hospital alleges that she was unlawfully targeted for termination because of her sexual orientation.<sup>7</sup> The EEOC’s brief in this case presents the Commission’s clear and consistent policy regarding sexual orientation discrimination stating that, “Title VII’s prohibition on sex discrimination encompasses a prohibition on sexual orientation discrimination. This interpretation is most consistent with the statutory language prohibiting employment discrimination ‘because of . . . sex.’ 42 U.S.C. 2000e- 2(a). It also flows naturally from binding precedent because sexual orientation discrimination (1) relies on illegal sex stereotyping, (2) constitutes gender-based associational discrimination, and (3) involves impermissible sex-based considerations.”

### *March 2016*

In March, the EEOC announced that it filed two sex discrimination cases based on sexual orientation, *EEOC v. Scott Medical Health Center*<sup>8</sup> and *EEOC v. Pallet Companies, dba IFCO Systems NA*.<sup>9</sup> In a statement announcing the suits, EEOC General Counsel David Lopez specifically provided that, “With the filing of these two suits, EEOC is continuing to solidify its commitment to ensuring that individuals are not discriminated against in workplaces because of their sexual orientation.”<sup>10</sup>

In *Scott*, the Commission charged that a gay male employee was subjected to harassment due to his sexual orientation, charging that the worker’s manager repeatedly used various anti-gay epithets when referring to him and made other highly offensive comments related to his sexuality. The EEOC further charged that no action was taken to end the harassment when it was brought to the attention of the clinic director. Similarly, in *IFCO Systems*, the EEOC charged that a lesbian employee was harassed by her supervisor because of her sexual orientation. The Commission charged that the supervisor made numerous comments to her regarding her sexual orientation and appearance and made sexually suggestive and lewd gestures towards the

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<sup>7</sup> Brief of the U.S. Equal Employment Opportunity Commission as Amicus Curiae in Support of Appellant and Reversal, *Evans v. Georgia*, No. 2:16-cv-00225-CB.

<sup>8</sup> No. 2:16-cv-00225-CB (W.D. Pa. filed Mar. 1, 2016).

<sup>9</sup> No. 1:16-cv-00595-RDB (D. Md. filed Mar. 1, 2016).

<sup>10</sup> EEOC Files First Suits Challenging Sexual Orientation Discrimination as Sex Discrimination, U.S. Employment Opportunity Commission (March 1, 2016) available at: <http://www.eeoc.gov/eeoc/newsroom/release/3-1-16.cfm>.

employee. The employee was terminated following a formal complaint regarding the harassment to management and the employee harassment hotline.

### Federal Case Law Supports the EEOC Interpretation and Reflects a Clear Trajectory

The EEOC policy is not a novel outlier. Rather, it reflects a steady, consistent development of case law affirming that discrimination on the basis of sexual orientation is a form of sex discrimination. In December 2015, a federal judge in *Videckis v. Pepperdine Univ.*, relied significantly on Title VII case law to interpret the reach of Title IX's sex discrimination protections and the court explicitly endorsed the EEOC's reasoning in *Baldwin*.<sup>11</sup> A federal judge in *Isaacs v. Felder Services, LLC*, also incorporated this reasoning in October 2015 stating that "[t]o the extent that sexual discrimination occurs not because of the targeted individual's romantic or sexual attraction to or involvement with people of the same sex, but rather based on her or his perceived deviations from heterosexually defined gender norms, this, too is sex discrimination, of the gender-stereotyping variety."<sup>12</sup>

*Videckis* and *Isaacs* build on the 2014 determination in *Hall v. BNSF Railway Co.*, in which a federal judge allowed an LGBT plaintiff's sex discrimination claim under Title VII and the Equal Pay Act to proceed to the next step of litigation.<sup>13</sup> In *Hall*, a worker challenged the company's denial to provide healthcare coverage to a same-sex spouse when the coverage was available to workers with different-sex spouses. The judge explicitly provided that the plaintiff "experienced adverse employment action in the denial of spousal health benefit due to sex, where similarly situated females [married to males] were treated more favorably by getting the benefit." This 2014 decision echoed the holding in *Heller v. Columbia Edgewater Country Club*, a 2002 case in which the court clearly stated that an employer is engaged in unlawful discrimination if the employee would have been treated differently if she were a man dating a woman, instead of a woman dating a woman.<sup>14</sup>

A 2014 Seventh Circuit decision, *Muhammad v. Caterpillar, Inc.*, is also instructive. In this case, the plaintiff alleged that his co-workers subjected him to both racial and sexual harassment, including references and slurs related to his sexual orientation.<sup>15</sup> When the plaintiff informed his supervisor of the hostile work environment, he was suspended. The district court granted summary judgment for Caterpillar, relying on precedent that Title VII's protections from harassment only apply to gender and not sexual orientation. A Seventh Circuit panel upheld the decision and affirmed the lower court's interpretation that Title VII protections do not extend to sexual orientation discrimination. Although the Seventh Circuit later denied the plaintiff's motion for a panel rehearing, the panel, significantly, amended its original opinion by removing

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<sup>11</sup> 2015 WL 8916764 (C.D. Cal. Dec. 15, 2015).

<sup>12</sup> 2015 U.S. Dist. LEXIS 146663, at \*10 (M.D. Ala. Oct. 29, 2015) (internal quotation marks omitted).

<sup>13</sup> 2014 WL 4719007 (W.D. Wash. Sept. 22, 2014).

<sup>14</sup> 195 F. Supp. 2d 1212, 1223-24 (D. Or. 2002).

<sup>15</sup> Appeal No. 12-173 (7th Cir. 2014).

the explicit language stating that Title VII did not extend to discrimination based on sexual orientation. The ruling was affirmed on other grounds and no longer relies on Title VII's supposedly limited scope. This significant deletion illustrates an important shift in judicial reasoning and signals the increased viability of future claims based on sexual orientation in the context of Title VII.

We recognize that despite this clear legal trajectory, some may urge you to ignore these developments-- citing cases from the vault of Title VII's history as evidence of its well-settled limitations. In light of these detractors, we urge you to consider the EEOC's thorough review of this case law in *Baldwin*. The findings are compelling and reveal decades of judicial reluctance to engage in a legitimate analysis of the question and instead show a disturbing trend of unexamined reliance on dated decisions that, in some cases, even fail to reflect the current legal standard.<sup>16</sup> As the court in *Videckis* provided in December 2015, "The line between sex discrimination and sexual orientation discrimination is 'difficult to draw' because that line does not exist, save as a lingering and faulty judicial construct."

We appreciate the opportunity to provide this information. Should you have any questions regarding this letter please contact Robin Maril on my staff at (202) 423-2854.

Sincerely,



Sarah Warbelow  
Legal Director

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<sup>16</sup> The court in *Simonton v. Runyon*, for example summarily rejected each of the plaintiff's claims that the harassment and discrimination he experienced was prohibited discrimination on the basis of sexual orientation under Title VII. The Simonton court also relied on *DeSantis v. Pacific Tel. & Tel. Co.* to dismiss the plaintiff's claim concluding that Congress did not intend for Title VII protections to extend to sexual orientation-based discrimination. This 1979 case concluded that "Congress had only traditional notions of 'sex' in mind" when the 1964 Civil Rights Act was passed.