Shipping giant FedEx to pay $3 million to settle charges of hiring discrimination brought by US Department of Labor

Company will pay back wages and interest to more than 21,000 applicants rejected for jobs at 23 facilities in 15 states; reform hiring practices

WASHINGTON — The U.S. Department of Labor's Office of Federal Contract Compliance Programs today announced that it has entered into a conciliation agreement to resolve allegations of hiring discrimination by federal contractors FedEx Ground Package System Inc. and FedEx SmartPost Inc., both subsidiaries of Memphis, Tenn.-based FedEx Corp. The agreement concludes compliance reviews that spanned seven years and numerous FedEx facilities in multiple states, and includes the largest single financial settlement negotiated by OFCCP since 2004.

"We are committed to building an economy that lasts — one in which every qualified worker gets a fair shot to compete for jobs, and every employer plays by the same set of rules," said Secretary of Labor Hilda L. Solis. "This settlement is proof that we will aggressively protect workers, promote workplace diversity and enforce the laws governing federal contractors."

During a series of regularly scheduled reviews, OFCCP compliance officers found evidence that FedEx's hiring processes and selection procedures violated Executive Order 11246 by discriminating on the bases of sex, race and/or national origin against specific groups identified at 23 facilities in 15 states. The affected workers include men and women as well as African-American, Caucasian and Native American job seekers, as well as job seekers of Hispanic and Asian descent. The reviews also uncovered extensive violations of the executive order's record-keeping requirements.

Under the terms of the conciliation agreement, the companies will pay a total of $3 million in back wages and interest to 21,635 applicants who were rejected for entry-level package handler and parcel assistant positions at 22 FedEx Ground facilities and one FedEx SmartPost facility. FedEx also has agreed to extend job offers to 1,703 of the affected workers as positions become available. The 21,635 rejected job seekers represent one of the largest classes of victims of any case in OFCCP's history.

"Being a federal contractor is a privilege and means you absolutely, positively cannot discriminate, not when you are profiting from taxpayer dollars," said OFCCP Director Patricia A. Shiu. "Under this agreement, FedEx will have to really examine and revamp its hiring practices across the entire company. The American people ought to have confidence that one of our nation's most trusted brands will not tolerate discrimination."

In addition to the financial remedies and job offers, FedEx Ground has committed to wide-ranging reforms. The company has promised to correct any discriminatory hiring practices, develop and implement equal employment opportunity training, and launch extensive self-monitoring measures to ensure that all hiring practices fully comply with the law. FedEx Ground also has agreed to engage an outside consultant to perform an extensive review of the company's hiring practices and provide recommendations to change and improve those practices, to train incumbent and future supervisors and employees, and to monitor compliance with the equal employment opportunity laws enforced by OFCCP. Finally, the company will take necessary steps to comply with all record-keeping requirements.

FedEx Ground is based in Coraopolis, Pa. The 22 FedEx Ground facilities where OFCCP found violations are located in Sun Valley and Sacramento, Calif.; Tampa, Fla.; Ellenwood, Ga.; Carol Stream and Chicago, Ill.; Indianapolis and Jeffersonville, Ind.; Lenexa, Kan.; Livonia, Mich.; St. Paul, Minn.; South Hackensack, N.J.; Albany and Brooklyn, N.Y.; Greenville, N.C.; Addyston and Grove City, Ohio; Lewisberry, Pa.; Fort Worth, Houston and South Houston, Texas; and North Salt Lake City, Utah. OFCCP also conducted compliance evaluations at two FedEx Ground facilities in Phoenix, Ariz., and San Antonio, Texas, but found no violations.

FedEx SmartPost is based in New Berlin, Wis. The FedEx SmartPost facility where OFCCP found violations is located in Charlotte, N.C.

In addition to Executive Order 11246, OFCCP enforces Section 503 of the Rehabilitation Act of 1973 and the Vietnam Era Veterans' Readjustment Assistance Act of 1974. As amended, these three laws require those who do business with the federal government, both contractors and subcontractors, to follow the fair and reasonable standard that they not discriminate in employment on the basis of sex, race, color, religion, national origin, disability or status as a protected veteran. For general information, call OFCCP's toll-free helpline at 800-397-6251. Additional information is available at http://www.dol.gov/ofccp/.

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