

The Washington Post

EEOC suing Kaplan over alleged racial discrimination

By Zachary A. Goldfarb
Washington Post Staff Writer
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The Equal Employment Opportunity Commission on Tuesday sued The [Washington Post Co.](#)'s Kaplan Higher Education unit, alleging that it discriminated against black job applicants by refusing to hire people based on their credit histories.

The federal lawsuit alleges that Kaplan needlessly evaluated the credit histories of potential hires in a way that had a disparate negative impact on black job applicants. The commission said the practice has been in place since at least January 2008.

Although considering credit histories is not illegal, the commission asserts that the practice violates civil rights laws when it has the effect of discriminating on the basis of race and is not justified by the needs of the business.

Kaplan is an equal opportunity employer that conducts background checks on all potential employees, spokeswoman Michele Pore said, including credit histories for job applicants whose responsibilities touch on financial matters such as advising students on financial aid.

"This is not unusual," she said, adding that surveys show that many employers consult credit reports in making personnel decisions.

Pore said Kaplan would not acknowledge a violation of civil rights law and would not comment further.

The EEOC said it is seeking to stop the practice and win wages, benefits and offers of employment for people who were not hired by Kaplan because of the alleged wrongdoing. The commission said it tried to reach a settlement with Kaplan before filing suit.

"Employers need to be mindful that any hiring practice be job-related and not screen out groups of people, even if it does so unintentionally," said Debra Lawrence, the regional EEOC lawyer who is overseeing the suit against Kaplan.

The suit is the latest setback for Kaplan. The firm has gone in the past decade from being a leading provider of test-preparation materials and classes to one of the key players in the fast-growing for-profit higher education business.

Kaplan was bought by The Post Co. in 1984 and has become an important source of revenue and profit as the company's flagship newspaper has suffered financially in a broad industry decline.

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This year, Kaplan has faced allegations that its employees have given false information to prospective students to trick them into taking on federal loans to sign up for courses - ultimately leaving them mired in debt and without the skills needed to get good jobs.

Senior executives have acknowledged serious mistakes and promised to make protecting students a top priority.

Kaplan and other for-profit education providers are also facing tough new rules proposed by the Department of Education on student loans that could hurt their bottom lines.

The EEOC has expressed growing concern about firms using credit histories to judge job applicants. Chi Chi Wu, a lawyer with the National Consumer Law Center who spoke before the commission in October, said that the use of credit histories created a Catch-22 for many job applicants.

"You can't reestablish your credit if you can't get a job, and you can't get a job if you've got bad credit," she said.

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