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Filing a Charge with EEOC is the First Step that a Worker Must Take to Initiate Litigation under Federal Employment Discrimination Laws.

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RCEU 2016 Final Proposal

Faculty or Researcher Mentor

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Project Summary

Filing a charge with the EEOC is the first step that a worker must take to initiate litigation under federal employment discrimination laws. Thus, surges in EEOC charge filings are harbingers of surges in employment litigation discrimination. Understanding what factors drive these upswings is important because many of the costs of both EEOC regulatory action and employment discrimination litigation are borne by society as a whole. The proposed project will be the third paper in a line of research examining the determinants of the volume of EEOC charge filing, which I am conducting together with Prof. Cynthia Gramm and Prof. John Schnell in the College of Business. Our first paper focused on testing propositions pertaining to cyclical and temporal fluctuations in EEOC charge filings using both quarterly national-level data and quarterly state-level panel data. The second focused on EEOC charge filings by disabled workers, and how they have been affected by, first, the passage of the ADA and the ADEA, and then by subsequent Supreme Court decisions clarifying the legislation.

In the proposed research project, we hope to isolate the effect of a pure reduction in the workforce (i.e. layoffs) on EEOC charge filings and to parse out the extent to which it is driven by employer choices versus worker choices. To do this, we need a data base with the following features:

1. Data on EEOC charge filings that distinguish EEOC charge filings brought by workers who have lost their jobs from EEOC charge filings brought by workers who remain employed; and
2. Data on an exogenous measure of demand for labor.
3. Data on control variables suggested by our theoretical model.

We can achieve this by constructing a panel data base on EEOC charge filings by laid-off and still-employed workers in federal agencies by year, along with an exogenous measure of labor demand for each agency and control variables. We have already obtained information on annual EEOC charge filings by agency and year from which we can construct separate measures, for laid-off and still-employed workers, respectively, of the number of charges brought by employees of the i^{th} agency in the t^{th} year. These measures will be our dependent variables. We intend to use information on the budget allocations to each agency as our exogenous measure of agency demand for labor. A federal agency's budget is determined in Congress, by the committee that oversees it. We hypothesize that committee members and chairpersons who have a longer tenure will be better able to direct more funds towards agencies with a significant employment presence in their districts. Note that while a representative or senator's choice of committee is unlikely to be exogenous – they are likely to seek membership on committees of particular interest to their constituents – their tenure is more likely exogenous. We can therefore exploit this as an exogenous source of variation in a federal agency's budget and employment levels. For example, we would expect a Congressman with a high level of seniority to direct more funds towards agencies with a significant presence in their state, while the effect on agencies without a significant presence in their state would be unknown *ex ante* and is likely to depend on the Congressman's ideology. We can control for their ideology using the newest version of the DW-Nominate data set. (Poole and Rosenthal, 1985). We have collected data on Congressional

committees for the relevant time period, along with locations of federal agency offices, and budget allocations to each agency. We now need to gather the data linking all federal agencies to the relevant overseeing committee.

The probability of filing an EEOC charge in time is the probability that the lifetime utility after filing a charge is greater than the lifetime utility of not filing a charge, and is increasing in the expected value of compensation. This in turn is a function of the treatment of the employee by the employer, and the various factors that may impact this treatment – employers may feel more able to indulge their latent tastes for discrimination when labor markets are slack, for example. The probability of observing a certain number of EEOC filings in a population of size n therefore, follows a binomial distribution with mean np . With a sufficiently large population, a small enough number of EEOC filings, and unobserved heterogeneity, potentially leading to over-dispersion, EEOC filings follow a negative binomial distribution, so we will use negative binomial estimation techniques with the number of filings as a dependent variable and the agency's budget allocation as a treatment variable, which in turn is determined by the Congressional committee's seniority, which we assume is exogenous to the level of hiring in the agency.

Student Prerequisites

The student will need to be comfortable with Microsoft Excel and have had some course work in probability and/or statistics. Most importantly, the student should be in good academic standing, be diligent, and attentive to detail. This would be an ideal Honors thesis project, and so we request Honors thesis priority.

Student Duties

The student will collect and enter data on federal agencies and the committees that oversee them, and will link that data with the data on budgets and committee membership that has already been collected. Next, we will teach the student how to analyze the data using a statistical package---either R or Stata. The student will gain hands-on experience with data management, cleanup, and analytics far beyond what can be expected in an undergraduate class. These are extremely valuable skills, both in the business world and in graduate school. The deliverables over the 10-week period will be as follows:

Weeks 1-3: Collect federal agency data

Begin learning statistical package

Weeks 4-6: Merge data sets and clean up data

Weeks 7-10: Perform panel data regression analysis, with guidance from faculty member

Mentor Supervision & Interaction

The student will be given space to work in the College of Business, most likely in the Digital Marketing Lab. This physical proximity will allow for regular interaction as we instruct and guide the student on using statistical software and teach them what they need to know about panel data modeling. Additionally, there will be a weekly meeting to go over progress towards deliverables, and for the faculty mentors to answer any questions as needed. The student will work using their own computer, but the data will be stored in a Dropbox folder that everyone will have access to, for joint work. The student will work primarily with Prof. Wafa Hakim Orman, and also with Prof. Cynthia Gramm and Prof. John Schnell.