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Outsourcing Leave Administration Doesn't Outsource Liability: The EEOC's Butterball Lawsuit

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The use of third-party vendors to administer leave and benefits programs is common among employers. However, a recent Equal Employment Opportunity Commission ("EEOC") lawsuit serves as a reminder that, even when a vendor handles the paperwork, the employer remains legally responsible if an employee's request for leave as a reasonable accommodation is mishandled.

On March 31, 2026, the EEOC sued Butterball, LLC in the U.S. District Court for the Eastern District of North Carolina, alleging violations of the Americans with Disabilities Act ("ADA"). According to the complaint, a long-term employee at Butterball's turkey processing facility informed the company in August 2023 that she had been diagnosed with breast cancer and needed intermittent leave to receive and recover from chemotherapy treatments. The company directed her to its third-party benefits administrator.

The EEOC alleges that the leave request was never properly opened. Instead, the employee was passed between departments within the administrator's system while Butterball's no-fault attendance policy continued to assess points for each treatment-related absence, despite her submission of doctor's notes. She received a final attendance warning in early September 2023, was removed from the schedule days later, and was terminated for attendance on September 13.

The EEOC further alleges that no one informed her of the termination; she only learned of it when she reported to work on September 18 and her badge did not scan, preventing her from accessing the facility. She then met with an HR representative who informed her that she had been terminated, despite her having provided another doctor's note confirming her disability and need for leave.

EEOC's Position Under the ADA

The EEOC's theory is straightforward: intermittent leave and exceptions to a no-fault attendance policy may constitute reasonable accommodations under the ADA, and an employer cannot avoid its obligations by relying on a vendor's processing failure. As the EEOC's Regional Attorney explained, even when an employer uses a third-party benefits administrator, "the employer remains responsible for complying with anti-discrimination law." While the allegations will be tested in court, the EEOC's message is clear.

Key Takeaway for Employers

Delegating leave or benefits administration to a vendor does not delegate legal responsibility.

Employers should:

- Ensure HR and third-party administrators communicate regularly regarding pending requests, approved leave, and return-to-work dates
- Audit vendor processes and follow up on unresolved or delayed requests
- Build flexibility into no-fault attendance policies so that legally protected absences are not counted as violations
- Confirm that any leave request has been properly processed before taking disciplinary action, including termination

Before terminating any employee who has requested or taken leave, employers should confirm that the request was properly handled, that the documentation supports the decision, and that counsel has been consulted.

How Wilentz Can Help

If your company relies on a third-party vendor to manage leave or attendance policies, now is the time to confirm those processes are compliant. The Employment Law Team at Wilentz can review your policies, vendor arrangements, and termination practices to help reduce risk and ensure ADA compliance. Call us today to schedule a consultation.

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