



Reply to the Attention of:

CONCILIATION AGREEMENT
BETWEEN
THE U.S. DEPARTMENT OF LABOR
OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS
AND
CHILDREN'S SPECIALIZED HOSPITAL
150 NEW PROVIDENCE ROAD
MOUNTAINSIDE, NEW JERSEY 07092
OFCCP CASE NO. R00142558

PART I: General Provisions

1. This Agreement is between the Office of Federal Contract Compliance Programs (hereinafter OFCCP) and Children's Specialized Hospital, 150 New Providence Road, Mountainside, NJ 07092 (hereinafter CSH).
2. The violations identified in this Agreement were found during a compliance review of CSH which began on September 12, 2007, and were specified in a Notice of Violations issued July 15, 2010. OFCCP alleges that CSH violated Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212) and implementing regulations at 41 CFR Chapter 60 due to the specific violations cited in Part II below.
3. This Agreement does not constitute an admission by CSH of any violation of the Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212) and implementing regulations.
4. The provisions of this Agreement will become part of CSH's Affirmative Action Program. Subject to the performance by CSH of all promises and representations contained herein and its AAP, all named violations in regard to the compliance of CSH with all OFCCP programs will be deemed resolved. However, CSH is advised that the commitments contained in this Agreement do not preclude future determinations of noncompliance based on a finding that the commitments are not sufficient to achieve compliance.

5. CSH agrees that OFCCP may review compliance with this Agreement. As part of such review, OFCCP may require written reports, inspect the premises, interview witnesses, and examine and copy documents, as may be relevant to the matter under investigation and pertinent to CSH's compliance. CSH shall permit access to its premises during normal business hours for these purposes.
6. Nothing herein is intended to relieve CSH from the obligation to comply with the requirements of the Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212), and implementing regulations, or any other equal employment statute or executive order or its implementing regulations.
7. CSH agrees that there will be no retaliation of any kind against any beneficiary of this Agreement, or against any person who has provided information or assistance, or who files a complaint, or who participates in any manner in any proceedings under Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (38 U.S.C. 4212).
8. This Agreement will be deemed to have been accepted by the Government on the date of signature by the Regional Director for OFCCP, unless the Director, OFCCP indicates otherwise within 45 days of the Regional Director's signature of this Agreement.
9. If at any time in the future, OFCCP believes that CSH has violated any portion of this Agreement during the term of this Agreement; CSH will be promptly notified of that fact in writing. This notification shall include a statement of the facts and circumstances relied upon in forming that belief. In addition, the notification will provide CSH with 15 days from receipt of the notification to respond in writing except, where OFCCP alleges that such a delay would result in irreparable injury.

Enforcement proceedings for violation of this Agreement may be initiated at any time after the 15-day period has elapsed (or sooner, if irreparable injury is alleged) without issuance of Show Cause Notice.

Where OFCCP believes that CSH has violated this Conciliation Agreement, OFCCP may seek enforcement of this Agreement itself and shall not be required to present proof of the underlying violations resolved by this Agreement.

Liability for violation of this Agreement may subject CSH to sanctions set forth in Section 209 of the Executive Order 11246, 41 CFR 60-300.66, and 41 CFR 60-741.66 and/or other appropriate relief.

PART II: Specific Provisions

1. **VIOLATION:** CSH failed to compensate three (3) minorities in the Desktop Support Analyst, HIMS Generalist, and Stores/Receiving Clerk job titles, respectively, commensurate with similarly situated non-minorities. This is a disparate treatment finding based on race. The class was defined through an applied statistical formula designed to identify minorities who would have earned higher pay rates but for their minority status, which violates 41 CFR 60-1.4(a) (1).

Specifically, based on its "Compensation Manual, Pay Program," CSH did not provide an equitable starting salary to a minority who possessed more than the minimum qualifications for the Desktop Support Analyst position; also, CSH did not provide the total percentage salary adjustment to a minority who was promoted one (1) pay grade higher to the HIMS Generalist position; and CSH did not provide the total percentage salary adjustment to a minority who was promoted two (2) pay grades higher to the Stores/Receiving Clerk position.

REMEDY:

CSH will immediately modify its compensation system in order to eliminate the disparity between minority and non-minority incumbents in Desktop Support Analyst, HIMS Generalist and Stores/Receiving Clerk positions. Within forty-five (45) days from the Effective Date of this Conciliation Agreement (the Effective Date being the date of the Regional Director's signature), CSH will remit back wages plus interest and salary adjustments in the amount of \$31,323.19 to three (3) minority incumbents as described below:

- a. Pay (b) (7) (c) back wages in the amount of \$13,687.20, interest in the amount of \$1,288.70, and a salary adjustment in the amount of \$5,803.20; pay (b) (7) (c) back wages in the amount of \$2,218.00, interest in the amount of \$282.30, and a salary adjustment in the amount of \$6,011.20; and pay (b) (7) (c) back wages in the amount of \$1,859.12, and interest in the amount of \$173.47. Interest rates were calculated using the Internal Revenue Service's underpayment formula.

The salary adjustment implemented by CSH for (b) (7) (c) represents a 13.14% internal equity increase retroactive to January 1, 2010; and the salary adjustment implemented by CSH for (b) (7) (c) represents a 22% increase retroactive to January 10, 2010. The salary adjustment implemented by CSH for (b) (7) (c) was included in the back pay calculation reflecting a 10% increase when promoted two (2) pay grades higher, which is consistent with the CSH Compensation Manual, Pay Program.

The back pay wages, interest and salary adjustments are listed in Attachment 1.

- b. Provide OFCCP with documentation of the cancelled checks issued to (b) (7) (c) (b) (7) (c). In addition, CSH will provide verification of the wage adjustments for (b) (7) (c).

Additionally, CSH commits to an amount of at least \$2,500.00 for training to its human resource managers and other employees who participate in compensation decision-making.

2. **VIOLATION:** During the prior AAP year July 1, 2008 through June 30, 2009 and the current AAP year July 1, 2009 through June 30, 2010, CSH failed to include an Equal Employment Opportunity clause in its entirety or by reference in its subcontracts and purchase orders with its subcontractors, as required by 41 CFR 60-1.4, 41 CFR 60-300.5 and 41 CFR 60-741.5.

REMEDY: Effective within fifteen (15) days from the Effective Date of this Conciliation Agreement, CSH shall include the required Equal Employment Opportunity clause in its subcontracts and purchase orders, either in its entirety or by reference.

3. **VIOLATION:** During the prior AAP year July 1, 2008 through June 30, 2009 and the current AAP year July 1, 2009 through June 30, 2010, CSH failed to undertake appropriate outreach and positive recruitment activities that are reasonably designed to effectively recruit qualified special disabled veterans, veterans of the Vietnam Era, Armed Forces service medal veterans, and qualified individuals with disabilities as required by 41 CFR 60-300.44(f) and 41 CFR 60-741.44(f). Specifically, CSH did not provide documentation that it sent job vacancy announcements to recruitment sources for special disabled veterans, covered veterans or qualified individuals with disabilities. In addition, CSH did not provide documentation that it sent written notification of its affirmative action policy to all subcontractors, vendors and suppliers, requesting appropriate action on their part.

REMEDY: Effective immediately, CSH will begin to undertake appropriate outreach and positive recruitment activities designed to recruit covered veterans, qualified special disabled veterans and qualified individuals with disabilities. CSH will continue to solicit the assistance and support of the following organizations by sending their job vacancy announcements to:

DIVISION OF VOCATIONAL REHABILITATION SERVICES/UNION COUNTY
ATTN: John Moreno, Manager
65 Jefferson Avenue
Elizabeth, NJ 07201
Telephone: 908-820-3132

UNION COUNTY OFFICE FOR THE DISABLED
ATTN: Charles Newman, Director
County Administration Building
Elizabeth Town Plaza – 4th Floor
Elizabeth, NJ 07207
Telephone: 908-527-4840

UNION COUNTY ONE-STOP CAREER CENTER
ATTN: Donna Westbrook, Manager
921 Elizabeth Avenue
Elizabeth, NJ 07201
Telephone: 908-821-3181

FUTURE CONDUCT: CSH commits that the above violations will not recur.

PART III: Reporting

In order for OFCCP to monitor CSH's progress toward fulfilling the provisions of this Agreement, CSH shall submit the four (4) specific reports identified below.

CSH shall send each report to:

District Director Vincent T. Whipple
U. S. Department of Labor
Office of Federal Contract Compliance Programs
Mountainside District Office
Diamond Head Building
200 Sheffield Street, Room 102
Mountainside, New Jersey 07092
Attn: Assistant District Director Toxi Roane

Report 1 is due thirty (30) days from the Effective Date of this Agreement and will include:

- Documentation of the inclusion of the Equal Employment Opportunity clause in CSH's subcontracts/purchase orders.

Report 2 is due seventy-five (75) days from the Effective Date of this Agreement and will include:

- Documentation of back payments provided to the three (3) minority employees as specified in subparagraph a. of the Remedy to Violation 1. The documentation must include copies of all checks disbursed by CSH to (b) (7) (c) (b) (b) (7) (c) Also, documentation to verify the wage adjustments for (b) (b) (7) (c)

- A detailed summary of how CSH has modified its compensation system in order to eliminate the disparity between minority and non-minority incumbents in Desktop Support Analyst, HIMS Generalist, and Stores/Receiving Clerk positions.

Report 3 is due one hundred-thirty five (135) days from the Effective Date of this Agreement and will include:

- Copies of canceled checks disbursed by CSH to (b) (7) (c) (b) (7) (c), or other equivalent documentation verifying that these three (3) minority employees were paid.

Report 4 is due August 31, 2011 and will include:

- For the time period of August 1, 2010 through July 31, 2011, a compensation spreadsheet of all employees who held Desktop Support Analyst, HIMS Generalist, and Stores/Receiving Clerk positions during this period to include name, race, date-of-hire, current job title, date-in-current-job, previous job titles, current hourly rate, shift, and part-time/full-time status.
- Documentation that CSH provided training to its human resource managers and other employees who participate in compensation decision-making. This documentation must identify the time and place of all training, name and job title of all persons attending the training; subject matter discussed relative to the company's compensation administration system and policy; and the identity of the trainer(s).
- For the time period of August 1, 2010 through July 31, 2011, documentation of CSH's outreach and positive recruitment activities designed to recruit persons with disabilities, special disabled veterans, Vietnam Era veterans, recently separated veterans and other protected veterans; along with a report on the number of referrals/responses and the number of hires, providing for the hires, to the extent known, the number of Vietnam Era and other veterans covered under OFCCP's regulations.

CSH shall retain all records pertinent to the violations resolved by this Conciliation Agreement and the reports submitted under it (including the underlying data/information upon which the reports are based) until the expiration date of this Conciliation Agreement or consistent with regulatory timeframes, whichever is later.

Termination Date:

The termination date of this Agreement shall be sixty (60) days from the submission of the final progress report or if compliance is not accomplished by that date, then this Agreement shall remain in full force and effect until compliance is achieved.

PART IV: Signatures

This Conciliation Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and Children's Specialized Hospital, 150 New Providence Road, Mountainside, New Jersey.

(b) (7) (c)

AMY MANSUE
Chief Executive Officer
Children's Specialized Hospital
Mountainside, New Jersey

DATE: 7/26/2010

(b) (7) (c)

MICHELE HODGE
Acting Regional Director for OFCCP
Northeast Region

DATE: 7/30/2010

(b) (7) (c)

TOXI ROANE
Assistant District Director
Mountainside District Office
OFCCP – Northeast Region

DATE: 7/27/10

(b) (7) (c)

VINCENT T. WHIPPLE
District Director
Mountainside District Office
OFCCP – Northeast Region

DATE: 07.27.10

ATTACHMENT 1

Name	Back Pay	Interest	Back Pay plus Interest	Salary Adjustment	Total Settlement (excludes training monies)
(b) (7) (c)	\$13,687.20	\$1,288.70	\$14,975.90	\$ 5,803.20	\$20,779.10
	\$ 2,218.00	\$ 282.30	\$ 2,500.30	\$ 6,011.20	\$ 8,511.50
	\$ 1,859.12	\$ 173.47	\$ 2,032.59	-	\$ 2,032.59
TOTALS	\$17,764.32	\$1,744.47	\$19,508.79	\$11,814.40	\$31,323.19