

CONCILIATION AGREEMENT

Between

**U.S. DEPARTMENT OF LABOR
OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS**

and

**BANNER BAYWOOD MEDICAL CENTER
6644 East Baywood Avenue
Mesa, Arizona 85206**

PART I: GENERAL PROVISIONS

1. This Agreement is between the U.S. Department of Labor, Office of Federal Contract Compliance Programs (hereinafter "OFCCP") and Banner Baywood Medical Center (hereinafter "Banner Baywood") located at 6644 East Baywood Avenue, Mesa, Arizona.
2. The violation identified in this Agreement was found during a compliance evaluation of Banner Baywood, which began on April 23, 2010 and was specified in a Notice of Violation issued on August 8, 2011. OFCCP alleges that Banner Baywood has violated Executive Order 11246, as amended, and implementing regulations at 41 CFR Chapter 60 due to the specific violation cited in Part II below.
3. This Agreement does not constitute an admission by Banner Baywood of any violation of Executive Order 11246, as amended, and implementing regulations.
4. The provisions of this Agreement will become part of Banner Baywood's Affirmative Action Program (hereinafter "AAP"). Subject to the performance by Banner Baywood of all promises and representations contained herein and in its AAP, all named violations in regard to the compliance of Banner Baywood with all OFCCP programs will be deemed resolved. However, Banner Baywood is advised that the commitments contained in this Agreement do not preclude future determinations of noncompliance based on a finding that commitments are not sufficient to achieve compliance.
5. Banner Baywood 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 Banner Baywood's compliance. Banner Baywood shall permit access to its premises during normal business hours for these purposes.

6. Nothing herein is intended to relieve Banner Baywood from the obligation to comply with the requirements of Executive Order 11246, as amended, and/or Section 503 of the Rehabilitation Act of 1973, as amended, and/or 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. Banner Baywood 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 proceeding under Executive Order 11246, as amended, and/or Section 503 of Rehabilitation Act of 1973, as amended, and/or 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 District Director, unless the Regional Director or the Director for Federal Contract Compliance indicates otherwise within 45 days of the District Director's signature on this Agreement.
9. If at any time in the future OFCCP believes that Banner Baywood has violated any portion of this Agreement during the term of this Agreement, Banner Baywood will be promptly notified of that fact in writing. This notification will include a statement of the facts and circumstances relied upon in forming that belief. In addition, the notification will provide Banner Baywood with 15 days from receipt of the notification to respond in writing, except where OFCCP alleges that such 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 issuing a Show Cause Notice.

Where OFCCP believes that Banner Baywood 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 Banner Baywood to sanctions set forth in Section 209 of the Executive Order, and/or other appropriate relief under OFCCP's regulations.

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PART II: SPECIFIC PROVISIONS

VIOLATION: On August 8, 2011, OFCCP issued a Notice of Violation stating that in violation of 41 CFR 60-1.4(a) (1), Banner Baywood failed to ensure the factors used to determine compensation were uniformly applied without regard to race in the RN job title as of January 1, 2010. Specifically, OFCCP's analysis suggested that Banner Baywood's pay practices appeared to cause discrimination against the Hispanic and White RNs listed in Attachment A of this Notice, when compared to Asian RNs. The difference in compensation, when accounting for the factors Banner Baywood originally provided as relevant to the RN's pay, appeared to be statistically significant at greater than two standard deviations.

REMEDY: Prior to the Notice of Violation being issued, Banner Baywood provided multiple versions of its compensation data. After the Notice of Violation was issued, OFCCP conducted refined analyses of Banner's final data submission, which eliminated the discriminatory finding. However, because of OFCCP's scrutiny, Banner identified two individuals who were not paid increases consistent with Banner's policy for completing advanced education. As a result, on January 22, 2011, Banner Baywood provided \$7,439.10 in combined back pay and \$3,328.00 in combined annual salary adjustments, as reflected in the table below, to (b) (7)(C) and (b) (7)(C). (b) (7)(C) hourly salary was increased (b) (4) per hour and (b) (7)(C) was increased (b) (4) per hour.

Affected Individual	Race/Gender	Back Pay	Annualized Salary Adjustment
(b) (7)(C)		\$2,685.19	\$1,310.40
		\$4,753.91	\$2,017.60

Banner Baywood admits this pay discrepancy was caused by two managers who did not fulfill their duties to provide out of cycle pay updates once employee educational requirements were fulfilled. In response to this error, Banner Baywood provided coaching to each of the supervisors, which included clarification of the update guidelines.

PART III: REPORTING

Banner Baywood agrees to retain records and submit one progress report, pertinent to this Agreement, to the U.S. Department of Labor, Office of Federal Contract Compliance Programs, Phoenix District Office, 230 North 1st Avenue, Suite 503, Phoenix, Arizona 85003. The reporting period and due date for the progress report is outlined below:

Covered Period

April 1, 2012 – March 31-2013

Due Date

April 30, 2013

The progress report will contain the following:

1. Evidence that Banner Baywood conducted training on the uniform application of compensation policies to each employee responsible for compensation related updates. This evidence shall include the individual(s) name(s), and date(s) of training.
2. Evidence that Banner performed an analysis of its compensation practices and revised policies and procedures, where necessary; to further ensure all compensation decisions are made on a non-discriminatory basis.

TERMINATION DATE: This Agreement shall remain in full force and effect until May 31, 2013, or until OFCCP's written acceptance of the progress report, whichever date is later.

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PART IV: SIGNATURES

This Agreement is hereby executed by and between the Office of Federal Contract Compliance Programs and Banner Baywood Medical Center, located at 6644 East Baywood Avenue, Mesa, Arizona 85206.

DATE: MARCH 30, 2012

(b) (7)(C), (b) (6)

ED OXFORD
Senior Vice President, Chief Talent Officer
Banner Baywood Medical Center
6644 East Baywood Avenue
Mesa, Arizona 85206

DATE: April 2, 2012

(b) (7)(C), (b) (7)(E)

Senior Compliance Officer
Office of Federal Contract
Compliance Programs
Phoenix District Office

DATE: April 2, 2012

(b) (7)(C), (b) (6)

THERESA G. LUJAN
Assistant District Director
Office of Federal Contract
Compliance Programs
Phoenix District Office

DATE: April 2, 2012

(b) (7)(C), (b) (6)

MARVIN R. JORDAN
District Director
Office of Federal Contract
Compliance Programs
Phoenix District Office