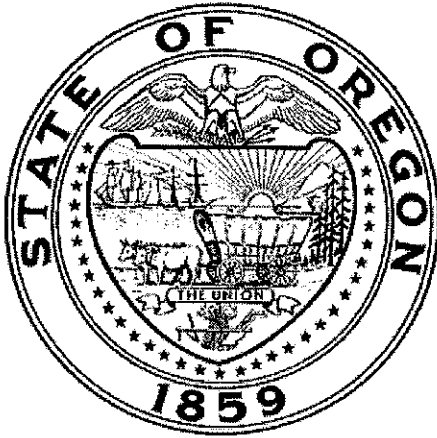


2009 - 2011
COLLECTIVE BARGAINING AGREEMENT



BETWEEN
THE DEPARTMENT OF
ADMINISTRATIVE SERVICES,
ON BEHALF OF THE STATE OF
OREGON

AND



SERVICE EMPLOYEES
INTERNATIONAL UNION
LOCAL 503, OREGON PUBLIC
EMPLOYEES UNION:
LICENSE-EXEMPT FAMILY
CHILD CARE PROVIDERS

As a result of ORS 657A.430 (6) (b) (SB 788) Representation of Subsidized License-Exempt Family Child Care Providers

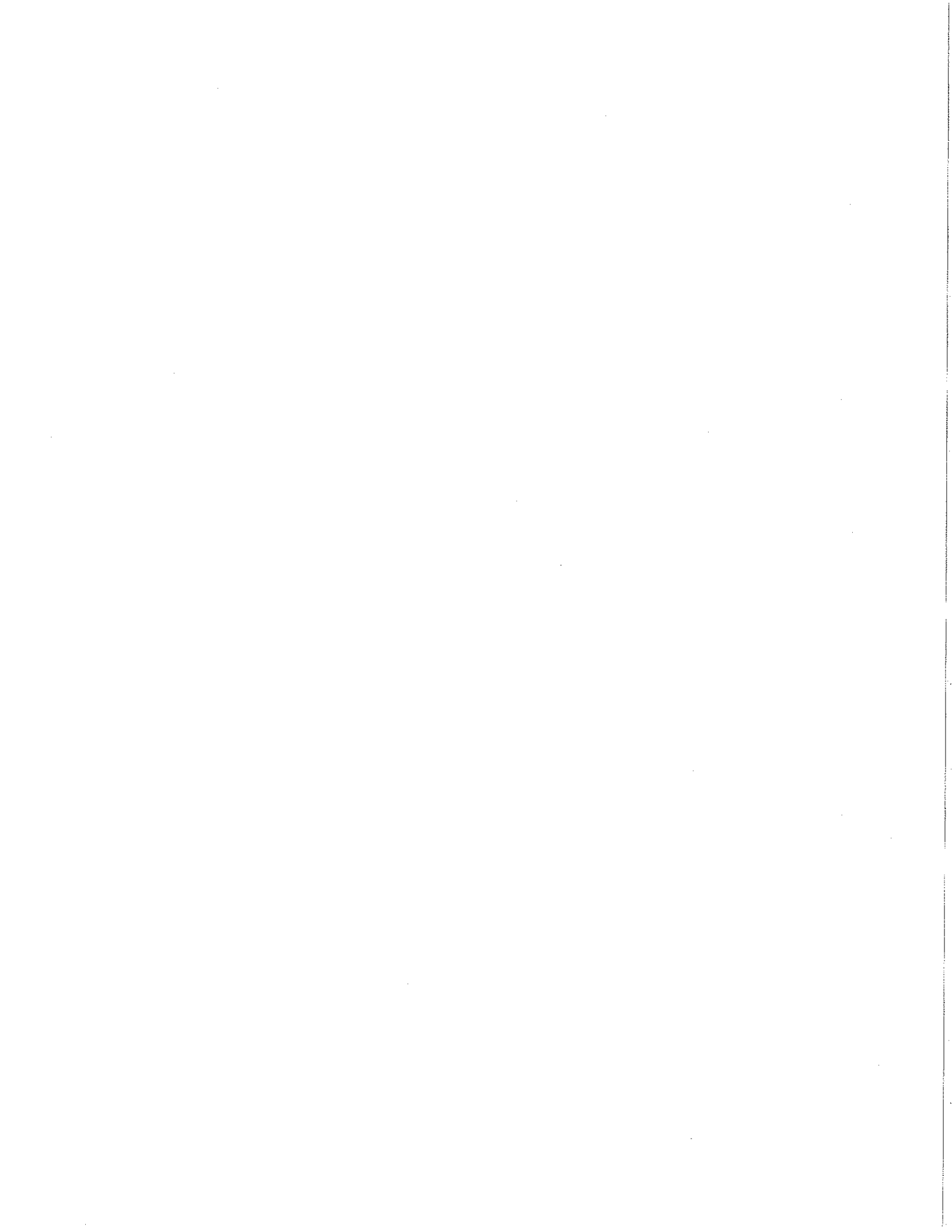


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PREAMBLE

As signatories to this document, Service Employees International Union Local 503, Oregon Public Employees Union (known hereafter as Union) and the State of Oregon, through the Department of Administrative Services (known hereafter as the State), agree that the Oregon Employment Department, Child Care Division (CCD) and Oregon Department of Human Services (DHS), known hereafter as Agencies agree to work together in partnership to build a child care system that respects providers, empowers working families, and promotes safe, healthy development of children. Agencies recognize and value the important contribution that license-exempt providers make in the lives of families who receive the DHS child care subsidy. In particular, Agencies recognize that license-exempt child care fills a need for flexibility that sometimes cannot be met in other settings.

ARTICLE 1 - PARTIES TO THE AGREEMENT

This Agreement is between the State of Oregon acting by and through the Department of Administrative Services (State) and the Service Employees International Union Local 503, Oregon Public Employees Union on behalf of all exempt family child care providers in the State pursuant to ORS 657A.430(6)(b).

ARTICLE 2 - RECOGNITION

The State recognizes the Union as the sole and exclusive representative for all license-exempt family child care providers participating in the subsidy program for purposes of engaging in collective bargaining negotiations pursuant to ORS 657A.430(3).

There is intended to be no overlap among this population of licensed-exempt child care providers and the population of certified and registered family child care providers covered in ORS 657A.430(6)(b). Should a license-exempt family child care provider participating in the subsidy program become certified or registered, the American Federation of State, County and Municipal Employees (AFSCME) will be recognized as the representative for that provider and that provider will not be covered by this Agreement. Should a certified or registered provider participating in the subsidy program become license-exempt, the Union will be recognized as the representative for that provider.

ARTICLE 3 - TERM OF AGREEMENT

Section 1.

- A. This Agreement shall become effective on July 1, 2009, or such later date as it receives full acceptance by the Parties, and expires June 30, 2011, except where specifically stated otherwise in the Agreement.
- B. Either Party may give written notice no less than one hundred and eighty (180) days prior to the expiration of this Agreement.
- C. Negotiations shall commence at a mutually agreeable date after receipt of such notice.

Section 2. This Agreement shall not be opened during its term except by mutual agreement of the parties, by proper use of the Separability, or otherwise specified in this Agreement.

ARTICLE 4 - SEPARABILITY

In the event that any provision of this Agreement is at any time declared invalid by any court of competent jurisdiction, declared invalid by final Employment Relations Board (ERB) order, made illegal through enactment of federal or state law or through government regulations having the full force and effect of law, such action shall not invalidate the entire Agreement, it being the express intent of the Parties hereto that all other provisions not invalidated shall remain in full force and effect. The invalidated provision shall be subject to re-negotiation by the Parties within a reasonable period of time from either Party's request.

ARTICLE 5 - PROVIDER ORIENTATION AND TRAINING

Section 1. Orientations. To ensure that providers understand how the DHS child care subsidy program operates and are aware of the roles and responsibilities of providers, DHS shall hold orientations for providers.

The orientations shall include but not be limited to information on DHS listing and billing processes, subsidy rates based on zip code, and co-payments, tax information resources and available training.

Section 2. Union Notice and Presentation. The Union will be notified at least ten (10) working days in advance of the orientation to be provided an opportunity to make a thirty (30) minute presentation about the organization, representational status, Union benefits and to distribute and collect Union membership applications during the first thirty (30) minutes or last thirty (30) minutes of the scheduled orientation and license-exempt specific trainings.

Section 3. Training. Within available funds, Agencies and Union will work with the child care training system to make training accessible and affordable for license-exempt providers participating in the subsidy program.

Agencies will provide an on-line training calendar reflecting dates, times and locations of child care provider training.

Eligible providers will have the cost of approved class fees and required materials covered and shall receive a stipend for costs associated with transportation and substitute care for the completion of approved training, including the Union's thirty (30) minute presentation.

Section 4. Training Quality Committee. Recommendations approved by Union's training committee shall be presented to the Training Quality Committee and other training

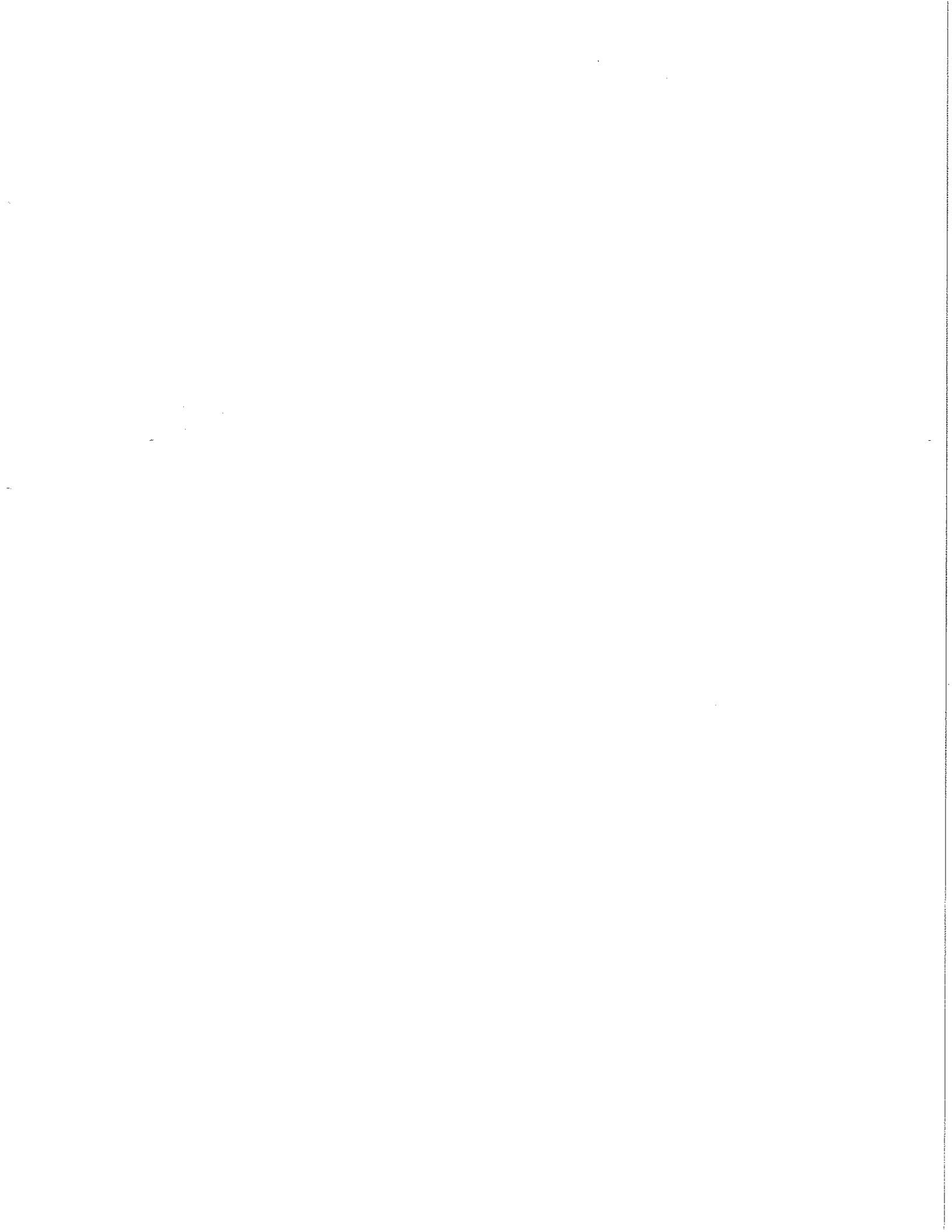
committees for response and/or action. Agencies will pay for up to two (2) Union represented providers to attend the Training Quality Committee (substitute care and mileage).

Upon request, Agencies will provide representatives when available to attend Union committee meetings to hear concerns and assist with recommendations for the Training Quality Committee or appropriate subcommittee.

Agencies and Union shall continue to work with the statewide Child Care Resources and Referral system to maintain a range of trainings specifically targeted to license-exempt providers receiving the DHS subsidy as long as funding is available pursuant to Section 3 above.

ARTICLE 6 - RULES, NOTICES, AND LISTS OF PROVIDER INFORMATION

- A. DHS will provide updates to its manual. Union will receive notice of Agencies' proposed rulemaking as an interested party.
- B. Union will receive copies from DHS of general information notices that are sent to all child care providers such as the "Notice of Cost of Living Increases".
- C. DHS will provide Union on a monthly basis in a mutually acceptable electronic format, a listing of all license-exempt providers in active status in the provider payment system. The list will include the provider's name, gender, year of birth, address, phone number, DHS provider number, the provider's original listing date as noted in the provider payment system, number of hours paid per child, the amount of subsidy paid and all applicable deductions unless prohibited by law.



ARTICLE 7 - PAYMENT TIMELINES, ACCURACY AND OVERPAYMENTS

Section 1. Timely Payments. DHS will maintain a procedure that provides for the issuance of subsidy checks within four (4) working days of the proper submission of a completed voucher by the provider.

Section 2. Direct Deposit. DHS shall maintain a procedure for direct deposit of subsidy checks. The provider shall submit a written request and proper bank information to receive direct deposit within sixty (60) calendar days from the receipt of the provider's request.

Section 3. Accurate Payments. The Agency will work with Union to increase the accuracy of payments made to providers including but not limited to the following:

- DHS will provide materials and information to providers in order to increase the submission of accurate billing forms on the part of providers.
- DHS will review its processes and make necessary changes in order to minimize errors caused by the agency.

Section 4. Overpayments.

- A. If an overpayment is made to a provider due to an error on the part of the agency, that overpayment will be collected or recouped at no more than five percent (5%) of the provider's subsidy payment until paid in full.
- B. For overpayments not caused by agency error, payment may be collected or recouped in full immediately where possible. A repayment arrangement may be made if all of the following criteria are met:

- The overpayment is determined to be caused by provider error.
- The provider has been providing care subsidized by DHS for 12 consecutive months.
- The provider must have a reasonable financial hardship which impacts the provider's ability to continue to provide child care.
- The provider must have infrequent occurrences of overpayment.

Section 5. If all of the above criteria are met, monthly payments would be set at \$50 minimum or 10 percent (10%) of the overpayment amount, whichever is highest, and deducted from future subsidy payments. Payment is negotiated in full so payment is made within the shortest amount of time but no longer than 10 months.

Section 6. It shall not be considered a provider error if a provider cares for a child whose care has been authorized by the state even if the child's parent is later found not to be eligible for subsidy. In this event, the over payment shall not be recouped from the provider.

Section 7. Exceptions may be made on a case by case basis based upon demonstrated hardship.

ARTICLE 8 - LEGISLATIVE ACTION

Section 1. All provisions of this Agreement not requiring legislative funding or statutory changes shall be implemented on the effective date of this Agreement or as otherwise specified herein.

Section 2. Any provisions requiring legislative funding or statutory changes shall not become effective until the appropriate legislative body has given approval.

Section 3. If the appropriate legislative body fails to adopt the submitted affected state agency's legislative package, the State shall immediately meet with Union to renegotiate the affected portion(s) of this Agreement within thirty (30) calendar days from the knowledge of the legislative body's failure to adopt.

ARTICLE 9 - GRIVANCE PROCEDURE

Section 1. Grievances are defined as acts, omissions, applications, or interpretations alleged to be violations of the terms or conditions of this Collective Bargaining Agreement.

Section 2. The Agencies encourage, whenever possible, the informal resolution approach between the Provider and Agencies over the application of the terms and conditions of the Collective Bargaining Agreement that are within their authority to administer.

Section 3. Grievances shall be filed within thirty (30) calendar days of the date the grievant or the Union knows or by reasonable diligence should have known of the alleged grievance. Once filed, the Union shall not expand upon the original elements and substance of the written grievance.

Section 4. Grievances shall be reduced to writing, stating the specific Article(s) alleged to have been violated, a clear explanation of the alleged violation, and the requested remedy. Grievances shall be processed in the following manner:

Step 1 The ERDC program manager (or designee) or union designee will review the grievance and within fifteen (15) calendar days of receipt, attempt to resolve it to the satisfaction of the parties. A good faith attempt will be made to convene a phone call so that parties can discuss the issues before a decision is rendered.

Step 2 If the grievance is not resolved at Step 1 of the process a Notice of Appeal and appropriate filings may be filed in writing to the Employment Relations Board (ERB) for hearing within forty-five (45) calendar days from the date the Step 1 response was due or received, unless the Parties mutually agree to seek alternative dispute resolution assistance. The filing shall include the formal written grievance and any related information. The ERB shall have no authority to rule contrary to, to amend, add to, subtract from, change or eliminate any of the terms of this Agreement. The Parties waive any right to appeal ERB decision at Step 2. The decision of the ERB shall be final and binding except for decisions made outside the scope of their authority as defined in this paragraph.

Section 5. Time Limits. The time limits specified in this Article shall be strictly observed, unless either Party requests a specific extension of time, which, if agreed to, must be stipulated in writing and shall become part of the grievance record. "Filed" for purposes of all steps shall mean date of receipt by mail, hand deliver, by facsimile (fax), or as otherwise agreed to by DHS, or designee, and the Union. If DHS fails to issue a response within the time limits, the Union may advance the grievance by written notice to the next step unless withdrawn by the Union. If the Union fails to meet the specified time limits, the grievance shall be considered withdrawn and cannot be resubmitted.

Section 6. DHS is not responsible for any compensation of Provider or their representative for time spent investigating or processing grievances nor any travel or subsistence expenses incurred by a grievant or Union Steward in the investigation or processing of grievance.

Section 7. Each party shall bear the cost of its own presentation at Step 2, including preparation and post-hearing briefs, if any.

Section 8. At the conclusion of the ERB proceeding, the Parties shall share cost of filing and answer fees. Neither party will request representation costs or civil penalties under ERB rules.

ARTICLE 10 - NEUTRAL ENVIRONMENT AND NO DISCRIMINATION

The Union and the Agencies agree not to engage in unlawful discrimination Agency any providers because of race, color, religion, gender, sexual orientation, national origin, political affiliation, disability, marital status, age or Union affiliation. Written claims of discrimination against the Agencies may be submitted to the specific Agency's Director or designee within thirty (30) days of the date of the alleged claim to respond with final resolve through the BOLI or EEOC, as appropriate.

ARTICLE 11 - DUES AND FAIRSHARE

A. DHS agrees to deduct the monthly membership dues, monthly special assessment, plus any additional voluntary deductions including, but not limited to political contributions and union benefits such as life and legal insurance, from the subsidy payments(s) of those providers who individually request such deductions in writing.

The amount to be deducted shall be certified to DHS by Union, and the aggregate deductions shall be deducted no less frequently than monthly. DHS will provide an itemized statement including all information outlined in Article 6, Rules, Notices, and Lists of Provider Information which will be sent to Union headquarters. Such statement shall indicate any providers whose status has changed.

- B. If there should be a break in providing child care subsidized by DHS for ~~six~~ twelve (12) months or less by a provider, DHS shall use prior written authorization to reinstate all deductions and maintain union status.
- C. Union shall indemnify and hold the Agency harmless against any and all claims, damages, suits, or other forms of liability which may arise out of any action taken or not taken by the Agency for the purpose of complying with provisions of this section.

Section 2. Fair Share. In the event that statutory law changes permit the Agency to withhold fair share payments from license-exempt family child care providers participating in the subsidy program, the following fair share section will apply:

- A. All license-exempt family child care providers in the subsidy program who are not members of Union shall make fair share payments in-lieu of dues to Union.
- B. Fair share deductions shall be made in the first full month of provider service.
- C. Providers who exercise their right of non-association, for example, when based on a bona fide religious tenet or teaching of a church or religious body of which such provider is a member, shall pay an amount of money equivalent to regular monthly union fair share dues to a non-religious charity or to another charitable organization mutually agreed upon by the provider and Union and such payment shall be remitted

to the charity by the provider in accordance with ORS 243.666. At time of payment, the provider shall simultaneously send verifiable notice of such payment to DHS and Union.

- D. Upon return from any break in providing child care subsidized by DHS reinstatement of fair share deduction shall occur for those workers who were having fair share deduction immediately prior to said break in provision of child care.
- E. The fair share subsidy deduction and summary shall be in accordance with the membership deduction language outlined above.

ARTICLE 12 - RATE STRUCTURE

DHS will maintain the maximum standard subsidy rate paid to license-exempt child care providers at 88 percent of the 75th percentile of the 2006 Oregon Child Care Market Rate Study and the enhanced rate at 95 percent of the 75th percentile of the 2006 Oregon Child Care Market Rate Study as follows.

Group Area A

Portland, Eugene, Corvallis, Bend, Monmouth and Ashland areas

| TYPE OF CARE | Current Standard Rate | Current Enhanced Rate | 75th Percentile (2006 MRS) |
|---------------------|------------------------------|------------------------------|--|
| Infant Hourly | \$2.64 | \$2.85 | \$3.00 |
| Infant Monthly | \$493 | \$532 | \$560 |
| Toddler Hourly | \$2.64 | \$2.85 | \$3.00 |
| Toddler Monthly | \$466 | \$504 | \$530 |
| Preschool Hourly | \$2.64 | \$2.85 | \$3.00 |
| Preschool Monthly | \$440 | \$475 | \$500 |
| School Age Hourly | \$2.64 | \$2.85 | \$3.00 |
| School Age Monthly | \$436 | \$470 | \$495 |

Group Area B

Salem, Medford, Roseburg, Brookings and areas outside the metropolitan areas in Eugene and Portland

| TYPE OF CARE | Current Standard Rate | Current Enhanced Rate | 75th Percentile (2006 MRS) |
|---------------------|------------------------------|------------------------------|--|
| Infant Hourly | \$2.20 | \$2.38 | \$2.50 |
| Infant Monthly | \$400 | \$432 | \$455 |
| Toddler Hourly | \$2.20 | \$2.38 | \$2.50 |
| Toddler Monthly | \$396 | \$428 | \$450 |
| Preschool Hourly | \$2.20 | \$2.38 | \$2.50 |
| Preschool Monthly | \$374 | \$404 | \$425 |
| School Age Hourly | \$2.20 | \$2.38 | \$2.50 |
| School Age Monthly | \$352 | \$380 | \$400 |

Group Area C

Balance of State - (small towns and rural areas)

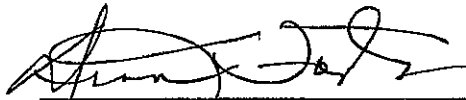
| TYPE OF CARE | Current Standard Rate | Current Enhanced Rate | 75th Percentile (2006 MRS) |
|---------------------|------------------------------|------------------------------|--|
| Infant Hourly | \$2.20 | \$2.38 | \$2.50 |
| Infant Monthly | \$374 | \$404 | \$425 |
| Toddler Hourly | \$1.98 | \$2.14 | \$2.25 |
| Toddler Monthly | \$352 | \$380 | \$400 |
| Preschool Hourly | \$1.76 | \$1.90 | \$2.00 |
| Preschool Monthly | \$348 | \$375 | \$395 |
| School Age Hourly | \$1.76 | \$1.90 | \$2.00 |
| School Age Monthly | \$348 | \$375 | \$395 |

Signed 23rd day of October, 2009 in Salem, Oregon.

FOR THE STATE OF OREGON



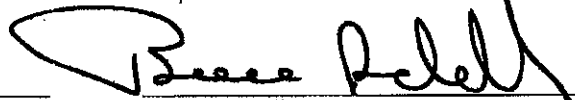
Scott L. Harra, Director
Department of Administrative Services



Diana L. Foster, Administrator
Human Resources Services Division (HRSD)
Department of Administrative Services



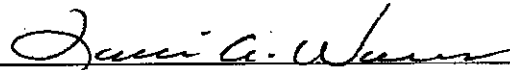
Eva M. Corbin, Deputy Administrator
DAS, Labor Relations unit



Bruce Goldberg, M.D., Director
Oregon Department of Human Services



Erinn Kelley-Siel, Assistant Director
Oregon Department of Human Services
Children, Adults and Families Division

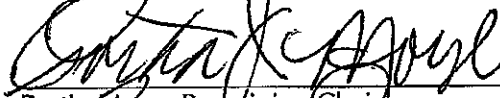


Laurie Warner, Director
Oregon Employment Department

FOR THE SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 503, OPEU:



Leslie Frane, Executive Director
SEIU Local 503, OPEU



Portia Moye, Bargaining Chair



Linda Burgin, Statewide President
SEIU Local 503, OPEU



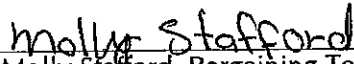
Crystal Schexnayder, Bargaining Team Member



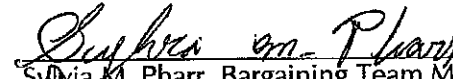
Vicky Allen, Bargaining Team Member



Janet Ginther-Storer, Bargaining Team Member



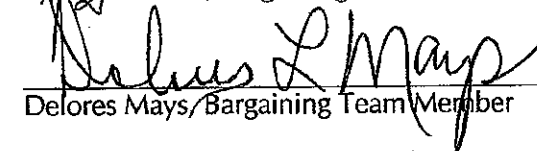
Molly Stafford, Bargaining Team Member



Sylvia M. Pharr, Bargaining Team Member



Sharon Kerney, Bargaining Team Member



Delores Mays, Bargaining Team Member



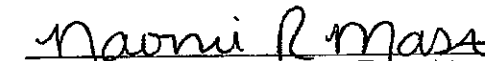
Hilda Chavez, Bargaining Team Member



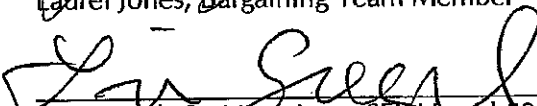
Wanda Mae Winne, Bargaining Team Member



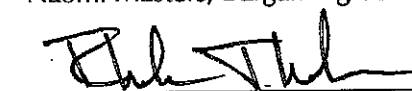
Laurel Jones, Bargaining Team Member



Naomi Masters, Bargaining Team Member



Lisa Siegel, Co-Negotiator, SEIU Local 503, OPEU



Rhonda Thacker, Bargaining Team Member



Samuel M. Davila, Negotiator,
SEIU Local 503, OPEU