

January 13, 2007

To: UHW Board

From: John Vellardita, Convalescent Director

Re: Report on Alliance Negotiations

The negotiations for a new Alliance agreement began on January 12, 2007 in southern California. We are currently on a month to month extension of the old agreement which was due to expired on December 31, 2006. Present at the meeting were nursing home operators, Local 434b, UHW, and SEIU's Long Term Care Division.

At this meeting the employers put forward that they want to continue the current nature of the relationship that required SEIU to achieve agreed upon political benchmarks in exchange for the operators giving up homes to be organized by UHW or Local 434b. The operators also indicated very strongly that they do not want SEIU to 'run' their facilities and that their position on any new agreement meant that the current 'template' contract would remain in tact. The operators also weighed in on the jurisdiction issue by advocating that they would prefer to deal with one SEIU local. This position became clearer after Local 434b's President made his comments (see below).

- SEIU was represented by the Long Term Care Division, Local 434b, and UHW. The Long Term Care (LTC) Division presented to operators our position that any new agreement meant achieving 100% density of non-union Alliance homes, that this would be achieved through a combination of a minimum amount of homes given up each year with no benchmarks required and the balance of homes would be given up by operators after benchmarks were achieved. The LTC also indicated that SEIU would be proposing other changes in the agreement and labor relations, i.e. particularly around introducing labor management committee proposals.
- Local 434b proposed any new agreement would be transactional in nature to achieve 100% density, that SEIU would achieve political benchmarks for homes, that 434b had no interest in 'running' nursing homes or changing the template contract in the current agreement (Local 434b's President literally said that the union should have no say on things like what shifts workers should work), and that these two positions should be the 'one voice' of SEIU. Local 434b also publicly stated that it has failed to organize nursing homes via NLRB process and that the Alliance agreement was the only way to organize the industry. Local 434b also made general references about improving labor relations thru labor management committees but it would not mean that the union would run nursing homes. Some operators responded favorably to 434b's comments about one SEIU voice and the position 434b articulated regarding a new alliance agreement.
- UHW put forward that the relationship should change and evolve toward a Kaiser or CHW type of relationship. That the nature should not be transactional and that we should not only achieve 100% density but that the Alliance should grow and the rest of the industry must be organized as well. UHW also put forward that the template must go, that workers as healthcare providers need a voice and rights on the job, and that UHW is a member driven organization where negotiations like this start at the bottom with

member involvement and that we have and will continue to involve our members as this process moves forward. UHW also put forward that we agreed with one operator's comments that the relationship needs to change and be based more on trust. A few operators approached us separately and commented favorably to our remarks.

- On the operators side though it is clear that a number of them want to continue the same type of relationship in any new agreement it does appear that there are a number of operators who may be more receptive to changing the relationship with SEIU. We will continue to explore this.
- One last observation: the jurisdiction issue played on in this opening round of negotiations when 434b and operators made comments for the need to have 'one' SEIU voice in the Alliance agreement.

After negotiations ended the meeting then had a presentation by SEIU UHW's Training and Education Fund to the operators. Alliance Operators are contractually obligated to make contributions to this fund and this presentation moved them closer to that process. Upon conclusion, the operators agreed to make their contributions to an escrow account set up by the Fund and to resolve their governance representation issues as well as move on program development.