

# The Role of Unions in Early Care and Education: Challenges and Opportunities

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Smart Start's National Technical Assistance Center and the Alliance for Early Childhood Finance are pleased to bring you the latest in a series of conference calls focused on strategies for financing high quality early care and education systems.

**Presenters:** The call was moderated by Anne Mitchell, Alliance on Early Childhood Finance. Speakers were:

- Stephen Herzenberg is Executive Director of the Keystone Research Center in Pennsylvania. Stephen holds a Ph.D. in economics from MIT and has published widely on economic and labor market issues, including works on the auto industry, international labor standards, the organization of work, workforce and economic development, the rise of the postindustrial service economy, and suburban sprawl.
- Louise Stoney is Co-Founder of the Alliance on Early Childhood Finance and a Principal Investigator for the Linking Economic Development and Child Care Project. Louise has published widely on early care and education markets, policy and finance.

## Discussion:

Mitchell: The purpose of this call is to explore the issue of unions from a neutral perspective in thinking about the pros and cons of their involvement as a financing strategy for early care and education. When we talk about early care and education, we are talking about the entire spectrum of family and center-based child care, pre-k, etc. Steve, can you start by giving us a brief history of unions in the US and specifically talk about how unions are or are not adapting to the shift in the current economy.

Herzenberg: Most people forget that unions come in lots of different shapes and sizes and roles and identities. People tend to think of unions in terms of the roles they play in high-volume manufacturing and/or the public sector. The best way to see that unions do vary dramatically is to go back to the last time in history when there was a major shift in the dominant model of union—in the 1920's and 1930's. Prior to the 1930's, U.S. unions were mostly craft unions (building trades unions such as plumbers and electricians). After that, they began to get a foothold into mass production industry.

If you look at the history, unions had a hard time reinventing themselves to fit manufacturing. In the early 1930's, when unions first organized some manufacturing plants, they tried to force fit what was then the "old" model of union. They organized manufacturing workers into what were called "federal" locals, locals directly connected to the labor federation (i.e., the AFL), rather than to an individual union. Then the federation took the workers at a single plant and divided them among the pre-existing craft unions. When we look back at that, splitting workers from one plant among many unions seems silly. It made more sense to organize all workers at a plant into one union to deal with the common issues that they had. In the 1930's though, unions were still trying to use the model of unionism that they already knew. To be successful, they had to learn from experience in Ireland, England and Scotland where unions had pioneered a new model for organizing the new manufacturing economy. Anglo-Gaelic émigrés to the United States came over who had experience with "general" unions that brought together all the semi-skilled manufacturing workers at a plant.<sup>1</sup>

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<sup>1</sup> The contrast was striking between the views of Anglo-Gaelics—who "got" what we now call "industrial" unionism – and American-born skilled workers who believed craft brotherhood was the only glue that could hold a union together. As Wayne State's Steve Babson has written, while American-born crafts couldn't imagine being able to organize the mass of semi-skilled production workers, the Anglo-Gaelics couldn't understand why it hadn't happened already.

Now fast forward to the current day and the shift from a manufacturing to a service economy. How can unions play a useful role for child care workers? Some unions are now forming a partnership with the organic leadership in early childhood education. In my experience in Pennsylvania, we've been working with the United Child Care Union (UCCU). My organization sponsored a forum in 1998 to focus on child care unionism and whether unions could help advance the field or not. AFSCME, SEIU, and several other unions sent folks to that forum.

In the best cases such as the UCCU, you have people coming out of the ECE field who are struggling with making the case for more investment. Some of those folks began to look at unionism as a way to bring the field together and perhaps overcoming the conundrum of how you raise wages while not increasing costs for parents and still assuring quality. They began to focus on getting the kind of political weight and collective power to increase public investment and transform the field to high quality jobs and wages.

One of the key things learned in that process is that it was critical that early childhood leaders get in on the creative process at the very beginning in order to develop a union model that fits ECE and that will work.<sup>2</sup> If a union is trying to organize in your area, get involved. Bring your knowledge and leadership from the early childhood field and combine it with the union's political understanding to create greater advantage. It means both sides working together and understanding each other's perspective if you are going to make this work.

Mitchell: What you lay out is the best case scenario of the role of unions. The current experience is that unions have gotten involved recently in organizing family child care providers. That has raised several issues. You talk about a partnership. I think some of the family child care providers have not felt it was really a partnership. How will unions work with family child care associations who are already the voice for the profession? We understand how unions can impact low wages and benefits but the problem is that we need more resources. How is that going to work?

Herzenberg: In terms of working with pre-existing family child care associations, there is a rapidly growing body of experience – some good and some not so good. In California in 2000, there was a dialogue that began and was initiated by existing family child care associations with the United Child Care Union. Twenty-six family child care associations affiliated with the United Child Care Union. No one really knew what it would look like but they all wanted to bring the field together and felt their collective clout would help address the resource issue. They also thought they might be able to use an innovative union to address benefit and collective management issues of family child care. It's a question of finding a model that works for you.

Mitchell: Do we have examples of where unions have secured increased investment?

Herzenberg: Illinois is probably the best example and there is information on that on the website at: <http://www.earlychildhoodfinance.org/What%27sNew/UnionConferenceCallResourceMaterials.doc>

Mitchell: Unions are viewed in a fairly negative way in some industries. Teachers' unions are sometimes viewed as not having the best interest of children. How do you address that?

Herzenberg: It's a complicated issue. There's a lot of diversity among teachers' unions and whether they have their own positive agenda in terms of education quality. Some networks of teachers' unions are very committed to social justice unionism. It's fair to say that teachers' unions were initially shaped by industrial (manufacturing) unions and those unions' perspectives. There's work now to reinvent teachers' unions to more explicitly engage and reinforce teachers' commitment to educational quality and children. What's good about the early childhood

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<sup>2</sup> In a sense, leaders within ECE who are seeking to invent a model of unionism that fits the field are in the same position as the Anglo-Gaelics in the 1930s. They are inventing a new model of unionism but interacting with existing union leaders and staff who have great difficulty abandoning a set of assumptions (about union form, collectivity identity, and function) based on a old model borne outside ECE. In an interesting twist, once union leaders from within ECE get their head around a new model crafted to fit the field they can quickly become more confident than existing unionists about the potential of ECE unionism. To adapt Babson's phrase from the previous footnote, while many traditional union leaders still can't really imagine being able to organize the entire ECE field, organizers from within ECE increasingly can't imagine why it hasn't happened already.

field is that, because unionism doesn't exist yet, there's an opportunity to shape it in a way that builds the deep commitment to quality that leaders in the field have. Some of the union models that are out there now enforce that ideal. The United Child Care Union's constitution and internal structure and the way UCCU has engaged with center-based employers all illustrate an early childhood union that is committed to improving quality in very concrete ways. They've helped attract public resources for training so that teachers can be better at their work. The issue is folks who care what kind of union they get must be part of creating the union. It goes back to what I said in the beginning--that it is critical that early childhood leaders be at the table and lend their creativity and commitment to creating a union that best fits their needs and ideals.

Stoney: I think about this issue from the perspective of finance. In many ways, we're in a situation in which the early education field needs to reinvent itself just like unions. We have two groups that need to think about how they restructure. In ECE our push for public funding has been very focused on public reimbursement rates for subsidized child care. But that's such a small part of the picture. And it's only reimbursement in lieu of parent fee. It's not really a significant source third party funding that we can add to our existing finance base and use to increase wages and quality. Unions know how to push for higher reimbursement rates, so they've taken on this issue as key for their new child care members. In some states, a rate strategy will work in a small way in the short term, but in the long term what ECE really needs is a stable source of third party funding that can help all families—not just poor families. That's a very different kind of agenda. That's finance REFORM.

OK...so what could unions do to help? Well, they certainly could join the ECE finance reform movement. They can also help the industry with economies of scale. ECE really needs economies of scale. We have so many tiny businesses, which not only makes us very inefficient from a business perspective but it also results in businesses that are very economically fragile, unable to take the kind of financial risks that are needed to grow or really improve quality, unable to provide good employee benefits, etc. But unions could help with some of that—for example benefits. SEIU has just created several low-cost insurance plans for child care and that's great. In Wisconsin, unions are engaged in testing a new entity called a Private Employer Organization (PEO) that creates a co-employment strategy for small child care centers. This allows groups of small businesses to act as if they were one for the purposes of benefits and other human services—and if the PEO is connected to a union it also means that the participating centers can get access to very affordable Taft-Hartley insurance benefits.

Another way that unions can help with the financing picture is to use their power with private sector employers. We can't succeed in financing ECE without funds from both the public and private sector. Unions can help to leverage ECE funding and scholarship assistance from the workplaces where they represent employees. For example, in New York City, Local 1199 (the Health and Hospital Workers Union) collectively bargains with well over 100 different employers and as part of that bargaining they include employer set-asides for child care assistance. The child care money is pooled into a large fund that is then used to help employees pay for child care, improve the quality of child care, etc. Local 1199 raises a lot of money this way—I think in 1999 it was about \$19 million a year. Similarly, all of the public employee unions that represent New York State employees bargain for child care money and these dollars are pooled into a fund managed by the Joint Labor Management Child Care Advisory Committee. Again, it's a significant amount of money – I think about \$3.5 million in 1999. (Sorry...I haven't kept current on the exact amounts...these are just estimates based on the finance catalog.) So...my point is that unions could really help our industry if they took us on as a strategy in all of their collective bargaining. And unions could also help with things like pushing for paid family leave, for high-quality part-time jobs (with benefits), for sick days that can be used when kids are sick, for better work hours (so working parents aren't so incredibly stressed out when they pick their kids up from child care) and so forth.

Mitchell: We are restructuring the field in order to respond to larger forces in the economy. We have to think about big picture solutions rather than simply getting parents to pay more. We have professional associations in this field already. What's the relationship between professional associations and unions?

Herzenberg: Those relationships are going to vary a lot. One example of what a union can do that an association cannot is to create a bargaining unit with the state. They can bargain about finances and rates. On the issue of health benefits and the PEO, unions have an exemption from anti-trust laws. Provider associations cannot create a single-risk pool. Unions can do that and can link workers in other fields and get the bargaining impact of

working with a broader group of people. That translates into an ability to deliver health benefits that are more attractive to providers.

Stoney: Both trade associations and unions represent workers. The issue is how big you get, how much you can offer and how much influence you have.

Mitchell: When you say that one of the things you can do is bargain, how is that different from a trade association?

Herzenberg: It means that a union has more leverage. The nature of the bargaining can vary if there is arbitration at the end or if you have the ability to strike. The bottom line is that you have the whole field together. In the Illinois case, SEIU was able to get a set of important benefits from the state. In Quebec over a 20-year period, unions organized child care workers and, by 2000, represented a large percentage of the child care workforce. They were able to secure higher levels of public investment and teacher wages went up substantially.

Stoney: The rate issue really worries me. Unlike Canada, in the United States, child care rate-setting is very complicated and it's linked to the private market. First of all, it's important to remember that states don't set child care rates—they set rate ceilings. The rate ceilings are based on the market price of care and the maximum cap is at the 75<sup>th</sup> percentile. (That means that the state will pay what the provider charges so long as that charge doesn't exceed the price charged by 75% of the providers in a rate area.) So...if your strategy is only collective bargaining with the state around rates--and your goal is to increase revenues for programs and wages for providers--there is a real limit to what you can do. In order to push the rates up to the maximum federal level a significant number of providers in a rate area would have to increase the fees they pay to non-subsidized, fee-paying families. And then even if you do get the rate ceiling up, each individual center still only gets paid what they charge. So...in a scenario where you have a really high rate ceiling a child care center ends up with a Hobson's choice -- either pricing middle-income families out of the market so they can get a higher rate for their subsidized kids or keeping rates affordable for non-subsidized families and not accepting the higher public rate. It's a catch-22. This is already happening in some parts of the country. So...really...a rate strategy only works to a point. You can push rates as high as the "market" will bear and then something has to give. As I said earlier, what ECE really needs is a stable source of third party funding that can help all families—not just poor families—and that is in addition to the public reimbursement rates established for subsidized families. That's a very different kind of agenda.

Herzenberg: There's a great deal of work that must occur between early childhood experts and unions. We need to have this conversation in a more structured way. Funding for social needs has plateaued or stagnated in the last 20 years. The biggest finger in the dike has been labor unions. In Pennsylvania, a spending gap (Taxpayer Bill of Rights or TABOR) bill was just fought back that would have limited the growth of state spending. Labor unions had the membership base and political resources to at least try to stop legislation like this that could be harmful to any field that depends on public resources including early childhood. If that legislation had passed, there would likely have been much less resources for early childhood education. That was of course broader legislation. Understandably, unions in Pennsylvania don't pay a lot of attention to specific early childhood legislation right now but their attention to it would increase if union membership in the field increased.

Mitchell: We are talking a lot about family child care. What about centers or other parts of the industry?

Herzenberg: How would a union form among centers? This is a case of where unions have done some traditional organizing, organizing one center at a time. That's not a tenable approach. It's too expensive and you can't gain leverage by just getting a few centers. So models had to be developed that could aggregate the industry. One of the innovative models on the table in Wisconsin is the private employer organization. It can be an innovative way to give workers at centers access to unionism and to find a balance that allows center directors to hire their own teachers and control their own work site while trying to access the benefits of unions in terms of health benefits, increasing investment, etc.

Stoney: For listeners who want to know more about PEOs, go to:

<http://www.earlychildhoodfinance.org/Publications/PEOReport.doc>. There is a report there that will give you more information.

It's important for you to know that the PEO concept is only being tested for centers right now.

Mitchell: Right now the focus is largely on family child care providers that serve subsidized children. But when you go back to the bigger question, then we have to think bigger than those providers who receive subsidy. Professional associations are advocating on behalf of all versus just those that receive subsidy.

Stoney: This is an issue I struggle with. Unions represent their members. But what if the kinds of reform we need in ECE are bigger? What if the things we need are financing for the industry at large? For all families—whether or not they are enrolled in a unionized center or home? Those of us who are trying to build an early childhood system that serves all families need to focus on a very broad agenda—and one that includes funding from many places not just sources where you can ‘bargain’. For example, I’m really interested in looking at how we can use tax credits as one form of finance for middle-income families. It’s a strategy that has worked in other fields and I think it has real promise for ECE. Now...will the unions understand that tax credits are an effective financing strategy, that they can indeed increase funding for the system as a whole (as they have in housing, for example)?

Herzenberg: In the long run, it's actually in unions' interest to worry about the financing system as a whole, about the health of ECE as a whole, and about making sure that professionals and the broader community understand that unions are critical to maintaining adequate financing, quality education, and quality jobs. Why? There is an old adage in research on unions that, for unions to grow, they must serve their members while also being seen to serve the public as a whole.

In the 1930's to 1950's, unions grew because they were seen as helping lift and keep the economy out of depression. . Unions were also seen as providing protection on the job against arbitrary supervision that was recognized as necessary in factories. In the 1970's and 1980's though, the industrial era reasons that unions were seen as good for society as well as their member lost weight. High wages and work rules were seen as harming the economy and leading to imports and job loss. With fewer factories and mines, workplace protections were seen as less necessary. Unions came to be seen as a special interest instead of beneficial to the public good. To grow again, unions must now reinvent themselves and reposition themselves in a way that will be seen as benefiting society as a whole. Thus, child care union leaders and child care advocates and professionals who insist on a union model that worries about overall financing and raises educational standards are, in fact, helping unions find a new formula for growth.

The question “will unions understand?” also points back to the importance of ECE professionals and advocates becoming leaders in union effort. There's a tendency for early childhood leaders to talk about unions as “them” rather than “us.” Unions will work best in ECE if people in the field come to see unions as their solution to their problem.

Mitchell: Some listeners are sending in questions about the price of union dues -- how much are union dues in ECE?

Herzenberg: They vary a lot. When individual workers were affiliated through their family provider associations in California, the dues were \$1. Generally though it's 1% of salary. In Illinois, the dues were much higher because there were more resources.

Mitchell: Based on the emails that I've been receiving, the range for union dues is \$2/month to \$15/month, depending on the state and union.

Mitchell: I am also getting a lot of questions from listeners who suggest that the union organizer in their state doesn't understand the legislation that will impact the early childhood industry. For example, the organizer gets providers scared about the legislation but doesn't reach out to the advocacy organization on the issue. Steve, you seem to have an idealized view of unions as partners but many of our listeners are reporting that that has not been their experience.

Herzenberg: What I say now may seem idealized but I have frustrations too. Union leaders know that if they alienate child care providers then they won't recruit new members. They must learn that they must work with child care leaders in the field or it won't work.

Stoney: Unions have got to listen and learn more about what is going on in the early childhood field and child care providers must also better understand unions or it won't work. There is a tremendous need for listening and working together and respecting one another.

Mitchell: There are a range of issues that we need to keep exploring. It's clear that we in the early education field are in the process of reinventing ourselves and know that we need radical reform if we are to assure quality for kids and good work places for people. We also need to recognize that unions are a source of political power. We have power that we can bring together with union power but it must be a power partnership and not a power struggle. We're all about relationships and we must figure out how to create relationships with unions and how they come into our field. We must approach this from a position of strength.

Stoney: We have got to think bigger – both the early education field and unions – or we will not succeed.

Mitchell: If there are next steps that would be helpful, let's talk about that at some point. In the meantime, let's keep the conversation going.

Stoney: What's going on is different in each state. Don't assume that what you hear nationally is the reality in your state. Every state is different, so make sure that you talk to the specific child care and union leaders that are leading the work in your state.

Herzenberg: People need to speak up when they think union tactics are out of line. That's important. It's also important that the leadership in the early childhood field become the leaders in early childhood unionism. Don't think of unions as "them" but instead as a vehicle that you can become part of and use your commitments and knowledge to shape.

Mitchell: This is clearly an issue to look at and to approach with an open mind.