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“My Hands are Tied”**

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Cases in Nonprofit Governance

CNG No. 24

March 2001

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**Program on Non-Profit Organizations
Yale University**

ABC CHILDCARE¹
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Elizabeth Green waved "bye-bye" to Matthew as Sheryl passed the toddler to his mother. This was the last child for pick-up in Sheryl's "threes" classroom, a classroom she had overseen for most of her four years with ABC Childcare. Elizabeth, the Executive Director of ABC, reflected on Sheryl's ongoing commitment to this financially burdened center. Sheryl retreated to her classroom to clean up the day's painting activity, while Elizabeth tried to stop in to a few other classrooms before returning to her overflowing desk.

ABC Childcare

Founded in 1975, ABC Childcare, a nonprofit childcare center, had been loosely affiliated with a local YMCA in Central Massachusetts since its inception. The YMCA comprised multiple programs and services in various facilities, and was overseen centrally by a small staff and a community board of directors. Over time, the YMCA realized its dream of consolidating its programs and services into a single site. After years of planning and an enormous capital funds' drive, all YMCA agencies were consolidated to a new state-of-the-art building in the midst of downtown. All offices, children's and adults' programming, and other programs packed their bags and moved into the new center in June of this year. The organizational structure of the center was formalized into departments under the direction of a central administrative staff, all overseen by a Board of Directors representing the community. Department supervisors reported directly to the YMCA administration, who in turn reported directly to the Board.

The childcare department was administered by Elizabeth Green, Executive Director, Claire Markfield, Associate Director, and Sheila Cummins, Assistant Administrator. Elizabeth joined ABC at the beginning of 1999, with more than fifteen years of previous classroom teaching experience. Claire had

¹Copyright © 2000 Professor Sigal Barsade.

This case was prepared by SOM students, Carrie Frank, Pom Kim, Ruth Landsberg, Akihiko Shiba and Chang Su under the guidance of Professor Sigal G. Barsade, School of Management, Yale University. Revised January 2000. The organization studied in this case is not the YMCA, but has the properties of a YMCA type of organization, and for the purposes of this case has been named YMCA.

been with ABC since 1996 and Sheila had been with ABC since its inception. Fifteen teachers taught at the center, all female. The teachers ran the classrooms in teams of two or three teachers, with one or two teaching assistants, consistently exceeding the state-mandated teacher-child ratio.

ABC made the move successfully thanks to the tremendous effort put forward by teachers and administrators. They occupied a full wing of the new center, meeting all state and national standards and achieving an extremely high quality of design. All classrooms were equipped with new fixtures and developmental learning areas, playground equipment was specialized by age group, and classroom floors were heated to accommodate children playing and learning on the floor. The children's transition was seamless, and ABC continued to provide high-quality developmental childcare.

National Childcare Environment

Nationally, early child care teachers are generally paid by hourly wage, with limited benefits, earning about one-half to one-third the salary of the civilian labor force having comparable educational background. In 1988, sixty-two percent of childcare providers nationwide had some specialized early childhood education, forty-five percent had some college and twenty-one percent held a bachelor's degree or higher. Eighteen percent had over ten years experience in the field.² The vast majority of childcare providers are women (approximately 98%). In 1997 the average salary for a child care teacher was approximately \$16,000; substantially less than the average salary for a female worker in the civilian labor force with comparable education of approximately \$28,000. Even the highest paid child care teachers were making an average of \$18,988 nationally, as compared to the average of \$35,000 they could make in work they could do with the same amount of education³.

For-profit centers tend to provide less benefits for their teachers than do not-for-profit centers². Fifty-one percent of nonprofit centers provide health benefits and child care subsidies for their employees. For-profit childcare centers provide seventeen percent and sixty-seven percent respectively. Retirement benefits are provided by twenty-seven percent of not-for-profits and only five percent of for-profit centers. One quarter of all teaching staff work a second job, about forty percent provide half or more of their household income, and approximately twenty percent depend on this wage as their sole income². Although child care teachers have higher than average levels of education and training, nationwide turnover of teachers in 1997 was approximately 30-40%³ (this is as compared to 6.6% for all public school teachers, 3.1% for public kindergarten teachers, and 16% for private

²*The National Child Care Staffing Study*, Child Care Employee Project, 1988.

³*Current Data on Childcare Salaries and Benefits in the United States*, Center for the Child Care Work Force, March 1999.

kindergarten teachers⁴). Much of this turnover is being driven by the increasing number of for-profit chains (with an annual teacher turnover of 42%) as compared to independent not-for profit centers (27%), and as compared to the fewest, and highest quality National Association for the Education of Young Children (NAEYC) -accredited centers (15%). Turnover is not only problematic due to standard hiring and retraining costs that can occur in all industries, but is a particularly serious concern in child care because of the detrimental effects it has shown to have on children.⁵

ABC Caregivers

Locally, the ABC Childcare center is regarded as one of the region's top childcare centers. Parents wait months, and sometimes years on the waiting list to register a child; the enrollment is always at its maximum capacity of about eighty children. Many of the parents are involved in the ABC Parents' Council, but many more were not. Parents pay between \$750 to \$940 per child per month tuition, plus an additional \$40 per month YMCB family membership. Several of the parents are part of the community leadership to the YMCB, and a few are members of the Board of Directors, although ABC has no designated representative to the board.

Caregivers have an average of over eight years of specialized childcare education and most hold four-year college degrees. The salary range at ABC averages \$20,000 to \$22,000 (need to check this) annually, and all teachers receive health care benefits, childcare subsidies and full family memberships in the on-site YMCB health club. Teachers receive 20 vacation days and 11 holiday days off a year. At the time of the move, the average tenure of an ABC teacher was 3.42 years, with a wide range of less than one year up to over nine years of employment.

The ABC teacher's job includes a large amount of curriculum planning; communication with parents (including daily child reports); developmental assessments of the children and parent teacher conferences; design of the physical environment for optimal learning experiences; planning meals and snacks; keeping up with their own professional development; and of course, interaction and supervision of the children and other staff. The program is structured as a learning environment even in the youngest childrens' room. The daycare providers are proud of this, and resent the perception that they are just "babysitters" rather than professionals.

Although salaries are comparatively high and turnover somewhat lower than national averages, ABC teachers face a local labor market for public school teachers where the average salary is unusually

⁴*U.S. Department of Education, 1997.*

⁵Helburn, S.W. ed., *Cost, Quality and Child Outcomes in Child Care Centers*. Technical Report. Denver: University of Colorado at Denver, Department of Economics, Center for Research in Economic and Social Policy, 1995.

high, commonly quoted as one of the highest in the country. Positions in the public school are hard to come by, but many local childcare providers hold state teacher certification and hope to work for the public schools. ABC teachers earn among the highest child care salaries in Central Massachusetts, but only half the salary of a local public school teacher. Most teachers felt somewhat trapped: fortunate among their caregiver peers both locally and nationally, but unable to gain a better position in their chosen field.

Sheryl Davis has a bachelor's degree in education, several years of additional early childhood training, and is a certified public school teacher in the state of Massachusetts. Across the hall, Wendy Miller has some early childhood teachers' training, and had been teaching in the "ones" classroom for just over a year. For Wendy, teaching is an opportunity to do something worthwhile, although she knows she can only choose a career with this low level pay because her salary contributes to a dual income family. "The children themselves are the greatest reward," she, and the other teachers at the center, often remarked.

Sheryl also treasured the opportunity to work with children, and especially valued the occasional continuing child-education training she could access as an employee of the YMCB. As a single mother, however, her joy in teaching is giving way to financial struggles. She knows in her heart how much she gives to each child in her class, and how much she gets from simply watching them grow. But Sheryl often feels like only the other teachers truly understand how hard the day can be, constantly focusing your attention upon, and educating, several active toddlers. She never feels she is understood or valued by Elizabeth or Sheila, and in fact, often regrets the relatively limited respect she senses from society as a whole for her profession. "I cherish this opportunity to be with the children, and I know I have a lot to offer them. But sooner or later I know I'll have to leave childcare because I simply can't make it on this paycheck," says Sheryl. Another teacher, Elizabeth, who worked in the "2's" room was also concerned about the relatively low salary "I went into the field because I love the children and the work, but the low salary bothers me because I feel it is a sign that the work I do is not valued."

Salary Freeze

Shortly after the arduous move, teachers learned that the Board of Directors had imposed a salary freeze on all YMCB employees. Effective immediately, neither ABC teachers nor administrators would receive any cost of living or merit-based raises. Elizabeth, together with all department supervisors, argued for at least a small cost of living raise, fearing that a complete freeze would be disastrous for morale. In confidence, the YMCB administration explained to Elizabeth and other supervisors that the move was significantly costlier than had been anticipated; extreme belt tightening was necessary to stabilize the center as a whole.

Elizabeth had heard it before. Nonprofits were always tightening their belts. Before the

consolidation, she had had more flexibility to influence her teachers' salaries. Now consolidated, it seemed the board was exerting more and more control over all of ABC's departmental operations. For the past three years, ABC had closed the year in the red, and had depended on the YMCB to make up their deficit. Last year, they closed comfortably in the black, and will almost certainly do so again this year, contributing positively to the overall financial health of the YMCB. Her previous employer, an independent nonprofit childcare center, had been equally demanding and money conscious, but was never tied to the ups and downs of a larger organization in this way. She wanted to share the situation with her teachers, to gain their understanding, but was specifically constrained from releasing financial information to them. Dissatisfaction was smoldering, and teachers were increasingly tense. Elizabeth felt that without the ability to offer even the most modest of raises, she could not overcome her teachers' waning motivation.

Elizabeth walked past the classrooms where Sheryl, Wendy and the other teachers were winding down their day, en route to her weekly meeting with Claire and Sheila, feeling an acute responsibility both to her staff's well-being and to the well-being of the YMCB. To Elizabeth, the teachers seemed a little tense, but reasonably content. The situation could only get worse, though, and she is concerned about the longer-term implications. First and foremost, believed Elizabeth, she and Claire and Sheila must develop a strategy to re-energize her teachers as they were unable to influence the board to provide any additional monetary compensation for them.

APPENDIX: ABC Childcare Teacher Survey and Responses

Childcare – Teacher Survey

- 1) How long have you been working for the childcare center? _____
- 2) How many years of childcare-related education do you have in total? _____
- 3) What is your age: under 22 22-35 35 and over
- 4) How satisfied are you with your job overall?
- | Not at all | Not Very | Neutral | Somewhat | Very |
|------------|----------|---------|----------|------|
| 1 | 2 | 3 | 4 | 5 |
- 5) How satisfied are you with the YMCA overall?
- | | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
- 6) How satisfied are you with the administration of the childcare center?
- | | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
- 7) How responsive is the administration of the childcare center to your needs?
- | | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
- 8) Do you feel you have a good relationship with the parents? Yes / No

9) How important is:

the opportunity to develop your skills and abilities

moderately	important or less	quite important		extremely important
1	2	3	4	5

the chance you have as teacher here to accomplish something worthwhile

1	2	3	4	5
---	---	---	---	---

the amount of job security that you have

1	2	3	4	5
---	---	---	---	---

the amount of pay you get

1	2	3	4	5
---	---	---	---	---

the chance for getting a promotion or getting a better job

1	2	3	4	5
---	---	---	---	---

the praise you get from your supervisor

1	2	3	4	5
---	---	---	---	---

the respect that you get from society as a teacher

1	2	3	4	5
---	---	---	---	---

the opportunity to work with children

1	2	3	4	5
---	---	---	---	---

10) Do you feel you have the tools and support you need to teach at your best? Yes / No
if no, what do you feel you need?

11) On what basis are you evaluated?

12) In what ways are you rewarded for good performance?

13) How important is this reward for you?

1 2 3 4 5

14) How else might you like to be rewarded?

15) Do you believe that performance is evaluated equitably? Yes / No
if no, why not?

16) Do you believe that rewards are distributed equitably? Yes / No

17) What do you think is your most important personal contribution to the center?

18) How satisfied are you with your salary compared to childcare providers in general?

1 2 3 4 5

19) Do you know clearly what is expected of you at work? Yes / No

20) Any other comments?

Summary of Results from Teacher Survey:

Surveys were conducted through two-on-one interviews, where one student would interact with the teacher and the other would record information. Interviews were conducted with 12 teachers and generally took 10-15 minutes during their day or before they went home for the day.

The following statistics summarize the results from the surveys. The average response is listed first with one standard deviation. Except for the averages in questions #1 and #2, the scores are based on a 1-5 scale with five being the highest. To view the raw data, see the attached surveys. If there were qualitative response as well, the responses are included for each question respectively.

1. # years at ABC? 3.42+/- 3.23
2. # years of education? 8.67 +/- 4.79
3. Age? <22 yrs old = 0 22-35 yrs old = 8 35+ yrs old = 4
4. Job satisfaction? 4.5 +/- .9
5. Satisfaction with YMCB? 3.83 +/- 1.19
6. Satisfaction with ABC administration? 3.75 +/- 1.29
 "amount of respect teachers get has changed over time"
 "if parents complain, they (management) take sides of teachers...director fights hard for salaries...very supportive"
7. Responsiveness of ABC to your needs? 3.82 +/- 1.17 (one non-response)
8. Good relationship with parents? Yes = 11 No = 0 N/A = 1
9. How important to you is:
 - a) opportunity to develop skills 4.33 +/- .89
 - b) accomplish something worthwhile 4.83 +/- .39
 - c) degree of job security 4.50 +/- .67
 - d) pay you receive 4.08 +/- 1.0
 "I couldn't do this if it weren't my second income"
 - e) chance for promotion or better job 3.33 +/- 1.3
 - f) praise from supervisor 3.83 +/- 1.19
 - g) respect from society 4.08 +/- 1.24
 "although it doesn't happen, I give it a 5"
 "public school teachers get a different kind of respect"
 - h) working with children 4.83 +/- .39
10. Do you have tools and skills to teach at your best? Yes = 9 No = 3
 Suggestions? "more resource books"
 "they do a good job of offering seminars"
 "sharing of (some) supplies is inconvenient...would be better to have *individual* classroom supplies"
 "I cant' find the glue"
 "more autonomy is needed in classroom"
11. On what basis are you evaluated?

supervisor observation: lesson planning, interaction with students, interaction/relationship with parents, relationship with peers/administration, ability to schedule the day, classroom environment.

“Meeting with supervisor (yearly)”

“there are no performance goals-you have to live up to the philosophy of ABC”

“they just watch how you do” “after Elizabeth became director, the appraisal forms got broader and more motivational.”

“evaluation is not really a problem—I think it’s fair”

12. In what ways are you rewarded for good performance?

“not at all”

“certainly not economically-they try to reward us, they try to be flexible”

“the best way is if the parents tell me, or tell Elizabeth something good about me”

“just verbal rewards-it’s not fair to gripe about pay increases because they have no control—their hands are tied by the YMCB”

“getting classroom assignment of your choice”

“definitely not money”

“praise from co-workers, praise from Elizabeth”

“personally, by the children”

“it’s not a praise—not very much, no way”

“once I got a letter from the executive director of the YMCB because of something good I did and that meant a lot.”

13. How important is this reward to you?

4.89 +/- .33

14. How else might you like to be rewarded?

“Verbally, a work is enough”

“money, on a regular basis!”

“to know that someone is listening and hearing us”

“their (management) hands are tied with money. I’d rather have a little extra cash in my pocket than throwing a holiday party.”

“I really like that”

“a raise, more money”

“financial reward”

“more encouragement, more support, more trust in my judgement”

“rewarded the most from the parents through feedback...not the supervisors”

-

- cafeteria. coupons when first relocated to new center were valued by employees

-

- there is no holiday bonus

-

- many teachers said they would like to hear more positive/negative feedback on an ongoing basis. “I will grow more as a teacher the more information I have.”

-

- One teacher listed 1) more money, 2) to feel appreciated, 3) to know Elizabeth would go to bat for us, 4) to feel respected.

STUDENT NOTE: nobody mentioned the health club membership

15. Is performance evaluated equitably?

Yes = 3 No = 3

N/A = 6

If not, why not?

“some teachers are favored in some situations”

-
- no continuity
-
- based on a quick, single quick visit: “nobody spoke to me”
-
- should be evaluated on a regular basis
“in the past, performance reviews were two-way and so more equitable This year we all received good write-ups, but we had no input.”

16. Are rewards distributed equitably? Yes = 4 No = 2 N/A = 6

If not, why not?

- “every job has favorites”
- “different educational backgrounds rewarded differently”

17. What is your significant contribution to ABC?

- “I love working with young children and feel I have a lot to offer them, for example, caring, friendly, warm...”
- “working with the family as a whole..provided them with the information we have.”
- “conducting a structured classroom and having a good relationship with parents”
- “performance as a teacher”
- “commitment to the center...dependability..honesty (e.g. sick days)”
- “my experience and training that I continue to build on”
- “I’m a caring, nurturing person...children are excited to see me and that is important for parents”
- “a lot to give to children...I love to sing”
- “my abilities as an early-childhood education”
- “I’m confident in my work”
- “organizational skills...my follow-through...experience”
- “creativity, sensitivity to children’s needs, my love for children”
- “to help children internalize religious education and culture”

18. How satisfied are you with your salary compare to other childcare providers in general? 3.42 +/- .67
“I’d have to say it’s good. I’ve been looking for a job for a year and other places all paid less.”

19. Do you know clearly what is expected of you? Yes = 11 No = 1
“no teacher orientation...would have been very helpful”

-
- staff meetings, maybe these were recently implemented
- “more organizational structure would be helpful”
- “more ongoing feedback, especially when job is new”
- “when I started, they gave me a booklet”
- “my responsibility is keeping the children safe, clean and fed”
- “to live up to and meet the philosophy of ABC”

20. Any other comments:

"Has changed over time...freedom of communication is less than it was"

"it's like a family here...I don't need to look for another job"

"we are not baby-sitters"

- one teacher has 2 children, recently divorced lost apartment, living with parents...will leave job next year...she could make more money at temp agency/entry level private sector job.

"this YMCB, compared to the others, expects too much...employees are overworked and underpaid."

"lack of communication causes shortage of teachers some days"

"ABC's philosophy is based on the kid's needs"

- scheduling is very flexible and responsive: "It's a wonderful place to work, in fact they even accommodated my morning sickness...my previous jobs wouldn't have tolerated that"

"they do a really good job of providing workshops"

"we (teachers) make up the center"

"parents think we are baby-sitters, personal nannies...Elizabeth has relaxed policies, for example she allows children to be dropped off for 1-2 hours and this is less professional."