chapter 15

Case Study of Childspace

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Introduction

Childspace represents three separate but closely connected organizations operating in Philadelphia, Pennsylvania: Childspace Management Group (CMG), a for-profit worker cooperative; Childspace Day Care Centers (CDCC), comprised of three nonprofit childcare centers in the Mount Airy, Germantown, and West Philadelphia neighborhoods; and Childspace Cooperative Development, Inc. (CCDI), a nonprofit organization focused on policy advocacy, training, and leadership development among childcare center owners, directors, and workers. This case study focuses on the structure, collaboration, and cooperative practices among the three organizations.

CMG operates out of the Childspace Mount Airy Day Care Center, located on the New Covenant Campus on 7500 Germantown Ave. This worker cooperative primarily provides services to CDCC and CCDI: It sets policies and hires and pays staff for them. As this case study will reveal, the Childspace organizations collectively provide valuable lessons for other cooperative organizations. It models best practices with its innovative organizational structure, its emphasis on member investment and commitment, and its use of democratic decision making.

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Historical overview

Childspace was founded in 1988 by three mothers (Teresa Mansell, Cindy Coker, and Karen Guyton) living in the Mount Airy neighborhood. According to Mansell, these women met one another through an infant playgroup and found that although they wanted to return to work, the supply of high-quality, affordable infant care in the area was very limited.[1] These women decided to start a cooperative day care center. They wanted this business to differ from typical childcare cooperatives in which parents provide labor in an organized way to reduce costs. Instead, they sought to build a worker cooperative that provided full-time childcare without requiring substantial parent labor.

The inspiration to incorporate cooperative principles came primarily from Mansell and Coker, who both had prior exposure to the cooperative model. Coker had prior experience with housing cooperatives and cooperative assistance. Mansell, current CMG president and director of Childspace West Day Care Center, had prior experience with cooperative models through her employment with the Philadelphia Area Cooperative Enterprise (PACE), which, at its peak in 1987, had developed six O&O Supermarkets across the city. While this enterprise eventually dwindled (only one supermarket remains), PACE's use of cooperative principles, management structure and meeting procedures, bylaws, and training and advocacy methods provided a basic framework for the new Childspace organization.[2] The founders aimed to avoid many of the common problems in the childcare industry. According to the U.S. Bureau of Labor Statistics, the 1.28 million childcare workers in the United States[3] in 2010 were predominantly women, and approximately 46% were women of color.[4] They earned a median hourly wage of $9.28, far below the $16.27 per hour median wage for all occupations. In the Philadelphia metropolitan region, childcare workers represent 6.3% of the total workforce and earn a mean hourly wage of $10.29. According to the 2010 U.S. Census, less than 30% of center-based childcare workers received health insurance coverage from their employers, compared to 60% of all workers. And approximately one in five childcare workers had no health insurance coverage at all.[5]

The childcare industry experiences high rates of staff turnover, which is problematic for both staff and clients.[6] At a national level, the American Public Human Services Association found annual staff turnover rates of up to 40%.[7] Lack of job security, lack of advancement opportunities, and low pay contribute to these high turnover rates.[8]

Childspace began as a childcare co-op at Coker's home. However, the group initially faced some challenges: Operating out of Cindy's home limited space, and revenues did not begin to cover worker salaries. In 1988, the Germantown Presbyterian Church granted the group the use of 1.5 classrooms, which opened spaces for more children and allowed the group to cover staff salaries. The center grew to accommodate more families until moving at the end of 2011 to its current location.

Over the years, various grants have helped the group expand its operations into two additional childcare centers. A grant from the Ms. Foundation funded development of the Childspace Too Day Care Center in Germantown (1992) and a grant from the Mott Foundation allowed development of the Childspace West Day Care Center in West Philadelphia (1999). The Pew Trust provided a grant to support an accreditation process at Childspace, as well as the development of business practices and training programs. Catholic Campaign for Human Development has also been a supporter of Childspace initiatives.

Childspace Cooperative Development, Inc. (CCDI) was established in 1995 as the training and advocacy arm of Childspace. While its original emphasis included replication of the Childspace model (in California), this nonprofit found that its resources and efforts were more efficiently spent on training and policy work on a local and regional level. This organization is led by Janet Filante (executive director) and Susan Kavchok (financial director and trainer).

Contemporary structure and functions

CMG employs 70 workers, 20 of whom are cooperative members (also referred to as "worker-owners") and 50 are non-member staff. Through a management contract, CMG provides staff, payroll, insurance, grantwriting, and other business management services to CDCC and CCDI (figure 1). In other words, all employees fulfill their work duties at one of CDCC's childcare centers or CCDI.

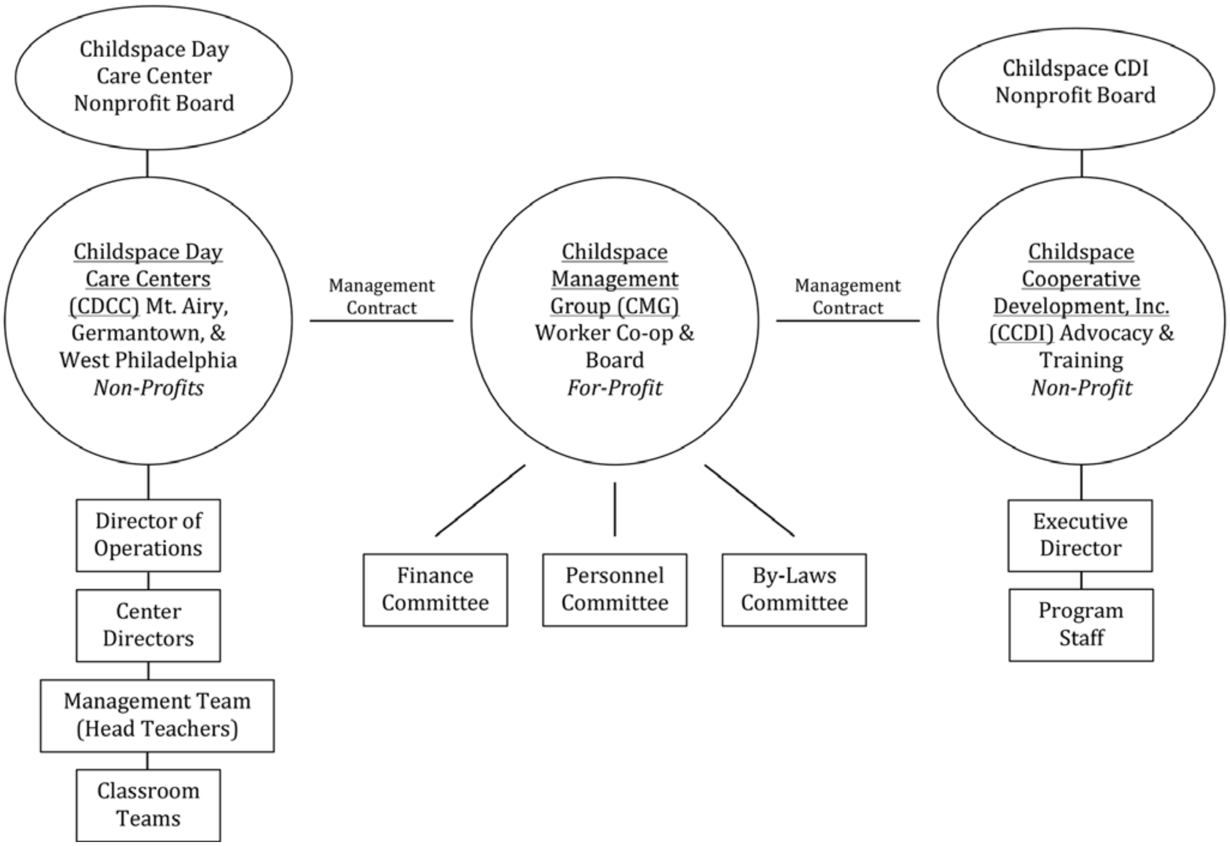
All cooperative members must serve on CMG's board and at least one of the three committees (finance, personnel, and bylaws). CMG committees and, ultimately, its board set policies that affect all employees at CDCC and CCDI. Members are required to attend all monthly board meetings and monthly meetings of their assigned committee. New members are required to serve on the finance committee for their first year, so that they may gain a basic understanding of financial operations of the organizations. Matters pertaining to personnel issues are discussed in the personnel committee and brought to the board for decision. The committees make policy and finance recommendations, which receive consideration and a vote at board meetings. While CMG has offices of president, vice-president, treasurer, and secretary, these members do not (directly) wield a more powerful influence on board decisions; each member has one vote, and decisions are made by majority vote.

CDCC is a nonprofit organization with the purpose of providing childcare. It is comprised of three childcare centers, each with its own director (or center director). A director of operations oversees directors from each childcare center. Center directors oversee a management team (consisting of head teachers) and classroom teams (consisting of other classroom staff).

CCDI is also a nonprofit organization, and it grew out of the worker cooperative with the purpose of engaging with the outside community. CCDI's main objectives are policy advocacy, training, and leadership development. CCDI employees provide training (e.g., financial training to home-based centers) to other childcare providers. They also organize campaigns for policies relevant to the childcare industry, such as the Paid Sick Leave Ordinance, which passed the Philadelphia City Council in June 2011 (partially vetoed by Mayor Nutter). CCDI frequently provides transportation to the state capital for lobbying. This organization has its own director and program staff, including a director-mentor, trainer, community organizer, communications specialist, and administrative assistant.

Some employees devote all of their work time to either a childcare center or CCDI. For example, teachers spend all of their time providing childcare at one of the Childspace day care centers. On the other hand, employees that serve in management and administrative roles commonly split their time between different organizations. For example, the financial director splits her time between CMG, CDCC, and CCDI. Childcare center directors, or the director of operations, might teach classes via CCDI, and CCDI's communications specialist might assist childcare centers with marketing tasks.

FIGURE 1. Organizational structure of Childspace



Childspace staff members are eligible to become cooperative members after one year of employment. Cooperative membership entails a one-time membership fee ($5 for stock share purchase and $245 contribution) to ensure investment in the organization. It also requires that members attend monthly meetings and serve on one of three committees. While tenure, or number of years served as a member, affects the options members have, CMG does not otherwise distinguish among members; there are members and non-members. Members and non-members receive the same wage rates, and some current non-members have been with the organization for more than 20 years.

Employees, regardless of membership status, receive wages (starting at $9/hour) that are higher than the industry standard, which was an average of $9.70 in 2010.[9] Employees that work more than 15 hours per week receive family health benefits (for themselves, spouse, and dependents), paid sick days, and vacation time, all of which are often lacking in the childcare industry. While other childcare agencies commonly have seasonal layoffs as enrollment fluctuates, Childspace retains employees even if enrollment is down, ensuring higher job security for employees. In 2012, of 50 staff only four left Childspace. Several of CDCC's head teachers have been with the organization for more than 20 years.[10]

Both members and staff also benefit from CMG's participatory decision-making process. Members are required to take part in monthly co-op meetings and committee meetings, which are often held during work hours and therefore paid. If meetings are held outside of work hours, childcare and other measures are provided to support member and staff attendance. Staff members are welcome to attend non-finance co-op and committee meetings and to voice their concerns. Members' and staffs' concerns are considered carefully within these meetings, and may lead to action.[11] For example, non-member staff were influential in promoting development of a sick-time bank for CMG. CMG committee decisions are made by majority vote among worker-owners, and each person has one vote and therefore an equal say in cooperative decisions.

In addition, members and staff alike benefit from the organization's commitment to employees' education and development. All employees are encouraged to increase their skills (and subsequently, their pay) or to move up within the organization.[12] For example, childcare staff are encouraged and supported in obtaining the training and credentials necessary to become head classroom teachers. The organization's efforts to expand are in part a reflection of its commitment to developing, and making space for, lead teachers.[13] The organization also provides opportunities and incentives for employee leadership that may directly benefit the organization and its mission. For example, rather than contract out for services that fall outside of existing staff duties and roles (such as ordering supplies or driving buses), Childspace offers these jobs to its existing employees for additional pay.

Childspace has an annual operating budget of approximately $1.5 million. In 2012, approximately 85% of revenues came from childcare fees (from state subsidies and private pay), 10% came from public grants, such as Pennsylvania's Keystone STARS accreditation program, and 5% came from program-driven foundation grants. Yet revenues often do not allow for retirement benefits or yearly salary raises, especially in years when the percentage of subsidized clients is high, because subsidies do not match actual costs of childcare provision.[14]

While public subsidies and grant programs help cover care fees and materials for children, no public programs support job creation, program development, or physical expansion.[15] Instead, childcare facilities such as Childspace must seek outside funding to support these needs. The duel structure of Childspace, where CDCC and CCDI have nonprofit status while CMG has for-profit status, has helped expand the portfolio of options for grant funding. For example, a current grant from the Catholic Campaign for Human Development supporting the expansion of the worker co-op model has allowed Childspace to fund new staff positions. Other grants over the years have helped Childspace expand physically.[16]

Analysis

Childspace's innovative triad structure (figure 1) is fundamental to its survival and success as a cooperative endeavor and provides an important model to other cooperative organizations. The combination of CMG, CDCC, and CCDI allows Childspace to provide more than just day care. Rather, it allows Childspace to provide clients with quality, affordable childcare; to provide its employees with living wages and benefits, opportunities for cooperative ownership and management, and career advancement; and to provide the surrounding community with training and advocacy. For example, each day care center on its own could not afford the cost of administrative overhead necessary to maintain facilities, provide training, and seek grants. Instead, CDCC and CCDI contribute to the salaries of administrative and business staff required to maintain and grow the overall venture. In addition, the fact that Childspace incorporates both for-profit and nonprofit organizations broadens its options for revenue seeking.

Childspace also provides lessons to other cooperative organizations through its adherence to best practices related to the Seven Cooperative Principles, adopted in 1995 by the International Co-operative Alliance. Among these seven, voluntary and open membership, member economic participation, organizational autonomy and independence, and community concern are elemental principles of practice at Childspace. However, Childspace's best practices revolve around two of the remaining principles.

First, Childspace models a best practice with its emphasis on ensuring member investment and commitment. Other studies have shown that factors such as ideological or financial commitment promote greater loyalty among worker-owners compared to non-cooperative businesses.[17] Childspace's primary mechanism for promoting member commitment is the one-time membership fee and stock ownership fee, a total of $250. Yet membership is not required largely because of an emphasis on worker choice. For some employees, the $250 fee is a financial hardship. The required time commitment required can also be a barrier; membership entails attending up to four 1½-hour meetings per month, often during staff break time.

Ideological opportunities, such as the chance to be an owner of the organization and to take part in decisions, provide a main incentive to membership. According to worker-owners Janet Filante, Mindy Barbakoff, and Doris Young,[18] one benefit of working at this cooperative organization is the lack of an "us versus them" scenario, where staff are subject to the policies set by managers and directors. Cooperative members are worker-owners, and they are expected to meaningfully participate in the financial and program operation of Childspace. In essence, this empowers members to create the kind of workplace in which they wish to work. As Filante, executive director of CCDI and worker-owner put it, "If I want something fixed or cleaned up, I can either fix it myself or I can bring the issue to the co-op or create a committee to work on the issue."[19] These patterns support findings from a study which compared a private company with a worker-owned cooperative [20] and found that cooperative workers were more satisfied with their jobs[21] due to cohesion among workers (shared values and goals) and feelings of autonomy, collaboration, and equity (instead of competition and hierarchy). While hierarchy exists in terms of professional role and pay, it is not necessarily present within cooperative decision-making processes in which each member has only one vote.

At the same time, challenges surround this lack of hierarchy in decision making among cooperative members. Worker-owners must learn to act along community and organizational interests, in addition to their own personal interests. At times, these interests clash at Childspace; the case of worker pay is an example. While workers may know that they require and deserve higher pay, they also know from their intimate knowledge of the budget that the organization might not be able to afford to pay more.

Individual and organizational interests also may clash as a result of the time and effort required to fully participate in the cooperative. First, it is difficult to motivate staff to become worker-owners. Benefits that come from the cooperative structure and philosophy are very much accessible to staff, such as opportunities to participate in decision making, and many staff choose not to become members. Childspace has few financial incentives to motivate staff to become members, other than the potential to receive a share of yearly dividends (which is not a common occurrence) and more access to financial decision making. The organization continuously strives to develop incentives for staff to become members, but restricting benefits to certain employees, including staff, is not a part of the organization's philosophy.

Motivating members to take leadership positions on committees or workgroups—to go a step beyond baseline attendance at group meetings—is also a challenge. The cooperative operates on its members' ideas and labor. Members and the broader organization benefit from the investment of time and energy that members devote to maintaining and improving their workplace. Yet, similar to Castel et al.'s[22] findings, the group has found it difficult to motivate members to go beyond their employee roles to take more of an owner or leadership role.

Second, Childspace offers an important model of democratic control and decision making. Members and staff are either required or encouraged to participate in decision making at CMG, CDCC, or CCDI. Monthly meetings among members and a majority-vote, decision-making model are important elements. Childspace has found that lowering barriers to the participation of staff and members who have children and family commitments is fundamental. For example, Childspace provides childcare and food during meetings, and, as much as possible, holds meetings during work hours.

Childspace is a vibrant example of a cluster of organizations operating under cooperative principles. In many ways it is fulfilling its founders' original aim, which was to avoid common problems in the childcare industry, such as low pay, lack of benefits, low job security, and few advancement opportunities. Childspace provides premium health benefits, sick and vacation time, opportunities to contribute to decision making, and other benefits which are rare in the childcare industry and other service-based industries that largely employ women. Its innovative practices, and the challenges surrounding these practices, regarding structure, decision making, and employee commitment provide valuable lessons for other worker cooperatives.

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