Unionizing a Nonprofit Human Service Organization: Lessons from a Children's' Residential and Community Service Agency

Dustianne North, PhD
Research Consultant
Mack Center on Nonprofit and Public Sector Management in the Human Services
School of Social Welfare
University of California, Berkeley

Introduction

This teaching case describes the 2014-2015 unionization of residential counselors by Teamsters Local 856 that took place in 2014-2015 at the Edgewood Center for Children and Families, a large foster care and mental health services provider in San Francisco, CA[1].

Founded in 1851, Edgewood Center for Children and Families provides over 25 residential care and community-based prevention and treatment services for over 7,000 youth and families per year, with an annual operations budget of $26.9 million in 2014 and a staff of over 400 (www.edgewood.org). Based on a recent history of organizational challenges, including financial troubles connected to the Great Recession of 2008-2012, there were limited resources to help them weather that storm.

During and after the Great Recession, the cost of living in the Bay Area increased dramatically, making it harder for workers to survive on the low pay associated with residential care work. While Edgewood employed a fairly diverse staff at both the frontline and management levels in terms of gender and ethnicity, there was a significant gap between front-line workers and managers in terms of age, levels of education, and salaries.

In addition, the needs of youth referred to Edgewood had also increased due to the closing of several facilities that had served youth with serious mental illness, many with needs beyond the capabilities of their staff, leading to violence and worker injuries on the job. These challenges also led to chronic staff turnover, understaffing, and low morale.

Meanwhile, San Francisco had become a strong union town, including the fact that some county managers who oversaw service contracts with Edgewood were themselves members of government-based unions. Some middle managers at Edgewood also supported unions, while the residential counselors who unionized were described, on the whole, as "young and idealistic", and some were local activists and had participated alongside local unions in Occupy Wall Street and other movements that protested against privatization and the austerity cuts in local public works.

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[1] Information is presented here by an outside researcher, who conducted four interviews with three managers at Edgewood that included the executive director at the time (a middle manager and an HR official also provided data). For a variety of reasons, it was not possible to speak with front-line workers or union officials and therefore this teaching case only represents the perceptions of senior management. The case was developed with the support of the Mack Center on Nonprofit and Public Sector Management in the Human Services at the University of California, Berkeley. The author wishes to acknowledge the guidance of Michael J. Austin, Mack Professor and Director of the Mack Center at the University of California, Berkeley.

In essence, the stage was set for a "perfect storm" based on Edgewood's financial and staffing troubles, an economy in recession, greatly escalating costs of living, an increasingly difficult-to-serve client population, and a strong local union presence.

The Unionization Process

Pre-Unionization Developments

The depletion of Edgewood's financial reserves (2008-2010) led to a variety of cuts and reductions that directly affected staff, including counselors in the onsite school who were suddenly asked to pay for their own on-site lunches while supervising youth. Residential and school counselors were also subject to furloughs and wage freezes as the financial crisis worsened. The staff health insurance plan was also changed, requiring workers to pay a larger deductible in connection with their health care insurance.

Management and human resource (HR) personnel at the time, most of whom were no longer in place at the time of the union vote were not able to address these challenges and therefore contributed to the rising tension and unfolding conflict. For example, the HR director had not communicated to school workers that they would be required to pay for their own lunches.

A new Executive Director was hired in 2010, who began to close programs that were losing money to help address the budget deficit and was able to create a small surplus in the budget that provided enough funds to stop the furloughs and provide a 3% cost of living increase to all staff.

Despite these actions, staff morale continued to decline and administrators were slow to recognize this downward spiral. Staffing shortages continued due to difficulties in recruiting and retaining staff. The number of high needs youth referred to the agency continued to increase, and the financial need to keep beds full added more pressure on staff to accept these youth, despite the lack of staff training needed to deal with aggressive, assaultive, seriously mentally ill youth. Employee injuries continued and staff complaints increased.

In this context, HR policies and practices were especially problematic for both front-line workers and administrators. For example, administrators did not adequately address issues raised by staff and HR failed to terminate workers who had either demonstrated incompetence or violated agency policy. In the absence of effective grievance procedures, a climate of distrust, conflict, and misunderstanding emerged and made it difficult for managers to effectively enforce policies.

One strategy that was employed to improve the financial health of the organization was to access Medi-Cal funds related to Early and Periodic Screening, Diagnosis, and Treatment (EPSDT). Given the reluctance of the county human service agency to use more county-generated tax funds to pay a flat fee for each child referred, the use of federal Medicaid funds was made Edgewood attractive to the county and thus supported referrals that kept Edgewood's beds filled. The unanticipated consequence of accessing these funds was an increased demand on staff to maintain extensive case notes on each child using a computer-based system that frequently malfunctioned. Edgewood's Information Technology (IT) department was also ineffective in supporting staff in dealing with the new problems that the information system created, and there was also no time during worker shifts to complete case notes (nor were workers paid to do them at other times). This led to major staff frustrations that were not always able to complete the documentation needed to adequately satisfy funder requirements.

The Wake-Up Call

Senior managers continued their efforts to improve employee wages and benefits, address service problems, and continue fundraising efforts. Counselors got a significant 10% pay increase in 2013 and the entire staff got significant increases in 2014 along with other incentives. Unbeknownst to administrators, their efforts coincided with the exploration of unionization among residential counselors.

Additional efforts were made at both top and middle levels of management to open dialogue. The executive team presented a draft of the new PTO policy at an all-staff meeting in 2014 in order to update everyone and gain input. This meeting proved to be "a wake-up call" for senior administrators, who realized they had misjudged the depth of staff dissatisfaction, and it was mentioned at this meeting that some "organizing" among workers was occurring (though it was not yet clear to the administration that this meant a unionization process was being considered).

The CEO continued to hold staff lunch meetings periodically in order to better inform them of latest efforts and developments and to hear their concerns. In these meetings, top administrators learned that several staff members felt that the organization was becoming "too corporate", in that it valued cost-cutting and accountability practices over the quality of care and worker health and safety. Some residence supervisors also attempted to improve communication and conditions within their teams, each according to their own management and clinical style. At the same time, Edgewood was approached to acquire a substance abuse treatment facility in a nearby city at no purchase cost. The acquisition venture required that the Edgewood director spend time off-site regularly, leaving some staff with the impression that the administration's attention was elsewhere. Misunderstandings about the financial implications of the venture also led some staff to be concerned that money they were told was not available to support workers was instead being spent on this acquisition. The venture was ultimately abandoned.

The Union Drive

In 2014, the HR department at Edgewood was officially informed of a unionization effort among their counseling staff by Teamsters Local 856 (already serving 8,000 members throughout Northern California). Top administrators consulted an Edgewood board member who was also a labor attorney who urged administrators to "get on this", and asked, "how did you let this happen?" At the same time, the union representatives were advising workers not to address work-related complaints and concerns or problems directly with their supervisors but rather consult the union.

Edgewood administration received a letter that the Teamsters had collected enough signature cards to justify recognition of Edgewood as a union shop. Edgewood officially opposed this declaration and insisted on a vote.

Passionate campaigns on both sides ensued. Workers believed that a union would bring changes in their working conditions, the youth they served, and, for some, larger social change. The agency director acknowledged to the staff that they had a right to organize, but made clear that he did not support unionization for the following reasons: (a) it would create an “us vs. them” environment in the organization, especially since only residential counselors would be unionized, (b) it was not necessary because he believed that all issues could be resolved internally, and (c) it would create an external middle man that would prevent disputes from being resolved internally. Other administrators felt that unionization would not bring workers the changes they wanted.

The unfolding battle became quite “ugly”. Tactics by the union involved direct action picketing at the home of the director along with public attacks on the personal ethics of management and their salaries. Managers felt that Teamsters organizers played dirty; their most common complaint was that union organizers embellished, and in some cases outright falsified information, in order to sway workers to their cause. In one example, they reported that workers were incorrectly informed that they were making less money than their counterparts at other Bay Area agencies in the Bay Area. Managers also denied a claim by the union that workers were working overtime without compensation (which would have been illegal).

Management strategies to oppose the union drive included hiring a labor attorney, passionate arguments against unionization, and continued efforts to improve the conditions that motivated the drive in the first place. They made efforts to lobby direct care staff members to continue keeping open lines of communication in the chain of command and on clinical teams. A new Chief HR director was also hired in September 2014 in order to ensure a more strategic approach to HR, who worked to implement a new health benefit plan for workers and to provide reimbursements to workers who had paid for their onsite lunches.

Many management efforts to improve conditions during this time were viewed with considerable staff skepticism and cynicism. The union and some workers perceived hiring a labor attorney as an aggressive tactic, and several efforts to restore communication between front-line workers and managers, or to improve conditions, became the subject of unfair labor practices complaints (i.e., “unfairly swaying votes”). One worker went so far as to file a complaint stating that management threatened him and bribed him to keep quiet (a claim that managers denied and found rather shocking). The HR chief had to take extra care in his efforts to gain employee input into the new benefits plans, to avoid complicating the union vote, and the reimbursements provided to workers for onsite lunches was perceived by some workers as a move to buy votes.

Meanwhile, continued understaffing and the issue of computerized case notes were creating increased tension between counselors and managers. Some workers began to simply refuse to complete notes. At least one middle manager was reported to allow workers to forgo case notes as well as to leave shifts early but report full time work on their timesheets. The missing case notes were highly problematic for Edgewood, because Medi-Cal would not pay for services rendered without completed documentation. Managers did not feel that they could discipline or terminate staff that did not comply with agency policies without facing legal repercussions during a union drive. There were no legal protections for the organization against slander or false information used by the union. As one administrator noted, the union “does not have to tell the truth” and “that at least some workers would believe them no matter what”.

It became clear that the union drive made board members and funders very nervous and complicated Edgewood's relationship with the county staff that oversaw the contracts with Edgewood. For example, Edgewood opened a new crisis stabilization unit in 2014 and was seeking county certification that would allow them to accept youth who were detained by police for 72-hour psychiatric holds. One elected member of the county Board of Supervisors supported the union and therefore delayed approval of the certification.

The Elections

In late October 2014, a vote was held to determine whether the 154 residential counselors at Edgewood would be recognized as members of the Teamsters Local 856 and it did not pass (44 in favor and 46 against). With this victory behind them, Edgewood administrators felt that they could now act more strongly to enforce policies and address problems without the threat of union-related legal consequences. In what was described as a dramatic turn of events, several staff changes were made immediately following the failed union vote. On the executive team, there were two retirements and one staff replacement. Workers loyal to management viewed the changes as improvements, while some workers on the union side saw this as a move to bring in "hired guns" to further oppress workers.

Several middle managers were also removed, as were front-line workers, including those who had not complied with case notes and staffing requirements. The existing HR specialist left the organization voluntarily in early 2015, and one supervisor who had been well liked by frontline staff was removed. Top administrators said that these terminations created additional fallout between management and staff.

The Teamsters pushed for a second vote, contesting the outcome of the election. The National Labor Review Board determined that there was enough evidence to warrant a hearing. Administrators had been told that repeated elections are usually favorable to unionization, and a hearing would be costly, so they decided (after initially opposing the repeat election) to allow the vote without a hearing.

The second voting process was more civil on the surface; behind the scenes, however, the Teamsters increased their organizing activities significantly by making door-to-door visits to workers where they questioned the ethics and salaries of Edgewood administrators by emphasizing the financial hardships placed on workers. Administrators perceived these actions as very "nasty" and "unfair." A second vote was held in May of 2015, and to the surprise of management, results were 51-44 in favor of unionization.

A Work in Progress

This teaching case ends as the new bargaining unit was in the process of collecting grievances; collective bargaining had not yet begun and no union contract was in place.

As a whole, administrators predicted at that time that workers would soon be dissatisfied with having selected unionization as their problem-solving strategy. They felt that the union had "promised the moon and stars" to a direct care staff characterized as young, idealistic, and perhaps immature and “not too sophisticated”, and that these workers were somewhat taken in by promises that would never be actualized. One also pointed out that around 20 of the 50+ workers who voted for unionization had since left the organization, and that the union initially had some trouble assembling a bargaining team and getting turnout to their meetings.

On the other hand, the new HR Director was very familiar with union dynamics because he had been an HR director in the shipping industry and managed union contracts with Longshoremen and others for several decades. He had also been a union steward in a previous job and was the son of a 1930s labor organizer. While his stance was not necessarily “pro-union” in this nonprofit setting, he was more comfortable working in a union shop than board members and other Edgewood administrators. He therefore suggested that, while he understood their consternation, Edgewood would have no choice but to work with the union. He recommended that they treat the new union as “just another partner”, and to look for common ground with workers and organizers.

At the same time, Edgewood reassessed its admissions policies and practices related to accepting high-needs youth and opted to increasingly refer those youth to other facilities (often out-of-state). They also closed one residential cottage, enabling them to be more selective about the youth that they admit.

Despite these changes, the organization had once again fallen into a financial deficit of about $3 million due to not being unable to keep the residential beds full along with the unreimbursed Medi-Cal funds due to incomplete case notes. In addition, legal fees related to the unionization process contributed about $150,000 to the deficit.

In the midst of these financial realities, the Edgewood Board of Directors decided that a new director was needed and quickly recruited the former director to return on an interim basis to help stabilize the situation. This change led to improved union contract negotiations. Managers and board members were beginning to become more comfortable with the notion of operating a union shop. Edgewood managers and the Teamsters had also agreed to work as allies in support of local advocacy efforts to increase county contract funding.

The Edgewood case is an interesting example of a trend in the nonprofit sector toward worker unionization in the context of today's neoliberal business-oriented accountability economy. A related literature review by the author is reported elsewhere mackcenter@berkeley.edu..

Discussion Questions

1. To what extent do you see Edgewood as a high-risk environment for unionization? How so, and what might managers of other nonprofits learn from this case about conditions that are likely to lead to grievances and potential unionization?

2. To what extent do you think the union organizers deceived the young and idealistic workers in the union’s efforts to expand membership and dues in the nonprofit sector?

3. To what extent did the Edgewood administrators underestimate the extent of disgruntled and discouraged staff by being a bit “too tolerant” of a bad situation? What lessons might be derived from this experience?

4. How might Edgewood managers have advocated for giving staff more of a voice in the organization? How might they involve them on leadership teams? Would it have made a difference if they had removed negative managers earlier, to avoid the festering of problems?

5. To what extent did the administrators misjudge the role of a union by claiming that the union: (a) can only influence issues like wages and benefits, which cannot be improved given the lack of funds available; (b) create an unnecessary “us” and “them” climate, and (c) interfere with communications by adding a layer of bureaucracy? How much do you think that the union will be able to help improve labor practices and advocate with the county for increased funding?

6. How realistic is it for administrators to treat the union as a partner by seeking common ground that is focused on the agency’s mission of serving the needs of youth?