

**Presentation to National Conference of State Legislatures Annual Meeting
August 18, 2005**

Washington State Convention Center -- Seattle, WA
Douglas W. Nelson, President, The Annie E. Casey Foundation

Good morning. It's great to see everyone – and I'm very appreciative of this impressive turnout so early on this busy conference day. Senator Saland, I want to thank you for that kind introduction and, on behalf of the Casey Foundation, let me express our admiration for all that you have done for kids and families in New York state, from strengthening protections against child abuse to sponsoring New York's critically important Earned Income Tax Credit for working families. Among other things, you are an inspiration to my daughter, who is now a New Yorker, studying law at Rutgers as you did – and hoping to make a career helping children in your state.

And while I am thinking of New York, let me mention something that may be of interest to this audience. From 1999 to 2002, I had the privilege of chairing a federally mandated oversight panel to help settle some long-standing class action law suits aimed at improving New York City's child welfare system. With leadership from the City, with support from the state, and a little help from Casey, New York's child welfare system has made enormous and noteworthy progress. Preventive services have gotten stronger, information systems have improved, contracts have become truly performance-based, and, most important, fewer kids are in care and more kids are finding their way to safe and loving families. New York City, I believe, has lessons to share with challenged urban child welfare systems all across the country – and the Casey Foundation would be happy to facilitate that learning.

And speaking of facilitating learning, I want to extend a special thanks to Mary Fairchild and her team here at NCSL – not only for organizing this session – but also for all she has done to make the NCSL/Annie E. Casey Partnership a valued and valuable resource for legislators looking to strengthen the economic and social success of working families and their children.

As Senator Saland noted, I have been lucky enough to be President of the Annie E. Casey Foundation for almost 15 years. The Foundation was created right here in Seattle back in 1948 out of the generosity of Jim Casey and his siblings who – in 1907 – also in this city – started a little messenger service that grew up to be UPS.

Seattle is important to us. It's where we made our first grants, it's the province of one of our most respected KIDS COUNT organizations, and it is home to two very important Annie E. Casey Foundation initiatives – a city wide and highly successful Jobs Initiative, as well as an innovative neighborhood change effort known as *Making Connections* in the White Center community, just south of this center where your conference is being held.

Today the Foundation calls Baltimore, Maryland home. We now have an endowment of about \$3 billion; we support services, initiatives, and organizations in all 50 states; and last year our total spending approached \$230 million.

All these efforts, in all these places, for all these dollars are aimed at a single overarching mission: to help states, communities, and families find ways to reduce the number of American kids who end up left out, left behind, or in trouble.

We pursue this goal in a host of different ways. For example, we are big promoters of intelligent prevention and effective early intervention. The operative words for us, however, are “intelligent” and “effective.” Every state legislator is bombarded with claims that this program or that service will reduce hardship, prevent problems, and save money. The hard truth is that many prevention efforts -- however well intended -- don’t measure up to the claims or promises made for them. But if that’s the hard truth, the important truth is that some preventive investments do genuinely work – some policies, practices, interventions really do prevent more serious problems from occurring; they do move people and families more fully to desired outcomes; and they really and truly are cost-effective.

Casey sees itself as in the business of finding and evaluating just these kind of cost-effective programs and practices, and then helping states and communities adapt them to their particular contexts and goals.

For example, we’ve helped states and counties across the nation implement safe and cost effective ways to reduce juvenile detention; to reduce the rate of adolescent child bearing and STDs among high-risk teens; to reduce admissions to foster care; to shorten lengths of stay in foster care; and to accelerate the achievement of permanence. We have helped schools and school systems get more kids reading by nine and more kids to graduate on time. We’ve helped communities and states be more successful in their efforts to move folks from welfare to work and to help at risk youth transition to successful adulthoods.

This year we’re concentrating on helping states and counties meet the very difficult challenge of enabling very hard to employ young adults – including many of those young parents who are still left on the TANF rolls – to get ready for work, to find jobs, to keep those jobs, and to move up. I will talk a lot more about that effort in a few minutes.

Let me emphasize before I go any further that Casey doesn’t invent these good ideas, these system reforms, these cost effective policies. We steal them. We steal them from farsighted states, legislators, governors and commissioners, from entrepreneurial non-profit providers, from creative grass roots community organizations, from gifted frontline workers, and sometimes from the brains of the families and kids we are all trying to help.

What Casey really does is to vet these good approaches, document their results, and refine them. Sometimes we test them on a bigger scale or in combination with other good ideas. We also work hard to help others learn about these good ideas, help them apply these approaches in their states or cities, and, wherever we can, we help states scale up and institutionalize the most effective ways of delivering human services.

I can't resist giving you a recent example of all this – one that I think may prove interesting to any state trying to get a better return on its human services investment. Three weeks ago, Governor Robert Ehrlich and a bi-partisan group of Maryland legislators announced the signing of something they call the Maryland Opportunity Compact. On one level it's quite simple. Local human service officials and foundations in the city of Baltimore agreed to put up money for an innovative set of wrap-around services that can help substance-involved mothers safely and more quickly get their kids back from foster care. The Baltimore folks believe the initiative will produce a significant reduction in the foster care days and dollars devoted to Baltimore kids. The state, for its part, has promised to reward the Baltimore initiative, should it succeed. To be more specific, the state has agreed that if Baltimore's foster care usage falls below projected levels for 2006, the state will return 60 percent of the saved dollars to the city to maintain or enlarge the intervention that produced the cost reduction in the first place.

The Compact notion seems simple enough, but it wasn't so easy to build. For 18 months, Casey folks helped local and state officials, program experts, business and foundation investors, and advocates design and negotiate the specific provisions – including agreements on how to measure, how to track, and how to cost out the value to taxpayers of reductions in foster care. All this hard work has given the Compact wide credibility in the state. In fact, Maryland is now working on completing similar compacts to reward local interventions that can reduce juvenile incarceration rates; that can substitute family based care for high cost residential treatment; and that can lower the rate of recidivism among recently released state prison inmates. Should these Maryland prototypes prove as practical and innovative as I think they will, they ought to be of great interest to any state that really wants to reward results in its human services spending.

For these kinds of creative ideas, there is no audience or dissemination mechanism more important than NCSL. For more than 10 years Casey and NCSL have worked together to help states share the best solutions to the chronic challenges facing child protection and child welfare. More recently, the NCSL/Casey Partnership on Family Economic Success has been terrific at broadcasting the best legislative and policy and program ideas for helping working families maximize earnings, increase their financial literacy, and beat “the high cost of being poor.”

And this coming October, Casey's partnership with NCSL and the Center for the Study of Social Policy will result in what I hope will be a landmark report, which we've titled *Policy Matters*. This publication will catalog and benchmark each state's key policies aimed at improving lives and outcomes for families and kids. I think NCSL's membership will find it enormously relevant and useful.

Of course, in lots of ways, *Policy Matters* is an outgrowth of Casey's longest continuous and probably our best known publication – our annual *KIDS COUNT Data Book* – now in its 16th year. As I hope many of you in this room know, KIDS COUNT is an annual report that measures, compares, and tracks the well-being of kids and families in all our states, D.C., and Puerto Rico. Within each state, a Casey grantee organization provides similar measures, usually on a county-by-county basis. And, at 11:00 this morning, our KIDS COUNT coordinator, Bill O'Hare, will launch and demonstrate our KIDS COUNT website's newest feature – the first-ever compilation of state legislative district data on the status of children and families for every legislative district in all 50 states.

We are excited by this because we believe state legislators are probably the most important consumers of the information, analysis, and recommendations that are the content of our *KIDS COUNT Data Books*. In fact, a recent NCSL survey suggested that more than two-thirds of sitting legislators are aware of KIDS COUNT and a majority have used the data to inform their policy views and decisions.

For all those reasons, I want to use the balance of my time to talk with you about the key headlines and the central message that anchors our recently released 2005 KIDS COUNT report.

The above-the-fold, the biggest headline that emerges from the 2005 report is this: the across-the-board and steady improvement that we saw in kid and family well-being indicators through the latter half of the 1990s has stalled – and, on some measures, we've lost ground. From 1995 to 2000, the nation as a whole (and most states) made steady progress on eight of the 10 indicators. But since 2000, five of the measures have worsened (infant-mortality, full employment, low birth-weight, teen death, and child poverty); two have remained the same (kids in single-parent households, teens not attending school and not working); and only three (the child death rate, teen birth rate and high school drop-out rate) have improved.

I don't want to be excessively negative here. The continued progress we're making on teen child bearing and high school dropouts is hugely important. These are pivotal predictors of the well-being of the next generation of America's children, and we should be heartened that the trends continue in the right direction, even though we still have a long way to go.

What should alarm us, however, are the economic measures. Until recently, child poverty rates had been going steadily down. That trend, however, stopped and the numbers are moving up. In 2003, 12.7 million kids were in poverty, 18 percent of all U.S. kids, up from 17 percent in 2000.

Similarly, the employment rate and earnings levels of parents – including many former welfare recipients – had been improving markedly over the late 1990s. But this progress has also stalled; in fact, it too is going in the wrong direction. In 2004, 4 million

American kids lived in households where no parent worked at all during the prior year, up from 3 million in the year 2000.

What this says to me, among other things, is that many of the folks still on our welfare rolls are having a difficult time making the transition to work, AND a significant number of folks who may have left TANF in recent years are drifting back to the system or are otherwise trying to survive without real work.

In this year's KIDS COUNT essay, we concluded that these unemployed, hard to employ and vulnerable parents (there are at least 2 million of them) – these families deserve the highest priority attention from policy makers and legislators at both the national and state levels.

They deserve our concern, above all, because the kids – the now 4 million kids in these households – are at immense risk. Many of these families are living at or below half the official poverty level – that's extreme poverty; it means nothing less than life damaging hardship for children. Many other of these unemployed families are engaging in reckless life styles that are absolutely hazardous to the health and survival of their kids. That's reason to be concerned.

So, who are these unemployed and unreached young parents AND what do we need to do to help them? Most, of course, are not well educated, lack hard vocational skills, and have little work experience. In these ways, they are not unlike a lot of low-income working families in America and not unlike many of the families that have been successfully helped to leave welfare for work. But what sets the 2 million or so parents we're focusing on apart from other low-skilled job seekers is that they bring some additional very personal and very profound burdens and barriers to their efforts to get a job and keep it.

Our research suggests that four particularly challenging barriers have gone largely unrecognized and unreported: (1) the presence of an abusive domestic relationship; (2) serious untreated depression; (3) substance abuse; and (4) a history of prior incarceration. Let me just mention just a few things we've learned about these issues and their implications for employability, self sufficiency and kids' well-being.

First, domestic abuse and partner harassment is a tragically prevalent feature in the lives of many of the women who've had the toughest time leaving welfare. Some abusive partners actively sabotage a woman's effort to become independent and forge work related social relationships. In other instances, the injuries and insecurities that flow from in-home violence just plain make job-holding impossible. In our view, most state welfare and employment programs don't do enough to identify and address this issue, and they don't fully appreciate how much it prevents job success.

In most of our states, we have programs that help women to safety or safer relationships. We need to make sure that our "workforce" and TANF agencies have the capacity to identify the need individuals have for such programs and then the ability to

connect their job-seeking clients to those critical resources. The Department of Social Services in Anne Arundel County, Maryland, for example, has trained its TANF workers to screen for domestic abuse issues and offer clients confidential help through a partnership with a local domestic violence agency. The result is far more successful work outcomes for clients as well as relief for many families from the scourge of in-home violence.

A second obstacle is depression. A growing number of studies confirm that low-income, single-parent women, and especially those juggling the stress of parenting responsibilities and work expectations, are far more likely to experience significant depression – and far less likely to get effective and appropriate treatment – than women in the general population. Untreated depression is a disease that undermines motivation, self-esteem, resilience, and physical energy – all of which are prerequisites for succeeding at work, let alone for being the best possible parent.

Here again we need our state TANF and child support and employment staffs to be alert to the issues of depression and to be able to link those they find with mental health needs to quality counseling and medical services. Tennessee's Family First program provides all its TANF clients with screening for depression and other problems, combined with effective referrals to appropriate services and treatment. Program evaluation data suggests that Tennessee's comprehensive assessment, counseling, and treatment approach vastly improves the employment rate for its participants. Similar mental health sensitive employment strategies in Chicago, Oregon, and elsewhere report similar leaps in good job outcomes.

The third obstacle to employment success – one which sadly affects a significant portion of our persistently unemployed young families – is substance abuse. Alcohol and drug abuse, chronic or episodic, undermines punctuality, reliability, productivity, safety, and communication – the essential soft skills for job success. Here again, the hopeful answers lie in non-punitive screening, referral to appropriate daily treatment, and meaningful follow-up – all as part of an integrated set of supports offered in concern with job training, job searching, and job finding help.

These approaches work. In New Jersey, they have created an Intensive Case Management track for substance-abusing TANF clients that combines addiction treatment with employment skills training. The measured outcomes suggest both increased rates of long term recovery and vastly improved job retention. Similarly, right here in Washington state, the Community Jobs Program provides hard-to-employ TANF participants – many of whom are substance involved – with individually tailored case plans that allow simultaneous treatment, training, and transitional work experience. The result is that 64 percent of their hardest to serve individuals managed to find private sector jobs, most within three months of completing the program.

The last obstacle to employment success – a factor that is now threatening to impoverish and disable more and more American families – is having a felony record. This is a multifold disadvantage. Having a record, in and of itself, legally disqualifies a

person from a surprisingly wide range of employment options. More informally, employers are commonly disinclined to incur the real or perceived liability and security risks that are assumed to go along with prior criminal conduct. Finally, time spent in prison not only doesn't yield any meaningful work experience, but it only rarely offers even basic academic or vocational training. Taken together, these factors mean that the typical ex-offender has a much reduced likelihood of successfully entering the mainstream workforce or constructively providing financial stability for his or her family and children.

This is not news, but what is new is that we have a vastly increased number of parent-age men and women who have to deal with this issue. In 2003, there were more than 2 million adults incarcerated in the U.S. – that's a four-fold increase since 1980. By the end of 2001, approximately 5.6 million U.S. adults had served prison at some point in their lives. Maybe even more striking, the number of women who are in jail or prison is 15 times higher today (182,271 in 2002) than it was in 1980 (12,300).

The unavoidable conclusion is that if we want more of our children to be raised by parents who earn an honest living, then we are going to have to do much more to assure that ex-offenders have real employment opportunities along with the skills and supports they need to take advantage of those opportunities.

There's evidence we can do a lot better. Project Reintegration in Texas provides education, training, and job search assistance to inmates during their incarceration and extends job placement and job support services after their release. The results are measurable increased unemployment and clearly decreased recidivism. Equally promising are publicly supported community programs – like Pioneer Human Services here in Seattle – that offer transitional work, job finding assistance, counseling, and social supports to returning offenders with impressive results in economic self-sufficiency, improved family relations, and lower re-arrest rates.

Let me begin to close here by admitting that states face a pretty tall order if they are going to do all that they need to do to move a few million very hard to employ parents into real jobs and on the road to real self-sufficiency. At a minimum, it means state planning and human service agencies need to do a more thoughtful job of collecting data to accurately estimate the size, location, and circumstance of their hard-to-employ population. It means state TANF and employment programs are going to have to build the capacity to screen for special problems and multi-problem clients. It means that these same agencies are also going to have to create the capacity to coordinate and intensively case manage multiple services to these challenging clients – services and supports that go far beyond eligibility determination, job training, and placement referrals.

It means that state correctional systems are going to have to shift from an almost exclusive focus on incapacitating and incarcerating criminals to an increased emphasis on educating, preparing, and supporting men and women to re-enter families, communities, and workplaces. It means that legislators and governors (as they are doing in Illinois and Florida) are going to have to review legal barriers to employment by ex-offenders, as

well as reach out to business and the faith community to expand opportunities and supports and second chances for our growing class of ex-offenders.

The KIDS COUNT research we did uncovered a lot of examples that prove that we can do better – we can help find work and opportunities for even the long dependent and hardest to employ among us. But it will take scaling up best practice, system change, policy change, and targeted investment to get the job done. I, for one, think it's worth the effort. Truth is, the alternatives are unacceptable. It would be very unwise to return to a permanent welfare system to subsidize the permanent dependence of millions of American adults raising millions of American children. It would be even worse to leave millions of our families without either a safety net or a reasonable chance to earn a living. Too many children will pay too high a price for that kind of short-sighted tough love.

No, the best answer lies in continuing to find ways to make work work – and to make it work for even the most challenged families. We can and must finish the work begun under welfare reform and make good on the promise of helping all those who need and want to work – even those facing the most formidable barriers – connect to a job, become self-sufficient, and get a real shot to escape poverty. Millions of kids are depending on us.

Thanks for hearing me out. I look forward to your reactions to these comments, to our longer KIDS COUNT essay and to your ideas and suggestions for how we can all begin to tackle the challenge of helping our most vulnerable families succeed.