



# ADVOCASEY

DOCUMENTING PROGRAMS THAT WORK FOR KIDS & FAMILIES

A PUBLICATION OF THE ANNIE E. CASEY FOUNDATION

VOLUME FOUR

NUMBER ONE

SPRING 2002

**PUBLIC SCHOOL REFORM:**  
Houston Shows the Way

**CHICAGO:**  
Proving the Value of Early Childhood  
Education in the Real World

**THE GOOD NEWS FROM APRIL 15:**  
Tax Credits Lift Working Poor Families  
Out of Poverty

Teen Substance Abuse Treatment That Works:  
**A FAMILY AFFAIR**

**REPEALING THE HIDDEN TAX:** Free Tax Preparation for Low-Income Working Families

# MAKING WORK PAY

## TAX CREDITS FOR LOW-INCOME WORKING FAMILIES

### A BIG BOOST FOR FAMILIES

#### RIISING BENEFITS

Maximum value of the federal Earned Income Tax Credit (EITC) when it was first introduced in 1975: \$400 per family

Maximum Value in 2001: \$4,008

Value of the federal Child Tax Credit in 2000 for a married couple with \$18,000 of income and two children: \$0

Value of the Child Tax Credit for the same family in 2001, after it became “partially refundable”: \$800

Value of the EITC and Child Tax Credit for families who do not work: \$0

#### POVERTY REDUCTION

Number of people who were lifted out of poverty in 2000 thanks to the federal Earned Income Tax Credit: 4.8 million (including 2.6 million children)

Number of additional children who would be lifted out of poverty if every state enacted a refundable earned-income credit valued at 25 percent of the federal EITC: 570,000

Number of children who will be lifted out of poverty by the refundable Child Tax Credit, once it is fully phased in (in 2010): an additional half million

#### BIPARTISAN SUPPORT

President under whom the Earned Income Tax Credit was first adopted: Gerald Ford

Presidents under whom the Earned Income Tax Credit was expanded or increased: Ronald Reagan, George H.W. Bush, and Bill Clinton

Number of states that have enacted their own earned-income credits to further assist low-income working families: 15, plus the District of Columbia

### ...DESPITE MANY OBSTACLES

#### FORMIDABLE FORMS

Number of pages in the IRS publication explaining the EITC: 54

Number of separate worksheets a family might have to complete in order to file for the EITC: 6

Ranking of EITC-related complaints on the National Taxpayer Advocate's 2001 list of most serious problems facing American taxpayers: 3rd, 5th, 7th, and 11th

#### THE COST OF CREDITS

Estimated sum low-income working families paid tax preparers in 2000 for tax services and rapid refund loans: more than \$1 billion

Annual percentage rate equivalent paid by low-income working families for a rapid refund loan (including application fees and interest): up to 1,500 percent

Estimated percentage of EITC filers who get their taxes prepared free through the IRS Volunteer Income Tax Assistance (VITA) program: less than one percent

## DOCUMENTING PROGRAMS THAT WORK FOR KIDS &amp; FAMILIES

**2** THE GOOD NEWS FROM APRIL 15

by Douglas W. Nelson

The president of the Annie E. Casey Foundation explains why he was smiling on April 15.

**4** PAUL REVERE RIDES AGAIN

INSIDE THE REMARKABLE RISE OF THE HOUSTON PUBLIC SCHOOLS by Rose Gutfeld

Does Houston, home of U.S. Education Secretary Rod Paige, offer a model for fixing big city public school systems nationwide?

**12** A FAMILY AFFAIR by Dick Mendel

Two Miami clinics are proving that intensive, family-focused counseling is a winning strategy for treating adolescent substance abuse. Why are so few treatment providers following their lead?

**20** CHICAGO'S CHILD-PARENT CENTERS

PROVING THE VALUE OF EARLY CHILDHOOD EDUCATION IN THE REAL WORLD by Rochelle Stanfield

For years, Head Start advocates have been spouting statistics from small experimental programs conducted in the 1960s and '70s. But can early childhood programs produce similar gains when operated by public agencies serving vast numbers of children? Evidence to answer that question is now in.

**28** REPEALING THE HIDDEN TAX

A TULSA NONPROFIT HELPS WORKING POOR FAMILIES AVOID EXPENSIVE TAX PREPARERS, MAXIMIZE REFUNDS, AND BEGIN SAVING FOR THE FUTURE by Dick Mendel

BY DOUGLAS W. NELSON

## THE GOOD NEWS FROM APRIL 15

Our nation's annual springtime income tax ritual has come and gone. Debate over tax rates and federal spending priorities will continue, of course. But I hope that all taxpayers—rich and poor alike—will appreciate that the tax system now contains our most powerful, cost-effective tools for supporting the success of America's low-income working families.

First enacted in 1975, the federal Earned Income Tax Credit (EITC) is today the nation's largest and most effective antipoverty program. Last year, the credit distributed \$30 billion in refunds to 19 million limited-income families nationwide, pushing the earnings of 4.8 million people—including 2.6 million children—above the poverty line. Following Washington's lead, 15 states and the District of Columbia have enacted their own earned-income credits, boosting hundreds of thousands more children out of poverty.

Lifting children out of poverty is not the only benefit of the EITC. Rather, the credit's most enduring contribution has been in providing a means to aid low- and moderate-income families in a way that rewards and encourages work. Earned-income credits are given only to families who work, and they are valued in proportion to income earned by cash-strapped families. Each dollar earned on the job increases a working poor family's income, unlike traditional welfare programs that often discouraged work by reducing benefits for each dollar earned in the labor force.

This pro-work formula has garnered bipartisan support for earned-income credits. The EITC was first established under President Gerald Ford, and it has been expanded under Presidents Ronald Reagan, George H.W. Bush, and Bill Clinton. Additional improvements, including a reduction in penalties for dual-income married couples, were incorporated into President George W. Bush's tax package last

June. The earned-income credits have become the centerpiece of a broadening national consensus that families of limited means need and deserve incentives that encourage employment and make work, not welfare, the primary route to long-term financial security.

This year, the tax system will complement the EITC with an important new tax provision for limited-income working families. For the first time, the nation's Child Tax Credit will be refundable, meaning that families with limited incomes, who ordinarily do not owe income taxes, will be able to benefit. To qualify, families must earn at least \$10,000, so the credit will not aid the families with the lowest incomes, but it will offer crucial aid to families struggling to make ends meet on incomes of \$12,000, \$15,000, or \$20,000 per year. The

I hope that all taxpayers—rich and poor alike—will appreciate that the tax system now contains our most powerful, cost-effective tools for supporting the success of America's low-income working families.

provisions of the new law are complex, and the benefits will phase in slowly over nine years, but over time it will become a powerful resource. When all of the law's provisions are in place, including an increase from \$500 to \$1,000 per child per year, the tax credit will increase the after-tax incomes available to support as many as 17 million children in low- or moderate-earning households.

Of course, there remains much work to be done in building a work-focused income security system that enables all or most working families to make economic progress while properly caring for their children. For instance, almost 15 percent of eligible

low-income working families still don't take advantage of EITC benefits. Likewise, 35 states still have chosen not to enact state-level earned-income credits. According to the National Center for Children in Poverty, if every state enacted a refundable earned-income credit valued at 25 percent of the federal EITC, we could move an additional 570,000 children above the poverty line. If all states set the credits at 50 percent of the federal rate, it would raise at least another 1.1 million children out of poverty.

Finally, as detailed in this edition (see "Repealing the Hidden Tax" on p. 28), too many cash-strapped families are paying dearly for tax preparation assistance just to receive their earned-income and child credits. Surely we can find the resources to support the expansion of free or more competitive tax preparation services for low-income workers and their families. While we applaud the heroic Tulsa program profiled in this volume, and those of other jurisdictions, more ought to be done across the country to find alternatives to a system that drains a billion dollars each year from the pockets of the very families we're trying to assist.

The expansion of the Child Tax Credit only reinforces this need for tax preparation outreach and assistance. Despite the credit's value, the vast majority of eligible families are not yet aware that it exists. Moreover, the application process for the Child Tax Credit is complex, requiring filers to make a series of mathematical calculations and to fill out a separate form. As a result, an all-out campaign will be needed first to educate potential recipients about the expanded credit, then to provide the assistance many will need to apply, and finally to advocate in Washington for changes in Child Tax Credit rules that make it easier for low- and moderate-income families to file.

For lots of us, and certainly for the more fortunate among us, April 15 will remain a day associated with costs and burdens. But for millions of hard working and less fortunate American families, tax day can now bring real rewards and opportunities. And that's good for everyone.

*Douglas W. Nelson is the president of the Annie E. Casey Foundation.*



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*The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs.*

*The Annie E. Casey Foundation was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother.*

*Editor: Dick Mendel*



# PAUL

# REVERE

INSIDE THE REMARKABLE RISE OF

BY ROSE GUTFELD

# RIDES

# AGAIN

*The success of Revere Middle School is emblematic of the vast improvements recorded throughout the Houston schools in recent years. Districtwide, the number of Houston students passing state tests has risen from 44 percent in 1994 to 75 percent in 2001. For economically disadvantaged students, the percentage has doubled from 36 percent to 72 percent.*

In the late 1980s, years after a groundbreaking education report pierced the American consciousness by warning that “a rising tide of mediocrity . . . threatens our very future as a nation and a people,” Houston’s public schools remained in chaos.

At the Paul Revere Middle School on Houston’s west side, students roamed the halls, gangs ran rampant, and fights were commonplace. The situation was so bad, recalled Maureen Clemons, that her son Doug was sometimes afraid to go to school, even though he was a 6-foot-tall football player. “It was highly unusual for us not to have to call the police a couple

income population—has transformed itself into a safe, successful school with enthusiastic teachers, focused students, and rising test scores. Last year, 95 percent of Revere students passed the state mathematics exam, up from 60 percent in 1994. On the state reading test, 95 percent passed compared with 79 percent in 1994.

Revere’s success is emblematic of the vast improvements recorded throughout the Houston schools in recent years. Districtwide, the number of Houston students passing state tests has risen from 44 percent in 1994 to 75 percent in 2001. For economically disadvantaged students, the percentage has doubled from

## THE HOUSTON PUBLIC SCHOOLS

of times a week,” said Anne Patterson, the west district superintendent.

The school’s academic reputation was as dismal as its safety record. Parents complained constantly, and most families with any choice in the matter did not send their children to Revere.

*Revere’s ethnically and economically diverse students have sharply improved their test scores since principal, David Kendler (center), took over in 1998.*

A dozen years later, the families are back, and Revere—whose 1,440 student body includes a significant low-

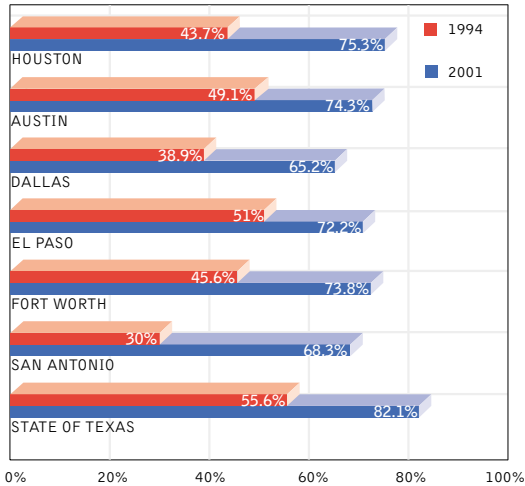
36 percent to 72 percent. Passing rates have doubled as well for African Americans and Hispanics. (See chart on next page.) In short, Houston is showing that, contrary to the reality 20 years ago and popular perceptions today, dramatic improvements can be made in public education, even for poor and minority students in large urban school districts.

How did Houston’s schools achieve these great gains? What does its success say about the prospects for transforming other public school systems throughout the nation? These questions will lie at the center of America’s debate in the coming years, because the city’s

Figure 1

ACADEMIC ACHIEVEMENT IN HOUSTON, OTHER BIG CITIES, AND THE STATE OF TEXAS

Percentage of Students in Grades 3–8 and 10 Passing All Required Texas Assessment of Academic Skills Exams — 1994 and 2001

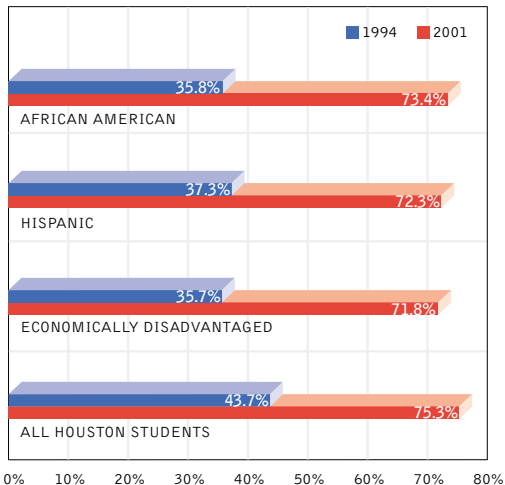


Source: Texas Education Agency, Academic Excellence Indicator System.

Figure 2

SPREADING SUCCESS AROUND

Percentage of African-American, Hispanic, and Economically Disadvantaged Students in Houston Who Passed All Required State Exams — 1994 and 2001



Source: Texas Education Agency, Academic Excellence Indicator System.

education reform strategies served as a model for the new education law just signed in Washington. Rod Paige, a former school board member and superintendent of the Houston Independent School District, is now the U.S. Secretary of Education.

THE ROOTS OF REFORM

The first seeds of Houston’s success were sown in 1990 when, following the election of five new members, the Houston school board crafted a bold new mission statement. Their Declaration of Beliefs and Visions spelled out four long-term imperatives for reform: set high standards for all students; hold individual schools and principals accountable for achieving those standards; give principals the power to manage their own schools; and focus district personnel on supporting classroom teachers, rather than manning a bureaucracy and enforcing rules.

The second pillar of Houston’s success was planted in Austin, where the state legislature established the Texas Assessment of Academic Skills (TAAS) to test all students on a statewide core curriculum in reading, writing, math, science, and social studies. Texas administered the earliest version of the TAAS—which is given to students in grades 3 through 8 and 10—in October 1990, and it adopted the current version in the 1993–94 school year.

Not only does Texas post TAAS scores for every school, but it also breaks down the results within each school for four subgroups: whites, Hispanics, African Americans, and economically disadvantaged students. The state publicly ranks schools as “exemplary,” “recognized,” “acceptable,” or “low performing,” depending on their students’ results on TAAS exams and on their dropout rates, and each school’s rating is based on the subgroup with the lowest TAAS passing rate or highest dropout rate. This approach has proven invaluable for reducing the achievement gap between white and minority students. “Schools are being held accountable for all children, which they had not been before,” said Jack Jennings, director of the Center on Education Policy in Washington, D.C.

Houston added its third critical ingredient for success in January 1994 when it named Rod Paige superintendent



In their efforts to improve instruction, Revere teachers meet frequently in teams to share ideas and materials, and to discuss individual students.



of schools. Paige, who had helped frame the Declaration of Beliefs and Visions as a member of the school board, retained the declaration's guiding principles throughout his seven-year tenure. This consistent focus, argues Donald R. McAdams, director of the Center for Reform of School Systems and a recently retired Houston board member, was a key to Houston's success. By sticking to his guns, McAdams said, "Rod Paige changed the culture to performance from compliance."

### PAIGE'S PROCESS

As superintendent, Paige launched dozens of initiatives to renovate every aspect of the school system's management—such as contracting out food service, improving business operations, and creating an alternative certification process to allow mid-career professionals to begin teaching. The core of Houston's reform efforts fell into three pieces:

**Heightening Accountability.** By publishing TAAS scores and publicly ranking every school on its results, Texas became a national leader in setting educational standards and holding schools and students accountable. Houston went several steps further. The city created its own performance indicator system to monitor each school's progress in student achievement, attendance, retention, dropout rates, and the number of students graduating with advanced diplomas. The district also sought to hold principals personally accountable for the results. It offered principals salary increases if they gave up tenure and signed year-to-year contracts. (More than half of district principals have now accepted this arrangement.) In addition, the district pays principals a bonus of up to \$5,000 per year if the school meets the majority of its goals. New accountability measures also extend to Houston students: those who fail the TAAS reading or math tests are required to take summer school or be left back.

**Decentralizing Authority.** While holding them to high standards and tough accountability, Houston also began providing principals with additional flexibility—including a far greater say over how their school budgets are spent and which teachers are hired. Thus, a principal can hire a social worker instead of an

assistant principal, for instance, and principals rather than district bureaucrats determine what copier to rent and how many computers to buy. Each school also convenes a shared decision-making committee—including teachers and parents—that reviews school policies and makes recommendations to school administrators. While Gayle Fallon, president of the Houston Federation of Teachers, contends that granting so much authority to principals is risky, the reforms have been popular inside the schools. "Giving principals and parents more power over how to spend their school's piece of the pie is really important," said Jacque Daughtry, a former president and treasurer of Revere Middle School's Parent-Teacher Organization. "How do people down at the main administration building know what a school needs?"

In addition to loosening the reins on existing schools, Paige opened the door to entirely new schools, known as charters, which are operated independently by outside agencies under contract with the school board. Whereas most school districts and most teachers unions around the nation have vigorously opposed charter schools as potential threats, Houston and its teachers have embraced them—using charters both to offer additional options for more disadvantaged children and to pioneer new educational approaches. In January 1995, even before Texas passed a law authorizing charter schools, Paige proposed that the city open its first four charter schools under an agreement with a local community association. Since then, the city has created a total of 22 charters.

**Aligning and Improving Instruction.** Because Houston students were failing the state's TAAS examinations in large numbers, Paige launched an audit in 1995 to determine whether the lessons being taught in local schools corresponded to the skills required by the

state curriculum. The process was “an eye-opening experience,” said one administrator, revealing that many commonly used textbooks in the district failed to address state learning goals. To resolve the problem, the district produced binders that clearly detail the learning objectives in each discipline for each grade level. The binders, which have become a treasured resource for city teachers, also list available resources to teach the required lessons and detail what students learned about them in earlier grades. The district also launched ambitious initiatives to develop model curricula in reading and in math and to retrain district teachers in these critical disciplines. The district trained 12,000 city teachers in its new reading curriculum, which emphasized phonics more than whole language instruction. An all-out campaign to improve algebra instruction helped Houston double the number of students passing year-end algebra exams between 1996 and 2000.

## REVERE RESPONDS

With these reforms in place, each of Houston’s public schools has had to plot its own course to educational success. At Revere, the transformation began with a new principal, Scott Van Beck, who arrived in the spring of 1994 and quickly took control of the hallways. Unlike his predecessor, who was largely unknown to Revere students, administrators and parents recall Van Beck as a visible leader who set high standards for discipline. “The difference between before and after was that Van Beck had rules, and there were consequences,” said Clemons, whose younger son attended Revere in 1994 and 1995. Also, safety problems at Revere and other Houston schools abated substantially, said west district Superintendent Patterson, when the school board established a special police force in 1994—assigning one officer to each middle school and two or three officers to every high school.

Revere’s current principal, David Kendler, a 6-foot, 4-inch former basketball coach and high school athletic director, took over in 1998. He, too, runs a tight ship. Sitting at his desk on a recent morning, the 38-year-old principal fidgeted visibly when the bell rang. He usually spends the period between classes striding through the halls, pushing students along to class, and chastising the occasional child wearing a jacket or carrying a backpack or leaving a shirt untucked—all violations of the school dress code.

*Houston is not the only large urban school district that has helped poor and minority students make substantial progress in recent years. Using a variety of strategies—revamped teacher training, smaller class sizes, comprehensive preschool programs, and extra assistance for struggling students—Charlotte, El Paso, Sacramento, and several other cities have also made encouraging gains.*

*While these cities do not share a common, cookie-cutter recipe for success, says Kati Haycock, director of the Education Trust, they all disprove the notion that academic failure among poor and minority children is primarily caused by factors like poverty, poor nutrition, and weak parental support that are beyond the schools’ control. In an article for Educational Leadership, Haycock argued that the biggest educational barriers facing most disadvantaged children are weak teachers and low expectations in the classroom. Haycock spelled out four crucial ingredients for closing the achievement gap plaguing poor and minority students.*

# CITY SCHOOL SUCCESSES:

## WHO ELSE IS REDUCING THE ACHIEVEMENT GAP—AND HOW?

### Clear standards for what all students should learn.

A remedy for what President Bush has labeled “the soft bigotry of low expectations,” clear and ambitious learning goals are “a crucial part of solving the problem,” Haycock wrote. “They are a guide—for teachers, administrators, parents, and students themselves—to what knowledge and skills students must master.”

### Challenging Curriculum.

“Standards won’t make much of a difference,” Haycock added, “if they are not accompanied by a rigorous curriculum that is aligned with those standards.” In too many schools, students “continue to be taught a low-level curriculum that is aligned with jobs that no longer exist.”

### Extra Help.

“Ample evidence shows that almost all students can achieve at high levels if they are taught at high levels,” Haycock wrote. “But equally clear is that some students require more time and more instruction.” For these children, “we need to double or even triple the amount and quality of instruction that they get.”

### Teachers Matter—A Lot.

“What schools do matters enormously,” Haycock wrote. “And what matters most is good teaching.” Yet, students in high-poverty schools are far more likely than other students to be taught by less-qualified teachers. In math and science, for example, only half the teachers in schools with 90 percent or greater minority enrollments meet even minimum requirements to teach those subjects.

Following is a snapshot of three more cities that have turned a corner in public education. The data come from a May 2001 report by the Council of Great City Schools and from the districts themselves.

### CHARLOTTE-MECKLENBURG

*Accomplishments:* Between 1997 and 2000, the reading and math scores of grades 3, 4, 5, and 8 rose faster than the state average on statewide tests. The number of African-American fifth graders passing the state end-of-year tests rose from 35 percent in 1995–1996 to 70 percent today.

#### *How they did it:*

A one-year pre-Kindergarten program is designed to give literacy skills to the children who most need them. High school students are pushed to take advanced placement classes, and the district offers smaller classes, tutoring, and Saturday programs for struggling students. “One of the things we do know is that some students just need more time,” says Susan Agruso, assistant superintendent for instructional accountability.

### SACRAMENTO

*Accomplishments:* Between 1998 and 2000, the reading scores on the state test rose faster than the state average in grades 3, 5, 6, 7, and 9–11, while the math scores rose faster in grades 3–6 and 8–11. The performance gap between white and minority students narrowed.

#### *How they did it:*

Stable leadership, notably the appointment of Superintendent Jim Sweeney in October 1997, has made

a big difference. The district has adopted a standardized, phonics-based reading program and a highly structured math program. “Every school had its own version of what to do to be successful,” says Sweeney. “You can’t get there that way.”

### EL PASO (combined results from the El Paso, Ysleta, and Socorro school districts)

*Accomplishments:* The number of African-American students passing the state math exam rose from 46 percent in 1994 to 81 percent in 2000, while the rate for whites increased from 73 percent to 92 percent. In reading, the rate rose from 66 percent to 84 percent for Hispanics and from 86 percent to 94 percent for whites.

#### *How they did it:*

In 1991, educators from El Paso’s three districts and the local colleges joined with community and business leaders to form the El Paso Collaborative for Academic Excellence. Their mission: to prepare each and every student to enter a four-year college. As part of this effort, the University of Texas at El Paso revamped its system for preparing teachers, adding more school-based experiences. Once hired, teachers are offered frequent opportunities for professional development. Alicia Parra, deputy director of the collaborative, says, “If you want student achievement to improve dramatically in a school district, the quality of teaching must improve.”

Now that safety is no longer an all-consuming issue, Kendler focuses most of his attention on improving instruction and boosting test scores. He created a new position, peer facilitator, to serve as a teachers' coach and act as a liaison between parents and teachers. Kendler requires Revere students to take courses in both reading and English, rather than a single language arts course. And to the delight of teachers and parents, the principal found money to buy what he called "an almost unheard of" 300 new computer stations. Linda Sumner, the school's librarian, said, "Mr. Kendler is extraordinarily creative at figuring out ways to use money wisely."

Revere now organizes teachers into two sets of teams. Horizontal teams include all teachers from a single

*"When my second son [attended Revere] the academics had begun to greatly improve. There was a totally different atmosphere. It was incredible to me that you could make such basic changes and flip it around so dramatically."*

*—Maureen Clemons, a parent whose two sons attended Revere Middle School before and after the Houston reforms began*

grade. Instructors share ideas and materials with one another and discuss individual students to make sure they are treating them consistently. "That sense of isolation that teachers used to feel is gone," said Sharron Burnett, the peer facilitator. Vertical teams, which include all teachers in a subject area, meet every six weeks for half of a school day. As the math team met recently, their classes were taught by local attorneys working as school volunteers. To show how serious he is about the process, Kendler collects and reviews the minutes from every team meeting.

## IMPRESSIVE RESULTS

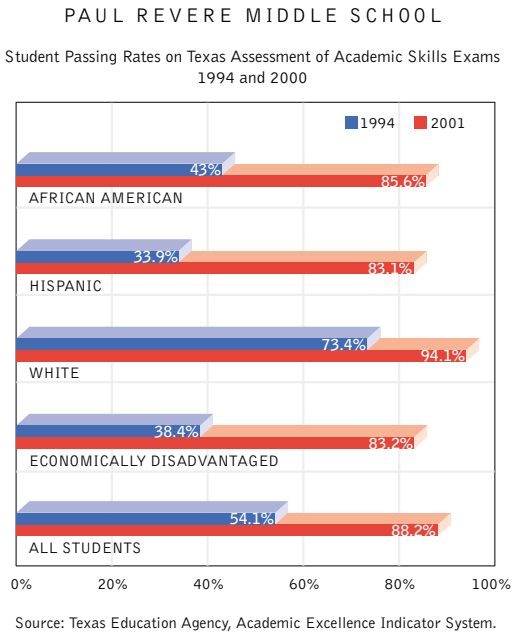
As at any Texas middle school, state tests are a pivotal focus at Revere. In mid-December, teachers and administrators were looking ahead to February 19 when eighth graders would take the writing portion of the TAAS. The school had already identified students in danger of failing, excusing them from some elective classes to get special tutoring in the weeks leading up to the test. All students were writing short essays as practice for the test, and all received test-taking kits complete with a yellow highlighter, a plastic sheet to cut glare, and a test-taking tip sheet.

Revere's students have posted impressive test scores in recent years. The passing rate for students on all TAAS tests stood at 88 percent in 2001—up from 54 percent in 1994. For Hispanics—37 percent of Revere's student body—the pass rate increased from 34 percent to 83 percent, and for African-American students—a quarter of the Revere student body—pass rates doubled from 43 percent to 86 percent. Meanwhile, absenteeism at Revere dropped from 6.1 percent of students per day in 1993–94 to 4.4 percent in 2000–01.

Despite these gains, Revere is not resting on its laurels. In fact, last year the school's rating from the state declined to "acceptable" after four years as "recognized"—due to a drop in the pass rate of Hispanic eighth graders on the TAAS writing exam. The setback produced a swift response: Kendler reassigned the head of the Revere English department after deciding that she focused too little on writing and grammar.

Districtwide in Houston, scores on state TAAS exams have also risen dramatically since the early 1990s—in some cases eclipsing the gains of other large Texas school systems. On the state math test, for instance, the passing rate rose from 49 percent to 86 percent for all students; from 41 percent to 83 percent for African

Figure 3



Americans; and from 44 percent to 86 percent for Hispanics. In reading scores, Houston rose from fourth to second among the five largest school districts in Texas. In addition, the mean SAT scores for district high school students increased from 830 in 1993 to 929 in 2000, and the districtwide dropout rate—a crude estimate for all students in grades 7 through 12—fell from 5.9 percent in 1993–94 to 3.2 percent in 2000–01. Overall, the percentage of Houston schools rated as “exemplary” or “recognized” by the Texas Education Agency rose from 5 percent in 1993–94 to 47 percent last year.

### A LONG ROAD AHEAD

Just like Revere Middle School, the Houston Independent School District is not resting on its laurels. Just 68.5 percent of the students who entered ninth grade in 1996 graduated on time in June 2000, the weakest showing among Texas’s five largest districts, and more than half of all district schools still rank as “acceptable” or “low performing,” rather than “recognized” or “exemplary.”

Current and former administrators report that, like school reform efforts in many other cities, achievement gains have been harder to come by in the upper grades. For instance, just 25 percent of Houston middle schools were ranked as “exemplary” or “recognized” in

2001. While more high schools have received a high ranking from the state (45 percent), Donald McAdams reports that many graduates of Houston high schools require remedial classes before they can succeed in college. In a review of Houston’s education efforts last fall, University of Washington education scholar, Paul T. Hill concluded that the city’s “reforms to date scarcely have touched high schools.”

Houston’s school system has taken “the first step in school reform,” Hill wrote. “It has moved from little or no teaching to some teaching. However, it is now struggling to take the second step, to good teaching everywhere.”

Still, the progress achieved at Revere Middle School and districtwide in Houston suggests that the city’s model—focusing on achievement while giving principals authority and holding them accountable for results—provides a solid formula for success. “Good educators understand that assessment and instruction are inextricably bound together,” said Stephanie Robinson, a principal partner at the Education Trust, a national education policy group in Washington, D.C.

President George W. Bush, who worked closely with Rod Paige as governor in Texas and appointed Paige to his cabinet last year, clearly agrees, and the education law signed by Bush will require schools throughout the nation to follow Texas’s model by administering achievement tests annually to students in grades 3 through 8. But beyond testing, federal oversight of local schools will remain limited. So it will be up to state and local leaders to decide whether to adopt Houston’s formula for educational success.

Maureen Clemons, the parent whose two children attended Revere Middle School before and after the Houston reforms began, would urge educators throughout the country to follow in Houston’s footsteps. “When my second son was there the academics had begun to greatly improve,” she recalled recently. “There was a totally different atmosphere. It was incredible to me that you could make such basic changes and flip it around so dramatically.”

*Rose Gutfeld, a former reporter for The Wall Street Journal and editor for Congressional Quarterly, is a freelance writer in Chevy Chase, Maryland.*

BY DICK MENDEL

# A FAMILY AFFAIR



# By engaging whole families, two Miami clinics are making drug treatment work for troubled teens. Why are so few treatment providers following their lead?

Like too many teens in the United States, Jose M. came early to drugs and alcohol. And he came often. He was drinking beer regularly and smoking marijuana by age 13, and by 16 Jose was dabbling in harder drugs—including cocaine and LSD. Jose’s parents, Xinia and Manuel, who had built a middle-class life for their family since emigrating from Costa Rica to Miami in 1982, watched helplessly as their son’s life spun out of control.

Jose called his mother once to rescue him from a bad LSD trip. He stayed out all night frequently, and twice he went on weeks-long alcohol and drug binges, walking the streets and crashing at friends’

Jose M., pictured here with his parents, abused drugs and alcohol early and often. Without the Brief Structural Family Therapy program, he says, “things would be really bad right now.”

houses. Once, when he hit rock bottom, Jose called 911 threatening suicide and spent two nights in a psychiatric crisis center. During these years, Jose bounced in and out of counseling. Under pressure from his mother, Jose agreed to see a therapist, but “I really didn’t care,” he recalls. “I did what I was told, and I didn’t smoke as much. ... But I was faking it.” Later, as the trouble grew more severe, Jose checked in for a spell at an in-patient rehab facility, and he enrolled in a 12-step abstinence group.

Today, Jose’s addiction is largely under control. But when he and his parents reflect on what pulled him back from the brink of disaster, they don’t credit conventional treatment approaches. Instead they single out another program, Brief Structural Family Therapy (BSFT), that reached Jose using a methodology rarely employed with substance-abusing adolescents.

Like a sister program also based at the University of Miami, BSFT combats adolescent substance abuse and other behavior problems by working with the whole family. Unlike more widely used treatments, these Miami programs address all aspects of adolescents’ lives, and they require therapists to follow clearly defined treatment protocols. The two family-focused interventions also differ from typical adolescent treatment programs in one other respect: both have amassed powerful scientific evidence documenting their effectiveness.

Had he not taken part in the BSFT program, “I would have been a lot worse,” Jose confides. “I don’t even know if I would be living, and if I was I would most likely be in jail—or out on the streets.” Other Miami-area teens interviewed for this article voice similar sentiments. All have made substantial strides in overcoming serious substance abuse problems. And all have done so with help from research-based, family-focused counseling techniques that remain unavailable to the vast majority of troubled teens.

Over the years, research to identify what works in treating substance-abusing teens has been scarce, and efforts to put best practices into place at the community level have been few.

### AN UNRESOLVED CRISIS

Despite the billions of dollars spent on the “War on Drugs” over the past three decades, adolescent substance abuse remains pervasive. While trends vary from drug to drug, abuse rates for most substances reached all-time highs in the late 1970s or early 1980s, then dropped substantially throughout the rest of the ’80s. But in the mid-1990s, drug use rates rose rapidly once again, and they have held steady at the higher rates for several years. (See Figure 1 on p. 15.) Whereas 27 percent of high school seniors surveyed in 1992 had used an illegal drug in the prior year—down from an all-time high of 54 percent in 1979—the annual drug use rate hovered at 41 percent in the most recent survey (2001).

Over the years, however, research to identify what works in treating substance-abusing teens has been scarce, and efforts to put best practices into place at the community level have been few. “Until the 1980s, adolescents were largely treated as part of the adult systems,” a team of researchers at Chestnut Health Systems in Illinois concluded in 1999. For instance, adolescents placed into the most popular form of residential substance abuse treatment—therapeutic communities—have been housed historically alongside older addicts.

Increasingly, treatment experts agree that the dynamics of substance abuse are different with adolescents than with adults. Adolescents are more likely than adult substance abusers to go on binges; to suffer with hyperactivity, attention deficit, and conduct disorders; and to be involved in the criminal justice system. Adolescents are far less likely than adults to be physically dependent on drugs and alcohol or to be homeless.

Despite these differences, however, “Research on the effectiveness of adolescent treatment is in its infancy,” wrote scholars Janet Titus and Mark Godley of

Chestnut Health Systems. “Few rigorous evaluations of effectiveness have been done, and of those studies that do exist, many have methodological problems that make definitive conclusions difficult, if not impossible.”

For decades, the most common method of substance abuse treatment programs for adolescents has been group counseling based on the 12-step method of Alcoholics

Anonymous. However, “There is a notable lack of research on 12-step-based programs,” Ken Winters, director of the University of Minnesota’s Center for Adolescent Substance Abuse Research, has written. Marc Fishman, an assistant professor at the Johns Hopkins University School of Medicine, reports that while well over 1,000 clinical outcome studies have been published on adult addiction treatment, adolescent treatment has been the subject of fewer than 100 studies.

Recently, federal authorities have begun to recognize the need for additional research. The nation’s overall drug treatment research budget grew from \$281 million in 1995 to \$483 million in 2001, and the bigger budgets have funded several important new research and replication efforts in adolescent treatment. However, most adolescent treatment providers remain unaware of the research findings. Randolph Muck, a co-project officer for the federal Center for Substance Abuse Treatment, recently commented that when his agency reviews funding applications from local treatment providers to enhance their programming, “Most applicants don’t even have a rudimentary knowledge of what we know works.”

“It’s rather astonishing,” Muck said.

### AN OASIS IN MIAMI

Amid the desert of adolescent treatment research nationally, Miami is an oasis. Located across the street from one another at the University of Miami’s Jackson Memorial Hospital campus, two Miami clinics have devised innovative treatment methodologies and proved them effective in repeated scientific trials.

The Center for Family Studies is led by Jose Szapocznik, who launched his research in 1972 with a focus on Miami’s Cuban youth. Szapocznik, who



is Cuban himself, began by comparing the dynamics of Cuban families with those of white families. He discovered that problem behaviors among Cuban youths were often tied to the tensions that arose when teens adopted American values of individualism and personal freedom, while their parents held firm to cultural values emphasizing tradition and respect.

To overcome these problems, Szapocznik developed a new treatment model, Brief Structural Family Therapy, that assigned specially trained social workers to engage families in counseling, reopen lines of communication between adolescents and their parents, and help families reestablish order in their homes. BSFT proved effective in easing behavioral problems, and Szapocznik has been testing and refining the model ever since—adapting it to other populations and evaluating new program elements in clinical studies.

In 1996, Szapocznik was joined in Miami by Howard Liddle, developer of a treatment model called Multi-dimensional Family Therapy (MDFT) that also targets families to combat adolescent substance abuse. Today, BSFT and MDFT rank among the few adolescent substance abuse treatment models recommended by the National Institute on Drug Abuse and the Substance Abuse and Mental Health Services Administration. In 1999, Szapocznik won the first ever research award handed out by the federal Center for Substance Abuse Prevention. Liddle has published well over 100 scholarly papers on clinical issues in adolescent family therapy, and he serves on the editorial boards of four scholarly journals.

## A COMMON SOURCE

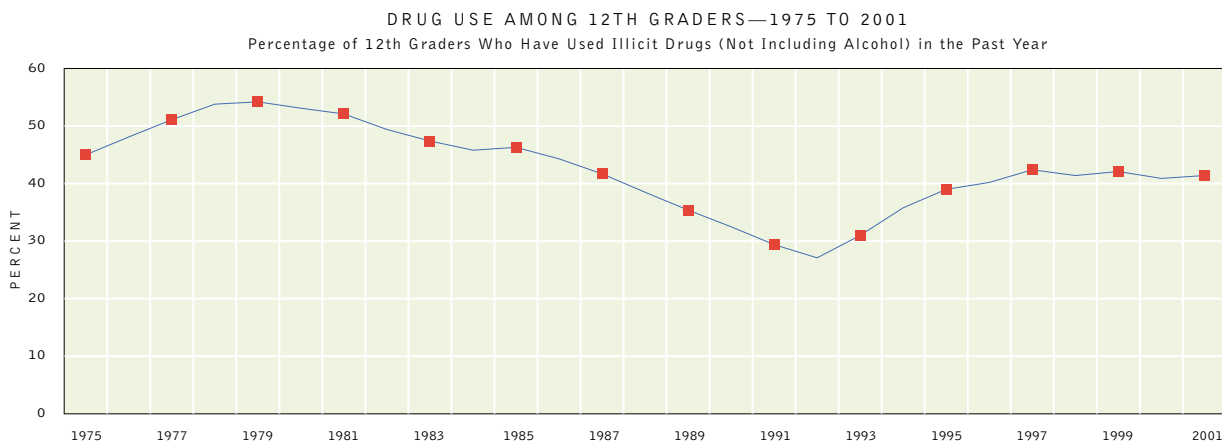
Along with a third model, Multisystemic Therapy (see “Punish ’Em, Fix ’Em, Make ’Em Go Away” in *ADVOCASEY*, Vol. 1, No. 1, Spring 1999), BSFT and MDFT have played a pivotal role in proving the value of family therapy for troubled adolescents.

“The research shows that families are the most important fundamental setting for adolescent development,” says Szapocznik. “Parents continue to be an important influence on their kids even into young adulthood.”

Yet, simply focusing on the family is not enough. “Unfortunately,” writes Ken Winters, “much of what has passed for family therapy throughout the development and history of substance use disorder treatment has not been the provision of services using a carefully learned and disciplined therapeutic approach. Nor has it been designed with a solid understanding of family dynamics or led by well-trained and experienced family therapists.”

“Very few adolescent treatment programs are theory-based, so the therapists are typically free to do whatever they feel is best,” explains Tanya Quille, clinical director for Liddle’s MDFT programs. By contrast, both MDFT and BSFT require therapists to follow carefully designed treatment protocols, and they videotape treatment sessions to ensure that therapists don’t diverge from the programs’ designs.

Figure 1



Source: Monitoring the Future, University of Michigan Institute for Social Research.

Though BSFT and MDFT differ in subtle ways, both programs spring from the “social ecology” theory which suggests that children develop within a web of interconnected systems—schools, neighborhoods, peer groups, and especially families. Proponents of this theory, including Szapocznik and Liddle, believe that therapists can achieve lasting behavior changes only by understanding and influencing the family and other systems surrounding troubled adolescents.

BSFT and MDFT seek to produce these behavioral changes in short order. Though treatment plans vary, the process typically involves 12 to 25 sessions over three to six months. Therapists in both programs must have a masters degree in counseling plus dozens of hours of additional training. Adolescents and their parents usually attend counseling sessions together, but therapists also meet individually with teens or parents, and sometimes they involve siblings and other family members. Most often, the programs hold counseling sessions at a program clinic, but each has begun to experiment in recent years by sending therapists to counsel families in their own homes.

### GETTING TEENS IN THE DOOR

In July 2001, scholars at UCLA released a study that tracked 1,167 teens enrolled in three types of conventional treatment programs: outpatient drug-free counseling, long-term residential treatment (up to 12 months of recommended treatment), and short-term residential treatment (one to five weeks of recommended treatment). The study found that youth who completed each type of treatment reduced their substance abuse significantly.

But most of the youth in the study never completed treatment. More than two in five youth placed in residential treatment and almost three-fourths of those placed into outpatient therapy failed to complete 90 days of treatment. “Many adolescents were still engaging in negative behaviors ... during the year after treatment [due largely to] the generally short lengths of stay among adolescents,” the study concluded.

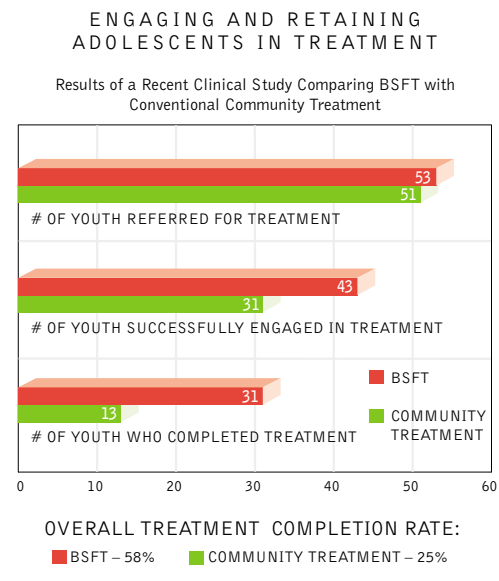
To Howard Liddle, these heavy dropout rates are no surprise. “Adolescents are not inclined to participate

Most treatment programs do not yet employ MDFT, BSFT, or any other scientifically validated model—not even in Miami where Liddle and Szapocznik conduct their research.

in most standard psychotherapies,” Liddle and a colleague wrote. “Most teenagers are referred or coerced into coming to therapy by their parents, school, or the juvenile justice system. ... [They] are likely to feel that treatment has adopted the agenda of their parents ... and is not geared to meet their own needs or concerns.”

In BSFT and MDFT, the treatment process does not wait until the adolescent or parent walks through the clinic door. Rather, therapists conduct intensive outreach to convince teens and their families to participate in the first place—and to stick with the treatment process once enrolled. Therapists in Liddle’s MDFT program emphasize that they aim to help teens achieve their own objectives, not to twist the teen’s arms. Therapists help teens identify their own goals for treatment—often to gain more respect from their

Figure 2



Source: Coatsworth, J. Douglas, Santisteban, Daniel A., McBride, Cami K., and Szapocznik, José, “Brief Strategic Family Therapy versus Community Control: Engagement, Retention, and an Exploration of the Moderating of Adolescent Symptom Severity,” *Family Process*, Volume 40, Number 3, 2001, pp. 313-332.

parents (or get the parents “off their backs”)—and they encourage teens to believe that treatment can help them realize those goals and solve other problems.

Szapocznik’s BSFT model goes even one step further by adapting the engagement process to the ethnic culture of individual families. When Szapocznik tested an aggressive and culturally attuned engagement effort versus conventional recruitment practices in the late 1980s, 93 percent of teens recruited with the more aggressive techniques entered treatment, versus just 42 percent of teens in a comparison group.

In 2001, Szapocznik and colleagues released a new study comparing the success of youth randomly referred either to BSFT or to other programs in the Miami community. The study found that four out of every five youth referred for BSFT treatment began therapy, versus three of every five youth referred to community programs. As shown in Figure 2, youth in BSFT also completed treatment at a higher rate than those in community programs. By the end of the treatment period, youth referred to BSFT were more than twice as likely to complete treatment (58 percent) as youth treated in community programs (25 percent).

Once youth and their parents are actively engaged in treatment, therapists in BSFT and MDFT get to know family members and look to identify dysfunctional family dynamics that foster substance abuse and related behavioral problems. In later sessions, therapists work with the family members—together and separately—to restructure these negative dynamics. As the repetitive conflicts abate, youth often begin to control their substance abuse habits.

For Jamila J., BSFT revealed that her heavy marijuana use was rooted in the trauma she felt after witnessing the shooting death of a boyfriend. Jamila’s grief was compounded by the unsympathetic response she got from her mother, Loucetta, following the tragedy. “I really didn’t understand her grief,” Loucetta confides. “She needed someone to talk to about it. And she couldn’t talk to me because I really didn’t like the guy. ... I had to learn to listen to her.” As the mother-daughter conflict eased, Jamila’s marijuana consumption dropped. “They really wanted to repair the differences that they had, and they worked really hard at it,” recalls therapist Julia Arencibia.

With Christopher D., MDFT therapist Elda Kanzki focused much of her attention on his mother, Cheryl, encouraging her to enter treatment and break her

own long-term drug addiction. She did, and now both mother and son are in recovery. “[Before] she didn’t stay around me enough,” Christopher reported. “But now she’s there for me, and I’m there for her, and we work together to stay clean.”

## HARD DATA

While stories of individual young people like Jamila and Christopher are encouraging, Szapocznik and Liddle have also documented their results in hard data.

In a 1988 study, BSFT reduced substance abuse from 69 out of 74 teens (93 percent) at the outset of treatment to 15 of 74 (20 percent) when treatment ended. In a more recent study, BSFT proved far more effective than group counseling in reducing marijuana use among behaviorally disturbed adolescents: 56 percent of marijuana-smoking youth placed into BSFT terminated their marijuana use, compared to only 14 percent of marijuana-smoking youth placed into group treatment.

In a 2001 study, Liddle compared MDFT with adolescent group therapy and an educational program involving groups of families in workshops and discussions. MDFT enabled 45 percent of youth to show clinically significant reductions in drug use one year after treatment, versus 32 percent and 26 percent of youth in the other two groups. MDFT youth also improved their grades far more than youth in the other programs. (See Figure 3 on p. 19.) In another study, MDFT was tested against cognitive-behavioral therapy—a new and highly regarded form of individual therapy—with drug-abusing teens in high-crime Philadelphia neighborhoods. MDFT and the cognitive therapy both reduced drug use and other behavioral problems. But only MDFT sustained the improvements after treatment ended.

MDFT is currently being tested against residential treatment, and preliminary results show that youth sent to residential programs reduced marijuana consumption faster than those in an intensive version of MDFT. However, marijuana consumption rose rapidly for the residential treatment group after therapy ended, while marijuana use in the MDFT group continued to decline steadily. Thus, by the end of one year the MDFT youth were substantially less likely to use marijuana. Moreover, MDFT cost one-third as much as residential treatment—\$384

“We spent the first 25 years focused on research,” says Jose Szapocznik, founder of the Center for Family Studies at the University of Miami. “It’s only in the last five years that we’ve begun to focus seriously on getting our research into practice in the community.”

Szapocznik’s interest in spreading up-to-date treatment methods mirrors a growing national movement to put research into practical use—a movement backed with substantial new resources from the federal government. “The powers that be at the National Institutes of Health and at the Substance Abuse and Mental Health Services Administration have a new sensibility today that wasn’t

scientifically validated model—not even in Miami where Liddle and Szapocznik conduct their research. Even with Liddle’s efforts, for instance, just 40 percent of adolescents treated by Jackson Memorial Hospital and 35 percent of youth treated at the Villages are receiving MDFT. Meanwhile, another of the area’s largest adolescent treatment providers, Citrus Health Network, has not implemented BSFT or MDFT for any of the 500 adolescent substance abusers it treats each year. Citrus has distributed BSFT research materials to staff and incorporated some BSFT concepts into its treatment programs, reports clinical director, Anna Rivas-Vazquez, but the agency has never implemented the program or received formal training.

# Taking it to the Streets:

## AN UPHILL STRUGGLE TO MOVE MODEL TREATMENT PROGRAMS FROM RESEARCH INTO PRACTICE

there five years ago,” says Howard Liddle, director of the Center for Treatment Research on Adolescent Drug Abuse. “They want to see research implemented.”

Recently, Liddle and Szapocznik have prepared manuals to help treatment practitioners to adapt their models, Multidimensional Family Therapy (MDFT) and Brief Structural Family Therapy (BSFT). Both men are involved in a National Institute on Drug Abuse project to test promising treatment strategies in real-world settings, and both are providing extensive training for treatment professionals.

Liddle’s center is training staff from two Miami-area treatment providers—Jackson Memorial Hospital and the Villages, a community agency—to replicate MDFT, and he has been fielding an ever-increasing volume of calls from treatment providers interested in adapting MDFT techniques. Szapocznik’s team has trained 180 therapists at Los Angeles County’s mental health department. Also, by teaching engagement techniques to the treatment staff of two northern Florida providers, Szapocznik’s team helped therapists increase the percentage of youth who showed up for initial treatment sessions.

Despite these activities, however, most treatment programs do not yet employ MDFT, BSFT, or any other

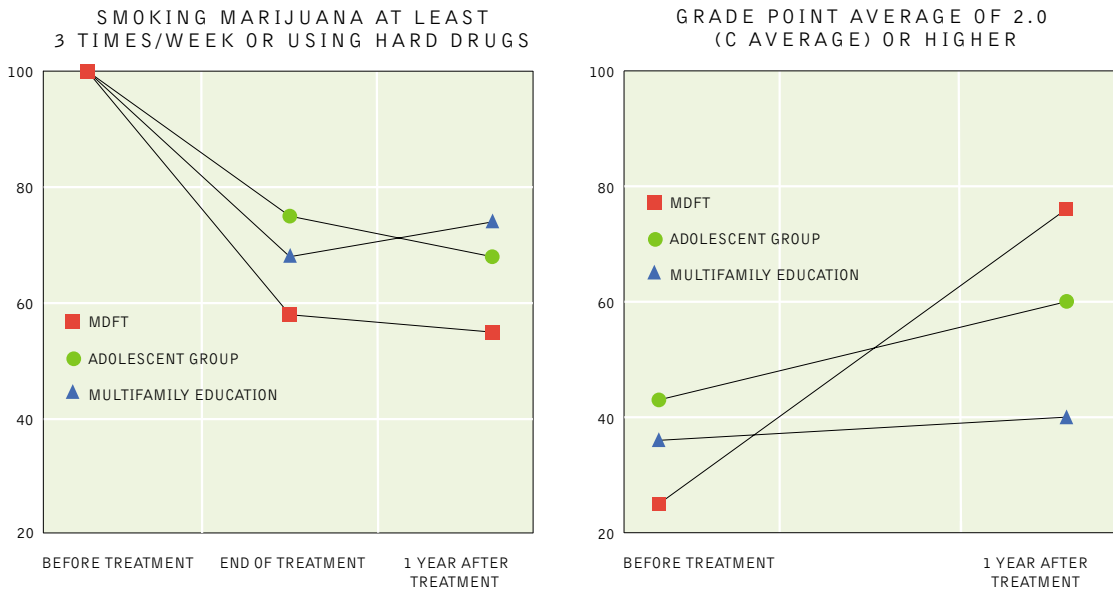
Despite the modest scale of these efforts, Liddle believes that “the trajectory of change is very positive,” he says. “There is a multidimensional process of change occurring. Are these changes piecemeal? Yes. ... But I choose to be optimistic that all of these projects are, piece by piece, adding bricks in the wall of change.”

Szapocznik, however, cautioned that many obstacles still prevent broad and effective implementation. “We know what happens when people get trained on an intervention: they don’t maintain the model,” he says. “It gets watered down. On the other hand, we have to recognize the nature of the world,” Szapocznik adds. “If we want the community to adopt our work, then we can’t go crazy over controlling everything that goes on. How do we make the intervention teachable and transportable? There’s a fine line here.”

Szapocznik also complained that mental health financing pushes treatment providers away from non-residential, family-focused models like BSFT and MDFT. “With the disorganized families we work with, you have a lot of no-shows, and you can’t get reimbursed for that,” he says. “It’s a lot more profitable to do a group with eight kids than to do a home visit. Medicaid funds on units of service, not on results, and that makes it difficult to fund family therapy.”

Figure 3

MULTIDIMENSIONAL FAMILY THERAPY VERSUS ADOLESCENT GROUP THERAPY AND MULTIFAMILY EDUCATIONAL WORKSHOPS / RESULTS OF A CLINICAL TRIAL FOR SUBSTANCE-ABUSING ADOLESCENTS



Source: Liddle, Howard A., Dakof, Gayle A., Parker, Kenneth, Diamond, Guy S., Barrett, Kimberly, and Tefeda, Manuel, "Multidimensional Family Therapy: Results of a Randomized Clinical Trial," *American Journal of Drug Abuse*, Volume 24, Number 7, 2001, pp. 651-688.

per week versus \$1,138. (For less serious cases, MDFT costs just \$163 per week.)

Marc Fishman, the Johns Hopkins adolescent treatment scholar, cautions that these positive study outcomes do not prove that MDFT or other family-focused treatments are superior to alternative approaches. "It's just way too soon to make such a judgment," he says. Yet the studies establish Liddle as a "seminal thinker" in the field, Fishman asserts, and the persistent improvements achieved by adolescents treated in family-focused therapy programs are "very encouraging."

Those long-lasting effects were plainly evident in the case of Jose M., whose struggle against substance abuse has been long and circuitous. After finishing ten months of treatment with BSFT therapist Doris Perdomo-Johnson, "I was going to night school, and I was working," Jose says. "But I was still doing the same stuff. The drinking was the same."

Yet Jose and his parents report that BSFT laid the foundation for success. "I learned how to converse with the family better, how not to yell, and not to

impose my will on my children," confides Jose's mother. "I heard everyone tell me that it's not necessarily what I say but how I say it that communicates criticism."

"Personally, the therapy has helped me to realize that I also had problems with liquor," adds Jose's father. "I realized through this that I had a problem with alcohol and that's the model I was showing to my kids. I realized that for a change to occur, I had to make a change myself."

Jose, who had not been drunk for four weeks when he was interviewed for this article in December 2001, has changed too. "We converse more and he tells me what he's feeling," his father says. "I feel a big change in how Jose is with me. That helps me and it helps Jose as well."

"Without this program, there wouldn't have been any communication," Jose says, "and I know that things would be really bad right now."

*Dick Mendel is the editor of ADVOCASEY.*

BY ROCHELLE STANFIELD Kiara Griffen was a shy and lonely little girl before she entered the Child-Parent Center, a comprehensive preschool program for low-income children in Chicago. “She just kept to herself,” her grandmother, Lou Doris Johnson, recalls. Kiara, 5, has blossomed since she’s been in the school. “You should see little Kiara now,” Johnson says. “She’s very lively. She no longer has this shyness. She’s learning real good and she loves to go to school.”

Johnson has been an ardent fan of the Child-Parent Centers (CPCs) for more than two decades. Kiara is the second generation of the Johnson family to participate in the 34-year-old program. All but one of Johnson’s 14 children attended the Dewey CPC on Chicago’s South Side—one of 24 centers in inner-city Chicago neighborhoods—and Johnson credits the center with providing a foundation that has helped them turn out well. Three of her children are in college; most of the others have good jobs. “It’s an outstanding program,” she says.

facts to the policy debate that has engulfed the federal Head Start program for more than 30 years. CPC is like Head Start in many—but not all—respects. Thus, the success of the CPC program to some degree validates Head Start.

Kiara Griffen, 5, has blossomed since entering the Dewey Child-Parent Center in Chicago, overcoming her shyness to enjoy and excel in her classes.

Head Start has never been the subject of a long-term, scientifically rigorous evaluation. When supporters argue that Head Start helps its participants over the long haul, they usually cite statistics from studies of small model programs conducted in the 1960s and ’70s that provided more intensive services than Head Start and didn’t operate in large inner cities. Detractors maintain that Head Start is not equivalent to those more elite programs. They also contend that most improvements achieved by children while participating in Head Start dissipate by the time the kids reach third grade.

# CHICAGO’S CHILD-PARENT CENTERS

PROVING THE VALUE OF EARLY CHILDHOOD EDUCATION IN THE REAL WORLD

A large-scale, long-term scientific evaluation of the CPC program confirms Johnson’s assessment. Arthur J. Reynolds, a University of Wisconsin researcher, has been tracking 1,500 disadvantaged minority kids in Chicago for the past 16 years. About two-thirds of the youngsters attended CPCs. They were much more likely to finish high school and less likely to be held back a grade, drop out, or get arrested than the one-third of youngsters who participated in alternative programs, he and three coauthors reported in the May 2001 issue of the *Journal of the American Medical Association*.

These findings not only document the enduring value of the CPC program, but they also contribute important

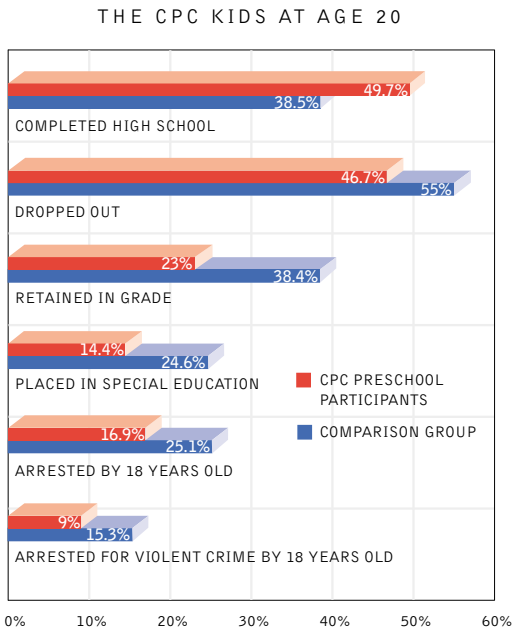
The CPC study has provided Head Start advocates with new ammunition about the lasting effects of early childhood education. It shows that an established government-funded and -administered program that serves thousands of inner-city children and spends about the same amount of money per child as Head Start can generate powerful benefits that stay with the kids until they are 20 years old.

But the differences between CPC and Head Start also confirm some concerns voiced by Head Start critics. Most children spend only one year in Head Start while many Chicago youngsters participate in CPC for up to six years. CPC teachers are more experienced and more highly



FOR YEARS, HEAD START ADVOCATES HAVE BEEN SPOUTING STATISTICS FROM SMALL EXPERIMENTAL PROGRAMS CONDUCTED IN THE 1960s AND '70s. THESE PILOT PROGRAMS PRODUCED ENDURING BENEFITS FOR CHILDREN AND LONG-TERM SAVINGS FOR TAXPAYERS, BUT THEY LEFT OPEN A LARGER QUESTION: CAN EARLY CHILDHOOD PROGRAMS PRODUCE SIMILAR GAINS WHEN OPERATED BY PUBLIC AGENCIES SERVING VAST NUMBERS OF CHILDREN—OR DO THEY THRIVE ONLY IN THE RARIFIED AIR OF A RESEARCH LABORATORY? EVIDENCE TO ANSWER THAT CONTROVERSIAL QUESTION IS NOW IN.

Figure 1



Source: *Journal of the American Medical Association*, May 9, 2001, p. 2344.

*The CPC study shows that a government-run program serving thousands of inner-city children and spending about the same amount per child as Head Start can generate powerful benefits that stay with the kids until they are 20 years old.*

trained, on average, than Head Start teachers. And, perhaps most important, CPC is much more focused than Head Start on getting children ready to learn to read.

“At Child-Parent Centers, there’s a much higher focus on literacy,” Reynolds says. “It’s what Head Start needs to do more of. People have known that for a long time.” Indeed, Head Start advocates insist that’s the direction in which the federal preschool program has

been heading. President Bush is determined to make pre-literacy a central focus of Head Start. (See box on p. 26 for current policy debate.)

### THE CPC SUCCESS STORY

The Child-Parent Centers show dramatic results with low-income youngsters, according to the Chicago Longitudinal Study that Reynolds directs. At age 20, in 2000, nearly half the CPC participants in the study—all from the city’s most impoverished neighborhoods—had completed high school. While disappointing in absolute terms, that’s about average for Chicago as a whole and almost 30 percent better than a comparison group of equally disadvantaged children who did not take part in CPC. The comparison group didn’t just stay home and watch TV, either: About one-quarter of the comparison group attended Head Start, and all went to full-day kindergarten.

“The kids in the study are the poorest kids in the entire city,” Reynolds says. “So the fact that half of them complete high school by age 20 is pretty good relative to the context they grew up in.” And the older they get, he explains, the more schooling they receive. By March 2001, when they were 21 years old, 61 percent of the CPC group had completed high school, according to updated findings published by Reynolds in February 2002.

Meanwhile, 40 percent fewer CPC participants than members of the comparison group were held back in school or placed in special education. The difference in crime rates is similarly impressive. CPC participants had one-third fewer juvenile arrests overall and 41 percent fewer arrests for violent crime. (See Figure 1 for the numbers.)

“Looked at another way, leaving kids out of the program increased by 70 percent the risk that kids would be arrested for violent crime in their teens,” comments Sanford Newman, president of Fight Crime, Invest in Kids, a Washington-based organization of criminal justice professionals and others. “Those are pretty striking findings.”

Reynolds calculates that for every dollar invested in the preschool component of the program, \$7.14 was returned to society in increased earnings for participants



*The differences between CPC and Head Start also confirm concerns voiced by Head Start critics. Most children spend only one year in Head Start, while CPC serves Chicago youngsters for up to six years. CPC teachers are more experienced and better trained, on average, than Head Start teachers. And CPC is much more focused than Head Start on getting children ready to learn to read.*

and reduced costs to society for remedial education and crime. (For more on CPC’s return on investment, see box on p. 27.)

### HOW IT WORKS

Each year, about 2,500 children take part in the CPC program. Because the program is operated by the Chicago Public School system, all CPC teachers must have a bachelor’s degree and an early childhood certificate. Each center has a parent resource room staffed by a full-time teacher, and all parents must sign an agreement to participate the equivalent of half a day a week.

Enter any CPC and “what you see is a lot of adult-pupil interaction in a print-rich environment. You see a lot of colorful materials,” explains Pamela Stevens, the CPC Program Manager in the school system’s central office. “You see a lot of play that’s laced with literacy materials.” Children learn to identify colors and the letters in their names. In the parent room, activities are tailored to the needs of the adults in attendance, and might include discussions on nutrition, health, safety, or how to read to a child. Parent participation has declined since the enactment of welfare reform in 1996, however, as more parents have entered the workforce.

Bridgette Wallace Faust is the mother of five current and former participants at Dewey. When her older children were in the program, she regularly joined in the parent activities. Last March, she went back to work. “Now, I can’t actively participate by being there,” she says. Instead, the center permits working parents to find alternative ways of taking part in the program.

“There’s a problem because many parents are going back to school and many are employed,” says Bernadine DeMichele, a Dewey CPC teacher. “So, we have to brainstorm and find ways of getting these parents involved. They must work and that’s wonderful, but they can still find a way of working with their child.”

Whether they work or not, all parents are encouraged to read to their children. DeMichele says that every Monday she sends a book home with every child and

### CHILD-PARENT CENTERS VS. HEAD START: A COMPARISON

	CHILD-PARENT CENTERS	HEAD START
PARTICIPANTS	Preschool-age children in all sites, elementary school children in some sites	Preschool-age children only
PROGRAM DURATION	1–2 years in preschool-only sites, up to six years in sites with elementary school component	One year of preschool (typically)
CURRICULUM	Strong emphasis on pre-literacy skills development	Limited emphasis on pre-literacy
HEALTH/SOCIAL SERVICES	Health, nutrition, other social services provided	Strong emphasis on health, nutrition, social services
PARENT PARTICIPATION	All sites have parent resource room with full-time teacher; parents required to participate in program one-half day per week	Parent participation encouraged
TEACHER TRAINING	All teachers must have bachelor’s degree and early childhood education certificates	No requirement for bachelor’s degree or early childhood certificate; 30 percent of teachers have bachelor’s degree



CPC PARTICIPANTS WERE ALMOST 30 PERCENT MORE LIKELY TO COMPLETE HIGH SCHOOL THAN A COMPARISON GROUP OF EQUALLY DISADVANTAGED CHILDREN. FORTY PERCENT FEWER CPC PARTICIPANTS WERE HELD BACK IN SCHOOL OR PLACED IN SPECIAL EDUCATION, AND CPC PARTICIPANTS HAD 41 PERCENT FEWER ARRESTS FOR VIOLENT CRIME.

expects the book back, read, on Friday. Faust recalls how her son Wallace would “come home with the book and then he’d be saying, ‘Read the book! Read the book!’” As a result, Faust says her children “were taught from the womb to love reading.”

The preschool element for 3- and 4-year-olds and Kindergarten students is a crucial part of the CPC

program. “The most significant outcomes like high school completion and delinquency reduction are being driven mostly by preschool,” Reynolds says.

But CPC doesn’t stop there for many kids. CPC sites also offer an in-school component that reduces class size and provides one-on-one tutoring and a staffed parent room for children in grades 1–3. Originally an

Bernadine DeMichele, a Child-Parent Center teacher, uses storytelling to help kindergartners begin learning how to read.

integral part of the CPC program, this elementary school component has been cut back for budgetary reasons and now operates in only about half the CPC schools. That's unfortunate, Reynolds says, because the in-school program "clearly does have a long-term payoff. If you look at the kids with the best outcomes ... [those] are kids who have 5 or 6 years of the program."

### LIKE HEAD START, ONLY MORE SO

The Child-Parent Centers achieve these positive results with an annual investment of \$3,000 for each school-age child and \$6,700 for each preschooler, about \$1,000 more per child than the typical Head Start program. This compares to a cost of roughly \$15,000 in today's dollars for the two exemplary projects usually cited in debates about Head Start—Perry Preschool in Michigan in the 1960s, and North Carolina's Abecedarian from 1972–85.

In Chicago, Head Start was launched in 1965, CPC two years later. Both were designed to get disadvantaged children ready to learn in elementary school. In fact, in addition to operating the CPC program the Chicago Public School system also runs a number of Head Start centers, where it employs a reading-focused curriculum and requires similar qualifications for teachers. "All of our early childhood programs, whether CPC or Head Start ... stress pre-literacy and focus on professional development for our teachers and assistants around a pre-literacy package," says Armando Almandares, the Chicago Public Schools' Chief Officer for Language, Cultural, and Early Childhood Education, who administers the CPC and Head Start programs.

Most local Head Starts, however, both in Chicago and nationwide, are run by social service agencies rather than school systems. Prior to 1995, there were few national requirements for teacher training. A 1997 survey commissioned by Head Start showed that less than 30 percent of Head Start teachers had at least a bachelor's degree. A 1999 paper, based on that survey, the Family and Child Experiences Survey, concluded: "A probable reason why Head Start children are not learning early reading skills like letter recognition and

print awareness is that many Head Start teachers are not teaching them. Interviews with lead teachers revealed that most do not give children's acquisition of these skills a particularly high priority in their curricular goals or daily activity plans."

### A NEW DIRECTION FOR PUBLIC PRESCHOOL?

Nationwide, Head Start is changing—at least, it is supposed to be changing—to become more like CPC. Over the last decade, Congress has ordered a variety of improvements in Head Start operations, teacher qualifications, and children's outcomes. But no one knows for sure what difference the changes make—or what difference Head Start makes, for that matter—because there's never been a scientific evaluation of Head Start's long-term impact.

In 1997, the General Accounting Office criticized the U.S. Department of Health and Human Services for its failure to conduct such a study. Does Head Start work? How important is the pre-literacy component? The

*"A probable reason why Head Start children are not learning early reading skills like letter recognition and print awareness is that many Head Start teachers are not teaching them. ... Most do not give children's acquisition of these skills a particularly high priority in their curricular goals or daily activity plans."*

—Nicholas Zill, Gary Resnick, and Ruth Hubbell McKey in a 1999 paper for the Advisory Committee on Head Start Research and Evaluation, U.S. Department of Health and Human Services

health and nutrition components? "The answer is: We don't know," says Janet Currie, an economics professor at the University of California (Los Angeles) who has studied Head Start. "There's a lot of resistance to having these things evaluated, and there's never been an evaluation."

While opponents argue that a classic sociological study, a random evaluation, would be unethical because it would deny services to the control group, Reynolds's long-term investigation of CPC demonstrates that it is possible to create a study design "so you don't deny services to anybody," Currie says.

In the absence of solid evaluation research into Head Start, Reynolds believes that "literacy and early learning philosophy is where Head Start is and needs to go," he says. "We could learn a lot from the CPC model."

*Rochelle Stanfield, formerly a staff correspondent for National Journal, now works as a freelance journalist in the Washington, D.C. area.*

# THE HEAD START DEBATE CONTINUES

*Most politicians love Head Start. Presidents and members of Congress, Republicans and Democrats alike, have praised the preschool program for disadvantaged children since its inception in 1965. Almost no one threatens to do away with Head Start.*

*But popularity hasn't shielded Head Start from continuing debate over its 37 years. As the argument usually shapes up, one side says the program needs to be beefed up with better qualified teachers and a curriculum more focused on literacy. The other side insists the program already works and should be expanded to serve all eligible children.*

*Since 1990, Congress three times has required higher standards, more rigorous evaluations, and increased training for Head Start teachers. Now President Bush has called for reforming Head Start. His Reading First Agenda proposes, among other things, to make pre-reading and numeracy "Head Start's top priority." First*

*childhood learning in July 2001, and a high-level federal task force was formed to integrate research results on early childhood learning into practice in federal programs such as Head Start.*

*The other side of the debate insists the most urgent need is to expand Head Start to serve more children. Currently about 900,000 children are served by the program—about three out of five low-income children nationwide, according to the Children's Defense Fund. That's the tack taken by the National Head Start Association (NHSA), a nonprofit organization of Head Start teachers, staff, and parents. Criticisms of Head Start "are unfounded, inappropriate, outdated, and politically motivated," the NHSA declares on its website. Stressing literacy over health, nutrition, and social services would be a mistake. "It is abundantly clear in developmental literature that the basic needs of children must be met before any attempt to deal with higher order cognitive skills can succeed," NHSA continues. "Merely*

*providing hungry children with books is meaningless."*

*The teachers unions straddle the middle. They want it all: expand Head Start, keep its comprehensive focus, and upgrade its educational component. In a July 25, 2001, news release, National Education Association President Bob Chase "praised President Bush's focus on literacy, but warned that his plan will be built on quicksand if it does not adequately address the health, nutrition, brain and social development needs of infants and toddlers."*

*That echoed the sentiments of American Federation of Teachers President Sandra Feldman in a speech two weeks earlier. Feldman proposed a universal early childhood education system based on Head Start. She also stressed the need for maintaining a comprehensive package of services. "The evaluations tell us that these components are as important to our children's success as getting them academically ready, which, as many Head Start officials are the first to admit, still needs beefing up in many Head Start programs."*

# A BIG BANG

## FOR THE CPC BUCK

Chicago's Child-Parent Centers not only help participating children and their families, but they also give society at large a generous return on taxpayers' investment, according to a cost-benefit analysis conducted by University of Wisconsin researcher Arthur J. Reynolds and colleagues.

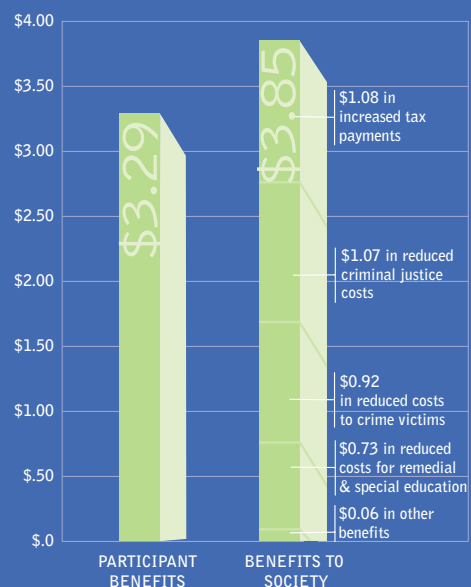
Benefits of the CPC program exceeded its costs whichever slice of the program was analyzed. But the component that delivered the biggest overall bang for the buck—\$7.14 for every \$1 spent—was the preschool program. That finding should please supporters of the federal Head Start program, because CPC preschool resembles Head Start in many ways. The extra expense of extending the CPC program into elementary school garnered a slightly smaller payback, although it too was well worth the cost—returning \$6.11 for every \$1 invested in children who stayed with the program for 4 to 6 years.

The researchers calculated the costs and benefits in 1998 dollars. The average participant spent 1.5 years in the CPC preschool program at a cost of \$6,692. The researchers figured the total benefit from CPC amounted to nearly \$48,000 per participant. Of that amount, the participants themselves gained over \$20,000 from increased earnings due to better jobs resulting from their higher educational attainment, and almost \$1,700 in reduced child care costs. The public at large gained even more, about \$25,800. According to the researchers' estimates, participants paid an

additional \$7,200 in taxes because of their higher earnings, and they saved society \$7,100 in criminal justice costs due to lower arrest rates. In addition, the crimes not committed by CPC participants saved potential crime victims nearly \$6,100. Finally, the school system—and thus taxpayers—saved a further \$4,900 because fewer of the participants were left back or placed in special education. As the economists view it, CPC offers a win-win-win proposition.

SOURCE: Reynolds, Arthur J., Temple, Judy A., Robertson, Dylan L., and Mann, Emily A., *Age 21 Cost-Benefit Analysis of the Title I Chicago Child-Parent Centers* (Madison, WI: Institute for Research on Poverty, February 2002).

EVERY DOLLAR SPENT ON CHILDREN IN CPC LEADS TO...





## REPEALING THE HIDDEN TAX

A TULSA NONPROFIT HELPS WORKING POOR FAMILIES  
AVOID EXPENSIVE TAX PREPARERS, MAXIMIZE REFUNDS,  
AND BEGIN SAVING FOR THE FUTURE

BY DICK MENDEL

As April 15 crept nearer in 1996, Angela Taylor did like tens of millions of low-income working parents: She dragged herself to a local tax preparer's office.

In prior years, Taylor had let her mother fill out her tax forms. But then Taylor, a single mother in Tulsa, Oklahoma, began to worry. "My mom wasn't a certified preparer," she explains, "and I just felt better" having the returns done professionally. Taylor was also lured by the preparer's advertisements promising to deliver the refund checks within two days of filing a return.

Angela Taylor, pictured with her daughters Cydnee, 9, and Erielle, 5, has been using CAP's tax preparation program since 1997. In 1996, she paid more than \$100 to a commercial tax preparer.

She made an appointment with Mr. Tax, Inc., and then sat by as the firm filled out her tax forms, filed them electronically, and completed the paperwork for a rapid refund loan. Taylor also signed a form granting Mr. Tax a thick slice off the top of her refund.

Today, Taylor cannot recall precisely how much she paid the tax preparer—at least \$100, she says—but she does remember what she got for her money.

"[The refund] was supposed to take 48 hours," she says, "but they gave us just a little bit after two days, and we waited at least two weeks for the rest. I was very frustrated. I said I wouldn't go back, and I never did go back."

Had she lived anywhere except Tulsa, Taylor would have been hard-pressed to keep that pledge. Increasingly, the federal tax code for low-income

families—while offering a wealth of possible benefits—requires filers to navigate a swamp of complicated forms, instructions, and worksheets. Free tax assistance for low-income filers is scarce throughout most of the nation.

But not in Tulsa. There, a local nonprofit agency has developed perhaps the most ambitious program in the nation to provide free tax help to low-income workers. Operated by the Community Action Project of Tulsa County (CAP), the program has prepared returns for more than 12,000 wage earners in each of the last two years, helping these Tulsa taxpayers avoid roughly \$2 million in preparer fees over the two years and reap \$27 million in federal and state tax refunds.

Angela Taylor got wind of the program early in 1997 and made an appointment. The service was quick, convenient, and free. Better yet, the forms were completed on computer and filed electronically, allowing Taylor to collect her refund in less than three weeks—almost as fast as Mr. Tax. She's been a loyal customer ever since.

#### THE HIDDEN TAX

Think of it as a hidden tax on the working poor—\$75, \$100, sometimes even \$200 per year plucked from the pockets of America's most vulnerable families as they struggle to earn their way out of poverty.

As welfare reform pushed millions of formerly dependent families to sink or swim in the job market in the 1990s, the federal government significantly

**Low-income taxpayers filing for the Earned Income Tax Credit paid commercial tax preparers at least \$633 million last year to complete their tax forms. Including electronic filing fees and rapid refund costs, these working poor filers almost certainly spent more than \$1 billion in 2001 for tax services.**

## ITEMIZING THE HIDDEN TAX

### How Much Do Tax Preparers Charge Low-Income Families?\*

Tax Return		
Form 1040		\$ 40.00
W-2 Forms		10.00
EITC		15.00
Basic Cost for Preparing Return		\$ 65.00
Electronic Filing		
IRS Form 8453 (required for electronic filing)		\$ 15.00
Tax Return Plus Electronic Filing		\$ 80.00
Refund Anticipation Loan		
RAL Preparation Fee		\$ 15.00
Cost of Bank Loan		64.95
Total Cost		\$159.95
(Tax return plus electronic filing plus refund anticipation loan.)		

\*Prices taken from Taxes1.com, an internet-based tax preparer, for a low-income taxpayer who has income from two employers, is eligible for EITC, and is entitled to a tax refund of \$1,000 to \$1,500.

expanded the Earned Income Tax Credit (EITC) to reward low-income families who work and to help them make ends meet. For tax year 2001, the credit was worth up to \$4,008 for working families with two or more children, not including the additional earned-income credits enacted by several states in recent years.

These benefits come with a hitch, however. The Internal Revenue Service publication explaining the EITC is 54 pages long, including six separate worksheets. As Michael Mares of the American Institute of Certified Public Accountants told a congressional committee, "It is unreasonable to expect those individuals entitled to the credit (who will almost certainly NOT be expert in tax matters) to deal with this complexity."

As a result, a large and growing share of the credit is being paid to tax preparers who fill out tax returns for low-wage workers. Although the finances of low- and moderate-income families tend to be far simpler than those of more affluent families, a recent IRS study showed that 60 percent of families filing for earned-income credits in 1997 used paid tax preparers, compared with 51.8 percent of all filers nationwide.

In addition to charging low-income clients to complete state and federal tax returns, many preparers have also aggressively marketed refund anticipation loans (RALs) that allow cash-strapped families to collect their refunds within 48 hours. Preparers typically charge \$75 to \$100 in fees and interest for RALs. Given that the IRS provides refunds within two to three weeks for taxpayers who file returns electronically, that can



translate into an effective annual interest rate on RALs of more than 100 percent.

John Wancheck of the Center on Budget and Policy Priorities, a Washington, D.C., think tank, estimates that taxpayers filing for the earned-income credit paid at least \$633 million in 2001 for tax preparation charges alone. When electronic filing fees and rapid refund costs are included, EITC filers almost certainly spent more than \$1 billion last year for tax services.

“Paying for tax preparation takes money away from [EITC] benefits,” the center declared in its *2001 Earned Income Credit Outreach Kit*. “It means that workers have less money to help pay bills and care for themselves and their children. This runs counter to a primary goal of the earned-income credit: improving people’s financial stability.”

#### HELP—BUT NOT ENOUGH—FROM THE IRS

The IRS has long recognized that its complex rules are beyond the comprehension of many taxpayers. Since 1977, the agency has been sponsoring free tax preparation through the Volunteer Income Tax Assistance (VITA) program. VITA operates in more than 8,500 sites nationwide, providing information to 1.8 million taxpayers each year.

Unfortunately, VITA programs do not serve the vast majority of low-income working families. The IRS provides no direct funding for local VITA projects to hire supervisors or coordinators, not even to support the recruitment of volunteers. Many VITA sites do not complete returns for workers with income from self-employment—roughly 17 percent of EITC recipients. And many VITA sites are located in suburban areas far from the homes of potential earned-income credit recipients. The IRS offers free training to VITA volunteers nationwide, along with forms, computers, and tax software. But its training curriculum lumps the EITC and its complex rules together with six other credits into a single two-hour session.

In June 2000, an internal IRS study found that VITA sites completed returns for nearly 500,000 taxpayers in

1997, of whom 101,000 were low-income workers claiming the EITC. Ron Smith, chief of community partnerships for the IRS, insists that these figures undercount VITA’s production. But even if VITA sites completed twice that number of EITC returns—200,000—it would still represent only 1 percent of the 19.5 million families nationwide who claim the EITC each year.

In recent years, the IRS has begun to supplement VITA by opening “walk-in” offices throughout the nation. These offices, which are staffed by IRS employees from January through mid-April, prepared 850,000 tax returns in 2000, but the IRS does not keep data on how many of these returns were filed by low-income workers and EITC claimants. Smith says that the IRS has also shifted its strategy in the past year to focus on partnerships with community organizations like CAP, rather than stand-alone VITA programs.

But many advocates argue that the IRS should provide direct funding to local programs that offer free tax assistance. “Given the significance of the earned-income credit . . . and the enormous number of eligible families,” says Wancheck of the Center on Budget and Policy Priorities, “there needs to be a source of federal funds to make sure that people get the full effect of these tax credit programs, rather than subsidizing and enriching the tax preparation industry.”

#### TAKING A CHIP OFF THE H&R BLOCK

While most low-income taxpayers nationwide remain caught between a rock (paying for tax preparation) and a hard place (navigating the EITC forms on their own or forsaking the credit), in Tulsa a free, full-service tax preparation service has emerged over the last seven years to fill the void.

The program is the brainchild of Steven Dow, a Yale-trained lawyer and former investment banker who followed his wife to Tulsa in 1990. Two years later Dow took the reigns of a local nonprofit agency called Project Get Together. The agency—which changed its name to Community Action Project of Tulsa County in 1998—has been growing ever since, becoming the recipient of Tulsa County’s

\$650,000 per year Community Service Block Grant and taking over the county's Head Start program.

In 1994, Dow initiated a campaign to inform Tulsa's low-income residents about the federal Earned Income Tax Credit. First enacted in 1975, the credit had been expanded under Presidents Reagan (in 1986), Bush (in 1990), and Clinton (in 1993). Yet many eligible families still didn't know about the credit in the early 1990s and weren't taking advantage.

The outreach campaign made thousands of Tulsans aware of the EITC. But when residents asked where they should get their taxes done, Dow's agency could only refer them to local VITA programs. "When

people tried to look around, they found that the VITA program wasn't operating in the neighborhoods where they lived, or in the hours they weren't working," says Dow. "We found that a large number of our clients were taking the information that we gave them and weren't able to make use of it . . . or they were paying a lot of money to commercial preparers to get their taxes done."

"It begged the question of are we going to step up to the plate and do something about the problem," Dow recalls. "That's when we looked and said, hey, maybe we need to look at ourselves becoming a free tax assistance site."

# A BUDDING TAX

Seven hundred miles from Tulsa, Chicago's Center for Law and Human Services began offering free tax preparation for low-income workers in 1994. The center's Tax Counseling Project has been growing ever since, and growth has been especially rapid since 1999 when Mayor Richard M. Daley launched a citywide campaign to increase public awareness of EITC benefits.

Daley grew interested after seeing research showing that some 60,000 Chicago workers eligible for earned-income credits were not claiming the benefits, depriving the city of \$90 million in potential revenues each year. "This is money that's there for the asking," Daley told a group of business leaders in December 1999. "It would be spent in Chicago. It's not welfare. This is for people who work for low pay instead of going on welfare."

The mayor's office has created a public-private partnership with foundations, business organizations, and community agencies, and it has spearheaded an all-out publicity blitz. In 1999-2000, the campaign included: 4.2 million notices sent out with utility bills; one million other flyers; hundreds of radio advertisements; and messages on tens of millions of transit cards, movie trailers, and grocery bags. The Illinois Department of Human Services has also supported the effort, mailing information letters to almost one million families each of the past three January's.

Thanks to this outreach, the Tax Counseling Project served 10,450 clients in 2001—a 45 percent increase since 1999. Likewise, another Chicago-based tax project, Tax Assistance Program—It Adds Up, grew from 2,581 tax clients in 1999 to 4,354 in 2001—a 68 percent increase. Together, the two agencies helped low-income taxpayers qualify for more than \$16 million in tax refunds last year.

## SETTING UP SHOP

During the second half of 1994, Dow raised funding from the city's Community Development Block Grant and deputized Dick Jackson, an energetic volunteer who had recently retired from the aerospace industry, to take charge of program development. "There was not a whole lot of what I would call careful planning that first year," Jackson says. "It was kind of sink or swim."

Jackson determined that computers would offer the most efficient and reliable method for completing tax returns. Computer tax computation would also allow the program to file returns electronically, enabling clients to receive their refunds within two or three

weeks rather than the four to eight weeks that paper filers typically wait. Jackson also pulled together a training curriculum to teach volunteers about IRS and EITC rules, and to orient them to the computers and software they would use to complete the returns.

In February 1995, the fledgling tax project commandeered a classroom and opened for business. "We had no idea what to expect," Dow recalls. "We did it to see whether or not in fact there was a market demand and need for it." The response was overwhelming. "The first couple of days were just pandemonium," says Jackson. "We just couldn't keep up with the demand."

# PREP MOVEMENT

Tax preparation initiatives are also active in other jurisdictions. The AccountAbility Minnesota project in Minneapolis–St. Paul prepared 6,500 returns for low-income families in 2001, while Detroit's Accounting Aid Society prepared 5,000 returns. In San Francisco, Tax-Aid, a local nonprofit agency, prepared 1,195 returns in 2001 and generated \$965,000 in tax refunds.

The Annie E. Casey Foundation has identified free tax preparation as a promising economic empowerment strategy for its *Making Connections* project—a 22-city initiative to strengthen families and uplift troubled neighborhoods. In Camden, New Jersey, for instance, local leaders responded to a September 2000 briefing about tax preparation by recruiting and training 36 volunteers and opening 20 new VITA tax preparation sites. Milwaukee's *Making Connections* team also initiated a tax project in 2001, and at least four other *Making Connections* cities are planning tax preparation initiatives in 2002 as part of their efforts to promote saving among low-income families.

"[Tax preparation] is really starting to see movement among people who are concerned about how to help people move themselves out of poverty," says Deborah Blank, executive director of the Social Development Commission, which is coordinating Milwaukee's new citywide EITC tax preparation campaign in partnership with Mayor John Norquist. "Historically we've been focused on jobs, and jobs are very important. But now we recognize that how people use the money they have is equally important. How do you help them save some of that money?" Increasingly, experts are recognizing that tax preparation services are part of the answer.

The program served 1,201 taxpayers in that first year, and generated more than \$1.3 million in tax credits and refunds. The following year CAP served more than 3,000 clients and generated close to \$4 million in credits and refunds. Apart from a slight downturn in 2001, the program has continued to grow ever since—climbing above 12,000 clients and \$12 million per year in credits and refunds in 2000 and 2001.

“Each year,” Dow says, “we’ve looked at what kinds of refinements we need to make to make the program better and more responsive.”

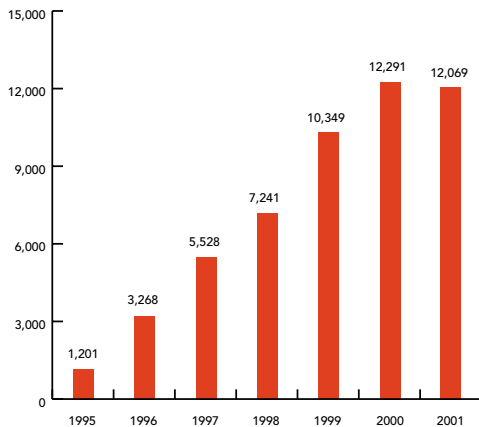
In 1996, Dow hired communications consultant Pat Kroblin to develop a sophisticated public relations strategy for the tax program. Kroblin forged a partnership with KTUL-TV, the local ABC television affiliate, which has produced advertisements about the program each year since 1997 and airs

more than 300 every tax season. This partnership is one aspect of a multifaceted annual marketing campaign that includes more than 12,000 postcards to former customers, plus billboards; posters; flyers; paid advertisements on commercial radio; placards on public buses; and newsletter features distributed by the power company, the United Way, the Tulsa housing authority, and others.

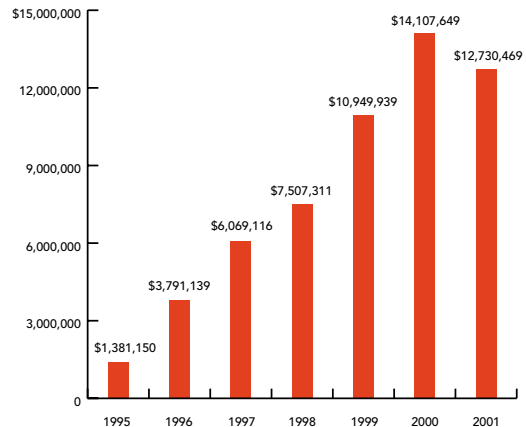
Also in 1996, Dow persuaded the Bank of Oklahoma to host the program. For the last seven years, each February to April, the bank’s branch at Lewis Avenue and Pine Street has turned into a bustling tax preparation office. In 2000, almost 6,000 taxpayers completed their returns at this site. (CAP also operated five other tax sites in 2001—its own headquarters, a credit union, a Latino church, and two suburban sites operated in partnership with the American Association of Retired Persons.)

## TAX PREPARATION TAKES OFF IN TULSA

**Tax Returns Prepared**



**Refunds Generated for CAP Tax Clients**



Source: Community Action Project of Tulsa County.

# Angela's IDA

In 1998, after having her taxes prepared by the Community Action Project of Tulsa County and collecting a large refund, Angela Taylor placed some of her refund into an Individual Development Account (or IDA). For every dollar Taylor saved, CAP promised to contribute a dollar to the account—two dollars if she used the money to buy or improve a first home. Taylor could also use the account to invest in college, a small business, or a retirement account.

In three of her four years in the program, Taylor saved the maximum of \$750. Early on, she used the money to pay for new floors and a new air conditioning system for her home in the Owen Park neighborhood—improvements she could never have afforded on her modest earnings as a social worker. In 2000, Taylor opened an individual retirement account and contributed the \$2,000 maximum.

In addition to these tangible rewards, Taylor says that CAP's IDA program has gradually shifted her thinking about money and work.

"Before, I would work a while and quit, work a while and quit. But now I'm really thinking about the future," she explains. Taylor is especially proud of the contribution she made to her retirement account. "I would never have done that before," she says. Her determination to start saving for retirement began when she looked at a printout in a CAP finance seminar, "It showed that if I contribute \$2,000 a year I'll have \$400,000 by the time I retire, and that sounds real good," Taylor recalls. "My continuing goal is to find some way to put in that \$2,000 every year and see if that \$400,000 really works."

Taylor also points to the effects of the IDA program on her family. All three of Taylor's children (ages 5, 9, and 13) have opened savings accounts with a local credit union, receiving a free gift every time they make a deposit. Taylor's middle child, Cydnee, saved more than \$180 by depositing her allowance, Taylor says, "rather than buying chips and candy and stuff."

"I'm showing my kids how to save, even when your income is low. I'm showing them that they can set goals and reach them."

**Individual Development Account (IDA):** A dedicated savings account designed to help low-income families build assets and save for the future. IDA programs have emerged in more than 250 communities nationwide since 1991 with support from government agencies and private foundations. They offer a financial match for each dollar saved by participants for long-term investments in home-ownership, home improvement, post-secondary education (or vocational training), entrepreneurial business, or retirement. In addition, IDA participants receive financial literacy training to clean up their credit, establish a budget and savings schedule, and manage their money over the long term.

**“Given the significance of the earned-income credit ... and the enormous number of eligible families, there needs to be a source of federal funds to make sure that people get the full effect of the these tax credit programs, rather than subsidizing and enriching the tax preparation industry.”**

**—John Wancheck, CENTER ON BUDGET AND POLICY PRIORITIES**

Last year, the Bank of Oklahoma made a new service available for CAP tax clients who do not have bank accounts. The bank provided coupons to cash tax refund checks for just \$2 each—helping families avoid commercial check-cashing operations that typically charge \$45 to \$75 (3 to 5 percent) to cash a \$1,500 tax refund check.

In 1999, Dow convinced the Corporation for National Service to send a team of 14 AmeriCorps volunteers. The following year, AmeriCorps sent two teams to take part in the tax program, and it sent one team again in 2001. Because volunteers could devote themselves to the project full time, the AmeriCorps teams proved invaluable. “Without them,” Dow says, “we wouldn’t have been able to serve nearly as many folks as we have.”

In 2001, CAP added a new tax service focused on immigrants, particularly Tulsa County’s rapidly growing Latino population, which tripled between 1990 and 2000 from 11,000 to 33,000. Many of the immigrants entered the country illegally and lack

valid social security numbers, making them ineligible for the EITC. Nonetheless, many need tax assistance urgently. Many illegal workers give employers fake social security numbers and have substantial taxes deducted from their paychecks. Few are aware that by obtaining a valid tax identification number from the IRS, they can begin to file tax returns legally and collect tax refunds. Having a tax number and filing tax returns can be crucial steps on the path to securing permanent residency status in the United States.

In the first six months of 2001, CAP’s Intercultural Tax Service project requested tax identification numbers for 1,232 area residents and completed 511 tax returns, helping immigrants secure a total of more than \$450,000 in tax refunds.

#### **PLANTING A SEED FOR SAVINGS**

In 1997, CAP launched a parallel effort to help tax clinic clients and other low-income families turn their tax refunds into nest eggs for the future.

Employing an increasingly popular strategy known as Individual Development Accounts (or IDAs), CAP recruits interested low-income families (earning less than \$25,000 for a family of four), enrolls them in a series of seminars on personal finance, and asks them to contribute at least \$10 per month to their IDAs—up to a maximum of \$750 per year. Using funds from foundations and government agencies, CAP contributes a dollar to each account for every dollar participants save to pay for education or retirement, or to start or expand a small business. CAP adds \$2 to each account for every dollar saved to buy or repair a first home.

Thus far, CAP has recruited 617 participants into its IDA program, and these participants have saved \$450,000 and received \$590,000 in matching contributions. Most participants—like Angela Taylor—were recruited into the IDA program after having their taxes prepared. And, like Taylor, most praise not only the financial support provided through the IDAs but also the psychological shift they experienced as they began to save for the future. (See “Angela’s IDA,” page 35.)

Jeri Curtner, a mother of three, says that participating in the program was a crucial step in rebuilding her life after a difficult marriage and divorce. “You get a super sense of self-worth and well-being when you start saving. . . . When you see yourself doing something that’s going to amount to something, going to grow, then you have some hope.”

## LOOKING FORWARD

Recently, Steven Dow has been stepping back and considering the future. In the short run, he must find a way to replace the AmeriCorps volunteers who have been a crucial part of his team to date. After sending volunteer teams three years in a row, the Corporation

for National Service—which oversees AmeriCorps—has informed Dow that it will be sending no more.

Dow is also searching for additional funds to pay for clerical and phone support to reconnect the project’s dedicated phone line. Last year, budget shortfalls led Dow to cancel the telephone service, leaving tax clients unable to schedule their appointments ahead of time for the first time in years. The change caused many clients to complain, and it contributed to the slight drop-off in participation in 2001.

For the long term, Dow is thinking less about how to expand the tax program than about how he might one day dismantle it. “The mission of this agency is to build genuine self-sufficiency for our clientele and to recognize that once prepared and equipped and tooled and trained, they can accomplish a heck of a lot,” he says. “In an ideal world there wouldn’t be a role [in tax preparation] for an agency like ours. There are plenty of other issues that we can be worrying about.”

Unfortunately, Dow concedes, the day when he’ll be able to close down the program has not yet appeared on the horizon.

“As long as there’s a commercial preparer out there that’s going to gouge our clients and charge predatory pricing and entice them to do rapid loans, and [as long as there are] check cashers charging them 3 or 4 or 5 percent of the amount of their refund to cash their refund check. . . . As long as that exists as the market alternative, then yeah, we’re going to provide a much cheaper and better alternative [rather] than let that product predominate.”

*Dick Mendel is the editor of ADVOCASEY.*



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