



simply put

SELECTED SPEECHES OF DOUGLAS W. NELSON
THE ANNIE E. CASEY FOUNDATION
PRESIDENT & CEO
1990-2010

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foreword

Those of us who have known Doug Nelson during his 20 years of leadership at the Annie E. Casey Foundation are deeply aware of his profound and positive influences on American social policy. In this tribute, Casey staff have assembled a broad sampling of Doug's writing and public pronouncements to capture the best of his thinking about how this nation can improve the lives of its most vulnerable and neglected children and families.

Engagingly written, analytically astute, and politically frank, this anthology encompasses the philosophy of a seasoned, pragmatic, and accomplished advocate and activist. In these speeches, Doug describes the complexities, challenges, frustrations, and breakthroughs that have characterized public policies for disadvantaged children and their families over the past two decades. Each selection conveys a refreshingly personal style and is imbued with clear thinking on the complex practicalities of molding public will on behalf of those in our nation who are at risk, left out, and too often ignored.

Doug's rational ideas are welcome antidotes to the more rigid academic studies and policy evaluations that tend to characterize reform strategies as a simple, standardized process. He knows that the reality is more subtle and unpredictable—involving skill, instinct, experience—even serendipity.

A measure of Doug's character is that he does not minimize the difficult mission of the Casey Foundation, but frankly acknowledges the lessons extracted from failure as well as success. Above all, it is Doug's uncommon personal commitment and passion that rise from these pages in words that are both enlightening and entertaining.

It is my great honor to salute the service that Doug Nelson has given to our most disinvested and disenfranchised populations and to the overall betterment of America's philanthropic missions. Such leaders are all too rare.

President Jimmy Carter
December 2009

simply put:

A TRIBUTE OF APPRECIATION TO DOUGLAS W. NELSON

When Doug Nelson was selected to head the Annie E. Casey Foundation in 1990, he came to the job with both appreciation and skepticism toward the world of philanthropy. That feeling was captured in Doug's trenchant observation in a 2007 book by Joel L. Fleishman, *The Foundation: A Great American Secret*.

"Foundations are dandy things, but the truth is few institutions are as complacent and potentially unaccountable to the real world as private foundations," Doug noted. "When I was a public official, my dealings with philanthropy often left me with the question: Who do they think they are?"

That plain-spoken candor set the stage for a new kind of foundation model, characterized by unapologetic hope and humility, where insistence on tangible results, integrity, and accountability became Casey core values. Over two decades, this has propelled an unwavering drive toward policies to improve opportunities and outcomes for America's disadvantaged children and families.

Blending the future aspirations of Jim Casey and the financial assets of the family endowment, Doug put into action a vision of an America that pays necessary attention to effective social reforms on behalf of our most isolated and vulnerable citizens. And, he mastered the use of Casey dollars to leverage and

stimulate additional resources from the public and private sectors, thus extending the Foundation's influence and impact far beyond its own grant-making and direct service activities.

Much of this was expressed through Doug's own bully pulpit—his carefully crafted public remarks that laid out his policy recommendations in words that were non-adversarial, amusing, and forthright.

For those who spend any time with Doug, his incisive wit and droll delivery, always with a self-deprecating punch line, come through in every conversation and exchange. Using sharp irony and compelling data, he can deliver forceful ideas in ways that not only inform and influence, but entertain as well.

“The rumor, circulated by some of my acidic friends, that I went into philanthropy only because there were no jobs in misanthropy is simply not true,” he once observed dryly in a speech to a community foundation in Maine. In Chicago, he chuckled at the advance billing for his appearance before the Family Resource Coalition as “exciting, inspirational, and useful.” His wry rejoinder: “I’ve only infrequently been accused of being exciting or inspirational, and—to the best of my knowledge—I have never been charged with being useful!”

Above all, it is Doug's wisdom—his deep understanding of the troubled conditions inherent in too many of our communities and a clear-eyed view of how to attack them—that are highlighted in this anthology. This volume contains presentations drawn from Doug's 20-year tenure that convey in sharp relief and moral clarity his considered beliefs about the best policies and practices for America's disadvantaged kids and families.

In this selection of speeches from the hundreds that Doug has delivered, it is easy to discern why his persistent and passionate concerns have educated and inspired a diversity of listeners—from community centers to Capitol Hill, from church basements to city hall, and from quiet living rooms to world forums.

Unlike the speeches of many in public life, Doug composes his own words with care and precision. No ghostwriter or handler touches them, and thus they reflect frankness and straightforward, unvarnished thought. The language does not stoop to any audience: as Doug himself once observed, his can be “a convoluted and dialectic way of talking—along with a weakness for making the obvious obscure!”

This collection of both formal addresses and casual remarks was chosen and reviewed by Casey staff—without Doug's knowledge—to reflect the key elements and the evolution of his thinking over the two decades that he led the Foundation. The text of each speech is essentially verbatim, with only personal asides or unrelated comments removed. The volume, organized by theme and chronology, is offered as a tribute of appreciation for Doug's leadership but also as a testament to the pathbreaking vision and creativity that guided public thinking on how to best improve the lives of America's children and their families.

Simply put, it is in that spirit that we honor the legacy of Douglas W. Nelson. We hope this will be a small reminder of the sincere affection and appreciation that the Annie E. Casey Foundation Board and staff hold for his leadership.

Overcoming the
Profound and Ironic
Disconnections
Evident in Tough
Neighborhoods

MAKING CONNECTIONS CONSULTANTS CONFERENCE

BALTIMORE, MARYLAND

FEBRUARY 2001

Last night I set out to lay down, in exquisite sequence, the whole logical or conceptual architecture that led us to (and that justifies) our commitment to *Making Connections*. I was up to 26 of these legal pages and I'd made about a third of the case. I was having a grand old time and some of it was beautiful, but it would have killed you to hear me try to wedge it into this half hour this morning.

So I changed course and decided instead to see if I couldn't lift up the two or three core propositions or emphases that I think set *Making Connections* apart from other well-intended strategies to improve outcomes and futures for at-risk kids.

The very first of these notions is the proposition that the problems, hardships, and disadvantages that we associate with at-risk children and youth are really and fundamentally consequences of the circumstances, conditions, behaviors, and disadvantages of their parents. Infant mortality, which we call a child well-being indicator, is actually, of course, a measure of maternal health, maternal access to health care and information, maternal nutrition, and a mother's freedom from violence, addiction, and injury.

Low birthweight is likewise a correlate of a mom's health, health care access, and health habits. Child poverty is a measure of parental income, earning, wealth, or sometimes the provision of support by an absent father. Episodic vs. chronic child poverty—which has immense implications for the children affected—is almost always a descriptor of the extent of labor force attachment of one or both parents.

Likewise, child neglect, while a great tragedy for kids, is actually most often a measure of a mother's stress, addiction, depression, or isolation from supports. Even the risk factors of adolescence—

school failure, unprepared pregnancy, delinquency—often have deep roots in and powerful correlations with parental achievement, experience, and example.

Now why do I belabor this? I belabor it because family matters; because nothing predicts children's current condition or future more powerfully than the current condition and the past history of their parents. I belabor it because we will not change the future for the 8 million American kids most at risk until and unless we change the present for their parents.

But then this is obvious, right? Nothing subtle here. Nothing arcane. Nothing novel.

Actually, what makes it interesting, what makes it important is how rarely we incorporate this simple, obvious, almost definitional relationship into our customary child welfare practice, into our mainstream educational policy, into our child mental health programming, into our pregnancy prevention initiatives, and into our advocacy for children. Instead, we have and continue to see kids—at-risk kids—as if they can be best understood and assisted apart from their families and sometimes even in spite of their families. What has led us to this very mistaken and self-defeating social policy tradition?

Part of the explanation is fairly innocent. Most child advocacy in the 20th century traces its origins to the child welfare movement, which until recently was a systematic and deliberate effort to rescue and remove vulnerable children from neglectful or injurious parents and provide them with a substitute home. Truth is, this child welfare paradigm has provided the value framework for a far broader array—indeed the mainstream—of well-intended, child-centered interventions and policies that seek to help kids

succeed by compensating for, substituting for, or supplanting the role played by poor, disadvantage-laden, disorganized parents.

In defense of this paradigm, it must be said that it has enabled thousands of individual kids to access opportunities, benefits, and achievements that would not have otherwise been available to them. These are the success stories that have moved and mobilized much of our charitable impulses on behalf of poor kids in America. Of course, the problem with—the indictment against this paradigm—is that it leaves the underlying cause of widespread child poverty and hardship unaddressed; and it has left the vast majority of the sons and daughters of disadvantaged parents to suffer predictable life consequences, sometimes for generation after generation.

Before I leave this subject, let me acknowledge some less innocent motives that have driven our tendency to under-attend and under-invest in changing the parental circumstances that predict child hardships. A disproportionate percentage of America's poorest and most fragile young families are minorities—racial, ethnic, and language minorities. The racism and discrimination that originally contributed to their poverty and vulnerability serve also to reinforce negative judgments about their strengths, motivation, and capacity for change and growth. Put very simply, it's impossible to understand the devaluation and sometimes demonization of impoverished and fragile families without reference to the wider American context of racial, class, and ethnic stereotyping.

All that said, let me return to *Making Connections*. If it is nothing else, *Making Connections* is intended to be a relentless affirmation of the proposition that the futures of a significant fraction of our most at-risk kids will be altered when, and only when, we find ways to enhance the tools, resources, aspirations, relationships,

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supports, and power of the young parents who are raising them. Improving child outcomes is the goal of *Making Connections*, but strengthening vulnerable families is the essential, uncompromisable means. Kids do well when their families do well.

The second major theme that informs the *Making Connections* perspective is an acknowledgment that the kids and families at greatest risk in this country are not evenly dispersed across America. On the contrary, they are heavily concentrated in fewer than a thousand deeply disinvested, unorganized, and isolated inner-city and rural communities. In New York State, for example, a study showed that 80 percent of the state's incarcerated young adult male population had grown up in only seven of the state's zip codes. In Iowa, it is estimated that almost two-thirds of the state's most negative child statistics can be traced to families who reside in two areas of one city. Here in Maryland, nearly half of all the rotten outcomes experienced by the state's children and youth occur in Baltimore neighborhoods less than five miles away from Casey's front door.

The implications of this geographic concentration of disadvantage in America are crucial. At a minimum, it suggests if we truly intend to make a dent in our alarming national numbers on kids—if we really want to leave fewer kids behind—we have to

substantially increase the targeting of federal, state, local, private, and philanthropic attention, effort, and investment to those places where families are faring the worst.

Having said that, let me also say that targeting, in and of itself, will prove insufficient unless it's informed and shaped by a sound theory or practical understanding of what actually prevents families in our toughest communities from doing better by their kids. In many ways, the search for that framework—for that understanding—has been the heart of the Foundation's work that ultimately led to *Making Connections*.

And thanks to a lot of advice, including counsel from many of the people in this room, we've come to a fairly confident conclusion; in fact, it's one we're prepared to bet our organization's future on.

In our view, the vulnerability of America's most at-risk families can be most usefully and constructively grasped if it's understood in terms of the social, economic, and political isolation that these tough neighborhood families live with every day—an isolation that's all the more remarkable, when we compare it to the circumstances of families who live in communities where children thrive and succeed.

Stated more broadly, *Making Connections* is arguing that families in communities where too many kids fail can best be described as families who are typically disconnected from fundamental economic opportunities; they can be described as families who are insufficiently connected to the positive social networks and relationships essential to raising successful kids; and they are families who are often unreached by or alienated from the public institutions and service systems designed to help families succeed.

Despite our awkward language, we don't think we are conveying something too complex or abstract. The fact is this phenomenon of family isolation is really a cluster of quite concrete, observable, and measurable things.

Look, for example, at the concept of family isolation in its plainest sense. In typical high-poverty American communities, fully one-fifth of the families with kids do not have a telephone; a full half of them do not own an automobile; 85 percent of the households in these areas do not contain a personal computer.

Let me go on to focus for a minute on the subject of connections to core economic opportunity. By economic opportunity, I mean those routine activities that help families build a sufficient financial foundation so they can meet their kids' everyday needs, secure some level of household stability, and plan for the future. At a minimum, this means the chance to find, get, and hold a job that offers a work-rewarding income and benefits; it means the chance to be a prudent consumer of reasonably priced housing, goods, and services; and it means an opportunity to accumulate credit or assets that can cushion families in tough times and encourage future aspirations.

For many tough neighborhood families, none of these fundamental economic opportunities are within practical reach. Male unemployment in our toughest communities remains 6 to 10 times the national average. Sheer distance from work is one factor. Studies of job growth and labor demand in the past decade identify suburban rings as the primary locus of growing entry-level employment opportunities. But public transportation patterns and low levels of car ownership keep a lot of central city and impoverished rural job seekers from embracing these opportunities. In many cities, the same inaccessibility of the suburban ring

makes shopping at economic retail outlets far less practical, if not impossible.

Added to distance, the weakness of informal job finding networks in tough neighborhoods also works against economic connection. Employed friends, relatives, and neighbors are the links that most young adults use to find and secure first jobs. But in historically underemployed neighborhoods, these networks are far less effective. The irony is that in tough communities, where job seekers may already face employment barriers like insufficient work history, language, criminal records, or discrimination, access to people who hear about openings, make introductions to employers, and vouch for character is far more critical than in high-employment communities.

But it's not just a lack of access to jobs or affordable goods and services that isolate our poorest families from a viable economic status—it's also the fact that they lack connections to even the most basic credit and equity building opportunities available to the average American family. Families in low-income communities are far less likely to have checking or savings accounts and four times less likely to receive interest or dividends in a given year—which makes it harder to build a financial history and qualify for credit cards, auto loans, or mortgages. One reason for this is that many poor neighborhoods are bereft of the commonplace financial institutions that can help residents build equity and help small businesses access capital. The fact is, in many tough neighborhoods, it's easier to find a check-cashing outlet than it is to find a bank—a simple but important issue that contributes to and compounds a family's inability to convert earnings into meaningful family security or the wherewithal for enterprise.

Yet it's not just stronger links to the economic mainstream we're talking about. For families to succeed with their kids, for families

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to be strong, they also need support from social networks and organizations that reinforce and extend good parenting and healthy child development.

Historically, formal and informal social support systems—whether they be kin groups, churches, mutual aid associations, fraternal organizations, or neighborhood networks—have been one of the strengths of America's poor communities. But there is growing evidence that these formal and informal connecting systems are diminishing in the very communities that need them most, and they are doing so at a time when the rise of single-parent households makes them more critical than ever.

Part of the decline is traceable to crime and safety issues in tough communities. Put simply, too many families living in high-poverty neighborhoods don't feel that their communities are safe places to raise their kids or to socialize. The reality and the perception of danger clearly have an impact on whether and how families in poor communities spend time together or with their neighbors. Surveys tell us that families in tough communities are often reluctant to gather in parks and playgrounds or to venture out after dark with their kids. Grandparents and other older residents—who have much to offer and much to gain from family and

community networks—often remain homebound, not because they're ill or frail, but out of fear for their safety.

Added to the issue of safety is the basic fact that social networks are hard to form when families lack access to the positive places and organized activities that can foster them. Parents and kids in most low-income communities simply don't have the same range of organized recreational and cultural activities that are available in more-affluent neighborhoods. They have fewer parks, playgrounds, and available open space for neighborhood celebrations and cultural events; they have less access to organized team sports and community clubs; and they have fewer libraries and museums.

Finally, we need to emphasize the profound and ironic disconnections that are evident in tough neighborhoods between families and the public systems and institutions that are intended to support families. In comfortable communities, parents take it for granted that they have access to decent schools, primary health care, reliable and ethical policing, crisis interventions when needed, and decent child care or supervised youth activities.

But such confidence, such assumptions of access, is really the exception for families in our most distressed communities. In many such neighborhoods, there isn't reliable access to doctors, clinics, or dental offices. There is instead too much reliance on the lines in emergency rooms. The quality of neighborhood schools in tough communities rarely competes with those in more-affluent settings. Similarly, study after study affirms that the choice and quality of day care and youth programming is thinner in the communities where they'd arguably make the greatest difference. In our most troubled communities, there are not enough neighborhood-based foster homes to keep kids from families in crisis from

Parents and kids in most low-income communities simply don't have the same range of organized recreational and cultural activities that are available in more-affluent neighborhoods.

being separated from their siblings, friends, classmates, and key neighborhood anchors.

But it's not just that there is a consistent lack or absence of available, adequate public services in poor neighborhoods. Adding to families' disconnection is the profound lack of trust they feel for the key family-serving public systems that do exist—such as law enforcement, juvenile justice, and child welfare. And the tragic measure of this alienation is that in many places, these public systems reciprocate the mistrust toward the very families they exist to serve.

The distance that characterizes the relationships that many poor families have with different mainstream systems and institutions reflects, to some degree, their feelings toward government and civic life in general. Families in poor communities have difficulty seeing government agencies as proactive, caring, and relevant. The result is low voter turnout in many poor neighborhoods, immigrants that refuse to provide important information to the government, and non-participation in potentially valuable government support programs, such as the Earned Income Tax Credit and the Children's Health Insurance Program, for which they and their children are eligible.

Isolation and connection provide a fundamental framework for defining family vulnerability and family capacity—a framework that we think can serve as a guide for collective action to help strengthen families in our toughest communities.

But enough with examples for now. The goal this morning is simply to underscore our conviction that isolation and connection provide a fundamental framework for defining family vulnerability and family capacity—a framework that we think can serve as a guide for collective action to help strengthen families in our toughest communities.

Of course, we know there are other frameworks for generalizing about which American families are at greatest risk and why. For a long time such families have been variously summarized as “predominantly minority,” “inner-city residents,” “persistently poor,” “the underclass,” “immigrant enclaves,” “disproportionately single parents,” or part of a “poverty culture.” Although not irrelevant, such framing characterizations sometimes imply that class, race, place, ethnicity, and family structure are not just correlates of disadvantage but the exclusive determinants of disadvantage, and that unless these issues can be directly addressed, no real progress can be made. They may even encourage people to think in terms of unfair and inappropriate class, race, place, culture, and family structure stereotypes that some policymakers can and have used to justify inaction.

At the Foundation, we’ve come to believe that the “connections” framework will give us a more practical and actionable understanding of what it means to be a poor family trying to raise

kids in a tough neighborhood. We believe that this alternative approach can lead to more specific and productive interventions and investments on behalf of isolated families and their kids and help connect them to needed opportunities, services, and relationships. Furthermore, it’s a perspective that allows us to emphasize that chronically disadvantaged families need opportunities, power, tools, relationships, and justice to succeed, not more sympathy, services, welfare, or charity.

Part of our confidence in the potential of this connections framework lies in the fact that we can identify—across the country—potent examples of strategies that are clearly working to build bridges, foster relationships, and advance truly accessible services for families in our poorest neighborhoods. We know that innovative efforts in some of our most isolated communities are capable of helping families connect to job-training and job-finding networks, gain access to credit, and build equity through homeownership, savings, and micro-enterprise opportunities. We know that it’s possible for communities to band together to promote safer streets and provide more opportunities for families to interact through formal and informal cultural, recreational, religious, and social activities. And we have seen combinations of community empowerment and system reform efforts that can, in fact, increase resident involvement and confidence in the educational, human service, health, and law enforcement institutions that are intended to help families succeed.

Yet, the truth is, almost nowhere have these powerful connecting models, initiatives, and activities been brought together, in tough communities, in a truly comprehensive, intensive, and sustained way.

And that, in essence, is what *Making Connections* is intended to try. It is, above all else, an effort to marshal—in particular

places—simultaneous efforts to link the most disconnected families to expanded employment and asset-building opportunities; to embed the most isolated families within enriched and enlarged social support networks; and to forge meaningful new and positive relationships between alienated and skeptical residents and the public systems that were originally intended to help them succeed as families.

We envision this connection-building effort as a collaboration—a campaign of exploration, experiment, and investment that encompasses residents, community institutions, and outside resource controlling stakeholders.

We envision the Foundation's role as one of identifying patterns of disconnection and isolation, of suggesting strategies and initiatives capable of bridging those disconnects, of building the community capacity to take on change, and of recruiting co-investors willing—along with ourselves—to pay the costs associated with expanding economic access, strengthening social networks, and reforming public systems.

Our belief is that such efforts—if focused enough, if wise enough, and if sustained long enough—are capable of reconnecting and of strengthening a critical mass of families on a scale that can transform the most disadvantaged communities into places where kids and families routinely succeed.

That, very quickly, is our vision. It is a capsule of the road map and destination of our *Making Connections* journey. I want to say in closing—and quite sincerely—that our chance of succeeding in this endeavor and of learning something important on the way very much depends on the willingness of the wise people in this room to join us in this journey. To each of you, thank you very much.

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The Public Sector: A Crucial Partner in the Community Development Agenda

ENTERPRISE FOUNDATION ROUNDTABLE

ROCKEFELLER FOUNDATION

NEW YORK, NEW YORK

FEBRUARY 2005

ROUNDTABLE PARTICIPANTS INCLUDED REPRESENTATIVES OF the Helen Bader Foundation, Blue Moon Fund, Bruner Foundation, Edna McConnell Clark Foundation, The Columbus Foundation, Fannie Mae Foundation, F. B. Heron Foundation, Goldseker Foundation, Robert Wood Johnson Foundation, John S. and James L. Knight Foundation, Lyndhurst Foundation, John D. and Catherine T. MacArthur Foundation, Marshall L. and Perrine D. McCune Charitable Foundation, McKnight Foundation, Open Society Institute, Rockefeller Foundation, Surdna Foundation, The Funders' Network on Smart Growth and Livable Communities, the Neighborhood Funders Group, Bank of America, J.P. Morgan/Chase, Prudential, Deutsche Bank of Americas Foundation, HSBC, the Nonprofit Finance Fund, LISAC, and Living Cities.

I want to share with you the evolution of Casey's thinking about community development and about ways to deploy our endowment: some impulses we've embraced, conclusions we've reached, and questions we have yet to answer. These thoughts are not advocacy, not meant to be a model. Rather, I want this to be a provocation.

For my own selfish reasons, I hope to inspire you to offer Casey some guidance and direction. I also want to provoke a deeper and more formal partnership among foundations and intermediaries for learning and development around the subject of putting more of our endowments to work on behalf of our philanthropic missions.

Let me begin by saying that Casey is not a community development foundation. Our mission is not confined to a particular

city or community. Our goal is not urban renewal. We are about poor kids.

More specifically, our mission is to reduce the gap in outcomes between advantaged and disadvantaged kids in the United States. Over the years we have done a lot of things to advance that mission: we provide direct services to vulnerable kids; we fund effective nonprofit programs; and we engage as funders and advisers in what we call system reform (to improve public education, child welfare, public health, juvenile justice, and related systems). And we do fact-based advocacy for wiser and better-funded public policies aimed at vulnerable kids.

All of these strategies have had mixed, but on the whole, good results. However, there is one conclusion we couldn't ignore: these approaches alone or in concert didn't have much sustained impact on the overall condition or futures of multiply disadvantaged kids growing up in poor, disinvested, inner-city neighborhoods. If we had been smarter, we might have been satisfied with the conclusion that we just can't win them all, that we can't prevail in the toughest environments, that we aren't powerful or resourceful enough to make a real difference for the most left-behind kids in these left-behind neighborhoods.

The trouble is, we also had to confront a terrible statistical truth from our own KIDS COUNT data. Put crudely, most of the disadvantaged kids in America are products of disadvantaged places. Most of the gap between advantaged and disadvantaged can be explained, in fact, by geography and race. Put more simply, we came face to face with the fact that the majority of persistently poor kids, early adolescent pregnancies, child welfare removals, lead poisoning cases, preventable illnesses, juvenile incarcerations, and juvenile homicides, along with the highest rates of

Casey concluded about seven years ago that it couldn't help to change the future for poor kids unless it learned how to help change the future for tough neighborhoods.

infant mortality and female-headed families, the lowest levels of household wealth and high school achievement, and the worst schools—all could be traced to as few as 800 or 900 high-poverty neighborhoods in the United States, predominantly communities of color.

In light of these numbers, Casey concluded about seven years ago that it couldn't help to change the future for poor kids unless it learned how to help change the future for tough neighborhoods. We decided we had to become a useful player, contributor, catalyst, and investor in neighborhood change.

We have learned a lot of painful but productive lessons in the course of our struggle to take up the community development challenge. Three stand out:

→ First, we discovered that we can't help by doing something to these communities, or even for these communities. Rather, we have to figure out how to work meaningfully with them. This is enormously difficult. Creating a sustained, respectful, trusting partnership between powerful, unaccountable, often complacent, elite-governed, clumsy philanthropies and intermediaries on the one side and resource-thin, leadership-starved, dispirited, distrustful, and oft-disappointed neighborhoods on the other—building such a partnership is both

almost impossible and absolutely crucial. Exploring this is not today's topic, but I don't think we can talk about foundation roles in comprehensive community change without acknowledging this huge relationship-building challenge.

→ Second, we learned that community development only makes sense, only works, if it enables a simultaneous investment in the people and the place. If you are interested in alleviating child hardship—or for that matter, in improving health, reducing persistent poverty, or strengthening families—it does no good to invest in economic development, if it ultimately serves only to make a plot of ground more fit and attractive for a new, more-affluent population, while the neighborhood's vulnerable residents are dispersed to other high-poverty areas. Again, this is not the centerpiece of today's conversation, but I don't think you can talk responsibly about foundation efforts to improve tough neighborhoods without owning up to the very real danger of catalyzing gentrification, which sometimes actually compounds the suffering of the very groups who ought to be the beneficiaries of our involvement. Our investment efforts must keep in mind this critical balance between people and place.

→ Third, the lesson Casey learned in the past decade was the one that brings us to today's conversation most directly. Early on, we had to confess that the scale and speed of the investment required to transform poor neighborhoods and the prospects of the people living in them far outstripped the traditional grant resources that Casey could ever assemble and deploy, even with philanthropic partners and even if we were much smarter grant-makers than we are. That acknowledgement left us with the question: what can we do as foundations to

stimulate sustainable, socially responsible investment in distressed, troubled neighborhoods on a scale sufficient to actually change them?

Some of the answers do lie within conventional foundation boundaries:

- We can build neighborhood capabilities and leadership so these places can compete better in the market.
- We can collaborate better and attract other charitable funding on behalf of a tough neighborhood.
- We can advocate for a more targeted, equitable, and effective investment of public dollars and services in the neighborhoods that have the greatest needs.

These are critical strategies. And if done well enough and deeply enough, they might create a public/philanthropic/community partnership strong enough to measurably strengthen some communities.

But in lots of places (like East Baltimore; North Philadelphia; Camden, New Jersey; Miner County, South Dakota; parts of San Diego; public housing neighborhoods in Chicago; and elsewhere), I'm not at all sure these strategies will ever be effective, no matter how well they are executed.

What's missing is sufficient investment in both people and place by the private market—by private capital and private credit. In our view, the pivotal question became the one that brought us to the work of the people in this room: what can we do to substantially increase the private sector's willingness to invest in the people and the places we care most about?

What can we do as foundations to stimulate sustainable, socially responsible investment in distressed, troubled neighborhoods on a scale sufficient to actually change them?

Actually, we discovered that there is a more useful way to frame that question. We know the private sector does not invest in these folks and places because it perceives the risks to principal or the constraints on return to be greater than it can bear, or at least unfavorable, compared to other populations and places in which it might invest.

So really the question comes down to whether or not foundations can play a role in sharing or managing the risks private-sector decision-makers face when they are asked to invest in the people and places we care about. Are there affordable ways for foundations to use their resources to mitigate the risks private investors might take on in historically disadvantaged people and places, in such a way as to level the market playing field for those communities?

Based on what's emerging in your work, I think the answer is yes.

- Foundations are finding integrated ways to use their grant-making, their expertise, and their endowments to reduce the risks private employers face when they seek to hire higher-risk or less-prepared workers. For example, foundations can create and extend innovative bonding products that make it less costly and risky for companies to hire individuals with prior criminal records.

Experience also teaches us that foundations can increase the investment competitiveness of tough neighborhoods by concentrating their advocacy, expertise, and grant resources on three crucial dimensions of community life: public education, public safety, and basic infrastructure.

- In several places, foundations are making double-bottom-line investments that favor companies willing to reach out to workers in neighborhoods of highly concentrated poverty.
- More traditionally, a good number of foundations are targeting funding to nonprofit training, workforce development, and working family support programs that make particular groups of workers more prepared, more attractive, and less risky from the point of view of a prospective employer.
- Foundations are devising integrated ways of using their assets to make low-income individuals and families better candidates for obtaining fairly-priced credit from the private sector. Deposits from foundation endowments placed with community-oriented banks, for example, allow those institutions to enlarge their lending to higher-risk borrowers.
- Grant-funded credit repair initiatives and financial literacy training programs also measurably increase the creditworthiness of low-income, low-wealth borrowers.
- Even more prominently, foundations are beginning to use their resources to help provide homeownership subsidies, soft second mortgages, and home equity partnership instruments

that have the effect of enabling private-sector lenders to extend affordable mortgage and business loans to individuals, families, and enterprises that would otherwise be deemed unqualified for such credit.

These are just a few examples of how foundations are enhancing the investment competitiveness of low-income folks. But I think potentially an even richer opportunity exists for foundations to enhance the investment readiness or investment competitiveness of whole communities, of places that have been historically divested.

One of the simplest ways may lie in our ability to invest in data collection that gives the mainstream retail and service sectors a more accurate picture of the market potential of divested neighborhoods. The Brookings Institution's Urban Markets Initiative, for example, is building on earlier initiatives that suggest that poor neighborhoods have much stronger potential consumer demand than the retail sector in most metropolitan areas has recognized heretofore. I think we are just scratching the surface of the investment-inducing effects of better market data.

Experience also teaches us that foundations can increase the investment competitiveness of tough neighborhoods by concentrating their advocacy, expertise, and grant resources on three crucial dimensions of community life: public education, public safety, and basic infrastructure. Strengthening neighborhoods in these three ways can dramatically alter their attractiveness to business investment, housing investment, and mixed-income populations.

For America's most blighted places, however, the challenges are even greater. In these communities, massive redevelopment and large-scale new investment are the only paths to meaningful

transformation. In East Baltimore and scores of other truly tough places, blight has to be removed, contiguous land acquired, people relocated, sites prepared, new housing and commercial development launched, and rehabilitation and renovation financed. For all this to happen—and for massive gentrification and displacement to be avoided—the work has to be fast, big, and well planned.

It is my view that this will not happen through the natural operation of the private market alone. Indeed, it will only happen if the private sector has partners who can in some measure mitigate risks, encourage investment, assist in building critical community and political relationships, and provide gap-filling resources to maintain the momentum of successful development.

Let me be clear. The public sector is an absolutely crucial partner in any ambitious community development agenda. Without municipal service infrastructure, tax incentives, predictable regulation, Section 8 and affordable housing subsidies, and in many cases powers of eminent domain, there will be no successful transformation or revitalization or even repair of our toughest neighborhoods. But in most places, at least for the near term, the partnership of an enlightened public sector is not likely to be robust enough, flexible enough, or generous enough on its own to put these neighborhoods on a level playing field with other opportunities for the investment of private capital.

What is also required is a new kind of partnership with the philanthropic sector, a new role to be played by foundations. Part of that role is as convener, coordinator, and cheerleader for planned, socially responsible revitalization. Part of it is as advocate, especially for public-sector policies and incentives that encourage large-scale private investment. But a big part may also critically

What is also required is a new kind of partnership with the philanthropic sector, a new role to be played by foundations. Part of that role is as convener, coordinator, and cheerleader for planned, socially responsible revitalization.

be to extend the immense creditworthiness and substantial investment potential of foundation endowments.

Let me point out that one, two, or three percent of the nation's current holdings in philanthropic endowments, put to work as development investments in poor neighborhoods, would almost immediately outstrip and overshadow the total amount of traditional grant making now done on behalf of community development.

Putting those endowments to work as loan guarantees for land acquisition and preparation; as patient, risk-absorbing equity in housing and commercial development; as the financing for home equity insurance products to protect pioneering homebuyers and rehabbers; as second mortgage products and nontraditional business loans; as patient bridge lending pending proceeds from tax incremental financing or future development returns—doing all these things, learning to use a fraction of our principal in these ways, would, I think, not only strengthen the impact of traditional community development grant making but also, and more importantly, go far to increase the attractiveness of these communities and the people who live in them to serious, sustained, and transforming investment from the for-profit sector. And when all

is said and done, that kind of robust, responsible private investment is what is required to reconnect these communities to the mainstream of America's economy.

We have a lot to learn about how foundations can best complement the private market and the public sector. But I think we are onto something here, and we may just be onto something awfully important.

It is my hope that this will be only the first convening around the possibilities of new roles for and new resource commitments from foundations. My hope is that LISC, Enterprise, Living Cities, Neighborhood Funders, the CDFI sector, and perhaps others will help foundations create forums where we can learn from each other and, in the end, turn some interesting examples into a new, more-effective way of doing business on behalf of poor folks in poor communities.

The Human Side of the Redevelopment Equation

COMMUNITY CONVERSATIONS BREAKFAST

JOHNS HOPKINS CLUB

BALTIMORE, MARYLAND

MARCH 2008

Thank you. It's wonderful to be among so many friends and so many partners—colleagues and colleague organizations—that have taught the Annie E. Casey Foundation so much and facilitated much of the good we try to contribute to this city.

I had the privilege of speaking to this group almost 10 years ago. It seems only yesterday. Indeed, it seems it was only yesterday that back in 1993, Bob Embry, Jim Rouse, and Kurt Schmoke convinced me that Baltimore was the right place for Casey to plant its headquarters.

It's been home to us now for 14 years, and I thought I would use my time this morning to reflect a little on what Casey has tried to do in this fine city, what we've learned, and where I think we are going.

Of course if I were truly forthright, I'd spend a lot of time lamenting the opportunities that we failed to seize over this past decade, the starts that we didn't fully finish, and the plain old mistakes we made along the way. But truth is, there are folks in this audience who could describe Casey's missteps more eagerly and insightfully than I can. So I won't try.

Instead, if you'll indulge me, I'd like to focus on some of the Casey experiences in Baltimore that I'm most gratified by, most proud of, and most hopeful about. I'd begin with our coming to Baltimore in the first place. It was a good decision. This city has provided a solid grounding for our mission and our work—not just here—but across the country. It's a convenient place to get to and travel from. It's allowed us to acquire great space and great buildings, and the room to grow affordably and comfortably. It's a city filled with good people, great institutions, and a rich history of quality

philanthropy. Most importantly, Baltimore has helped Casey attract and retain—from here and across the country—men and women who are among the best and brightest in the arenas in which we work. I'm proud to note that we've grown from the 46 folks who moved with us in 1994 from Greenwich, Connecticut, to what is today—a Baltimore-based workforce of 200. I'm also gratified to note that a majority of that world-class team—both professional and administrative—are persons of color.

I'm also proud that Casey—helped by good advice—began our work here in Baltimore modestly. Despite our unbecoming organizational inclination to be a little overbearing—which some of you in this room have endured—we worked hard in our first years not to over-impose our ideas, themes, and strategies on our new neighbors—at least until we had the knowledge, relationships, or credibility to be a trusted partner.

Instead, we began in 1994 with a “direct services grant program,” which provides low-paperwork funding to local agencies and nonprofits seeking to enhance their services to kids and families. That annual program—which continues to this day—educated the Casey Foundation and built for us, critical relationships and alliances. Over the past 14 years, we have expended more than \$15 million in support of more than 200 city and regional organizations. I like to think the program has strengthened many nonprofits; expanded the leadership role of Associated Black Charities; and encouraged greater communication among Baltimore's children- and family-serving organizations.

I am also pleased to recall that in the late '90s, we joined the Baltimore Community Foundation, the Robert Wood Johnson Foundation, the Goldseker Foundation, Open Society Institute, the United Way, and others to launch and grow the Safe

and Sound Campaign. Over the past decade, that campaign has helped raise up the needs of Baltimore City kids; expanded public and private funding for evidence-based interventions; expanded quality after-school activities; enlarged early learning investments; and expanded family preservation and family strengthening programs. Perhaps as important, the allies in the Safe and Sound Campaign have helped forge new, more purposeful partnerships between foundations, city programs, and state initiatives. These new alignments (exemplified by the Reason to Believe initiative), helped to enlarge some smart early intervention and prevention programs—programs that are still making a real difference in the conditions and outcomes for Baltimore children.

More recently, the Safe and Sound partners (including Casey, the Family League, OSI, and others) have negotiated agreements with state government to give incentives and reward creative local efforts to get more Baltimore kids out of foster care, to divert delinquents from incarceration, and to encourage successful reintegration of returning felons. These path-breaking agreements, known as Opportunity Compacts, have—I believe—the potential to reorient our whole approach to vulnerable families and troubled kids—to reorient our efforts away from our enormously expensive and wasteful deep-end system responses toward a more humane and effective emphasis on prevention, early intervention, and positive supports. I think we are on the cusp of a real breakthrough here.

I am also proud of the role we are playing, along with many other partners, in an effort known as the Leadership in Action Program. This effort, launched some five years ago, brought together all the relevant public, private, academic, and advocacy organizations committed to getting more of our children ready to succeed in school. We all agreed to be guided by results measurement, by best

In just four years, the percentage of Baltimore City children entering kindergarten “ready to learn” went from 28 percent to 58 percent.

practice, and a commitment to a more collaborative and coordinated approach to improving early learning. The results have been stunning. In just four years, the percentage of Baltimore City children entering kindergarten “ready to learn” went from 28 percent to 58 percent. This is remarkable testimony to what we can accomplish when we set common goals, measure what we are doing, and truly work together.

The night before last, I had an especially heartening opportunity to reflect on where these promising examples of progress for Baltimore kids and families may be headed. We hosted a reception Tuesday night at the Foundation for several relative newcomers to our state. One was Brenda Donald, former deputy mayor in D.C., and now the Secretary of Maryland Department of Human Resources. Another was Molly McGrath, a former Illinois human services manager with a reputation as a turnaround artist, who came 10 weeks ago to be deputy director of Baltimore City’s Department of Social Services.

It happens that these two exceptionally committed individuals are both alumni of the Annie E. Casey Foundation Children and Family Fellowship program for young leaders. They were here in Baltimore a few years ago as young, aspiring would-be reformers. Now they are back as leaders, equipped with great skills, the right values, and motivated by the belief that public social services in Baltimore can become as effective and efficient as our

children and families need them to be. I have a hunch that Casey's investment in these talented women may yield more return for Maryland than a lot of other things Casey has done.

Of course, human service needs and challenges are not all that ail and threaten this great city. Underlying and at the root of all those problems lie the deep poverty, social exclusion, and dim prospects that afflict tens of thousands of our fellow Baltimoreans. The depth of that problem is most unmistakable in those Baltimore neighborhoods where poverty is concentrated, abandonment is pervasive, and disinvestment is the rule.

No matter how much our schools struggle to improve, no matter how hard our social service agencies stretch, no matter how good our public human service system managers are, no matter how generous our philanthropy is, we aren't going to become a great city again—and we aren't going to give all our kids a fighting chance again—until we find a way to reverse the decline, decay, and despair of those neighborhoods that have become the breeding grounds of much of Baltimore's human hardship and human failure.

Let me be honest here. I am by no means confident that we know all we need to know to successfully revitalize and rebuild these distressed communities, but I became absolutely certain that we have an obligation to try.

And, as many of you in this room know well, we are trying. The “we” I refer to here is not just Casey. The “we” is Johns Hopkins, the Save Middle East Action Coalition, the Goldseker Foundation, the Abell Foundation, the City of Baltimore, the state of Maryland, the Baltimore Community Foundation, the Weinberg Foundation, Empower Baltimore, the Atlantic Philanthropies, and a host of national partners we have brought in.

The focus of all this effort is a community of 70-some city blocks, known as Middle East, lying just north of Johns Hopkins Hospital in East Baltimore. Six years ago, Mayor O'Malley and Hopkins leaders resolved to do something positive in Middle East. The neighborhood challenges they were embracing were daunting. More than half the population was gone; building vacancy rates were at 50 percent and rising. The neighborhood's core infrastructure—electric, sewer, water, and gas—was crumbling. Crime was bad and increasing. Health statistics—including immunization rates, HIV, childhood lead poisoning rates, asthma incidence, drug dependence, and mental health problems—were appalling. Unemployment and under-employment for adults were two times city averages, and school failure for children in Middle East was the norm.

In 2002, Joseph Haskins, who had volunteered to chair the East Baltimore planning effort, and Mayor Martin O'Malley asked me if Casey would participate in the emerging idea of a major revitalization initiative. For lots of reasons, I was profoundly skeptical. The track record of large-scale urban renewal in this country isn't an encouraging one. Most such reinvestment efforts have just plain failed—the result of providing too little, too late. And when they do work, they usually succeed by pushing out all the poor folks who endured the community's decline to make way for a new, more prosperous population. Neither of those outcomes seemed likely to advance Casey's commitment to social justice goals.

But I decided to think about it, and I spent some personal time in East Baltimore. When I first visited the neighborhood, armed with all the grim social statistics about the area, I was expecting to find a community of “victims”—a collection of people irretrievably

I am prepared to assert that no large-scale urban renewal effort—anywhere in America—is as innovative, as ambitious, as resident-focused, or as important as what is being tried just a few miles from here on the East Side.

damaged by the harshness of their environment and the hardship of their lives. Instead, I found lots of ordinary folks—poor to be sure, afflicted to be sure—but folks who were more survivors than they were casualties; people with their pride intact, their anger and indignation intact, their sense of injustice sharp, and most powerfully, their dedication to their children and their elders and their community and their faith every bit as fresh and robust as anywhere else in this city.

It was, for me, a transformative revelation. I ended up saying to myself—if this whole effort could be aimed at transforming the life circumstances of these long-struggling people (and not just the landscape of the place), then we just might have a challenge worth embracing and big risks worth taking.

Armed with this half-a-notion, I went back to Joe Haskins, the mayor, and the Hopkins leaders and said, “If you will make this about the people and not about the place—then I’m in, Casey’s in.”

I’m not sure they knew what I was talking about; I say that because I’m quite sure that I didn’t know what I was talking about. Nonetheless, I think it struck a common chord. Everybody agreed that we should try to make improved conditions and outcomes in the lives of the low-income families of East Baltimore our paramount

objective, our primary success measure, and the core rationale for our shared investment in this initiative.

To a remarkable extent over the past four years, we have kept faith with this goal and with this vision. We have, of course, a very long way to go, but I think one firm conclusion is now warranted. Based on Casey’s involvement in 15 other American cities and based on my knowledge of the National Community Development Initiative’s 15-year work in 30 cities, I am prepared to assert that no large-scale urban renewal effort—anywhere in America—is as innovative, as ambitious, as resident-focused, or as important as what is being tried just a few miles from here on the East Side.

Let me describe very briefly a little about what’s happening in the East Baltimore Development Initiative project. First, on the physical front, EBDI has demolished 30 acres of dilapidated row-houses and buildings and prepared the ground and infrastructure for redevelopment. A world-class bio-tech lab facility, with street-level retail space, is nearing completion and is 60 percent leased. A high-quality 75-unit affordable senior housing building has already been constructed, opened, and is 95 percent leased. More than half the senior residents are former East Baltimore elders who are coming home to safe, new, and beautiful apartments.

A 78-unit affordable rental housing unit for families has also just been completed and opened. It is 80 percent leased and we expect many of the tenants will be East Baltimore families. This spring, construction will begin on hundreds of additional for-sale and for-rent energy-efficient townhomes, condos, rehabilitated row-houses, and a graduate student dorm. We are confident we can offer one-third of this new housing to very low-income households, one-third to moderate-income families, and the rest at market rate.

EBDI is creating critical new economic opportunities, not only for relocated households but also for the families remaining in and around the project.

As this is taking place, EBDI and the city are preparing to acquire an additional 50+ acres, seven of which will be dedicated to a world-class educational campus for a new K-8 school, as well as recreational, social, and health resources for the families and kids of the new East Baltimore neighborhood. We look forward to this campus opening in late 2010. In 2009, the new school will open its doors in interim renovated space at the old Elmer Henderson facility.

The balance of the 50 acres are slated for demolition, rehabilitation, and construction of hundreds more units of mixed-income housing along with new retail and commercial uses. That part of the new East Baltimore is planned for completion in 2011 and 2012.

Even more complex and important than the physical investment is what's happening on the human side of the redevelopment equation. Four-hundred households—150 owners and 250 renters—had to be relocated as part of Phase I. EBDI has kept track of every single one of them. These households have found new homes—mostly within the city—and virtually all have moved to neighborhoods with better safety, school, economic, and property value characteristics than Middle East. Thanks to EBDI benefits, the homeowners, on average, have increased their debt-free home equity by more than \$100,000. Thirty-seven of the rental households have become first-time homeowners. And the balance of

the relocated renters now lives in higher-quality, safer, and more stable housing.

Despite the trauma of relocation, the surveys of these 400 uprooted families indicate that the overwhelming majority find themselves better off and report they were fairly treated by EBDI and the city. I know of no other large-scale mandatory relocation experience—anywhere in the country—that can report such positive outcomes.

Equally important, EBDI is creating critical new economic opportunities, not only for relocated households but also for the families remaining in and around the project. High-quality jobs, training, job-finding, and re-entry programs are creating an opportunity pipeline to construction, health care, and service-sector employment for hundreds of East Baltimore residents. A remarkably high fraction of the labor required by East Baltimore developers is being performed by minority workers, many of whom reside in East Baltimore. I daresay more of the wages generated by this project are going to low-income Baltimore residents than any other development project in the city in recent years.

Furthermore, EBDI—with a host of partners including Hopkins—is intensifying support services, health services, counseling services, youth services, early childhood programs, financial education, and recreational activities to the kids and families who remain in the area.

Finally, and maybe most important, the EBDI process has engaged rather than expelled the residents of this part of town. Over the past four years, Casey and EBDI and Hopkins staff have held over 300 community meetings with affected neighbors. These began as confrontations, rife with rage, cynicism, sadness, and anxiety.

I know of no major urban revitalization project anywhere that has so thoroughly sought to reflect the views and interests of affected residents as EBDI.

And, while skepticism and fear for the future remain strong, these meetings are now more about collaboration and co-management than they are about confrontation. In the past four years, East Baltimore residents have helped shape the master plan for their neighborhood; they had a big role in designing our relocation policies and benefits; they helped design EBDI's house pricing and right-of-return policies; they did much to design the state-of-the-art demolition protocols we have used; they are helping set housing rehab standards; and they are actively engaged in planning the new school and related support services. Once again, I know of no major urban revitalization project anywhere that has so thoroughly sought to reflect the views and interests of affected residents as EBDI.

I'm out of time and I've left so much out. But let me conclude that when I look back on our 15 years, looking especially at what's emerging in our human services and in our new approaches to reinvesting in our toughest neighborhoods, I am left with great optimism. I am convinced that if we—in this city and state—work even more closely together and if we leverage the positive momentum of our current progress, then in five or ten years Baltimore will not only be a far stronger city, but it also will be a model for hard-pressed American cities across the nation.

I am honored to be here this morning and the Casey Foundation is honored to be your neighbor here in Baltimore.

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Hopeful Americans Should Make No Small Plans

NATIONAL ENTERPRISE COMMUNITY CONFERENCE

BALTIMORE, MARYLAND

NOVEMBER 2008

I could have given a nice little speech—cut and pasted all my opinions about core community development issues. I'd talk about the need to be more “comprehensive,” “the challenge of housing preservation,” “the importance of the new markets tax credit,” “the foreclosure catastrophe,” “the principles of responsible redevelopment,” “the dangers of gentrification,” and “the need for more social investing by foundations and anchor institutions.” But, truth is, I can't help but think that at this moment in our history we are confronted by bigger questions, bigger challenges. So, at the risk of missing the opportunity to be concretely helpful, let me try to be more broadly provocative of reflections by all the real experts—many of whom are in this audience.

And let me begin with the comically obvious: I think we may be at a turning point in America.

I don't just mean the new administration—although I have to say it's been a long time since we progressives could anticipate national leadership with such a broad mandate for change and some philosophical and political room to propose significant new directions.

And I don't just mean the current fiscal crisis and recession—even though the economy's alarming plummet will encourage consideration of bolder and more innovative interventions than we could have imagined just a year ago.

Actually, I think the real turning point may be the coming together of these two developments in a fashion that allows the country—or forces the country—to examine and respond to what's really out of whack, and what has been out of whack for some time, with our national economy. I have a hunch that this examination

and response will, more than anything else, determine the opportunities and challenges for the community development field for decades to come.

Of course there have been a lot of particular things wrong with the U.S. economy, and some of those broken things were what conspired to burst the housing and credit bubble that has left everyone, including whole communities, in the awful mess we're in today.

But I'm really thinking about a bigger, more overarching American economic crisis—one that has been corroding the security of tens of millions of Americans long before things went south at Countrywide and Lehman Brothers.

Put crudely, the real problems that this nation has to come to terms with are the dislocating impacts that have arisen as a result of the American economy becoming an inextricable and increasingly integrated part of global capital markets, global labor markets—in short, part of a global economy.

Now the stunning thing about this economic globalization, which has surely been the most profound change of this generation, is that it remains remarkably under-acknowledged, under-analyzed, and misunderstood. It is under-appreciated even by those of us whose professional lives are focused on advancing social, economic, and community justice in this country.

Some people, for example, still want to debate whether we should be for or against globalization, which strikes me as a little like wanting to argue whether you're for or against gravity. Globalization of markets is an irreversible trend, driven by irreversible technological change. The challenge to American leaders is not to advance

The most significant adverse impact of globalization has been the increasing job instability and the deepening earning declines among tens of millions of less-educated American workers.

it or reverse it, but rather to respond to the consequences of globalization in a way that serves and protects American interests, American values, American institutions, and American communities.

To respond to consequences, however, you have to begin with an honest recognition of those consequences. Of course, that recognition needs to begin with a forthright acknowledgment of the powerfully positive consequences of globalization for America: new market opportunities for U.S. enterprises; millions of jobs generated by those opportunities; lower cost goods and services; and a stimulus to innovation. But there have been profoundly problematic consequences as well. And from my point of view—and I suspect the point of view of many in this audience—the most significant adverse impact of globalization has been the increasing job instability and the deepening earning declines among tens of millions of less-educated American workers.

While there are a lot of other contributing variables, the underlying reason for these declines is that more and more American workers are competing with increasingly productive labor in countries that have lower earnings expectations, lower living standards, and lower wages. Put another way, a wide swath of American workers

now find themselves part of a global labor market that, on average, expects and commands less return for their labor.

The result of that labor competition is twofold: erosion in the real value of hourly wages for millions of American workers and a steady decline in the total number of skilled, semi-skilled, and unskilled manufacturing jobs available to American men and women, especially those residing in cities and communities that were built on the old American economy.

Ladies and gentlemen, it's this consequence that has for 30-plus years been pushing a growing fraction of the asset-holding, low-to middle-class American workers into the ranks of the wealthless working poor. It is this consequence that is consigning a growing fraction of the working poor to deep insecurity and to a sub-American living standard. It is this impact that is leaving millions of American families without the resources to provide the core stability or the essential opportunities that their children need to themselves become successful participants in the new American economy and society.

These immensely consequential developments, I should stress, are neither new nor transitory. They predate our current financial crisis by decades and pose a far greater threat to our long-term national welfare.

To appreciate these trends and their implications for growing numbers of low-income families, you don't need to master 40 years of Bureau of Labor Statistics wage information or decades of data on the widening wealth and income gaps between the rich and poor. No, all you need to do is know a little about the history of communities like Smoketown in Louisville, Mechanicsville in Atlanta,

Lower San Antonio in Oakland, Oliver in East Baltimore—a little bit about scores of similar neighborhoods in Buffalo, St. Louis, Akron, Detroit, Battle Creek, Lowell, Philadelphia, Kansas City, Spokane, and Gary.

The people in this room know these communities and communities like them. And you know these neighborhoods by the stories they tell: “We used to be safe...folks used to keep up their houses...our fathers and grandfathers made a living at the tire plant or the shirt factory, the steel mill, the packing house, the assembly line, the machine shop. Families used to get by on one income. My grandmother stayed home to raise her kids. We owned our own homes. There were stores in the neighborhood. People got married. The schools were safe and taught the basics that a kid needed to know to get a good job. You didn’t need to go to college to make a decent living.

“Now all that’s gone. People have moved away. The factory closed. There is no grocery or pharmacy anymore. Drugs are everywhere. Single parenthood is the norm. The housing stock has deteriorated. The schools are a mess. Almost nobody goes to college. Teenagers are getting into trouble. More families are involved with child welfare. More houses are vacant.”

My point this morning is that what has happened to these and hundreds of other similar communities that we all know well are not isolated or unique local events. What happened to them had little to do with their particular location, or their specific history, or their particular cultural or ethnic character. Instead, their fate has been a reflection, a manifestation, of what has happened to a whole class of Americans—namely, to the working class. The neighborhoods we care about stand out in their decline because they happen to be home to high concentrations of those workers

We must begin to see our work as part of a larger national agenda to create a more positive economic future for the millions of displaced and downwardly mobile families and children who are struggling to get by in the neighborhoods we care most about.

who have been most adversely and irreversibly affected by competition with lower-cost foreign workers and foreign enterprise.

Now, why do I belabor this observation or analysis before this particular audience? Well, the answer is that I am now convinced that we community development professionals can no longer delude ourselves into thinking that we can somehow help rebuild, revitalize, or redevelop America’s distressed neighborhoods if we continue to rely on the parochial perspectives, limited goals, and specialized tool box that has defined much of community development in the past. Instead, and I guess this is my message, we must begin to see our work as part of a larger national agenda to create a more positive economic future for the millions of displaced and downwardly mobile families and children who are struggling to get by in the neighborhoods we care most about.

Put another way, it’s no longer sufficient for community development leaders to think of our mission as finding the patient capital, development subsidies, and tax credits to build an ever-increasing stock of affordable homes for an ever-increasing number of families who can’t—on their own—afford decent housing. It’s not enough to find low-cost credit to encourage the return of commercial and retail enterprises to communities whose residents

don't have enough income or credit to sustain them. And it's not enough to work for improved schools or better policing, if the families who need them remain stressed to the breaking point by increasing financial insecurity, diminished future prospects, and despair.

Affordable housing, commerce, and school improvement, of course, are important, but at this moment in our field's history, they aren't enough. The community development field has to change. It's not so much that we have to reinvent ourselves, but rather we need to reposition our work to make it part of a broader effort to restore economic security and ensure a measure of family stability to the nation's underemployed poor and working poor. If we don't succeed in this objective, I have this terrible fear that we will look back on our well-intended, place-based community development enterprise as a futile exercise—an exercise that, at its best, slowed the trajectory of a community's decline and, at its worst, accelerated the dispersal of poor folks from neighborhoods made attractive to more-affluent newcomers.

So, what is this agenda, this work, this change that we need to align ourselves with? What do we have to do or support that will stabilize or strengthen the economic prospects of America's displaced "old economy" workers. Well, if you wanted a really good answer to that question you should have found somebody a lot smarter than I am for this slot in your conference. But you're stuck with me and I've got another ten minutes, so I'm going to bore you with what I think.

First of all, I've got some strong feelings about directions we ought not to follow, strategies we ought not to be a part of. To begin with, we ought not be seduced by arguments that we can provide long-term relief to old economy workers or old economy

communities by embracing trade regulation or protectionism. Tempting as that is, especially if you're standing inside a vacant tool and die shop in South Milwaukee, the truth is it's a dead end, and it's an expensive dead end at that.

Even more counterproductive will be arguments that target immigration as the cause behind our wage and opportunity declines or that advocate immigration restriction as the remedy. This response is both factually and morally flawed.

Finally, we need to resist turning toward or turning back upon an excessive reliance on a permanent welfare "safety net" designed to provide long-term subsistence payments to millions of less-educated American workers deemed unprepared to compete in the mainstream American economy of this century. Whatever your past politics around the subject of welfare reform, there is ample evidence that welfare dependence does little to encourage family formation, to produce strong outcomes for kids growing up in non-working families, or create quality community life in welfare-reliant neighborhoods. This is not to suggest that we don't need significant and substantial supports for the working poor—I am about to argue that we do—but I'm almost certain we won't ever get to greater social and economic justice if we settle for a two-tiered income security system that assigns millions of American families to the economic sidelines.

All the above impulses are dead ends. But there are, I think, some real and better answers, and some of these answers may—thanks to the confluence of Barack Obama and an economic crisis—now be within our reach. In my own view, and to a considerable extent it's Casey's view, what we need is a new coordinated national policy commitment that directs significant new investment toward three overarching goals.

First, we must have—and soon—a national infrastructure and environmental initiative that is capable of not only modernizing and greening the country’s urban cores, but also capable of generating millions of durable new employment and career options for current and future workers at varied skill levels. The imperative here is not simply to provide a short-term stimulus for a recessionary slump, but far more importantly to provide a new domestic sector to replace manufacturing (and to complement information technology) as the new growth driver for our economy in the next century. The commitment to a new economic engine of this kind would—I’m sure you’re aware—be of enormous help to the communities that we, as a field, are most concerned about.

Second, we need a vastly expanded national investment in wage and work supports for America’s low-income working families; those very families whose income and benefits have been adversely impacted by global competition. The centerpiece of this system has to be a redoubled reliance on refundable—I repeat, refundable—income tax credits to effectively increase the earnings of those U.S. workers whose market-set wages are not sufficient to support a family at an American standard of living. Put another way, if America is going to make the transition to 21st-century global realities—and if we are going to do it without leaving behind millions of families and whole communities—we will need a significantly strengthened Earned Income Tax Credit system, one capable of rewarding work effort and significantly increasing real income for working families.

And while wage enhancements are absolutely central, low-income working families will also require a far more robust range of work supports and subsidies. At a minimum, these supports must include access to affordable health care as well as assistance in

I’m not sure it’s possible to achieve any lasting positive development in our distressed and divested communities absent a big national human capital investment in the earning and learning potential of the men, women, and children who live in those neighborhoods.

securing quality child care, decent housing, and transportation. Indeed, unless we routinely provide these supports to lower-earning families, those families will continue to lack the security, stability, and resources to create strong communities or equip their children for future success.

Third, as we better reward and support the work effort of low-income households, we must simultaneously muster a new national resolve to invest in the early development, school readiness, academic success, and post-secondary educational opportunities for the children born to those struggling families.

In essence, I am proposing a two-generation investment strategy. A strategy that at one level stabilizes and strengthens the economic condition of an adult generation of workers marginalized by global market forces, and on the second level commits to equipping their children—all their children—with the knowledge, skills, experiences, values, and opportunities that will truly prepare them to participate in the productive, remunerative mainstream of the new American economy.

I am convinced, by both evidence and faith, that such a focused investment in the stability and potential of the nation’s most

vulnerable families would—within a single generation—transform our economic demographics.

I think such an investment could and would dramatically narrow the income, wealth, and achievement gaps between our wealthiest and poorest income quintiles; between white and black Americans; between suburbs and inner cities. I honestly believe that such a two-generation commitment, incorporating already proven approaches, could halve the nation's poverty rate in less than two decades.

Perhaps most relevant for our conference this week, I think adoption of a national focus on jobs, supports for the working poor, and improved education of the nation's most at-risk children may be what's required to give our field—to give community development—a meaningful value-added role, a meaningful future.

I don't want to sound melodramatic here, but I'm not sure it's possible to achieve any lasting positive development in our distressed and divested communities absent a big national human capital investment in the earning and learning potential of the men, women, and children who live in those neighborhoods.

If I'm right about any of this, I think it means an altered advocacy and policy agenda for our sector. I would be the last to denigrate the importance of the Low Income Housing Tax Credit, Community Development Block Grants, Section 8, the HOME Program, Community Reinvestment Act requirements, HOPE VI, the New Markets Tax Credits, and affordable housing preservation programs, but I am ready to argue that these priorities need to take second place to our support for infrastructure investments, new job-growth drivers, a major expansion of refundable tax credits, comprehensive supports for working families, and the effective education of America's poor children.

But we need to be more than advocates for these overarching and transformative national investments, we also need to be shrewd, on-the-ground operatives with strategies and programs to assure that poor communities and their historic residents actually benefit from the new economy we need to build.

I don't need to remind this audience that disinvested communities in America have a sad history of not benefitting from the policies and programs allegedly designed to meet their needs. The neighborhoods we care most about are the communities for which consumer protections have been least effective; for which environmental and safety codes have been least enforced; for which employment and training programs have produced the least job placements; for which ballyhooed school reforms have produced the least achievement improvements; for which individual tax credits have made the least difference.

Our real job in this decade is to make sure that this doesn't happen again—that our places are not left out of “the change we need.” If a new day is coming, then the paramount objective of the community development field ought to be to make sure that the new day's sun shines on the people and places we exist to serve.

Of course, this role includes continuing to find ways to preserve, retrofit, and develop new, efficient, affordable housing for rent and sale. In this immediate environment, it means turning the tragedy of vacancies, foreclosures, and depressed prices into an opportunity for greater community control and long-term affordability within mixed-income neighborhoods. But it also means much more. If my hopes for what's coming are realized, it means making sure our neighborhoods are high on the list for infrastructure improvements and for participation in 21st-century technologies. It means creating in our communities the recruiting,

training, placement, and employment pipelines that link residents from our neighborhoods to the growth sectors of the new economy. It means supporting the outreach and engagement programs that assure every working family maximizes their EITC benefits and work supports eligibility.

It means assuring the delivery of financial education that helps residents escape exploitation, lower their costs of living, create credit-worthiness, and accumulate security-producing assets. It means insisting that children in our neighborhoods have early-learning opportunities that prepare them for kindergarten; that they have schools that have all kids reading on grade level by the third grade; that they have high schools that teach and graduate virtually all their students; and have the capacity to provide those graduates with access to post-secondary institutions.

If, in the decade ahead, we really have the opportunity to leverage an expanded national commitment to a modernized economy, if we can steer that commitment toward fragile communities, and if we can meet the challenge of equipping the communities we serve with the tools, networks, programs, and investments to grasp those opportunities, then we just might realize the notion that Enterprise founder, Jim Rouse, only dreamed of 40 years ago: the day when community developers helped transform (his word) places of inexcusable poverty into communities of promise and opportunity.

In closing, let me apologize for the grandiosity—maybe the naiveté—of the hopes and notions I’ve shared this morning. But somehow this moment, this month, seems like a time when hopeful Americans should make no small plans.

Affirming Family
and Permanence
as Entitlements

NATIONAL FAMILY PRESERVATION EDUCATORS WORKING GROUP

CLEVELAND, OHIO

MAY 1991

I am not a social worker nor a clinician. Nor am I a social work educator nor a research social scientist, at least not in any reputable sense of that label. Instead, if I'm anything, I'm an earnest ally of poor kids, one who is burdened with the conviction that unless fundamental changes are made in our public policies toward vulnerable families, we are going to experience a catastrophic worsening of outcomes for disadvantaged youth in the decades ahead.

It is, in the end, this conviction that has drawn me to look for and emphasize the broad implications of family preservation. From my perspective, the recent history of family preservation—perhaps more than any other contemporary service innovation—successfully illustrates and validates three critical propositions on which the possibility of further service reform depends.

- ➔ First, family preservation can demonstrate that a more rational and ethical allocation of limited public resources is possible and it's possible within existing political and fiscal realities.
- ➔ Second, the record of intensive family services suggests that certain innovative characteristics of practice and program structure are learnable, teachable, replicable, effective and therefore potentially applicable to a much broader range of child and family service interventions.
- ➔ Finally, and perhaps most important, the strongest family preservation programs establish the credibility and practicality of affirming family and permanence as entitlements to which all kids ought to have a vigorously defended right.

Let me now take a few minutes—and I mean a few—to elaborate on each of these three implications.

I begin with some thoughts on how family preservation may broadly contribute to an improved management of public resources. As many of you are painfully aware, I have belabored this fiscal theme in more venues and with more variations than a grown man not actively seeking tenure should confess to. For your comfort, let me condense this argument down to a single overarching observation.

As we all know, many sectors of our human service system are devolving into a state of chronic crisis. Juvenile corrections, adult corrections, children's mental health, protective services, and foster care are in many places overwhelmed. Moreover, our responses to increasing needs are widely acknowledged to be reactive, ineffective, and increasingly expensive.

Nonetheless, even the decision-makers most sensitive to these defects find themselves denied the resources or the room for risk-taking that might support preventive investments to contain the costs or curb the trends. In some jurisdictions—New York City is a dramatic example—this cycle has deteriorated into a counter-logical free fall in which the longer-term preventive and diversionary programs are being gutted to pay for the short-term growth in the deep-end, high-cost, and dead-end parts of the system.

Against this pessimistic backdrop of increasing needs and no new revenues, family preservation has emerged as a powerful counter-example, illustrating the possibility of short-term reallocations of dollars in support of a more cost-effective long-run balance in spending for families. Since the late 1980s, Georgia, Iowa, Tennessee, California, New York, and other states have financed an expansion of family preservation through the actual or imputed reductions in what otherwise would have been future placement expenditures. The actual performance of these initiatives has, on

This family preservation track record has lent considerable legitimacy to our confidence in the effectiveness of flexible, accessible, non-categorical, and family-centered approaches to vulnerable children and their parents.

the whole, sustained the credibility of the reallocation strategy and has even led some states, like Iowa, to experiment with broad budget flexibility as a way of enabling a more intelligent pattern of spending on behalf of at-risk children and families.

The point of all of this is that family preservation, if it continues to be carefully targeted, well executed, and thoughtfully analyzed, could become for social services what immunization has been for health and in-home care has been for the aging—that is, the intervention that creates broader credibility and confidence in the affordability and practicality of earlier and more adequate responses to family needs.

The second broad implication of family preservation relates to practice and program structure. A lot of us, for a lot of reasons, have come to attribute the ineffectiveness and inefficiency of most traditional human services to a litany of flawed characteristics. Conventional services, we say, are inflexible, inaccessible, deficit-driven, categorical, over-specialized, involuntary, paternalistic, discontinuous, superficial, and compartmentalized.

By contrast, as others so eloquently convey, family preservation is flexible, family-centered, comprehensive, modest, intensive,

empowering, cooperative, respectful, concrete, and goal-oriented. Such characteristics are obviously appealing to critics of traditional services, if only because they reflect the obverse of what we think is wrong with what customarily is being done to and for families in need.

But the importance of family preservation's distinct practice features lies not merely in the fact that they seem right, but rather that they appear to work. More powerfully, they appear to work—to have meaningful impacts—with some of the most challenging of human service client populations.

The families targeted for family preservation are usually in serious crisis. Many have endured a long history of problems as well as multiple and unsuccessful prior service interventions from various agencies. The fact that family preservation services are sometimes capable of enabling such families to regain or maintain a more adequate level of functioning lends powerful credibility to the cluster of practice and program elements they employ.

Add to this the fact that family preservation characteristics have been rapidly replicated in the past four years and you have an even stronger case for the policy relevance of its key program characteristics. Experience in Michigan, Iowa, Vermont, and 20 other states suggests that central practice elements of FPS are teachable, learnable, and replicable on a meaningful scale. While the soul of Homebuilders may not be sustained inviolate, the heart of this approach to families can apparently be transplanted without losing its ability to make a difference.

Taken together, this family preservation track record has lent considerable legitimacy to our confidence in the effectiveness of flexible, accessible, non-categorical, and family-centered approaches

to vulnerable children and their parents. Indeed, I think it is more than a coincidence that several jurisdictions, which began rethinking family services with a commitment to family preservation—places like Contra Costa County, California; Missouri; Davenport, Iowa; and the state of Michigan—have gone on to experiment with non-categorical case management, integrated family support resources, organizational and service reform decategorization, and flexible case funds.

It was once an optimistic speculation, expressed by Peter Forsythe and a few others, that family preservation would have some practical influence and implications for other parts of the system. There now seems to be at least a little real history underpinning that hope.

I want to close with a brief reference to the implications of family preservation for broad American social policy. There has been and there remains a general consensus in this country that families are important. We generally believe they are the critical social unit for the nurture and development of children; and that families, by and large, try their best to meet their kids' needs. In fact, this faith in families remains a rule that gives order to much of our social ideology.

Nevertheless, there appears in the past decade or so to be an increasing willingness or need to admit exceptions to our general rule. For a lot of us, the commitment to family wavers when extended across class and ethnic boundaries, and crumbles altogether when applied to neglectful, poor, abusive, or drug-involved parents. In these instances we find it hard to affirm or envision the value of family. In such cases we find it easy to make an exception to our general rules about families.

The hard-headed reality is there is no socially acceptable alternative for children or for communities aside from a renewed reliance on families.

In a sense, family preservation represents a perspective that begrudges every such exception. It is an orientation that presumes the potential for change of almost all families and accepts a social responsibility on behalf of kids to help even dysfunctional families try to realize that potential. For these very reasons, family preservation still has its critics. Family preservation has been charged with a misplaced idealism, an insensitivity to unremediable pathologies and stresses that put too many kids at risk.

These are not all mindless objections, but hopefully and potentially the record of family preservation will help to reveal them as ultimately short-sighted and unaffordable.

The hard-headed reality is there is no socially acceptable alternative for children or for communities aside from a renewed reliance on families.

No one aware of the circumstances of many of the quarter million kids now in group care, wards, shelters, hospitals, training schools, or the streets could contend that these are acceptable arrangements for even more children in the years ahead.

In the end, the fact that family preservation, with some grounds for hope, directs us to recognize families as the only practical resource for securing the interest of children may be its most crucial implications of public policy. For by doing so, it will begin

to point us toward the absolute need for a comprehensive national policy on families—one that will channel more resources into the educational, health, housing, employment, and support services that are required to enable more American families to secure the health, safety, and development of their kids.

Translating the Rhetoric of Reform into Reality

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
TAMPA, FLORIDA
FEBRUARY 1993

It's a delight and honor to be here. For one thing, it's Florida. I know that may not mean much to many of you here, but for those of us who arrived last night from the 18-degree gray, sleet covered majesty of New England, we are already having fun.

Florida is also becoming something of a second home for me. My folks live here, my brothers live here, my in-laws are here as well. For the past several years, they have all been asking us when my wife and I are going to move down. I've been telling them we love Florida, but we're going to wait to move until the state adopts a hefty income tax. I don't really know why I tell them that, but they all find it so perverse and peculiar, so hopelessly liberal, that I can't resist.

I'm also especially pleased to be invited to be a small part of this particular conference. The Children's Board of Hillsborough is an important institution—not only for what it promises to do for the kids and families of this community, but also for what it represents to communities around the country who are committed to improving services for at-risk children and their parents.

There simply aren't many organizations like this Board around. Here, in one place, you have a forum where key sectors, key organizations, and key players can work together on behalf of a comprehensive vision of a community that can someday really support healthy families and successful children. Here you have the authority to raise revenues and to invest them in locally identified opportunities for innovation, experimentation, and effective responses to unmet needs.

Here—in this Board—you have a potential vehicle for building the budgets and breaking the barriers—processes that simply have

to occur if any community is going to make real progress toward better outcomes for kids.

Now don't get me wrong. I'm not trying to patronize or pander with these observations. I suspect the Hillsborough Children's Board has no magic bullets, has not yet changed the world for kids, may not even know where it's going or how best to get there. Nonetheless, let me argue that the structure you have here is an asset and tool—an asset and a tool that few communities have (and that many need) to bring about the kind of service system improvements and changes that today's family realities cry out for.

I take it that it is the mission of this conference to think about change and, more particularly, about building community and neighborhood service and support systems that can produce better outcomes for families and kids.

Truth is, of course, that many of you—many of us—have been thinking, talking, and working on building better systems for a long time, for decades at least and maybe longer. And, I want to emphasize, that we are in subtle, but important, ways making progress.

First of all, we are alerting more and more of our fellow citizens to the very real and the deepening crisis that confronts too many of today's kids and young families. More and more Floridians/Americans recognize that our ever-mounting health care expenditures aren't yet buying healthy pregnancies, healthy births, or healthy early childhoods. Our education outreach and family planning efforts aren't reducing the risks and consequences of sexually transmitted diseases, HIV, and unintended teenage pregnancy. Our public schools aren't succeeding in engaging or adequately equipping as much as a third of this generation of Americans. Our

wage, tax, welfare, and child support programs aren't stemming the growing percentage of new families that are economically fragile or the growing fraction—now more than a fifth—of our children who are growing up poor, living below poverty.

And, more Americans are also realizing that our complex array of human services are proving no match for rapidly increasing incidence of family stress, child abuse and neglect, domestic violence, drug abuse, adolescent alienation, emotional disorders, and community violence that plague our nation.

Now the progress I see in all this is that—at long last—our communities, states, and nation are beginning to acknowledge that these worsening trends are not only lamentable for those who suffer, but that they are also putting everyone's future and security in real jeopardy. That knowledge is a critical precondition for the kind of change we have to seek.

Perhaps just as important, there is a widening agreement emerging among the leaders, professionals, and advocates who are concerned with kids about the principles and directions we need to pursue if we are to respond to and reverse the worsening conditions for America's at-risk children and their families. In fact, I think it is fair to say that we who are advocates, policymakers, service providers, and educators are today in possession of a bona fide rhetorical agenda for real change.

Put another way, we have come up with a reform vocabulary—a set of words, descriptors, values, and attributes that when taken together appear to constitute a basic blueprint for the construction of a new and more-effective support system. More and more, we are saying to each other something like this: we need a more collaborative, integrated, preventative, flexible, community-based,

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neighborhood-rooted, family-focused, culturally competent, and empowering system of supports, services, and interventions for kids and families at risk of rotten outcomes.

If there are folks here who aren't familiar with all those words—that mantra—it just means you haven't been going to enough children and family conferences lately. But please don't misunderstand here, I'm not being flip about words, values, and principles. Indeed, I happen to believe in them deeply and unreservedly.

But more important than my opinion, thanks to such diverse people as Lisbeth Schorr, the Business Roundtable, the Children's Defense Fund, Jack Kemp, the National Governors Association, the Annie E. Casey Foundation, the Pew Foundation, and probably the Hillsborough Children's Board, this rhetorical agenda for change has become a widely accepted framework among a growing cross-section of policymakers at the state and local levels across the country.

Of course, the obvious point is that talking about an agenda, even a broadly endorsed one, is a far different thing from implementing it. The challenge, which gives urgency to conferences like this one and gives significance to communities who are already

Much of what we reformers now believe in comes not from a clear vision of what we want to achieve, but rather what we want to avoid.

experimenting with change, is learning how we can actually translate the rhetoric of reform into the reality of a different practice that makes a real difference in the lives of children, and does so on a significant scale.

Because of the work we do at Casey, I have had occasion to think about this issue—the process of transforming human service systems to a meaningful degree in real places—a whole lot lately. I'm sorry to say I've come up with no easy formulas.

But I have become increasingly sensitive to two worries that I suspect have to be addressed before we have the real conditions for sustained reform truly in place.

The first of these worries boils down to a question of how easily, how clearly, or how well our reform agenda—our current abstractions—actually describe what it is we need to build, especially at the local level.

Let me see if I can explain. Much of what we reformers now believe in comes not from a clear vision of what we want to achieve, but rather what we want to avoid. Most of our direct experience (whether we're practitioners, parents, or policymakers) is with the failure of existing services for kids and families. Put another way, much of our current vocabulary of change grows out

of an intelligent critique of what is wrong rather than a practical affirmation of what ought to be.

This is all quite proper. It was intelligent analysis and conscientious advocacy that taught us that specialized, reactive, symptom-focused, categorical, standardized, fragmented, medical, restrictive, and culturally insensitive interventions made for a system that was insufficient, ineffective, and inefficient in achieving acceptable outcomes for vulnerable kids.

And in proper dialectical fashion we set about to articulate a positive ideology by embracing the opposite of our negative critique. A worry about a system that is too deep-end, too reactive yields a commitment to one that is more preventive; a critique of interventions that are too partial, fragmented, and categorical yields an advocacy for a system that is comprehensive, integrated, and non-categorical; the defects of services that are too medical, restrictive, and remote yield support for ones that are more social, more in-home, and neighborhood-based; a recognition that we've been too family-exclusive yields a promise to be family-centered. An admission that we have sometimes been too dependency promoting makes us want to be more empowering.

Let me be clear. This process of thought is, as far as I'm concerned, dead right. The problem is that it's a thinking and conceptualization process that's not yet complete or concrete or affirmative enough to really lead to sustained and broad-scale action.

To illustrate, when we advise each other to adopt a prevention orientation, we tend to have clear images and examples of what's not prevention and why it's inefficient, and yet we have a much vaguer grasp of what prevention would be, when and what lives it ought to touch, and why it will work. Similarly, when we talk

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of becoming non-categorical, we are often armed with explicit examples of the self-defeating irrationality of service limits and institutional boundaries, but we are fairly inarticulate when asked to describe the management, supervisory, and accountability components of the truly non-categorical and integrated system we are advocating in its place.

Now, I belabor this point, because I think it's quite possible that we reform-oriented policy advocates and policymakers—whether we be teachers, advocates, foundations, state officials—are communicating less useful meaning than we think when we try to make our values serve as a blueprint for local system reconfiguration. We may, in fact, be giving the local architects (the key actors who have to build better services) a blueprint that details all the building specs they are not to use, while omitting those specifications they are expected to follow.

If any of this is even partially correct, I think it means a couple of things for the immediate future.

First off, I think as the sponsors of system reform demonstrations, the funders of innovative programs, the makers of supportive policy, we need to enrich our abstract ideals with more

concrete references. We need to assume the burden of envisioning the practical implications of our generalizations. When we speak of family-centered systems, we need to have some idea of what “family-centered” specifically means in terms of who workers relate to, where they provide help, how they assess need, who they engage in meeting those needs, and how they treat the kids they are working with. When we advocate for more neighborhood-based services, we need to stop long enough to make sure we have the same idea or some idea of what a neighborhood is.

It also means that we need to more systematically identify the bits and pieces of already reformed systems, programs, and practices that exist across the country and use those experiences to better ground our agenda's ideals. Put simply, we need to exploit real-world examples of positive change. Davenport, Iowa, may not have all the answers, but its single, integrated child welfare fund and liberal waivers at least give us one real-world illustration of “decategorization.” Similarly, case management programs that employ wrap-around services like those pioneered in Alaska may not themselves constitute system reform, but they give us a concrete example of what we mean when we talk of “flexible and individualized” responses. This kind of exposure and dissemination of progressive practice constitutes a crucial need of those who are endeavoring to create significantly reformed local systems of care.

But we must do more than exchange relevant program models. We have to begin to incorporate the best of these concrete experiences into the meanings behind our policy language, behind our system change rhetoric. Put crudely, when we utter expressions like “more integrated services for families” we ought to be able to close our eyes and imagine something particular and concrete. More importantly, our audience—those who we are asking to

implement these principles—also has to have an inkling of what this principle looks like in practice.

We are not there yet.

And the fact “we are not there” yet suggests to me some potential lessons we ought to employ in the way we approach planning for local system improvements. At the Casey Foundation, we have been inclined to advise our local community partners to begin planning for change by deciding what they can do to become more “collaborative,” more “family-centered,” more “integrated” and so on.

In retrospect, these may not be the most effective questions to open with. Coming to a more meaningful consensus among key stakeholders might actually be better served by first emphasizing the need for achieving clarity on the goals of change for real families and kids. Imagine, for example, a local planning process that involves, on an equal footing, parents, key policymakers, social service professionals, judges, and representatives from the other key child-serving organizations. The crucial opening question for such a group might be something like: “What do at-risk families and children in this community really need in order to have measurably better outcomes?” Real and representative case examples might be used to give the discussion a firm practical grounding.

This foundational debate, in turn, leads to all the critical system questions. Given the kind of help certain families need, what kind of workers and resources do we have to have? What should such workers know? What language must they speak? Where do they need to work? What resources do they need to control? What relationship do these helpers have to have with schools, health care providers, housing authorities, and the cops?

This concrete imaging about what is essential at the front line also leads quite naturally to the next level of systemic questions. Given the work that needs to be done and the number of families at risk, how many workers do we need? How should such work be financed to really enable these workers to fulfill their role? What governance mechanisms are required to ensure they have appropriate influence over other community resources and institutions? What qualification policies will permit the recruitment of the kind of workers the job requires? How will they be supervised? What kind of information and data are needed to assure that the work envisioned can be well managed and held accountable?

Now it’s my hunch that out of this kind of goal-driven, family-centered, need-based planning process—informed by timely advice and available experience—might come a coherent vision for a comprehensive, preventive, flexible, culturally competent system of community-based supports for families. Moreover, and this is my real point here, it might generate a local system vision that is held together by images of specific human interrelationships rather than simply by the logical connections between abstract principles.

That, in summary then, is my first worry or challenge—the need for a more concrete process of envisioning the new local systems we are trying to develop for families. My second and concluding worry for this morning is whether we really appreciate what stands in the path of the new systems we are seeking to construct.

From my vantage point, the barriers to reform in children’s services are not the usual suspects. We aren’t stymied by unmovable complacency, we aren’t short of reform ideas, and we aren’t proposing a reform agenda that is beyond our means as a nation, or as states or communities.

What really stands in our way are the existing systems of services to families and children. Now it's true that communities, agencies, foundations, even individuals can create good new programs without changing existing public institutions or existing systems of care, but when we do this, the good innovative things we create are fated to be small, marginal add-ons; they are fated to be the exception, not the rule in how we deal with at-risk children.

The inescapable fact is that the prevailing big systems of categorical, standardized, institutionally biased, remote, exclusive, and culturally overwhelmed, narrow services are also the systems where the resources are, where many of the right people are, where much of the expertise is, and where the legitimacy resides that is ultimately needed to build new, more-effective community-scale systems of caring for kids.

Put another way, the only real source for the dollars, the people, and the expertise we need for a reformed system is that which we can extract and redeploy from the existing ones. The ingredients for a truly effective education are in our existing public schools. The resources for effective family supports are in our existing human bureaucracies.

In my judgment, the toughest strategic challenge facing a reform agenda is not whether we can learn how to build improved systems from the bottom up or the outside, but whether we can find the will and the ways for established systems to genuinely divest and let go of the institutionalized authority, decision-making, standard-setting, and resources they control in favor of new more community-based, family-centered, and flexible ones.

I think those of us in the forefront of this reform movement have ducked this challenge more often than we have honestly addressed

At the professional level, a real commitment to our agenda for system reform means a willingness to share judgments or even defer decisions to a larger circle—to other professionals, to frontline workers, and even to families themselves.

it. But sooner or later it's there. Sooner or later a profound commitment to change must come from those who are part of the established status quo.

At the state level, I suspect that real commitment means a willingness to move real money out of existing categorical streams and from existing state-level authorities and put it in the hands of more collaborative, generalist governing entities closer to the point of service delivery. It also means a state readiness to delegate to such bodies the preciously guarded authority over who's an eligible client, what they are eligible for, and for how long. It may even mean a state-level willingness to relax sacred civil service and contracting regulations in favor of more local determination of who is best qualified to provide needed services and at what cost. These are critical steps in creating a real environment for change.

At the local level, real commitment may mean key agencies and institutions are willing to compromise their autonomy, their special identity, their exclusive control of frontline workers—all in favor of becoming part of a more collaborative, mutually accountable, and holistic response to the real circumstances of at-risk children and their families. And if you don't think this is

Building the bridges that need to be built,
breaking the barriers that need to be broken,
is neither simple, nor painless, nor quickly done.

But it is doable, and it is imperative.

difficult, keep in mind that we're talking about school boards, juvenile courts, child welfare agencies, as well as the array of private human service agencies who work with kids.

At the professional level, a real commitment to our agenda for system reform means a willingness to share judgments or even defer decisions to a larger circle—to other professionals, to front-line workers, and even to families themselves. It may also very likely mean a willingness to change one's job—where one works, when one works, who one is accountable to, and what one does. This too is crucial. Above all, it means sharing power.

I think there is no way to overstate how difficult and how intimidating a commitment to these kind of changes will be to secure. Right now, many of the key actors who support our agenda for system reform do so with the confident conviction that everything and everybody else ought to change except for what they control, where they are, and what they do. Fact is, this seemingly modest reservation amounts in the end to no commitment to change at all.

I hammer on this point not to dishearten or discourage, but to be honest. I truly believe that we won't have the necessary environment for building new, more-effective local systems, if we don't

have a public commitment to political, fiscal, organizational, personnel, and practice policies that will allow the radical restructuring of the existing systems. Plain as that.

Moreover, I honestly believe we can ultimately achieve this ambitious level of policy change. The crisis in what is occurring to American children and families, particularly those who are poor or with special hardships, that crisis is now unmistakable to everyone—to the public and to political leaders, as well as those closer to problems on a daily basis. Also increasingly appreciated by this society is that if this crisis goes unaddressed, the consequences for all Americans, for this nation's future, will be substantial and dire. Finally, there is growing public recognition that our existing systems, policies, and institutions for helping families meet the needs of their kids are no longer equipped or configured to do the job.

These recognitions are the essential political requirements for fundamental change. What is needed now is an ever-larger cadre of knowledgeable people who can find the courage and who are willing to take risks to advance an ambitious agenda for institutional and human service reform.

I think you have in this room—at this conference—the kind of people who can make this kind of very difficult change. You have folks who really know about today's kids and families. You have folks who really care about them. You have professionals and advocates and citizens who really understand what's wrong with our existing approaches. And you also have here leaders and decisions-makers who control the policies, resources, and practices of those very institutions and systems that have to be reinvented and redeployed if we are to better support families.

Building the bridges that need to be built, breaking the barriers that need to be broken, is neither simple, nor painless, nor quickly done. But it is doable, and it is imperative. Your aspirations and efforts will prove not only critical for the children of Hillsborough County, but they are also the kind of efforts that may prove absolutely crucial to our country's future.

Recreating Enduring Families for Every Child

NATIONAL CONVENING ON YOUTH PERMANENCE

WASHINGTON, DC

MAY 2008

We are brought together this morning by a shared commitment to bring greater permanence to the lives of the hundreds of thousands of American children whose connection to their families is disrupted each year by their involvement in our child welfare systems. We are drawn to that commitment by the incontrovertible and elemental fact that all kids need a family; they need them to thrive physically, emotionally, psychologically, materially, spiritually, and socially. We are also drawn to that commitment by the undeniable evidence that when we allow young people to leave foster care without helping them to build or rebuild a genuine and lasting connection to a caring family, we are consigning far too many of them to lives of immense hardship, huge handicaps, and unhealed hurts.

But for all our knowledge about the need for permanence, the disappointing truth is we have been awfully slow to act on it. For two decades permanence has been our official child welfare policy, but only rarely has it been our predominant child welfare practice. We still have far too many children coming into care whose families could have been—should have been—held safely together by what are now well-proven and replicable interventions and supports.

We still too routinely choose placements for children coming into care that not only don't facilitate permanence, but actually inhibit it. We've got to stop placing so many kids so far from their schools, families, and friends; we've got to quit overlooking and underestimating qualified kin as appropriate caretakers; we've got to stop separating siblings; and we absolutely have to stop using group and congregate care facilities as the default placement for older kids coming into care. Perhaps, most of all, we have to stop pretending there is such a thing as "independent living" for 18-year-olds without permanent families.

We will not approach the promise of delivering real permanence until we routinely include, listen to, and hear the voices of the children and the families we are seeking to serve.

In the place of all these counterproductive patterns and practices, we need to embrace an authentic and effective commitment to restoring or recreating enduring families for every kid who enters foster care. At a minimum, this means vastly increasing the quantity and quality of supports we offer to reunifying families. For those kids who can't rejoin their birth families, it means mounting a far more aggressive effort to identify, recruit, enable, and support the adoptive and guardianship families that they need.

It also means that we must make our commitment to seeking and finding permanence a truly inclusive and universal one. Kids with disabilities, older kids, kids of color can no longer be treated as if they had a lesser claim on the right to a lifelong family.

Taking any of these steps toward achieving greater permanence has been and will continue to be challenging. And, truth is, little real progress will be made on this journey unless and until we are prepared to provide our frontline child welfare workers with the training, with the time, with the resources, with up-to-date information systems, and with the mechanisms for shared decision-making that this extraordinary work requires.

Equally important, we will not approach the promise of delivering real permanence until we routinely include, listen to, and hear the voices of the children and the families we are seeking to serve. Fact

It is time that fulfilling the obligation of securing lifelong families for all the kids who need them be seen by all of us as a moral imperative.

is, it is these kids (and their kin) that have the greatest stake in whether we succeed or fail in this difficult work, and the evidence is now abundant that their participation, their insights, and their aspirations can help guide us toward that success.

It is time that fulfilling the obligation of securing lifelong families for all the kids who need them be seen by all of us as a moral imperative. But holding that view doesn't make it easy. The reality is that none of us knows all that we need to know to make our child welfare systems real vehicles to permanence. But in this room there is a vast reservoir of individual experience, expertise, imagination, and determination, which, if we could bring it together, would give us all a far clearer road map to where we need to go.

In these next two days, let's listen, let's teach, and let's learn from each other. And let's leave this meeting and go back to our respective states and communities, and to our work, with renewed confidence, with practical ideas, and with an increased capacity to assure that every kid has what every kid needs—a family.

A Tedious, Complex,
Patience-Trying, and
Difficult Option

CHILD WELFARE LEAGUE OF AMERICA NATIONAL CONFERENCE

WASHINGTON, DC

MARCH 1993

My friend, David Liederman, was kind enough to invite me to take a few minutes to think out loud with you about the future of child welfare in the '90s. I was flattered and it is a privilege to be before an organization I sincerely respect, and an audience of leaders and professionals who will, in fact, determine the destiny of child welfare in the years ahead.

But while it is gratifying to be here, let me confess that I find the subject—this task of advocating new directions for child welfare—to be a daunting one. I am tempted to follow the lead of Bill Clinton and simply come out in favor of “ending child welfare as we know it” and leave it at that. This may, in fact, be the safest course because I think we have much greater consensus about what’s wrong with child welfare than we have on what plausibly can be done to reform and strengthen it.

So let me begin with a rehearsal of what’s wrong with our child welfare system in 1993. Now, I hope no one misunderstands what I’m about to say. I do not intend to overlook or understate the quality care that child welfare professionals, public and private, are routinely providing to thousands and thousands of kids. I don’t mean to be insensitive to the competent treatment provided by residential programs, the support and protection provided by committed foster care families, or the constructive intervention provided by dedicated protective service workers. I am, I hope, cognizant of these achievements and I see them regularly in our own Casey Family Services.

But I think it is also undeniable that the committed people and quality programs like those well represented in this room this morning, are caught up in a system that has, as a whole, become

chronically overwhelmed and overtaxed—with very serious long-run consequences.

The dreadfully simple crux of the problem is there are more American children at risk, more in need, more in danger, more who are neglected, abused, or in need of service than our existing child welfare systems can competently and effectively accommodate. The number of families in this country who are at risk or in crisis is growing steadily and that number far outstrips our community support, family support, preventive and family preservation capacity everywhere and especially in disadvantaged communities. The number of abuse, endangerment, and neglect cases is also mounting with a disheartening steadiness and, in many communities, the growth in abuse reports vastly exceeds the ability of protective service units to make timely, informed, or best practice interventions.

For all these reasons, the number of infants, children, and teens entering, re-entering, and staying in out-of-home care has risen alarmingly and continuously since at least the mid-1980s. The increase in placements, moreover, has been far, far greater than the supply of capably prepared and appropriately supported foster families or the supply of relevant reunification services.

So far, this chronic pressure has failed to prompt a comprehensive, deliberate structural and policy response. In fact, on the contrary, by most measures the child welfare system has actually gotten weaker, less effective, and less efficient in the face of the challenges to it over the past decade.

In most places, protective service caseloads are growing, the turnover rate among workers is climbing, morale is declining, and training and qualification standards are being compromised. The

consequence, I shudder to acknowledge, is an increase in missed opportunities to help, to protect, and in some cases to save the lives of children.

In family foster care, the impact can be seen in more mismatched placements, more multiple placements, decreased social work support, increased rates of burnout, and increasing difficulty in recruiting new and capable families.

In part because of this, we are also experiencing a system- (not need-) driven increase in the child welfare system's reliance on group, residential, and institutional care. These are, as a rule, our most expensive, sophisticated, specialized, and restrictive environments for the care and treatment for kids. As such they are resources that ought to be reserved and preserved for those children whose needs manifestly require a residential response. Unfortunately, in many places, group and institutional care are being utilized as the only available short- or long-term option for children who would be better served in less restrictive, family settings. This pattern is not in the interests of the misplaced kids, it is not in the interest of program integrity for group care providers, and it is not in the interest of any public policy that seeks to find the most efficient allocation of scarce resources.

All in all, this adds up to a pretty grim assessment of where we are. In fact, it may sound melodramatic if you try to evaluate the system from one particular agency, in a particular place at a particular moment. However, if you scan the entire system over time (in a big city or statewide or nationally), I'm afraid I'm not exaggerating one bit the conclusion that child welfare in America is becoming less effective in achieving its goals while at the same time less efficient in its allocation of resources.

Child welfare in America is becoming less effective in achieving its goals while at the same time less efficient in its allocation of resources.

So what is to be done? Now neither I nor the Annie E. Casey Foundation nor the Child Welfare League, for that matter, are in possession of any novel or mysteriously subtle answers. Truth is, most thoughtful child welfare professionals, most contemporary policy analysts, most broad-thinking child advocates already share the same body of opinion about what we ought to do in child welfare.

What most of us think we ought to do goes something like this:

- We ought to expand accessible family support and parent support resources on a scale commensurate with the needs of contemporary families.
- We ought to expand quality, targeted family preservation services and follow-up services so that every jurisdiction in the country can deliver on the promise to make “reasonable efforts” to prevent unnecessary placements.
- We ought to move toward responsible and manageable levels of protective service caseloads; we ought to value, pay, and support protective service workers at a level that fairly reflects the difficulty of their job; and we ought to give such workers the time and tools to help families stay together.
- We ought to invest in expanding, supporting, and professionalizing family foster care so that all the kids who can be

served in a family are served in a family; so that foster families can be a partner to birth families and a resource in successful reunification.

- We ought to carefully conserve and support quality residential programming for those children who require and can benefit from it; and we ought to enable those providers to ensure the transitional supports to help reintegrate those kids they help back into community and family.

Now there are a lot of people who could develop that list more eloquently and intelligently than I just did—but let my quick review serve as a proxy for the agenda most informed child welfare professionals would embrace.

The trick here is not the agenda, not the direction, not the vision, not the goals. Rather, the challenge is how we move toward these ends, how we achieve it, how we realize the vision we share.

Of course, one way to get there is to have the Congress of the United States affirm the agenda and then promptly fund the states (to the tune of several billions of dollars) to install the recommended changes in every community in the country. The only problem here is I don't think this is going to happen—not this month, not this year, not this term.

And that fact leaves those of us who advocate significant change with what I believe is only one option—a tedious, complex, patience-trying, and difficult option at that.

That option is what we at the Annie E. Casey Foundation sometimes describe as “intra-system reform.” Now, system reform is a fashionable term and, lots of days, I am convinced that its popularity as an idea rests on the fact that nobody knows for sure

what it means. This, we all know, is the oldest trick in the social policy and the social science business. Simply being in possession of a term or expression or concept no one understands can be an invaluable source of prestige and stature.

But I, for one, have only the most meager reputation as a social scientist to protect, so let me risk it by trying to define what we mean by system reform and why I think it is the only practical avenue to the revitalization of child welfare in the 1990s.

In the relevant terms, system reform is a strategy for change in child welfare that says we ought to look to improve and expand those services and capacities which, if increased, will be sooner or later repaid by avoided future costs in other parts of the system. Put even plainer, it is an approach that tries to finance proactive prevention and intervention services through the reductions in growth that these services should produce in the more reactive, remedial, and restrictive end of the system.

This approach is probably easier to illustrate than it is to define, so let me point to a few examples from current or recent reform efforts. Maybe the best-known recent illustration has been the attempts by numerous states and communities in the past five years to expand family preservation capacity with the explicit hope that these expansions would be underwritten and sustained by resulting reductions in what otherwise would have been greater spending for placement and out-of-home care. As many of you know, the Casey Foundation and the Edna McConnell Clark Foundation have been active in supporting a lot of the states and communities who have tried to move in this direction. There is, I should add, some evidence that this gate-keeping system realignment has worked very well in a few places, moderately well in some, and has failed to have any true system impact in others.

I think we desperately need new directions and I earnestly believe that systemic change is the only path available to secure improvements in child welfare services. But I also want to acknowledge how difficult and fragile this path to reform really is.

A second useful example has been the initiatives by a number of states to reduce out-of-state or out-of-community placements by using the imputed savings from these proposed reductions to create closer-to-home, community solutions to the needs of those kids. In Alaska; Davenport, Iowa; and other places, this approach has shown some real potential to afford better closer-to-home services to kids and to do so within the limits of existing system resources.

Another promising intra-system reform approach centers on a variety of current and prospective efforts to increase treatment intensity and/or reunification services in exchange for reduced average lengths of out-of-home stay. Although the initiatives of this type have so far been relatively small and unheralded, I think they foreshadow an important untapped area of system reform opportunity. I think it may prove an especially fruitful option for trying to protect the quality of treatment programming that makes residential services work for some kids.

Finally, I want to cite one additional example of a systemic reform approach—one that is at the center of a new Annie E. Casey Foundation initiative. We call our program Family-to-Family: Reconstructing Foster Care. Under this banner, we are working

with a handful of states to try to determine a couple of important things. First of all, using our own Casey Family Services experience and expertise from places like the Child Welfare League, we hope to learn what it takes—in terms of recruitment, support, compensation, and training—to attract and hold an adequate supply of resilient and ready family foster care providers who live in those very communities from which disproportionate placements are being made.

And second, we hope to show that the creation of such an expanded cadre of resilient and partnership-oriented foster families can be financed and sustained through a resulting reduction in the inappropriate reliance on institutional and group care and through prompter and more durable reunifications. We are excited about the prospects of this initiative and I sincerely hope that we will have something exciting to share about it at conferences like this in the years ahead.

The list of illustrative system change examples could be much longer and a better informed person could do far more justice to each of them. I offer these few illustrations primarily to set the stage for some summary observations about the role of system reform in setting new directions for child welfare in the 1990s.

As you can tell, I think we desperately need new directions and I earnestly believe that systemic change is the only path available to secure improvements in child welfare services. But I also want to acknowledge how difficult and fragile this path to reform really is.

For one thing, it is very hard to find the political and bureaucratic will to commit to the risks and uncertainties of systemic reform. Part of the explanation lies in the natural inertia and vested interests in the status quo. But an equally important obstacle lies in

the fact that policymakers, politicians, and the public have not yet come to grips with the catastrophic costs of doing nothing. The trends of the past decade tell us that the failure to revitalize a proactive, preventive, family-centered child welfare system will every year guarantee more and more costs and less and less achievement of the goals and ideals of intelligent child welfare policy.

Until those of us who advocate for change learn how to better articulate the high costs of doing nothing, we will not have a sufficiently supportive environment for the risk-taking, innovation, and experimentation we need to launch. At long last, we seem to have succeeded in making the case for the unaffordability of the status quo in America's health care system; we simply have to rise to the same challenge in sounding the alarm about the nation's service system for children and families.

The second observation I want to emphasize is that intra-system reform requires an exceptional degree of sophistication, strategic vision, honesty, discipline, and willingness to learn from mistakes. Another way of saying this is that it is easy to do right-sounding things badly. Family preservation that is carelessly targeted or poorly executed or carried out in isolation from the rest of the system will not prevent placements or avoid out-of-home costs. It will add costs.

Family support services that disproportionately serve low-risk rather than high-risk families will have little or no impact on reducing the rising demands on the child welfare system. Arbitrary caps on beds, daily rates, lengths of stay that are not systemically supported by a suitable array of alternative services and reunification supports are destined to be short-term failures—with needful kids and families paying the price for such reform shortcuts. And, finally, child welfare changes that fail to take into account the

Family preservation that is carelessly targeted or poorly executed or carried out in isolation from the rest of the system will not prevent placements or avoid out-of-home costs. It will add costs.

extensive interdependence between the child welfare, education, juvenile justice, and mental health systems will tend not really to solve problems but simply to transfer the locus of those problems to other systems.

Because of this overlap between systems and because of the inherent interconnections among the service elements within a system, the task of successful reform requires an extraordinary degree of collaboration and concerted effort among the diverse players and institutions that make up service systems for kids. To fix systemically any part of our child-serving system, it is necessary to engage in both the planning and implementation key actors from state and local levels, from public and private sectors, from parallel systems, from every major component within the continuum of existing services.

Unhappily, but quite frankly, I have come to the awkward conclusion that this ambitious level of collaborative action is both extraordinarily difficult and utterly essential.

The upshot of this awkward conclusion is that none of us who want real change in the child welfare system can afford to exclude people from the process, nor can any of us who want real change stay on the sidelines and expect somebody else to achieve it. It's that simple and that hard.

You know I sometimes wish I had a different message—a different perspective. I wish I could be more confidently self-certain, upbeat, cheery, plain-spoken. I wish we had access to billions of dollars that would allow us to build a new system without having to alter the existing one. In short, I wish we had exhilarating straightforward solutions to the worsening problems that confront American families and children. It would make it a lot simpler to decide on the grant-making agenda for an outfit like the Annie E. Casey Foundation and it would make it easier to convey the genuine certainty with which I feel that we Americans will ultimately succeed in better responding to the needs of our kids.

Truth is, I do believe we will—with all the difficulty—achieve the reforms needed to strengthen families, positively develop youth, more effectively protect those children at risk, and provide effective supports for those with special needs. I believe this because there are signs that both leaders and the American public are awakening to the consequences of our failure to change. I believe it because there are signs and examples that we are really learning how to conceive and implement complex, incremental, and systemic change that makes a real difference in outcomes. And I believe this because there are tens of thousands of professionals who staff the organizations represented at this conference who will not allow us to fail.

Downsize, Humanize, and Rationalize Our Juvenile Justice System

NATIONAL COUNCIL ON CRIME AND DELINQUENCY
NEW YORK, NEW YORK
OCTOBER 2006

I have been asked to opine for a moment or two on what goals we should aspire to for juvenile justice and child welfare in the generation to come.

I have a fairly simple response: In 15 years, our foster care systems should be serving half the children they are today, and our juvenile justice systems no more than one-third. Fifteen years from now, race and ethnicity should be a non-factor in determining a child's experience inside any child welfare or juvenile justice system. In 15 years, the children who exit child welfare and juvenile justice ought to have an enhanced prospect for success in life rather than a diminished one.

In large part, achieving these goals means doing more and fighting harder on the reform fronts that the people in this room have already opened. For example, it means making more of the kind of preventive investments that we have long been advocating. It means more and better family strengthening supports for vulnerable families; more and better family preservation for families in crisis; more and better programs to connect at-risk youth to positive activities, supportive networks, and evidenced-based treatments. And it means more routinely involving family members and communities in the decisions that public systems make about the need for placement or confinement.

For those kids who, despite our best efforts, will still come into care or custody, it means persevering in our obligation to banish racially prejudicial actions from the core of all our public systems; it means continuing to lessen reliance on congregate care and institutional confinement; it means more routinely maintaining kids' connections to siblings, family, kin, culture, and community. And it means greater attention to the health, education, and emotional welfare of all children who spend time in state custody.

Fifteen years from now, race and ethnicity should be a non-factor in determining a child's experience inside any child welfare or juvenile justice system.

Finally, it means doing vastly more than we are today to assure that kids who need to come into care are discharged as promptly as possible to permanent, caring social networks that will protect and support them in their transition to adulthood. Further, kids and adults leaving our justice system must have meaningful opportunities and supports in their efforts to rejoin family, community, and the world of work. Without this help, our corrections and justice systems will remain a futile revolving door of crime and recidivism.

Put simply, we must over the next 15 years convert the best practices, the innovative assessment and decision-making tools, the evidence-based treatments, the model programs, the exemplary systems, and the promising policies—the very reforms that have been imagined, tested, and advanced over the past 20 years by NCCD and the people and organizations they honor tonight—from promising exceptions, to the “new normal,” to the standard operating practice of all child welfare and juvenile justice systems in the United States.

Can we get to these common-sense and just goals for our kids in the next 10 to 20 years? Can we really apply what we know is better, fairer, and more effective, and can we do it on a scale that will actually downsize, humanize, and rationalize our juvenile justice and child welfare systems?

I don't know for sure. I'm not certain we can predict full success. But then again, I'm not sure that 10 or 15 years ago I would have

Kids and adults leaving our justice system must have meaningful opportunities and supports in their efforts to rejoin family, community, and the world of work.

predicted that Vinny Schiraldi would be heading up juvenile justice in the nation's capital; I'm not sure I would have guessed that John Mattingly would be asked by a Republican to lead the nation's largest child welfare system; or that if one of my own kids had to be incarcerated that I'd recommend he get in trouble in Missouri.

Ten years ago I'm not sure I would have predicted that Bart Lubow's utter abhorrence and determination to undo the reckless harm wrought by juvenile detention across America would become almost conventional wisdom in more than 50 jurisdictions. Five years ago I would not have predicted the abolition of the death penalty for juveniles. I'm not even sure that 15 years ago I would have predicted that the Vera Institute and the Juvenile Law Center would not only still be going strong, but would be more innovative and more relevant than ever. And who could have ever guessed that a big clumsy national foundation would not only latch on to some good ideas, but, even more miraculously, actually stick with them.

And who, 100 years ago, would have dared imagine that the National Council on Crime and Delinquency would—in the brave new world of 2006—remain, more than ever, an indispensable voice for fair, humane, and effective solutions to the nation's most vexing justice challenges. I find all these examples of unpredictable achievement a cause for pride, for celebration, and for optimism about the progress yet to be made.

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The Right to Belong to a Safe and Permanent Family

ALLIANCE FOR CHILDREN AND FAMILIES NATIONAL CONFERENCE

BALTIMORE, MARYLAND

OCTOBER 2008

For a long time now, I have held the belief that we make the greatest progress in human services—we make the greatest improvements in our policies, systems, programs, and practices—when we decide to embrace the obvious, or maybe more aptly, when we decide to take the obvious and essential things that we know about the human condition seriously.

I first became an advocate of this not-so-stunning observation when I was asked—almost 28 years ago—by the governor of Wisconsin to lead a task force to evaluate and improve aging programs in the state. Truth is, I didn't know a damn thing about the elderly, aging programs, or senior services. So I immersed myself in all the progressive research and policy debates of that era in hopes of coming out with a clearer-eyed vision of where the state of Wisconsin and its senior-serving nonprofits ought to be headed on behalf of the state's older folks.

Well, I got pretty well acquainted with what all the experts and advocates and providers were concerned about. We needed better Medicaid reimbursements for skilled nursing care, more intermediate care beds in rural areas, more senior centers in small towns, reduced staff-to-resident ratios in Milwaukee's big nursing homes, and better assessment instruments to measure an older person's dependency needs and daily activity limitations. We needed to create advocates or ombudsmen whom nursing home residents could turn to when abused, and finally, we needed ideas on how we might get older people themselves to contribute a greater share of the spiraling costs of institutional care that represented the overwhelming majority of all the state's spending on the elderly.

Trust me, this was all sophisticated, cutting-edge stuff at the time, and I was proud enough of what I was working on to tell my grandmother all about it. Now my grandmother thought I was

a genius (or so she pretended), so I was counting on her usual affirming praise. Instead, after listening to my summary of likely recommendations, she said, "Douglas, why make all that 'to-do' about old folks homes when they are the last places people my age ever want to be? All we want is some help to stay where we are and a little respect for who we were and who we still are. You should do something about that."

And to that I said, "Yeah, Gram, I know all that—I hear that all the time." But—but what? She was right. We simply weren't putting her compelling common-sense truth about the needs and interests of older people at the center of our policy or practice or spending.

That insight eventually changed the world of senior services in Wisconsin. And along with pioneering work that was also emerging in Oregon, Washington, and New York, it changed the field of aging across America. It redirected aging policy, programs, and spending toward home care, community care, family care, and it placed a new strength-based emphasis on autonomy, dignity, and independence for older folks.

I'm proud to report that as a result of my grandmother turning our attention to the obvious, the state of Wisconsin has fewer Medicaid beds today than it did 28 years ago, despite a doubling of the state's over-70 population—and it now spends more on helping seniors stay where they are than it does to care for them where they don't want to be.

Now why all that long-winded talk about aging for a crowd concerned about better lives, better futures for America's vulnerable children? The answer is I am troubled that we kids' advocates—we child well-being experts—have yet to fully embrace or to fully

act upon, the most obvious things about a child's aspirations and needs and best interests. And that most obvious thing, as you all know, is family.

Family. We get it: Every kid needs one. We've gotten this for 20 years. We've changed our names—we all say “Children and Families” these days. The words family-centric and family-focused roll off our tongues. We've changed our messages and mantras. For ten years, Casey has been reminding anyone who'd listen that “kids do well when their families do well, and families do well when they live in supportive communities.”

For more than a decade, our clinical and practice research has told and retold us that we can't address a fragile kid's health, mental health, behavioral, identity, or esteem issues unless we understand, engage, and address the child's family and family networks. For two decades or more, we have incorporated families into our advocacy agendas, our speechmaking, our PR, and our politicking.

We kids' advocates are now reliable endorsers of “family strengthening.” We believe in “family preservation.” We want states to make “reasonable efforts” to keep stressed families together. We also like to proclaim that when kids need to come into out-of-home care that we need to work hard to secure permanence—that is, to safely reunify them with or creatively provide them new life-long, caring families. And we say we ought to provide this valued permanence as quickly and as sensitively as we possibly can.

So, suffice it to say, we get it. We get the fundamental and obvious importance of family. Well, maybe. Maybe we get it. But then again, if we really got it, the fundamental question, and challenge, that confronts all of us in this room is: Why don't more of us really do it?

For ten years, Casey has been reminding anyone who'd listen that “kids do well when their families do well, and families do well when they live in supportive communities.”

Let me begin with “family strengthening.” This is a country that believes in strong families and we are a field that increasingly understands that weak families are the best predictor and proximate cause of children coming into child welfare, of youth getting caught up in the juvenile justice system, and of kids more broadly falling into that category of being “at high risk” of school failure, drug abuse, and premature parenthood.

And who exactly are these weak families who too often fail to safeguard, nurture, and succeed with their kids? Well, some are irresponsible, some are seriously ill, some are addicted, and some have endured awful and unpredictable tragedy. But an even broader and more apt description of these families is that they are overwhelmingly poor. They are stressfully balancing parenting, earning, and personal issues; they are insecurely housed; they live in communities of concentrated poverty; they are without access to affordable credit or personal savings to meet family emergencies; and they are often burdened by the disadvantages that arise from continuing racial and ethnic discrimination.

They are, in other words, economically fragile families, who are chronically at risk of involuntarily short-changing their kids' best interests; and, in their worst moments, being unable to ensure their kids' core safety and well-being.

Those of us who advocate for and serve these children—whether we’re in protective services, foster care, delinquency, or mental health agencies—we know that family poverty and economic insecurity helped bring most of these kids to our door. We know this because it’s obvious.

But what have we really done about it? The number and percent of children growing up in families living below poverty—and the number and percent living in extreme poverty—has been rising again over this past decade.

And I can tell you one thing for sure: we aren’t going to make a dent in the numbers of American kids who fall victim to hardship, neglect, and compromised futures unless and until we bring down the number of young families in this country who don’t have enough earnings, child care, health insurance, financial knowledge or savings to provide what their children need to be safe and well.

It’s as plain, it’s as obvious, it’s as basic as this. Our goals to improve child protection and child welfare are inseparable from our ability to significantly improve the economic success and security of millions of chronically impoverished, crisis-prone young families who remain outside the promise of American life.

If we truly embraced the obvious here, we’d all be saying that the Earned Income Tax Credit, the refundable child care credit, the minimum wage, states’ eligibility rules for unemployment compensation, the regulation of predatory retail and credit practices, access to quality affordable housing, the availability of child care and transportation—we’d all be saying that these are core issues for any agency, program, or individual who aspires to be a genuine advocate, a genuine future changer for vulnerable children.

Our goals to improve child protection and child welfare are inseparable from our ability to significantly improve the economic success and security of millions of chronically impoverished, crisis-prone young families who remain outside the promise of American life.

Put another way, we’d all be saying to whoever would listen that there is no way to improve the long-term life futures of our most vulnerable children without first improving the near-term economic security of the men and women who are raising them.

So, I ask you—much as I’ve asked us at Casey—how much do these family economic success objectives and how centrally do these poverty reduction policies shape the work we do, the work our agencies do? How central are these family economic issues to our board’s or the general public’s understanding of the child and youth problems our programs are trying to address? If they are not yet at the center, how can we move them there?

Now I know at this point lots of you ought to be saying, “Yeah, we get the point, but Nelson, let’s be realistic. We’re providers of clinical services to troubled families. We’re working to turn around troubled youth. We’re doing treatment foster care. We’re supporting adoptive families. We aren’t in the economic opportunity, economic justice business. We’re not in the employment and tax equity and/or affordable transportation business.”

Well, okay. Maybe, for some of us “family economic success” is a stretch. Maybe we ought to be satisfied with something closer to

home. Maybe we ought to be content to say that our commitment to the importance of family is represented by our commitment to real permanence for every child: the promise we are making to assure that the children who come into child welfare care are not just getting a temporary respite from danger and risk, but more importantly are getting a promise that we will connect or reconnect every one of them to a safe, caring, and lifelong family.

We, as a field, have talked a lot, and we know a lot, about the need for family permanence in kids' lives. But the truth is, we have been awfully slow to act on it. We have been awfully slow to make this basic and obvious need our centerpiece.

For two decades permanence has been our official child welfare policy, but the unhappy truth is, only rarely has it been our predominant child welfare practice. We still have far too many of the 700,000+ children coming into care every year whose families could have been—should have been—held safely together by what are now well-proven and replicable family preservation interventions and supports.

And we still too routinely choose placements for children coming into care that not only don't facilitate permanence, but actually inhibit it. We've got to stop placing so many kids so far from their birth families, schools, and friends. We've got to quit overlooking and underestimating qualified relatives as appropriate caretakers or permanent guardians. We've got to stop separating siblings. And we absolutely have to stop using group and congregate care facilities as the default placement for older kids coming into care. Perhaps, most of all, we have to stop pretending there is any such thing as "independent living" for 18-year-olds whom we let leave our systems without permanent families.

We have to stop pretending there is any such thing as "independent living" for 18-year-olds whom we let leave our systems without permanent families.

In the place of all these counterproductive patterns and practices, we need to embrace an authentic and effective commitment to restoring or recreating enduring families for every kid who enters foster care. At a minimum, this means vastly increasing the quantity and quality of supports we offer to reunifying families. For those kids who can't rejoin their birth families, it means mounting a far more aggressive effort to identify, recruit, enable, and support the adoptive and guardianship families that they need.

It also means that we must make our commitment to seeking and finding permanence a truly inclusive and universal one. Kids with disabilities, older kids, and kids of color can no longer be treated as if they had a lesser claim on the right to a lifelong family.

Taking any of these steps toward achieving greater permanence has been and will continue to be challenging. And, truth is, little real progress will be made on this journey unless and until we are prepared to provide our frontline child welfare workers with the training, with the time, with the resources, with up-to-date information systems, and with the mechanisms for shared decision-making that this extraordinary work requires.

Equally important, we will not approach the promise of delivering real family permanence until we routinely include, listen to, and hear the voices of both the children and the families we are seeking to serve. The fact is, it is these kids (and their kin) that have

the greatest stake in whether we succeed or fail in this difficult work, and the evidence is now abundant that their participation, their insights, and their aspirations can help guide us toward that success.

It is time that fulfilling the obligation of securing lifelong families for all the kids who need them be seen by all of us as a moral imperative. But just holding that view won't make it happen. What will make it happen—and the only thing that will make it happen—are deep changes in our missions, programs, practices, and the way we measure success; changes that focus on ensuring all kids can remain or become part of caring, competent, safe, and resourceful families.

That is the obvious and the transformative principle that I think must reshape the children-serving world, both public and non-profit, in the decade ahead. Of course, it won't be easy. The fact that it's obvious, fundamental, and compelling doesn't—I'm sorry to say—make it easy. And the obstacles to adopting a genuinely family-centered approach to serving vulnerable kids are many.

We're used to serving kids as if disconnection were their fate. We're used to blaming parents and families as the source of problems rather than enabling them to be part of the solution. We're used to thinking kids' interests and parents' interests are antagonistic. We're used to public funding streams and grant requirements that don't really reward working with families or allow for the investments that are often required to find, support, strengthen, and sustain lifelong families for kids.

Now let me acknowledge right here that I'm acutely aware I'm calling for this increased commitment to family-focused work at a time when nonprofit agency endowments are getting hammered,

We're used to public funding streams and grant requirements that don't really reward working with families or allow for the investments that are often required to find, support, strengthen, and sustain lifelong families for kids.

when too many foundations and local United Ways are scaling back their grant support, when state human service budgets are being undermined by deficits, and when low-income families are at risk of being further weakened by the impacts of a frightening economic downturn.

Daunting to be sure, but maybe not insurmountable. In this very tough environment there are some favorable variables. Just this month, thanks in significant part to advocacy by this Alliance, Congress enacted and funded the landmark Fostering Connections to Success and Increasing Adoptions Act. That legislation promises significant new resources to help states and providers seek and find families for more kids by enabling greater reliance on kin, by giving incentives for permanent legal guardianships, and by enabling states to keep support and permanency promises to youth older than 18. It's not everything—it's not responsive enough to our need to expand family strengthening, family preservation, and reunification support—but it's a big step toward taking permanence more seriously.

It also comes on the eve of what may be a truly transformative national election, one that may bring a new and sincere priority on reducing child poverty; on reducing the income, housing, and

food insecurity of poor and working families. It may usher in a new set of priorities that will not tolerate the disparate and lousy opportunity and outcome burdens still borne by too many children and families of color.

The federal government, however, is not the only stage setter for change. States have a critical role to play. Governors and legislators are in a position to make a big difference on the family economic security front. Their decisions on child care subsidies, use of employment and training dollars, adoption of state EITCs, child support policies, emergency assistance, and affordable housing can determine how many low-income families have a fighting chance to provide for and protect their kids during tough economic times.

States also can do much to make families and permanence the real heart of their publicly funded children's services. State budget and policy decisions will determine how much impact the newly passed Fostering Connections Act will actually have on real kids and their chances for stronger family connections.

States' political will can also propel real, difference-making reform—reforms that move preventive services, protective services, family services, and foster care into bona fide vehicles for returning kids to strong and lasting families.

This isn't just wishful thinking. The state of Maine is reducing admissions to foster care, keeping placed kids closer to home, keeping more siblings together, reducing reliance on congregate care, shortening lengths of stay, and seeing more kids exit care with legal permanence. Other states, including Louisiana, Illinois, Utah, Indiana, Maryland, and Virginia, are making dramatic progress on some or all of these fronts as well.

You know that every single child needs and deserves a family that is safe enough, stable enough, secure enough, connected enough, and supported enough to love, protect, and provide for them.

All these developments—the possibility of new federal leadership, the clear progress of reform-focused states, and the examples of truly family-centered program and practice being demonstrated every day by our most creative service providers, including many represented in this room—are heartening signs of, if I can borrow an expression, “the change we need.”

But we still have a long way to go. Fact is, I have chosen to use the privilege of my time with you this morning to share this clumsy sermon on the importance of family because I can think of no other group, no other audience better positioned to move this agenda forward than those gathered in this room and the thousands of others who work in your organizations and agencies.

Alliance members know the children in this country who are being left out or left behind. As advocates, you bring the kind of moral and political credibility to the issues facing these kids that can only come from professionals like yourselves—people who have devoted their lives to meeting children's needs.

And, I know that you know the greatest of those needs. You know that every single child needs and deserves a family that is safe enough, stable enough, secure enough, connected enough, and supported enough to love, protect, and provide for them. You

know it because we know what family means to us and to our own children.

In this next decade, all of us who care about kids need to come together and redouble our determination to see that millions more American children are assured of their most fundamental and obvious right—the right to belong to a safe and permanent family.

The Casey Foundation looks forward to continuing its support of the Alliance and its leadership in this most important work on behalf of kids and families.

Promoting Objective,
Honestly Presented
Data on
Measurable Results

KIDS COUNT NATIONAL CONFERENCE
BALTIMORE, MARYLAND
OCTOBER 1994

Most of what the Annie E. Casey Foundation does derives from a consuming concern with what we see as the growing gap in welfare and opportunity between kids that have and kids that don't. This widening abyss between haves and have-nots not only deepens the hardship and alienation of the children left behind, but it also threatens the future of things that most Americans value deeply. It threatens the adaptability, quality, and productivity of our future work force and thereby our collective standard of living; it threatens the legitimacy of our democratic processes since increasing numbers of Americans feel no real stake in maintaining a consent and consensus political culture; it threatens domestic tranquility by producing growing numbers of Americans who see little or nothing to gain by deference to social norms and little or nothing to lose by violating them.

Last and perhaps most corrosive, the widening gap between those who face good outcomes and those who don't puts at risk the moral foundations of America's mainstream social and economic traditions—those foundations being equality of rights, equality of opportunity, and the American dream of social mobility.

From the Foundation's vantage point there is no quick or automatic fix to the crisis that we see forecast in the deteriorating condition of a larger share of our kids and families. Rather we see these trends as a complex product of the way our evolving global economy now works and of the way our established education, economic development, and human services systems are failing to work.

As many of you know, it is this conviction about the failure of education and service system investments to make enough difference in the lives of poor kids that is at the center of the Casey

Foundation's mission and identity. Put simply, we are convinced that much of the hundreds of billions of federal, state, and local dollars spent in the name of futures for poor children and poor families and poor communities is spent unwisely, is spent ineffectively, is spent unaccountably, and is spent without achieving a minimally acceptable record of results.

We also know that changing and reforming this massive investment—changing systems of public education, child welfare, juvenile justice, public health, welfare, child support, employment training, and job development—is a massive, daunting, and long-term challenge.

For America to step up to this challenge—to really take it on—is going to require several things that don't yet exist:

- ➔ It is going to require a greater public appreciation of the extent of the problems and the seriousness of the consequences that reside in the deteriorating condition of too many American kids, too many families, too many neighborhoods.
- ➔ It is going to require not just a confrontation with those facts, but also a willingness and a commitment to stay focused on them over the long haul; in other words, we have got to find ways to sustain a priority on kids.
- ➔ Last, it is going to require a sufficient sense of urgency, will, and risk-taking to permit federal, state, local, and community leaders to experiment with fundamental reconfigurations and reforms of our helping systems and institutions until we find new organizational and resource arrangements that work—that really achieve desired outcomes for more of our children.

Creating these conditions for meaningful change, creating the political climate for thoroughgoing reform, is why the KIDS COUNT initiative was created. Five years ago, we hoped that this investment in defining and tracking the condition of our kids might make a net additional contribution to changing the country's policy and political commitment to poor children and their families—an additional contribution to the work that many of you in this room were engaged in long before we came along.

Well, after almost five years, it is probably worth asking whether KIDS COUNT is making any of its hoped for difference. I am not by temperament a cheerleader; I try not to be easily reassured or prematurely sanguine. Nevertheless, I think KIDS COUNT is proving a useful thing; I think the work that we and especially you are doing is proving a quality effort, an activity with real impact and an enterprise well worth sustaining, celebrating, and building upon.

What has KIDS COUNT done that warrants such an uncharacteristically ebullient assessment?

Well, first of all, we have found a way—although imperfect and incomplete—to describe the changing status of our kids that is graspable, understandable, accessible, and reportable.

In a relatively short period of time, KIDS COUNT material at the state and national levels has become the country's most cited and reported source of information on children and families. It has significantly increased the overall reportage on children's issues. It has increased dramatically editorial comment on the extent and depth of the crisis confronting children today and it has increased significantly the journalistic discussion of the implications of that crisis for the future of American society in general. In a broad way, in other words, KIDS COUNT has increased the public and political priority placed on the state of poor children and their families.

In a relatively short period of time, KIDS COUNT material at the state and national levels has become the country's most cited and reported source of information on children and families.

More narrowly, but equally important, the KIDS COUNT information has improved and reinforced the environment for experimentation, for launching serious reform, for risk-taking on behalf of innovation.

But the truth is, KIDS COUNT has done more than just broaden the awareness of and visibility of kids problems, I think it has also helped deepen understanding of these problems. At the national level and at the state level, KIDS COUNT data has helped policy-makers, opinion leaders, and the public see two important things. It has helped them see the profound interconnections among risk factors and rotten outcomes—to see that poverty, single parenthood, low birthweight, and school achievement are not independent categorical problems, but rather related and reinforcing dimensions of social disadvantage.

Secondly, it has helped national and state audiences recognize that rotten child outcomes are strongly embedded in the variables of family status, racial and ethnic discrimination, and conditions of communities. To me, the deepening of these two understandings has helped create the climate for reform agendas that better integrate, decentralize, and target our investments in improving the future for disadvantaged kids. Of course, we have a huge way to go in public understanding of the imperative for reform, but we have made conceptual progress and KIDS COUNT is part of the reason for that progress.

The second achievement of KIDS COUNT that gives rise to my optimistic assessment of its achievements is its impact on our collective institutional capacity for children's advocacy. KIDS COUNT has helped Annie E. Casey. It's given us visibility, identity, credibility, and a forum and platform for the articulation of our systems critique and for the promotion of the reform directions, values, and strategies we believe will improve outcomes for children.

I also like to think KIDS COUNT has strengthened the capacity for advocacy and accountability on behalf of kids at the state level. KIDS COUNT dollars surely have enhanced organizational capacity in those states with established kids advocacy organizations and it has helped to bring such institutions into being in states where heretofore there was no well-established voice for an intelligent response to the needs of children. We also like to think that the KIDS COUNT process has helped forge or strengthen linkages between advocates, academics, policymakers, media, and grassroots stakeholders in many states. It's our conviction that this collaboration building contributes—like the data itself does—to the creation of a more favorable political and policy climate for bolder innovation and reform.

Finally, we at Casey like to believe that the core KIDS COUNT strategy—the collection and dissemination of objective, honestly presented data on measurable trends in the condition of kids—has had the effect of strengthening the credibility and the persuasiveness and the bipartisan character of our messages on behalf of children. Put another way, we think KIDS COUNT has helped many of us who have long been child advocates to learn how to preach to the unsaved as well as to the choir.

My optimistic evaluation of KIDS COUNT, however, goes beyond the particular and general achievements that we can cite today.

I am hopeful that the core KIDS COUNT data analyses and reporting that state grantees are required to do prove to be only a part of the broader information collection, analysis, and public education capacity that KIDS COUNT organizations will some day have.

What is really encouraging is that I think we are only beginning to grasp the potential of the collective efforts that are linked by our common involvement in the KIDS COUNT work.

I am hopeful, for example, that the core KIDS COUNT data analyses and reporting that state grantees are required to do prove to be only a part of the broader information collection, analysis, and public education capacity that KIDS COUNT organizations will someday have. The Ford fiscal capacity grants, the resources brought to the grantees through the Association of Child Advocates, some of the targeted analysis grants from Casey as well as your own resource base building should allow us to evolve into even more stable, more sophisticated, more influential catalysts for systems and policies and investments that work better for kids.

Similarly, I think there is important potential in the 50-state network that the KIDS COUNT program in effect creates. Within this network resides an opportunity for an enormously valuable exchange of expertise, successes, failures, theories, ideas, and methods. We need to figure out continuously how to better exploit this potential for mutual education.

I am also convinced that this network has something to offer as an influential representative of state and local concerns for kids in the

decision-making of Congress, federal agencies, and national organizations. Slowly, unevenly, but surely the Casey Foundation itself is trying to find ways to exploit the advisory and communication potential this network represents for our own long-term planning, for our own dissemination efforts, and for our own needs to understand and be understood as we seek to be a useful grantor in your respective states.

More important, however, is our potential to be a useful influence on national public policy. Whether it's obvious things like the design of the Year 2000 census or the implications for children of particular welfare reform options being debated, we should find more ways to assure that our data, our knowledge, and our analysis are part of the national policy discussions.

Designing the ways we exploit the potential of this KIDS COUNT network is one of the key challenges and tasks before us. It should be a challenge that we approach as a shared enterprise. Casey will help, but it's not our right or intent to set the agenda. The Annie E. Casey Foundation wants to be a part of the KIDS COUNT network, but we don't want the KIDS COUNT network to be or be perceived as an extension or agent of Casey.

In closing, let me reiterate the sense of progress and pride with which we view the past and the potential of the KIDS COUNT work. It is that sense that has led us to extend financial support to interested KIDS COUNT grantees who wish to remain involved in this data-driven advocacy after the four-year grant has expired. And it is that sense of potential that will motivate us more broadly to find ways to facilitate, reinforce, and use the extraordinary resource for kids that the people and organizations in this room represent.

Thank you for giving us that chance to be useful.

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Lifting Up Critical Questions of Social Justice and Fairness

FOUNDATION IMPACT RESEARCH GROUP SEMINAR

TERRY SANFORD INSTITUTE, DUKE UNIVERSITY

DURHAM, NORTH CAROLINA

MARCH 2005

I am honored by this opportunity. Like the entire philanthropic field, I have immense admiration for Dr. Joel Fleishman, both as a leader and a thinker.

This invitation grew out of some interest Joel has had in the Casey Foundation and, more particularly, out of a conversation the two of us had on the general subject of “foundation effectiveness” a few months ago. We talked then a little about the use of data, the importance of social change hypotheses, the role of measurement, and how all of these things have shaped the Casey Foundation’s identity and the way we try to do business.

At Joel’s request I’ve put together some notes on those subjects and look forward to your guidance and comments to shape my thinking.

I must confess—at the outset of this talk—to some trepidation. I’m a little bit worried that some of my conclusions about innovation, measurement, and evaluation will appear painfully obvious to many of you who have thought longer and deeper than I have about social change. I’m also a little afraid that my deeply earnest and personal sense of the importance of a results-orientation to quality philanthropy will render me tediously preachy on the subject. So consider yourself warned.

Let me begin by saying that the Annie E. Casey Foundation’s overarching mission is to find ways to improve the conditions and adult outcomes for America’s least advantaged, poorest, and most likely to fail kids. More recently we’ve begun to reformulate that mission by saying we’re working “to narrow the gap in opportunities and outcomes between America’s more advantaged kids and its less advantaged.”

In pursuing that mission, the Casey Foundation prides itself on a thoroughgoing commitment to data collection, constructing baselines, developing quantifiable and measurable objectives (for our initiatives, experiments, and grants), and tracking the outcomes of our investments and interventions against clear baselines and goals. We don’t do all these things well all the time, but we almost always try to do them.

The origins for Casey’s emphasis on data, measurement, and deliberate social change “experimentation” are many. And lots of it is a simple reflection of where the foundation field as a whole is going. But some of the impetus for our approach is a reflection of who I am—the longtime CEO—and, more importantly, of who our founder Jim Casey was.

Let me begin with the story of the lesser light—myself. Almost 30 years ago I was a Ph.D. candidate at the University of Wisconsin—then studying and actually teaching the history of American philosophy. My absorbing interest was late 19th century American pragmatism. I was particularly taken with two pioneers of pragmatism, Chauncey Wright and Charles Peirce. Wright, in particular, was a wonderfully clear advocate of the view that all propositions, including propositions about society, could be framed as hypotheses, and that the validity of such hypotheses turned on whether they could predict measurable social effects.

Charles Peirce, in turn, was adept at making the case that repeated, careful hypothesis formation and experimentation would lead in time to ever-more valid and predictive hypotheses or “theories of change.” You simply had to be imaginative, be willing to measure, willing to admit when you were wrong, keep trying, and, sooner or later, you would discover “what worked.” Moreover, Peirce believed that recurring evidence of predicted consequences (i.e.,

I came off my experience in state government filled with the conviction that the deliberate reform of public policy, state systems, and service spending could lead to dramatically improved outcomes for clients and to improved cost-efficiency for taxpayers.

“of what worked”) was usually powerful enough to convince other well-intended thinkers of the validity of sound theories and propositions, regardless of those thinkers’ preconceptions or values or subjective point of view.

Now all of this would have remained an innocent academic pursuit, if it weren’t for a fluke. One of my fellow history instructors worked part-time for the governor of Wisconsin. This guy thought I gave amusing lectures, and asked me if I would be interested in writing speeches for the governor. I told him I didn’t know a thing about who the governor was, what he believed, or what state government did, and I said “no thanks.” The governor called me up that night at home, asked me if I would draft a speech for him on the subject of aging and old folks, and I, being 24, said “of course I would.”

I knew absolutely nothing. I sat at the kitchen table pouring over the Wisconsin budget materials on the elderly that the governor’s office had sent. I could come up with only three thoughts. First, the state of Wisconsin appeared to be spending almost all of its so-called “aging” money on nursing homes—90+ percent. Second, my grandmother and all her friends hated nursing homes and it was the last kind of help they wanted. Third, given those

two facts, I could only conclude that maybe Wisconsin ought to experiment with alternative forms of helping the frail elderly that might turn out to be more popular, more useful, and less costly.

So I turned those three observations into a 13-minute speech in which Governor Lucey announced his decision to experiment and carefully evaluate in-home care for nursing home eligible old folks. To my amazement (and the governor’s), the speech was an enormous success.

A year later I was the Commissioner on Aging. Two years later the state placed a moratorium on nursing home beds and began to build flexible home care help in every Wisconsin county. Over the next few years, Medicaid expenditures for nursing homes leveled off; less costly home care grew dramatically; consumer satisfaction for the new services soared; and Wisconsin today has the best community care system in the country. Furthermore, it hasn’t licensed a new Medicaid nursing home bed since 1981.

I got promoted to Assistant Secretary for Human Services and a few years later left the state (before people discovered I didn’t know anything) to join a small social policy think tank in Washington. I came off my experience in state government filled with the conviction that the deliberate reform of public policy, state systems, and service spending could lead to dramatically improved outcomes for clients and to improved cost-efficiency for taxpayers. I still believe in that, although I have a much greater appreciation about how hard it is and how important it is to be lucky as well as “scientific.”

Anyway, I was at the Center for the Study of Social Policy in 1988, when a bunch of UPS executives made an appointment to get our advice on how to spend the recently expanded assets of the Annie

E. Casey Foundation (a foundation I had never heard of) that had been founded by James Casey—the man who launched and built the United Parcel Service (UPS).

I still really had only one idea. I began our consulting session by telling the UPSers the safest thing they could do was build children's museums and playgrounds, provide scholarships, support youth development programs, and continue providing long-term foster care. I said that such an approach would surely do some good, would be appreciated, and would earn their foundation lots of praise. I did, however, add that this approach wouldn't actually make much of a dent in what was happening to disadvantaged kids—as a whole—in this country. I pointed out that all of Casey's expanded endowment (about \$600 million then) was sufficient to run the New York City public schools for about three weeks.

I went on to argue that if they really wanted to change the future for lots of at-risk kids, they'd have to find ways to persuade government and traditional nonprofits to spend their time and money differently, to spend it much more effectively and efficiently. To me, that meant that the Foundation needed to document existing inefficiencies and shortcomings in current performance of key public human service agencies; they had to design and experiment with new and different approaches to at-risk kids and families; and they had to be willing to walk away from those approaches that didn't improve outcomes while building on and promoting every approach that did show positive results. One guy said it sounded more like an R&D enterprise than it did a charitable foundation. I said he might be right, admitted I didn't know much, and we parted. I thought they were a little disappointed and bored by the advice we had given.

Jim Casey believed that whenever you found a process that improved efficiency, you made it standard practice and you supervised employees to achieve fidelity to that practice.

A year later, the chairman of UPS called me and asked me if I wanted to run the Annie E. Casey Foundation. The only condition was I had to go to work for UPS for three months—do a little bit of every job. The notion was that this experience would help me better understand the values and intentions of the Foundation's founder.

It was during those three months that I learned about UPS, about Jim Casey, and about why all my simple-minded enthusiasm for measuring, evaluating, and building on what works led UPS executives to take a chance on me.

Jim Casey, who ran UPS from 1907 to about 1970, was an early and thoroughgoing advocate of what was called, in the 1920s, "scientific management." He believed efficiency produced profit. And he believed that efficiency was achieved by measuring everything, by keeping track of the cost (in time and money) of every step in the process of achieving a result—in this case, the result of successfully delivered packages that met customer expectations. Further, Jim Casey believed that whenever you found a process that improved efficiency, you made it standard practice and you supervised employees to achieve fidelity to that practice.

To this day, UPS is a culture of system analysis, process analysis, cost measurement, and outcome measurement. Drivers always

carry their keys on a specific finger; they step in and out of the truck in a particular way; they store their dollies in the same corner—all because these and scores of other practices have been documented as most time and effort efficient. Further, every UPS driver is measured every day on the number of stops/hour; percent of mis-deliveries; percent of damaged packages; accidents per 100,000 miles; and so on. This data is used to identify problems, to encourage continuous improvement and to reward performance.

People who grew up in this measurement culture have and continue to make up the majority of our Board. Not surprisingly, our Board has not just supported Casey trademarks—documentation of system inefficiencies, the creation of accurate baselines in judging the effects of initiatives, careful identification of new practices or processes designed to produce better results, and continuous measurement of the effects/results of service experiments and system reform initiatives—but for 15 years they have reminded us we don't do it well enough, completely enough, clearly enough.

Of course, we remind our stewards that changing conditions and outcomes for disadvantaged children and families is more complicated than moving boxes; they agree and tell us that's our problem, that's why we get paid all that money without having to make a profit.

In many ways, the history of Casey over these past 15 years has been the chronicle of our struggle to meet a core challenge—to usefully bring data collection, hypothesis formation, and results evaluation to bear on our mission of improving public and private efforts to help disadvantaged kids.

The history of Casey over these past 15 years has been the chronicle of our struggle to meet a core challenge—to usefully bring data collection, hypothesis formation, and results evaluation to bear on our mission of improving public and private efforts to help disadvantaged kids.

Some of our efforts have been very constructive and helpful, some have been frustrating but instructive, and still others have great promise, but it's too early to declare victory.

For example, one of the first and most continuous Casey investments has been in a national data collection effort that we call "KIDS COUNT." Since 1990, we have collected and published data on the condition of kids and families (things like infant mortality rates, adolescent child bearing, poverty rates, high school completion rates, child death rates, percentage of single-parent households) for every state, and now for every county, and every large city. Furthermore, KIDS COUNT tracks changes in those rates from year to year for each of the state and local jurisdictions, and by doing so, allows a huge number of illuminating forms of comparative and trend analysis.

We've spent a lot of money on KIDS COUNT. We spent it because we thought it would raise public awareness about the needs of kids and families and the relative failure of our existing efforts to meet or address those needs. And media tracking suggests it has raised awareness. We distributed 180,000 copies of the

Casey learned that we needed a much more robust and comprehensive set of opportunity- and service-changing interventions if we were going to make big changes in the outcome trajectory of high-risk, older teens.

KIDS COUNT Data Book last year—making it the nation’s most widely read publication on the condition of children. We also thought it would increase and strengthen public and political accountability for improving conditions and incentivizing greater, more innovative actions by states—and we think it has. We did a recent survey that showed 80 percent of state legislators are aware of KIDS COUNT and they or their staff frequently use it in decision-making about child and family policies. Given the reading habits of state legislators, that’s amazing.

We also think KIDS COUNT data has focused and sharpened charitable investment on behalf of kids. Last year, it was estimated that thousands of applications for foundation funding from kid-oriented nonprofits cited KIDS COUNT data as part of their problem statement or goal setting. All in all, we think KIDS COUNT has measurably elevated data orientation and results accountability in the investment the country makes on behalf of poor children and families.

Other Casey data-based, hypothesis-driven investments and initiatives have had more mixed results. For example, our first effort to demonstrate a large-scale reform initiative was an experiment we called “New Futures.” Our theory was that the high degree of

failure experienced by at-risk youth between the ages of 14 and 19 could be dramatically reduced if communities were given the data documenting the extent of failure; if they were given incentives and opportunities to increase collaboration between public schools and social services; if they were given access to innovative program models and experts to help them create new interventions; and if they had \$9 million in Casey money over five years to do all this.

We set out to prove this hypothesis in five cities. Part of it worked as predicted. The creation of baseline data on the heretofore unknown rates of academic under-achievement, dropouts, adolescent pregnancy, and the disproportionate share of these and other rotten outcomes that fell on African-American youth did, in fact, prompt the hoped for mobilization, sense of urgency, and effort in all five cities. But it also became clear in time that the theory that a little more collaboration, more service integration, and the introduction of some promising new programs was woefully insufficient to meet the wildly optimistic goals that each city set for school improvement, pregnancy reduction, and delinquency prevention.

Casey learned that we needed a much more robust and comprehensive set of opportunity- and service-changing interventions if we were going to make big changes in the outcome trajectory of high-risk, older teens.

By 1994, the tracking data told us we weren’t accomplishing enough and we had to analyze our mistakes so others could learn from them and so that we wouldn’t remake them. We wrote a self-evaluation of New Futures reflection called *The Path of Most Resistance* and I gave several talks on lessons we had learned.

In the course of doing this, I learned something about Casey's "peculiarity" as a big foundation. People were actually stunned that we were publicizing our disappointment, telling people our initiative hadn't worked as well as we hoped, and marshaling the evidence that proved we fell short of our goals in every city. I was proud of our honesty and was frankly confused by my philanthropic colleagues' sense that we were crazy to be so straightforward in our evaluation.

But times and the field have changed over the past decade. I think it's fair to say that the field today embraces a much more positive view of foundations' responsibility to be held accountable for candidly reporting results. That's a good thing.

Now, I don't want to leave the wrong impression. Lots of Casey's subsequent data-based, hypothesis-driven, system improvement initiatives have succeeded in showing the way toward what works; they have yielded the predicted improvements in client and system outcomes, and many of our strongest initiatives have been widely replicated.

I won't bore you with these happy successes, but let me mention a few.

In the early 1990s, we launched a foster care reform initiative called Family to Family. We began with an analysis of the chaos and lack of results that had long plagued America's child welfare system: more kids entering care; kids stuck in care; kids hurt; bad adult outcomes; rapidly growing costs. Our theory, put over-simply, was that good system data, the recruitment of foster homes in high-need neighborhoods, the introduction of team decision-making, improved training and supervision of frontline workers, and improved communication between foster and birth

families could together reduce the number of kids coming into care, shorten the length of stay, reduce the percent of kids in group care, and diminish the level of abuse and instability experienced by children while in care. I'm happy to say our pilot sites met most of these goals, and Family to Family is now being effectively implemented in over 15 states and over 80 counties.

Similarly, Casey, in the 1990s, launched an experiment called the Jobs Initiative. Like our other initiatives, we began with a problem analysis—specifically, the very poor employment outcomes experienced by residents of low-income neighborhoods who were supposed to benefit from expensive state and federal workforce development programs. In light of that problem analysis, we got a lot of smart folks together to design a better approach. The hypothesis they eventually developed went something like this: if you get key employers involved to design worker training, if you focus placement efforts on high employment growth sectors, if you equipped prospective workers with certain key soft skills, and if you provide some family supports to newly placed workers, you will get much better employment, retention, and earning results for the same investment.

The Jobs Initiative has now been operating in six sites for almost nine years. To date we have helped over 23,000 workers get, keep, and improve their employment. The careful and expensive outcome tracking in almost all of our sites shows, when compared to historical results, a higher percent of applicants get employed; a high percent of those employed get retained; the earnings increases of those retained exceed the targets set by the projects. The strategies and practices of the Jobs Initiative are now being replicated or incorporated into workforce development systems and welfare-to-work systems across the country.

I would like also to tell you about Casey’s Juvenile Detention Alternative pilots, which were designed to prove that it is possible to reduce the waste, harm, and mis-targeting that has characterized the terrible and terribly expensive youth detention systems in most U.S. jurisdictions. In our three most “mature” sites—Cook County (IL), Multnomah County (OR), and Santa Cruz County (CA)—reliance on secure detention was reduced by at least one-third (in one site, by two-thirds) through the implementation of objective decision-making tools, increased program options and faster case processing.

Skeptics feared that these kinds of dramatic decreases in the use of detention would unleash a juvenile crime wave. Quite the opposite has happened. In each of these sites, key indicators of juvenile crime have dropped to their lowest levels in decades because officials are now better able to identify those youth likely to continue to offend and, also, because their systems are being held accountable for public safety outcomes. Finally, these jurisdictions saved literally millions of taxpayer dollars by avoiding construction and operation of new detention beds.

I could go on with other hopeful examples, but I want to save some time for a few summary thoughts—and I’ll be glad to send data on any of Casey’s measured initiatives to any of you who want more detail.

What I want to close with are some conclusions I’ve drawn after 15 years about the advantages and challenges of data-driven and results-focused philanthropy. On the positive side, there are many advantages to incorporating baseline data, clear hypotheses, and results tracking into the design, implementation, and assessment of philanthropic investments:

We are finding it useful to track the widening or closure in the outcome gap between black and white students, between inner-city and metropolitan areas, between cities and states, between poor states and rich states.

- First, it makes foundations think. It makes us clearer-headed about what we are trying to do and whether we are actually doing it.
- Second, this commitment to public and objective goals makes foundations and grantees morally accountable. Results measurement makes it possible to determine whether one’s investments and actions actually succeed or fail, do good or do harm, are worth the cost or not.
- Third, it creates the basis for intelligent and effective program management, refinement, and improvement. Results tracking does this by giving funders, implementers, and policymakers some continuous objective feedback on the impact and effects of their implementation efforts.
- Fourth, it provides an objective, non-partisan, non-ideological basis for social change advocacy and for intelligent replication. Data about investments that produce desired measurable results is convincing to Republicans, Democrats, liberals, conservatives, to the sentimental and the hard headed, to business folks and social workers. It allows us to make policy decisions on the basis of what actually works rather than what we may want to believe ought to work.

- ➔ Finally, another big advantage of data-based and results-focused grant making is it tends to lift up critical questions of social justice and fairness. Increasingly, the Casey Foundation is using gap analysis as the broad framework for our goal setting and results tracking. Put another way, we are finding it useful to track the widening or closure in the outcome gap between black and white students, between inner-city and metropolitan areas, between cities and states, between poor states and rich states.

This gap theory of goal setting is a complicated subject, but one that has lots of promise. In our *Making Connections* initiative, for example, we are setting goals to increase employment in each of our sites. But instead of saying, for example, that a 5 percent increase in a neighborhood's employment rate is our goal, we are saying we want to cut the gap between inner-city and suburban employment by half. Such a target not only floats with bigger economic variables, it introduces a long-term goal of social equity into the shorter-term result of increased jobs for a particular target group of disadvantaged individuals.

Those are some of the arguments for taking the measurement and results path that the Casey Foundation has struggled to follow. But this wouldn't be a very complete overview if I didn't acknowledge the limitations, risks, and downsides of outcome-accountability.

- ➔ To begin with, you increase the probability of public failure. Public failure is no fun and the prospect of failure—rather than unqualified gratitude for good intentions—may (for some people) reduce the motivation for and satisfaction in philanthropic giving.

Foundations that impose specific results on their grantees that their grantees can't realistically achieve or that are inconsistent with their mission and core capacities can end up actually doing harm to grantee competence, confidence, and sense of purpose.

- ➔ Second, foundations that impose specific results on their grantees that their grantees can't realistically achieve or that are inconsistent with their mission and core capacities can end up actually doing harm to grantee competence, confidence, and sense of purpose.
- ➔ Third, an unsophisticated commitment to achieving results (or an excessive fear of falling short of benchmarks) may actually discourage risk-taking, innovation, and experimentation. It may lead, instead, to an overreliance on the tried and true. Results data is essential for meaningful social experiments, but if poor results are heavily sanctioned, grantees may avoid experimentation, creativity, and innovation.
- ➔ Fourth, the commitment to data collection, data tracking, and evaluation is expensive. These expenditures may expose philanthropy to the public charge of spending too much time and money studying and analyzing, and too little just helping.
- ➔ Finally, "the results philosophy" probably doesn't make compelling sense for small foundations whose resources and staff may not be sufficient to support a learning, experimentation, or field-influencing role.

For big foundations, however—for foundations whose missions imply an aspiration to make a big difference, to change the world some—quantifying problems, defining clear hypotheses, setting measurable goals, and tracking results seem indispensable to a real commitment to their mission. At least we think so.

An Outdated, Incomplete, and Misleading Measure of Poverty

TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS
SUBCOMMITTEE ON INCOME SECURITY AND FAMILY SUPPORT

WASHINGTON, DC

JULY 2008

Good morning Chairman McDermott, Congressman Weller, and other distinguished members of the Subcommittee. My name is Douglas W. Nelson, and I am president of the Annie E. Casey Foundation, a national philanthropy devoted to improving outcomes for the nation's disadvantaged children and families.

I appreciate the invitation to speak today and the opportunity to appear on the same panel with some of the nation's top research economists. I am here because I believe that your Subcommittee's efforts to establish a modern poverty measure can contribute to a bipartisan consensus around policies that will, in the long run, yield greater security and success for America's low-income families and their children.

The Annie E. Casey Foundation's commitment to helping vulnerable children and families is matched only by our determination to be guided by quality data and useful indicators.

Every year since 1990, we have released an annual *KIDS COUNT Data Book*, which uses the best available data to measure the educational, social, economic, and physical well-being of children, state by state. We care about this data because we are convinced it helps leaders and citizens make better decisions about how to improve the lives of children and their families.

Since its inception nearly 20 years ago, KIDS COUNT has tracked a core set of indices for measuring child need and the effectiveness of programs designed to meet those needs. But clearly, of all the measures we rely on, none is more fundamental or consequential than how we assess a family's economic standing. That's why Casey has been so distressed at the nation's continued reliance on an outdated, incomplete, and misleading measure of poverty.

Today, almost everyone would agree that the current poverty definition—which sets the poverty threshold at \$21,200 for a family of four—utterly fails to yield anything remotely close to a well thought-out, accurate measure of who is genuinely poor. Indeed, scholar Nicholas Eberstadt of the American Enterprise Institute has aptly dubbed the poverty measure “America's worst statistical indicator.”

The current measure is flawed in two fundamental ways.

- First, it badly underestimates the actual costs of paying for basic and essential needs that all American families are expected to meet.
- Second, the current measure significantly underestimates the total income, resources, or benefits that many of today's low-income families actually receive and use to meet those minimum needs.

Children's advocates are right now rallying around a proposed campaign to cut the nation's child poverty rate in half over the next decade. Yet many of our most promising approaches to improving the economic fortunes of children—expanding the earned income and child tax credits for working families, extending child care subsidies, increasing the utilization rates for food stamps, providing housing assistance, and other means-tested programs—are not even recognized under today's method of measuring poverty. Excluding these resources makes little sense, especially since they are among the very resources that have the greatest potential to pull families out of the deep and persistent poverty that hurts kids most.

By modernizing the current method to approximate what it actually takes to cover basic family needs, policymakers would be much better equipped to understand the real cost of “getting by” in America today.

The evidence is overwhelming that when families are entrapped in persistent poverty, childhood problems multiply. Almost 90 percent of the families who end up losing their kids to foster care are poor. Poor kids are five times more likely to miss learning proficiency benchmarks than kids from families with greater economic security.

Kids growing up in poor families are far more likely to drop out of school, get pregnant, or get in trouble with the law. And there is every reason to worry that the persistent, sustained family poverty that triggers these childhood problems will grow, particularly as more entry-level, low-skill jobs in the American economy are impacted by an increasingly global labor market. We can now reasonably predict that, without appropriate policy and economic reforms, an increasing share of American families will have to settle for wages that simply cannot buy enough to sustain a family at an “American” standard of living.

This kind of persistent family poverty is a serious drag on American competitiveness and influence in the world. Economists now estimate that child poverty costs the nation about \$500 billion a year. That burden will worsen in time.

This nation—a dramatically aging one—cannot afford to have as much as a fifth of its children grow up without the financial stability, opportunities, supports, and connections needed to participate in the nation’s new economy.

An accurate poverty measure would go a long way toward better informing the strategies we use to help these vulnerable families. By including food stamps, the EITC, the child tax credit, and housing assistance in the poverty measurement, we would be able to better determine the impact of these important policy investments, as well as more usefully track who is taking advantage of these programs and who isn’t. Moreover, by modernizing the current method to approximate what it actually takes to cover basic family needs, policymakers would be much better equipped to understand the real cost of “getting by” in America today.

These are the kind of poverty measurement improvements that have been advanced persuasively by the National Academy of Science (NAS) for over a decade now.

More Americans want to hear about what their political leaders will do to fight poverty. It is time for all parties stalemated in this definitional debate to table their disagreements and come together around a more credible and policy relevant approach to poverty measurement.

A decade and a half after its release, the NAS report still provides the best road map for getting to a useful poverty measure.

At the Casey Foundation, we find it very encouraging that this Subcommittee is considering a bill that would enact virtually all of the key NAS recommendations. We commend the Subcommittee

Chairman, the Ranking Minority Member, and all its Members for so seriously grappling with this urgent and much-needed reform.

Mr. Chairman, we have learned a lot and we know a lot about how we can more accurately measure poverty. It is time to apply that learning—to apply it as a first step to reducing poverty and the harm it does to our kids and our future.

Keeping Our Soul
and Attending to
Our Mission

ANNIE E. CASEY FOUNDATION STAFF RETREAT
BALTIMORE, MARYLAND
FEBRUARY 2002

Lyndon Johnson once said that the test of a good speech is whether people are as interested at the end as they were in the beginning. Johnson added that the safest way to meet this test was to keep your speeches very short. Unfortunately, our retreat planners didn't give me that luxury this morning. I've got some 40 minutes to fill. I don't hope to keep your interest that long. In fact, I'll call it a success if I'm still interested when I finish.

More seriously, speeches to all staff gatherings are a bit hard; the hard part is finding the right common theme—one relevant to all of us. Of course, we all work for Annie E. Casey, we all care about kids; we all want to contribute to the strength of our organization; and we've all agreed to devote this particular retreat to thinking harder about what it means to be results-oriented.

But for all that we have in common, we'd be less than honest if we didn't acknowledge that we each bring to our membership in this big Casey family lots of individual differences.

Most obvious, we've got different day-to-day jobs. Some of us worry, above all else, about the welfare of the 13 or 14 foster care kids on our caseload, from our offices in Lowell or Portland. Others of us are charged, here or in Shelton, with getting computers on people's desks, making sure they work, and that we're all trained to use them. Others of us are trying to make state and county juvenile justice and public health and adoption support systems work better for children and families. Still others at this retreat are responsible for making sure our grantees get paid what we owe them, that the payrolls are met, and that our record keeping meets the highest accounting standards. And some of us are often on the road, traveling as strategic consultants or *Making Connections* site team leaders.

We also bring different histories of involvement with Casey. There are about 30 Casey Family Services folks who go back more than 15 years, to a time before we even had a grant-making arm. There are another dozen of us who came about ten or eleven years ago to build the grant-making work. And, there may be 50 or 60 staff who are real newcomers—who've been a part of Casey for less than three years.

As I sat down yesterday to think about what to say today, I puzzled over this diversity of perspectives and roles. I tried to decide what it was that each of us at Casey ought to know, ought to share, ought to learn, ought to hold in common.

And I decided it was a common story—our history as an institution. I remember a lecture in an anthropology course some 30 years ago in which an Ojibwa elder explained to our class that the survival of his people turned on every member, of every generation, learning and retelling the story of the tribe's past. He said this shared legacy was the source of the group's strength, its ability to cooperate, and its capacity to adapt to change, without losing a sense of identity and connection and meaning.

It occurred to me that we too—this now almost 500-member Casey tribe—might also benefit from a little more frequent attention to our story—to the story of how we began, where we've come from, what we've accomplished, what we value, how we want to be known, what we're learning, and where we are headed.

So I've decided to use this initial half hour to remind the folks who already know it, and perhaps to introduce it to the folks who don't, what I think are the main outlines of our history and the decisions and the work that has brought this institution—this collection of commonly employed people—to where we are today.

I have some hope it will deepen your sense of the significance of what we do together, clarify how your own efforts fit into the larger mission of Casey, and perhaps increase your awareness and appreciation of the contribution of colleagues who have different roles and different venues, but a common part to play in making us successful.

So let me begin with where we come from. Annie E. Casey was Jim Casey's mother. In 1907, Jim Casey, with his single mother's encouragement founded a messenger service in Seattle, Washington. That messenger service became the global, now public, multi-billion dollar United Parcel Service.

Jim Casey spent his entire life building that company. It was the thing that interested him most, it was the work that consumed his energy and imagination, and the employees of UPS were, in a very real sense, Jim's family.

In his seven decades of active leadership at UPS, Jim consistently advocated some core values and habits and attitudes that he believed made for a business' success. He became widely known for these views.

He believed, for example, that efficiency and productivity were the prime makers of profit. To achieve these attributes, Jim encouraged the measurement of everything—every part of the process of getting packages from one place to another. UPS learned, for example, what was the most efficient way for drivers to enter and exit their package cars; they learned that you saved more time between stops if you carried your keys on a particular finger; and they learned that communication between managers and drivers was much more effective at the beginning of the work day than at the end. Actually the list of what UPS measures about what they

It shouldn't be surprising that our Board of Trustees—most of whom are lifelong UPSers—are tireless in their advice to us that we measure everything we can in our efforts to improve the lives of kids, families, and communities.

do is staggering and it has led to the adoption of best practices in every aspect of the corporation—from how to tape a torn box to the safest format for retirement parties.

Given this, it shouldn't be surprising that our Board of Trustees—most of whom are lifelong UPSers—are tireless in their advice to us that we measure everything we can in our efforts to improve the lives of kids, families, and communities. There is a reason Casey has always spent so much more on evaluation than other foundations; there is a reason that KIDS COUNT was one of our first and most visible national initiatives; and there is a reason I talk so often about the power of data-based advocacy—that reason goes back to Jim Casey's conviction that measurement improves accountability; it improves quality; and it improves effectiveness.

But Jim Casey was more than a numbers guy or what was called—in the 1920s—"a scientific manager." He also had passionately held ideas about the culture of a successful organization. Jim was convinced that strong organizations worked cooperatively, not competitively; he believed that good leaders were enablers, not credit-takers; he thought that every employee—from accounting clerk to CEO—was entitled to a common share of courtesy, respect, and attention. These were not just words for Jim Casey.

In the grand scheme of things, it is and it will be our reputation—our reputation for responsiveness, honesty, and knowing what works better for kids, families, systems, and communities—that will determine how influential and successful we are.

He lived them. For 60 years, he modeled modesty, humility, and approachability as the head of UPS. He was famous for having a kind word for everybody, he hated personal interviews and media attention, and he always attributed UPS' achievements to "its people."

I like to think that Jim's ideas and values have and will continue to influence the organizational culture we have created here at the Casey Foundation. Indeed, it was the presence of these values and convictions among our Board members that led me, almost 12 years ago, to join Casey and I hope I haven't violated them too often in the years since. You know, five years ago, some philanthropy reporter described Casey as "the most self-effacing, truth-telling and modest of America's big foundations." I couldn't think of anything more satisfying or more flattering that could be said about us.

Jim's vision of organizational effectiveness also included another important dimension—the importance of reputation. Jim believed that customers responded to price and product, but he also knew that reputation, service, and trust were even more critical. Jim knew that integrity, courtesy, professionalism, responsiveness, and

fairness in resolving disputes attracted and kept customers, and he often said that "preserving UPS' reputation" was each employee's most important job.

Jim's insight applies to us as well. Every day people refer kids and families to our direct service units. They entrust us with those kids' lives and futures because they believe in the competence and conscientiousness of our people and the quality of our practice. And for the past dozen years or so, governors, commissioners, advocates, community leaders, and the media have sought our resources, guidance, opinions, advice, technical assistance, publications, and partnership because they believe we, at Casey, use our research and experience in an honest, informed, non-partisan, non-self-serving way. In the grand scheme of things, it is and it will be our reputation—our reputation for responsiveness, honesty, and knowing what works better for kids, families, systems, and communities—that will determine how influential and successful we are. As Jim might have seen it, building and preserving our reputation is a central part of each of our jobs at Casey.

Jim Casey also brought another quality to UPS and, by extension, to the Foundation. He was ambitious. He wanted UPS to grow; he wanted the company to compete for shares in as many profitable markets as possible, and he was always ready to innovate, adapt, grow, change, and diversify the company in order to pursue his vision and ambition for UPS. He expanded the company as fast as he could afford to; he diversified their products and services whenever he detected an opportunity; he embraced specialization and technology whenever he thought it might yield greater effectiveness and efficiency. In the early 1930s, he went into air service before air service was practical, and he risked some profits to do so. But 40 years later, that same risk-taking spirit led to another

commitment to air express—a commitment that probably saved the company’s future.

I like to think that we at Casey have inherited that same ambitiousness and willingness to stretch our resources and people. Our mission is ambitious: We are determined to make a difference in the futures of as many disadvantaged, at-risk, and poor American kids and families as we possibly can. There are millions of kids in that category and finding a way to change their futures may be a grand aspiration—but then who would have expected a bicycle messenger service in a cellar to become UPS.

Jim Casey didn’t have any children, and by 1948, he had become wealthy beyond his personal needs. In that year, he and his siblings began depositing stock in a charitable foundation. They named the Foundation after their mother, reflecting Jim’s belief that what happens to kids—what they achieve—depends largely on what their parents, their families are able to provide: emotionally, ethically, and materially. Seeing kids in the context of families, I’d like to point out, turns out to be a pretty old idea around the Casey Foundation.

For about 20 years, from 1948 to 1965, the Casey Foundation was not a very busy operation—a few grants here and there, but no high-profile program or strategy. That changed in the mid-1960s. By then the Foundation’s assets had grown considerably and Jim had the time to focus on how to put them to work.

He started with a problem (we might call it an “entry point”). Over his years at UPS, Jim was curious about what led young guys to get in trouble on the job—to get caught stealing or caught up in fights. So he interviewed a bunch of these fellows to determine what might explain their vulnerability to problems. The

pattern that struck him was the frequency with which these workers reported bad experiences in foster care, multiple families in childhood, lots of moves, unprepared or uncaring caretakers. Jim decided that there must be a better way to foster kids who couldn’t live with their birth family.

And he went in search of ideas for how to do it better. He talked to child welfare professionals and even went to Washington to get advice from the Child Welfare League. (Put another way, Jim sponsored “a number of consultative sessions with key stakeholders.”)

There is a funny and revealing story here. Jim showed up at the front desk of the Child Welfare League in 1964, and told the receptionist he wanted to talk to the director about foster care. She told him to have a seat and then called the League’s director—a guy named Reid—and told him there was a peculiar looking old guy who wanted to see him about foster care. As Reid tells the story, he had nothing else to do, so he said to send him up.

They talked for two hours. Jim said he was convinced there were problems with foster care and that he wanted to create a better form of it. Reid agreed with Jim and went on to explain, consistent with the thinking of the time, that the keys to good foster care were better home recruitment, more training and support for foster families, lower caseloads for social workers, and greater stability in placements.

Jim was impressed with the suggestions and asked if the League could help him design a foster care program with those features. Jim casually added that he was prepared to spend \$10 million a year on such a program. At that point, Reid said, “who exactly are you, sir?”

In 1986, the size of the Casey Foundation quadrupled, propelling it from a moderate-sized operating institution to—in dollar terms—the nation’s biggest philanthropy dedicated to vulnerable kids.

In 1965, armed with experts and consultants, the Casey Foundation launched a quality, long-term, low-caseload foster care program in Seattle, Washington. For the next several years it grew and expanded from Seattle, Washington, to several other western states. Then, in 1973, UPS decided to move its headquarters from Seattle to New York City, and Jim, of course, followed. Jim believed that he and the Foundation’s Board would be too far removed from the West Coast operations, so he decided to take some Foundation assets and endow a separate operating charity with its own Board, based in Seattle. That entity, legally separate from us, has grown and prospered. Now known as Casey Family Programs, it provides quality long-term foster care to more than 1,400 children in 13 states—and has very recently begun a grant-making unit.

Jim was taken with usefulness and potential of improved foster care, and when he got settled in New York, he and the Board decided to re-create similar programs in Connecticut. Between 1976 and 1983, the Casey Foundation employed social workers and funded foster programs in Bridgeport and Hartford, Connecticut, and a third program serving Vermont and New Hampshire kids. Reflecting its origins, this unit of the Foundation was first known as Casey Family East. We later renamed it Casey Family Services in 1985.

It was at about this time that the Casey Foundation story enters a new and pivotal chapter. Jim Casey died in 1983 at the age of 95. With his death came new challenges, new opportunities, and new leaders for the Foundation. For one thing, Jim’s death meant his substantial personal estate would be added to the assets of the Casey Foundation. When that bequest was completed in 1986, the size of the Casey Foundation quadrupled, propelling it from a moderate-sized operating institution to—in dollar terms—the nation’s biggest philanthropy dedicated to vulnerable kids.

At the same time, Jim’s passing required his UPS colleagues on the Annie E. Casey Board to take up a much more substantive role in planning for the future of a now much bigger foundation for kids. They, not surprisingly, rose to the challenge. Led by George Lamb and Oz Nelson, the Trustees set about deciding how to best use our expanded resources.

Like Jim Casey had in the 1960s, the Trustees sought out advice and counsel from a variety of individuals and organizations with expertise and experience in kids issues. I was lucky enough at the time to be among those asked to help. By the beginning of 1987, the Trustees had made two big decisions that were to have a lasting influence on who we are today.

First of all, they decided to continue the expansion of Casey Family Service Divisions across the New England states. At the same time, they encouraged staff to diversify the services that they offered beyond long-term foster care. The goal was to respond to more needs of a more-diverse population of vulnerable families and kids. Particular emphasis was given to designing family-based care for severely challenged kids who were typically being cared for in high-cost and not very effective institutions and group care facilities.

Out of this direction, of course, has come our treatment foster care program. Over the past ten plus years, we have recruited a cadre of exceptional foster families, supported them with special training, intensified staff assistance, and additional financial help; and the result is that we now provide more stable care, more hope and opportunity, and better adult outcomes for almost 130 severely challenged children—kids who would otherwise have grown up in a revolving door of expensive institutions. We began as pioneers in this work; we are now among the leaders.

That same 1987 plan that authorized moving to treatment foster care also challenged our CFS staff to explore prevention services and reunification programs. The overall direction was to find service niches where we could fill a gap, where we could learn by doing, and where we could lead by sharing what we learned.

In the past 15 years, we've worked to meet that challenge. Today, we are providing family preservation services, reunification assistance, family advocacy supports, programs for teen mothers, comprehensive assistance to HIV-affected families, post adoption help and support, family resource center activities, and positive youth development work.

When the Trustees adopted the 1987 Casey Family Services plan, we were serving a total of 82 children in long-term foster care; today our continuum of programs reaches more than a thousand kids and thousands of families in New England and Baltimore. Furthermore, what we are documenting and learning in this direct service work is being increasingly translated into research, technical assistance, and advocacy aimed at the nation's child welfare field as a whole.

The Trustees wanted us to pay for research, technical assistance, and demonstrations that would help public schools, juvenile justice agencies, pregnancy prevention programs, and child welfare systems get better results for kids out of their tax dollar investments.

Expanding the vision and resources for Casey Family Services, of course, was not the only pivotal decision the Foundation Trustees made in 1987. In that same year, they decided to reserve more than half of our vastly expanded resources for the purpose of making grants to organizations, agencies, and systems across the country who were in the business of helping disadvantaged kids.

The vision the Trustees had for this grant making was always—from the get-go—an ambitious vision. They never saw us just adding resources to existing budgets or increasing the size of existing programs. No, that would have been too simple. Instead, they wanted us to find ways of using dollars to better identify what works in helping kids and what doesn't.

They wanted us to use grants to forge collaborations among institutions and agencies that would be more effective if they worked together. The Trustees wanted us to pay for research, technical assistance, and demonstrations that would help public schools, juvenile justice agencies, pregnancy prevention programs, and child welfare systems get better results for kids out of their tax dollar investments.

Put simply, they encouraged us to invent grant-making strategies that would use ideas, evidence, and incentives to change—and hopefully improve—the way much larger systems do their work and spend their money. Our grant-making goal, in other words, was not just to do good, but rather to find ways to help many others do better.

This was not, and is not, an easy aspiration. The launch years—from 1987 to 1990—were especially tough. In the name of “system reform,” we struggled to cajole and encourage a long list of child welfare improvements in six states—with mixed results. In five U.S. cities, we funded ambitious school, social service, local government, and private-sector collaboratives, under the label “New Futures,” aimed at improving academic, pregnancy prevention, and life outcomes for at-risk youth. The investment returned real results in two cities and, at best, broke even in the three others.

But for all the frustrations of these early years, they were productive. We learned from our shortcomings and our reputation was enhanced by our commitment to truth-telling evaluations of our early initiatives. It was also the period in which we set out to find, hire, and support individuals, experts, and proven leaders who knew a lot about system reform, and how to use money and people to bring it about. In short, we began in the late 1980s and early 1990s to build the personnel infrastructure for the ambitious grant making sought by our Trustees and implied by our mission.

In a small way, I myself was part of this capacity building. Since 1987, I’d been advising the Trustees—as a consultant—on both direct service matters and on grant-making strategies. In early 1990, I got a call from George Lamb, a great guy who was then chairman of our Board, asking that I meet with him. I remember, like yesterday, George sitting me down and saying: “You know

we want to have a big effect on kids, but this system reform stuff is awfully complicated, awfully risky, awfully hard to do. Do you really think it’s worth it?” I replied: “Yes sir, I do. I think it’s the right complement to Casey’s direct service work.” Without a pause, he shot back: “Okay, then. Why don’t you try running the place.” That two-minute exchange constituted my recruitment, screening, interview, and appointment to this job. I hardly need to mention that our personnel and human resource processes have gotten a lot more sophisticated—and some would say far more successful—since those days.

But the truth is, I have even less doubt now than I did in 1990 that system change initiatives were a sound addition to our strategies. By the early 1990s, we had a better grasp on how to use money, ideas, research, and sound reform principles to make a difference.

Between 1990 and 1995, the Foundation launched a series of important multi-year, multi-site system reform initiatives. Family to Family demonstrated that out-of-control child welfare systems really could reduce unnecessary placements, decrease reliance on shelters and institutions, accelerate the movement toward permanence, and keep more kids in their home communities. Family to Family is now part of child welfare improvement efforts in 20 states.

Our Juvenile Detention Alternatives Initiative, launched in a national “get tough on juveniles” environment, succeeded in showing that in Chicago, Ft. Lauderdale, Portland, and Sacramento, you could build a safer, cheaper juvenile justice system by locking up fewer kids and spending the difference on more effective community-based programs. That once radical notion has gathered so much evidence of its wisdom in the past eight

years that it is now being embraced as simple common sense in jurisdiction after jurisdiction across the country.

In the state of Kentucky, we helped local advocates persuade the legislature that more investment in poor district schools, more training for principals, higher academic standards, social supports for at-risk families, and rewards for high-achieving districts could dramatically improve the quality of public education and the achievement of Kentucky students. Every evaluation of the Kentucky Education Reform Act since 1995 proves we were right, and elements of Kentucky's reform are now present in a score of other states.

In our Plain Talk Initiative begun in 1993, we asked five courageous sites to commit to the controversial business of encouraging parents and community leaders to become more honestly engaged in dialog, counsel, and support of sexually active teens. It was awkward, time consuming, and costly, but our evaluations have shown that it yielded significant reductions in pregnancies, repeat pregnancies and sexually transmitted diseases. Those results are now making parental and community engagement a centerpiece of most recent pregnancy prevention and adolescent health initiatives.

In the past five years, we broadened our system reform strategies, just as we have broadened our direct service programs. More recent initiatives in employment (the Jobs Initiative), in welfare, in neighborhood-based public health, community child protection, and strategic consulting also promise to lead to measurably improved system performance with positive impacts on the lives of tens of thousands of families and their children.

The irony is that KIDS COUNT and companion research efforts forced the Annie E. Casey Foundation itself to become more accountable in its own approaches and investments.

By the mid-1990s, given the impressive evolution of our direct practice work and the increasing impact of our system-focused grant making, you'd think the staff and Trustees of this Foundation would have felt pretty satisfied. Fact is, we weren't. And we weren't because our work with systems and our work with families were revealing the limitations of our key strategies, along with their strengths.

We could see, for example, that the kids being referred to Casey Family Services were still coming from families and communities whose pervasive problems were no better—and perhaps even worse—than 25 years before. Our Juvenile Detention Alternatives Initiative may have deflected kids from the worst responses, but we knew it wasn't touching the despair and isolation of communities that were producing too many hopeless and reckless young people. Our Jobs Initiative made clear that whole neighborhoods of families were struggling to raise kids without any real connection to the country's mainstream economic institutions and opportunities. And a simple visit to our CFS Division in East Baltimore made it plain that counseling, foster care, or school reform alone weren't going to be sufficient to change the futures of thousands of kids within walking distance of that office.

We weren't going to make a difference in the heart of childhood disadvantage until we had some notions and approaches that could strengthen families in those places where families were weakest and child futures were bleakest.

It wasn't just our system and service work that raised the reality of an unmet challenge. It was our data initiatives as well. Since 1990, we had been funding KIDS COUNT nationally and replicating it in every state. The idea—a quintessential UPS idea—was to measure and map everything we could about kid and family outcomes and track those outcomes over time. The idea—and it has proved a powerfully successful idea—was to use hard data to help everyone become more informed and more accountable for improving the status of America's left-behind families and children.

The irony is that KIDS COUNT and companion research efforts forced the Annie E. Casey Foundation itself to become more accountable in its own approaches and investments.

By the mid-1990s, KIDS COUNT information made it clear that persistent rotten outcomes for kids and families were concentrated in a remarkably countable number of discrete inner-city and impoverished rural communities. Indeed, a careful look at the data suggested that more than half of the rotten outcomes that KIDS COUNT captures occurred in fewer than 1,000 American neighborhoods—neighborhoods that stood out as home to

high concentrations of fragile, isolated, and disconnected young families.

The conclusion to be drawn was inescapable—we weren't going to make a difference in the heart of childhood disadvantage until we had some notions and approaches that could strengthen families in those places where families were weakest and child futures were bleakest.

In 1997, a Trustee Strategy Committee gave us our marching orders: Develop a theory, develop a framework, develop an initiative that would help us and others learn how to break the grip of disadvantage on families living in our toughest neighborhoods.

As most of you in this room know—even the newcomers—it was this challenge that led us to invest so much time and attention these past few years in our Neighborhood Transformation/Family Development strategy. Drawing lessons from our neighborhood-based systems work, our New Futures and Rebuilding Communities initiatives, and endless consultation with the community development and community organization field, we crafted a fairly good analysis of the problem and the outlines of a promising approach. Our notion that isolated families can—with enough investment and innovation—be reconnected to economic opportunity, to positive social networks, and to quality family-focused public services is a notion that has passed the logic test and the scrutiny of experienced critics.

Even more reassuring, the experience in 10 or 12 of our most promising *Making Connections* sites suggests that place-based family strengthening might just be a vision capable of uniting—in common cause—public agencies, local foundations, resident leaders, employers, and investors in a sustainable effort to

transform the toughest places in America into places where families get stronger and disadvantaged kids get an even break.

We, of course, have a long way to go. This place-based work is complex and it's going to require an unprecedented scale of partnerships and co-investment to succeed. Put simply, it's risky philanthropic business, but the potential rewards of progress here are immense. Achieving results in *Making Connections* and our tough civic site neighborhoods could carry with it lessons that would help the nation include millions of kids who will otherwise be left behind. Success here could also amplify and exploit all the potential of our direct practice and system reform achievements.

As most of you know, I'm pretty convinced that Casey has grown its agenda and its ambition and its vision in ways worthy of our founder. I think we have the right portfolio of investment and change strategies for 2002. I think our combination of direct services, system reform, community change, and advocacy strategies positions us to become as powerful a catalyst for better futures for disadvantaged kids as any organization in America.

As I look back over the past 15 years, I am also glad that we chose to grow this organization and its strategies by means of addition and evolution, rather than by periodically reinventing ourselves. I'm glad, for example, that we did not abandon our core foster care work in order to make room for our treatment foster care initiative. I'm glad we didn't diminish our historic commitment to direct services in order to make space for our leadership in system reform. And I'm pleased that we did not repudiate the potential of system reform, in order to take up the challenge of family strengthening in tough neighborhoods.

As I look back over the past 15 years, I am also glad that we chose to grow this organization and its strategies by means of addition and evolution, rather than by periodically reinventing ourselves.

The diversity of our strategies—the different paths we are pursuing to achieve our mission—is doubtlessly a source of complexity, but it is also now a distinctive strength of the Annie E. Casey Foundation. It not only gives us connection to our origins, but the diversity of our strategies teaches us different lessons, and those different lessons give us the chance to reach and influence different audiences.

The diversity of our work and approach also allows us—as Jim Casey might see—to enter more profitable market niches. Fact is, the opportunities to alter the future for kids come in different forms, at different times, and in different places. The diversity of our strategies and our expertise enables us to respond to more of those opportunities than otherwise would be possible.

The diversity of our approaches also gives Casey an enhanced credibility in our effort to influence change on behalf of kids. Over the past decade, we've built the experience and capacity to speak credibly about kids to clinicians, practitioners, service agencies, system managers, mayors, governors, grassroots organizations, school superintendents, employers, advocates, researchers, and Congress. This relevance to so many stakeholders in the future of our children is a huge asset—a strength on which we now can build.

Speaking of strengths to build on, I would be terribly remiss in these remarks if I did not celebrate a special accomplishment, an accomplishment that makes everything else we do possible. We have—despite head-spinning growth and expansion—built ourselves a pretty damn good infrastructure, organization, and institution here at Casey.

I'm proud of the fact that as we have grown from 75 people in 1988 to nearly 500 staff today, we have continued to succeed in attracting, hiring, and holding the best and the brightest folks in the field. I am equally pleased that in both our direct services and grant-making units, we are vastly more diverse in race, ethnicity, and life experiences than we were a decade ago. It is a strength that makes us more interesting and more credible to the families and communities we seek to serve.

I'm also proud of the level of courtesy, responsiveness, and respect that we typically extend to our customers in the work we do. Whether it's a foster family in crisis, a grantee with a question, an applicant for funding, a guest at the reception desk, or a reporter with a question, we are finding ways to meet their needs efficiently and respectfully. This conscientiousness is indispensable to our reputation and our influence as an organization.

I'm also proud of our record of fiduciary and personal integrity. Over the past 13 years, this rapidly growing “spending machine” that we call Casey has expended almost \$2 billion in probably 10,000 or 20,000 transactions. And we have done so without an audit exception or an instance of fraud, theft, or malfeasance. We have also succeeded in setting and meeting high standards of personal and professional conduct in our day-to-day roles as Casey staff. This commitment to integrity is the rock on which all our efforts and our success ultimately rests.

I'm probably most proud of the fact that despite our headlong growth, our diversified strategies, our different roles, and our different locations, we've done a pretty fair job of keeping our soul and attending to our mission.

I'm also proud of our record as an employer. Casey is fair in its compensation and benefits. We work hard to create a hospitable and respectful working environment for all our staff. And in recent years, we've done a better job of equipping ourselves with the administrative support, the facilities, the procedures, and the technology we need to be as productive, efficient, and effective as we can.

Finally, I'm probably most proud of the fact that despite our headlong growth, our diversified strategies, our different roles, and our different locations, we've done a pretty fair job of keeping our soul and attending to our mission. Whatever our other differences, the people in this room and the staff at work in the divisions—almost to a person—care passionately about the welfare and safety of all kids, about opportunity and respect for all families, and about justice for all Americans. When all is said and done, this value consensus is our strength as an organization; this is what sets us apart.

Now, don't get me wrong. In saying all this, I don't want to leave the impression we're perfect or that we're anywhere close to where we need to be. On the contrary, we've got a long way to go and plentiful opportunities to improve. Getting more skilled and careful in our goal-setting, getting more thoughtful and specific in tracking our progress, and getting far more articulate in

communicating our results—these are the pivotal opportunities for improvement at Casey, and it is to this work that we are devoting the bulk of this retreat.

But the point I want to make, as we begin this retreat, is to acknowledge that we take up the challenge of continuous improvement from a position of strength. The people in this room have made Casey a strong vehicle for good. It remains our task to find ways to make it even more powerful. Jim Casey would approve of our ambition.

Producing Powerful Engines of Impact and Change

PRI MAKERS NETWORK CONFERENCE
PALO ALTO, CALIFORNIA
JANUARY 2006

I am delighted to be here, but must confess I'm a little bit chagrined to be addressing an audience that is, in every way, more expert and experienced than I am with the subject at hand. However, like most big foundation CEOs, that won't stop me. In fact, like many of my peers, I've gotten quite comfortable speaking earnestly and authoritatively about things I barely understand. I think this grows out of years of being treated kindly and politely by listeners who will put up with almost anything in order not to diminish their chances of getting a grant.

I am genuinely sincere when I say that this network, the work you are doing, and the program-related investing we are all learning more and more about—these things are enormously important to the future of effective philanthropy in this country.

I want to talk this morning mostly about how and why we at Casey have come to our conclusions about program-related investments—PRIs—and, even more broadly, about social investing. Like the field as a whole, the Casey Foundation can trace the beginning of its PRI learning curve back to the pioneering work of the Ford Foundation that started making PRIs in 1968.

When I joined the Casey Foundation in 1990—my first foundation experience—I was vaguely aware that Ford had been using low-interest or forgivable loans to support organizations aligned with Ford's goals. I was intrigued enough to investigate Ford's and similar efforts and the modest PRI research that had grown out of it.

I have to say I was not encouraged in this curiosity by my otherwise sophisticated and brilliant CFO, a man of vast foundation experience, who had looked fairly deeply at PRIs. When all was

said and done, his view was that PRIs amounted to either an inefficient or half-hearted grant, on the one hand, or a high-risk, low-return endowment investment, on the other. Viewed either way, he concluded that PRIs couldn't produce enough benefit to the Foundation's goals or institutional interests to be worth the complexity, accounting burden, due diligence, tax challenges, and other headaches that went along with them.

New though I was, I pushed back on his assessment. I asked that if the limits and defects of PRIs were so clear, why would the Ford Foundation keep putting continued effort behind them. He assured me the Ford Foundation makes lots of mistakes.

The skepticism my CFO brought to the question of PRIs is, I want to stress, not an uncommon one. Indeed, such views continue to slow the breadth and depth of foundations' interest in program-related investments. Moreover, there are some solid grounds for skepticism.

PRIs are complicated and labor intensive, and they require skillful navigation through murky regulatory and tax treatment waters. This is especially true and burdensome for foundations during their early adoption stages—before they have the infrastructure, experience, and dedicated staff required to achieve efficiency in making PRIs. In fact, for many small foundations or foundations with modest commitments to PRIs, we may have to build pooling vehicles that can aggregate and manage pooled program-related investments in order to make such investments practical and cost-efficient.

Also, PRIs, done badly, can weaken foundations. Using low-interest loans for social purposes that could more effectively be

I'm convinced that market rate credit or below market or forgivable loans or equity investments are sometimes smarter, more appropriate, and more-effective ways to support mission-relevant organizations or activities than are simple grants or gifts.

achieved through grants is just plain bad philanthropy. Similarly, making lots of below market, double-bottom-line social investments can, unless well managed and communicated, actually confound or compromise a foundation's fiduciary obligation to steward its endowment principal.

In this regard, I suspect Casey is like lots of foundations. Our Finance Committee struggles mightily to steal every Yale or Harvard or Stanford gimmick and to scour investment choices to find the best alpha opportunity in order to squeeze out a few more basis points above benchmark returns for our endowment. After they're done laboring on that goal, we ask them to review, with enthusiasm, our decision to invest in a paperclip factory located in a brownfield, surrounded by an unprepared labor force, with a projected return of one-and-a-half percent—if all goes well.

To lots of reasonable folks, this simultaneous commitment to maximizing corpus and “investing” in social goals comes across as a mixed message or a case of unaligned goals and goes far to explain why so many investment officers and investment committees remain resistant to program-related investments.

Given all of these risks, complexities, and concerns, what would make a cautious outfit like the Casey Foundation set aside \$100 million for social investing; put together a first rate, in-house social investing team; struggle to keep up with the best ideas coming from Heron, MacArthur, Rockefeller, Prudential, Ford, Meyer, Jacobs, and others; help found the PRI Makers Network; and widely advocate that more foundations put more of their endowments into PRIs and mission-related investments?

There are a lot of reasons. Some are fairly small and particular reasons, but some are big, and, I think, quite persuasive.

Let me start with a tactical reason. I'm convinced that market rate credit or below market or forgivable loans or equity investments are sometimes smarter, more appropriate, and more-effective ways to support mission-relevant organizations or activities than are simple grants or gifts. There are instances where loans, loan guarantees, or lines of credit can buy time, reinforce business discipline, create internal capacity, build credibility with other stakeholders, or demonstrate the market viability of a particular activity that simply could not be as effectively achieved through a conventional grant or gift.

Favorable term, patient loans to cover the start-up and capital of new charter schools may well be an example of the superior value of a loan over a grant approach. If charter schools are ever to become a scaled and desirable part of the mainstream education system, such schools are going to have to secure financing streams capable of meeting their long-term capital, maintenance, and operating costs. Loans may well help charter schools address that challenge more quickly and completely than simple one-time, start-up grants.

Equally relevant, a loan approach (like I've described) clearly works to the benefit of a foundation that wants to broadly promote charter school start-ups. It does so by allowing the foundation to recycle repayments into fresh loans to a new cohort of charter schools. In other words, it helps with scale.

There are, of course, lots of other existing examples of this kind of tactical ending. My hunch, however, is that the more foundations think about and use tactical PRIs, the more we are going to discover new instances, opportunities, and objectives that can be more efficiently supported by loans than by grants. In other words, I think we are only at the beginning of appreciating the range of tactical opportunities for PRIs.

A second, slightly broader, reason for embracing PRIs is one I would describe as strategic. Over the years, a lot of us have discovered that there is power in creating more collaborative, synergistic, and mutually accountable relationships with our grantees than is possible in the conventional donor-recipient relationship. The venture philanthropy folks, in fact, go so far as to argue that effective giving requires that donors have a real stake in the success or performance of the organizations or enterprises they are supporting.

Clearly, extending a loan, providing a guarantee, or making an equity investment gives a Foundation an unmistakable stake in the performance of the benefiting organization. Grantors and grantees become "partners," not just in spirit, but in fact. Not surprisingly, foundations with an investment interest in the programs they support are more likely to lend their own expertise, provide more operational advice, intervene in crises, and even take seats on the governance boards of their grantee.

Over the years, a lot of us have discovered that there is power in creating more collaborative, synergistic, and mutually accountable relationships with our grantees than is possible in the conventional donor-recipient relationship.

I am a board member of the East Baltimore Development Corporation, a newly created CDC that is managing a vast and multi-faceted redevelopment of one of the nation's most disinvested and disadvantaged neighborhoods. I'm on that board because I think we have a historic chance to revitalize a community in ways that actually benefit the low-income families who have suffered decades of disinvestment and neglect. But I am also on that board because I don't want EBDI to default on a \$19 million loan the Casey Foundation has guaranteed.

In an even more profound way, the Jacobs Family Foundation has deeply followed its investment in Market Creek Plaza. So deeply in fact, as to create a virtual merging of the resources, reputation, talents, and interests of grantor, grantee, and community.

I am convinced that these new joint venture models emerging between foundations and their mission partners are producing more powerful engines of impact and change than could ever have been realized through traditional grantor-grantee relationships. They just may be the future form of philanthropy for a significant segment of the field.

The third reason that has propelled Casey (and I hope the field) toward increasing interest in PRIs and social investing is what I think of as a policy, maybe even ethical, consideration. If memory serves, there is today almost half a trillion dollars held in the endowments of independent grant-making foundations in the United States. That one-half trillion in wealth is exempt from taxes because it is pledged to advance charitable social, civic, and humanitarian purposes. However, less than 5 percent of that wealth is actually put to charitable activities in any given year. The overwhelming fraction (95 percent) is invested in profit-generating activities usually unconnected to any charitable or social goals.

This seems wrong to me, or at least undesirable. There's something not right about the fact that in most years since 1980, charitable endowments in the U.S. earned more than they gave away, even after adjustment for inflation.

This is even more worrisome when you recognize that the cost of solving most social problems is, like everything else, likely to rise with time. Hence, this pattern of spending less now and building endowments for later may actually carry a very high, if hidden, opportunity cost for the sector.

Finding practical ways to increase the payout rate—to put more charitable money to charitable work—is, in my view, one of the big challenges facing philanthropy. Of course, some institutions have addressed it head on. For example, those foundations that have committed to spend out their corpus in a specific timeframe have, in effect, concluded that they are going to put more of their assets to work sooner rather than later.

The agenda here is not to encourage perpetuity foundations to use PRIs as a substitute for existing levels of grant spending, but rather to urge them to consider PRIs, mission investments, and social investments as a complement or supplement to their 5 percent grant-making budgets.

Others, like the Casey Foundation, have decided to sustain an annual spending rate of above 7.5 percent, even at the risk of diminishing the real or absolute value of our endowment over time. But most independent foundations remain committed to the notion of perpetuity and thus to preserving the real value of their endowments well into the future. These are the folks who have and will continue to resist legislative proposals to raise payout rate thresholds at the federal level. However, they may also be the most important target for advocates of PRIs and social investing to reach out to and engage.

The agenda here is not to encourage perpetuity foundations to use PRIs as a substitute for existing levels of grant spending, but rather to urge them to consider PRIs, mission investments, and social investments as a complement or supplement to their 5 percent grant-making budgets. Increased take up of social investing by mainline foundations (even one or two or three percent of their portfolios) would add scores of millions of dollars to charitable purposes without directly threatening the right to permanently preserve and protect endowment values.

I don't think Casey—and I don't think most ambitious foundations—can accomplish what it really wants to accomplish without learning how to creatively invest more of its assets in mission-related purposes.

Put simply, expanding return-bearing, recycling PRIs may be the most practical way for the philanthropic sector to increase the percentage of its tax-exempt wealth going to charitable objectives.

The final reason why Casey—and why I think the field—needs to deepen its commitment to intelligent social investing is the most important reason. Put plainly, I don't think Casey—and I don't think most ambitious foundations—can accomplish what it really wants to accomplish without learning how to creatively invest more of its assets in mission-related purposes.

Let me try to illustrate. The Casey Foundation exists to reduce the gap in opportunity that exists between advantaged and disadvantaged kids in this country. It's a big gap and there are at least 10 million American kids on the disadvantaged side of that divide.

The Casey Foundation's \$200 million in annual spending isn't going to close that gap. It isn't going to change the economic prospects of the millions of poor families whose kids are at risk. It isn't going to reconnect the disinvested, concentrated-poverty communities (where most at-risk kids live) to the nation's mainstream economy. In fact, if Casey granted all its \$3 billion endowment

tomorrow on the best grants we could make, I'm not sure we'd move all that much closer to realizing our mission.

The reason is that most of the social, human, health, economic, and environmental problems that foundations want to solve are well beyond the reach of even a trillion dollars worth of charitable spending. What ultimately happens to people, places, opportunity, the environment, health care, education, race relations, poverty, and family structure does not turn on how philanthropy behaves, it turns on what the government does and what private markets do.

In my view, foundations with ambitious missions will only succeed when they learn how to use their resources to encourage greater alignment between public policy, private markets, and socially desirable goals.

The subject of philanthropy's intersection with public policy is a huge and critical one, but it's a subject for another time. What I want to leave you with is a focus on the potential of philanthropy to help private markets contribute more constructively to socially desirable outcomes. I'm not suggesting we persuade the private sector to become charitable; they can't and they shouldn't.

But the behavior of our sector—as investors, as lenders, as guarantors, as depositors, as loss insurers, as stockholders, as creditors, as information suppliers, as patient capital—can influence private market behavior. We can shape capital flows, capital costs; we can influence the speed and scale of investment and development; we can underwrite costs of new, more-constructive financial products; and we can reduce the risks faced by private investors when we ask them to invest in people, places, projects, and purposes

that heretofore have not been seen as competitive or prudent opportunities.

PRI making is, I think, at the cutting edge of this potentially transformative change in the use of foundation resources to advance our charitable missions. We are at the very beginning. I think we are only glimpsing at the possibilities and the potential. We need to foster experimentation, honestly measure results, scale up effective efforts, document best practices, and reach out to a much larger segment of the foundation world.

A lot of important progress is possible here and that's why I think the work of this network is so critical to the future of ambitious philanthropy in the United States.

A Propitious, Healthy, and Practical Time

ANNIE E. CASEY FOUNDATION STAFF MEETING
BALTIMORE, MARYLAND
SEPTEMBER 2009

Next April will mark my 20th anniversary at Casey. After thinking about it for a couple of years now, after lots of planning with the Board and long talks with Ralph and Patrick, I have concluded that next spring—my 20-year milestone—would be the right time to retire from this wonderful job as Casey’s reputed boss.

I think it’s going to be the right moment for lots of reasons.

First and most important, it’s the right time for the Foundation. Casey has never been stronger. We have never been more ready for a positive transition. The “realignment and repositioning” effort that we started two years ago was a deliberate effort on my part to get all of us to agree on a framework for the future—to build a solid platform for the next decade. I think we have succeeded. We’ve succeeded not only in reaching sound conclusions, but in winning full ownership of our vision by our Board of Trustees.

Our Board has never been stronger. They believe as deeply as we do about the importance of: (1) our move to greater permanence in CFS; (2) our continuing commitment to juvenile justice and child welfare and education reform; (3) our dedication to measurement and results—to things like KIDS COUNT; and (4) our determination to continue using technical assistance and consulting to accelerate system change. They also agree that our work around family economic success, community change, and our bold experiments in Atlanta and Baltimore is work that must go on.

And while the Board wants us to protect our historic strengths, they also want us to remain open to innovation. They are eager, for example, to have us test the potential of Casebook and of “opportunity compacts.” They are also urging us to make “closing

the gap” in third grade reading a major Casey cause in the years ahead.

The Board has also championed our intensified efforts at integration. They are strong advocates for the administrative and functional integration we have recently completed between direct services and grant making. And they are even more enthusiastic about the strategic and programmatic integration they see us pursuing through the creation of the new “Center for Effective Family Services and Systems,” which under Patrick McCarthy’s leadership brings together: (1) our system reform demonstrations; (2) our CFS direct services; (3) our strategic consulting; (4) our practice-based technical assistance; and (5) our commitment to programmatic evidence and population results.

They are equally enthusiastic about the bringing together of our family economic success and community-building portfolios in a new “Center for Family Economic Success,” headed by Bob Giloth. And they believe both of these new Centers (CEFSS and CFES) ought to look to Atlanta and Baltimore and New Haven as places to test and coordinate their best ideas and approaches.

Maybe even more important, the realignment and repositioning has deepened the Board’s already strong confidence in Casey’s management and staff. The Trustees believe the addition of Ken Jones, Donna Stark, and Bob Giloth has made the Senior Leadership Team stronger; and they are right. They believe the broadening of the management committee, including the appointment of some new key players and the involvement of more CFS-trained leaders in Foundation-wide decision-making, will make us smarter and create a deeper bench. And they are right.

We have a Board that believes in our past, is engaged in our present, and thinks we are poised to get better and smarter and more effective in the future.

Finally, this Board believes, and with good reason, in the remarkable quality of our front lines and our rank and file on both the grant-making and direct services sides. They know we have assembled—and need to keep—the social workers, administrative assistants, receptionists, grants managers, accountants, researchers, program officers, communications folks, and technical assistance providers who are the envy of the field.

In short, we have a Board that believes in our past, is engaged in our present, and thinks we are poised to get better and smarter and more effective in the future. All of this means the Board is committed to seeking a successor who believes in our heritage and history, understands our present obligations and opportunities, who believes in our people and culture, and is committed to making us stronger going forward.

That's one important reason why now is a good time for Casey to begin making a leadership transition. But there is another timing consideration as well. I think we are well on our way to weathering the worst of the economic impacts of this terrible recession. Our belt-tightening will have to continue and we will need to sustain and deepen the breadth of voluntary sacrifices that staff and managers have already made. But if we do those things, then by next spring, we will have survived this storm. And we will

have survived it without the mandatory lay-offs and ultimately inefficient slash-and-burn budget cuts that have discredited and demoralized so many of our colleague organizations. In other words, by next spring our financial house will be in pretty good order for our next President. And we will have gotten through this crisis in a way that we all can be proud of.

In sum, this is a propitious, healthy, and practical time for this organization to make a change. We're ready. And new leadership won't hurt us, won't distract us, won't demoralize us; on the contrary, it will strengthen us.

Next spring is also a good time for me and my family. A couple of weeks ago I called Mary Ann Judge, a longtime CFS stalwart, to congratulate her on her service and on her retirement. I asked her—with a bit of a hidden agenda—how she picked her time to retire, and she replied, "You just know. Trust me, you'll know."

And she's right. I do know. Now don't get me wrong, I have loved this job beyond reason, and I love it today. I have been unbelievably lucky to find and keep a role which, from day one, fit me to a tee—fit with what I cared about, fit with what I was good at, and fit with what I believed in. On top of all that, and most important of all, this has been a job that allowed me the daily privilege of working with people I like, respect, and admire.

It has, in other words, been a dream job. And to make a very long story short, it's a dream that's come true. When I closed my eyes 20 years ago to daydream about the Casey Foundation, I imagined all sorts of fantastical things Casey could be and should become. When I closed my eyes ten years ago, I saw all the unfinished work, all the incomplete approaches, all the gaps in our talent and ideas.

But when I close my eyes today—to dream about what we should be—I see us as we are. Put simply, what I imagined for Casey, what I have hoped for this organization, how I wished the world would see us—a heck of a lot of those hopes, aspirations, and ambitions have been realized.

Of course, others should and will have richer, fuller, and bigger dreams, but mine have been fulfilled. And, truth is, you shouldn't monkey around too much with dreams that have come true, you should savor them.

I should also add that an important part of any dream job is that you feel needed, you feel useful, even indispensable at least now and then. I've often had the fun of feeling that way in this role, and I confess I truly enjoyed that sense of adding value and being needed.

But the honest truth is we have now built such a strong organization, such a deep and shared culture, such a strong management and leadership team, and such a quality staff from top to bottom that I am increasingly aware of being less important and less essential to our progress and our success. You might think that would be a disappointment. Ironically, it's a very fulfilling feeling.

It's also utterly true that I look forward to vastly more time with Linda and the kids, fewer airplanes, less scheduling. But none of this is to say I won't miss this job terribly. I will. Most of all, I will miss being so often with so many people I am crazy about.

That all said, I'm looking to an efficient and healthy transition over the months ahead. We've asked some of the wisest leaders in the field, including those who know us well, to help us create a

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diverse and talented pool of candidates. The Board has told us that our search should focus on internal and external candidates who both know and respect Casey's mission, history, and values, and whose work and character Casey people would respect in return. Trust me, we'll make a good choice, and we will make it by April.

In the meantime, we have lots of work to do, a transition to manage, and a successor to help select and support. My longtime side kick and right hand, Ralph Smith, who not only has had an immeasurable influence on this place, but who also knows better than anyone all of what this CEO role entails, has informed the Board that he does not wish to be a candidate. Fortunately, however, he has also assured the Trustees he will do everything he can to help us manage through this next year, and help us from being too distracted by the twists of organizational process and instead keep us—as he always says—“focused on the work!!”

Finally, I've worked for 25 years within 22 feet of Carol Skram. And at every point over that quarter century, when things got dicey, worrisome, uncertain, or frightening, she would invariably assure me: “It'll be fine.” She's always been right, and she's right again this time. Casey will be fine, our work will be fine, I will be fine, and most important, each of you will be fine.

Let me remind you in closing, it's a full seven months until April. There is a lot more work to do on realignment; there's a tough budget to build; and we have to wisely manage considerably more belt-tightening in the months ahead. Also, I am basically shy, sentimental, and I deeply love this place, so please do me a favor and don't make too much of this decision. Don't treat me like I'm dead. Don't make me cry, and get your work done.

