

Newsweek

Baltimore Burning: It's Not A Matter of Money. We Tried That

By [Michael Tanner](#)

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With the surety of night following day, the Baltimore riots have been followed by calls for more government spending to fight poverty in our distressed inner cities.

[President Barack Obama](#) says “massive investments in urban communities” could “make a difference right now.” [Representative Elijah Cummings](#), who represents Maryland in Congress, says, “We have to invest in our cities and our children.” And [House Democratic Whip Steny Hoyer](#), who also represents the state, says, “But we’re going to have to as a country invest if we’re going to have the kinds of communities we want.”

But the idea that we haven’t been “investing” in Baltimore is nonsense.

Federal and state money has been pouring into the city for decades. From fiscal years 2003 to 2013 (the last year for which [these reports](#) are available), Baltimore received at least \$2.4 billion in federal assistance and another \$1.8 billion in state aid. The city also received roughly [\\$1.8 billion](#) in federal stimulus money, of which more than \$1.4 billion has been spent so far. And this doesn’t count the billions of dollars received directly by the people who live in Baltimore through various social welfare programs.

Yet [nearly a quarter](#) of the people in the city still live in poverty, 65 percent above the national level. We’ve clearly been throwing a lot of money at poverty in Baltimore without much result.

Part of the problem, unsurprisingly, is that the city does not make very good use of the money it receives.

In 2012, for example, Baltimore received \$9.5 million in federal funds to deal with the city’s growing homeless problem. But according to an audit by the Department of Housing and Urban Development, the city did not properly monitor the homelessness funds, paid providers according to a preset formula rather than actual expenditures, lost track of money in several instances, and paid city staffers based on estimates, not the actual time they spent on grant activities.

The city ended up having to repay [nearly a third](#) of the money. Not to worry, though: Baltimore expects to receive [another \\$21.8 million](#) in homelessness assistance this year.

Similarly, the city may end up having to repay a [federal education grant](#) designed to help the city's poorest schools, after an audit by the Department of Education found that much of the money was actually used for dinner cruises, makeovers and meals.

And a [new audit](#) of a city program to help low-income families with heating and energy bills found that nearly 20 percent of payments were unsupported by paperwork, and others had missing or incorrect information. Some bills were paid multiple times, while still other payments were made to families that didn't live in the city.

But it's not just a question of waste, fraud and abuse. Even when the money was spent as intended, it has done little good.

Remember that \$1.4 billion in federal stimulus spending? According to the government's official website [Recovery.gov](#), that spending generated just 64 jobs (excluding jobs not started) as of the fourth quarter of fiscal year 2013, the latest quarter tracked.

The Washington Post reports how the federal and state governments spent more than \$130 million rejuvenating the Sandtown area in Baltimore where Freddie Gray was arrested. Barely half of the working-age population is employed, according to a [recent report](#) from the Justice Policy Institute and the Prison Policy Initiative.

The neighborhood lacks a supermarket or a single restaurant, not even a fast food outlet. More than 60 percent of people over 25 have less than a high school diploma, and almost half of current high school students are chronically absent. Life expectancy is 10 years lower than the national average.

Baltimore [spends \\$16,578](#) a year per pupil in schools, roughly 52 percent above the national average, and the [fourth most](#) of any major city. The majority of that money comes not from the city itself but from the state and federal governments.

Yet [more than a quarter](#) of Baltimore students fail to graduate from high school. [Fewer than half](#) of Baltimore high school students passed the last Maryland High School Assessment test. SAT scores for Baltimore students are [more than 100 points below](#) the national average.

Why do we think it will be any different this time if we simply throw more money at the problem? Worse, the focus on spending more money distracts us from those things we know actually do lift people out of poverty.

There are few better routes out of poverty than a job. [Fewer than 3 percent](#) of those working full time live in poverty. Yet Maryland has one of the most anti-business tax and regulatory climates in the nation. And Baltimore adds its own layer of [excessive taxes](#) and [regulatory](#) bureaucracy.

Education reform is another key to lifting people out of poverty. Drop out of school and you are likely to be poor. Graduate from college and you won't be. Yet, Maryland radically [restricts parental choice](#) and teacher accountability.

And any effective anti-poverty program will try to reduce out-of-wedlock birth and single parenting. Households headed by a single mother are more than [five times](#) more likely to be poor compared with married-couple families, but in Baltimore [two-thirds of the births](#) in the city are to unmarried mothers, and [almost 60 percent](#) of households are headed by single parents. Yet our welfare system continues to discourage family formation.

Of course we need to do something to lift the people of Baltimore and other struggling cities out of poverty. But that something is not continuing to throw good money after bad.

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