

The High Cost of Bad Outcomes in Ten Neighborhoods

State Can Reduce Costs Through Programs Like Harlem Children's Zone

Executive Summary

Ten neighborhoods in Maryland account for only 2 percent of the State's population but are taking up nearly one in seven state dollars on services for distressed families. The annual cost is \$66 million, based on extensive and unprecedented analysis. This high and highly disproportionate spending is caused by the particularly poor outcomes in these neighborhoods. Maryland can improve child outcomes and save money by replicating programs like the Harlem Children's Zone, which provides comprehensive prevention and opportunity services to families in distressed neighborhoods.

Background

Maryland is the wealthiest state in the country, but ranks 19th in child well-being.¹ The poor child outcomes leading to this disparity between wealth and well-being are often clustered in high-need neighborhoods. This analysis is an extensive and unprecedented examination of how much the State is spending to address these poor outcomes in a sample of high-need neighborhoods.

Methodology

Although there are high-need neighborhoods across the State, we examined neighborhoods in Baltimore City because there is extensive neighborhood-specific data on outcomes that is not available for neighborhoods in many other jurisdictions.

We ranked neighborhoods on 4 measures of child well-being: low birth weight babies; juvenile arrests; families in poverty; and child abuse and neglect cases.² We then selected the 10 neighborhoods with the worst overall ranking. These high-need neighborhoods are: Madison/East End; Southwest Baltimore; Upton/Druid Heights; Sandtown-Winchester/Harlem Park; Clifton-Berea; Poppleton/The Terraces/Hollins Market; Cherry Hill; Perkins/Middle East; Greenmount East; and Southern Park Heights.³

¹ Annie E. Casey Foundation, *2008 Kids Count Data Book*.

² We used Community Statistical Areas (CSAs), which are clusters of neighborhoods organized along U.S. Census Tract boundaries. For simplicity, we refer to these areas as neighborhoods.

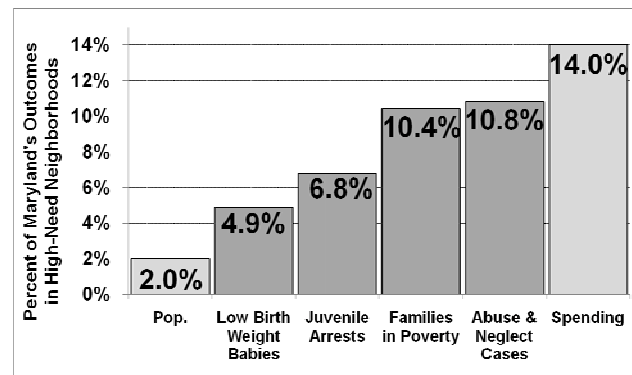
³ See Technical Appendix Table 1.

We then determined spending on the services most closely associated with these poor outcomes. We used the cost of providing health services to low birth weight babies, i.e., the cost of time spent in a neonatal intensive care unit (NICU). For juvenile arrests, we used the cost of placing delinquent youth in juvenile facilities. For abused or neglected children, we used foster care payments. Finally, for children in poverty, we used cash assistance provided to families.

We determined overall spending on these services in Baltimore City and/or across the entire State. We then allocated this spending to each of the 10 neighborhoods based on the portion of children with bad outcomes in each neighborhood out of all of the children with bad outcomes in the city or in the State. For example, if a neighborhood had 5 percent of overall statewide juvenile arrests, we allocated 5 percent of statewide costs of juvenile facilities.⁴

Findings

These 10 neighborhoods account for a highly disproportionate share of the State's bad outcomes. The neighborhoods include 2 percent of Maryland's population but account for 5 percent of low birth weight babies, 7 percent of juvenile arrests, 10 percent of families in poverty and 11 percent of abuse and neglect cases.



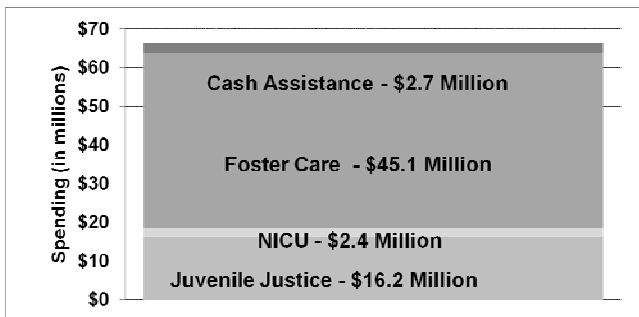
⁴ See Technical Appendix Tables 2 and 3. This methodology provides the best estimate of spending; exact spending by neighborhood is not available. Spending data are from *FY 2006 Baltimore City Children's Budget* and *FY 2008 Maryland Operating Budget*. NICU spending is actual FY 2007 expenditures supplied by the Health Services Cost Review Commission; Baltimore City NICU spending allocated by the percentage of statewide low birth weight deliveries occurring in Baltimore City.



While the neighborhoods make up 2 percent of the overall State population, the State is spending 14 percent, or 1 out of 7 seven dollars, in them (see chart above).

The neighborhoods are taking up a particularly disproportionate percentage of foster care and juvenile justice costs. One out of every 5 state dollars on foster care payments goes to one of these neighborhoods. Nearly 5 percent of foster care payments in Maryland were for children in Southwest Baltimore alone. The 10 neighborhoods accounted for 8 percent of state spending on juvenile facilities.

As reflected below, state spending in these neighborhoods is at least \$66 million per year.⁵



Source: See Technical Appendix

The expense of responding to bad outcomes is illustrated in a single neighborhood.

Cost of Bad Outcomes:
Sandtown-Winchester/Harlem Park

\$9 million in overall state spending per year:

- \$6.3 million in foster care payments for children who have been abused or neglected;
- \$2.2 million to incarcerate delinquent children;
- \$400,000 on cash assistance for families in poverty; and
- \$350,000 on low birth weight babies who need extensive medical care.

Discussion

When families do not have the resources they need, they can experience poor birth outcomes, extreme poverty and even break-up of the family through placement of youth in foster care or juvenile facilities. There are proven approaches that intervene with families before they are in crisis. Prevention costs far less than deep-end interventions. For example, pre-conception care for women costs much less than neonatal intensive care for sick newborns; Multi-Systemic Therapy for at-risk youth is much cheaper than juvenile incarceration; and supporting struggling families costs less than placing children in foster care.

Focused interventions in high-need Maryland neighborhoods can help families thrive, narrow the child well-being gap and save the State money. The Harlem Children’s Zone is a model approach for providing preventive services to families.

The Harlem Children’s Zone works with families in 100-square blocks in East Harlem, New York City, providing direct services to children from birth through college and helping parents improve their parenting skills and self-sufficiency. It provides parenting classes, a pre-kindergarten program, a charter school, a family support center and other integrated services.

For example, the Baby College is a 9-week series of workshops for parents and other caregivers covering topics like stages of development, discipline, bonding, safety, health, and nutrition. Eighty-one percent of Baby College graduates improved the frequency of reading to their children and 97 percent had up-to-date or scheduled immunizations for their children upon graduation. The Baby College costs approximately \$3,000 per graduating parent—compared to \$15,000 to care for a low birth weight baby or \$100,000 to hold a juvenile in a facility for a year.

Several groups in Maryland are planning to replicate the Harlem Children’s Zone. These efforts will likely be helped if President-elect Barack Obama moves ahead with his campaign pledge to assist replication in 20 cities. The Governor can also lead efforts in Maryland by designating a high-level point person to support community-based planning and implementation efforts.

⁵ This calculation does not include many other services provided to these children and families, e.g., police costs for juvenile arrests and special education costs for children harmed by a low birth weight.

The High Cost of Bad Outcomes in Ten Neighborhoods

Technical Appendix

Table 1: Ranking of Neighborhoods by Outcomes

Community Statistical Areas (CSA)	Overall Rank	Low Birth Weight (% of all births, 2005)	Juvenile Arrests (/1,000 children, 2005)	Abuse & Neglect (/1,000 children, 2001)	Families Below the Poverty Level (% of all families, 2000)	LBW Rank (1 = worst)	Arrest Rank (1 = worst)	Abuse Rank (1 = worst)	Poverty Rank (1 = worst)	Total of rankings (lower = worse outcomes)
Madison / East End	1	20.8%	124.5	16.8	34.6%	3	1	13	6	23
Southwest Baltimore	2	18.2%	97.3	24.2	28.8%	5	8	1	12	26
Upton / Druid Hts	3	13.2%	109.3	20.3	44.2%	24	5	5	2	36
Sandtown-Winchester / Harlem Pk	4	17.6%	92.3	17.1	32.4%	9	10	11	8	38
Clifton-Berea	5	16.9%	115.3	18.3	28.8%	13	4	9	13	39
Poppleton / The Terraces / Hollins Mkt	6	16.3%	68.6	20.7	39.2%	14	21	3	4	42
Cherry Hill	7	18.4%	72.6	15.9	38.3%	4	18	15	5	42
Perkins / Middle East	8	14.8%	72.0	19.7	44.6%	19	19	7	1	46
Greenmount East	9	12.9%	117.8	17.1	32.3%	26	2	10	9	47
Southern Park Hts	10	17.3%	101.6	12.2	27.1%	11	6	26	14	57
Midway / Coldstream	11	17.5%	116.1	14.1	20.4%	10	3	20	26	59
Edmonson Village	12	22.6%	81.6	16.9	11.8%	2	12	12	37	63
Penn North / Reservoir Hill	13	13.4%	78.4	14.5	30.6%	23	15	18	10	66
Pimlico / Arlington / Hilltop	14	17.9%	71.7	14.0	23.2%	6	20	21	20	67
Jonestown / Oldtown	15	12.9%	75.0	13.0	43.2%	27	16	24	3	70
Greater Rosemont	16	13.4%	88.3	15.4	23.0%	22	11	16	22	71
Midtown	17	15.0%	62.9	23.2	19.8%	17	25	2	28	72
Patterson Park N&E	18	11.5%	74.2	20.4	24.4%	35	17	4	17	73
Forest Pk / Walbrook	19	17.6%	79.8	9.2	19.9%	8	14	37	27	86
Brooklyn / Curtis Bay / Hawkins Point	20	11.4%	43.4	18.7	29.5%	36	34	8	11	89
Downtown / Seton Hill	21	14.0%	65.7	10.6	26.9%	21	22	32	15	90
Washington Village	22	14.9%	59.6	12.1	20.7%	18	27	27	25	97
Southeastern	23	10.2%	65.5	12.0	33.6%	40	23	28	7	98
Gr. Charles Village / Barclay	24	12.9%	65.2	9.4	23.6%	25	24	35	18	102
Westport / Mt. Winans / Lakeland	25	11.3%	62.0	14.3	23.5%	38	26	19	19	102
Greater Mondawmin	26	8.6%	92.8	12.8	22.0%	45	9	25	23	102
Allendale / Irvington / S. Hilton	27	12.0%	53.9	16.1	19.4%	31	29	14	29	103

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The Waverlies	28	9.3%	98.7	11.2	21.6%	42	7	31	24	104
Howard Park / West Arington	29	24.7%	48.0	10.4	10.7%	1	31	33	39	104
Belair-Edison	30	15.8%	80.5	8.5	11.9%	15	13	41	36	105
Claremont / Armistead	31	9.6%	29.5	13.7	25.5%	41	41	22	16	120
Greater Govans	32	14.7%	54.4	9.1	13.2%	20	28	38	34	120
Cedonia / Frankford	33	15.0%	39.7	8.4	15.6%	16	36	42	32	126
Orangeville / E. Highlandtown	34	6.9%	52.3	14.8	13.9%	49	30	17	33	129
Beechfield / Ten Hills / W.Hills	35	17.8%	31.9	8.1	8.7%	7	40	43	46	136
Dorchester / Ashburton	36	9.2%	43.9	9.3	16.9%	43	32	36	31	142
Chinquapin Park / Belvedere	37	12.3%	40.1	8.8	9.7%	29	35	40	42	146
Canton	38	4.3%	20.5	20.3	11.0%	54	49	6	38	147
Northwood	39	17.2%	34.5	5.4	7.5%	12	38	48	49	147
Dickeyville / Franklinton	40	11.7%	19.7	5.3	23.2%	32	50	49	21	152
Medfield / Hampden / Woodberry / Remington	41	6.1%	43.7	11.8	10.1%	51	33	29	40	153
Fells Point	42	8.4%	28.3	13.7	9.2%	47	42	23	44	156
Highlandtown	43	5.9%	33.1	9.1	17.2%	52	39	39	30	160
Glen-Falstaff	44	12.1%	19.0	6.3	12.5%	30	52	46	35	163
Lauraville	45	12.7%	27.2	7.4	7.1%	28	43	44	50	165
South Baltimore	46	8.4%	22.3	10.4	9.9%	48	47	34	41	170
Loch Raven	47	11.6%	24.6	6.9	7.5%	33	45	45	48	171
Inner Harbor / Federal Hill	48	4.5%	23.4	11.7	9.6%	53	46	30	43	172
Harford / Echodate	49	10.3%	19.6	5.8	9.0%	39	51	47	45	182
Hamilton	50	8.8%	37.2	4.7	5.5%	44	37	50	52	183
Morrell Pk / Violetville	51	8.5%	26.5	4.4	7.7%	46	44	51	47	188
N. Baltimore / Guilford / Homeland	52	11.5%	20.5	2.2	2.9%	34	48	53	53	188
Mt. Washington / Coldspring	53	11.4%	6.3	2.0	1.6%	37	54	54	55	200
Cross-Country / Cheswolde	54	6.3%	4.1	3.6	6.2%	50	55	52	51	208
Greater Roland Park / Poplar	55	2.0%	8.3	0.8	2.3%	55	53	55	54	217

Source: Baltimore City Data Collaborative

Table 2: Outcomes for 10 High-Need Neighborhoods

Neighborhood	Low Birth Weight (2005)				Juvenile Arrests (2005)				Abuse and Neglect (2001)			
	% of all births in CSA that are LBW	Raw # LBWs	% of city's LBWs	% of state's LBWs	Arrests per 1,000 children age 0-17	Raw # arrests	% of city's arrests	% of state's arrests	Indicated cases per 1,000 children age 0-17	Raw # cases abuse	% of city's abuse	% of state's abuse
Madison / East End	20.8%	37	3.1%	0.5%	124.5	377	3.7%	0.7%	16.8	55	3.1%	0.9%
Southwest Baltimore	18.2%	65	5.4%	0.9%	97.3	563	5.5%	1.1%	24.2	152	8.4%	2.5%
Upton / Druid Hts	13.2%	29	2.4%	0.4%	109.3	329	3.2%	0.7%	20.3	64	3.6%	1.0%
Sandtown-Winchester / Harlem Pk	17.6%	48	4.0%	0.7%	92.3	469	4.6%	0.9%	17.1	93	5.2%	1.5%
Clifton-Berea	16.9%	30	2.5%	0.4%	115.3	379	3.7%	0.8%	18.3	65	3.6%	1.0%
Poppleton / Terraces / Hollins Mkt	16.3%	14	1.2%	0.2%	68.6	103	1.0%	0.2%	20.7	31	1.7%	0.5%
Cherry Hill	18.4%	30	2.5%	0.4%	72.6	203	2.0%	0.4%	15.9	44	2.4%	0.7%
Perkins / Middle East	14.8%	16	1.3%	0.2%	72.0	162	1.6%	0.3%	19.7	47	2.6%	0.8%
Greenmount East	12.9%	21	1.7%	0.3%	117.8	379	3.7%	0.8%	17.1	59	3.3%	1.0%
Southern Park Hts	17.3%	44	3.6%	0.6%	101.6	449	4.4%	0.9%	12.2	59	3.3%	1.0%
<i>Combined</i>			27.6%	4.9%			33.2%	6.8%			37.1%	10.8%
Baltimore City		1,212		17.6%		10,266		20.4%		1,802		29.1%
Maryland		6,869				50,364				6,196		

Neighborhood	Families in Poverty (2000)			Population (2005)		
	% of families in poverty out of all families in CSA	Raw # families	% of city's families	Community population	% of city's pop.	% of state's pop.
Madison / East End	34.6%	725	2.6%	8,415	1.4%	0.2%
Southwest Baltimore	28.8%	1,389	5.0%	19,524	3.2%	0.4%
Upton / Druid Hts	44.2%	993	3.6%	10,020	1.6%	0.2%
Sandtown-Winchester / Harlem Pk	32.4%	1,263	4.5%	16,529	2.7%	0.3%
Clifton-Berea	28.8%	864	3.1%	11,600	1.9%	0.2%
Poppleton / Terraces / Hollins Mkt	39.2%	427	1.5%	5,303	0.9%	0.1%
Cherry Hill	38.3%	783	2.8%	7,764	1.3%	0.1%
Perkins / Middle East	44.6%	810	2.9%	7,112	1.2%	0.1%
Greenmount East	32.3%	837	3.0%	10,964	1.8%	0.2%
Southern Park Hts	27.1%	572	2.1%	14,560	2.4%	0.3%
<i>Combined</i>			31.1%		18.4%	2.0%
Baltimore City		27,864		608,481		11.1%
Maryland		83,232		5,461,318		

Source: All data from the Baltimore City Data Collaborative except: Baltimore City and Maryland poverty (Census 2000 - 1999 data), Maryland LBW (Vital Statistics 2000), Maryland arrests (Easy Access to FBI Arrest Statistics, OJJDP), and Maryland Population (ACS 2005).

Table 3: Allocation of Costs to Neighborhoods

	Medicaid NICU	Juvenile Jail	Foster Care Payments	Cash Assistance	Subtotal
Madison / East End	\$270,478	\$1,788,668	\$3,706,140	\$229,603	\$5,994,889
Southwest Baltimore	\$475,164	\$2,671,140	\$10,242,423	\$439,888	\$13,828,617
Upton / Druid Hts	\$211,996	\$1,560,933	\$4,312,599	\$314,477	\$6,400,006
Sandtown-Winchester / Harlem Pk	\$350,891	\$2,225,159	\$6,266,746	\$399,985	\$9,242,781
Clifton-Berea	\$219,307	\$1,798,157	\$4,379,984	\$273,624	\$6,671,071
Poppleton / Terraces / Hollins Mkt	\$102,343	\$488,681	\$2,088,915	\$135,228	\$2,815,168
Cherry Hill	\$219,307	\$963,129	\$2,964,912	\$247,972	\$4,395,319
Perkins / Middle East	\$116,964	\$768,605	\$3,167,065	\$256,522	\$4,309,156
Greenmount East	\$153,515	\$1,798,157	\$3,975,678	\$265,073	\$6,192,422
Southern Park Hts	\$321,650	\$2,130,270	\$3,975,678	\$181,149	\$6,608,746
Total	\$2,441,614	\$16,192,898	\$45,080,140	\$2,743,523	\$66,458,176
% of Total City Cost	27.6%	33.2%	37.1%	31.1%	35.4%
% of Total Cost in State Budget	4.9%	8.3%	21.2%	16.7%	14.0%

Service	City	State
NICU	\$8,859,989	\$50,213,917
Juvenile Incarceration	\$48,706,796	\$194,334,000
Foster Care Payments	\$121,426,625	\$212,227,312
Temporary Cash Assistance	\$8,824,371	\$16,400,000
Total	\$187,817,781	\$473,175,229

Note: This table shows the allocation of spending based on bad outcomes occurring in each neighborhood. For example, it is possible to determine the number of arrests in a given neighborhood, but information on the eventual outcome for specific arrested youth or data on the exact spending related to these arrests is unavailable. Therefore, spending was allocated based on the portion of bad outcomes in a neighborhood out of all the bad outcomes in the city and state (See Table 2) – the best proxy found. Indicators and spending categories were as follows: low birth weight babies = Medicaid NICU costs; juvenile arrests = juvenile incarceration; child abuse and neglect = foster care payments; and families in poverty = cash assistance.

Source: Baltimore City spending data are from the *FY 2006 Baltimore City Children's Budget* except for Medicaid neonatal intensive care unit (NICU) expenditures which are FY 2007 actual statewide spending allocated to Baltimore City by the percentage of statewide low-birth weight deliveries occurring in Baltimore City. Maryland spending data are actual FY 2006 expenditures from the *FY 2008 Maryland Operating Budget* except for Medicaid NICU spending which are actual FY 2007 expenditures supplied by the Health Services Cost Review Commission.