

Budgeting for Opportunity

How our Fiscal Policy Choices Can Remove Barriers Facing Marylanders of Color and Advance Shared Prosperity

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Our State Budget Can Be a Tool for Increasing Opportunity

*Yesterday's Choices Built
Barriers—Today's Can Take
them Down*

Yesterday's Choices Shape Today's Opportunities

1664:

Maryland General Assembly legally enshrines lifelong slavery

1911:

Baltimore creates nation's first formal residential segregation system

2004–2009:

Wells Fargo targets predatory loans to Black Marylanders

2016:

U.S. Justice Department finds systematic discrimination by Baltimore Police

Yesterday's Choices Shape Today's Opportunities

- Typical Black-headed households in Maryland take home **\$26,000** less each year than white households
- Even high-income Black families are more likely to live in struggling neighborhoods

| Average Neighborhood Income | | |
|-----------------------------------|------------------|------------------|
| Household Income | White Households | Black Households |
| \$60,000 to \$74,999 | \$98,000 | \$82,000 |
| \$100,000 to \$124,999 | \$109,000 | \$94,000 |
| Average Neighborhood Poverty Rate | | |
| Household Income | White Households | Black Households |
| \$60,000 to \$74,999 | 8.9% | 12.6% |
| \$100,000 to \$124,999 | 7.5% | 9.6% |

1 Source: MDCEP analysis of 2016 American Community Survey one-year estimates and 2012–2016 American Community Survey five-year estimates. Neighborhoods are defined as census tracts for this analysis.

Our Policy Choices Can Make a Difference

- 2009: Baltimore City launched B'more for Healthy Babies program in response to high infant mortality
- Results:
 - Infant mortality fell by 35% as of 2016
 - Black infant mortality fell by 39%
- There is a long way to go, but progress is possible


| Infant Mortality in Baltimore City (infant deaths per 1,000 live births) | | |
|---|---------|-------|
| | Overall | Black |
| 2009 | 13.5 | 18.5 |
| 2016 | 8.8 | 11.3 |
| Change | -4.7 | -7.2 |
| % Change | -35% | -39% |

Our Budget Choices Have the Power to Break Down Barriers

- If we set our fiscal priorities with an eye toward dismantling the barriers that hold many back, we can make greater progress toward shared prosperity.
- Every part of our state budget has implications for the kind of place Maryland will be.
- That means policymakers should consider racial and ethnic equity at every point in the budgeting process.
- As a first step, MDCEP assessed how targeted investments in three areas can put us on a path toward opportunity for all:
 - Supporting Healthy Communities
 - Building Strong Public Schools for All Children
 - Investing in Modern Transportation Networks

Supporting Healthy Communities

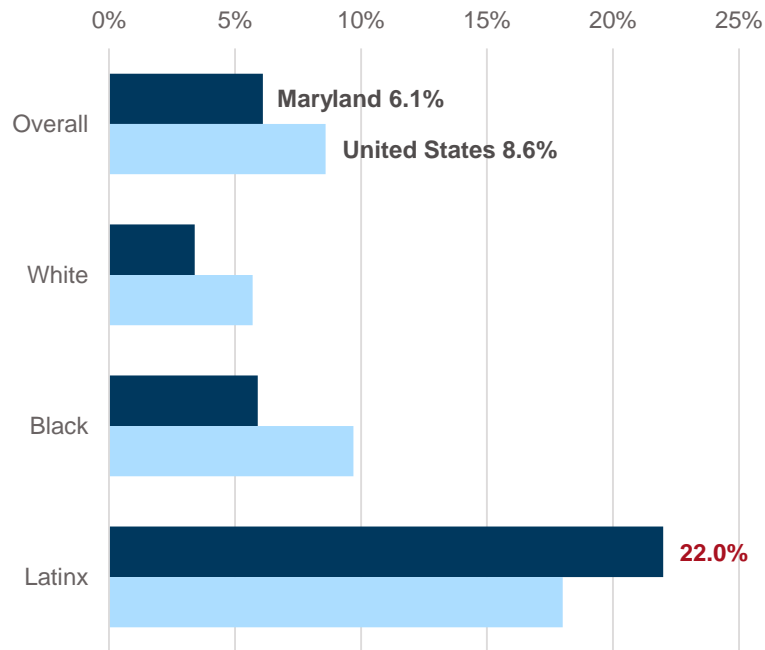
A Healthy Economy Starts With a Healthy Population

- Smart investments in public health can yield large benefits:
 - Less uncompensated medical care
 - Slower spread of infectious disease
 - Fewer early-childhood health problems that have long-lasting consequences
 - Today, Marylanders of color live with:
 - Less access to high-quality medical care
 - More exposure to environmental hazards
 - More health problems from infancy to adulthood
 - Higher risk of early death
- 

Expand Access to Care

Maryland Has Come Far on Insurance Coverage, but Too Many Are Still Unprotected

Percent without health insurance, 2016



Source: American Community Survey 2016 one-year estimates.

- State should use innovative approaches to expand insurance coverage
 - Medicaid expansion helped bring uninsured rate from 10.2% (2013) to 6.1% (2016)
 - 363,000 residents still lack insurance
 - Options: Medicaid buy-in, basic health plan, state-based Medicare for All
 - Top priority: Nearly half of uninsured Marylanders born outside U.S.
- State must fully fund health provider reimbursement rate adjustments
 - Meaningful access to care requires an abundant supply of medical professionals
 - Maryland Medicaid rates are becoming less competitive
 - Cutting planned adjustments to fill budget holes is an irresponsible strategy

Make Preventive Investments in Healthy Communities

- The state should make a bold capital investment in ridding homes, schools, and infrastructure of lead
 - 57% of children tested for lead poisoning in 2016 lived in 5 counties with the highest shares of Black residents
 - **69% of positive test results** occurred in these counties
- The state should build on Baltimore City's success in reducing infant mortality
 - Program includes home visits for expecting and new parents, access to contraception, and education on safe infant sleep practices.
- Families stay healthier when they can meet their basic needs, like putting food on the table
 - To improve parental nutrition, ensure families can afford healthy food **before and during pregnancy**
 - Expand Community Eligibility, school breakfasts so that no child goes to school hungry

1 Source: MDCEP analysis of childhood blood lead data from Maryland Department of the Environment.

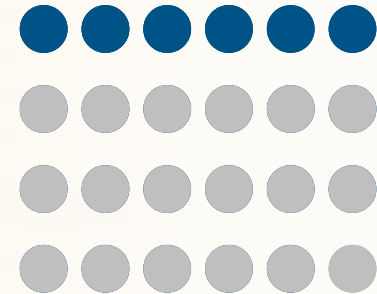
Building Strong Public Schools for All Children

Progress and Retreat

- Education is a pillar of Maryland's economy
 - A skilled workforce consistently ranks among businesses' top priorities when choosing where to locate
 - Public schools embody our commitment to provide all children the tools to participate fully in their communities
 - Marylanders pride ourselves on having great schools
- We made progress in early 2000s, then retreated
 - **2004:** Only **4** school districts met or nearly met adequate funding standards under Bridge to Excellence law
 - **2008:** After several years of full formula funding, **23** out of 24 districts were fully funded or nearly so
 - **2015:** Multiple years of effectively permanent cuts following the Great Recession brought the number of fully funded districts down to **6**.

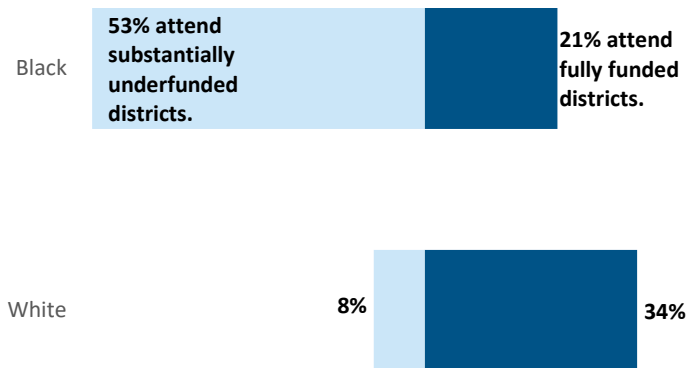
2015

Fully funded districts: 6



Commit to Equitable Funding

More than Half of Black Students in Maryland Attended Substantially Underfunded Schools as of 2015



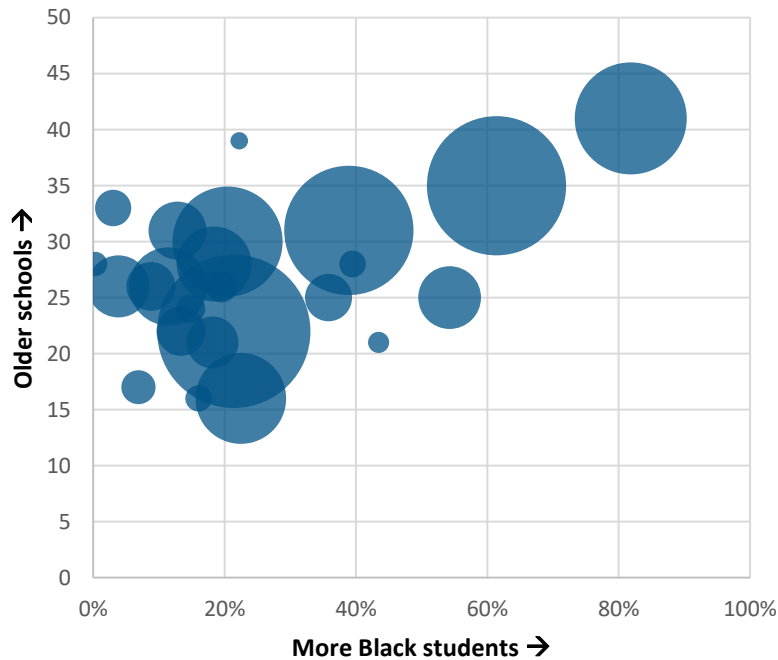
- The Kirwan Commission provides a rare opportunity to ensure all children get a world-class education
 - Updated formula must include resources to equip schools to overcome challenges posed by both racial segregation and concentrated poverty
 - Whenever possible, formula should explicitly target resources to achieve racial equity
- Policymakers must commit to fully funding the new formula
 - Don't respond to shortfalls with effectively permanent cuts to schools

1 Source: MDCEP analysis of DLS funding adequacy data and National Center for Education Statistics data on enrollment by race. Schools are considered fully funded if they are at or above 95 percent of the Bridge to Excellence adequacy standard. Districts are considered substantially underfunded if they are below 85 percent of the standard.

Invest in Modern School Facilities

Schools in Predominantly Black Districts Are Older, on Average

Square footage-weighted average age of school buildings in years by percent of students who are Black, 2015–2016 school year



- The state should make an aggressive investment in updating school buildings
 - Top priority: Aging facilities that serve large shares of Black students
 - The state should provide funding up front for projects in cash-strapped jurisdictions rather than relying on local financing.

Investing in Modern Transportation Networks

An Engine of Growth and Opportunity

- For our economy to fire on all cylinders, we must ensure that all Marylanders have reliable transportation to good jobs.
 - Effective transportation networks support growth by bringing people to work and goods to market.
 - Without reliable transportation, it's impossible to get and keep a family-sustaining job.
- Our past choices have left many Marylanders of color without good transportation options.
 - Legacy of residential segregation
 - Unbalanced infrastructure investments
- As a result:
 - Black workers spend more time commuting than white workers, on average
 - The difference is widest in predominantly nonwhite areas.

Black Workers Face Longer Commutes

Northwestern Anne Arundel County

Southern Prince George's County



- **56%** of residents are white.
 - Average commute: **30 minutes** each way.
 - **15%** of workers commute more than **45 minutes** each way.
 - Black workers spend an additional **28 hours** commuting each year.
- **75%** of residents are Black.
 - Average commute: **41 minutes** each way.
 - **30%** of workers commute more than **45 minutes** each way.
 - Black workers spend an additional **55 hours** commuting each year.

1 Source: MDCEP analysis of 2012–2016 IPUMS American Community Survey microdata.

Make Targeted Transportation Investments

- The state should invest in improving transit service in areas that are currently underserved.
 - Options include putting more buses on the road to increase frequency as well as larger-scale changes such as bus rapid transit.
 - Top priorities: Areas with longest commutes, like southern Prince George's County, and areas with widest Black-white differences in commuting time, like East and West Baltimore.
- In parts of our state where driving is the best or the only option, we should expand access to cars.
 - Support low-cost auto insurance for drivers who are excluded or priced out of the private market.
 - End damaging practices like driver's license suspension for unpaid fines.

Tackle Housing Segregation

- Most powerful tool for improving transportation options: meaningfully integrated neighborhoods
- Policy tools:
 - Large-scale investment in mixed-income, permanently affordable housing across the state
 - Prohibit landlords from discriminating against tenants who use housing assistance

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