



Written by [Michael Tennant](#) on March 8, 2012

## Motor City “Stimulus”: \$148,000 to Dress Two Low-income Job Seekers

According to the [Detroit News](#), a city audit of the DHS — already in trouble for “chronic mismanagement of federal funds,” including “the purchase of \$182,000 worth of high-end furniture for a department office” — found that the department had essentially handed the cash to a third-party contractor with no oversight whatsoever. As one would expect, things did not quite turn out as advertised.



The DHS used the \$11 million grant to open a service center that included the Customer Choice Pantry, the New Beginnings Clothing Boutique, and a call center. The boutique’s purpose was to provide business attire for low-income residents to wear to job interviews; anyone seeking such attire had to have an interview scheduled first.

According to the audit, the DHS hired a contractor to run the boutique. The “contractor advanced \$148,000 to a downtown Detroit clothing store and opened an account, but did not include the city on the account,” the *Detroit News* writes. City officials were not involved in negotiating the purchase of clothing, and the contractor “did not provide proof of the receipt of the clothing to auditors,” says the paper. In fact, the contractor was so intent on keeping officials in the dark that he didn’t even give them keys to the boutique!

“The potential loss of thousands of dollars exists because controls have not been established for the boutique,” the audit said. “Failure to maintain an adequate inventory system results in the inability to efficiently monitor and safeguard inventory and to identify inventory losses from theft and damages.”

The DHS had forecast that the boutique would serve 400 people between October 2010 and September 2011. At \$148,000, that comes to \$370 per person — more than enough to buy a decent suit of clothes.

However, the audit reported, “the DHS was only able to provide the auditors with two referral forms signed by two clients documenting that they received clothing from the boutique.” In other words, the cost of clothing each job seeker was \$74,000. For that price each one could have been outfitted with about 37 [Armani suits](#).

“The department did not give a reason for not reaching the goal of providing 400 people with clothes,” says the *Detroit News*.

One needn’t be a detective to figure out why things turned out as they did. DHS officials were not spending their own money, so they had no incentive to ensure that it was spent wisely or achieved the desired outcome. They had merely to disburse the money — minus a cut for office furniture and other perks for themselves — and then pat themselves on the back for having helped the poor.



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Taxpayers, meanwhile, are expected to judge the program on the basis of its intentions, not its results. They certainly are not to point out that the boutique program, like the fabled emperor, had no clothes.

None of this would have happened, of course, in the absence of the unconstitutional boondoggle known as “economic stimulus.” Detroit, already in dire financial straits, simply wouldn’t have had that kind of money to throw around. With the stimulus law, on the other hand, the city was presented with a giant slush fund of “free” money, with predictable results: waste, fraud, and corruption, but little help for the people supposed to benefit from all the spending.



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