

IS TENNESSEE *park* A REPORT



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UNMASKING WASTEFUL GOVERNMENT SPENDING



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INTRODUCTION

The *Tennessee Pork Report* is celebrating its 10th Anniversary exposing government waste, fraud, and abuse. Despite a decade of thorough and expansive reporting, it seems that state and local officials are bent on ensuring that this publication will not be able to retire anytime soon. In fact, 2015 will fittingly mark this milestone year with the most waste, fraud, and abuse in *Pork Report* history: a whopping \$763 million of your money, down the drain.

While many lawmakers are quick to tout Tennessee's laudable record of being a low-debt, taxpayer friendly haven in comparison to many of our counterparts, we hope the *Pork Report* serves to remind them that we won't let these accomplishments act as a smoke screen for fiscal irresponsibility or disrespect for those they're elected to represent. At a time when many Tennesseans are struggling to find light at the end of the tunnel amid a years-long recession, taxpayers should justifiably be weary of runaway spending financed on their backs.

State and local government officials in Tennessee should be combing their budgets to slash irresponsible and unnecessary pork projects with the goal of restoring a higher standard of accountability. Fortunately for these lawmakers, the *2015 Pork Report* offers them a menu of options to send to the chopping block, such as:

- Our Pork of the Year: State officials spending an outlandish \$46,000 on a new state logo that is merely a red box with a blue line beneath it, along with the letters "TN" inside the box.
- Tennessee taxpayers sending over \$165 million to Volkswagen, who against their employees' expressed wishes, are courting UAW with potential of becoming their gateway to the South.
- A Hamblen County employee stealing nearly a quarter million dollars of taxpayer money for personal use, which included numerous ridiculous purchases such as a trip to Disney World.

Although federal politicians and bureaucrats are certainly responsible for more than their fair share of waste, we must fight the urge to blame all of our fiscal problems on Washington. By casting a scrutinizing eye at the state and local levels, we can begin to root out senseless waste and prove to Washington that states can be more efficient stewards of taxpayer dollars. From broken promises by government officials, to a lack of oversight, to fraudulent scheming, to simple laziness, taxpayers should pay more attention to the offenses taking place in their own backyards.

Armed with the information exposed within these pages, Tennesseans can send a clear message in 2015 that they want a more accountable and transparent government.

A PORKER OF A STATE BUDGET

Movin' On Up

In April 2015, Gov. Haslam announced his final \$33.3 billion budget that included a taxpayer handout of \$120 million to fund a new building for the Tennessee State Museum. According to members of its board, the museum's artifacts and displays are feeling a little "cramped" inside the Tennessee Performing Arts Center (TPAC). The state was feeling rather benevolent with your hard earned tax dollars, so officials decided against simply renovating the existing building. The new structure is expected to cost a total of \$160 million when it's all said and done, with a mere \$40 million of that coming from private funders.¹

Show Me the Money

Speaking of TPAC, year after year, Tennessee taxpayers shell out financial sustenance to the downtown Nashville theater. The state's 2015 budget calls for another \$300,000 in public funding for TPAC, despite the fact that it nominally serves a fraction of the population able to afford tickets.² Instead of raising curtains on the state's dime, TPAC should independently seek support from private donations like most nonprofits. This year should mark the state's last encore of funneling taxpayer dollars just so a select few can watch a good show.

Runaway Spending on Display

When we reported the \$250,000 taxpayer handout to the National Civil Rights Museum in the *2014 Pork Report*, we thought that was a hefty price to pay. State officials apparently disagreed, as they gifted the museum with \$50,000 more in 2015.³ This should beg the question: If the museum was considered a desirable locale for tourists and residents, should it need increased financial assistance from the state? Surely we can decide what we believe to be valuable uses of our time without the state telling us what merits our patronage. Such handouts decrease incentives for the museum to be creative in attracting new visitors, while crowding out opportunities for local philanthropy that might one day keep the museum operating at peak performance if state funds were to disappear.

Beauty is in the Eye of the Taxpayer

With all the millions of dollars going to pork up the arts, you'd think we could deem these projects sufficiently fatty. Think again. In addition to the individual projects listed above, the state also doles out \$6.5 million each year to the Tennessee Arts Commission.⁴ This means that taxpayers of all stripes who may have completely different interpretations of "quality art" are forced to pay for projects that potentially violate their belief systems, or in the very least, offend their senses. Perhaps the next project the state could fund is a picture of an exit strategy for financing the arts.

It Pays to Play

As we've cited in previous *Pork Report* editions, there are few more egregious and repeated mistakes than the constant funding of a doomed project like TNInvestco. In 2009, the state started financing the program aimed at incentivizing investments in start-up companies. With an original allotment of \$120 million in tax credits, these were expanded to \$200 million just one year later. These credits were converted into investments in a number of small businesses. In 2015, TNInvestco stands to receive an additional \$30 million from taxpayers—equal to the 2014 payout.⁵

From the beginning, Beacon has strongly opposed such an arrangement, which is fundamentally flawed and seriously lacking in transparency. Our *2014 Pork Report* broke down the costs, noting that TNInvestco pays an eye-popping \$79,428 for each new job, many of which aren't even located in Tennessee. Without accountability, it is difficult to rein in the program or justify these exorbitant costs. Instead of beefing up a few favored companies, state leaders should reduce business taxes across the board, in addition to repealing the Hall Income Tax on investments that discourages the very entrepreneurship they claim to promote with TNInvestco.

Why Can't We All Just Get Along?

The Tennessee General Assembly has been financing so-called “development districts” since 1965. With the mission of promoting “intergovernmental cooperation on growth and development issues,” these development districts have no specified purposes beyond this broad definition and lack any sort of accountability to taxpayers.⁶ We reported last year that the Federal Bureau of Investigation charged the head of the Upper Cumberland Development District, Wendy Askins, with embezzlement and money laundering, amongst a spattering of other charges. Don't remember her? She's the one that got rich off taxpayers, living in a mansion intended to house retired low-income seniors.

This year, these nine development districts stand to receive \$1.6 million from taxpayers—an increase of nearly seven percent from 2014—to continue “cooperating on growth” across the state.⁷ Hopefully this means something other than abusing power and wealth at the expense of the public, but it's hard to tell.

Big Brother Coming to You in Prime Time

We hope you enjoy the riveting television programming brought to you by the state's public TV channel for a meager \$2.8 million this year.⁸ As if we don't have enough trash to pick through on our TV sets each night, we can continue adding this one to the pile. The fact that we're being supplied with a constant stream of government-filtered content is just the cherry on top.

Have A Seat

When asked, most folks would likely claim that they are fond of their state and local parks. But what

if we told you that taxpayers are paying an additional \$1 million for new furniture to retrofit these parks in 2015? That may make you wonder why the benches under the shade trees aren't leather or reclinable. Sure, maintenance is occasionally needed, but this new expenditure brings up a point we've been making for years: if private ownership maintained these parks, taxpayers wouldn't be on the hook for the new furniture. The state already spends over \$13 million per year to purchase private land for public use. In some cases, this land is never converted to a park or green space, leaving taxpayers holding the bag for property that sits idle and unable to be purchased for more valuable uses. And now we're forking over an additional \$1 million for new furnishings.⁹ Let's hope they're comfy.

Watch It Burn

Tennessee is spending big this year on film and television incentives, designed to lure and keep production in the state. But half the \$16 million state taxpayers will hand out to film companies in 2015 will be gobbled up by the TV show "Nashville." Other parts of the state will be relegated to supporting roles, with Memphis receiving \$4 million, Knoxville taking in \$2 million, and the remaining \$2 million being spread across the rest of the state.¹⁰

Rather than pony up more money for these areas in the name of equitable funding, state government needs to turn off the lights on these incentives altogether. Studies show that, at best, for every dollar doled out in film incentives, taxpayers get back a paltry 30 cents.¹¹ And to boot, rather than attract new production, much of the funding is thrown at existing shows and films that hold government officials hostage for more money. Such is the case with "Nashville," which threatened to film elsewhere if state and local taxpayers didn't fork over more dough for the show's most recent season.

Thinking Inside the Box

State officials made a splash in May when word leaked that Tennessee was undergoing a rebranding. Tennessee has long been known for its tri-star image: a blue circle around three white stars representing the state's three Grand Divisions. But intrepid reporting by *Tennessee Watchdog* (a former publication of the Beacon Center that now operates independently) revealed that the state had plans to ditch that long-time image for something, well, a bit simpler. The new state logo is about as boring as it gets. In the new design, a red square is underscored by a blue stripe, all outlined in white. And the letters "TN" are slapped atop the square in what appears to be a basic Times New Roman font. This hideous red box will replace multiple agency logos on all state letterhead and websites.



An internal Beacon test run shows that graphically illiterate think tankers could have designed this logo in Mac Paintbrush in approximately one minute and 45 seconds (proof has been provided in the form of our own rebranded *Pork Report* logo).

Alas, state officials farmed out their design to GS&F, a "Fully-Integrated Nashville Advertising Agency."¹² Apparently GS&F also has access to Mac Paintbrush. But this new logo didn't come cheap to state taxpayers. As WSMV Channel 4 News discovered, taxpayers forked over \$46,000 to

design the new red box with a thin blue line.¹³ That does not include costs of the logo's transition as it replaces the various existing logos on signage and letterhead. Tune into the *2016 Pork Report* for those costs.

Look Our Way!

This year will go down in history as the year of “LogoGate.” As if spending \$46,000 on new branding for that glitzy and awe-inspiring red box wasn't enough, taxpayers also shelled out an additional \$7 million in “Tourist Development Administration and Marketing” to showcase the Tennessee brand to prospective visitors.¹⁴ But wait, you ask, wasn't this the sort of thing that financing the TV show “Nashville” was meant to do? Yet again, we remind folks that if the private sector had more ownership over parks, stadiums, museums, and the arts, then it would also be incentivized to promote tourism—at its own expense, not the taxpayers’.

Working Hard for the Money

Good business owners are constantly searching for how to get a leg up on their competition. It seems that the government is eager to help *some* of them out. Thanks to taxpayers, the state will pick and choose businesses from certain sectors of the employment market and compensate them for new recruitment and training. Calling it his Jobs4TN plan, Gov. Haslam unveiled the program in 2011 as a blueprint for economic growth that leveraged existing assets (translation: taxpayer money) in each region by giving handouts to current businesses for expansion and competition. If it seems like the government is stacking the odds in favor of a select few by paying them with state dollars to compete against other businesses, it's because we are.

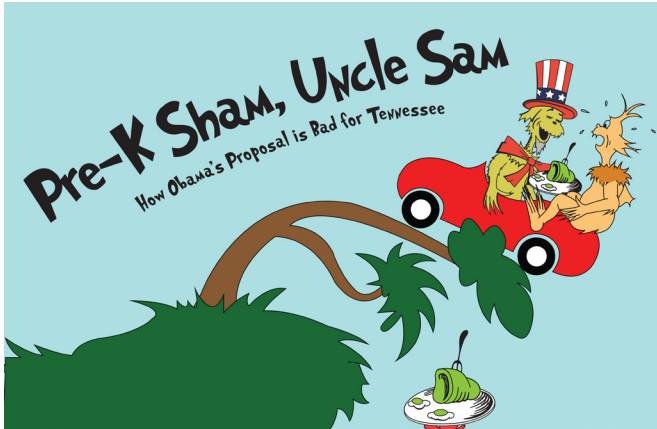
In 2015, these fortunate companies receiving Jobs4TN cash will get an additional \$50 million for job development and \$12 million for training, primarily geared towards those in the automotive, chemical, transportation, distribution, healthcare, advanced manufacturing, and energy fields.¹⁵ People are always looking for the next “get rich quick” scheme. It seems that Jobs4TN might be a blueprint, but not the one we want for Tennessee taxpayers.



How Communist China Got Your Tax Dollars

These pages have long been critical of corporate welfare, where the government doles out taxpayers' hard-earned money to politically connected, massive corporations. But it stings even more to discover when those tax dollars go not to a well-heeled company, but a communist dictatorship. Take the case of Cirrus Aircraft, which in May announced an expansion into Knoxville to much pomp and circumstance. The new “Cirrus Customer Experience Center will be the central location for all Cirrus Aircraft pilot, owner and customer activities,” noted a press release of the expansion.¹⁶

Missing from the announcement were two key facts. One, that Cirrus will be the recipient of a rumored \$2 million in corporate welfare from Tennessee taxpayers. And two, the chain of command for the company leads straight to communist China. Cirrus is owned by the China Aviation Industry General Aircraft, which is owned by the Aviation Industry Corporation of China. AVIC, as it's known, is in turn owned entirely by the Government of the People's Republic of China.¹⁷ When these pesky little facts come to light, it's more than Tennesseans' faces that will turn red.



The Babysitters Club

“We do not like a Comptroller’s study showing no benefits past 2nd grade; Even Pre-K supporters at Vanderbilt could not see a favorable shade; We do not like it with your lofty social schemes; Promise Neighborhoods and Home Visiting from bureaucratic teams; No, we do not like this Pre-K scam; We do not like it, Uncle Sam!”

So reads the “Green Eggs & Ham” inspired infographic that Beacon created last year regarding the advancement of President Obama’s federal Pre-K program in Tennessee.

Already, taxpayers have shelled out hundreds of millions in years past for this program that studies show has no measurable benefits to participating children beyond the 2nd grade level. In short, we’re forking over millions for a state-based babysitting service. Unfortunately, the insanity continues. Be prepared to hand over another \$91.2 million for early childhood development this year, most of which will fund the Pre-K program and, to put a bow on it, an additional \$12 million for Pre-K “Intervention Services.”¹⁸

When the Lights Go Down in the City

Given Gov. Haslam’s own experience with being burned by “verbal agreements” his administration made with Volkswagen when they proposed expanding in our state, we’re unsure why he was so willing to trust one with the federal government when he introduced his Medicaid expansion proposal, Insure Tennessee. Taxpayers, Chattanooga Volkswagen plant employees, and the governor’s administration learned this the hard way last year, after announcing \$235 million in state and local incentives for Volkswagen to expand its plant in Chattanooga. The Haslam administration also claimed the plant would respect the wishes of its employees by allowing them to decide whether or not they wanted to unionize under the infamously destructive United Auto Workers (UAW).

Instead, we saw the employees hold a vote that defeated the proposed UAW representation, only to have Volkswagen turn around and announce that it would welcome the union into its plant so

they could entice employees to join anyway. Translation: Volkswagen disrespected its employees' expressed wishes, invited the UAW bosses in, and is allowing them to pressure Chattanooga employees into joining their fold. In the meantime, an employee has been "let go" under suspicious circumstances he claims were due to his outspoken disdain for the UAW's agenda. Despite these developments and questionable activities, Tennesseans will still give Volkswagen a fat check this year—in the sum of \$165.8 million for plant maintenance and infrastructure.¹⁹ Given the surge of UAW presence in the community, we hope that 40 percent of the lights don't go out in Chattanooga like they did in Detroit.

Jailhouse Crock

Riverbend Maximum Security Institution opened in Davidson County in 1989 and consists of 20 buildings that house the majority of Tennessee's male death row inmates, 480 "high-risk" offenders, and 600 maximum and medium security inmates. The prison is touted as being "one of the state's most high-tech facilities."²⁰ Well folks, it's also about to become an institution with five-star amenities thanks to a state handout totaling \$1.4 million for 96 new double bunk beds.²¹ That breaks down to a ridiculous \$14,806 per bunk bed. We wonder what it's like to sleep in a multi-thousand dollar bed. If you want the experience, you may just need to become a dangerous felon.

TAKING THE LOCAL EXPRESS TO PORKVILLE

Another Brick in the Wall

Although Nashville is experiencing an economic boom, the term "affordable housing" is all the rage. Residents complain that as Music City rises in fame, so too do housing costs. Of course, simple economics can explain this phenomenon, but there is a rallying cry to stop evil developers from buying private property, "displacing" its owner, improving it, then selling it at a higher price. Never mind the value created by this, or the fact that the ability of many long-term residents to sell their homes for far more than they paid is a dream come true.

Having abundantly littered the town with gaudy art, the Nashville Arts Commission is getting in on the "affordable housing" craze. The commission recently burned more than \$3,000 on a song ballyhooing gentrification. The resulting music video—"Displacement Blues"—was produced by an outfit called the Shelby Bottom String Band.²² There's nothing like government stepping in to stop growth and gentrification, tearing down the dreams of poor homeowners brick by brick.

"Don't Leave Me This Way"

While this is a Tina Turner song, the sleepy town of Brownsville should be the one singing the tune. That's because the city recently forked over \$20,000 to honor the famous singer born in nearby Nutbush, Tennessee, just in time to celebrate Turner relinquishing her U.S. citizenship to live

permanently in Switzerland.²³ The money was used to move a one-room schoolhouse attended by Turner 15 miles away to be renamed the Tina Turner Museum. Word is Turner didn't fly home the nearly 8,000 miles for the museum's grand opening.

Can IKEA-P My Money?

IKEA, the chic furniture store, made waves across the state in early 2015 when it announced its first and only Tennessee store in Memphis. But the announcement didn't come cheap. In exchange for locating in the Volunteer State, IKEA received a handsome \$9.5 million in tax breaks.²⁴ That amounts to more than \$54,000 per job, a whopping 32 percent more than the average Memphis firefighter makes each year.²⁵ No wonder the Memphis Fire Fighters Association penned a letter to IKEA asking the company to forego the corporate welfare handout.

To fan the flames on the deal, firefighters and other Memphis residents cannot even take their frustrations out on their elected officials. That's because the corporate welfare package was approved by an unelected, unaccountable board known as the Economic Development Growth Engine, or EDGE. Deals like this show why it's time to assemble some accountability measures to keep bureaucrats from doling out taxpayer money unabated.

Powering Through Taxpayers

Google "government owned internet" and "deficits," and the results aren't pretty. Over the past several years, cities and public utilities have fancied themselves savvy internet providers. But they have racked up massive costs in the process. The most notable example in Tennessee is the Chattanooga Electric Power Board (EPB), which has spent more than \$111 million in federal tax dollars on its gigabit service. Unfortunately for taxpayers, EPB is not alone. A recent study found that nine government owned networks across Tennessee have squandered away \$194 million in taxpayer money, with two in every three networks operating at a loss.²⁶

Clarksville and Tullahoma are among the worst offenders, last year alone running deficits of \$1.2 million and \$2.1 million, respectively. This means less money for other government services, such as education and safety. A 2014 report concluded that the \$20.5 million Clarksville has thus far spent on its government owned network could have funded "108 police officers, 115 teachers, 110 firefighters, and five ambulances."²⁷

Bass Pro Jumps the Shark

The long-defunct Memphis Pyramid got a makeover earlier this year. It is now the home to the world's largest Bass Pro Shops. City officials have spent years preparing for the retail chain's launch inside the Pyramid, and they spent plenty of money to bring it to fruition. After a nearly two-year delay in its grand opening, Bass Pro received a total of \$48 million in taxpayer handouts to match the company's \$113 million investment in the new store.²⁸ That's almost double what city officials originally promised it would cost taxpayers to lure Bass Pro to Memphis. Those taxpayers are not only

padding the outdoor retailer's bottom line, they are funding a traffic headache as well. Recent reports of gridlock caused by the additional traffic have caused local residents to cry foul.²⁹ Barely open for a few months, it appears the fishing retailer has already “jumped the shark.”

This Ain't No Little TIF

Metro Nashville officials are fond of using tax increment financing (TIF) to build a better city. TIF “allows developers to get loans—using property tax money—to build in blighted areas.”³⁰ Some 40 years ago, one could certainly describe downtown Nashville as blighted. It was a seedy, dilapidated area. Metro officials argue that the use of TIF allowed them to turn the city around. Today, downtown is chock full of office towers, condominiums, honky tonks, shops, restaurants, and music venues. And construction cranes building even more dot the skyline. There is nothing blighted about the “it city.” Yet Nashville officials continue to dole out millions a year in TIF money.

To make matters worse, TIF proponents argue that the increased property value will lead to greater tax revenue, which can then be reinvested into government services like education and transportation. But not in Nashville. The \$1.7 million in TIF revenue generated annually by the “Batman Building,” the state's largest building? Redirected to fund the new Omni Hotel down the street. The \$1.6 million raked in from the Icon in the Gulch high-rise condo? Funneled into a new pedestrian bridge. Altogether, TIF cost the city \$17 million last year.³¹ That's property tax revenue that most taxpayers think is going to fund education, roads, and other city services, but is instead funding wealthy developers.



Fortunately, the state Comptroller, along with City Councilmen Emily Evans, Josh Stites, and Charlie Tygard are sounding the alarm. The Comptroller's Office even questions whether Nashville's practices break the law. Illegal or not, one thing's for sure: what they are doing is causing more than a little tiff with taxpayers.

Ah, the Good Ol' Days

Recently, a local resident sought information from Sumner County Schools. Like many residents seeking public records here in the 21st Century, the resident submitted his request to the school district via email. Their response? “Not so fast, techie.” His request was denied because the school district does not accept public records requests via email. Speak up, Sumner County. We can't hear you back there in 1952.

This would be knee-slapping hilarious if such stubbornness didn't cost Sumner County taxpayers an outrageous \$94,000 in legal bills defending the district's policy.³² As one observer noted, that's enough money to pay the salaries of two new teachers. I bet those teachers could even spend a little time after school bringing their bosses into the modern era.

SWINE-DLING TAXPAYERS



SNAP for Smack

The Tennessee Bureau of Investigation recently launched an investigation into a former Department of Human Services employee and an accomplice who allegedly created fake SNAP accounts—commonly known as food stamps—and sold them for money and drugs. According to reports, Tracey Deshaye Timbs and Matthew Scott Nichols are under investigation for the food stamps fraud ring. They are charged with

creating more than 40 false accounts and obtaining \$170,000 in fraudulent distributions from the SNAP program.³³ Fortunately for taxpayers, Timbs has been fired by the department, which requested the investigation.

Vroom Goes the Money

Former elementary school bookkeeper Shannon Williams enjoyed a nice shopping spree at taxpayer expense. From September 2011 through November 2013, Williams misappropriated school funds directed for the Elzie D. Patton Elementary School totaling at least \$8,646 “by making unauthorized personal purchases using the school’s Amazon.com corporate line of credit...Ms. Williams prepared, signed, and issued school checks to Amazon to pay related charges for at least 184 items for her personal benefit, including a \$2,099 vacuum cleaner, toys, clothing, and various art supplies.” By adding some of these personal purchases to legitimate transactions on behalf of the school, Williams attempted to conceal her activity from authorities.³⁴ Unfortunately, that two thousand-dollar vacuum can’t clean up the mess Williams now faces, nor remove the stains she made on the public trust of government-employed administrators.

PTO’er Goes Rogue

Who knew that a PTO president could operate a years-long money-laundering scheme like a budding mob initiate? It’s true, folks. We’re talking cash boxes under the bed, money transfers, and misnomers on check advances. A February 2015 Comptroller’s audit, in conjunction with the Tennessee

Bureau of Investigation, found that former Hilham Elementary School PTO President Tara Scott misappropriated at least \$10,465 in organization funds.

According to the report, Scott used two schemes to carry out her activities. From August 2012 through February 2014, she “failed to deposit concession cash collections totaling at least \$5,520 into a PTO bank account.” Instead, as she told investigators, Scott brought collections from volleyball and basketball games home and deposited them in a cash box under her bed. Scott claimed that “each time she retrieved the cash box in preparation for the next game, she found that the cash box had been emptied.” Imagine that! Yet, she failed to notify anyone about the cash strangely disappearing. Although she eventually admitted responsibility for the missing cash and failure to take preventative action, investigators also found that Scott transacted checks from PTO accounts to her name or “cash” totaling an additional \$4,945.³⁵ We’re not sure what’s worse: Scott’s actions or the failure of the Hilham PTO to explore why no concession money was ever retained from weekly games for over two years.

Revitalization Frustration

Imagine a parent giving a child his allowance before the work is completed on the premise that the child would perform the duty based on verbal confirmation. “Did you mop the floors upstairs? Yes? Great.” This is the scenario we saw play out between the Tennessee Department of Economic and Community Development (ECD) and Rockwood Revitalization, Inc. Despite receiving a state grant for visitor center improvements in the Roane County town, Rockwood Revitalization falsely reported to ECD that the job had been completed without ever having commenced construction. Although building materials were purchased for the project, as permitted by the grant, no work on the project was ever started during the grant period. Instead, materials were purchased for the project in the amount of \$10,633, some of which were never retrieved from the stores.³⁶ Yet, the state reimbursed Rockwood Revitalization in full for these purchases per the conditions of the grant. But wait, there’s more.

The City of Rockwood offered to give Rockwood Revitalization a parcel of land for visitor center construction, but the organization officials instead decided to purchase land from a vendor. They deposited a hold of \$500 and spent an additional \$1,613 for design plans that were never used. Apparently not satisfied with that location either, Rockwood Revitalization dropped \$24,385 on a purchase agreement, down payment, and insurance to buy an existing building that could be renovated into a visitor center, museum, and restrooms. Having spent all the available grant funds, Rockwood Revitalization is now on the hook for the remainder of funds necessary for the full purchase of this property. The president of Rockwood Revitalization informed investigators that the renovation is still not complete and Rockwood Revitalization doesn’t yet own the building. In addition, he and his mother loaned Rockwood Revitalization \$8,000 each to cover the balance due on the project. And the City of Rockwood still doesn’t have its facility.

Cruisin’

Some city councilmen and public works employees recently found out who their friends are—and they don’t include the mayor of New Johnsonville. A recent Comptroller’s report reveals that on

September 6, 2012, Mayor Lance Loveless asked the public works director and a city contract employee to drive a city-owned truck down to Columbia, South Carolina, to retrieve his newly purchased personal vehicle. But the city truck had a hiccup along the way. On the return trip back to New Johnsonville the following day, the two found themselves stranded in Unicoi County, about 375 miles from home. When they contacted Mayor Loveless about the breakdown, he authorized a towing service from Knoxville—also on the city dime. Even if they had AAA, that’s a pricey trip. In total, this little getaway for two city employees, plus the mitigating trouble, cost the City of New Johnsonville \$7,232.³⁷

Fuzzy Math

How would you like to be removed from a job, but continue to get paid? It seems the Meigs County School Department was obliged to provide this opportunity for its former interim finance director by issuing \$24,550 in unauthorized compensation from 2009 through 2013. According to an October 2014 Comptroller audit, these payments were made in addition to her regular salary as the interim finance director. What made matters more dicey for Meigs County was that the interim director receiving the questionable compensation could not recall why extra money was flowing to her coffers. For example, she was awarded an additional \$1,012 in June 2009, but could not remember there being a justification for this salary bonus, nor the one totaling \$1,041 she received four years later. Moreover, she continued to benefit even after her position was eliminated in November 2013, receiving an additional gross salary for the final 10 days of that month for \$1,201 for accumulated hours of compensatory leave. Conveniently, the time sheet used to justify the payment was lacking specific detail regarding when the compensatory leave was actually earned.

To make matters worse for the school department, this financial irresponsibility didn’t stop with poor personnel management. From October 2010 through May 2014, the school department expended more than \$96,500 for supplies from Decatur Plumbing and Electrical Supply, a business owned by a school maintenance employee. These expenditures violated the Board of Education’s conflict of interest policy, a finding the Comptroller’s audit cites as “a result of a lack of management oversight.” In all, this comes to a total of \$123,168 for Meigs County taxpayers.³⁸ That’s government for you.

Cooking the Books

It’s hard to be fiscally responsible and accountable when you’re spending someone else’s money. Just ask the Wayne County School Department. Using state and federal grant dollars intended to pay for regular instruction teachers and after-school help, a former grants coordinator and three former bookkeepers received unauthorized payments totaling almost \$180,000, despite none of them having worked in a teaching capacity.

It seems the bookkeeper had a “why stop there” mentality, also making purchases of more than \$77,000 in gift cards and related fees, as well as \$58,483 in groceries and personal purchases, including baby items and out-of-state purchases using the School Department’s Walmart credit cards. Yet, Wayne County apparently felt she and another bookkeeper should be rewarded for their resourceful behavior, granting them additional payroll checks totaling \$5,717 that were marked

as “void” in the accounting system despite the checks being cashed. When the Comptroller’s investigators finished with Wayne County, their findings of abusive practices with public funds totaled \$319,134.³⁹

An Artful Heist

A state audit of Humphreys County Schools revealed an artful heist taking place at the Lakeview Elementary School. The school’s art teacher went on a spending spree at Walmart, racking up nearly \$9,000 in expenditures. Purchases included “alcoholic beverages, clothing, food, cosmetics, a camera, iPad, DVDs, scrapbooking supplies, an Xbox membership, and gift cards.” To date, the teacher has only repaid \$1,780 to the school, but records also reveal she stole \$2,500 more from the school’s youth basketball league.⁴⁰ It’s government workers like this that paint a bad picture for taxpayers.

A.	Gas & Food Items		\$33,775.36
B.	Personal Purchases		
	Walmart	Dickies Work Pant	18.50
	Walmart	Dickies DBL Knee PNT	15.00
	Walmart	Samsung A107 GoPhone	29.88
	Walmart	Clothes	73.00
	Walmart	PP 335 SB Gas Trimmer	124.00
	Walmart	Dickie SS Twill Shrt	18.00
	Walmart	Dickie SS Twill Shrt	18.00
	Walmart	Kiwi LC Boot 54 blk (shoe lace)	2.00
	Walmart	Kiwi LC Boot 72 blk (shoe lace)	4.00
	Walmart	GE Comfort Flt Pant	17.00
	Walmart	Ge Opp Flat Khaki	10.96
	Walmart	Dickie LS Twill Shrt	19.97
	Walmart	Dickies Denim Shirt	20.50
	Walmart	SAN 16G SD	29.88
	Walmart	Fuji S2940 Dig Cam	159.00
	Walmart	1 YR ADH Plan	7.00
	Walmart	Pny 16GB SDHC	29.88
	Walmart	Camera Bag	14.00
	Walmart	Nikon L24	79.00
	Walmart	SD Card 32GB Imaging	35.88
	Walmart	Stain Away Plus (Denture Cleaner)	4.63
	Walmart	(Gateway) GW LT4010U Netbk	228.00
	Walmart	(Acer) AC A0725-0687 NB	198.00
	Walmart	Wireless Mouse M185	31.76
	Walmart	Liteon 8X Ext DVDRW (DVD Writer)	52.97
	Lowe's	Bolens 17" SS 2-cycle Tri	94.97
	J & W Surplus	Tactical Trousers Khaki 36x30	60.00
	Office Max	Ipad Screen Protector	19.99
			<u>1,415.77</u>
C.	Check - Rental of the Community Center		50.00
	Total Cash Shortage		\$35,241.13

Source: State Comptroller's Office

A Little White Lie

The Town of Gadsden’s mayor also serves as the fire chief, but according to the state Comptroller, he can add a third title to his resume: thief. The mayor/chief/thief siphoned off \$33,775 in gasoline, cigarettes, and food from a local convenience store. He documented that the gasoline purchases were for official city business, but later confessed that he was gassing up his own car. But he didn’t stop there. Records also show that he purchased a sundry of items from Walmart, Lowe’s, and OfficeMax, including clothing, computers, and denture cleaner.⁴¹ It appears even the town thief needs his pearly whites.

Like Mother, Like Daughter

Shirley Collins, the retired general manager of the Chuckey and Cross Anchor Utility Districts in Greene County, rode off into the sunset in fine fashion. That’s due in large part to the fact that her daughter, Kandie Jennings, was appointed to replace her upon her retirement. Ms. Jennings threw her mother one massive going away party, complete with “an 18-foot inflatable slide, an inflatable movie screen and projector, a Slushee machine, a cotton candy machine, and a hot dog machine,” as well as “50 pounds of pulled pork and 40 racks of ribs.” While this sounds like a fun party to attend, local taxpayers who were not invited to this awesome bash footed the nearly \$7,700 bill.

But apparently Ms. Jennings didn't think a retirement party showed enough daughterly love. She also doled out \$25,000 in bonuses to her retired mother and then signed her to a suspicious \$182,000 post-retirement employment contract.⁴² Like they always say, "mother knows best."

Jellin' Like a Felon

The City of Jellico had a penchant for neglecting nearly every guideline and law in the book this year. Although the Comptroller's audit report found a cash shortage of at least \$96,000, they believe the true total is likely much more.⁴³ Out of this missing money, city recorder Linda Douglas diverted \$71,000 for personal use, while in addition receiving unauthorized checks, paying for unauthorized personal travel, and using the city's fuel card for personal purposes to the tune of \$6,000. The city also spent \$17,000 on questionable disbursements to employees for personal fuel cards and Lowe's credit cards. The city had almost no safeguards in place to prevent this type of abuse. The city was not independently audited, did not have a certified finance officer, and had deficiencies or a lack of written guidelines for almost all of its procedures. Thankfully for taxpayers, this story has a happy ending. The now former city recorder was indicted on charges of theft and official misconduct.

The Power of Music

As these pages prove, government theft continues to be a big issue in Tennessee. Year after year, there are numerous stories of government employees stealing taxpayer money, and yet there has been little done to address the problem. There is no more offensive example of government theft than a former Alcoa City School District employee stealing a whopping \$500,000 in taxpayer money, some of which she spent on her iTunes account.⁴⁴ At \$1.29 per song, she could have downloaded about 388,000 songs, enough to fill more than 100 iPhones. Hopefully one of them was Jailhouse Rock.

Maximum Security, Minimum Oversight

Last year, the "winner" of the Pork of the Year Award was the Department of Labor and Workforce Development for illegally paying unemployment benefits to dead people, government workers, and prisoners. Apparently Mary Williams, the trust fund custodian for the Tennessee Prison for Women, wanted to even things out by stealing from the inmates themselves. Williams stole \$216,000 from the trust funds of inmates by creating fraudulent deposits and checks, targeting inmates who were unlikely to realize the money was gone.⁴⁵ For a place that has so much supervision for prisoners, the prison could stand to monitor its employees a little more.

'Tis the Season

It looks like the district manager and assistant district manager of the Webb Creek Utility District in Gatlinburg were really in the giving (and taking) mood last holiday season. Together they spent nearly \$44,000 on questionable purchases. These purchases include spending \$19,000 on laptops, iPads, and gift cards as Christmas gifts for employees. This dynamic duo also dropped thousands of dollars

on steak dinners, personal televisions, and a .38 caliber revolver.⁴⁶ The craziest part of this story is that the district manager who completely abused his power and stole from the taxpayers was merely demoted and remains an employee of the utility district.

Sleight at the Museum

It was discovered in an investigative report by Comptroller Justin P. Wilson that an employee of the Tennessee State Museum stole almost \$62,000 in taxpayer money.⁴⁷ The employee falsified 26 invoices for historical artifacts and pocketed the money for herself. In addition to forging documents, she also charged the museum for a rental car that she used for 15 months at a cost of more than \$12,000. Sadly, this whole episode could have been prevented. The employee in question was a convicted felon who disclosed her prior convictions, but the government apparently had no interest in looking in to that before hiring her.

Gotta Have Faith

In another stunning example of waste, an administrator at an assisted living facility in Jackson stole thousands of dollars, which was supposed to be spent on low-income residents. The state of Tennessee gave the Jackson Street Faith Home a grant for \$54,650.⁴⁸ Out of all that money, only \$85 was used properly, which equates to barely one-tenth of one percent of the total grant. Many believe that government money shouldn't be funding projects like this to begin with, and it is made even worse by the complete lack of accountability.



Courtesy: WRCB TV

Cash in Clunkers

If this year's *Pork Report* is any indication, it seems that you are just as likely to find criminals who work for the prison as you are to find them behind bars. In another instance of the fox guarding the henhouse, Loudon County Jail Administrator Ruthie Smith stole \$14,000 from inmate commissary collections.⁴⁹ It turns out that Smith

stashed more than \$7,000 of that cash in the trunk of a county owned car. (At least she only stashed it in her car.) It's unknown how long this went on, but auditors did fault a county employee for not asking Smith why she was late in her deposits. Yet again, that supervisor is still employed.

Family Tradition

What would this report be without some good old-fashioned nepotism? In a decision that doesn't

contain even a trace of impartiality, the Williston City Council awarded a roadwork project to a contractor who charged over four times as much as the next highest bidder.⁵⁰ The kicker is that the city council gave the project to a guy named Ricky McQueen, who just happens to be the husband of Williston Mayor Audrey McQueen. While we don't know all of the details about the extent of the stated work of each contractor, we can say that if it looks like a duck and quacks like a duck, it's probably a duck.

I'm Going to Disney World! (With Taxpayer Money)

After winning Super Bowl MVP, it is customary to exclaim, "I'm going to Disney World!" There was one Brady who went to Disney World last year, but it wasn't Super Bowl MVP (and Deflategate villain) Tom. It was Hamblen County Solid Waste Director Ronald. And his fairy tale was funded with taxpayer money. Brady stole upwards of \$227,000 from taxpayers and used it for numerous purchases, including the Disney World vacation.⁵¹ He stole the money by illegally tapping into the county's payroll software. After stealing for almost four years without getting caught, Brady was recently indicted.

Webb of Stupidity

When Marion County Highway Supervisor Neil Webb got into a car crash with a county owned car, it seemed like common sense to use the department's insurance to pay for it. However, instead of using the department's insurance, Webb forced Tennessee taxpayers to pay almost \$9,000 to fix his car.⁵² Insurance would have covered the damage of his vehicle with a meager \$1,000 deductible, but instead of actually thinking of the taxpayers who pay his salary, Webb decided to charge them nine times more to fix his car. What this debacle lacks in intent, it makes up for in pure incompetence.

Being Careless With Our Money

While these examples may not be the most egregious on the list, they still represent limited to no oversight on the way our tax dollars are spent. Whether the mistakes made were intentional or a product of negligence, it is unacceptable that government officials seem to have a different standard when it comes to spending other people's money. According to the state Comptroller, a whopping \$789,000 remains missing from local government coffers due to theft, fraud, and abuse.⁵³ Below is just the tip of the iceberg:

- **Bean Station Elementary School** in Grainger County had \$1,006 in lost funds. Further, the school's bookkeeper spent \$515 in school funds on gas for her personal vehicle.⁵⁴
- The treasurer of the **Carter High School Band Booster Club** in Knox County boosted her own bank account with \$33,700 in club funds.⁵⁵
- Almost \$45,000 went missing from the **Fairview Recreational Center** in Williamson County, \$34,000 of which remains outstanding.⁵⁶
- The **Fentress County Sheriff's Office** appears to have no interest in following the rules. Almost \$2,300 that was seized in a drug related offense went missing, over \$12,000 of

seized drug funds were not deposited to a bank account within three days as required, and inventory records were not maintained for seized property as mandated by law.⁵⁷

- A **Hardeman County Solid Waste Department** employee took \$3,000 in cash and spent it on personal items. There was also more than \$9,000 worth of questionable customer adjustments that had no documentation whatsoever.⁵⁸
- The former bookkeeper of the **Holloway Night School** in Rutherford County misallocated \$15,875 of tuition funds.⁵⁹
- In April, the **Jefferson County** finance director was sentenced to six months in prison and eight years probation for siphoning off \$138,000 in taxpayer money.⁶⁰
- In **Lake County**, the mayor's bookkeeper stole \$202,344 from local coffers, \$27,000 of which remains unrecovered.⁶¹
- An official with **Metro Nashville's Centennial Sportsplex** pocketed \$95,310 worth of checks written to the Sportsplex.⁶²
- The **Monroe County Commission** recently wrote off \$10,651 that went missing from the Sheriff's Office.⁶³
- The **Putnam County Assessor of Property** used \$2,355 in taxpayer funds to purchase computers that he later sold for cash.⁶⁴
- The **Rickman Volunteer Fire Department** was almost \$2,000 short after an investigation by the Comptroller. It turns out that volunteer firemen illegally received personal loans. A bag of money with nearly \$600 in it also mysteriously went missing from the department.⁶⁵
- The **Union Grove Volunteer Fire Department's** treasurer misappropriated \$4,954 in fire department funds for her own personal gain.⁶⁶
- In the **City of Watertown**, nearly \$22,000 was redirected from utility customer collections.
- The **Wayne County School Department** had \$319,000 stolen by former employees. The county recovered just \$149,500 through an insurance policy, leaving nearly \$170,000 outstanding.⁶⁷
- The **West Creek High School Coyote Cheer Booster Club** lost \$1,700 in cash and spent nearly \$60,000 on questionable purchases with absolutely no documentation, which is against the club's bylaws.⁶⁸
- In Marion County's **Whitwell High School**, the former bookkeeper paid out more than \$35,000 in school funds to herself.⁶⁹
- A former employee was convicted of stealing \$106,446 from the **Williamson County Animal Control Department**.⁷⁰

CONCLUSION

While the *Pork Report* endeavors to provide a clearer perspective of government inefficiency and abuse, the Beacon Center believes this is just the catalyst for reforms that we must seek in order to accomplish our mission of empowering Tennesseans to reclaim control of their lives, so that they can freely pursue their version of the American Dream.

Fiscal responsibility within government starts from the ground up and must be married with a healthy

respect for the individuals that government is meant to serve. This means that not only must we eliminate waste, fraud, and abuse, but we must also ensure that Tennesseans are not overburdened by taxes and regulations that grow the size of government and shrink the scope of taxpayer freedom.

Among the many reforms the Beacon Center supports, we believe the following will help to extend greater liberty to the individual and restrict government to its intended and limited role.

State-Level Reforms

1. **Repeal the Hall Income Tax on investments**, which makes up less than two percent of our state budget, so that Tennesseans, especially vulnerable retirees on fixed incomes, can keep more of their hard-earned dollars and feel confident in their abilities to be self-reliant rather than dependent on government assistance.
2. **Enact a “kicker” law** to further curb government spending. Under such a law, if tax revenues exceed estimates, the General Assembly would be required to return the surplus to taxpayers. Lawmakers could do this in a variety of ways, such as lowering certain taxes to offset the over-collection of revenues. Such a law would incentivize lawmakers to spend wisely and conservatively so that there would be surplus revenues to return to taxpayers’ pockets each year.
3. **Establish a state spending commission** similar to the federal Grace Commission established by President Ronald Reagan in 1982. This panel of business executives and private sector volunteers undertook a comprehensive review of the federal government. Officially known as the report of the President’s Private Sector Survey on Cost Control, the Grace Commission made 2,478 recommendations that saved taxpayers \$424.4 billion during a three-year period. A similar state-level independent body should be tasked with analyzing the entire state budget from cover to cover, pinpointing waste and identifying opportunities for savings.

Local-Level Reforms

1. **Establish audit committees** tasked with overseeing local elected and appointed officials and ensuring that taxpayer money is protected. According to the *CPA Journal*, local government audit committees can “increase the integrity and efficiency of the audit process, as well as the system of internal controls and financial reporting.”⁷¹ This is a crucial first step toward establishing effective safeguards for the use of taxpayer money by local governments across the state.
2. **Create and maintain a rainy day fund** so that difficult budgetary times do not pose a threat to the fiscal health of the local government or become an easy excuse to raise taxes. This rainy day fund should represent a substantial percentage of the local government’s overall operating budget, such as five to seven percent. Each year, the local government should divert surplus revenue into this reserve fund until it reaches an adequate portion of the total local budget.

3. **Maintain debt disclosure requirements** for taking on debts for existing obligations or the funding of public projects. In many cases, taxpayers are left in the dark as to the details of these debt obligations and the impact they have on the local government's fiscal stability. It is therefore imperative that local governments be bound by certain debt disclosure requirements. Only then can taxpayers know how much debt their local governments have incurred, and make informed decisions about how payments on that debt are made and whether their local officials are allowed to take on future debt obligations.
4. **Implement centralized financial management systems**, such as the act proposed by Comptroller of the Treasury Justin P. Wilson in 2013. The proposal allows counties "to adopt a centralized system for managing fiscal procedures."⁷² By encouraging counties to formalize their accounting, financial, and purchasing programs, this measure could lead to a reduction in the amount of waste, fraud, and abuse that plague many local governments across the state.

By adopting these and other market-driven cornerstones of individual liberty, state lawmakers and local government officials can cultivate an environment that prioritizes taxpayers, operates transparently, discourages runaway spending, and embraces the principle that government that governs best governs least.

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To support the Beacon Center of Tennessee and projects like the *Tennessee Pork Report*, consider making a tax-deductible gift to our cause. For every single dollar donated to the Beacon Center for publishing the *Pork Report*, we uncover more than \$263,000 in government waste, fraud, and abuse. A gift to the Beacon Center represents a tremendous investment for you and your family.

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Send us your own examples of government waste by calling (615) 383-6431 or emailing us at info@beacontn.org. Many of the examples found in the *Tennessee Pork Report* come directly from citizens across the state. Become one of Tennessee's citizen watchdogs by submitting your own examples. All tips will remain anonymous.

Tips can also be provided to the Tennessee Comptroller of the Treasury, who serves as the state's "money cop," monitoring state and local agencies for waste, fraud, and abuse. Tennesseans with knowledge of illegal, improper, or outright waste of taxpayer money can call the Comptroller's Fraud, Waste, & Abuse Hotline at 1-800-232-5454 or visit www.comptroller.tn.gov to file a report online.

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