

2010 Tennessee **Pork** Report



The book Nashville doesn't want you to read.



Tennessee Center for Policy Research



**CITIZENS
AGAINST
GOVERNMENT
WASTE**



Tennessee Center for Policy Research

The Tennessee Center for Policy Research is an independent, nonprofit and nonpartisan research organization dedicated to providing concerned citizens, the media and public leaders with expert empirical research and timely free market policy solutions to public policy issues in Tennessee.

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Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement and inefficiency in the federal government. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy and accountability in government.

CAGW has more than a million members and supporters nationwide. Since 1986, CAGW and its members have helped save taxpayers more than \$1 trillion. CAGW publishes special reports, its official newspaper Government WasteWatch and the monthly newsletter Wastewatcher to scrutinize government waste and educate citizens on what they can do to stop it. CAGW's publications and experts are featured regularly in television, radio, print and Internet media.

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2010 Tennessee
Pork
Report

The Book Nashville Doesn't Want You to Read

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INTRODUCTION

The 2010 Tennessee Pork Report is the fifth such expose of waste, fraud, abuse, and mismanagement of the taxpayers' money by state and local government officials. The publication of the report is not likely to quell the outrage over excessive spending being expressed by millions of taxpayers around the country, including those in the Volunteer State.

The federal government has a record \$1.6 trillion budget deficit and a \$13 trillion debt, as state and local governments have their own fiscal crises to address. While self-avowed fiscal conservatives continue to win elections in Tennessee, the bar for sticking to the principles of lower taxes and smaller, more efficient government has been raised higher than it has been in many years. At a time when many individuals and families are struggling and even suffering in difficult economic circumstances, taxpayers are showing little tolerance for any politician that does not feel their personal angst.

State and local government officials in Tennessee should be scouring their budgets to slash spending in order to help restore some semblance of fiscal sanity. The *Pork Report* offers dozens of such examples, including:

- \$15 million for an aquatics center in Kingsport;
- \$3.95 million in excess fees collected by professional regulatory boards;
- \$1.6 million washed away on the fairways of the 11 state-run golf courses in 2010;
- \$1.5 million to help smokers kick the habit;
- \$510,000 for dog parks in Knoxville and Knox County;
- \$48,600 in incentives to bring film production to Tennessee; and
- \$34,000 to advertise the U.S. Census in Clarksville.

Some of Tennessee governments' worst transgressions have been about promises made but not kept. Other offenses to the public coffers have simply been wrong-headed ideas that had no business being pursued in the first place. At the local level of government, elected officials and public servants have been especially poor stewards of their neighbors' money, ironically in some of the smallest and poorest communities in the state.

The concept of exposing government waste originated in 1982 when President Ronald Reagan established a panel of business executives and private sector volunteers to undertake a comprehensive review of the federal government. The report of the President's Private Sector Survey on Cost Control – better known as the Grace Commission – made 2,478 recommendations that saved taxpayers \$424.4 billion during a three-year period and eliminated some of the waste, mismanagement and inefficiency in Washington, D.C. at the time.

Following the report’s publication in 1984, commission chairman J. Peter Grace joined with syndicated columnist and Pulitzer Prize winner Jack Anderson to form Citizens Against Government Waste (CAGW) to promote implementation of the recommendations at every level of government.

Since then, CAGW has been the leader in exposing wasteful spending by the United States Congress. CAGW’s popular *Congressional Pig Book* (an annual exposé of pork-barrel spending in federal appropriations bills) and *Prime Cuts* (a comprehensive look at the depth and breadth of waste throughout the federal government) are responsible for more than \$1 trillion dollars in savings to U.S. taxpayers.

The Tennessee Center for Policy Research (TCPR) has incorporated the premise of the *Pig Book* and *Prime Cuts* publications to create, with the support of CAGW, the *2010 Tennessee Pork Report*.

Taxpayers are sending a clear message in 2010 that they want accountable, transparent and less intrusive government. The political nepotism, outright theft, craven political abuse, irresponsible behavior, government living high on the proverbial hog, and general stupidity described in the *Pork Report* will only add fuel to the taxpayers’ ire.

1. FUN IN THE GOVERNMENT-FUNDED SUN

STATE-OWNED GREENS WIND UP IN THE RED

Since starting to track government-run golf courses in 2005, the Tennessee Center for Policy Research (TCPR) has exposed a loss to state taxpayers of \$6,998,610 in an effort to keep the courses solvent. In 2010, over \$1.6 million was washed away on state fairways.¹ Fortunately, as a result of TCPR’s work to encourage fiscal responsibility in this area, the state plans to close Old Stone Fort and T.O. Fuller courses this year, a move that will save the state nearly \$311,000 annually.² Hopefully, the state will realize that such a decision is warranted for all – not just some – of these courses.

Golf Course	Revenue	Expense	Net
Cumberland Mountain	\$885,957	\$1,035,553	-\$149,596
Fall Creek Falls	\$474,285	\$697,424	-\$223,139
Harrison Bay	\$1,049,353	\$1,070,435	-\$20,482
Henry Horton	\$724,067	\$954,735	-\$230,668
Montgomery Bell	\$727,076	\$869,003	-\$141,927
Old Stone Fort	\$278,110	\$318,685	-\$40,575
Pickwick Landing	\$509,341	\$655,499	-\$146,158
Paris Landing	\$628,787	\$688,746	-\$59,959
T.O. Fuller	\$337,288	\$607,573	-\$270,285
Tims Ford*	\$499,830	\$848,597	-\$348,767
Warrior’s Path	\$824,414	\$827,773	-\$3,359
TOTAL:	\$6,938,508	\$8,574,023	-\$1,634,915

*Tims Ford was closed July through September for renovation of greens which resulted in \$175,000 in lost revenue and a one-time expense of \$100,000.

KINGSPORT DROWNS ITSELF IN POOL DEBT

In October 2009, the Kingsport City Council made a splash when it authorized \$15 million for a new aquatics center. “Bathing suits have been getting moldy waiting on this thing to be built,” noted Alderman Valerie Joh in support of the project.³ Kingsport residents should thank their grandkids when they bust out those moldy swimsuits and head to their new government-run swimming pool this summer, because the project was funded as part of a \$41.1 million bond issuance by the city. This adds to the city’s enormous debt, which has doubled from \$110 million to \$218 million over the past five years. Whether they get to take a swim in the pool or not, this debt will undoubtedly be paid off by future generations of Kingsport residents.⁴

THE TAIL THAT WAGS THE DOG

Despite difficult economic times, the City of Knoxville and Knox County are jointly diverting thousands of dollars to man’s best friend. By the end of 2010, the two governments will have spent a combined \$510,000 on three new dog parks throughout the city and county. The City of Knoxville recently opened PetSafe Downtown Dog Park at a cost of \$162,000, marking the fourth dog park managed by the city.⁵ Not to be outdone in the realm of canine playgrounds, Knox County shelled out \$148,000 in 2009 on a dog park featuring a pond and swimming pier. The county plans to open yet another park later this year, costing taxpayers an additional \$200,000.⁶

Recreational facilities for pets are important, especially in urban areas where green space is less prevalent. However, local governments could easily convert portions of existing parks into canine-friendly areas or rely on the private sector to step in and fill the void. To its credit, Knoxville took a step in the right direction when it received a significant private contribution from PetSafe CEO Randy Boyd to offset some of the costs of the new pooch parks. Unfortunately, taxpayers are still footing much of the bill. When it comes to government spending the taxpayers’ money, it’s a dog-eat-dollars world.

2. STATE BUDGET: THE HIGH PRICE OF LEGACY PROGRAMS

FAILING PRE-K...AGAIN

Despite appropriately forcing deep cuts in certain areas of state government, Governor Phil Bredesen left his chief legacy project, Pre-Kindergarten, untouched. The current 2010-2011 budget provides nearly \$83 million for the program, even with the release of yet another study in 2010 showing its ineffectiveness.⁷ According to the state-sponsored study, “the benefits of pre-K seem, for the most part, to be limited to economically-

disadvantaged students during kindergarten and first grade. Despite their early academic advantage, pre-K program participants did not perform measurably better in the second grade or beyond.”⁸

If the program offers no positive long-term impact on children, Tennesseans should not continue throwing money its way. As noted in TCPR’s past work on the issue, the program has always been about creating jobs for the teachers’ union, one of the most powerful lobbying forces and campaign contributors in the state, rather than giving children a true head start.

YOU STICK YOUR WALLET IN, THEY TAKE YOUR MONEY OUT

In February 2010, Governor Bredesen sang the “Hokey Pokey” in a television commercial featuring country music superstar Dolly Parton.⁹ The commercial was designed to promote the joint venture between the governor’s Books From Birth Foundation and Parton’s Imagination Library. The program began as a well-intentioned effort to provide free books for children under age five and was originally slated to be paid for solely with private funding.



Despite raising more than \$3.4 million a year in private funds through Parton’s hard work and promotion, the governor has turned this philanthropic endeavor into a taxpayer-funded government program. This year, even the state’s poorest families – whom the program was designed to help – are

subsidizing Books from Birth to the tune of \$3,444,500.¹⁰ That’s a tune the governor can’t even recruit Dolly Parton to carry.

FIELD OF DREAMS

Yet again, the state has thrown millions of taxpayer dollars at a project to convert switchgrass – a type of prairie grass – into ethanol. After an initial \$40.7 million investment in 2008 to build the facility that houses the project, the 2010-2011 budget appropriates an additional \$5.3 million to subsidize the facility.¹¹ Before taxpayers get too excited about this alternative energy, it should be noted that the “technology for converting the plant into fuel is still in development,” according to the venture’s chief executive.¹² In the meantime, taxpayers will have to make do with ethanol produced from corn cobs. The plant anticipates producing 250,000 gallons of ethanol from corn cobs each year until the switchgrass technology is developed.¹³ Taking into account only this year’s government expenditures, that amounts to \$21.20 per gallon, 10 times the current end cost of gasoline.



Not only is the technology for converting switchgrass to ethanol undeveloped, vehicles that run solely on ethanol do not exist. Most vehicles on the road today can only run with 10 percent ethanol in their fuel. While many automobile companies are selling vehicles that run on E85, a blend of fuel that is 85 percent ethanol, these cars are far more costly than traditional vehicles. Further, even if this technology was fully developed and affordable, people would have a hard time filling their tanks. There are only 33 service stations in the entire state of Tennessee providing E85, whereas Nashville alone has over 200 traditional gas stations.¹⁴ All in all, spending an additional \$5.3 million at this stage can only fuel taxpayers' outrage.

THIS LAND IS OUR LAND

In an apparent effort to be environmentally-friendly, the Bredesen administration has been buying up land all over the state.¹⁵ The government currently owns some 15 percent of forest land and the state will spend an additional \$6.8 million to acquire more land and parks this year.¹⁶

But it's not only forest land the state wants to own. In fiscal year 2010-2011, taxpayers will shell out nearly \$7 million to the wetlands acquisition fund.¹⁷ One would expect that this would result in the purchase of more wetlands. However, the state does not plan to purchase one single acre of wetlands this year.¹⁸

TOO MUCH SMOKE LEAVES TAXPAYERS BROKE

Nowhere in the state Constitution is "smoking cessation" listed as a government function, yet Tennessee has taken a role in helping people quit smoking. In 2010, another \$1.5 million worth of taxpayer money will go up in smoke.¹⁹ According to budget projections, this money will help 4,100 people enroll in the state's iCanQuit Tobacco Cessation Counseling program.²⁰ This amounts to taxpayers spending more than \$365 per smoker that solicits the state's assistance in kicking the habit.

LIGHTS, CAMERA, INACTION!

Created in 2006, the Film and Television Incentive Fund "provides incentive grants that encourage the production of films, movies, television pilots, or shows in Tennessee."²¹ The 2010-2011 state budget doles out \$48,600 in taxpayer money to bring film production to the Volunteer State.

How many movies can the state lure to Tennessee for that price tag? Zero. It is anticipated that not a single movie will be produced in Tennessee as a result of the Film and Television Incentive Fund this year.²² Seems that state leaders plan to drown out public opposition to their waste on this failing project with a bunch of white noise.

BIG BIRD’S WELFARE CHECK

Even with the rise of online videos and the expansion of network and cable television, public television retains a constant presence on the airwaves. A closer look at financial records shows why it might not be the quality of their programming that has allowed public television stations to survive since their introduction in 1967.²³ There are six public broadcasting stations in operation throughout Tennessee, and all six receive considerable subsidies from the federal and state government to remain on-air. In total, the six stations receive nearly \$9.8 million each year from taxpayers.²⁴ For 2010-2011, the state of Tennessee expects to dole out more than 30 percent, or \$3,036,800 of that amount to public television stations.²⁵

Station	Location	Federal & State Subsidies*	Percent of Funding Received from Government*
East Tennessee Public Communications Corp.	Knoxville	\$2,314,683	58.4%
Mid-South Public Communications Foundation	Memphis	\$2,033,407	29.2%
Greater Chattanooga Public Television Corp.	Chattanooga	\$2,021,475	55.9%
Nashville Public Television, Inc.	Nashville	\$1,530,538	21.8%
West Tennessee Public Television Council, Inc.	Martin	\$1,131,298	82.9%
Upper Cumberland Broadcasting Council, Inc.	Cookeville	\$763,282	42.9%

*Based on the most recent Internal Revenue Service Form 990 made public by each entity as of April 20, 2010.

3. STATE GOVERNMENT BURNING THROUGH CASH

PIGS GET FAT AND HOGS GET SLAUGHTERED

Using the sagging economy and a need for jobs as an excuse, Tennessee state government got into the business of funding venture capitalists in 2009, and the program hit full speed in 2010.

The TNInvestco program creates tax credits for insurance companies. Those tax credits are then given in \$20 million bundles to venture capital firms chosen by State Commissioner of Economic and Community Development Matt Kisber and Revenue Commissioner

Reagan Farr. The firms then sell the tax credits to insurance companies, take the proceeds and invest in Tennessee small businesses.

The initial law creating TNInvestco, The Tennessee Small Business Investment Company Credit Act, carried a steep fiscal note of \$5 million annually beginning in 2013-2014.²⁶ In 2010, lawmakers expanded the initial \$120 million in tax credits by another \$80 million.

The two-headed monster of Kisber and Farr picking winners and losers, the secrecy surrounding the program, and the few companies and connected venture capitalists it benefits arguably qualify TNInvestco as the most traditional pork on the plate in 2010 – government fat meant to benefit the few.

Furthermore, the Bredesen administration has gone to great lengths to keep portions of the program secret, including a successful battle in district court that seals – among other things – what kind of deal insurance companies cut when they buy the tax credits. Fortunately, the process was made more transparent in 2010 thanks in part to TCPR's efforts. However, more is needed to protect taxpayers going forward.

ALL IN A LEGISLATIVE DAY'S WORK

Under the state Constitution, the Tennessee Legislature has 90 days every two years to take to their respective chambers and conduct the people's business. At the beginning of these sessions, lawmakers in Nashville love to take the opportunity to hold presentations ranging from honoring individual constituents, beauty queens, country music stars, and athletes.

Because these events take place during legislative business, every presentation costs taxpayers their hard-earned money. During the 106th General Assembly (2009 and 2010), the legislature spent roughly 30 hours honoring numerous individuals, groups, and other entities at the State Capitol. Based on the legislative branch's budget, this needless activity racked up well over \$350,000 in wasted tax dollars.²⁷ The expensive presentations included honoring the Columbia Mule Day Queen and her court and another recognizing "Scotland's extraordinary impact on our state."²⁸ While these may or may not be worthy honorees, such presentations could easily take place at a time when official business is not being conducted, saving taxpayers thousands of dollars. Not surprisingly, there was no presentation honoring the taxpayers of the state who paid for all of these floor productions.

LIFE'S A BEACH

The Tennessee Department of Revenue, which seems to make an annual appearance in the *Pork Report* for its wasteful spending, brings us another gem this year. As noted by the March 30, 2010 edition of the *Knoxville News Sentinel*, the department recently renewed a lease at a swanky Times Square office building in the heart of Midtown Manhattan.²⁹ According to the department, the \$169,388 per-year office is needed because many

corporations that pay Tennessee taxes are located in New York.³⁰ The true reason, though, became apparent in State Building Commission minutes, which referred to the location as “one of the hottest areas in NYC.”³¹ In fact, the office is located in the same building as ABC’s “Good Morning America” studios.

Revenue Commissioner Reagan Farr claims the new lease is a good deal for the department because the state doesn’t pay market rate on the space. However, research by the *News Sentinel* uncovered that the market rate for the Times Square area is \$56.43 per square foot. Technically, Farr is correct in that the state doesn’t pay market rate. It pays nearly \$3 more per square foot.³²

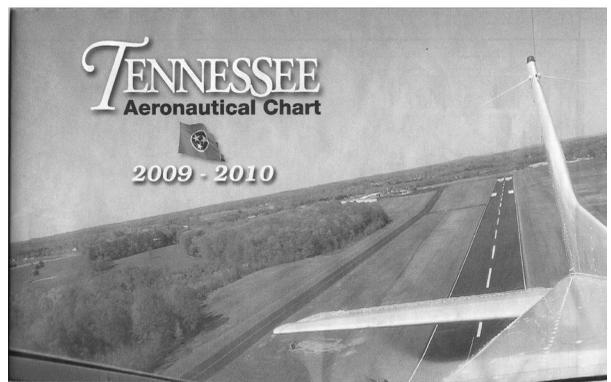
The department also has offices in Chicago, Atlanta, Houston, and Newport Beach, California. In total, these five offices cost taxpayers \$370,392 annually.³³

BUREAUCRATS LEAVE CITIZENS STUMPED

In late 2009, the state paid a tree-trimming crew \$3,000 to cut back 20-year-old Bradford Pear trees outside a state office building in downtown Nashville. A few months later, bureaucrats in the General Services Department had the trees removed down to the stump, costing taxpayers even more. According to tree specialists interviewed by WSMV, Channel 4 News in Nashville, trimming then removing trees is “both a waste of time and money.”³⁴

TAXPAYERS TAKEN FOR A MILE-HIGH RIDE

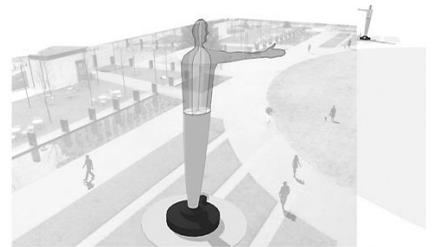
In 2010, the Tennessee Department of Transportation printed 10,000 copies of a “Tennessee Aeronautical Chart” at a cost of \$3.53 each. According to the department, “[p]ilots use these charts (and other tools) to determine their position, safe altitude, best route to a destination, alternative landing areas in case of an in-flight emergency, radio frequencies and airspace boundaries, etc.”³⁵ Even the chart itself boasts that it is designed “to assist in... flight planning across our beautiful state.”³⁶ Ironically, each chart contains a bold warning that it is “NOT FOR NAVIGATIONAL USE,” effectively relegating these maps to nothing more than wall art. At a time when the state is facing serious economic woes, spending \$35,261 on useless wall maps should not even be on the list of priorities.



4. LOCAL GOVERNMENTS HOOKED ON SPENDING

GOVERNMENT WASTE THAT'S EASY TO SEE THROUGH

In May 2010, the Metropolitan Nashville Arts Commission erected two statues on the Metro Courthouse lawn. The top half of each statue is a clear glass silhouette of a human, positioned atop an 18 foot base. The statues, known simply as “Citizen,” were added to “add something whimsical, something memorable, and engage the public in a serious but also playful way...[and to] invite a whiff of the informal into the park.”³⁷ The arts commission was previously noted for its “Ghost Ballet” structure that graces the east bank of the Cumberland River across from downtown Nashville, and appears to be the remnants of a defunct and mangled roller coaster. Unlike the broken roller coaster artwork, “Citizen” is interactive. Each statue houses a “massive and indestructible” crank that allows park-goers to spin them around, causing their outstretched arms to point in a new direction.³⁸ This functional artwork didn’t come cheap. Local taxpayers forked over \$450,481 for the statues, which should more appropriately be named “Citizen Pork.”³⁹



GOVERNMENT ART THAT SOOTHES THE SOUL

Memphis is known for rhythm and blues, but it recently gained another moniker. In 2009, Forbes named Memphis the second most dangerous city in America.⁴⁰ How have city leaders decided to fight crime? By spending \$700,000 on government-funded art to scatter around the city, of course.⁴¹ In February 2010, a committee of the Memphis City Council approved a plan to give the Urban Art Commission the funding to erect murals and sculptures throughout the city. Apparently, the plan is to woo criminals with such breathtaking artwork that they immediately give up their wicked ways. It remains to be seen how well that works.

WE'RE THROWING A PARTY, BUT TAXPAYERS ARE NOT INVITED

Despite serious budget woes, Memphis General Sessions Court Clerk Otis Johnson threw two lavish Christmas parties in 2009, wringing taxpayers for more than \$4,200.⁴² When the Memphis City Council sought to drag Johnson in to question him about the inappropriate spending, he refused to show up.⁴³

CHAMBERS OF GOVERNMENT-FUNDED COMMERCE

The 2009 *Pork Report* exposed how 30 local chambers of commerce across the state received \$6.4 million during fiscal years 2007-2009 from local governments. Based on follow-up

public records requests, these same chambers of commerce drew \$3,302,759 during the 2009-2010 fiscal year.

CITY	FY 2009-2010
Brentwood	\$10,000
Chattanooga	\$450,000
Collierville	\$60,000
Columbia	\$100,000
Cookeville	\$30,000
Dickson	\$40,000
Dyersburg	\$178,438
Fayetteville	\$18,550
Hendersonville	\$15,000
Huntingdon	\$46,000
Jackson	\$76,375
Kingsport	\$260,600
Kingston	\$500
LaVergne	\$49,200
Lebanon	\$13,000
Lenior City	\$7,050
Lewisburg	\$1,500
Madisonville	\$600
Maryville	\$6,075
McMinnville	\$49,000
Munford	\$4,355
Murfreesboro	\$267,250
Portland	\$10,000
Sevierville	\$1,564,616
Somerville	\$2,500
Trenton	\$6,000
Trousdale	\$7,000
Waynesboro	\$150
White House	\$26,000
Winchester	\$3,000
Total:	\$3,302,759.00

**Maury County does not have a Chamber of Commerce, rather the City of Columbia provides funding to the Maury Alliance, which serves as the economic development group for the city and county.*

Chambers of commerce serve a vital function for economic growth in local communities. However, rather than fund these entities with taxpayer money, governments should cut taxes and spending, allowing individuals, small businesses, and entrepreneurs to thrive.

The economic prosperity that would stem from this approach would allow citizens and businesses to join and support their local chamber of commerce without the need for government action.

PUBLIC LOBBYING: A BIG-GOVERNMENT GROWTH MACHINE

Local governments love to spend taxpayer money to influence legislation in both Nashville and Washington, D.C. A 2009 TCPR report exposed that cities, counties, public utilities, and school boards spent nearly \$5.3 million on lobbyists between 2007 and 2009. In 2009 alone, local governments spent \$1,473,588 to lobby the state and federal government.⁴⁴ As the report highlighted, “local governments have been successful at using taxpayers’ hard-earned money to lobby for things that those same taxpayers frequently oppose – higher taxes and bigger government.”⁴⁵

THE MUSIC CITY DEBT STAR

In 2006, the Regional Transportation Authority in Middle Tennessee secured \$41 million in taxpayer money to run a commuter train between Lebanon and Nashville.⁴⁶ Local leaders dubbed it the Music City Star. Despite proponents’ predictions that it would have a daily ridership of 1,500 passengers, the train hit its peak in January 2010 with just 850 passengers per day.⁴⁷ This figure is roughly three times the average ridership over the life of the Star, which costs \$4.1 million per year to run.⁴⁸ Based on the average ridership in 2008, Cato Institute Senior Fellow Randal O’Toole determined that the government spends \$25,000 each year per commuter. In other words, as O’Toole noted, this is “enough to buy each commuter using the train a new Toyota Prius every year for the next 30 years.”⁴⁹

WHY SAVE WHEN YOU CAN SPEND?

More than half of Tennessee’s 95 counties failed to keep spending within the appropriated amounts as required by state statute in 2009. Below are some of the most egregious misuses of taxpayer money.

- Bradley County – The Bradley County Healthcare and Rehabilitation Center had a nearly \$30,000 operating loss.⁵⁰
- Cannon County – In addition to a \$10,781 cash overdraft, Cannon County’s REACH program, an afterschool care program operating in each of the county’s six schools, is still lacking self-sufficiency, even though it received substantial funds from grants, donations, fund-raising and fees. In the past fiscal year, REACH expenditures exceeded its funds by \$19,907, leading the county to subsidize the program through its general fund. Looks like this program has done nothing but “reach” into taxpayers’ pockets.⁵¹

- Cumberland County – Cumberland County had a net assets deficit of \$4,146,519.⁵²
- Decatur County – Decatur County General Fund was over-drafted by \$68,458.⁵³
- Fayette County – Fayette County failed to keep its spending within appropriations by \$147,973.⁵⁴
- Gibson County – The Gibson County Railroad went beyond appropriations by \$20,460.⁵⁵
- Giles County – The Giles County Ambulance Service Fund has been hemorrhaging funds in its pursuits, going \$115,000 over budget.⁵⁶
- Haywood County – The Haywood County Utility District ran a deficit of \$68,419.⁵⁷
- Henderson County – Henderson County overspent by \$34,329.⁵⁸
- Overton County – Overton County had sums of \$93,745 and \$16,811 that were overspent by a failure to correct problems noted in previous audits.⁵⁹
- Perry County – A number of expenditures exceeded appropriations in Perry County, totaling \$236,606.⁶⁰
- Polk County – The Polk County Copper Basin Utility District operated \$35,162 over budget.⁶¹
- Rutherford County – The Rutherford County Self-Insurance Fund had a deficit of \$239,648.⁶²

In these times of out-of-control government spending, it is more important than ever that government keep spending within its budgeted amount without running up deficits. Truly responsible fiscal policy starts at the local level. Therefore, local governments must reign in their irresponsible spending if there is ever to be proper, healthy fiscal policy anywhere in Tennessee.

5. FRAUD, ABUSE, AND INCOMPETANCE

WORKING FOR GOVERNMENT IS A STEAL

While it is true that most matters of theft reflect on the individual and not on the institution of which one is a part, in the instance of government, it is often the case that theft is enabled by poor internal control policies. Unsurprisingly, in 2009 there were a number of cases of theft in government and these occurrences were largely preventable.

A number of materials, fuel, and equipment valued at more than \$10,000 were stolen from the Solid Waste Department of Carter County.⁶³ This resulted from a failure to correct deficiencies in internal controls, which had been pointed out in the previous year's audit by the Comptroller of the Treasury.

Many of the occurrences of theft were perpetrated by government employees. A Comptroller of the Treasury audit revealed that the former court clerk for the city of Lakewood misappropriated funds and stole \$11,423.⁶⁴ In Jefferson County, there was a cash shortage of \$22,790 due to what a comptroller audit deemed theft by an EMS employee and his wife involving the improper use of a fuel card.⁶⁵ Even schools are not immune to corruption. In Montgomery County, a wrestling coach held fundraisers where he sold items to students but withheld the funds for himself.⁶⁶ The Maury Regional Medical Center likewise had a number of cash thefts by cafeteria employees.⁶⁷

A Fentress County Highway Department employee was indicted after he cashed in scrap metal to the tune of \$8,743 but illegally kept the money for himself.⁶⁸ In Williamson County, \$3,386 went missing due to theft and misuse in the county clerk's office.⁶⁹ In Hickman County, the county mayor's secretary got in on the action by converting county checks for her personal use, spending \$6,357.⁷⁰

These acts of theft are shameful and costly. What is even more upsetting is the fact that better management could have prevented the majority of the occurrences, saving taxpayers thousands of dollars.

NEVER TAKE SIDES AGAINST THE FAMILY

For some, government misspending is a family affair. For example, in Union County, the highway superintendent's daughter left her job with the county, but still received \$17,129 in health payments.⁷¹ Likewise, the county engineer's daughter in Stewart County was a part-time employee who was improperly given full-time benefits.⁷² The Trousdale County water department paid the wife of its superintendent \$3,119 for catering.⁷³ McNairy County paid \$348 for a dinner for school board members and their spouses, even though spouses' dinners should not have been paid for with county funds.⁷⁴ In Lake County, numerous purchases were made with public funds from businesses owned by county commissioners.⁷⁵

In a number of other instances, public funds were put to personal use. In Hardeman County, the sheriff's chief deputy used a county vehicle and charged \$296 on a gas card for personal use while he was on leave.⁷⁶ Moreover, the Knox County Community Action Committee's workforce supervisor had youth do work on his personal property with public funds and time to the tune of \$12,800.⁷⁷ The city of Bells is no stranger to using public funds for personal use. Not only was gas bought and maintenance performed with public funds

for nongovernmental use, but personal fees of city employees were paid by taxpayers.⁷⁸ In McNairy County, public money was used to buy gifts and host a Christmas party.⁷⁹

Indeed, it pays to work for the government. Just look at how city employees in Bells behave. In 2009, city employees had a meal paid for with public money that covered alcohol and a \$102 tip.⁸⁰ Perry County must be a profitably county for which to work. There, an employee was paid \$1,100 as a private contractor while working on the clock in his regular position, double dipping into the taxpayers' coffers.⁸¹

BID THOSE TAX DOLLARS ADIEU

One method to save taxpayer money and ensure fiscal responsibility is for governments to solicit competitive bids for goods and services. Nonetheless, there were at least 10 instances of purchases lacking competitive bidding in the past fiscal year.

Both Carter County⁸² and the city of Bells⁸³ made vehicle purchases without soliciting competitive bids. Likewise, Van Buren,⁸⁴ Dyer,⁸⁵ Lewis,⁸⁶ Pickett,⁸⁷ Stewart,⁸⁸ Rhea,⁸⁹ and Marshall Counties⁹⁰ all failed to properly solicit competitive bids for a variety of goods and services, ranging from building supply purchases to custodial contracts. Perhaps the greatest blunders in the competitive bidding process fall upon Cannon County, where \$121,260 on waste hauling, \$65,000 on a fire truck, and \$16,580 on radios was all spent without taking bids.⁹¹

SHOW ME THE MONEY

In 2009, there were other examples of local government waste costing taxpayers money. Accounts did not reconcile, money went missing, fees were not properly collected, and poor practices led to unnecessary fines. All of this preventable behavior led to a greater burden on Tennessee taxpayers.

There were at least 10 cases in which county accounts did not reconcile or funds were unaccounted for in 2009, totaling nearly \$300,000. Major offenders included Humphreys County, where record neglect led to over \$50,031 in non-reconcilable funds;⁹² Pickett County, where \$46,000 did not reconcile with the general ledger;⁹³ Hancock County, where nearly \$100,000 failed to reconcile with cash journals;⁹⁴ and McNairy County, where a total of \$43,685 did not reconcile in respective accounts.⁹⁵ In Obion County, mismanagement of ledgers led to a \$995,897 mistake in the General Debt Service Fund balance.⁹⁶ According to a comptroller audit, this error may lead to a property tax increase.⁹⁷ With such large sums of money not being accounted for, these local governments are leaving themselves open to corruption, overspending, and other forms of poor management.

Mispayment of government employees also cost taxpayers. In the city of Bells, for example, the mayor was overpaid by \$19,450 due to an improper raise in his pay.⁹⁸ Likewise, members of the highway commission in Dickson County received compensation in excess of the authorized amount by \$40 per month.⁹⁹ In Sumner County, a number of employee leave problems existed, including paying employees for a full 40 hours when they only worked 36.¹⁰⁰ Likewise, in Polk County, employees were allowed to exceed maximum vacation days, which could result in a monetary loss for the county.¹⁰¹

Unnecessary fees were accrued because two local governments did not submit payroll taxes to the Internal Revenue Service (IRS) in a timely manner. Rhea County failed to follow procedure and owed the IRS a fee of \$33,521.¹⁰² Likewise, Trousdale County's neglect of payroll tax policy resulted in \$18,043 in interest and penalty charges.¹⁰³

Lawrence County provided another example of payment neglect costing the taxpayers. Its ambulance service did not bill insurance companies in a timely manner, resulting in a \$249,259 loss.¹⁰⁴ Land was purchased in Hickman County for school use from an individual who did not own the land and refuses to repay the funds, resulting in a loss of nearly \$6,000.¹⁰⁵ In Stewart County, the county engineer's office failed to record and appropriate \$172,872 for a contract, resulting in \$3,998 in overspending.¹⁰⁶

In Franklin County, federal funds were mismanaged, which caused local funds to be erroneously repaid to the federal government. Because of neglect by the county government, the residents of Franklin County are unnecessarily out nearly \$18,000.¹⁰⁷

There were also cases of government fees and fines not pursued, which allowed some to benefit at the loss of others. The Tennessee Alcoholic Beverage Commission had not pursued a total of \$741,150 in fines and fees, according to an October 2009 audit.¹⁰⁸ In Henderson County, an employee was overcompensated and ordered to repay the amount to the county. At first, the county pursued and received payment, but the final payment of \$1,007 has been left unpaid.¹⁰⁹

SHODDY PRACTICES ALL AROUND

Some poor management practices frequently undertaken by state and local government officials do not always directly cost taxpayers their hard-earned money, but they are susceptible to abuse and waste, making them important examples to be highlighted in a publication like the *Pork Report*. Below are some of the worst offenders:

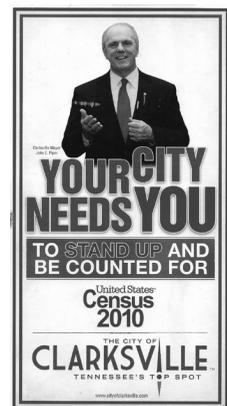
- *School Federal Projects Funds:* According to the Comptroller of the Treasury, the School Federal Projects Fund “is used to account for restricted federal revenues, which must be expended on specific education programs.”¹¹⁰ However, local governments frequently spend money on projects before the federal government provides the funding through grants. Although local governments nearly always receive reimbursement for these expenditures, it is a poor practice to spend money before it is received, especially when the money belongs to taxpayers. In 2009, various counties over-drafted their School Federal Projects Fund by a combined \$3.4 million before being reimbursed by the federal government.
- *Solid Waste Disposal Funds:* Even worse than the School Federal Projects Fund, various counties’ Solid Waste Disposal Funds, which fund trash collections, dipped heavily in the red. Altogether, nine counties overspent by a combined \$9.7 million from these funds. In fact, many of these deficits were liquidated by counties’ general funds, meaning tax dollars designed to fund other programs were rerouted due to shoddy spending habits.¹¹¹
- *Industrial/Economic Development Funds:* Putnam County’s Industrial/Economic Development Fund, used to account “for transactions relating to industrial development projects,” incurred a \$2.5 million deficit.¹¹² This is yet another example of poor fiscal practices on the part of local government. Local political leaders should be more responsible with taxpayers’ money, though as this bad habit exemplifies, that rarely takes place.

6. ELECTION YEAR HIJINKS

CLARKSVILLE PAYS THE PIPER

In early 2010, Clarksville Mayor Johnny Piper spent \$34,000 to advertise for the U.S. Census. The most interesting aspect of the advertisement was that nearly one-quarter of the entire mailer was taken up by a picture of the mayor himself.

Local media and members of the city council criticized the mayor for spending tax dollars on what looked strikingly similar to a campaign mailer. In emails obtained by TCP, the mayor defended his actions, including the \$34,000 price tag as a necessary expenditure, despite the fact that the federal government had already spent \$133 million on Census advertising.¹¹³ A few months after the episode, Mayor Piper announced that he would not seek reelection.



THE PEN IS MIGHTIER THAN THE SWORD

During the May 2010 election for Davidson County Juvenile Court Clerk, incumbent Vic Lineweaver blotted Nashville residents with some election-year funny business. Like most elected officials, Lineweaver spent a portion of his office supply budget to buy ink pens. The only difference was that Lineweaver's pens contained an inscription of his name and position – all 20,750 of them. These pens were distributed all over Davidson County during Lineweaver's reelection campaign. As TCPR executive director Clint Brewer noted in an interview with WSMV, Channel 4 News, this was an inappropriate use of “public resources to further one's political aspirations and career.”¹¹⁴ Lineweaver's electioneering cost local taxpayers more than \$5,000.¹¹⁵

7. FEATHERING THE NESTS

PROFESSIONAL HOARDING BOARDS

The state has established a number of professional regulatory boards that are charged with licensing and regulating various professions. Most of these boards are funded by fees charged to professionals regulated by the respective board. These fees range from \$25 to \$500 per year.¹¹⁶ It appears from a December 2009 comptroller audit, however, that a significant number of regulatory boards are hoarding millions of dollars, which means they are overcharging thousands of professionals across the state. The following 10 professional regulatory boards overcharged the professionals they regulate by an average of \$30 per individual or entity, stockpiling \$3.95 million in their coffers.

Board	Total Licensees	Amount in Reserves
Architects & Engineers	14,479 individuals; 4,652 firms	\$451,313
Auctioneer	1,827 individuals; 1,172 firms	\$15,319
Collection Services	786 individuals; 556 agencies; 18 branch offices	\$263,609
Cosmetology	46,318 individuals; 8,395 shops; 68 schools	\$319,483
Funeral Directors & Embalmers	3,568 individuals; 556 establishments	\$177,133
Land Surveyors	1,205 individuals	\$116,451
Private Investigators & Polygraph Examiners	1,231 individuals; 648 firms	\$74,487
Private Protective Services	19,997 individuals; 302 trainers; 1,202 firms	\$592,805
Real Estate Appraisers	2,260 individuals	\$155,604
Real Estate Commission	28,616 individuals; 4,472 firms	\$1,786,231
TOTAL:	142,328 individuals and entities	\$3,952,435

NO FISCAL EMERGENCY IN SIGHT

Another example of ridiculous nest feathering comes from the Knox County Emergency Communications District, which received state funds despite its healthy economic situation. With its operating expenses falling \$327,981 under budget, net assets of \$10,671,436, and plenty of cash on hand, the state should not be paying \$765,516 to the Knox County E911.¹¹⁸ Surely those funds could be more prudently distributed elsewhere.

WHAT'S YOURS IS MINE

Despite already having sufficient funds in their coffers, some governmental entities have been content to increase their treasuries with even more of the taxpayer's hard-earned money. Even though state law requires excess fees received by certain government bodies to be reported and returned to the county or the state, the Henderson County offices of county clerk, circuit court clerk, and clerk and master did not report and return excess fees, opting rather to keep the funds in their respective accounts.¹¹⁹ The same occurred in DeKalb County.¹²⁰ The Pickett County general sessions court clerk left \$14,990 in traffic court fees unreported and unreturned to the county as required by state statute.¹²¹ Similarly, \$57,525 in unclaimed funds were not reported and paid back to the state by Anderson County.¹²² Moreover, Dyer County had \$34,208 in old, outstanding checks that were not reported and paid to the state, while Union County failed to report and pay back \$45,895 to the state as required by law.¹²³

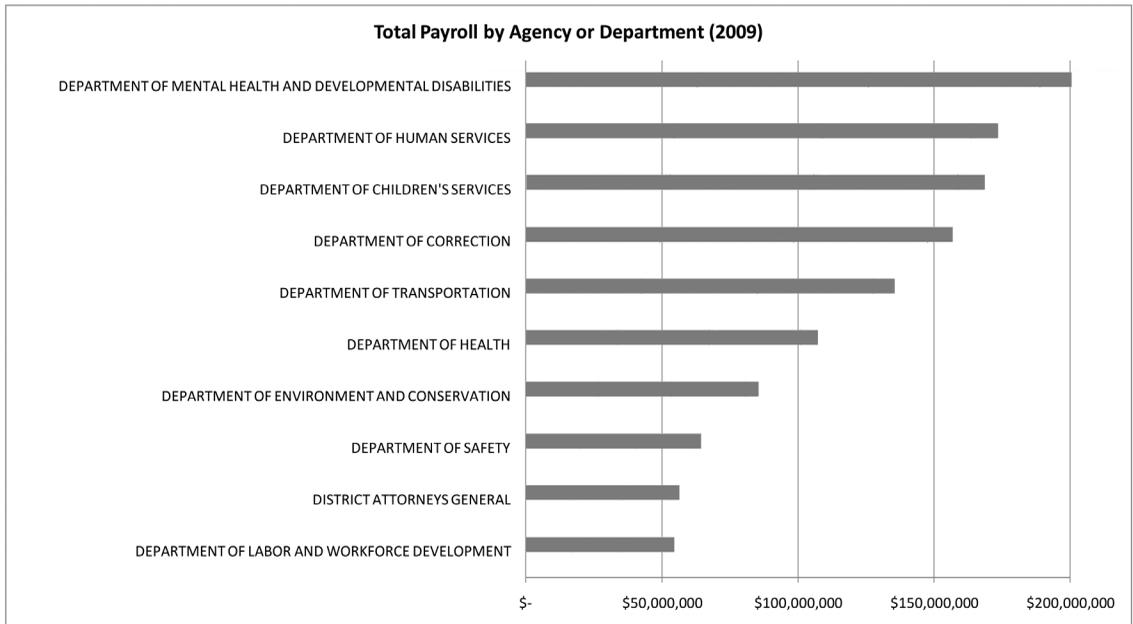
8. OPEN TENNESSEE FEATURES

In an effort to shine light on government spending, TCPR launched **OpenTennessee.org** in January 2010. This is an invaluable new tool for citizen watchdogs, tracking government spending “down to the agency, person, and penny.” The website is the only truly user-friendly, searchable database of all state employee salaries, former government employee pensions, and every single expenditure made by the state government.

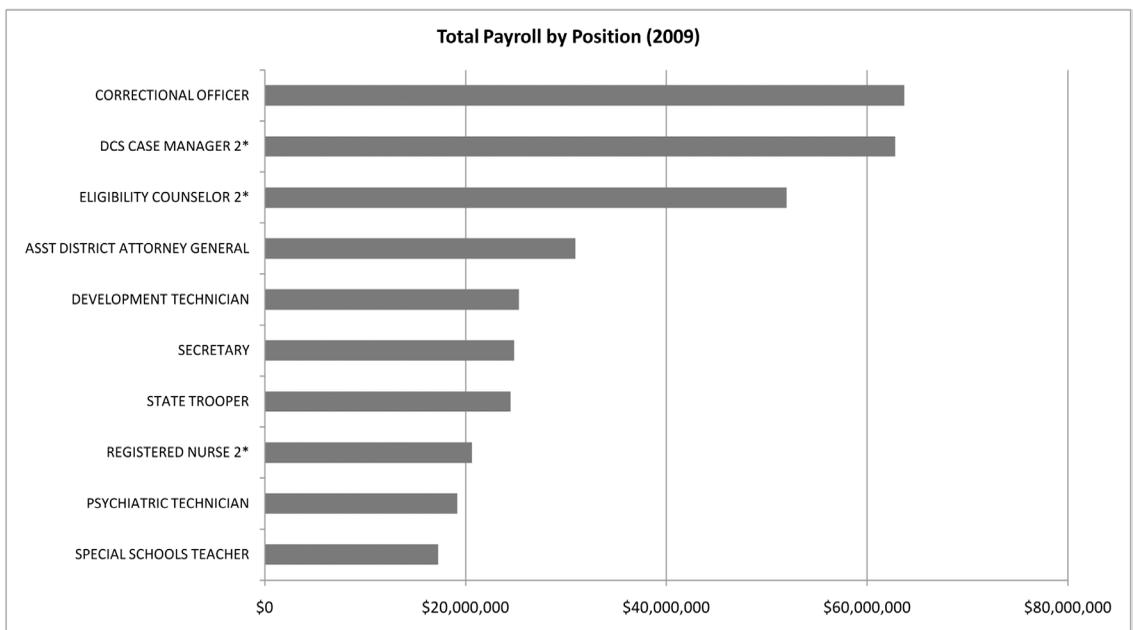


Recently, a new component was added to **OpenTennessee.org**, which allows users to create their own tables and charts. Several of the charts that can be generated from this brand new interactive feature are highlighted below, as well as various examples of the type of information that can be easily accessed by visiting **OpenTennessee.org**.

TOP TEN: LARGEST PAYROLL BY AGENCY



TOP TEN: TOTAL PAYROLL BY POSITION



FACTS & FIGURES

8,885

Number of state employees that received overtime pay in 2009

\$18.2 million

Amount the state has shelled out in interest on its debt since 2007

728

Number of government workers that make a six-figure annual salary

\$1.4 billion

Total amount spent on the pensions for 98,000 government retirees in 2009

\$10,000

163 state employees racked up more than this amount each in overtime pay in 2009

\$49 million

Total amount spent by the state in 2008 on travel reimbursement to state employees

488

Number of government retirees that receive more than \$5,000 a month in pensions

\$62 million

Amount spent by the state government on office supplies in 2009

CONCLUSION

The 2010 Pork Report identifies roughly \$260 million of government waste, fraud, and abuse. From perennial losers to newfound waste and largesse in 2010, Tennessee's state and local governments are being very poor stewards of taxpayer money.

Through choices made at the ballot box in election cycle after election cycle, Tennesseans have made the clear choice that they want a state with low taxes and smaller, more efficient government. In order to maintain that covenant with the public, elected officials and particularly the denizens of state government from the General Assembly to the Governor's office need to make philosophical, legislative and operational changes that support governance that is as fiscally conservative as the citizenry expects.

Embracing these changes will go a long way toward reducing the number and costs of the findings in future Pork Reports.

CAPITOL OFFENDERS

The following Top 10 List of programs and expenses gives taxpayers the most fiscal heartburn:

1. **TNInvestco** – Secrecy, government choosing winners and losers, along with unproven results. That equates to \$200 million worth of benefits to the well-connected and a big hole in the state budget for average Tennesseans.
2. **Public Lobbying** – Despite the fact that almost every local government in the state is strapped for cash, they somehow managed to spend \$5.3 million to lobby the Tennessee General Assembly between 2007 and 2009. Local governments already have lobbyists for local causes; they are called state legislators.
3. **Wasteful County Governments** – Tennessee’s 95 county governments overspent their budgets by \$3.9 million last year, and some of that came from very rural areas where they certainly do not have the money to waste.
4. **Golf Courses Way Over Par** – Tennesseans blew \$1.6 million keeping the state’s money-hungry state golf courses open, but most folks never got to play a single hole. If the state is laying off employees, it should be liquidating insolvent golf courses.
5. **Fat and Happy State Regulatory Boards** – It is hard enough to make it in business, so why does the state need to hoard nearly \$4 million in excess fees from professionals? Perhaps the fees are set too high if regulatory boards have that kind of surplus.
6. **The Debt Star** – It’s a technological terror, all right. The Music City Star costs taxpayers \$4.1 million a year to subsidize.
7. **The Obion County Blunder** – Folks in Obion County government owe their neighbors an apology for a \$995,897 accounting mistake in the General Debt Service Fund balance. This mistake may even cost them a property tax increase.
8. **The Cannon County Two-Step** – County government did \$200,000 in business in 2009 without taking competitive bids.
9. **Legislative Presentations** – They can barely balance a budget, but state legislators can spend more than \$350,000 in taxpayer time and money honoring their local beauty queens, football teams and senior citizens.
10. **Coal in His Stocking** – The Bluff City has had its own set of serious financial issues, but that didn’t stop Memphis General Session Court Clerk Otis Johnson from blowing \$4,200 on two lavish Christmas parties in 2009.

In addition to tackling the various examples of waste, fraud, and abuse laid out in these pages, the state legislature should enact stricter spending laws. This would prevent further erosion of tax dollars on needless projects (it would also save TCPR some printing costs by reducing the number of pages needed to expose all this waste). There are three key solutions that, if enacted, would provide much-needed protection for taxpayers' wallets.

First, to curb government spending, the General Assembly should enact a "kicker" law similar to that in Oregon. The law gets its name because it would require the state to "kick" surplus funds back to taxpayers. 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 removing the sales tax on groceries or reducing the state's death tax.

Second, the state should complement a "kicker" law with a strengthened Copeland Cap. Enacted in 1978, the Copeland Cap is meant to prevent wasteful spending by preventing the General Assembly from increasing spending at a faster rate than personal income growth. If state spending grows at a higher percentage than Tennesseans' personal income, the legislature must approve the excess spending in a separate bill.

Unfortunately, the Copeland Cap can be overridden by a simple majority vote, rendering it practically ineffective. By amending the state Constitution to require a two-thirds vote rather than a simple majority to override the cap, lawmakers could curb spending abuse, while still preserving their ability to raise needed funds in times of emergency or disaster.

Finally, lawmakers should establish a version of the federal Grace Commission. This independent body would be able to analyze the entire state budget from cover to cover, pinpointing waste, fraud, and abuse of Tennesseans' tax dollars.

In the meantime, it is incumbent upon Tennesseans and groups like the Tennessee Center for Policy Research and Citizens Against Government Waste to hold elected (and appointed) officials accountable. Until lawmakers decide to tackle government waste, TCPR and CAGW will continue to publish the *Pork Report* and make government spending as transparent as possible through projects like **OpenTennessee.org**.

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