

2007 Tennessee Pork Report
Tennessee's State Government Gone Hog Wild

by Trent Seibert & Drew Johnson

The Book Nashville Doesn't Want You to Read

THE TENNESSEE CENTER FOR POLICY RESEARCH

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CITIZENS AGAINST GOVERNMENT WASTE

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement and inefficiency in government.

CAGW was founded in 1984 by J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy and accountability in government. CAGW has more than one million members and supporters nationwide.

Since 1986, CAGW and its members have helped save taxpayers more than \$758 billion.

CAGW's official newsletter is *Government Waste Watch*, and the group produces special reports and monographs examining government waste and what citizens can do to stop it. CAGW is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954 and is recognized as a publicly-supported organization described in Section 509(a)(1) and 170(b)(A)(vi) of the code. Individuals, corporations, companies, associations and foundations are eligible to support the work of CAGW through tax-deductible gifts.

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Contents

INTRODUCTION	1
ARTS AND ENTERTAINMENT	2
PAINTING A PICTURE OF GOVERNMENT WASTE	2
STATE-OWNED GREENS REMAIN IN THE RED	3
HEY VERN, LOOK AT THE PORK.....	4
SOMETHING'S FISHY AT THE TENNESSEE WILDLIFE RESOURCES AGENCY.....	5
BLUE RIBBON FOR GOVERNMENT WASTE	5
TAKING TAXPAYERS FOR A CARNIVAL RIDE.....	6
HEALTH AND WELFARE	6
AND YOU THOUGHT YOUR PHONE BILL WAS HIGH	7
MAKING SURE DEADBEAT DADS KEEP GETTING WELFARE	8
PLEASE ADOPT A BETTER PLAN.....	8
RESPECT YOUR HEALTH DISRESPECTS YOUR MONEY	8
BIO-WORKING THE BUDGET	9
YOUR MONEY BYTES THE DUST	10
JUST PUT IT ON THE CARD	11
IT MUST BE AROUND HERE SOMEWHERE	11
EDUCATION	11
DEATH, TAXES AND TUITION HIKES	11
WE DON'T NEED NO STINKING FACTS.....	12
THE BIRTH OF A BOONDOGGLE	12
NOT-SO-PETTY COMPLAINTS OVER THE PETTY CASH.....	13
PRISONS AND PUBLIC SAFETY	13
YOU'RE FIRED! STATE GOVERNMENT STYLE.....	14
TAXPAYERS PAY FOR DEPARTMENT OF SAFETY DELAY.....	14
MUST'VE PAID FOR A NICE RETIREMENT PARTY	15
IT IS HARD TO FIND THE REAL CROOKS	15
911 IS A JOKE-IN CUMBERLAND COUNTY	16

TRANSPORTATION	16
PARKING—ON TOP OF THE TAXPAYER	16
THE BRILEY BOONDOGGLE	17
THE MOST EXPENSIVE FREE RIDE—RIGHT EVER	17
RENOVATION AND CONSTRUCTION	18
SNUG AS A BUG IN A \$21,000 RUG	18
MEASURE ONCE, CUT TWICE	18
FOR WHOM THE BELL CONSTRUCTION TOLLS	18
SALARIES AND CONTRACTS	19
OVERBOARD ON OVERTIME	19
FORGET OVERTIME, JUST GET SOME FREE MONEY	19
YOUR TAX DOLLARS PAY THE LOBBYISTS—TO GET MORE OF YOUR TAX DOLLARS	20
SPLITTING THE DIFFERENCE	20
LOCAL GOVERNMENT	21
WHAT A WASTE, LITERALLY	21
THINGS ARE GETTING HAIRY IN MCNAIRY	21
IN A STEW IN STEWART COUNTY	21
THE CARTER COUNTY CONUNDRUM	22
THE SHERIFF’S SHORTFALL	22
THE HENDERSON HIGH SCHOOL HASH	22
HAMMERING THE TAXPAYER	23
CONFLICTS COSTING THOUSANDS	23
LOST (TAXPAYER MONEY) IN TRANSLATION	23
GOOD OLE PORK	23
BLUFF CITY OR ROUGH CITY?	24
CONCLUSION	25

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To report wasteful spending by the Tennessee state government, or submit an item for consideration for next year’s *Tennessee Pork Report*, please contact the Tennessee Center for Policy Research at editor@tennesseepolicy.org.

Introduction

For the second consecutive year, Citizens Against Government Waste and the Tennessee Center for Policy Research have teamed up to create the *Tennessee Pork Report*, the Volunteer State's only comprehensive examination of waste, fraud and abuse of tax dollars by the Tennessee state government.

The concept of exposing government waste took root 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 by eliminating waste, mismanagement and inefficiency in Washington.¹

After the report was published 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.

During the past 23 years, CAGW and its more than 1 million members and supporters have helped taxpayers save more than \$944 billion.² Since 1991, CAGW has published the Congressional Pig Book, an annual exposé of pork barrel spending in federal appropriations bills. CAGW also produces Prime Cuts, a comprehensive look at the depth and breadth of waste throughout the federal government.

Recommendations range from eliminating corporate welfare to cutting unnecessary defense systems. Prime Cuts 2007 identified \$280 billion in potential one-year savings and \$2 trillion in five-year savings.

Implementing the recommendations made in Prime Cuts could go a long way toward returning fiscal sanity to Washington, especially in light of the current \$318 billion federal deficit.

Since its founding in 2004, the Tennessee Center for Policy Research (TCPR) has been Tennessee's leading voice for fiscal responsibility in state government. TCPR has authored a series of studies and articles advocating commonsense policy recommendations to reduce the state tax burden and government spending without undermining the important role of government or sacrificing necessary services.

TCPR's primary mission is to reduce the size and scope of state government in Tennessee by encouraging responsible spending, protecting private property rights, promoting school choice, advocating consumer-driven healthcare and advancing other free market public policy solutions.

The "Monthly Misuse," TCPR's popular email series highlighting extreme examples of government waste and misuse of taxpayer money, has become a must-read for legislators, the media and taxpayers across the state.

The Tennessee Budget Spend-O-Meter, a real-time, constantly updating gauge of state spending available at the

The concept of exposing government waste took root 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.

Tennessee Center for Policy Research’s website (www.tennesseepolicy.org), has been so effective at demonstrating exactly how fast government spends tax dollars that it has been adopted by over 20 public policy organizations across America and around the world. As the Tennessee Budget Spend-O-Meter illustrates, the state government devours a staggering \$833 every second.³

The Tennessee Center for Policy Research’s newest innovation, the Tennessee Tax Burden Calculator, is a personalized and customizable online tool that allows users to see, in real dollars, how much they pay in local taxes, including property taxes, local option sales taxes and car registration fees.⁴

By utilizing the Calculator’s radius search function, users can actually compare their local tax burden to what their tax burden would be in neighboring communities and in cities across the state. Many users find that moving less than five miles could save thousands per year in taxes.

This report, a list of questionable expenditures compiled by CAGW and the Tennessee Center for Policy Research, is modeled after two prominent CAGW publications: the outrageous government-spending examples of the Pig Book and the more serious-minded Prime Cuts publication. The resulting *Tennessee Pork Report* reveals rampant and undisciplined spending by Tennessee’s state government. It unmaskes an ingrained addiction to overspending as the real culprit behind the Volunteer State’s ballooning budget.

Unfortunately, the problem of wasteful spending is worsening in Tennessee. Since Gov. Phil Bredesen took office

in 2002, the state budget has rocketed from \$19.3 billion to more than \$26.5 billion—an increase in government spending of 37.3 percent. During the same time, inflation increased by only 11.3 percent, meaning that the size and cost of state government is growing at more than triple the rate of inflation.⁵

So what did we taxpayers get for all of that spending—an extra \$1,200 per year for every man, woman and child in the state? Since Tennessee’s spending spree appears to have little impact on educational quality, healthcare availability and employment rates, the answer, sadly, appears to be “lots and lots of pork.”

Arts and Entertainment

Painting a Picture of Government Waste

State lawmakers earmarked more than \$5.8 million for the Tennessee Arts Commission in the 2006-07 State Budget.⁶ Bureaucrats gave away a portion of that money as grants to artists, museums, playhouses and performance organizations that they deemed worthy of state tax dollars. Among the grants were some projects that many Tennesseans would find very questionable.

For example, 2006 state arts grants included:

- \$7,000 to the People’s Branch Theatre (PBT) in Nashville, which in May featured a sexually-charged version of the ancient Greek farce *Lysistrata*. According to the PBT website, “Aristophanes makes his war

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about something really worth fighting for—getting laid! Then PBT throws in some girl on girl action, and in classic Greek style straps on a few strap-ons and voila!”⁷

- \$5,000 to Jeff Hand, whose hobby is making large pillows that are replicas of prescription medications such as Prozac and Viagra. Hand has also produced an installment featuring dozens of well-endowed teddy bears hanging from nooses.⁸
- \$5,000 to Jason Briggs of Watertown, who sculpts suggestive blobs covered in blisters and boils. On his website, Briggs notes, “I intend for my pieces to invoke...temptation. Obvious sexual references, along with an extravagant, fetish-like attention to surface, can arouse a yearning to touch as powerful as the act itself. In this way a parallel can be drawn with pornography—my first encounter with *Playboy*, for example.”

“When one views pornography,” Briggs continues, “I would argue that one is thinking about touching—about how it would feel. I want my work to elicit a similar response.”⁹

- \$5,000 to Nate Eppler, who is perhaps best known for his play, *Mister Greenjeans*, an intentional misinterpretation of a 1970s Japanese play *The Green Stockings*. Eppler’s adaptation of the work followed the life of a man who has both the stomach of a cow and a suicidal panty fetish. The work was performed for several nights last year in the attic of a Nashville coffee shop.¹⁰

- \$2,500 to Actors Co-op, Inc., a Knoxville playhouse known for pushing the boundaries of bad taste. Last summer, the Co-op performed *Hedwig and the Angry Inch*, a rock musical about the victim of a botched sex change operation, and *Unidentified Human Remains and the True Nature of Love*, a thriller that follows gay, footloose urban swingers through a dark and chilling series of events.¹¹

Instead of determining what constitutes worthy art and then supporting it with Tennesseans’ tax dollars, the state should let residents keep more of their money. With that money, Tennesseans can use their hard-earned dollars to support art that they enjoy, rather than being coerced into supporting art that state bureaucrats consider worthwhile.

State-Owned Greens Remain in the Red

The 2006 edition of the *Tennessee Pork Report* famously exposed the use of \$436,590 to subsidize state-owned golf courses. That startling amount has increased—by more than 170 percent—to nearly \$1.2 million.¹²

The eight courses featured in last year’s *Pork Report* cost taxpayers \$984,056 this year—an undeniable double bogey of tax dollars. Only one of those courses, Warriors Path in Kingsport, proved self-sustaining (making a meager 3.3 percent profit). All others required taxpayer financing.¹³

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Making matters worse, the Department of Environment and Conservation expanded the Tennessee golf course welfare program significantly in December 2005 when the state took control of four Bear Trace golf courses.

The Jack Nicklaus-designed Bear Trace courses were built in the mid-1990s at a cost of \$20 million to the state. A private firm, Redstone, managed the courses, but because of their remote locations—in far-off places like Henderson, Winchester and Harrison along the state’s southern border—there was little demand for the lavish

resorts. The private management company, which successfully runs a PGA tour course in Houston and several other distinguished courses, grew tired of hemorrhaging money—\$6.85 million over the past three years—on the out-of-the-way courses and returned them to the state.¹⁴

Without the management expertise of Redstone, and carrying a decades-long record of failure in the golf business, the state government is on track to lose even more than the private company ever did. The difference is that, under state management, financial losses incurred by the courses are paid by taxpayers.¹⁵

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Golf Course Welfare: State-Owned Courses by the Numbers¹⁶

Golf Course	Budget/ Expenses	Revenue	Total
Chickasaw*	\$417,655	\$164,977	-\$252,678
Cumberland Mountain*	\$445,134	\$479,787	\$34,653
Fall Creek Falls	\$627,808	\$506,671	-\$121,137
Harrison Bay*	\$496,517	\$550,376	\$53,859
Henry Horton	\$820,043	\$528,738	-\$291,305
Montgomery Bell	\$850,305	\$804,365	-\$45,940
Old Stone Fort	\$321,936	\$312,653	-\$9,283
Paris Landing	\$708,290	\$645,902	-\$62,388
Pickwick Landing	\$804,655	\$473,852	-\$330,804
Tims Ford*	\$364,958	\$321,840	-\$43,119
T.O Fuller	\$503,080	\$355,122	-\$147,957
Warrior’s Path	\$745,233	\$769,991	\$24,758
Grand Totals:	\$7,105,614	\$5,914,272	-\$1,191,342

* Bear Trace Course

Leave it up to government to lose money on one of the most popular games in the world.

Hey Vern, Look at the Pork

Tennessee’s elected leaders have identified a very special interest that they think is underserved. It is not impoverished single moms. It is not the elderly and indigent. It is the big budget Hollywood film industry that deserves the special treatment, according to state legislators. The late Jim Varney, the Tennessean who portrayed the iconoclastic B-movie favorite Ernest P. Worrell, wouldn’t give a thumbs up to the following handout:

The Tennessee Film, Entertainment and Music Commission is dishing out \$10 million worth of special treatment in order to attract the Hollywood lights here to Tennessee.¹⁷

“These... incentive programs will place Tennessee squarely among the most production-friendly locations in the U.S.,” Film Commission Executive Director Perry Gibson told the *Nashville City Paper*. The film experts in Tennessee say an incentive program is needed to attract the films to the state. In fact, the Film Commission boasted that huge hits such as *Walk the Line*, *Hustle & Flow* and *21 Grams* were filmed in Tennessee.¹⁸

But the Film Commission also said that the incentives would be most attractive to back-to-back, low-budget productions. Be sure to be on the lookout for *The Furnace*, a slasher horror flick based in Nashville that the Film Commission features on its website. It is directed by William Butler, who oversaw such films as *The Gingerdead Man*, and stars Michael Paré, who stars in what will surely be this summer’s blockbuster, *Ninja Cheerleaders*.¹⁹ It’s enough to make Tennesseans want to curl up with a good book.

Something’s Fishy at the Tennessee Wildlife Resources Agency

The licensing fees that commercial fish companies pay to the state are supposed to cover the costs of the oversight of commercial fishing and musseling in Tennessee. But a recent audit shows that parents who take their children hunting or fishing are subsidizing that bureaucracy.

The revenue from commercial fishing licenses generated \$433,070 between 2000 and 2004, while the costs exceeded \$780,000 to regulate the industry over that same time. Recreational hunters and anglers made up the difference through increased license fees. Over the same period, commercial musseling harvested \$435,699 for Tennessee. But, again, the weekend hunter or angler had to pick up the slack, paying more than half of the \$1 million cost of regulating the musseling industry.²⁰

It’s enough to make taxpayers in Tennessee feel like they’re the ones taking the bait.

Blue Ribbon for Government Waste

From Ferris wheels to funnel cakes, nothing says summertime in Tennessee quite like a fair. This summer, Tennessee will host more than 50 fairs across the state. Few Tennesseans, however, realize that the Tennessee Department of Agriculture spends thousands of state tax dollars to subsidize almost every one of these events and 30 additional livestock shows throughout the year.

A complex scheme of state aid showers fairs and livestock shows with more than \$154,000 in taxpayers’ money. This questionable system of “fair welfare” helps finance everything from tiny 4-H children’s livestock shows to the largest regional fairs in the state—all in the name of promoting Tennessee agriculture. While there is no indication that Tennessee’s farmers have benefited from this welfare system, there is no question that years of six-figure fair subsidies have lightened taxpayers’ wallets.²¹

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In fact, last year alone, the state government gave \$111,484 of taxpayers' money to fairs and livestock shows in the form of "State Aid." The money subsidizes the premiums that fairs pay for agricultural displays and competitions. The blue ribbons that hang from prizewinning fruits, vegetables, canned goods and farm animals amount to price tags for taxpayers. Tax dollars commonly fund up to 50 percent of the prize money awarded by fairs and livestock shows.

Taking Taxpayers for a Carnival Ride

In addition to the State Aid, taxpayers also fund an additional \$43,085 in "Merit Awards." These Merit Awards are payments to Tennessee fairs as rewards for routine activities, such as maintaining clean rest rooms and concession areas and offering reasonable prices for midway rides and amusements. The free market already provides incentives to fairs for cleanliness and affordability in the form of greater attendance. Tens of thousands of hard-earned tax dollars are not needed to sweeten the deal.²²

Tennessee's Most Heavily Subsidized Fairs²³

Fair/Show Name	Location	Tax Money Awarded <i>(State Aid & Merit Awards)</i>
Appalachian Fair	Gray	\$12,000
Mid South Fair	Memphis	\$12,000
Tennessee State Fair	Nashville	\$12,000
Tennessee Valley Fair	Knoxville	\$12,000
Obion County Fair	Union City	\$8,338

Other Notable Taxpayer Subsidized Fairs and Shows

Fair/Show Name	Location	Tax Money Awarded <i>(State Aid & Merit Awards)</i>
Wilson County Fair	Lebanon	\$7,176
Lincoln County Fair	Fayetteville	\$6,611
Blue & Gold Market Lamb Show	Selmer	\$1,007
Tennessee Polled Hereford Show	Franklin	\$705
Spring Celebration Jr. Goat Show	Lawrenceburg	\$335

Since both State Aid and Merit Award payments to fairs and livestock shows come from state general fund appropriations to the Department of Agriculture, a portion of the award money won by the prized pig or perfect pumpkin at the county fair can be traced to taxes you paid during your last trip to the grocery store. The Department of Agriculture's insistence that state taxpayers subsidize fairs and livestock shows deserves a blue ribbon for wasteful spending.

Health and Welfare

In 1994, Tennessee's Medicaid program was replaced with TennCare. This \$8 billion program is, according to their website, "designed as a managed care model. It extended coverage to uninsured and uninsurable persons who were not eligible for Medicaid."

The *2006 Tennessee Pork Report* identified numerous problems with TennCare. Compared to other Medicaid programs, TennCare is disproportionately large. While other states, on average, enroll 18 percent of their citi-

The blue ribbons that hang from prizewinning fruits, vegetables, canned goods and farm animals amount to price tags for taxpayers.

zens in their Medicaid programs, 23 percent of Tennesseans are enrolled in TennCare. Other states on average spend \$5,000 per enrollee, but TennCare spends \$6,200. Even within the context of other costly state programs, TennCare is by far the most expensive, consuming 35 percent of the annual state budget.

Yet this spending has not stopped Tennessee from maintaining one of the poorest health rankings among its peers. According to the 2005 America's Health Rankings, Tennessee ranks 48th out of the 50 states in overall health measures, with only Louisiana and Mississippi ranking worse.

Adding to the program's shortcomings, former state Sen. John Ford, D-Memphis, allegedly used his position and influence to swindle the state's TennCare program. Sen. Ford channeled cash from TennCare to several companies, according to federal prosecutors in Middle Tennessee. Ford was indicted in December 2006 on six felony counts accusing him of concealing \$800,000 in kickbacks from state contractors.²⁴

This year, Gov. Phil Bredesen launched a new (and supposedly better-managed) state healthcare program, CoverTN. As the word spread about the new healthcare scheme, Bredesen's staff made the rounds in the media to assure Tennesseans there will be another benefit to the program: It cannot be used as a personal piggy bank for politicians.

"We learned a lot of lessons from TennCare," Bredesen spokesman Bob Corney told newspapers. "There weren't enough financial safeguards."²⁵

Those protections include competitive bidding, new ethics laws forbidding companies doing business with CoverTN to pay lawmakers as consultants, and safeguards to ensure that CoverTN contractors are legitimate health-care providers.

Hopefully those safeguards and the estimated \$800,000 that taxpayers lost, according to the indictment of Sen. Ford, will help prevent similar fraud, abuse and mismanagement of CoverTN in the future.

And You Thought Your Phone Bill Was High

According to the DHS website, "Every day, the Department of Human Services provides opportunities and services to tens of thousands of Tennesseans in need. Whether it's food stamps, child support enforcement or rehabilitation services, DHS is here to help."²⁶ Unfortunately, it appears that employees have been helping themselves to unnecessary phone usage.

An important part of any bureaucrat's jobs is telephone communication and its most basic form, but DHS employees are hanging on the phone line a bit too long.

DHS management did not unhook phone lines when workers no longer needed them. Auditors tested some telephone lines in the Department that seemed suspiciously quiet. It turned out that there were 18 phones lines that no one was using, costing taxpayers \$4,900.²⁷

Unfortunately, that wasn't the end of the phone fun. Auditors looking through Food Stamp and other social

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service offices in Hamilton County found another 41 phones lines that might not be in use—but were being paid for.²⁸

What a bad call for taxpayers. Those unused lines in Hamilton County cost taxpayers statewide a total of \$15,205 last year.²⁹

Making Sure Deadbeat Dads Keep Getting Welfare

DHS is in the business of giving tax dollars to families facing tough times. This money comes from a federally funded program called “Families First,” but the catch is that beneficiaries are not eligible if they have skipped out on child support payments.

This seems fair enough, but DHS has not stopped paying people who keep food money from their own children’s mouths. State auditors tested 120 cases where the system that monitors who is or is not paying child support issued a “non-cooperation” alert to DHS. Auditors found that, under federal rules, DHS staff should have denied or obtained and documented a reason for continuing the payments in 50 of the cases, but did not.³⁰

In fact, for six years in a row, DHS officials have ignored similar warnings from auditors. This “minor” oversight means that the taxpayers of Tennessee are subject to a \$1.2 million penalty.³¹ Even though this program may be called “Families First,” it should be renamed “Scofflaws First.”

Please Adopt a Better Plan

The Department of Children’s Services (DCS) oversees adoption and foster care assistance, but one might hope DCS officials could assist the taxpayers as well.

Auditors found examples of “erroneous payments” to two families and four overpayments to families that went on for four months before being caught. These overpayments included:³²

- \$31,000 in monthly overpayments for adoption assistance for two months on one account that should have been \$441 per month;
- \$5,044 for overpayments for foster care to a family for 10 months after the child left foster care; and
- \$4,034 for payments to a family for adoption assistance after the adoption was called off.

According to auditors, since 1994, DCS has overpaid parents \$1 million for foster care and adoption assistance. This sort of management would make any taxpayer feel neglected.³³

Respect Your Health Disrespects Your Money

In May of 2005, the Tennessee Department of Health began *Respect Your Health!*, a taxpayer-funded multimedia campaign intended to encourage Tennesseans to eat well and exercise. In the two years since, *Respect Your Health!* has proven downright disrespectful of taxpayers’

According to auditors, since 1994, DCS has overpaid parents \$1 million for foster care and adoption assistance.

money, spending \$729,500 on marketing and advertising, while doing little to actually improve the health of Tennesseans.

As a component of the *Respect Your Health!* program, the Department of Health ordered 25,000 green rubber band-style bracelets imprinted with the phrase “Respect Your Health!” and 24,500 refrigerator magnets featuring the Department’s logo and website address. State taxpayers paid more than \$17,000 for these trinkets—\$8,000 for the bracelets and another \$9,326 for the magnets.

In addition to the rubber bracelets and refrigerator magnets, Tennesseans funded a media campaign that included two television commercials and several radio advertisements, the best known of which featured a talking shoe ridiculing a woman for failing to exercise.

The Department of Health spent nearly three-quarters of a million dollars for marketing and advertising costs related to the *Respect Your Health!* campaign. They spent a comparatively minor sum—\$3,500—to evaluate the impact of the program on the health of Tennesseans. This focus on style over substance seems to indicate that *Respect Your Health!* is a self-promotion tool for the Department rather than an honest effort at measurably improving the health and well-being of the people of the state.

Two months before the launch of *Respect Your Health!*, Tennessee was named the 38th healthiest state in America by Morgan Quitno Press in the company’s annual ranking of state health statistics. In the same ranking in 2006, nearly a year into the state’s *Respect Your Health!*

campaign, Tennessee’s health ranking was again 38th in the nation. Despite the cost of *Respect Your Health!*, Tennesseans are no healthier than before the program began.

Rather than spending millions on tchotchkes and trinkets more likely to make their way to the trash bin than to inspire Tennesseans to exercise and eat right, the Department of Health should resolve to get leaner. By wasting fewer tax dollars, the Department would leave Tennesseans with more money to join a gym, buy healthier meals or otherwise spend their money as they deem fit.³⁴

Bio-Working the Budget

In the final days of the 2006 legislative session, state revenue collectors revealed an estimated \$300 million state surplus. The Bredesen administration quickly seized the surplus funds, offering \$244.1 million in new spending amendments to the appropriations bill.

Buried among the administration’s 146 project requests was a \$1.5 million increase to the Memphis Bioworks’ original \$3.5 million line item from the initial budget proposal. The \$5 million in taxpayer funding is intended to offset a portion of the construction costs of Memphis Bioworks’ new research park.

The research park is an arm of the Memphis Bioworks Foundation, a nonprofit organization attempting to expand the bioscience industry in Memphis. One way that Memphis Bioworks lures biotech-related companies to Memphis is to offer corporate welfare through building

Despite spending \$729,500 on Respect Your Health!, Tennesseans are no healthier than before the program began.

laboratory facilities and other infrastructure at no cost to the private businesses that use them.

Another question that arises from this expenditure is why this special interest group, who has never received state funding before 2006 and only benefits one industry in one city in Tennessee, received \$5 million in taxpayer funds. The answer may be found in the political contributions made by Memphis Bioworks' board members.

Twelve of Memphis Bioworks' 18 board members have made campaign contributions to the Governor's campaign coffers. In total, Memphis Bioworks' board members and their spouses contributed \$36,500 to Bredesen over the past three years. Another board member who did not donate directly to the campaign gave \$1,750 to a PAC that contributed \$5,000 to Bredesen in 2005.

Of these contributions, \$10,500 came in a twelve-day period in December 2005. This was only days before the start of the Special Session on Ethics and just as the administration was finalizing its preliminary budget recommendations for the new fiscal year, which included the initial \$3.5 million in funding for Memphis Bioworks.

Memphis Bioworks is a 501(c)(3) nonprofit organization, which, by law, can do only very limited lobbying. The organization, however, has a contract with a major Nashville firm to lobby the state government. In addition, Calvin Anderson and Dr. Kenneth Robinson both serve on the board of Memphis Bioworks. Anderson is a registered lobbyist for his employer, BlueCross BlueShield of Tennessee, and Robinson serves as the state Commissioner of Health. These connections potentially offer

further opportunities to encourage state funding of Memphis Bioworks. In addition to state lobbying activities, Memphis Bioworks has also spent tens of thousands of dollars in each of the past two years on lobbying the federal government.³⁵

Your Money Bytes the Dust

The Tennessee Department of Labor and Workforce Development wasted more than \$350,000 of federal and state tax dollars on computers they never used.

According to a state audit of the Department of Labor and Workforce Development released in April 2006, the Department's Director of Information Services approved the purchase of "1,638 computers, operating software for the computers and 227 printers for the Employment Security Division in the fall of 2003, without properly determining the number actually needed."

Unfortunately for taxpayers, the Department "actually needed" nearly 230 fewer computers and 77 fewer printers than the Director carelessly ordered.

The Department reassigned 17 computers to other divisions but 210 computers sat unused, collecting dust in a supply closet.

The Director's negligent approval of the computer purchases cost taxpayers \$352,210.³⁶

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Just Put It On the Card

If state workers at the Tennessee Department of Health concentrated on their jobs as much as they concentrated on using their state-issued credit cards, someone over there might have solved the state's overwhelming health care crises by now.

State auditors found a series of problems with credit card statements. Namely, 77 cardholders violated state purchasing rules when buying \$94,313 worth of items. That just wasn't rookie workers making a mistake. Of the 77 cardholders who broke the spending rules, 60 were repeat offenders.³⁷ The Department of Health sure doesn't seem to mind a healthy dose of wasteful spending using taxpayers' money.

It Must Be Around Here Somewhere

The Tennessee's Division of Mental Retardation lost \$2.4 million and apparently is in no rush to find it.³⁸

A state audit blamed poor controls the Division had over a contract it has with the Community Services Network of West Tennessee for failing to seek reimbursement for that money.

In fact, this mess-up came after a state worker was hired specifically to oversee such contracts and to make sure nothing like this happened again. (This is not the first time this sort of thing has occurred, auditors said.)³⁹

Education

In the 2006-07 fiscal year, the State of Tennessee spent more than \$7.1 billion on education, yet government education advocates often declare the need for additional funding.⁴⁰ In fact, the FY 20067-08 budget calls for an additional \$491.4 million in taxpayer funds for education.⁴¹ From expanding Tennessee's bureaucratic pre-kindergarten monopoly to pouring more money into state universities and community colleges, education-related requests for tax dollars never cease. Unfortunately, state policymakers rarely conduct oversight on how well the state is educating children and how carefully it spends taxpayers' money to do so.

Death, Taxes and Tuition Hikes

In addition to death and taxes, it appears there is nothing more certain in Tennessee than a tuition hike for the students who seek to attend one of the state's institutions of higher learning.

This year, Tennessee's public colleges are asking for a 5 to 7 percent bump in tuition for the fall semester, as well as an additional \$40 million in taxpayer dollars.⁴²

Gov. Phil Bredesen, who graduated from Harvard University in 1967, didn't seem too concerned. "Groceries cost more every year. Gas costs more every year. College costs more every year," Bredesen told *The Tennessean* after a November 31, 2006 state budget hearing. Of course, tuition hikes may not be as natural as the sun rising and setting. Studies, such as a January 25, 2005

In addition to death and taxes, it appears there is nothing more certain in Tennessee than a tuition hike...

Cato Institute policy analysis “Making College More Expensive: The Unintended Consequences of Federal Tuition Aid,” show that the increased demand for higher education triggered by federal loans, Pell grants, and other assistance programs actually result in higher tuition for students at the nation’s colleges and universities. In Tennessee, Bredesen was instrumental in the creation of the Tennessee Lottery scholarship program, in which college students can receive up to \$3,800 for school costs each year.

We Don’t Need No Stinking Facts

A six percent tuition increase, would cost students at the University of Tennessee’s (UT) Knoxville campus about \$300 more for 2007-08. At Board of Regents schools, including Tennessee State University, it would add about \$200 to an annual tuition bill next year.

Despite all this cash flowing in, a March 30, 2007 audit by the Tennessee Comptroller showed that university officials at the Board of Regents schools might not know what kinds of students are at the schools or even what grades they get. The audit found that accuracy over data concerning students is “weak” and “inconsistent.”⁴³

In addition, the audit focused on the UT Office of Institutional Research and Assessment, which provides a “Fact Book” on graduation rates, tuition and fees, salaries, state appropriations, revenues and expenditures, and funding recommendations. The auditors found that the Fact Book wasn’t fact checked.

An audit on one set of numbers noted, “University officials, when asked to explain the discrepancies, stated that they had included in the 2005 figure numbers not reported in that way previously to THEC [the Tennessee Higher Education Commission]. They also stated that they could not replicate the numbers they had given to THEC, and that they don’t expect and never get the same data twice from their system.”⁴⁴

That raises questions about the state’s post-secondary institutions need for a 5 to 7 percent tuition increase and an additional \$40 million in taxpayer cash.

At UT, maybe they are anticipating another presidential spending spree. The *2006 Pork Report* highlighted that taxpayers footed the bill for \$493,137 in unapproved renovations and questionable items for UT’s executive residence.

It looks as though Tennessee college students will at least get an education on how to work the system.

The Birth of a Boondoggle

Tennesseans spent \$2.7 million in 2006 buying books for children—including the sons and daughters of the richest people in the state—through an invasive boondoggle called “Books from Birth.”⁴⁵

Books from Birth began harmlessly enough as a collaboration between Gov. Phil Bredesen and Dolly Parton’s Imagination Library program. The Imagination Library sends a book every month to preschoolers in Sevier

...they could not replicate the numbers they had given to THEC, and that they don’t expect and never get the same data twice from their system.

County. Bredesen hoped to replicate the idea in the poorest counties in the state through private donations.

This heartwarming deed has turned into a government boondoggle. Books from Birth relies far more heavily on state and local tax dollars than private contributions, ultimately snatching money from the pockets of the poorest Tennesseans to send free books to the Volunteer State's richest kids.

Rather than limiting the free-book program to poor counties or poor families who voluntarily sign up, Books from Birth has grown into a bulky bureaucracy that sends a book to every child in Tennessee, regardless of income. The scheme not only costs taxpayers \$2.7 million in state tax dollars per year, but the local financial matching requirement means hundreds of thousands more in local money is taken from Tennesseans to fund the program.⁴⁶ The books, which are chosen through Parton's Dollywood Foundation from a group of Penguin publishing company titles, are mailed each month to children until they turn five.

Bredesen, whose net worth is estimated at nearly \$300 million, and Parton, whose personal wealth is reportedly more than half a billion dollars, could easily foot the bill for Books from Birth. Instead, the program uses tax dollars to pay for over half of the cost of the books and pays for the administration of the Governor's own foundation, including an 11th floor office in the state-owned Andrew Johnson Tower in Nashville.⁴⁷

Not-So-Petty Complaints Over the Petty Cash

Someone at the Tennessee Board of Education (BOE) must need a remedial math course. A recent audit showed that the staff at the BOE cooked the books that show how much petty cash was in the account. Because of the fast and loose bookkeeping, state auditors found there was an "increased risk of fraud and abuse." In fact, one check cut to purchase framing for pictures in the BOE's boardroom bounced—the \$286.44 check was returned for lack of funds.⁴⁸ For some reason, money that was supposed to cover that purchase—and others—never reached the bank.

One of the complaints auditors had with the BOE's petty cash system is that the people in charge of the petty cash did not always keep the bank statements up to date, and unused checks were kept in an unlocked drawer where anyone in the office could have access to them. In addition, auditors said that when they came to examine the books the petty cash fund was overdrawn by nearly \$150.⁴⁹

Prisons and Public Safety

Prisons are necessary to keep order in society, but taxpayers are finding out that there is spending disorder in Tennessee's prisons and public safety programs.

Books from Birth relies far more heavily on state and local tax dollars than private contributions, ultimately snatching money from the pockets of the poorest Tennesseans to send free books to the Volunteer State's richest kids.

You're Fired! State Government Style

A top state prison administrator used his government-owned computer to send e-mails that were not only pornographic in nature, but also racially insensitive. One of the e-mails, titled “How to serve a man a drink,” showed photographs of nude models, including one bent over so that a bottle of beer could be easily taken from her backside—certainly not a good use of taxpayer time or a taxpayer-funded computer.⁵⁰

The administrator, Donald Dunaway, exchanged these e-mails with a special agent he was supervising, which resulted in both their firings. In Dunaway’s termination letter, dated September 8, 2006, Tennessee Department of Correction Commissioner George Little wrote, “Your duties include investigating allegations of inappropriate workplace actions. These violations taint the credibility of your investigations.”⁵¹ However, a few days later, Dunaway was hired back as a supervisor pulling in \$44,736 a year—less than what he was making before, but with all the sweet government perks, health care and pension.

Little told *The Tennessean* for an October 5, 2006 story, “As we looked at everything that’s gone on of a similar nature entertaining (Dunaway’s) request (for re-employment) seemed appropriate.”

After the newspaper asked about the re-hire, the Department let Dunaway go again. Quietly, months later, the Department of Correction re-hired Dunaway, this time as a corrections officer. At least the taxpayer will save when he collects his paycheck of just more than \$30,000.⁵²

That kind of “You’re Fired” would make Donald Trump’s hair stand on end.

Taxpayers Pay for Department of Safety Delay

A Tennessee Highway Patrol (THP) officer received a day’s suspension last year after he shot out the tires of a fleeing suspect’s car. But a judge said the suspension was wrong and that the officer made the right judgment call. So the judge made his own call and ordered the Department of Safety—which oversees the THP—to pay Sgt. James Chaney \$185 to make up for the pay he lost during the wrongful one-day suspension.⁵³

That ruling came in April 2006. The state had 30 days to pay the \$185. If the state failed to make the payment by the 30th day, an additional \$185 would be tacked on the initial fine for every day the fine remained unpaid. The payment never came.⁵⁴

Finally, in August, the Department made a single \$185 payment. But Chaney and his attorney wanted the additional penalties that he was due. In March, a chancellor ordered the state to cough up those penalties. In total, he was paid nearly \$12,000. That’s a 600 percent increase in the original amount.⁵⁵

“This is a first for me,” Chaney attorney Brock Parks told *The Tennessean*. “I’ve never had a case where the delinquency on the part of the government has resulted in this kind of penalty.”

One of the e-mails was titled “How to serve a man a drink,” and shows photographs of nude models, such as one bent over so that a bottle of beer could be easily taken from her backside—certainly not a good use of taxpayer time or a taxpayer-funded computer.

Must've Paid for a Nice Retirement Party

Deborah Bradley, a fiscal services manager for the Department of Safety, was accused of mishandling nearly \$3.8 million worth of state contracts. Bradley retired at about the time the “mishandling” was discovered.⁵⁶ However, the public never found out exactly what happened to its money.

In at least one case, a Department spokesman said that a “request for proposal”—a process used when the state seeks competitive bids—was incorrect.⁵⁷ Unfortunately, the spokesman would not elaborate further.

Bradley had more than three decades of service to Tennessee government, and her personnel file contained letters of commendation. One, dated July 2000, recommended her for promotion to her fiscal director position, saying she was working in a “very efficient and professional manner.” Her salary for that promotion was \$50,256 a year, according to the letter.⁵⁸

While Ms. Bradley is enjoying her state pension, taxpayers remain in the dark.

It is Hard to Find the Real Crooks

This fiasco appears to have started out in the way that most wasteful spending does: with good intentions.

Project Return, Inc. is a nonprofit designed to help hardened criminals adjust back into society.⁵⁹ Like the ex-cons, Project Return also has a shady past full of mismanagement and other problems.

The company’s questionable past didn’t stop state and federal grant-givers from doling out \$3 million in grants. The spigot was finally turned off when the organization appeared before a state legislative committee to explain its actions.

The group received no-strings attached cash of up to \$200,000 annually from the state. Over the course of a decade, the group took in an estimated \$3 million. One of its programs, Tennessee Bridges, received \$800,000.⁶⁰

The idea behind Tennessee Bridges was to get serious and violent offenders the help they needed before and after their release so they could successfully make the transition back to law-abiding society: counseling, training and testing. Case managers would draw up plans for how the inmate should progress.

Serious and violent offenders from across the state’s prison system were sent to the Charles Bass Correctional Complex, a minimum-security work-release facility in west Nashville, to take part in Tennessee Bridges. Project Return was supposed to help the new parolees get into GED classes, job training and drug counseling; help with emergency needs for housing, clothing, food, medication and transportation to work; and help place the inmate with a suitable employer.

An expert hired by the state to examine Tennessee Bridges, however, found that the counseling and preparation that the convicts were supposed to have received so they could function in society did not take place in many cases.⁶¹

The company’s questionable past didn’t stop state and federal grant-givers from doling out \$3 million in grants.

The program was apparently run so poorly that a victims' advocates group called You Have the Power (whose president is Gov. Phil Bredesen's wife) pulled its support from the project.⁶²

Tennessee Bridges now has new leaders who say everything is running smoothly. Even so, it appears that taxpayers got a costly education at the school of hard knocks.

911 Is a Joke—In Cumberland County

Jody Lee Parsons was a valued member of the Cumberland County Emergency and Rescue Squad. So valued, in fact, that they made him treasurer. But Parsons' value plummeted when he was caught with his hand in the cookie jar. An investigation found he took more than \$34,000 from the rescue squad's bank account. The lion's share of that came from donations from the good people of Cumberland County.

Part of the cash Parsons took went to pay his credit card bill. Parsons is facing trial, but it's the taxpayers and donors of Cumberland County who were taken for a ride by a member of the ambulance team.⁶³

Transportation

Transportation funding is not always in the form of building bridges or fixing roads. There is more than \$1.7 billion in taxpayer money being used for transportation in Tennessee this year, along with a massive transportation bureaucracy that spends the money.⁶⁴

Some employees working in Tennessee Department of Transportation (TDOT) garages may be getting some much-needed beauty sleep on the taxpayer's dime.

A recent audit found that TDOT employees could not provide forms that showed they tuned up some state vehicles. According to the audit: "The Clarksville garage supervisor stated he was unaware of the widespread problem when we notified him. The Clarksville garage supervisor later stated that laziness seemed to be the main reason employees did not fill out the preventative maintenance inspection forms."

Parking—On Top of the Taxpayer

Not long ago, officials in Memphis and Shelby County wanted to bring the Grizzlies pro basketball team to town. So, they formed a nonprofit company to head up the effort to build what is now called FedEx Arena.

As part of the project, officials made the pitch for a \$20 million federally funded mass transit project, including an "intermodal transfer facility." The grant paid for this facility, the relocation of a road, the construction of a parking area for buses to use and a ticket office for the Memphis Area Transit Authority.

Auditors later found that the intermodal transfer facility was just a fancy name for parking garage, and therefore ineligible for federal funding. They also found:⁶⁵

- The reconstructed road—which Memphis officials said would be used by 74 buses each day—was too narrow for buses to drive on;

Auditors later found that the intermodal transfer facility was just a fancy name for parking garage...

- The special bus area was never used for buses, but became a restricted parking area for the FedEx arena; and
- When Memphis Transit officials tried to move into their ticket offices, Grizzlies officials told them that they didn't know anything about that, and that the team needed the office space and parking spots that were supposed to go to Memphis Transit.

In this game, the taxpayers lost \$20 million.

The Briley Boondoggle

As Middle Tennessee residents drove along the seemingly always-under-construction Briley Parkway to get to Nashville's Opry Mills shopping center to shop last holiday season, their tax dollars were helping some Tennessee construction firms have a very Merry Christmas.

The Briley Project, started in 2000, was supposed to have been wrapped up by June 2005, but several deadlines have since been missed, including one for June 2006. TDOT had to offer financial incentives to the construction companies retooling the highway so that they would finish the work by a new "accelerated" December 31, 2006 deadline, which they failed to meet. The state says the project will be completely done by June 2007.

The project has been beset for years by problems. In fact, the cost of the project has increased from the original estimate of \$83.3 million closer to \$100 million—a 20 percent increase. A big part of the cost overruns have been delays in the project.⁶⁶

But some of the delays, outlined in TDOT documents, might have been foreseen, including:

- A temporary ramp for traffic that had to be installed at Elm Hill Pike, causing a 21-day delay;
- A retaining wall to protect the Bel Aire Mansion on Lebanon Road, causing a 45-day delay; and
- A railway bridge that had to be redone because part of it was 6 inches too short due to a "design error," causing a 72-day delay.

This incompetence is enough to drive taxpayers crazy.

The Most Expensive Free Ride Ever

There is a new perk for state government employees in Nashville.

The state set aside \$1 million this year under a plan that allows state workers to ride buses to work for free. Indeed, only in the language of the bureaucrat can this be called a free program, because taxpayers end up paying full fare.

While this is not a new phenomenon on the federal level, it appears that Tennessee was the first state in the country to offer its employees such a benefit. The program started with 500 employees getting their free ride to work. Now organizers say that they hope to grow the program so that 2,000 state workers get to ride to work for "free."⁶⁷

The cost of the project has increased from the original estimate of \$83.3 million closer to \$100 million—a 20 percent increase.

Renovation and Construction

For workers and legislators at all levels of government, building or renovating structures is fun. They get to play their own version of Extreme Makeover, with the taxpayers' money.

Snug as a Bug in a \$21,000 Rug

Anyone who has had remodeling done on a home understands cost overruns, but it is tough to fathom how a renovation of the offices of state legislators at Legislative Plaza skyrocketed from \$1.5 million to \$3 million. Part of the problem, records show, is that extra costs were tacked on because needed work wasn't planned for and legislative leaders added more and more items to their office wish lists.

Some of the change orders included these tasks and price tags, according to state records about the construction that took place between 2004 and 2006:

- \$21,279 for installing new carpet in House Speaker Jimmy Naifeh's office suite;
- \$1,415 to repaint the Senate meeting room and to restrain the wooden gavels to match the new paint; and
- \$62 to drill a peephole in the door of a secret cloakroom behind the Senate committee room.

Measure Once, Cut Twice

It wasn't just extra vanity work that caused the price tag

to double. Poor planning and poor judgment appears to have played some role. For example, part of the renovations called for legislators to get new chairs in certain meeting rooms. But the new chairs' upholstered armrests were too tall to fit under the new desks. So changes were needed. Taxpayers footed the \$6,371 bill to have the desks raised.⁶⁸

Of course, the meeting rooms needed coat hooks. So 118 coat hooks were purchased for \$5,075 (which included the installation fee). But somehow the coat hooks never made it on to the walls.⁶⁹ A newspaper report found that only 44 coat hooks had been installed. Officials said that the rest were in storage—leaving the taxpayer on the hook.

For Whom the Bell Construction Tolls

Ray Bell—until his retirement in 2006—was one of the Nashville area's most prominent and politically connected builders. His company, Ray Bell Construction, the firm responsible for the work done at Legislative Plaza, is known for the 31-story BellSouth Tower in downtown Nashville. His firm recently set a record for landing the largest state contract in Tennessee road-building history: an \$85 million project in Knoxville.⁷⁰

Bell also was very familiar with the politicians whose offices he was renovating. According to campaign finance reports, Bell has donated more than \$24,000 to campaigns and PACs in Tennessee since 2004. He also held a fish fry for the entire General Assembly at the Hermitage in 2006.

\$21,279 for installing new carpet in House Speaker Jimmy Naifeh's office suite.

Only time will tell if Bell is able to complete the Knoxville mega-project without massive overruns or if the taxpayers will be left pouring more money into pricey pavement.

Salaries and Contracts

Overboard on Overtime

Overtime is essential when eligible employees work past their allotted work time. Such activity is closely monitored in the private sector, but some state workers have taken advantage of the lack of oversight regarding overtime.

For example:

- A nurse working in a Nashville mental health hospital earned a total salary of \$146,144, but without overtime, the nurse would have made \$44,700;
- A food service manager cooked up \$91,337 in compensation, but without overtime, he would have made \$45,396; and
- A prison guard made off with \$81,864 instead of his regular pay of \$31,380 without overtime.

Scores of other employees racked up extra pay equal to as much as 75 percent above their base pay through overtime and other salary supplements.

This analysis was conducted in a June 4, 2006 edition of *The Tennessean*, which raised questions over whether

extensive overtime is the most effective way to manage the state's work force—and whether so many extra hours are safe for workers in critical positions.

Since state workers got another raise this year, look for overtime to go into overdrive.

Forget Overtime, Just Get Some Free Money

Gov. Bredesen signed an executive order on February 22, 2003 entitling state workers to special leave with partial pay to those serving in Operation Enduring Freedom. This is a worthy executive order, but it was mismanaged by accountants at the Department of Correction (DOC).

The (DOC) payroll office identified an employee as serving in Operation Enduring Freedom—except the employee wasn't serving in either Iraq or Afghanistan, which is what triggered the special leave and pay.

This employee was instead stationed in Alaska, but because of the payroll mess-up, this employee was given an extra \$14,740. The money rolled in between February 15, 2004 and October 31, 2004.

But there's an added kicker. The DOC had a chance to get the money back, but never did. DOC authorities realized their error in November 2004 and stopped the extra payout. A personnel officer verbally notified the employee, but never submitted the necessary paperwork to the Department of Finance & Administration to start the recoupment process.

Scores of other employees racked up extra pay equal to as much as 75 percent above their base pay through overtime and other salary supplements.

The state still hasn't gotten the taxpayers' money back and the chances of getting it back are slim. As a recent state audit put it, "(A)s of May 6, 2005, the employee no longer works for the department which increases the difficulty of recouping the overpayment."⁷¹

Your Tax Dollars Pay the Lobbyists—To Get More of Your Tax Dollars.

Taxpayers across Tennessee spent more than \$8.6 million over the past three years to pay for local governments to lobby state and federal officials—and many times those lobbying efforts went to establish higher taxes and fees.

At least 13 cities in Tennessee, including Chattanooga, Memphis and Nashville, hire lobbyists to swarm around Tennessee's Capitol Hill.

The breakdown goes this way: Public bodies and groups representing them, such as the Tennessee County Services Association, spent between \$2.7 million and \$3.1 million to lobby in Nashville from 2003 to 2005. In that same period, public bodies and groups representing them spent almost \$6 million to lobby in Washington, D.C.

Here's a good example of what your tax dollars helped fund: County officials used their taxpayer-fueled lobbying arm to crush legislation that would have fined city council members and county commissioners \$50 if they knowingly violated Tennessee's public meeting and open records laws.⁷²

Taxpayers pay for it coming and going.

Splitting the Difference

One tried and true method of getting around competitive bidding rules is called "splitting the invoice." It allows state workers to avoid bidding for the lowest price. Any state purchase over \$2,000 must be put out for a competitive bid. Sneaky state officials who want to use a favorite contractor or avoid a competitive bid can split the bid to make two "bids" under \$2,000.

Invoice splitting is against the rules—and bad for taxpayers. But that's exactly what a top official in the Tennessee Department of Economic and Community Development did. In fact, auditors found that the officials often "skewed" purchases in order for the purchase to be less than \$2,000.

Out of the 86 purchases tested by auditors, 67 of them were found to have one or more problems associated with them.

For example, 20 purchases appeared to be artificially divided into smaller amounts.

For these 20 purchases, combining orders made to the same vendor on the same date for similar items would have resulted in only nine purchases and invoices. In seven of these nine instances, the combined dollar amount of the purchases from the same vendor on the same day exceeded \$2,000.

Moreover, no bids were obtained for another 20 purchases. Fifteen of those 20 purchases in which no bids were obtained were from Kinko's. Furthermore, of the purchases where bids were obtained, the three bids for

County officials used their taxpayer-fueled lobbying arm to crush legislation that would have fined city council members and county commissioners \$50 if they knowingly violated Tennessee's public meeting and open records laws.

each of 17 purchases were actually from an “alliance of companies,” and each bid was faxed from the same machine at the same time. That means the bids were not competitive.⁷³

It’s enough to give taxpayers a splitting headache.

Local Government

Much of the 2007 Pork Report focuses on statewide misuse and mismanagement of money, but the local governments have learned to waste tax dollars almost as well as state bureaucracies.

What a Waste, Literally

In Clay County, there is some waste in how officials deal with solid waste.

The solid waste/sanitation fund has a deficit of \$46,000. Community auditors summed it up by stating the obvious: “This fund deficit resulted from expenditures exceeding available funding.” County officials conceded they needed to do a better job watching the books. The same thing happened in the county’s school system. Before the auditors showed up, it appeared that education bureaucrats were gearing up to spend \$762,000 more than they had.⁷⁴

That wasn’t the only problem in Clay County. The highway department did not solicit competitive bids for a wood chipper the department purchased with the city of Celina. The cost of the chipper was \$20,000, but

those who oversee a family budget know that comparing prices often saves money.⁷⁵

Things are Getting Hairy in McNairy

The McNairy County Director of Schools wrote out checks for building projects a tad faster than the money was coming into the account. The School Federal Projects Fund was overdrawn to the tune of \$256,695 at the end of the fiscal year, according to a state audit.

The school director admitted to auditors that from now on, “Checks will not be written in advance...”⁷⁶

School officials in McNairy may want to attend one of their own schools’ math courses for a refresher course in basic skills. We recommend Mrs. Waller’s remedial math class at Adamsville Jr./Sr. High School.

In a Stew in Stewart County

The math skills of the county officials in Stewart County make the McNairy County Director of Schools look like Stephen Hawking. Auditors found there was hardly a pool of money in the Stewart County budget that officials didn’t overspend. The Election Commission budget was overspent by \$72,903. The General Administration budget was overspent by \$540, the County Coroner’s budget was overspent by \$330 and a budget category with the vague name of “Other Charges” was overspent by \$4,703.⁷⁷

The county commission did not come up with much of

Before the auditors showed up, it appeared that education bureaucrats were gearing up to spend \$762,000 more than they had.

an excuse: “The reason the funds were overspent was due to lack of knowledge...” Not knowing how to add and subtract certainly is no comfort for Stewart County taxpayers.⁷⁸

The Carter County Conundrum

If the overspending was bad in Stewart County, it may be worse if one drives six hours due east. Stop just before North Carolina line and you’ll find yourself in Carter County. The county commissioners in Carter overspent the following amounts:⁷⁹

- \$8,211 from the Drug Court fund;
- \$5,685 from the County Buildings fund;
- \$4,042 from the Employee Benefits fund;
- \$3,330 from the Board of Equalization fund;
- \$1,790 from the Solid Waste/Sanitation fund;
- \$145 from the County Trustees Office fund; and
- \$74 from the General Sessions Court fund.

Whew.

The pen must have been dry after it had been used to sign so many bad checks.

The Sheriff’s Shortfall

The White County Sheriff’s Office had a cash shortage of \$1,108 for fiscal year 2006.⁸⁰ An accounting error,

perhaps, but in this case the shortage raised suspicions because the imbalance was from a fund that is supposed to pay for undercover drug operations.

Confidential undercover drug reports showed a negative cash balance of \$592, but auditors kept digging and found a receipt for \$2,000 that hadn’t been recorded, as well as other errors. The sheriff took care of the shortage by cutting a personal check, but that wasn’t good enough for auditors, who went to the district attorney general with their findings.⁸¹

The Henderson High School Hash

During a six-day stretch in September 2005, the cash collected at the Henderson High School cafeteria in Sumner County was not deposited in the school’s bank account. A total of \$7,121 was missing.⁸²

Even though some cafeteria workers sounded the alarm when they discovered the missing money, the top brass in the school system did not let auditors know until the next year. A Tennessee Bureau of Investigation probe is pending, but with the evidence gone for so many months, no one knows if it will ever be found.

There is another investigation going on in Sumner County. Taxpayer funds totaling nearly \$22,000 were stolen from the county trustee’s office.⁸³ Someone broke into the building’s safe. The Gallatin Police Department is investigating the theft.

Auditors found there was hardly a pool of money in the Stewart County budget that officials didn’t overspend.

Hammering the Taxpayer

Harriman's Fire Chief, Wayne Best, apparently used taxpayer dollars to buy a \$200 toolbox that caught his eye at the local AutoZone. It looks as if he gave auditors the runaround when they confronted him with the city's receipt from AutoZone that matched the make and model of the toolbox in his truck.⁸⁴

According to the recent audit: "Chief Best claimed he purchased it using his own money. However, he was unable or unwilling to provide any documentation of its purchase and, when asked, failed to disclose the whereabouts of the toolbox purchased using city credit and paid for with city funds."

Add to that an AutoZone employee witnessed the chief purchasing the toolbox, and helped Best place it in his personal truck.⁸⁵

It looks as if the mystery of the taxpayer-paid-for toolbox is an open-and-shut case.

Conflicts Costing Thousands

Mayor Jerry Davis of Harriman appears to be using contracts paid for by taxpayers to pad his own bottom line, according to a recent audit.

The mayor's brother, in his capacity as water, sewer and gas supervisor for the Harriman Utility Board, signed off on invoices for Davis Welding—a company in which auditors believe that Mayor Davis has an interest. In fact, payments to Davis Welding between July 1, 2002 and

December 31, 2003 totaled \$10,078.⁸⁶

The mayor never disclosed this conflict, according to city council minutes.

But don't worry, taxpayers, the mayor promises his company won't be doing any more business with the city. It appears the mayor's brother's welding company is now getting the work.⁸⁷

Lost (Taxpayer Money) in Translation

The Upper Cumberland Community Services Agency helps distribute services to poor and underprivileged children in Tennessee. According to a recent audit, the Agency mistakenly distributed some cash to a hired translator.

The audit blamed "weak internal controls and poor communication," for the translator being improperly paid \$4,823 for travel and service hours not worked. Upper Cumberland Community Services Agency's poor management translated into thousands of lost dollars out of taxpayers' wallets.⁸⁸

Good Ole Pork

Tennessee is world renown for its pork barbeque, but now Tennessee is becoming well known for another kind of pork—the kind paid for by taxpayers.

State senators went on a spending spree with taxpayer dollars last year, and they used a budget provision that

Harriman's Fire Chief, Wayne Best, apparently used taxpayer dollars to buy a \$200 toolbox that caught his eye at the local AutoZone.

not many people outside of Nashville know about.

It's called the "sweeper amendment," and it allows any senator's legislation to be automatically approved by the General Assembly, as long as the legislator can keep the cost of a project below \$100,000.

Senators came up with nearly \$1 million worth of ways to sweep pork into their districts.

The list, from both Republicans and Democrats, includes:⁸⁹

- \$89,200 for a study to allow the University of Tennessee to conduct a program on black fly suppression in Greenbrier Valley and certain areas near the Pigeon River, placed in the district of Sen. Steve Southerland, R-Morristown;
- \$65,800 for the addition of a criminal penalty for people who have hepatitis B and who do not tell people who might get it from them, proposed by Sen. Raymond Finney, R-Maryville.
- \$29,000 for a measure that would require the Department of Education to provide specialized curriculum guidelines to encourage school districts to instruct students on recycling, proposed by Sen. Randy McNally, R-Oak Ridge; and
- \$700 for a plan that would increase the state's Archaeological Advisory Council from 10 to 11 members by adding an anthropologist representing East Tennessee State University from the district of Sen. Rusty Crowe, R-Johnson City.

An aide to Sen. Douglas Henry, D-Nashville, then-chairman of the Senate Finance Committee, sent an e-mail to legislative officials in the waning days of the 2006 legislative session: "Ladies and gentlemen: We have a wonderful announcement ... Leadership of the Senate has agreed to have a sweeper amendment which will cover all Senate bills with a cost up to \$100,000." This can only mean bad news to taxpayers who are trying to clean up after the senators' financial messes.

Taxpayers might bristle when they hear a sweeper is being considered for this year.

Bluff City or Rough City?

Known as Bluff City, Memphis once again achieved the dubious distinction of being one of the most crime-ridden cities in the United States. In 2007,⁹⁰ it was named the second most dangerous city in America—ranking behind only St. Louis.

This dishonorable mention was based on FBI crime reports that compared crime among the 100 largest cities in the country. Based on instances per every 100,000 people, it achieved the number one spots for burglary and robbery and ranked second for murder behind New Orleans.

There's more. Over the past few months, a serial arsonist was on the loose in Memphis, and authorities seem stymied. In all, 55 buildings were torched between January and April 2007. No one has been captured.⁹¹

One would think that bold actions would be taken to ad-

\$89,200 for a study to allow the University of Tennessee to conduct a program on black fly suppression in Greenbrier Valley...

dress these rampant problems by reorganizing the police department or adding more cops and investigators. Not exactly. The state is sending an \$80,000 grant designed to help with landscape improvement at the city's downtown Welcome Center. The money will be used to plant trees, shrubs and flowers. The cash will also go toward a new sign for visitors. "Welcome to Memphis," is proposed. We might suggest an addition: "Welcome to Memphis. Hold onto your wallet."⁹²

Conclusion

This Pork Report has outlined more than \$125 million in waste, fraud and abuse of the money that taxpayers work so hard to earn. While in many ways this publication paints a bleak picture about the state of government spending in Tennessee and the government's lack of respect for tax dollars, there is hope.

The Governor and the Tennessee General Assembly have a prime opportunity to get serious about bridling government spending and prove to taxpayers that elected officials in Nashville view them as more than just ATM machines ready to be tapped for the next pork project.

The Tennessee Center for Policy Research recommends three steps to create a more restrained, responsible and transparent state government: strengthening the Copeland Cap, enacting a kicker law and posting all state spending online.

In 1978, prudent legislators attempted to prevent the problem of runaway spending by instituting the "Co-

peland Cap," an innovative constitutional amendment intended to limit the growth of state expenditures. Under the Copeland Cap, state spending can grow no faster than the annual growth in personal income, in theory making tax hikes unnecessary.

Unfortunately, state legislators can override the Copeland Cap by a simple majority vote, leaving the Cap feeble and ineffective at preventing outbursts in spending. In fact, legislators desiring to dig deeper into the pockets of taxpayers have broken the Cap 12 times since it was enacted. This year, legislators again stand ready to break the cap and spend hundreds of millions of dollars above and beyond what is needed for the proper functioning of state government.

It is possible to prevent state spending splurges in the future by strengthening the Copeland Cap. A simple piece of legislation to require a two-thirds vote by the state legislature—rather than a simple majority—to exceed the limit prescribed under the Copeland Cap would help ensure that state spending would not grow faster than taxpayers' ability to pay for it. Importantly, requiring a two-thirds vote to exceed the spending cap would still offer legislators the latitude to raise additional state funds in times of emergency or disaster.

Capping state spending does not prevent legislators from funding important projects or enacting valuable new legislation, it simply forces them to do what every family in the state already does—prioritize. The honest and open discussion that resulted would cut millions of dollars in wasteful and duplicative programs to make way for worthy new programs.

This Pork Report has outlined more than \$125 million in waste, fraud and abuse of the money that taxpayers work so hard to earn.

A second opportunity for returning sanity to Tennessee's government spending is known as the "kicker" law. The law, which has reduced waste in the Oregon state budget for more than 25 years, gets its name because it would require the state to "kick" surplus funds back to taxpayers.

Under the kicker, if tax collections rise beyond General Fund estimates, any surplus amount remaining after topping off the state's rainy day fund would be refunded to taxpayers. This would be done by removing the sales tax on groceries for as long as the surplus allows. Since the sales tax on groceries generates approximately \$1 million per day, a \$30 million surplus would give Tennesseans a month-long grocery tax holiday.

The kicker law would be especially valuable when paired with a strengthened Copeland Cap. Under a Copeland Cap requiring a two-thirds rather than a simple majority vote to break the spending limit, lawmakers would be less prone to spend surpluses in times of economic growth. The kicker would then give surpluses back to the taxpayers who paid more than the government planned to spend. This would further stimulate the state's economy, promoting continued long-term economic prosperity in Tennessee.

Finally, state lawmakers should consider enacting legislation requiring all state spending greater than \$5,000 to appear on an online database available to anyone at any time. The idea is modeled after legislation championed at the federal level by Senators Tom Coburn (R-Okla.) and Barack Obama (D-Ill.). The federal version, known as the Federal Financial Accountability and Transparency Act, or the "Google for Good Government" bill, was signed

into law in 2006. It requires all federal spending above \$25,000 to appear in a searchable database.

On the state level, a database presenting users with each state expenditure greater than \$5,000, the agency funding the expenditure, the name of the recipient of the funds and a brief description of the purpose of the funds would offer a new level of transparency in Tennessee's state government spending.

Such a database would allow Tennesseans to know how the government spends their tax dollars. It would also give lawmakers pause when considering spending tax dollars in unnecessary or wasteful ways.

By acting on these recommendations, Tennessee's elected officials can demonstrate a renewed commitment to responsible, transparent spending. Best of all, reducing wasteful spending would allow for the responsible spending of tax dollars on required functions of Tennessee's state government such as education, healthcare, transportation and other vital expenses.

It is the sincere hope of Citizens Against Government Waste and the Tennessee Center for Policy Research that through the responsible leadership of Tennessee's lawmakers, one day soon, there will not be enough examples of government waste in the Volunteer State to allow the publication of the *Tennessee Pork Report*.

By acting on these recommendations, Tennessee's elected officials can demonstrate a renewed commitment to responsible, transparent spending.

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