





#### PELICAN INSTITUTE FOR PUBLIC POLICY

The Pelican Institute for Public Policy is a nonprofit, nonpartisan research institute dedicated to the principles of individual liberty, the free market and limited, accountable government. Through research papers, policy briefings, commentaries and conferences, the Institute seeks to educate and inform Louisiana's policymakers, news media and general public.

Committed to its independence, the Pelican Institute neither seeks nor accepts any government funding. The Institute is a 501(c)(3) organization that enjoys the tax-deductible support of individuals, foundations and businesses sharing a concern for Louisiana's future and an appreciation of the role of sound ideas and a more informed debate.

#### 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 the federal 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 1.2 million members and supporters nationwide. Since 1986, CAGW and its members have helped save taxpayers \$1 trillion. CAGW publishes a guarterly newsletter, Government Waste Watch, and produces special reports, monographs, and television documentaries 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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## INTRODUCTION

n 1982, President Ronald Reagan created a panel of 161 senior business executives and more than 2,000 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 would save taxpayers \$424.4 billion during a three-year period by eliminating waste, mismanagement and inefficiency in Washington.

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 25 years, CAGW and its 1.2 million members and supporters have helped taxpayers save more than \$1 trillion. Since 1991, CAGW has published an annual exposé of porkbarrel spending in the 12 federal appropriations bills known as the Congressional Pig Book. 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 2009 identified \$269 billion in potential one-year savings and \$1.9 trillion in five-year savings. Implementing the recommendations made in *Prime Cuts* alone could go a long way toward returning fiscal sanity to Washington, especially in light of a record \$1.8 trillion federal deficit.

The battle against wasteful spending has spread from the Washington, D.C., to the states. CAGW has teamed up with

> free-market think tanks like the Pelican Institute to launch a series of publications that expose overspending and identify areas of potential savings at the state and local level. Louisiana's current fiscal crisis, in which

> > lawmakers are

facing a \$1.8 billion deficit, presented a timely opportunity to produce the 2009 Louisiana Pork Report.

The Pelican Institute was founded in 2008 and is the state's only free-market think tank focused solely on Louisiana issues. The Institute's mission is to promote individual liberty, the free market and limited, accountable government. Through research papers, policy briefings, commentaries and conferences, the Institute seeks to educate and inform Louisiana policymakers, news media and the general public.

One of the Pelican Institute's primary areas of focus is transparency in government spending. Fortunately for Louisiana taxpayers, Gov. Jindal's administration has demonstrated a commitment to this issue by creating LaTrac, the state's online spending database. The website is a work in progress and will need further development to become more useful, but it is a welcome sign that some policymakers are beginning to understand that taxpayers have a right to see where their money is going.

CAGW and the Pelican Institute have compiled this list of questionable expenditures to inform the public, media and policymakers about how Louisiana's hard-earned tax dollars are spent. Modeled after CAGW's two most prominent

publications, the Louisiana Pork Report combines the outrageous governmentspending examples of the group's Pig Book with the seriousness portrayed in its *Prime* Cuts publication.

The Louisiana Pork Report reveals rampant and undisciplined spending by Louisiana's state and local governments. It unmasks an ingrained addiction to overspending as the real culprit behind the state's budget crisis. Whether reading the following makes one laugh, cry, or both, it should inspire a heightened commitment to greater transparency and accountability from state and local government.

# 1 State Legislature

#### **Government Technology Initiatives**

Since its inception in 1984, CAGW has been exposing the technological ineptitude of the federal government. Whether it is failing to purchase new computers in a timely a manner throughout the government or the Department of Defense failing to build an effective software program for military and civilian travel, CAGW has been at the forefront of monitoring computer blunders.

CAGW's latest foray into this issue is the use of mainframe computers at the federal and state level. For big mainframe users like the government, the current costs of mainframe support are massive. According to industry experts, a government agency that might require 14,000 MIPS will face an annual software bill of nearly \$28 million.

These rates are expensive compared to other computing platforms. For example, one gigabyte of RAM for an IBM mainframe costs between \$8,000 and \$10,000. One gigabyte of RAM for an Intel or ADM based server is typically in the \$100-200 price range. Even at its most expensive and highest quality levels, Intel or ADM RAM typically caps off at \$1,200 a gigabyte, still far lower than IBM.

When one includes all the costs associated with an IBM mainframe - including the base system, operating system license, and RAM - the total is \$5.9 million. Competing servers can accomplish the same tasks for \$560,000 and with full interoperability, a feature not offered by IBM mainframes.

In April 2008, CAGW launched a project to

determine the depth and breadth of the use of mainframe computers in state government by submitting information requests to the chief information officers of each state. The letters asked for statistics regarding the states' use of mainframe computers, which CAGW has found are sometimes outdated and wasteful. While this is an ongoing process, CAGW has cataloged the results and rated each state on the substance of its activities in relation to mainframes, as well as on its responsiveness in handling the request.

Louisiana didn't even bother to send a response.

#### It Isn't Easy Being Green

Being "green" is all the rage now. Individuals who do not drive a hybrid car might need to watch out because their friends, and now the government, might scorn them. But so much energy is required to produce those hybrids that it takes a decade to recoup the energy savings. The Louisiana Legislature must be ignoring these facts.

Louisiana state agencies face a conundrum because Act No. 542<sup>i</sup> requires state agencies to purchase hybrid fuel or alternative fuel vehicles. The legislation states that the agencies must be able to save enough money over two years, through operating costs, to offset the more expensive price of these cars. That deadline is currently technologically impossible.

Indeed, the state's own fiscal note says it takes about 10 years to recoup the costs. The question is whether or not state

agencies should ignore the provision, which would end up costing the state more money, or ignore the Act all together. It does not make sense that Senator Butch Gautreaux (D-Morgan City) would have wasted time sponsoring a bill that is impossible.

#### Lots of Green for "Going Green"

In 2007, the United States Department of Energy granted \$200,000 to the New Orleans area to encourage the use of solar power. In order to receive the money, New Orleans had to chip in another \$200,000 in taxpayer money for the program. The Bush-Clinton Katrina Fund added \$150,000."

for up to 50 percent of the cost of a system (which can be around \$50,000 for a basic system). The rest of the country will subsidize them with federal tax credits that cover up to 30 percent of the cost of a solar energy system.

When state and federal budgets are running deficits, taxpayer money is being spent on solar power even though the National Renewable Energy Laboratories rates Louisiana as one of the worst states for access to usable sunlight. It is hot, but it is also cloudy. Political leaders are wasting millions of dollars so they can say they are pro-green.

#### Isn't that Ironic?

In 1995, pop star Alannis Morrisette hit it big with "Ironic." While the tune was catchy, a lot of the examples were not really ironic. If Ms. Morrisette would like to update her song, she should come to Louisiana.

> Lawmakers want to educate citizens on

myriad everyday skills such as how to make a budget, how to plan for loans, and how to improve their credit through Act No. 766, vi at a cost of \$534,980.

Budgeting 101 is a course that the average household learns on the fly. Apparently parents (and teachers) no longer need to worry if their children know how to balance a checkbook or create a budget since the government will now teach these skills.

Precious tax dollars should not be spent on this program. The legislators who supported the bill are the ones that need a lesson on how to make a budget. That truly is ironic.

Out of that \$550,000, the Global Green environmental nonprofit group received \$25,000 to put photovoltaic panels on a "green model" school. Another \$200,000 will be used to incorporate "solar education" into school

curricula in New Orleans.

So much for reading, writing, and arithmetic - it's time for solar education, whatever that is.

In addition, the Alliance for Affordable Energy received around \$100,000 for public information and workforce training. Much of the money was spent on a solar installation training course."

The Alliance is considering a partnership with Louisiana Technical College if more funding and grants can be obtained.iv

As of January 1, 2008 more state money was funneled to solar power through the use of state income tax credits. Louisiana residents will be subsidizing their neighbors

#### **Boll Weevils**

The boll weevil is a beetle that is about 6 millimeters long that feeds on cotton buds and flowers. They can destroy cotton crops.

In 1997, the Louisiana Boll Weevil Eradication started in parishes along the Red River. Two years later the cotton producing parishes in Northeast Louisiana joined the program. Act. No. 1, which was passed in 2008, appropriated \$2 million to the Department of Agriculture and Forestry for boll weevil eradication. Estimates show that in 2007 93,360 boll weevils were captured but in 2008 only 14,731 boll weevils were captured.

Assuming that there are still as many boll weevils to catch in 2009 as in 2008, it would cost \$136 to catch each one.

#### Insuring Wasteful Spending

As House Bill 1, the state's main spending bill for 2010, left committee and headed to the full chamber, it was larded up with spending that was not part of the 70 hours of hearings and scrutiny that lawmakers spent on the bill.

Representatives couldn't resist dipping into a defunct \$74 million insurance fund (an incentive program to lure insurers to the state), acting as if it were found money.

The legislators figured they could do whatever they wanted with it, rather than being responsible and using it to reduce the budget deficit. Some of the money was used as follows:

- \$1,000,000 for the New Orleans Center for Creative Arts - Riverfront High School, though no purpose is specified;
- \$1,000,000 for "infrastructure improvements" in 27 parishes and towns:
- \$535,000 for 15 councils on aging in 15 cities and parishes;
- \$510,000 for turn lanes and a road widening in Baton Rouge;

- \$400,000 for an expo center for Ascension Parish;
- \$230,000 for six museums, including the Louisiana Political Hall of Fame and Museum;
- \$265,000 to 11 small cities, towns and villages with no stated purpose whatsoever; and
- \$100,000 each to the Girl Scouts, Boy Scouts and the Boys and Girls Club.

The state is also helping dig drainage ditches, buy furniture, build or fix boat docks, support a New Orleans film fest and repair a VFW post in Arabi.

House members tapped the defunct insurance fund for \$38,350,926, or a little more than half of what was available. At least they were polite enough to leave some room at the trough for their colleagues in the Senate.

## 2 Pay Day

#### \$80,000 Worth of Doughnuts

The Louisiana government spent \$29,814,582 in overtime wages in 2008 to state workers in just two agencies, the Department of Health and Hospitals and the Louisiana State Police Department, and taxpayers want to know why. viii

State Police Master Trooper Daryl Thomas was paid \$80,176.66 for 1,880 hours of overtime in 2008 in addition to his salary. That extra money could buy 100,000 doughnuts.

Developmentalist Theresa Moseley made \$71,856 in overtime in 2008 by logging 3,942 hours in overtime. That is an average of 75 overtime hours per week.

The following chart shows the top overtime earners in Louisiana for 2008:ix

Name	Job Title	\$ Overtime	Hours Overtime	
Daryl Thomas	State MasterTrooper	\$80,176.66	1,881.00	
Marion Trahan	Physician III	\$76,364.38	971.50	
Theresa Moseley	Developmentalist	\$71,856.42	3,942.75	
Carl Saizan	State Police Lieutenant	\$64,958.74	1,265.00	
Jack Pennington	Vessel Mate Engineer	\$61,742.86	2,102.00	

Officials say that some of the overtime occurs due to understaffing from a hiring freeze. It would make more sense to determine whether it is cheaper to hire more people instead of paying current employees almost twice their normal salaries.

#### Increasing Pay in Times of Deficits

The state budget for fiscal year 2009 includes \$70.1 million for teachers, bringing their average salary to \$47,819. That is almost three times the annual per capita income in Louisiana of \$16.912.x

#### Take it off the Top

There is no denying that the state needs employees to carry out its duties. The question is how many employees are required - and how much they're paid.

Some of the 103,775 state employees soon may be facing layoffs due to the \$1.8 billion budget deficit.

Perhaps the sacrifices should start at the top. Approximately 12,000 state employees are paid more than \$70,000, which is roughly twice the average pay.xi More than 3,000 of those workers make six-figure salaries

The Division of Administration has 56 employees who make more than \$100,000, while the governor's executive office has 20 and the Department of Economic Development has 18.xii

In these tough economic times, many private sector executives are seeing their salaries decreased; perhaps the state should follow suit with its own employees.

#### "Automatic" Pay Raises Must Cease

Since 1989, Louisiana state employees have received a nearly "automatic" pay raise of 4 percent (per civil service rules). In 2008, 96 percent of state employees received a merit pay raise. This is despite the fact that some employees did not have a performance review, which is required, and only 13 percent received an "outstanding" ranking.xiii

Legislators are running roughshod over executive pay in the private sector. The White House is acting as the de facto Board of Directors for General Motors. The public sector should take a good hard look at its compensation, and Representative John Schroder (R-Covington) is leading the way by calling for a freeze on pay increases for next year, which are projected to cost the state \$70 million. Hopefully, his colleagues will agree that they should make their own small sacrifice in this recession.

# **3 Corporate Welfare**

#### A Recipe for Spending Tax Dollars

Some businesses make money the old-fashioned way by offering products and services that people want at a price they are willing to pay. They are rewarded for improving the quality of consumers' lives. But there are other businesses that make money the new way by asking the government to give them some of the taxpayers' money. These businesses are not rewarded for providing products that people want, but for providing items that politicians want. In return, these businesses are showered with corporate welfare.

The Cato Institute describes corporate welfare as "any government spending program that provides unique benefits or advantages to specific companies or industries. That includes programs that provide direct grants to businesses, programs that provide research and other services for industries, and programs that provide subsidized loans or insurance to companies."

Louisiana is handing out \$115.1 million in tax credits for film productions made in 2007.™ Even though that will result in \$14.6 million in taxes, the state is claiming it made a great investment. The way they calculate this is through fuzzy math, adding one entity of government to millions of taxpayer dollars, along with pots of money for the film industry and another pot of money for a consulting firm.

This all resulted in a 96-page study paid for with tax dollars that concluded giving money to the film industry was worthwhile. But Louisiana taxpayers are still waiting for their

dividend checks.

#### Here Piggy Piggy

An easy way to attract business to Louisiana would be to lower taxes and reduce red tape. But apparently, Gov. Jindal and lawmakers think throwing out some cash as bait will help land some big corporate fish. Jindal has approved \$400 million for the Industrial Megasite Fund, which is used to buy land and lure companies into the state.\*\*

## A Sweet Deal (but not for the taxpayers)

The governor hasn't forgotten about the companies already here, either. Gov. Jindal has decided to help The Shaw Group, Inc., by giving them \$210 million in state incentives.\*\*vii The company is not some struggling start up; it is a Fortune 500 company with some interesting friends.

The Shaw Group's founder and chairman, Jim Bernhard, used to lead the state's Democratic Party. Not only that, he was a leading contributor to former Gov. Kathleen Blanco (D).

Gov. Blanco was the architect of the Road Home Program. The Shaw Group is in charge of the equipment and facilities supporting the Road Home headquarters.xviii

Bernhard gives money to Gov. Blanco. Gov. Blanco creates a program. The Shaw Group gets a contract to support the program and a bunch of extra money in incentives. A sweet deal for Bernhard and The Shaw Group; a sour deal for taxpayers.

#### Jumping on a Sinking Ship

While the country cringes as Chrysler declares bankruptcy and GM teeters on the edge, Louisiana has decided to try to lure auto manufacturers to the state. State leaders claim that a study they commissioned drew the conclusion that Louisiana will be a leading contender for the automotive business; that is, when the vehicle manufacturers recover.

The state's auto manufacturing facilities include the Shreveport GM Assembly Plant, which makes Hummers and pickup trucks. They are not the most popular vehicles in the country right now. The study cost \$635,000, which is a lot of money for a report on how to attract a failed industry to the state.



# 4 Sports, Recreation, and Entertainment

Louisiana is not much different from other states when it uses taxpayer money to fund sports and entertainment. These are not core government functions and there is even less reason to fund them during this difficult economic downturn.

#### Grab a Gun, Fishing Pole, and Microscope; it is Time to Go to Louisiana

The Office of Tourism would like to double the number of visitors to Louisiana by 2013. Some of their proposals include:

- \$250,000 for the Sci Port Discovery Center;
- \$25,000 for a marketing program for international silhouette shoots and sportsman competitions,xix
- \$25,000 for a marketing program for Franklin Parish tourism activities; and
- \$20,000 for fishing tournaments.\*x

#### Tee Time and Unplayed Rounds of Golf

The Department of Culture, Recreation and Tourism owns 12 golf courses. That is right; taxpayer money is being spent to create and maintain a nice environment for people to swing metal clubs at little balls. These 12 courses make up the Audubon Golf Trail.

The Department would like to increase the number of rounds played at these golf courses to 400,000 by 2013. Lawmakers approved \$2,616,122 in the 2008-2009

budget to accomplish that task.\*\*i None of this makes sense when the state government should be slicing its budget.

The Legislature has turned that bogey into a double bogey. The state wanted a PGA tour stop so lawmakers agreed to subsidize the Tournament Players Club golf course in Avondale, which is the host of the annual Zurich Classic.

This five-year deal is not cheap. Already the state has paid more than \$4 million for rounds not played as the course is prepared for the tournament. The state needs to pay another \$1 million to meet the contract terms.\*\*\*

That's on top of the money the state spent to help build the privately owned, publicly accessible facility. Sounds about par for the course when taxpayer money is involved.

#### Follow the Yellow Brick Road

Apparently walking trails are a priority for state lawmakers. One lawmaker brought home the bacon for a walking trail for the elderly in the city of Abbeville at a cost of \$14,000 to the taxpayers. There were 11,667 residents in Abbeville as of 2007; collecting \$1.20 from each of them could have paid for the walking trail.

#### Ticketing the Taxpayers

Lawmakers must be big sports fans because in 2008 they spent \$5.8 million for sporting events so they could feel the thrill of victory while taxpayers felt the agony of defeat. The state spent \$3 million for the Sugar Bowl and \$358,000 for the Independence Bowl, as well as \$2.5 million for the NBA All-Star Game. Since these events are all highly subsidized by corporate sponsors, taxpayer money doesn't need to be spent on them.

#### **Counting Cyclers**

In 2008, the city of Mandeville, with a population of 12.000, was given \$100.000 for a pedestrian bicycle path. That is a lot of money for a little city. If there is enough demand for the path, they should have a city fund-raiser instead. That way the people who will walk or ride on the path would be footing the bill.

#### The Real Animals

The Alexandria Zoological Park was built in 1926, near its present location. It started with discarded pets such as rabbits, goat, and deer. In the late 1960s, the U.S. Department of Agriculture threatened to close it down. A full-time zookeeper was hired and the city started making some improvements.

Today, the zoo has a larger variety of animals than when it first started, and it is a major tourist attraction. But the question is whether taxpayers or visitors have to support it. People pay for entertainment all the time such as movies and eating out, and those activities are supported by the money they spend. That's how most businesses stay alive. The zoo should not be any different. Yet lawmakers approved \$175,000 for the zoo in 2008.



## 5 Arts and Culture

Arts and culture follow closely behind sports and entertainment as non-core government functions that need to be eliminated from the state's budget.

#### Up, Up, and Away

Apparently, the Office of Cultural Development has some interesting objectives, including:

- Increasing the audience for events sponsored by the Louisiana Division of the Arts (LDOA) to 9 million people a year by the year 2013;
- Increasing the number of Louisiana artists directly served by the LDOA by 25 percent above the number served in 2005 by the year 2013; and
- Providing approximately 100,000 citizens with information about archaeology between 2008 and 2013.

Apparently, the only way to accomplish these goals is to spend money, such as the following:

- \$25,000 for a Hot Air Balloon Festival in Baton Rouge
- \$50,000 for Natchitoches for the Christmas Festival;
- \$50,000 for a cultural development
   program for the Center for Cultural and Eco-tourism in Lafayette; and
- \$10,000 for the Shreveport Symphony.

#### Museums

State legislators must love museums because \$8.4 million was requested in 2008-2009.

#### The Artless Schepis

Founded in 1994, the Schepis Museum in Columbia is 15 years old. The website has been visited a grand total of 160 times, which is good since it contains very little information. The museum claims that it has "grown and developed greatly over the past 10 years," from "presenting artifactual exhibits of local interest" to providing "varying artistic and historical exhibits." However, the museum's only current exhibit is made up of photography and scratchboard etchings by Glenn Gore, who is a founding supporter of the museum.

The legislature and governor approved \$75,000 for this museum in the 2008-2009 fiscal year. While the money was not necessary, it could at least be used to help display some art that is not created by the museum's own supporters.

#### Here's a Thought: Charge Admission

In the 1960s, a group of individuals had a dream: to create a cotton museum. That dream came true thanks to the East Carroll Historical Society. The museum is a 7-acre complex. It has a 100 year-old planter's house surrounded by a sharecropper's cabin that was relocated to the site. It also has a general store, a plantation church and an exhibit hall. The museum allows visitors to hand crank the replica cotton gin (invented in 1793 to speed up the process).

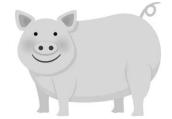
The Cotton Museum with a motto of "Touch, See, and Hear America's Crop," was given \$6,498 by the Legislature (and approved by the governor) for fiscal year 2008-2009. Visitors do not pay admission, but taxpayers do whether they want to or not.

#### And the Oscar Goes to...

The big winner in this category is the Louisiana Military Hall of Fame and Museum with a whopping \$250,000 in taxpayer money. According to its website, xxiii the museum has not been built, yet curators claim that a lot of memorabilia has been collected. Maybe the state should let those who are interested in creating the museum pay for "the collection" rather than forcing taxpayers to subsidize a museum that does not yet exist.

#### Checking Out a Book Can be **Expensive**

In 2007 and 2008 state aid to public libraries doubled from \$1.5 million to \$3 million. That is a lot of new books and computers. Maybe state officials should check out a book on how runaway government spending hurts the economy.



# 6 Non-Governmental **Organizations**

#### No NGO Pork

Despite revenue shortfalls, Louisiana continues to provide funding for non-governmental organizations (NGOs). Here are some requests from the 2010 budgetxxiv:

- \$5,521,272 for the Contemporary Arts Center (CAC) to continue its renovation of the 900 Camp Street complex;
- \$350,000 for the Louisiana Shrimp Association to provide legal services for the Louisiana shrimp industry;
- \$169,101 for the Delta Waterfowl Foundation which provides "knowledge, leaders and science-based solutions that effectively conserve waterfowl and secure the future for waterfowl hunting;
- \$129,500 for the Louisiana Future Farmers of America Foundation:
- \$10,000 for Abbey Players, Inc., an organization which produces four plays a year; and
- \$10,000 for Healthy Lifestyle Choices, to teach youth to make healthier choices in safety, nutrition, fitness, substance abuse and violence prevention.

The Louisiana Legislature and Governor Jindal should cut all funding to NGOs and focus on solving budget issues.

## 7 New Orleans

While the state of Louisiana certainly wastes a lot of taxpayer money, some of the most obnoxious spending comes from local governments. A look at the New Orleans city government reveals some pretty wasteful practices.

#### Lemony-fresh Dollars and Scents

In 1992, a 30-year 1.25-mill tax was approved to finance the Economic Development Fund. Based on its name, the fund presumably was designed to develop new businesses. However, the city of New Orleans is cleaning up with this money, literally. According to a February 5, 2009 Times-Picayune article, Mayor Ray Nagin took \$2.5 million from the fund to help clean the streets and sidewalks of the French Quarter one of the most-established, well-known and lucrative tourist destinations in the country.

Nagin agreed to spend that amount from the city's Economic Development Fund to end a standoff with New Orleans City Council members, who demanded that top-notch cleaning service continue.

The cleaning, by private contractor SDT Waste and Debris Service, includes the use of a patented lemon-scented disinfectant to tackle odors, daily mechanical street and sidewalk sweeping, and round-the-clock maintenance of litter cans.

This special allocation for the French Quarter is 25 percent of the \$10 million that the 2009 city budget anticipates from the tax.

Shortly after a press conference announcing the continuation of the white-glove treatment, work crews marched down Bourbon Street, led by a brass band. Let's

hope the taxpayers didn't pay for the nice sounds in addition to the good smells.

#### Tax Dollars Float Away

Officials in New Orleans apparently think that swimming is at the top of the list of important programs. For the Aquatics Program, they have proposed more than \$1.6 million and 24 full-time employees for 2009. This money pays for a target of 85 trained lifeguards, 25,000 weekly citizen visits to the pool, and teaching 850 citizens how to swim.xxv Maybe those lawmakers should exit the pool.

#### A Picture of Waste

When it comes to art therapy, \$250,000 buys seven full-time employees for 300 students participating in a program at two public schools.xxvi It is unclear why these two schools are targeted and why the program is necessary. Art therapy is supposed to be a psychological program to help children, yet it is being run through a program that tries to create educational and cultural opportunities.

#### Give Taxpayers a Sporting Chance

The city has budgeted \$4,648,439 for recreation in New Orleans. A lot of money is being spent on fun and games. For instance, athletic programs have a proposed 2009 funding of \$637,000, summer programs \$26,942, and the director/management

office for recreation in New Orleans \$1,359,077.\*\*\*\*

The Athletics Program's budget is 36 percent lower that than the \$978,510 spent in 2008. But, a closer look at the program's performance measures is troubling because all that is listed is the number of active parks. For "number of participants" and "total number of teams active per playground," the entries say N/A.xxviii The city ought to provide some real data when spending that much money.

#### **Shankopotomus**

Everyone should grab some clubs because the City of New Orleans is using \$213,025 to maintain the Joe Bartholomew and Brechtel Park golf courses.\*\*\* That sounds like a shankopotomus.

#### Take Away Their Keys

Former New Orleans Inspector General (IG) Robert Cerasoli recently uncovered some illegal practices by the city. For instance, just in the executive branch alone 273 vehicles were assigned as take-home cars/trucks for city employees. The allowed allotment is 60, so the total is more than four times over the limit.

According to IG Cerasoli's assessment, there is "no rhyme or reason to why some employees have the vehicles and there is no real oversight."\*\*\* There also seems to be no reason why some drive sedans and others have SUVs. The report said that there is no system of accountability to show how the vehicles are assigned and how the city is making sure they are only used for work-related purposes.

Cars are not the only problem. Fuel use was also under scrutinized. No one was asked to explain why a city-owned truck with an

18-gallon tank got 91.2 gallons of gas in one day. It appears that the employees were giving gas to their friends and family. That was not the only interesting example. A sedan fueled up with almost 40 gallons, which is a lot of gas for one day.

The IG's report said that the city could save a million dollars if take-home vehicles were eliminated.\*\*xxi It is time to take away some keys.

#### Say Cheese!

New Orleans' interim IG Leonard Odom released a report in April 2009 identifying problems with the city's crime cameras. When city officials decided to install crime cameras they projected a cost of approximately \$2 million. Imagine their surprise to find that \$6 million has been spent and the job is not done. They contracted for 1,000 cameras, but the IG's report said only 250 cameras had been installed, while only 149 of them were working. Even Allen Funt would be embarrassed at these candid cameras.

Councilwoman Shelley Midura read the report and commented that "The OIG's crime camera report is a story about bad government, how bad government happens, and offers a cautionary tale to the city for future contract decisions."xxxii

#### What a Mess

The city pays contractors who work for the New Orleans Affordable Homeownership Corp (NOAH). Those contractors are supposed to perform work at 90 of the blighted properties assigned to NOAH. The city has so far paid \$18 million through NOAH to clean up 46 of those houses.

But there is no evidence that anything has been done and the city has had to ask

contractors for proof of work. Mayor Nagin said he will launch an internal investigation. The Housing Department and Office of Federal and State Programs will conduct the review, but they are the agencies that were supposed to keep NOAH in check in the first place.

There also appears to be some personal and business ties between contractors and NOAH's former executive director. Councilwoman Stacy Head put it best when she wrote, "NOAH appears to be a mess."xxxiii

#### Rats

New Orleans' rodents look nothing like the cute hamsters that kids keep as pets. In fact, they are pretty gross. Three main types of rodents annoy residents: the house mouse, the roof rat and the Norway rat. Apparently the roof rat can measure around 16 inches in length including the tail.

It takes four full-time city employees at a cost of \$200,000 to try to keep these animals under control.\*\*xxiv This is in stark contrast to Columbus, Ohio, which is 50 percent larger than New Orleans and eliminated its \$275,000 rodent control program.

#### **Useless Car Inspections**

Many states require motor vehicle inspections, but not all. In fact, some states are abolishing their programs because of studies showing ineffectiveness. A December 16, 2008 report by the Program Evaluation Division of the North Carolina General Assembly found no evidence that the inspection program is effective and could not determine how much inspections improve air quality.

As North Carolina State Senator Charles

Albertson said, "It's one of those programs we'd be willing to do without," and he went on to say that studies showed that there is little difference between states that have the inspections and those that do not.xxxv Despite this evidence, New Orleans wants to fund seven full-time employees and spend more than \$335,000 on the program.xxxvi Maybe that decision should be re-inspected.

#### That's Rubbish!

Many states have privatized trash collection services, which saves money but still gets results. For some reason New Orleans has made the process more complex and less accountable by raising taxes, hiring garbage collectors for some, and then paying them with tax dollars at a cost of \$31.2 million.xxxvii Additionally, reports indicate that the city pays more per unit in pick up than private individuals who contract directly.xxxviii It is time to dispose of that program and privatize trash collection in New Orleans

#### Making Hay on Cutting Grass

The city's budget priorities for 2009 include the ambiguous "Opportunities for Youth." For example, there is \$700,000 for a grasscutting program for the New Orleans Recreation Department's ball fields and playgrounds. That is \$58,333 per month. The city had 62 playgrounds open last year, and the budget said it plans to open another 15 this year.

#### Just Answer the Letters

Failing to respond to a request for public records proved costly to the city of New Orleans, According to a March 10, 2009 Times-Picayune article, WWL-TV sued after the city attorney and Mayor Ray Nagin ignored the station's requests for copies of the mayor's e-mail and appointments calendar.

In her ruling, Civil District Court Judge Rose Ledet found "the defendants' actions not only unreasonable and arbitrary, but in flagrant violation of the law they have

sworn to uphold."

The silence cost the city the maximum fine of \$100 per business day, working out to \$7,000. The judge also ruled that WWL-TV is entitled to legal fees.



## ৪ Odds and Ends

#### Cleaning House, Literally

After receiving an anonymous letter, the Southern University Board of Supervisors decided to investigate Southern President Ralph Slaughter, who allegedly hired a personal housekeeper/nanny with state funds.xxxix His personal attendant, as Slaughter calls her, may have been good but she couldn't clean out all the skeletons. Slaughter was unable to provide documentation that private foundation dollars had been used to reimburse the University, which he used as his defense.

#### Fraudulent Campus Cards at Southeastern Louisiana University

According to the Louisiana Office of Internal Audit's report dated March 4, 2009, there is some fraudulent activity going on at Southeastern Louisiana University. The accounting coordinator decided to get creative and changed the magnetic stripe on her card with the school's encoder machine. She picked inactive students' accounts for her spending spree of \$2,067. It is unclear what she

bought with that money but it must have been more than sodas and snacks from the vending machine. After being caught she resigned and paid back the money.

The accounting coordinator also added \$695 to her account over a three-year period. She made full restitution for that money also.

Aramark is a university contractor that proves food services to the faculty, staff, and students. Apparently the accounting coordinator thought there was such a thing as a free lunch since she placed \$3,317 of Aramark declining balance meal plan funds on her own account. But she was generous with the funds she stole. She also put nearly \$3,000 on the Campus Card Operations (CCO) director's account, nearly \$2,000 on the CCO clerical coordinator's account, and several hundred dollars on the assistant director and student worker's accounts.

The transfers amount to stealing from the state because unused balances revert back to the university after a period of time.



#### Keep the Lights On

In the town of Maringouin, residents who are past due on their utility accounts include those connected to the utility itself and town employees.

At the end of 2008 there was more than \$150,000 in past due accounts. Almost \$3,500 belonged to town officials and utility company employees:

	Over	Over	Over	Over	Total
	30 Days	60 Days	90 Days	120 Days	Past Due
Angie Smith,	\$184	\$155	\$177	\$2,220	\$2,736
Utility Clerk					
Edna Lee Mitchell	\$23	\$20	\$23	\$123	\$189
John Simien	\$20	\$26	\$23	\$120	\$189
Kirkland Anderson,	\$120	\$12	\$3	-	\$135
Alderman					
Edward James	\$79	\$17	-	-	\$96
Lee Butler III,	\$47	\$31	-	-	\$78
Utility Supervisor					
Charles Wright	\$41	\$4	-	-	\$45
Janice S. Richard	\$23	-	-	-	\$23
Total	\$537	\$265	\$226	\$2,463	\$3,491

Chart from the Town of Maringouin Legislative Audit March 4, 2009.

#### Hair, Nails and Make-up

Even in these troubling economic times people still need to look good. And they apparently need someone to police hair stylists and salons. Licensing is out of control for cosmetologists as \$1.7 million in taxpayer money is going to the State of Louisiana's Cosmetology Board. The Cosmetology Board and its rules and regulations drive up the costs for everyone.

#### Make Nancy Reagan Proud

The Legislature approved \$3.4 million for fiscal year 2008-2009 for parishes participating in Drug Abuse Resistance Education programs. That is a lot of money to support programs that do not seem to work. DARE program has been eliminated

by many schools because of its abysmal failure. It has been cited as ineffective by the U.S. Department of Education, the U.S. Surgeon General, and the U.S. Government Accountability Office.x1 Louisianans should make sure that the programs their tax dollars are supporting have a better track record, especially when they are shelling out \$3.4 million. Otherwise, they should just say no.

#### Reinventing the Wheel

The Office of Business Development received an interesting grant of \$50,000 from the state. The money goes to the Wood Products Development Foundation. Inc., which is a nonprofit corporation. There is very little information on the group's website, which is still under construction.xii

According to the appropriations bill, the grant is to "implement a strategic plan for economic development ventures utilizing wood and wood byproducts." There are already thousands of businesses that use wood to make products, so this just sounds like they are trying to reinvent the wheel, perhaps literally.

#### Developing Waste in Downtown Shreveport

The Shreveport Convention Center ran a deficit of about \$2 million for 2008, and officials are gleeful. That was \$190,000 less than the building lost in 2007. Shreveport continues to hold a \$205 million debt in general obligation bonds, partly from the \$100 million cost of building the center.xiii That does not sound like something to be gleeful about, at least not for taxpayers.

The Shreveport Downtown Development Authority has a \$3.4 million budget for 2009, which is split between operating expenses and capital projects. They are spending some of the taxpayer's money as follows:

- \$695,313 for a new park where the Greyhound bus station is located;
- \$75,000 for development along Cross Bayou and an aquarium project; and
- \$50,000 for a trolley service for downtown Shreveport and the Louisiana Boardwalk xliii

#### Extravagant Travel

Shreveport Mayor Cedric Glover (D) was one of 250 mayors who attended the U.S. Conference of Mayors in January of this year despite the fact that he is not an official member of the group. It was held in Washington, D.C., so the mayor decided to

stay around in order to participate in inaugural activities.

The cost of the flight, lodging, and other expenses was estimated at \$4,475, according to Mayor Glover's assistant. The mayor stayed at the Capitol Hilton where his room was \$299 on three of the nights but more than doubled in price for the remaining nights during the inauguration. This was all paid for with taxpayer dollars.

Other local officials attended the inaugural events, but did so on their own dime. Caddo Parish Commission President Stephanie Lynch gave an estimate of about \$2,500 for her trip. She found a room for \$200 a night, about an hour from D.C. State Rep. Barbara Norton said she hoped her cost would be under \$2,000.xliv

Perhaps if Mayor Glover had paid his own way he would have kept his expenses down. It is always easier to spend other people's money.

#### **Cut Up His Card**

Mayor Glover faced some heat over Executive Assistant Rick Seaton's use of his city credit card. City Council members say that Seaton shouldn't have a city-issued card and accused him of using the card to purchase personal items, spending more than the credit limit, not turning in receipts, and failing to get supporting documents turned in within the city's travel policy deadline xIV

Council members are further concerned with the mayor's office because it has spent about \$70,000 (of which \$31,600 was spent on air service) this year on travel. The City Council, however, only budgeted \$23.000.xlvi

#### Take Away the Mayor's Keys

Shreveport City Council members are asking Mayor Glover to return the \$31,766 Chevrolet Suburban his office has been using to either the Shreveport Police Department or the dealership.

The Suburban was purchased with Police Department money in 2007. The City Council says the mayor's office should have asked the council for funding or funded the car out of its operations budget. Using Police Department funds, they claim, is in violation of the city's charter, and the money was intended for the purchase of police vehicles.

Mayor Glover already receives \$450 a month as a car allowance. Several other mayoral staffers receive car allowances and those who do not are paid for mileage. Mayor Glover is double dipping in the taxpaver's coffer. It's time to take away his kevs.xlvii

#### Go Back to School

In April 2009, an audit report of Bossier Parish revealed possible violations of ethics, public bidding, and record-retention laws. An FBI investigation revealed that the district was cheated out of about \$750,000 for unfinished air conditioning work.

The audit described how the Bossier Parish School Board administration paid \$291,266 to Ark-La-Tex Air Repair, Inc. for overcharges and other work they shouldn't have paid for. The School Board may have violated public bid law for air conditioning and installation projects in the aggregate of \$254,598.

The school board may also have violated open meetings laws and public bid law on another project. They discussed roof and

mold remediation contracts during their executive session instead of an open session, and then awarded a \$1,067,000 emergency mold remediation contract.

School Board Maintenance Department workers racked up \$1,833 in credit card charges for Ark-La-Tex Repair, work that was not completed. The school has since taken the credit cards to prevent further misuse. The maintenance department also could not account for \$1,472 missing from the sale of scrap metal, which was supposed to be in a safe located in the department.

Other School Board employees may have violated ethics laws. One worked for and received \$3.894 from a current School Board vendor, Another received \$105,769 for work done for the School Board within two years of the end of his employment with the district.xlviii

The audit was a good idea. It is now time for people in Bossier Parish to hold officials accountable for this waste.

#### Spending Money to Make Money ... Maybe

The small town of Bastrop, near the Arkansas border, found itself in economic shambles when International Paper Co. closed its mill there last year. So with hat in hand, city leaders asked the state to pay for an economic development plan for the Morehouse Parish city. At a projected cost of \$175,000 to \$200,000, they simply couldn't afford to do it themselves.xlix

To be neighborly, the city of Monroe kicked in \$25,000 in taxpayer money, even though it is 20 miles away and in a different parish. Monroe Mayor Jamie Mayo, a Bastrop native, said the investment was worthwhile because the fate of the two cities is linked.

Mayo said residents of Bastrop come to Monroe to spend their money, contributing sales taxes to Monroe.

The Monroe city attorney said the payment to Bastrop is legal if a return of equal value can be reasonably expected. But determining where someone is from when they pay at the register and adding it all up makes that tough to verify.

#### Throwing Good Money After Bad

Even though the city of Monroe-financed DeltaFest lost money in each of its first three years, elected officials have decided to keep spending money to put on the bash.1

The first festival was held in 2006 and the event lost at least \$125,000 in 2008, with ticket sales totaling \$28,000. But that didn't stop Mayor Mayo from recommending a \$548,554 allocation in this year's \$54.4 million city budget."

The Monroe City Council cut the allocation back to \$295,000, but that is still too much to throw a party that loses money. Corporate sponsors help offset the cost, or the loss would have been much worse in 2008. Given the economic climate, that money should not be counted on this year.

Interim Director of Community Affairs John Ross summed it up nicely: "Originally, DeltaFest was not designed to make money, but as a cultural family event for Monroe ... It was not designed, either, to lose so much money." Maybe it is time to turn out the lights.

#### Plans for New Airport Crash and **Burn Money**

After taking 17 years and spending more than \$7 million in taxpayer money, state officials have effectively killed plans for a

giant cargo airport near Donaldsonville.111 The specially created Louisiana Airport Authority, which will now be dissolved. could not get commitments from private investors by a May 1 deadline, set last year by the increasingly impatient state Legislature. Without that outside money, the state would have had to pony up as much as \$300,000 - in a year when it's facing a \$1.8 billion budget shortfall.

Planners had hoped to create a 25,000-acre hub at the airport with connections to river. road and rail transportation. The Authority was created in 1992 and suggested the site in 2002. That is a lot of time and cash to decide not to do something.

#### Thank You Sir, May I Have Another?

While one hand is tucking away some surplus money, the Tangipahoa Parish School Board is holding out the other one, asking voters to approve new taxes.

The total surplus stands at \$64.2 million -35 percent of the board's 2007-08 total expenses, which were \$182.1 million. At the same time, the board wants taxes increased to pay for a \$183.4 million school construction program.

The board said much of the surplus is set aside for specific uses. But at least the board won't have to go into the general fund to pay for those specifics. An auditor said \$13.1 million in the general fund alone is available for any use.

Still, the system wants up to 29.5 mills in new property taxes, dedication of a current penny sales tax and a new 1-cent sales tax for a school desegregation plan that involves new magnet programs and extensive construction.



It should be clear from this report that Louisiana policymakers are suffering from a serious spending addiction that has helped to create a fiscal year 2010 budget shortfall of \$1.8 billion. Federal stimulus dollars will help to close the 2010 deficit, but deficits are projected to worsen in fiscal year 2011 and fiscal year 2012 as stimulus funds dry up. Without a dramatic reduction in state spending by 2012, Louisiana is headed for a fiscal disaster.

Fortunately for Louisiana taxpayers, the handwriting on the wall has not gone unnoticed by Gov. Jindal's administration. Recognizing the likelihood of ongoing budget deficits through 2012, Gov. Jindal announced an ambitious package of sensible budget reforms in March 2009 that includes a new Commission on Streamlining Government (CSG) that will identify strategies to help the state live within its means.

In advance of the 2010 legislative session, the CSG will perform an exhaustive examination of the state bureaucracy to identify programs and agencies whose functions can be consolidated or eliminated, as well as identify opportunities to deliver higherquality services at a lower cost through privatization or outsourcing. In many ways, the CSG is designed to help the state become a "smart shopper" for services. It will look at

every agency activity or function and ask a basic question: "Does the government really need to be doing this?" For those activities that make the first cut, the next question will be, "is the government doing this in the most effective and efficient manner possible?"

The latter question is critical. Just because elected officials decide that a service should be provided, one should not assume that government offers the cheapest or most efficient means of delivering it - in fact, it often does not. If the state would get a better deal by consolidating activities or contracting out with a nonprofit or private firm for a service, it should behoove policymakers to avail themselves of such opportunities before resorting to tax hikes or service cuts, which would only hurt taxpayers and stifle economic activity.

When times get tough, families have to shop around for the best deals in order to get stretch their dollars as far as they can go. Louisiana state government should do the same, and the CSG will help to ensure that it does.

The key to the CSG's success will be the willingness of policymakers to implement its recommendations. History is littered with commissions whose worthy policy recommendations have been destined for bookshelves, not action. For the sake of fiscal sustainability in Louisiana government, elected officials will need to overcome bureaucratic inertia, parochial politics and special interest pressures to perpetuate government largesse - the usual obstacles to achieving meaningful reform - and engage in a serious and proactive effort to reduce the price of government to avert the looming fiscal train wreck. While this is no small task, it is an essential one

If Louisiana wants to compete in the 21st century economy, policymakers must bring government spending under control and do more with less. Quick fixes, such as the proposed cigarette tax increase, only serve as enablers and signal a desire to avoid meaningful reform.

For the sake of the long-term health of the state economy, taxpayers can no longer sit by while politicians throw good money after bad into inefficient programs and wasteful spending. The task is large, but not insurmountable. With strong and responsible political leadership, Louisiana can clean up its budget mess, become more efficient and begin treating taxpayers with the respect they deserve.

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