

October 2006

2006 Oklahoma Piglet Book



CITIZENS
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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 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 one million members and supporters nationwide. Since 1984, CAGW and its members have helped save taxpayers more than \$825 billion. CAGW publishes a quarterly 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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OKLAHOMA COUNCIL OF PUBLIC AFFAIRS

The Oklahoma Council of Public Affairs (OCPA) is a public policy research organization whose mission is to formulate and promote public policies consistent with the principles of free enterprise and limited government. OCPA was founded in 1993 by board chairman Dr. David R. Brown, a retired orthopedic surgeon who also serves as chairman of The Heritage Foundation, the nation's leading conservative think tank. The state's largest newspaper, *The Oklahoman*, has dubbed OCPA one of the "major players in setting state policy."

OCPA's staff, fellows, and adjunct scholars are committed to delivering the highest quality and most reliable research on Oklahoma issues. Through a variety of publications, programs, and public forums, OCPA is helping to improve the quality of life for all Oklahomans by promoting sound solutions to state and local policy questions.

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Introduction

Oklahoma's state politicians waste the taxpayers' money, and the taxpayers know it.

In a recent survey, 64 percent of Oklahoma voters said they believe state government wastes between 10 cents and 59 cents of every dollar it collects.¹

Taxpayers Know What They Know

"Out of every dollar the state government collects in taxes, how many cents (if any) do you think are wasted?"

None	1%
Less than 5	3%
6 to 9	5%
10 to 19	12%
20 to 29	16%
30 to 39	9%
40 to 49	9%
50 to 59	18%
60 to 69	4%
70 to 79	3%
80 to 89	2%
Over 90	6%
Undecided	13%

As a public service to Oklahoma taxpayers, OCPA and Citizens Against Government Waste have once again teamed up to spotlight government waste in the state.

Twenty-two years ago, President Reagan empanelled a team 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 is known as the Grace Commission, after the panel's chairman, the late J. Peter Grace. The Commission made 2,478 recommendations to eliminate waste, mismanagement and inefficiency in Washington, with three-year savings of \$424.4 billion. More importantly, Peter Grace joined with Pulitzer Prize-winning syndicated columnist Jack Anderson to form Citizens Against Government Waste (CAGW) to promote implementation of the Grace Commission and other waste-cutting recommendations at every level of government. Since 1984, CAGW has helped taxpayers save more than \$825 billion.

CAGW's most well-known publication is the *Congressional Pig Book*. Since 1991, CAGW has published this annual exposé of pork-barrel spending in the 11 federal appropriations bills. After 15 years of documenting pork, CAGW has compiled a database of 76,421 projects costing federal taxpayers \$241 billion. The list of federal pork includes everything from building an indoor rainforest in Iowa to a heated bus stop outside a museum in Alaska. CAGW also produces *Prime Cuts*, a comprehensive look at the depth and breadth of waste throughout the federal government. Issues ranging from eliminating corporate welfare to unneeded defense systems are listed as potential cost savings.

Through grassroots efforts by the Council for Citizens Against Government Waste, CAGW's lobbying arm, the organization has helped to make generic drugs available to all seniors in Florida and fought against raising taxes in California. Local Taxpayer Action Network activists have successfully thwarted tax increases in Lubbock, Texas, and fought against excessive construction costs in Tampa, Florida.

While Congress and President Bush debate the budget at the federal level, the battle against wasteful spending has spread to the state legislatures. Since many states are currently enjoying record revenues,² CAGW has teamed up with state-based organizations to publish a series of state *Piglet Books*. Oklahoma's current spending spree presents a timely opportunity to produce a second *Piglet Book* for the Sooner State.

CAGW, in conjunction with the Oklahoma Council of Public Affairs, Inc. (OCPA), has compiled a list of questionable expenditures to educate the public, the media, and state legislators about the available options to cut waste. OCPA is an independent public policy organization – a think tank – which formulates and promotes public policy research and analysis consistent with the principles of free enterprise and limited government. Founded in 1993 by Dr. David Brown, a retired Oklahoma City orthopedic surgeon who also serves as board chairman of The Heritage Foundation, OCPA is now in its 13th year in the idea business. Its 2002 *Oklahoma Policy Blueprint* was hailed by Nobel Prize-winning economist Milton Friedman as “thorough, well informed and highly sophisticated.”

Modeled after CAGW's two most prominent publications, the *Oklahoma Piglet Book* combines the ridiculous examples of the *Pig Book* with the seriousness of *Prime Cuts* to illustrate that

overspending is a real problem. However, this publication is in no way comprehensive. Like an iceberg (with only 10 percent of its mass above water), the state budget is mammoth. With state politicians spending \$225 of your money every second,³ CAGW and OCPA can only hope to call attention to the tip of the iceberg.

Every dollar that goes to subsidize excess bureaucrats is a dollar that a struggling single mom could have used to buy new school clothes for her children. Every dollar that goes to wine and dine Vietnamese Communists is a dollar that could have gone for groceries or new brakes for the car. Every dollar used to teach youngsters to shoot pool is a dollar that could have been used for the kids' dental work, new shoes, or antibiotics. With an eye toward returning money to the hardworking Oklahomans who earned it in the first place,⁴ the state legislature must take a good hard look at the budget and eliminate waste, fraud, and abuse.

Remind Me Again Why We Need You

The Employees Benefits Council (EBC) and the Oklahoma State Education Employees Group Insurance Board (OSEEGIB) are responsible for providing health insurance and ancillary benefit plans to public and education employees. As the following chart shows, the functions of these two state agencies overlap considerably.

Function	EBC	OSEEGIB
Select Alternative Health Plans	X	X
Conduct Annual Benefit Elections	X	X
Management of Health Plans and Assets		X
Administer Section 125 Plan Benefits and Assets	X	
Select Optional Employee Benefits	X	X
Management of Dental Plans and Assets		X
Management of Term Life Plan Benefits and Assets	X	X
Human Resource Management	X	X
Public Budget Management	X	X
Public Purchasing Management	X	X
Statutory Reporting Management		X
Financial Assets Management	X	X
Records Act Management	X	X

A Senate legislative committee examining state employee benefits in 2003 found that eliminating EBC and folding its non-

duplicative functions into OSEEGIB would improve the services offered to state and education employees and save taxpayers more than \$3.8 million annually. Given the duplicative functions of these entities, it would seem reasonable to eliminate EBC. However, state senators on that committee blocked the bill eliminating EBC and its redundancies. They provided no reasons for the negative vote.⁵

The duplication and waste within EBC and OSEEGIB shows Oklahoma has more state employees than it needs. Unfortunately, as shown in the next section, EBC and OSEEGIB are not isolated examples.

Can a Relatively Poor State Afford All This Bureaucratic Overhead?

In 2004, Northeastern State University economist Rex Pjesky compared the size of Oklahoma's state government to the national average and found that Oklahoma has about 6,100 too many state employees (and no, not because the state has too few local government employees).⁶ Dr. Pjesky's study concluded that states with larger workforces grew at slower rates than states with smaller workforces. In 2006, Cato Institute economist Chris Edwards, using the latest data from the Census Bureau, calculated the number of state and local government workers in each state as a share of employment in the state. Oklahoma ranked a hefty 13th among the 50 states.⁷

\$200,000 Per Classroom, Much of It Wasted

In January 2006, the state's largest labor union, the Oklahoma Education Association (OEA), joined with three school districts to file a lawsuit claiming that school funding in Oklahoma is inadequate. (One of the districts, Jenks, is so notoriously underfunded that it has to get by with a mere 16 to 18 football coaches.⁸)

Schools are not underfunded at all. Indeed, data⁹ derived from a March 2006 U.S. Census Bureau report shows that some school districts are awash in cash. For example, the Plainview school district spends \$25,667 per student, the Sweetwater school district spends \$20,014 per student, and the Reydon school district spends \$17,686 per student.

Those numbers won't come as a surprise to longtime OCPA readers. Last year OCPA's Brandon Dutcher teamed up with

accountant Steve Anderson, formerly a public school teacher with 17 teaching certifications, to determine how much money Oklahomans are paying for their schools. They computed all the expenditures that would be included on a regular financial statement. The per-pupil cost in Oklahoma in 2003 (the latest year for which data were available) was \$11,250. That's around \$200,000 per classroom.¹⁰

Union boss Roy Bishop pronounced the study "highly suspect," so OCPA challenged the union to a public debate on the matter. More than eight months later, the union has yet to respond.

School funding is more than adequate and, fortunately, most Oklahomans know it. Two weeks after the labor union filed its lawsuit, Cole Hargrave Snodgrass & Associates asked 400 Oklahoma voters, "Which of the following comes closest to your beliefs?" While 41 percent said "the simple fact is that our schools need more money," 52 percent said "our schools would have enough money if they spent it appropriately instead of wasting it."¹¹

Feeding the Hand That Bites You

In the January 2006 OEA lawsuit, some state legislators were named as defendants. These legislators quickly discovered that there is only one thing worse than being sued: Appropriating money that the plaintiffs use to sue you more effectively.

The union's lawsuit relied in part on a report from an out-of-state consulting firm that was paid at least \$296,710 appropriated by the legislature. The FY-2005 appropriations bill (HB 2012) provided for money to be "transferred to the Legislative Service Bureau to contract with an independent consultant to conduct the second phase of the study of the adequacy of the State Aid Formula," a study which was cited on the OEA website as "proof" of inadequacy.¹²

No Questions Please, Just Send Money

Examples of waste in the government-owned schools aren't always easy to ferret out; the educrats don't exactly volunteer the information. As syndicated columnist George Will noted in an October 1, 2006 column, "The Oklahoma Council of Public Affairs, a think tank, asked all 539 school districts for spending details such as the number of employees making more than \$75,000 a year; payments for lobbying and public relations; information as to whether competitive bidding was required for

maintenance, food and transportation services; and the number of automobiles owned or reimbursed by the districts. (Many districts purchase vehicle insurance through the Oklahoma State School Boards Association, which can spend the profits it makes from this on lobbying the legislature and whose members have gone to court to keep a 65 percent requirement off this November's ballot.) Two-thirds of Oklahoma's districts have not responded."¹³

Nonetheless, some examples of waste emerged from the districts that did choose to respond. For example, not nearly enough districts use competitive bidding for non-instructional services. And one can only guess why the Lawton school district feels it needs 109 automobiles, the Putnam City district needs 101, or the Mid-Del district needs 93.¹⁴

Remind Taxpayers Again What This \$7.5 Million Is Accomplishing

Most Oklahomans expect that pay will reflect performance, and when the education establishment pushed through a plan to increase pay by \$5,000 per year for teachers with certification from the National Board for Professional Teaching Standards, taxpayers were doubtless counting on some measurable improvement in the teachers' job performance.

Sadly, there doesn't seem to be any guarantee of that. As Bess Keller reported on May 9, 2006:

Students of teachers who hold certification from the National Board for Professional Teaching Standards achieve, on average, no greater academic progress than students of teachers without the special status, a long-awaited study using North Carolina data concludes. The study – conducted by William L. Sanders, the statistician who pioneered the concept of "value-added" analysis of teaching effectiveness – found that there was basically no difference in the achievement levels of students whose teachers earned the prestigious NBPTS credential, those who tried but failed to earn it, those who never tried to get the certification, or those who earned it after the student test-score data was collected.¹⁵

Rather than reduce funding for a government program that hasn't proven to be effective, legislators buried in the FY-2006 appropriations bill for common education an additional \$1.96 million, bringing the total program funding for FY-2006 to \$7.49 million.¹⁶

Wasted Dollars, Wasted Lives

It is no exaggeration to say that labeling a child “disabled” and putting him into special education is going to significantly alter the course of his life. Surely in making such an enormously important decision public schools wouldn’t be driven by ... greed. Would they?

Greg Forster, who holds a Ph.D. in political science from Yale, answered that question in an article which appeared July 7, 2006 in *The Oklahoman*:

Special education enrollments have been growing dramatically, in Oklahoma and nationwide. In the United States, 10.6 percent of all public school students were classified as disabled in 1991. By 2004, that figure had grown to 12.5 percent.

The growth of special education has been even faster in Oklahoma. In 1991, 10.9 percent of Oklahoma public school students were classified as disabled. But by 2004 it was a whopping 14.2 percent, or about 87,000 students.

There’s no plausible explanation for why the real occurrence of disabilities would have gone up during this period. Growth has been heavily concentrated in the “learning disabilities” category, while the “mental retardation” category has actually been shrinking. If there were a medical or environmental cause for the huge rise in learning disabilities, it should also be causing growth in mental retardation, but no such growth is occurring.

We have to conclude that additional children are being put into special education even though they aren’t really disabled. Why would schools do this?

The only answer that’s consistent with the evidence is the influence of financial incentives. ... Schools are rewarded with additional funding every time they diagnose a student as disabled. Some education bureaucrats actually call this “the bounty system,” because schools get paid a bounty for each diagnosis. ... Everyone would like to think that diagnosing a child as disabled is too important for motives like school budgets to be driving it. But there’s strong evidence confirming that this is exactly what’s happening.

Sixteen states have reformed their special education funding systems to eliminate the bounty — schools don’t get extra money when they put more students in special education. Two national studies have demonstrated that the growth of special education is heavily concentrated in states that still fund special education on the bounty system. One of the studies, which I co-authored with Jay Greene of the Manhattan Institute, found that a full 62 percent of growth in special education enrollment could be attributed to funding incentives.

The best available estimates indicate that the growth of Oklahoma special education since 1991 is costing taxpayers more than \$61 million every year. That means about \$39 million a year is attributable to the bounty system in Oklahoma.¹⁷

Of all the entries in the *2006 Oklahoma Piglet Book*, slotting kids into special education just to make a few extra bucks has to be the most morally reprehensible of all.

When Graduating from College Is Not Enough

Most taxpayers would assume that earning a teaching certification would prepare a person to teach, but Oklahoma has created another bureaucracy with a misleading name that consumes \$6 million annually. The Oklahoma Commission for Teacher Preparation (OCTP), which represents itself as a standards board for teacher education, runs a teacher assessment program and conducts professional development institutes with the millions of tax dollars Oklahomans provide.¹⁸ Only 14 other states have this unnecessary bureaucracy using up their taxpayer dollars.¹⁹

One might appropriately ask why a state agency needs to run a standards board for teacher education and assessment. Individual school districts, which pay the salaries and decide which teachers to hire or retain, seem like the proper place for these functions. After all, school administrators at the local level are privy to the feedback of parents whose kids are directly in the line of fire.

How Politicians Fund the Groups That Feed Them

OCTP's professional development institutes are suspect: They appear to be a way for politicians to funnel money to the special-interest groups that feed them. State Rep. Thad Balkman (R-Norman) brought attention to this matter by pointing out that in 1997 "HB 2017 was signed into law giving the Oklahoma Commission for Teacher Preparation (OCTP) statutory authority to establish Professional Development Institutes (PDIs) in reading, mentoring, science, and mathematics."²⁰ Interestingly, records show that the state's largest labor union, the Oklahoma Education Association (OEA), was awarded vendor contracts for more than \$365,000 in FY-2006 for these mentoring and mathematics PDIs.²¹

Filings with the State Ethics Commission show the union made

more than \$22,000 in contributions to state politicians for the year ending December 31, 2005.²² Not coincidentally, service-type businesses like PDIs would expect to make a profit of at least 10 percent after covering all costs. If, hypothetically, this percentage were to be applied to the \$365,000 in vendor contracts awarded the OEA in 2002, the union would have made a tidy little profit after contributions to union-friendly candidates.

Credit Card Debt That Our Grandchildren Will Pay For

The framers of Oklahoma's constitution included a ban on most forms of state debt so that politicians could not bankrupt the state. However, elected officials have found a nearly \$10 billion loophole that will be passed on to our children and grandchildren. The constitutional debt exclusion doesn't apply to the unfunded liability that is accumulating in the state's pension funds.

The Teachers' Retirement System of Oklahoma (TRS) alone has accumulated unfunded debt in excess of \$7.1 billion.²³ According to TRS's actuarial firm, TRS "remains among the most poorly funded of all statewide plans. The market value of assets is just sufficient to cover the liabilities for currently retired members."²⁴

The Office of State Finance concedes that TRS debt "is considered an absolute obligation of the state, according to Attorney General's Opinion No. 96-21. Ultimately, the responsibility for this debt will fall on the shoulders of Oklahoma taxpayers."²⁵

The impact of TRS's debt load is enormous. Retirement plans typically are financed by contributions from employers and employees. But in addition to those funding sources, TRS received more than \$164 million in 2005 from 4.0 percent of sales taxes, use taxes, individual income taxes, and corporate income taxes.²⁶ This is money that should be spent on locking up prisoners, fixing roads and bridges, and taking care of other current needs – not paying off the TRS's debt.

Oklahoma taxpayers have been the victims of politicians' profligacy since the inception of TRS. When TRS was formed in the 1940s, legislators chose to grant benefits to teachers who had not yet contributed a penny towards their retirement. Since that time, legislators have often either borrowed money from TRS or granted increases in benefits with no money to fund them,

knowing that the bill for these acts would not come due during their tenure.

In effect, legislators use TRS like a "credit card" and leave the bill for future generations. When asked about the ticking time bomb that is the TRS, more than one legislator has been known to quip, "Thank God for term limits."

Teachers and their labor unions are not exactly innocent victims in this drama. When the Oklahoma Office of State Finance proposed reforming TRS by converting to a defined contribution plan similar to what many taxpayers have, the Oklahoma Education Association (OEA), the Oklahoma Retired Educators Association (OREA), and many of their members fought to stop the measure. This was despite the fact that the plan was designed to not alter the benefits for any current retiree. This refusal to modernize TRS cost Oklahoma taxpayers \$164 million in 2005 and leaves a debt of more than \$7.1 billion for future generations.

How to Buy Votes When You Don't Have Any Money

OEA, OREA, and most state legislators don't address the TRS debt issue because each group has its own vested interest in retaining the existing system. OEA and OREA can lobby for benefit improvements for members even when no money is available by using the TRS "credit card." Legislators can court teachers and retirees with extra retirement benefits during hard economic times by using our grandchildren's money to buy their votes through TRS's archaic system. There is an old political rhyme that goes, "Don't tax you, don't tax me, tax the fellow behind the tree." In this case, the fellow behind the tree is someone's grandson or granddaughter, who will be paying off this credit card debt with his or her hard-earned money.

At least one legislator has grown tired of this game. State Rep. Mike Reynolds, who chairs the House Retirement Laws Committee, pointed out that House Bill 1179, which created the "Education Employees Service Incentive Plan" (EESIP) and adjusted the way retirement benefits are calculated in certain instances, will increase the unfunded liability of the retirement system by \$300 million.²⁷

Reynolds said the bill provides new retirement benefits to certain officials who were never promised those benefits during their careers and did not pay enough into the system to justify the

increased benefits. "We should not be increasing the system's unfunded liability to benefit a select few, highly compensated school superintendents," Reynolds said. He noted that \$300 million could have provided retired teachers with a total cost-of-living adjustment of 8 percent. "This plan is purely a political move to garner support among some highly compensated individuals in the education profession," Reynolds said.²⁸

Not only are Oklahomans paying for vote-buying with tax dollars; Oklahoma's legislative leaders have found a creative way to get taxpayers to "volunteer" to help finance this TRS debt-for-votes exchange. Many people thought that they were paying for books or teachers' salaries when they paid \$23 extra for the "Success Through Education" vehicle license plate. Instead, that \$23 was doled out as follows: 5 percent to the Education Reform Revolving Fund, 5 percent to the Higher Education Revolving Fund, 5 percent to the State Vocational-Technical Fund, and 85 percent to the Teachers' Retirement Benefit Fund.

Your Saks Dollars at Work

It's no secret that, as the Associated Press has reported, "there is a history of credit card abuse by [federal] government employees, including charges for \$400 Coach briefcases, a dog and Victoria's Secret clothing."²⁹ So it should come as no surprise that the problem also exists at the state level. In a front-page story, *The Oklahoman* reported on October 12, 2006 that "state credit cards are being used to make millions of dollars in purchases each year with little or no oversight or approval, state Auditor and Inspector Jeff McMahan said Wednesday. Violations of state purchasing laws, potentially illegal destruction of state credit card records, missing receipts and numerous questionable purchases were uncovered by a preliminary review of a small sample of state credit card purchases, McMahan said."³⁰ *The Oklahoman* noted that:

Auditors found employees using state credit cards to shop at places such as "Saks Fifth Avenue, pawn shops, convenience stores and video stores," he said.

Questionable purchases included Christmas decorations, "smiling elephants," food, gasoline and travel, McMahan said.

Since problems appear to be widespread, McMahan said he is asking Attorney General Drew Edmondson to request a series of detailed investigative audits to look at credit card use in every state agency. ...

“We have agencies that are using state credit cards to purchase doughnuts and refreshments for their staffs every day,” McMahan said. “This might be legal – I’ve been told that it was, but I don’t see how. We don’t do that in the auditor’s office, and I don’t believe that’s how taxpayers expect their money to be spent.”

Auditors said they discovered significant problems in a review of just 609 of the nearly 80,000 state credit card transactions made between July 1, 2004 and June 30, 2005. State credit card purchases totaled more than \$18.2 million that year.

Auditors didn’t look at Oklahoma higher education credit card purchases, which totaled more than \$91.8 million during a similar one-year time period, he said. Universities contract with outside auditors to examine purchases, he said.

Required receipts were missing from a quarter of the credit card purchases examined, making it impossible for auditors to determine if the items were bought for legitimate state purposes, McMahan said.³¹

It’s troubling to think this much abuse was uncovered after reviewing less than one percent of state credit card transactions.

These College Guys Are Smart!

While state legislators continue to increase funding for the Oklahoma Higher Learning Access Program (OHLAP), at least one college has figured out how to take tax dollars in a way that may actually result in fewer students getting OHLAP scholarships. Redlands Community College is simply going to reclassify some of its current fees as tuition. This little stroke of semantic genius makes the student eligible for more tax dollars since tuition is paid for by OHLAP while fees are not.³² Of course, the net effect of more dollars per student is that fewer students will be able to access the available OHLAP money.

Paying for Public Education, Then Paying For It Again

Students hoping to be admitted to Harvard College around 1700 had to meet some pretty tough requirements: “Everyone competent to read Cicero or any other classic author of that kind extemporaneously, and also to speak and write Latin prose and verse with tolerable skill and without assistance, and of declining the Greek nouns and verbs, may expect to be admitted to the College: if deficient in any of these qualifications, he cannot under any circumstances be admitted.”³³

The bar is set, ahem, considerably lower for students hoping to receive (taxpayer-subsidized) education today in Oklahoma’s

colleges and universities. A story in *The Oklahoman* noted that “44,608 students enrolled in remedial courses at state colleges and universities during the 2004-05 school year. That’s about 39 percent of first-time freshmen.”³⁴ One is reminded of the essayist Joseph Sobran’s insightful observation: We’ve gone from “teaching Latin and Greek in high school to offering remedial English in college.”³⁵

One can assume that the majority of these remedial students are the products of Oklahoma’s public schools, since more than 95 percent of Oklahoma’s K-12 students attend public schools³⁶ and 85 percent of the college students are from Oklahoma.³⁷ In other words, this is education Oklahoma taxpayers have already paid for in the K-12 system. Now they’re paying for it again with the huge subsidies that keep tuition at a fraction of higher education’s actual cost.

The following table, which is by no means comprehensive, gives a glimpse of some of the “higher education” Oklahoma taxpayers are forced to subsidize.

Your Tax Dollars at Work: ‘Pre-College’ Courses in College

Institution of Higher Learning	Course	Course Description
Connors State College	ENGL 0002 – Developmental Reading I	This course is designed to provide individualized instruction in beginning phonics, sight word recognition, sentence comprehension, and basic vocabulary. This course is for students reading below the 10th grade level.
Connors State College	ENGL 0123 – Fundamentals of English	<i>Prerequisite: 19 or above on the ACT sub-test in reading or CPT testing score to indicate 10th grade reading level.</i> Required of students who score below 19 on the ACT sub-test in English and do not indicate English skills competence through CPT testing. The course includes an overview of basic grammar, mechanics and paragraph construction.
Connors State College	ENGL 1022 – College Reading	<i>Prerequisite: 12th grade reading level.</i> This course is a continuation of ENGL 1012 - <i>Developmental Reading</i> . Reading rate, skimming, scanning, imagery, tone, and critical reading are emphasized.

Tulsa Community College	ENG 0123 – Basic English	Designed for students who have not met high school English/Language Arts requirements or need to satisfy a high school curricular deficiency. Primary objective is to improve reading and writing skills. The course presents an introductory study of literature and includes the use of laboratory materials and equipment. Grade options are satisfactory or unsatisfactory.
Tulsa Community College	ENG 0601 – Basic Grammar	Designed to teach fundamental principles of grammar: parts of speech, clauses and phrases, sentence patterns, subject-verb agreement, and major sentence errors.
Tulsa Community College	ENG 0611 – Sentence Improvement	Designed to teach different kinds of sentence construction and the application of that knowledge to actual writing experiences.
Tulsa Community College	ENG 0631 – Spelling and Phonics	Designed for the student who needs to master basic spelling literacy and principles of phonics. Mastery of commonly misspelled words and decoding skills is included.
Tulsa Community College	ENG 0641 – Basic Vocabulary	Designed to provide fundamentals for vocabulary building. Course content includes instruction in dictionary use, presentation of prefixes, suffixes, and roots and the application of that knowledge to the decoding of words.
Tulsa Community College	ENG 0691 – One by One Fundamentals of Reading	Designed to teach students the fundamental skills necessary to increase reading proficiency. The primary emphasis is placed on creating an individualized study program of teacher-directed and self-paced activities to improve skills in comprehension, vocabulary, and phonics.
Rogers State University	ENGL 0003 – Basic Writing I	This course is for students who need to review basic grammar rules and mechanics. Included within this course is intensive instruction in grammar, mechanics, and paragraph structure. The course also provides instruction in essay writing, editing, and proofreading.
Rogers State University	READ 0223 – Developmental Reading I	This course is designed to train students in basic reading skills: to develop vocabulary, to improve reading comprehension, and to increase reading rate. Students are introduced to the materials they will encounter in college courses and become equipped with appropriate study skills for college success.
Southeastern Oklahoma State University	ENG 0123 – Pre-College English	A study of composition, grammar and usage.

Cameron University	ENGL 0123 – Basic Composition Skills	Introduces students to and provides practice in reading, writing, and interpretation. Intended for students whose experiences as writers have not prepared them for ENGL 0113. Attention to the development of language skills is integrated into the course’s primary emphasis upon essay writing. Required for entering students who score below 14 on the ACT English test and for adult students who score below 62 on the CPT Sentence Skills test.
Northeastern State University	MATH 0123 – Elementary Algebra	A course for students with little or no previous algebra background. Included topics are signed numbers, exponents, order of operations, factoring, algebraic fractions, linear equations and inequalities, word problems and percents.
East Central University	MATH 0113 – Beginning Algebra	A review of elementary algebra including fractions, operations on real numbers, polynomials, first and second degree equations and inequalities, exponents, graphing, relations and functions, and systems of equations and inequalities.
Northwestern Oklahoma State University	ENGL 0133 – Developmental Reading	A computer-assisted course designed for college students who need remedial instruction in reading, with primary emphasis in vocabulary development, comprehension, and adjustment of reading rate.
University of Central Oklahoma	ENG 1252 – Vocabulary Building	A study of prefixes, suffixes, and etymologies as aids to better reading and spelling.

Sources:

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http://www.nwosu.edu/catalog/06_07/SectionIX.pdf.

“Lots of faculty and staff members have jobs that depend on these remedial (or ‘developmental’) courses, and plenty of university revenues derive from state subsidies and tuition payments for those programs,” *The Oklahoman* reported. “Uncle Sam contributes as well, via a host of programs (e.g., the TRIO programs) that underwrite remediation. The private sector, too, contains many companies that make money by coaching, tutoring, and otherwise helping equip their clients with the skills

and knowledge that the regular schools have failed to impart. Such vested interests naturally oppose policy reforms that threaten their livelihood.”³⁸

It’s hard to know who to blame: the public K-12 schools for failing to educate the students, or the colleges who educated the teachers who are teaching these kids. But according to the bureaucrats in charge of the state’s education system, it’s nothing that more tax dollars won’t solve!

Taxpayers: Mere Puppets on a String

Of course, it’s not just remedial classes that taxpayers are funding. A quick (but by no means exhaustive) waltz through a few college catalogs turned up some interesting courses being offered at the state’s tax-funded institutions of “higher learning.” Suffice it to say that reading Cicero in the original language is not a prerequisite for courses like “Principles of Floral Arranging” or “Puppetry I.”

Your Tax Dollars at Work: Bowling, Dancing, and Shooting Pool

Institution of Higher Learning	Course	Course Description
Tulsa Community College	PE 1322 – Beginning Ice Skating	Basic skills for the beginning skater.
Tulsa Community College	PE 1362 – Badminton	Footwork and eye to hand coordination skills required for forehand, backhand, volley, and service. Rules, scoring, and court etiquette for singles and doubles.
Tulsa Community College	PE 1412 – Yoga	Physical exercise with techniques that integrate the mind, body and spiritual awareness.
Tulsa Community College	HT 1031 – Therapeutic Horticulture	An introductory background and orientation on how to improve the physical and mental health of the individual, using plants in many settings such as psychiatric, medical, vocational rehabilitation, geriatric, corrections and community gardening.
Tulsa Community College	HT 1221 – Principles of Floral Arranging	Principles of floral design, which include basic design shapes, corsages, bud vases, centerpieces and bows. Study will include care and handling of cut flowers from both the florist and the home garden. Each class will have a lecture followed by a creative hands-on laboratory.

Southeastern Oklahoma State University	COMM 1553 – Listening	Introduces the student to techniques to be used in improving listening skills.
Southeastern Oklahoma State University	HPER 1141 – Social and Square Dance	American folk dance activities; basic steps, terminology, and decorum of square, round and couple dancing.
Southeastern Oklahoma State University	HPER 4502 – Coaching Football	Basic fundamentals and techniques in coaching the three major areas of football—offense, defense, and the kicking game—as well as practice, organization, and game situations.
Northeastern State University	PED 1071 – Billiards	Designed to provide instruction in the fundamentals and techniques of billiards for beginners. Rules, etiquette, and scoring will be covered as well as various types of tournaments.
Northeastern State University	PED 1031 – Basketball Fundamentals	Instruction and practice on the fundamentals of basketball with emphasis on fundamental drills.
Northeastern State University	PED 1201 – Aquatic Activities	Swimming course designed to provide instruction for students with various levels of swimming skill. Includes Elementary Swimming, Intermediate Swimming, Advanced Swimming, Canoeing, Sailing, Power Boating, and Water Skiing.
Northeastern State University	PED 1611 – Beginning Bowling	Designed to provide instruction in the fundamentals and techniques of bowling for beginners. Rules, etiquette, and scoring will be covered as well as various types of competitive leagues and tournaments.
Northeastern State University	DED 1112 – Driver Education, Beginners' Course	Students are given instruction in class in driving technique. Also, observation and driving in training car.
Oklahoma State University	HHP 2052 – Sports Officiating	Current rules and techniques. Students who perform satisfactorily may apply for official ratings.
Oklahoma State University	HHP 4993 – Health and Human Sexuality	The study of human sexuality as it relates to the health and well-being of individuals in the community, worksite, college and school setting.
Oklahoma State University	HHP 2112 – Rock Climbing	Theory and practice in the basics of technical rock climbing, bouldering and spelunking.
Oklahoma State University	HHP 2122 – Backpacking and Hiking	Theory and practice of outdoor skills and leadership techniques for executing and evaluating a wilderness activity.
Oklahoma State University	HHP 2322 – Recreational Dance	Theory and practice of traditional social dances and a variety of "free style" dance forms.

Oklahoma State University	EPSY 5933 – Altered States of Consciousness in Human Development	Theory and research concerning the role of altered states of consciousness in human development. Practical techniques for facilitating healthy human development which might be of use to counselors, teachers, and other human service workers. Techniques include guided imagery, progressive relaxation and, especially, meditation.
University of Central Oklahoma	ART 4433 – Advanced Weaving	With instructor-direction, advanced research and saturation in woven design will be followed. Options for design goals will be made according to student's interest, such as weaving for interior design, application to teaching multicultural design, or for personal expression. A drawing, materials calculations, and loom draft will be presented for each chosen design prior to execution.
University of Central Oklahoma	DANC 2731 – Advanced Tap Dancing	This course is the study of tap dancing at an advanced level with emphasis on technique, body placement, intricate rhythms and advanced combinations.
University of Central Oklahoma	ENG 4833 – Cyberpunk Film and Literature	Students will explore the visual and literary sub-genre of science fiction called cyberpunk. Student will learn to define the genre according to the themes of the invasion of the mind, the ontology of cyborgs, and the paranoia of oppressive politics: our current reality. Finally, students will assess the value this genre has in postmodern world fiction.
University of Central Oklahoma	FMKT 3323 – Fashion Accessories	This course is an introduction to major areas of fashion merchandise accessories found in a retail store: leather products, furs, shoes, hats, scarves, handbags, hosiery and active wear. Accessories are analyzed in terms of materials, construction and price ranges and acquaints students with the selling techniques used in these merchandise categories.
University of Central Oklahoma	PHED 1211 – In-line Skating	The course will cover the fundamental instruction and active participation in in-line skating. Information will be useful for learning and refining the basic skills.
University of Central Oklahoma	PHED 1231 – Walking Fitness	This course is designed to examine fitness walking as an activity to improve health and fitness. Adopting exercise (walking) into a lifetime behavior is the main goal of the class.
University of Central Oklahoma	PSY 1203 – Personal Adjustment	This course examines how psychology can be applied to everyday life to help people cope with problems and optimize their developmental potential as they face the challenges of a rapidly changing world.

University of Central Oklahoma	SOC 2113 – Human Sexuality	An introductory survey of relevant topics such as history of sexuality, the psychosocial sexual aspects of anatomy, birth control, human sex response cycle, sex techniques, research, sexually transmitted diseases, deviant sexuality, sexual dysfunction, and sex education.
Cameron University	PSY 4331– ESP and Parapsychology	A scientific and psychological analysis of ESP (Telepathy, Clairvoyance and Precognition) and other popular parapsychological phenomena.
Northeastern State University	FCS 4673 – Fashion Accessories	An in-depth study of the accessories industry from the manufacturing level to consumer use. Includes furs, leather, jewelry, millinery, shoes, hosiery, and other fashion items. Field trips, mini-assignments, and accessory displays are included.
Northeastern State University	SPCH 3003 – Puppetry I	Introduction to puppetry arts – hand puppets through rod, shadow, and marionettes involving all methods of construction, manipulation and staging.
East Central University	FCS 2113 – Foods	A study of basic food preparation methods and guidelines for providing nutritious meals.
Southwestern Oklahoma State University	KINES 2151 – Walking Fitness	Learn the basic skills for walking. Learn the proper warm-up and cool down procedures. Work on self-assessment of your personal fitness. Monitor your walking with a pedometer.

Sources:

<http://www.tulsacc.edu/page.asp?durki=3614>; <http://www.tulsacc.edu/page.asp?durki=3607#6>;
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<http://www.swosu.edu/resources/catalog/undergrad/cpgs/course-kinesiology.pdf>.

Adult Education

On February 16, 2006 the website of the homosexual magazine *The Advocate* featured a story (“Oklahoma college newspaper includes free condoms”) on the recent distribution of some 10,000 condoms to students at the University of Oklahoma. “To highlight stories about sex education, HIV and sexually transmitted disease prevention, and the need for condom dispensers on campus, the editors of the University of Oklahoma’s student newspaper on Monday affixed a condom on the front page of

each edition of that day's newspaper."³⁹ This little stunt is but one example of higher ed thumbing its nose at the (largely conservative) Oklahoma taxpayers who are paying for all of this.

Great Moments in Medical Welfare

According to a 2005 report in *The Journal Record*, some 3,500 illegal aliens in Oklahoma "received \$7.8 million in Medicaid benefits last year, said Nico Gomez, director of governmental and public affairs for the Oklahoma Health Care Authority. The state's share of that total was \$2.3 million."⁴⁰

The problem continues to get worse. *The Oklahoman* reported this year that "illegal immigrants with medical emergencies cost taxpayers almost \$10 million last year in Oklahoma, a 154 percent increase since 2003. For the period ending June 30, the Oklahoma Health Care Authority paid \$9.7 million to treat 4,450 individuals identified as 'illegal aliens' – the federal government's term for people who enter the country without documentation. This compares with \$3.8 million to treat 2,054 individuals three years earlier."⁴¹

Of course, medical welfare for illegal aliens is but one of the expenses that should not be borne by taxpayers. That list currently includes (among other things) condoms,⁴² vasectomies,⁴³ breast-reduction surgery,⁴⁴ and nursing-home care for wealthy Oklahomans who are shrewd enough to shelter their assets and income.⁴⁵

Rewarding Lawbreakers

The tab for illegal aliens extends to other benefits, and it keeps growing. As an August 15 state House of Representatives press release pointed out,

The federal government's failure to enforce the national border is creating millions of dollars in expenses for state governments – including higher crime rates and prison expenses, state Rep. Randy Terrill said today.

As of July, there were 420 illegal aliens incarcerated in Oklahoma prisons at an annual expense of more than \$7 million per year, according to the Oklahoma Department of Corrections – nearly \$20,000 is spent every day housing those inmates.

"Clearly, anyone who commits a crime in the state should serve time here," said Terrill, R-Moore. "But if the federal government were doing its job, these criminals would not be in Oklahoma in the first place."⁴⁶

Terrill noted that illegal aliens are draining state tax dollars in other ways, as well:

For example, records show the state spends \$2.3 million per year on free health care and other medical services for illegal aliens. Officials have not yet determined how much money is spent on illegal aliens through other welfare programs such as food stamps, rental subsidies and energy assistance.

In addition, there are more than 60,000 children of foreign descent in Oklahoma's public school system and a substantial number are believed to be illegal aliens, Terrill said. The state spends an average of \$6,500 per pupil.

Also, more than 200 illegal aliens have been allowed to enroll in Oklahoma colleges at in-state tuition rates. Those students are eligible for state scholarships and financial aid even though they did not enter the country legally and are therefore ineligible for federal financial assistance.

The total expense of tuition breaks provided to illegal aliens has not yet been determined because the State Regents for Higher Education have neglected to track those numbers.⁴⁷

Can't Afford a Vacation? Pay for One Anyway

The Oklahoma Tourism and Recreation Department has long been the destination of choice for politicians looking to create annual pork for their home districts. Legislators consider the locating of a state park, resort, or golf course in their district as the ultimate in "bringing home the bacon." These tourism "destinations" are also the destination for millions of tax dollars every year.

The average citizen understands that operating a business that only covers 40.7 percent of its costs means that the business won't be around for very long. Sadly, that's how little return Oklahoma taxpayers have been receiving from state parks.⁴⁸

With taxpayers paying for all the losses, there is no incentive for park management to improve their parks to increase revenues. Legislators, however, are assured that taxpayer dollars are sent to their districts each year, making them winners in the pork-distribution game. Last year nearly \$13 million went to finance state parks that couldn't pay their way.⁴⁹ At some point taxpayers need to ask themselves: Are these parks really tourist "attractions" if they can't attract enough people to cover half of their costs?

And it's not just the state parks. Oklahoma's state resorts and

golf courses – which do not pay property taxes to support essential services such as local schools, firefighters, and police – also have no incentive to make a profit. Even if they did turn a profit, they would not be paying income taxes to the state – something their competitors who operate private resorts or golf courses are forced to do. These government-owned operations take money away from taxpayers who are risking their own capital instead of the taxpayers' money.

According to the governor's budget book, "The four state resorts have been gradually increasing their self-sufficiency rate through more efficient management. However, as the facilities continue to age and deteriorate from a lack of capital investment, the occupancy rate has declined."⁵⁰ An occupancy rate of only 36.7 percent requires \$2 million to keep a facility open.⁵¹ With the prospect of deteriorating facilities requiring tax dollars in even greater amounts in the near future, the government should not continue to fund these resorts.

The governor's statement regarding Oklahoma's state-owned golf courses is an insight into how inefficient government can be. In describing state courses' inability to compete, he said the "problem is compounded by the fact that competitors are able to constantly improve assets, while state golf courses have deteriorated. Many state golf courses sell 30% to 38% fewer rounds than competitors."⁵² One can only wonder how resorts that pay no taxes — local, state, or federal — are not able to improve assets. It's a tribute to Oklahoma golf course entrepreneurs that they can pay taxes and still improve their assets. However, the tax dollars they send to the state tax collector are being sent to their competitors at the government-owned courses at the rate of about \$6 for every round played on those state facilities.⁵³

Interestingly, the tourism department isn't the only state agency with a golf course. Oklahoma taxpayers are giving more than \$500,000 annually to the Oklahoma Space Industry Development Authority. Although no rockets have been spotted flying from western Oklahoma to the moon, taxpayers will be relieved to know that the spaceport boasts its own onsite golf course.⁵⁴

A \$26 Million Budget and They Can't Afford a Copy Editor?

"Misspellings, errors and a picture depicting a Confederate

flag caused state tourism officials to destroy nearly \$46,000 worth of event guides meant for distribution at the Oklahoma State Fair," *The Oklahoman's* Ryan McNeill reported October 5, 2004. "About 200,000 copies of the 2005 Annual Events Guide were ordered destroyed recently by newly appointed state Tourism and Recreation Director Robb Gray. He said the guide contained too many errors and pictures that invited ridicule to Oklahoma. Tourism officials are compiling a new version of the guide – minus the errors and with fewer pages – that Gray said could cost taxpayers about \$30,000 more."⁵⁵

Nero Would Have Been Proud of the Ag Department

While wildfires were plaguing Oklahoma during parts of 2006, the governor and others decried the lack of funds available to rural fire departments. Many Oklahomans would doubtless be surprised to learn that politicians had been fiddling with the money supposedly intended for firefighting. According to *Oklahoman* staff writer Tony Thornton:

The Agriculture Department gave the Rural Development Foundation \$351,667 in October 2002, \$47,000 in February 2003 and \$40,000 in September 2003, said Janet Stewart, the Agriculture Department's general counsel.

Legislators earmarked that money for the foundation from "local project" funds intended for rural fire protection, Stewart said.

The purchase order for the \$40,000 payment bears this handwritten notation: "Develop & construct Ag based pet food production facility."

The "local project" funding mechanism became ripe for abuse from legislators who wanted money spent on pet projects, especially for economic development, said Greg Sawyer, who was the House fiscal analyst at the time.

The money earmarked for the Rural Development Foundation under the rural fire protection program "was not a clean deal," Sawyer said. ...

Sawyer said the House members who earmarked "pass-through" money for the foundation were Randall Erwin, D-Nashoba, and Mike Mass, D-Hartshorne.⁵⁶

Just Passing Through

This whole business of "pass-throughs" merits further consideration. Ronald Reagan once observed that "government is like a baby – an alimentary canal with a big appetite at one end and no sense of responsibility at the other." Oklahoma state

government is no exception. Every year taxpayer dollars are divided among lawmakers who then pass them through the alimentary canal to their districts. These "pass-throughs" – yes, that's what they're actually called – are often buried in state agencies' budgets or general funding plans.

Many of the executive directors of the sub-state agencies that receive these appropriations told *The Oklahoman* that legislators tell them how to spend the money. "Sometimes he (the legislator) tells us by phone, or sometimes he sends us a letter," said executive director Blaine Smith of the Association of South Central Oklahoma Governments. "Our role then is to make a contract (between the association and the recipient) dealing with where the money goes and how it will be used."⁵⁷

Zack Taylor of the Association of Central Oklahoma Governments said his organization has a similar arrangement with funds received from the Oklahoma Department of Agriculture. Jerry Lasker of Tulsa's Indian Nation Council of Governments, Wes Bowman of the Southern Oklahoma Development Association, and Wayne Manley of the Central Oklahoma Economic Development District also said legislators direct expenditures of the appropriations.⁵⁸

The Oklahoma Department of Commerce (ODOC) has a two-part budget, consisting of department operations and "pass-throughs" to sub-state planning districts, community action agencies, and a number of other entities. The 11 sub-state planning districts, or council of governments (COGs), were established by the Oklahoma legislature to provide "economic development leadership" and operate independently. The COGs receive funding from state appropriations, membership dues from towns, and state and federal grants. According to ODOC, state appropriations to the COGs increased by 541.1 percent between FY-1998 and FY-2005, but the Department has no oversight of these funds.⁵⁹

In several investigative stories in 2006, *Oklahoman* staff writer Tony Thornton showed that the baby still has no sense of responsibility:

A standing joke at the state Capitol is one that concerns the millions of dollars in "special project" money that legislators dole out each year.

"It's only pork if you don't get any," said Don Hackler, a state Commerce Department attorney who oversees special project money

that goes through his agency.

For decades, legislators have used the system to fund projects — some worthy, some not so much — and to buy goodwill in their districts.

The system works like this:

Within the Commerce Department's annual appropriations bill, the Legislature dictates amounts of "pass through" money for each of 11 sub-state planning districts for economic development.

Lawmakers do the same for the Agriculture Department's funding bill under the guise of rural fire protection programs.

However, sometimes the pet projects have little to do with either of those stated purposes.

The bills don't specify how each sub-state district is to allocate the money.

Each legislator does that verbally. Virtually the only way to gain those records is from each sub-state district.⁶⁰

Thornton reported that two specific legislators are among the more conspicuous porkers:

Two legislators combined to earmark more than \$1.2 million in "special project" money for a southeastern Oklahoma foundation that now is under FBI investigation, records show.

The two Democratic House members, Mike Mass and Randall Erwin, apparently specified at least \$824,474 of that money for a dog food plant in McAlester, outside the legislators' districts.

The amount of money and its intended recipient — a for-profit business — "stands out," said Don Hackler, a state Commerce Department attorney.

Hackler administers millions of dollars annually in special project money that passes through his agency.

Mandatory term limits will force Mass out of office in December. Erwin left the House in late 2004 to become head of the Little Dixie Community Action Agency in Hugo.

Commerce and agriculture are the two main state agencies through which legislators dole out money for pet projects, commonly called "pork."⁶¹

In sum, while some of the "pass-through" funds to COGs are used for what are charitably termed "quality economic development purposes," other pass-through funds are used by legislators to stimulate the economic development of their friends.⁶²

For his part, Rep. Erwin told *The Oklahoman*: "I'm not ashamed of anything I've done."⁶³

The Law Doesn't Apply to Us – We're Lawmakers

A total of \$23.4 million was spent on "pass-throughs" in fiscal year 2005,⁶⁴ even though this entire process was declared illegal nearly two decades ago. The state's largest newspaper reported in 2003:

The legislative process that doled out about \$9.5 million in fiscal 2003 was declared illegal in 1987.

The opinion by then-Attorney General Robert Henry blocked similar appropriations after a state representative challenged the process.

Rep. Joe Heaton — now a U.S. district judge — disputed money included in the Commerce Department's appropriations bill.

Legislators were directing that the money be spent for senior citizens centers, ballparks and equipment for volunteer fire departments.

Henry blocked the appropriations in the commerce funding bill and similar appropriations included in the general funding bills for the state's agriculture and water resources operations.

Nearly \$4 million was affected by Henry's opinion.

In the next legislative session, then-House Speaker Jim Barker, D-Muskogee, announced that funding for such projects no longer would be hidden in spending bills.

Over time, though, leadership has changed, and lawmakers again are involved in similar legislation where money is being appropriated without specific instructions on how it should be spent.

"This is a problem we have with the Department of Commerce bill every year," said Rep. Kevin Calvey, R-Del City.

"This is pass-through money where individual legislators direct how it should be spent — the common word we use for it is pork."

Calvey said he attempted to amend the commerce funding bill in committee to redirect special projects money to the Department of Public Safety as an alternative to raising fees for tags.

"We could have avoided a tax increase this year if we would have held off on doing that pork for just one year," he said.

Calvey also said he was surprised to learn of Henry's 1987 opinion.

"But it doesn't surprise me that they are back. Particularly in the rural communities of our state, legislators feel they are judged by their constituents based upon what they bring home, so they do all they can to bring the pork back to their districts."⁶⁵

Local vs. Sub-State Control

The following chart shows a small portion of the projects that the Oklahoma Economic Development Authority (OEDA) awarded REAP (Rural Economic Action Plan) funds in 2006.

Some project funds get close to the \$50,000 mark, including for city office computer upgrades for a town of less than 1,000 people.

Examples of REAP Funds for OEDA, 2005-2006

County	Funding Recipient	REAP Funding	Project Total Cost	Description
Harper	Town of Buffalo	\$39,999.00	\$39,999.00	Dirt work at fire station
Harper	Town of Buffalo	\$3,145.00	\$3,145.00	Computer upgrades
Harper	Town of Rosston	\$3,310.80	\$3,310.80	Dirt work at fire station
Ellis	City of Shattuck	\$49,900.00	\$56,249.64	Dirt work at fire station
Woods	City of Waynoka	\$49,999.00	\$49,999.00	Construction of new city shop
Woods	City of Waynoka	\$47,562.00	\$57,562.00	Computer upgrades for city office

Source: Fax from OEDA to OCPA, August 23, 2006

The Southern Oklahoma Development Association (SODA) paid \$4,080 for six garage door openers and \$4,722 for a dishwasher:

Examples of REAP Funds for SODA, 2005-2006

County	Funding Recipient	REAP Funding	Description
Carter	Sneed VFD	\$4,080.00	6 automatic garage door openers
Pontotoc	Town of Roff	\$4,722.66	Purchase and installation of dishwasher at Senior Citizen Center
Bryan	Silo Senior Center	\$2,000.00	Ice maker, can opener, silverware, new roaster
Johnston	City of Wapanucka	\$8,900.00	Replace stove, oven, and mixer at Senior Center

Source: Fax from SODA to OCPA, September 29, 2006

The following chart includes REAP projects funded through the Central Oklahoma Economic Development District (COEDD) in 2005-2006. This planning district favored building and remodeling community centers with its pass-through money. The only other significant project funds came from Community Development Block Grants (CDBG), another pass-through which channels federal dollars.⁶⁶

Examples of REAP Funds for COEDD, 2005-2006

County	Funding Recipient	REAP Funding	Project Total Cost	Other Funds	Source	Description
Hughes	Town of Spaulding	\$23,500.00	\$23,607.00	\$107.00	Town of Spaulding	Remodel Community Center (Spaulding Community Center, Inc.; Town has a 99 yr. lease)
Lincoln	Town of Carney	\$35,000.00	\$196,789.20	\$150,000.00	CDBG Grant (Federal Money)	Construction of a 30'x40' Metal Senior Center, Owner – Town of Carney
				\$7,379.20	Lincoln Co. IN KIND	
				\$4,500.00	Town of Carney	
Payne	City of Cottonwood	\$16,500.00	\$16,670.01	\$170.01	Cottonwood	Renovation to Community Center
Payne	City of Diamond Valley	\$5,400.00	\$5,470.80	\$70.80	Diamond Valley	Remove and Install New Siding to Community Center

Source: Excel file from COEDD, e-mailed to OCPA on August 23, 2006.

Before they reach their final destination, REAP funds follow a rather circuitous route. It makes no sense that taxpayer money be sent to the state capitol, pass through the legislative appropriation process, through the state auditor's office or Water Resources Board, through one of eleven regional sub-state planning districts, and finally to local governments to fund pre-specified projects. At each stage, there are associated overhead costs.

Local control and responsibility for REAP funds would more closely fulfill the original goal of the program. REAP grants were intended to help small communities (7,500 or less) because they may lose a portion of their tax base to larger cities. In its FY-2007 proposed budget, OCPA recommended that "the formula which controls the flow of REAP money be restructured to direct the funds directly to those local governmental units that would have normally received them. For example, city governments would receive that portion which represented retail sales flow to the cities."⁶⁷ This proposal would not only make the current system of pass-throughs more efficient, but also give more control to local communities.

Connect the Dots

Not only do legislators bring pork back to their districts; sometimes they bring it back to their friends. *Oklahoman* reporter Tony Thornton helpfully connects the dots:

State Rep. Mike Mass was a paid consultant for a businessman whose McAlester dog food plant received at least \$699,560 in state money earmarked by Mass, *The Oklahoman* has learned.

Mass, D-Hartshorne, disclosed the 2003 payment from American Project Development as income on his recent bankruptcy filing. He didn't list the amount.

A woman who said she formed American Project Development with Pittsburg County entrepreneur Steve Phipps said the company explored converting chicken litter into electricity.

Mass used his contacts as a longtime legislator to connect the company with state officials, particularly those with the Department of Agriculture, Food and Forestry, said Danita Francis, who manages Phipps' abstract company in Stillwater.

Francis said Mass was a consultant during the brief period in 2003 when he was not a legislator. She said she's not sure who paid him, because American Project Development made no money.

The FBI is investigating Phipps, his dog food plant and a nonprofit entity called Rural Development Foundation, which is based in Phipps' Antlers abstract office. Phipps has identified himself as the foundation's consultant.

Mass and former state Rep. Randall Erwin combined to obtain at least \$1,934,674 in taxpayer funds for that foundation and the dog food plant between 2002 and 2004, records show.

Much of that money went through the state Commerce Department. Agency attorney Don Hackler, who was interviewed by the FBI, previously said agents seemed particularly interested in whether any taxpayer money was diverted to Phipps' other businesses.

Hackler, who oversees "special project" money earmarked by legislators, said his conversations with the FBI indicate indictments will be issued. ...

Mass' bankruptcy reflects \$89,232.80 in total income for 2003. He listed three sources of income: The state of Oklahoma, Kiamichi Economic Development District of Oklahoma and American Project Development.

State payroll records show he was paid \$14,179 that year as a legislator, leaving \$75,053.80 from the other two sources. ...

The Kiamichi economic district is a substate planning district through which Mass sent most of the state money earmarked for Phipps' dog food plant and the foundation.⁶⁸

The Oklahoman looked at the diversions from the Kiamichi

Economic Development District and found the following allocations of tax dollars to legislators' pet projects from 2002-2005:⁶⁹

Legislator	2002	2003	2004	2005
Rep. Neil Brannon			\$40,000	\$50,000
Rep. Kenneth Corn	\$58,830	\$54,945	\$75,000	\$226,000
Sen. Larry Dickerson	\$100,057			
Rep. Jerry Ellis			\$70,000	\$150,000
Rep. Randall Erwin	\$886,278	\$1,416,030	\$872,893	\$947,378
Rep. Lloyd Fields	\$122,563			
Rep. Terry Harrison				\$50,000
Sen. Richard Lerblance			\$112,690	\$153,940
Rep. Mike Mass				\$536,857
Rep. Terry Matlock	\$27,403	\$114,469		
Rep. Ray Miller	\$19,610	\$16,500	\$9,000	\$31,146
Sen. Jeff Rabon	\$41,181	\$92,947	\$80,000	\$75,000

Other "pass-throughs" went directly into politicians' pockets. *The Oklahoman* reported on May 23, 2006 that "the former director of a nonprofit agency designed to support economic opportunities in southern Oklahoma was publicly reprimanded Monday for making campaign contributions to state candidates with the agency's money."⁷⁰ Once attention was brought to the matter, Joe L. Braly resigned from the Tri-County Indian Nations Community Development Corporation.

Isn't That Special?

Oklahoma state legislators had to return to the state capitol in June, the Associated Press noted,

to do in three days what they failed to do during their four-month legislative session – pass a state budget. And while members of the House and Senate allocate the state's first \$7 billion budget, they'll be spending thousands of taxpayer dollars on themselves for working during a special legislative session. ... Legislative costs, including member travel and per diem, legislative assistants who work only when lawmakers are in session and incidentals such as printing and supplies total about \$25,955 a day for the 101-member House, according to Damon Gardenhire, press secretary for House Speaker Todd Hiett, R-Kellyville.

Robin Maxey, [Sen. Mike] Morgan's legislative assistant, said costs in the 48-member Senate total about \$6,800 a day. Maxey said that figure does not include bill printing and other incidentals.

Aside from lawmakers' \$38,000 annual salary, 11th highest in the nation, they receive \$116 a day for expenses and 44.5 cents per mile for travel to and from their districts.

Costs for the three-day special session are estimated at about \$100,000.⁷¹

As the state's largest newspaper editorialized, "state Senate Democrats soaked taxpayers to the tune of \$100,000 for a special session that was absolutely unneeded. In the end, the majority party got little more than it had already gotten before the 2006 regular legislative session ended. The holdout was a churlish, costly ploy to give the term-limited old lions of the Senate one last chance to roar."⁷²

Fool Me Once, Shame on You...

In Oklahoma 3,350 miles of highways are rated as inadequate or in critical condition and 1,156 bridges are structurally deficient or functionally obsolete.⁷³ One wonders how much of this is due to shoddy work by outfits that are under contract with the Oklahoma Department of Transportation.

The president of Muskogee-based Glover Construction Company and three of his former employees have been charged with conspiring to use prohibited material on Oklahoma road projects in a multicounty grand jury indictment unsealed in McIntosh County District Court. Oklahoma Department of Transportation officials reported becoming alarmed when Glover's \$5.2 million U.S. Highway 64 construction project in Muskogee County began developing ruts and potholes within two months of opening to traffic.

This isn't the first time Glover Construction has done a number on state taxpayers. In the mid-1980s the company was banned from bidding on state highway projects for 15 months because of bid-rigging. After being reinstated, the company secured more than \$180 million in state highway construction contracts. Incredibly, the company currently has four state projects in progress totaling \$8.11 million.⁷⁴ One wonders how well those jobs are being done.

Who You Gonna Call?

Most Oklahomans are familiar with the phenomenon of "ghost employees" in state government. These are employees who are on the government payroll but do little or no real work. In 2000, a

federal investigation of the Oklahoma State Department of Health resulted in the indictment of 14 individuals, including former Senate Majority Leader Jim E. Lane, who was sentenced to five years in prison.⁷⁵ Unfortunately, our ghost problem remains. The Associated Press reported this year that

the director of a nonprofit drug and alcohol recovery association is claiming she was pressured to hire a long-time employee of the state Senate as a "ghost" employee. Donna Woods Bauer of the Oklahoma Citizen Advocates for Recovery and Treatment Association says former state Senator Ben Brown pressured her to hire Bob Craig. Craig spent more than three decades as the state Senate's chief sergeant at arms and Brown is now a deputy commissioner at the state Department of Mental Health. Bauer says she can find no work product performed by Craig.⁷⁶

This unseemly episode caused the state's largest newspaper to lament:

After the Health Department scandal of a few years ago, we figured we had heard the last of state employees being paid for doing little or no work. Apparently that was wishful thinking.

The head of a nonprofit drug and alcohol recovery organization tells *The Oklahoman's* Randy Ellis of being strong-armed to bring the state Senate's chief sergeant at arms on board, and then having to pay the man for work he didn't do.

The Senate employee, Bob Craig, denies being a "ghost employee." However, some of the time Craig was supposed to be working for the Oklahoma Citizen Advocates for Recovery and Treatment Association he was at his Senate post, working 7½ hours a day, four days a week.

OCARTA's executive director, Donna Woods Bauer, said Craig came around during the first six months of his contract, but often left to run errands and meet with friends. While the Legislature was in session, Craig was seldom seen, Bauer and others at OCARTA agree.

And for this he was paid a measly \$38.89 per hour. ...

Some things in Oklahoma, it seems, never change.⁷⁷

In a September 12, 2006 letter to *The Oklahoman*, Jim Russell lamented that "in just five years, the department's substance abuse annual budget has doubled to more than \$60 million and the number of employees has tripled to nearly 300. Meanwhile, the number of clients served has remained constant and the waiting list for services keeps escalating. Where's the money going?"⁷⁸

Corporate Statists Love Tax Dollars

OCPA's proposed FY-2007 state budget pointed up some of the deficiencies of socialized economic development. For example:

The political calculations involved in government economic development decisions lead to a bias in favor of projects and programs associated with the largest numbers of potential jobs created, rather than the greatest possible rates of return. Making job creation a primary measurement of a project's economic impact may provide flashy sound bites for politicians and development officials, but it often provides an incomplete picture of a given program's effectiveness. A good example of that mindset in Oklahoma is the state's much-lauded Quality Jobs Program, which, since its inception in 1993, has distributed \$400 million in tax dollars to 418 companies.

The Quality Jobs Program offers quarterly cash rebates for up to 5 percent of newly created taxable wages for up to 10 years to qualifying enrolled companies in what the state determines to be "qualifying basic industries" (generally, manufacturers and certain service companies with a new payroll investment of \$2.5 million or more, with a lower payroll requirement for companies in certain industries or that locate in targeted areas).

In 2005, Senate Bill 407 modified the Quality Jobs Program to give existing recipients added incentive to bring higher-wage jobs to Oklahoma, allowing for a 6 percent payment (if economic impact warrants) on payroll for direct jobs that exceed 150 percent of a company's average wage. The bill also added the civilian workforce at the Federal Aviation Administration's (FAA) Mike Monroney Aeronautical Center in Oklahoma City to the list of "basic industries" in the hope of giving it an advantage in competing for new missions and consolidations.

However, Oklahoma's job creation rate since Quality Jobs was created in 1993 was 26.5 percent below the national average rate, and as of 2004, the state's per capita personal income figure was 14.7 percent below the national average. Indeed, the structure of and changes to the Quality Jobs Program illustrate several of the problems with government-controlled economic development projects. First of all, since it is government – not the private sector – that determines which industries are eligible, the program has the effect of favoring one class of Oklahoma businesses over another, as well as of forcing some taxpayers to subsidize the operations of others. It also causes businesses to allocate time, money and manpower to seeking state subsidies that could have otherwise been used to improve their products and/or services. In addition, the expansion of the "basic industry" list to include the FAA facility in Oklahoma City illustrates the ever-escalating cost of a government-centered economic development strategy, as increasingly mobile

businesses leap from state to state in search of the most lucrative possible incentive package.

Finally, it is not clear how many of the jobs Quality Jobs is credited with creating would have been generated in its absence (in the past, ODOC has admitted that as many as half of those jobs would have been created in any case), but regardless of the answer to this question, the program is still a lose-lose proposition for state taxpayers. If those jobs would have been created in any event, Oklahoma taxpayers are, in effect, paying to increase the profits of private businesses. If the jobs would not have been created in the absence of the incentives, then those jobs are not grounded in the reality of the market and are wholly dependent on continued government subsidies.⁷⁹

Unfortunately, when politicians and bureaucrats try to pick winners, taxpayers are often the losers. The Associated Press reported on May 14 that

the state's financial losses after a Tulsa airline went bankrupt are being covered by tax money that would otherwise go toward repairing Oklahoma roads and bridges, according to a copyrighted story in *The Oklahoman*. The newspaper reports that state Transportation Department officials say that the \$27 million from the state's motor fuels tax revenue, which is being used to cover losses stemming from tax credits awarded to Great Plains Airline, would be enough to resurface 135 miles of road or rehabilitate 90 bridges. Since 2003, almost \$17 million has already been diverted from that tax revenue. The rest will be diverted in future years, said Mike Patterson, the transportation department's chief financial officer. "We took a flier with it and lost," said state Sen. Ted Fisher, D-Sapulpa, who authored the bill that granted Great Plains the tax credits.⁸⁰

It's good to see Sen. Fisher isn't losing any sleep over the loss of 27,000,000 of taxpayers' dollars. After all, it is not his money.

In what it called the "best misuse of tax dollars" for 2006, the *Oklahoma Gazette* reported that

a tax incentive program was suspended this year after investors used it to bilk the state. State costs to the program shot up from \$2 million a year to \$62 million. What were these investors doing? Oklahoma Tax Commission spokesman Tony Mastin told the *Tulsa World* that "investors can put up as little as \$1 million, then borrow an additional \$9 million for a total investment of \$10 million. Based on the figure, investors can receive tax credits worth \$3 million. They pay off the \$9 million loan and end up with tax credits worth three times as much as their initial investment." Money for nothing.⁸¹

Wining and Dining Vietnamese Communists

In a front-page story, the state's largest newspaper reported last year that "top state officials recently spent about \$44,000 on a Southeast Asia trip, where they entertained Vietnamese executives and Communist Party leaders with meals and wine." *The Oklahoman* went on to report that

members of the Oklahoma City Vietnamese community are offended by the trip the 17-member state delegation took. They say they already were slighted earlier this year when the state Commerce Department opposed legislation to give the former South Vietnamese flag official state recognition. "We are here, we have businesses here," said Vinh Nguyen, chairman of the Vietnamese American Association of Oklahoma City. "We have students here. We've been doing good and we are helping the state of Oklahoma's economy. But they [Commerce Department] don't please us, they please the communists of Vietnam." State Rep. Kevin Calvey, who proposed the South Vietnamese flag legislation, said he was flabbergasted and angry when a state Commerce Department official told him they weren't pleased with it. "The message was, 'We don't want you to run it because it might interrupt some things we have going with the Vietnamese government,'" said Calvey, R-Del City. "I got a little heated at that point and said, 'I'm not in the practice of disrespecting good Oklahomans because their former torturers don't like it.'"⁸²

Correction, Please!

During the 2006 legislative session, various politicians and public-employee representatives attempted to sound an alarm with the general public about troubles the Department of Corrections (DOC) was having retaining correctional officers. Their predictable solution was more funding for DOC.

OCPA examined the budgeted full time equivalent (FTE) employees allocated to DOC and discovered it was not a funding issue causing the shortfall of employees. In fact, DOC has funding for many more correctional officers than it currently employs. Officer staffing levels for budgeted positions, i.e., positions for which DOC was provided funding, approach a vacancy rate of nearly 18 percent.⁸³ This points to issues beyond simply not having enough funds, as some elected officials have implied.

It is interesting to note that private prison operators have not reported the same difficulty in finding and keeping correctional officers.

According to DOC's statistics, private prisons provide from \$3.40 to \$6.59 in savings per-day per-prisoner compared to DOC's facilities.⁸⁴ The simple answer to the shortage in correctional officers is to expand the use of private prisons for medium- and minimum-security prisoners, which simultaneously solves DOC's ongoing labor issues and decreases costs.

State Employees Steal, Taxpayers Pay for It

A federal appeals court ruled in July 2006 that the Oklahoma Tax Commission must pay a \$28.5 million fine stemming from a truck-tag scandal.⁸⁵ This bill to Oklahoma taxpayers comes courtesy of Billy Bruce Baber, Brian Carl Brantley, Ronnie E. Cantwell, Jr., and Herbert Coles, Jr., who participated in schemes to cheat the state out of trucking fees while employed as auditors for the Oklahoma Tax Commission or as representatives of trucking firms. Each has failed to pay his court-ordered restitution.⁸⁶ Once again it looks like the only one paying is the Oklahoma taxpayer.

Pardon Me?

The state's largest newspaper reported in June that "the former business manager of the Pardon and Parole Board was charged with five felony counts of embezzlement Wednesday for allegedly misusing a state-issued fuel card. Prosecutors have accused Darlene Whaley, 58, of using a Fuelman credit card to put more than \$600 in gasoline in her personal vehicle during a five-month period last year."⁸⁷ Incredibly, this was not the first instance of trouble for Ms. Whaley, who was reinstated to her job in March 2005 by a judge who said Whaley was wrongfully fired. Even though "there was evidence that Whaley submitted travel claims for dates she was on sick leave, lied to the executive director regarding a contract with a parking garage, tried to give herself a raise in excess of agency policy and lied to the executive director about the increase in salary,"⁸⁸ the judge decided that none of Whaley's violations warranted her termination. If those sorts of violations won't get someone fired from a state job, what will?

Arming Criminals at Taxpayer Expense

The J.M. Davis Arms & Historical Museum, which receives around \$350,000 in state tax dollars annually, recently discovered

that it was missing at least 125 firearms. Making matters worse, according to a state audit, poor record-keeping could hinder the efforts of law-enforcement officials to locate the guns.⁸⁹

“The State Auditor and Inspector’s Office revealed that the director of the J.M. Davis Arms & Historical Museum, Duane Kyler, failed to follow policy and procedures for receiving donated firearms to ensure that all donations were recorded and accounted for,” the *Tulsa World* reported in June 2006. “Other findings in the audit include the museum’s failure to maintain an up-to-date inventory and, since 2004, a lack of ‘proper controls’ to ensure that cash donations were deposited.”⁹⁰

Thankfully, the audit did not list any automatic weapons as missing. The majority of missing weapons were the criminal’s firearm of choice, handguns. Also missing are 12 rifles, six shotguns, and a cannon.⁹¹

The Bureaucrats Make a Bad Deal and You Pay

The *Tulsa World* also reported in June that

unless a new federal appeals court judgment is reversed, the state might soon have to fish for dollars to pay the federal government for the construction of Sardis Lake in southeastern Oklahoma. State Treasurer Scott Meacham said Tuesday that if a Monday ruling by the 10th U.S. Circuit Court of Appeals stands, the state will have to find a way to pay the federal government whatever it owes. ... The Army Corps of Engineers built the lake under a 1974 state contract to provide water for the state to sell to municipalities and industries. The state agreed to pay for the construction of the lake north of Clayton in 50 consecutive annual payments and to pay its operating costs. “No water sales were made, however, and the state stopped making payments in 1997, which prompted a lawsuit by the federal government. According to assistant U.S. attorney Phil Pinnell, the state owes the federal government more than \$64 million.”⁹²

Mr. Meacham told the *World* that the state economy is doing well and that an installment plan could be worked out if necessary. But the economy is growing on the backs of hardworking Oklahoma taxpayers. It is their money that will be used to pay for yet another example of a bad deal by the bureaucrats.

State-of-the-Art Coercion

The Oklahoma Arts Council received more than \$4.2 million of taxpayer money last year. The agency is a grant-making entity

which "awards matching grants to cultural organizations, schools and local governments in order to increase resources available to nonprofit organizations producing community arts and arts education programs throughout Oklahoma."⁹³

"Discussions of policy issues should begin with first principles," the Cato Institute's David Boaz has pointed out. "As my colleague Ed Crane notes, there are only two basic ways to organize society: coercively, through government dictates, or voluntarily, through the myriad interactions among individuals and private associations. ... The bottom line of political philosophy, and therefore of politics itself, is, 'Who is going to make the decision about this particular aspect of your life, you or somebody else?'"⁹⁴

"Do you spend the money you earn or does some politician?" Boaz asked. "In a civil society you make the choices about your life. In a political society someone else makes those choices. ... In a free society coercion should be reserved only for such essential functions of government as protecting rights and punishing criminals. People should not be forced to contribute money to artistic endeavors that they may not approve, nor should artists be forced to trim their sails to meet government standards."⁹⁵

If Oklahomans have less money extracted from them via taxation, they will have more money available to contribute to art exhibits, symphonies, or whatsoever they may choose. Or simply to buy groceries, if that is their priority. A struggling single mother in Spiro should not be coerced (via taxation) into subsidizing the entertainment of millionaires attending the OK Mozart Festival in Bartlesville.

How to Make Money When the Market Has Gone South

Here is a great investment courtesy of taxpayers: a guaranteed 7.5 percent rate of return or the market performance of a professionally managed portfolio, whichever is greater. Many hardworking Oklahomans – who saw their 401(k) retirement portfolios shrink by more than 20 percent during a recent recession – would have loved a guarantee like that. Not only did they not get it, but unbeknownst to them they were the financiers of just such an investment vehicle for retired firefighters and policemen.

When Oklahomans purchase any kind of insurance, part of the

cost is a tax charged to insurance companies called the insurance premium tax. Oklahomans may wonder where this tax money is spent. It is not being spent regulating the insurance industry or helping the poor afford insurance. In 2005, \$140 million of it went to fund retirement benefits like the guaranteed return option described above for retired policemen and firefighters.⁹⁶

Even After They Are Thrown Out, They Still Get Paid

Oklahoma legislators have their own retirement system within the Oklahoma Public Employees Retirement System (OPERS) that is especially rich in benefits. For every year of elected service, a legislator receives 4 percent of his or her salary in retirement benefits. The cumulative effect can be astounding for what most taxpayers consider a part-time job. If a legislator lasts the entire 12 years before being term-limited out, he will retire at nearly 50 percent of wages.

The *2004 Oklahoma Piglet Book* exposed the situation where state Senator Gene Stipe (D-McAlester), who resigned and pled guilty to violating federal election laws and covering up those illegal actions, could have raised his annual pay from the legislative base salary of \$38,400 per year to more than \$81,000 in annual retirement payments. OPERS officials originally interceded and blocked all but \$18,400. However, Senator Stipe challenged and won the right to receive his whole pension in court. The case is currently being appealed to the Oklahoma Supreme Court by OPERS.

There is now a new member to add to the cast of scoundrels retiring on the state dole. Longtime Creek County Judge Donald Thompson, who was convicted of exposing himself repeatedly in court, could be in line for an \$83,879 annual pension.⁹⁷ (OPERS has revoked the pension, but Thompson is appealing the ruling.) In addition, starting in October 2008 Thompson is eligible to receive a \$259 monthly pension for his six years as a Democrat state legislator before becoming a judge. That pension isn't subject to forfeiture, according to OPERS head Tom Spencer.⁹⁸

Governor Henry's Excellent Adventure, Part Two

As OCPA and CAGW pointed out in the *2004 Oklahoma Piglet Book*, "the average Oklahoma taxpayer who starts a new job doesn't get four vacations in the first nine months on the job. Not

only did the state's highest elected official take four vacations in that period of time, he wasted valuable taxpayer resources in the process. Immediately after the November 2002 election, Governor Henry took a family trip to Cancun, Mexico. In June 2003, after the legislative session, Gov. Henry, first lady Kim Henry and their three daughters visited Puerto Vallarta, Mexico. The governor and his wife headed south of the border again in July for their anniversary, this time to Cabo San Lucas in Mexico. The latest vacation trip by the governor was in August 2003 to go fishing in South America. According to travel records with the Oklahoma Office of State Finance, the state picked up a \$13,743 tab for security costs for the three vacations taken by Gov. Henry between June and August."⁹⁹

The governor continues to enjoy the perks of taxpayer-funded travel. The Associated Press reported in August 2006:

Taxpayers paid for six out-of-state trips taken last year by Gov. Brad Henry, including one to a Las Vegas convention for an Oklahoma-based legal firm.

The Oklahoman's investigation of state records indicated that taxpayers spent more than \$46,000 as Henry traveled to four University of Oklahoma football games, a show in Washington and the convention in October for Ada-based Pre-Paid Legal Services, Inc.

Pre-Paid Legal had contributed almost \$100,000 to Henry's re-election campaign, according to records.

Henry, a Democrat, defended the cost of the trips, saying he was "going to work." ...

Henry has taken almost 30 official trips out-of-state last year and this year. Expenses for some of the trips are paid for by private funds.¹⁰⁰

Regarding the governor's trip to the MGM Grand Hotel and Casino (where, appropriately enough, our gambling governor did a little gambling), in a story called "Brad Henry's Vegas Vacation" the left-leaning *Oklahoma Gazette* reported that expenditures included tuxedos for the security detail (\$182.32), use of the state airplane (\$4,488.53), and dining at Wolfgang Puck Bar & Grill (\$153).¹⁰¹

The Bet That Just Keeps on Losing

When Oklahomans voted to legalize pari-mutuel betting at horse tracks, the proponents of betting promised millions in tax revenues (for education, of course) and economic prosperity for all of Oklahoma. But after the voters bet on horse racing to

finance education, they won the opportunity to finance the industry with their hard-earned tax dollars. The Oklahoma Horse Racing Commission received \$2,360,889 in appropriations in FY-2006.¹⁰² Oklahomans who voted to open up the four tracks currently operating were promised that race tracks would be revenue sources – not an expense for every taxpayer regardless of whether they gamble or not.

Taking Taxpayers for a Ride

In November 2004, state auditor and inspector Jeff McMahan released a performance audit of Oklahoma’s motor vehicle fleet which uncovered rampant waste and came to a very troubling conclusion. “The results of this audit identify opportunities for potential cost savings approaching \$21,000,000 related to the operation and management of the State’s passenger vehicle fleet,” the audit noted. “State officials need more assurances that the State’s fleet is being used efficiently.” Perhaps the audit’s most troubling finding was this: “The number of passenger vehicles the State owns is unclear.”¹⁰³

According to one inventory listing, as of December 2003 the state owned 11,365 vehicles with a total cost of \$195 million. Disturbingly, there were 428 purchase requests for vehicles in 2003, and none of the requests were denied. The auditors concluded that “justifications required for vehicle purchases are insufficient or nonexistent.”¹⁰⁴

The auditors also found that there are 1,944 vehicles assigned to employees who commute to work in a state vehicle, of which 1,264 of the instances appear to be lawful. The audit didn’t say the remaining 680 instances were all illegitimate but did say “it would appear that the practice of allowing employees to commute in a state vehicle is often not adequately documented and/or justified.”¹⁰⁵

Though auditors did acknowledge that “keeping a vehicle clean is an important part of the overall maintenance of the vehicle,” they were troubled by “739 instances totaling \$20,720, where the price of the wash/detail was in excess of \$20. This included 38 instances of washes/details greater than \$50 and 13 of these \$100 or more.” Furthermore, the auditors say the state owns at least 233 SUVs. “If the State purchased 233 sedans rather than SUVs, potential savings over the life of these vehicles would have been approximately \$1,800,000. We recognize there

is likely a legitimate need for some SUVs; however, we believe many of the State's SUVs could be replaced with a less costly vehicle."¹⁰⁶

The Law Doesn't Apply to Us, We're State Employees

Apparently some state employees like to see non-state workers' dollars flow to the state treasury, but they aren't too keen on sending their own dollars there. Three years ago in *The Oklahoman* ("Some state workers lag on taxes," April 15, 2003), OCPA's Brandon Dutcher chastised the Oklahoma Public Employees Association for launching a campaign to raise taxes on hardworking Oklahomans. "For some reason," Dutcher observed at the time, "the association is not aggressively publicizing an alternative way to raise revenue: Make sure all state employees pay their state income taxes. According to the bipartisan budget agreement reached by the governor and the legislative leadership, if the state employees who are delinquent would simply pay their taxes, the state treasury could collect nearly \$2 million. Before seeking to raise our taxes, the tax-and-spend lobby should get its own house in order."¹⁰⁷

OCPA and CAGW were pleased to see an Associated Press report this year that "violations soon could cost 296 state employees their jobs ... The Oklahoma Tax Commission has told state agencies that employees who have failed to comply with the state's income tax laws should be fired. Tax Commission spokeswoman Paula Ross says the firings would be the final step of a three-year process to assist state employees in coming into compliance with state law."¹⁰⁸ Talk about wasteful spending: It's a pity that the Tax Commission has to spend time and money getting state employees to obey the law. In any case, now that these state employees have some skin in the game, perhaps they will be more careful spending taxpayer money. That could mean the end of \$100 car washes.

Conclusion

In the spring of this year, OCPA released a state budget that respects Oklahomans' family budgets. The *OCPA Budget* proposed to increase state spending by 4.2 percent in FY-2007 and provide for \$899 million to be returned to the hardworking Oklahoma families who earned the money. For a summary of this fiscally responsible budget, see page 44.

Unfortunately, the politicians at 23rd and Lincoln instead chose to go on a bipartisan spending spree. State government spending increased more than 16 percent – and this was on top of a 12.5 percent increase the previous year.¹⁰⁹

Government waste, inefficiency, and mismanagement are marbled throughout the Oklahoma state budget. When state legislators convene in February 2007, they must make it a priority to cut the waste identified in this report, from subsidized golf courses to vasectomies to excessive numbers of Oklahoma bureaucrats.

Second, Oklahoma should enact a Funding Accountability and Transparency act – legislation that would create a Google-like search engine and database to track state grants, contracts, and earmarks. This would be similar to the federal legislation Sen. Tom Coburn was able to help push through this year.¹¹⁰ With respect to Coburn's proposal, the state's largest newspaper rightly observed that

putting federal contracting and subcontracting information on the Internet in a searchable format would instantly create thousands, perhaps millions, of watchdogs. ... The database Coburn is pushing would let individuals set their own search parameters. That kind of sunshine, as Coburn puts it, could be a significant brake on the traditional way money gets ladled out in Washington. ... Coburn's proposal won't solve Washington's spending problems. But bringing contracts and grants into the open for all to see will help foster greater accountability.¹¹¹

Certainly the same principles apply at the state capitol.

Finally, Oklahoma should adopt a constitutional amendment which limits the amount of revenue growth the state government can retain and spend to the sum of inflation and population growth. Revenue growth above that limit must be returned to taxpayers.

Oklahoma's problems are not insurmountable. With the right leadership in Oklahoma City and the support of Oklahomans, change can be made. The question remains whether the politicians will have the resolve to sacrifice some of their goodies, or if the taxpayers of Oklahoma will be asked to sacrifice more of their hard-earned money. ☆

OCAPA's Proposed FY-2007 State Budget

Agency Name	OCAPA Recommended FY-2006 Base Appropriation	FY-2006 Actual Appropriation	OCAPA Recommended FY-2007 Base Appropriation	Reason for Change
Governor	\$ 3,240,903	\$ 2,578,710	\$ 2,727,420	Reorganize Government
Lieutenant Governor	\$ 539,271	\$ 592,436	\$ 617,318	
Agriculture				
Department of Agriculture	\$ 13,946,177	\$ 26,296,069	\$ 17,296,069	Require More User Responsibility; Reorganize Government
Conservation Commission	\$ 5,017,658	\$ 7,403,928	\$ 1,503,928	Require More User Responsibility; Reorganize Government
Commerce & Tourism				
Capitol Complex and Centennial Commission	\$ 536,453	\$ 3,899,630	\$ 536,453	Redirect Spending to Higher-Priority Uses
Department of Commerce	\$ 10,000,000	\$ 26,334,663	\$ 16,334,663	Require More User Responsibility; Remove Waste;
Oklahoma Historical Society	\$ 9,128,028	\$ 12,906,387	\$ 11,615,748	Revive Free Enterprise Require More User Responsibility
J. M. Davis Memorial Commission	\$ -	\$ 347,454	\$ -	Redirect Spending to Higher-Priority Uses; Restore Civil Society
Department of Labor	\$ 3,061,658	\$ 3,224,721	\$ 3,360,159	
Native American Cultural Authority	\$ 533,851	\$ -	\$ -	
REAP (including water projects)	\$ 6,000,000	\$ 15,500,000	\$ 8,200,000	
Scenic Rivers Commission	\$ -	\$ 323,041	\$ -	Reorganize Government
Tourism and Recreation Department	\$ 19,749,017	\$ 25,955,959	\$ 21,836,109	Require More User Responsibility; Remove Waste; Revive Free Enterprise
Will Rogers Memorial Commission	\$ -	\$ 830,679	\$ -	Redirect Spending to Higher-Priority Uses; Restore Civil Society
Education				
Arts Council	\$ 3,139,097	\$ 4,243,338	\$ -	Redirect Spending to Higher-Priority Uses; Restore Civil Society
Career & Technology Education	\$ 37,026,710	\$ 130,287,358	\$ 38,581,832	Reorganize Government
Oklahoma Educational Television Authority	\$ -	\$ 4,624,059	\$ -	Redirect Spending to Higher-Priority Uses

Agency Name	OCA		OCA		Reason for Change
	Recommended FY-2006 Base Appropriation	FY-2006 Actual Appropriation	Recommended FY-2007 Base Appropriation		
Department of Education	\$ 2,161,430,126	\$ 2,175,663,450	\$ 2,369,722,329		
Higher Education	\$ 828,480,018	\$ 889,433,880	\$ 926,790,103		
Oklahoma Department of Libraries	\$ 6,402,209	\$ 6,681,355	\$ 6,961,972		
Board of Private Vocational Schools	\$ 160,213	\$ 171,879	\$ -		
Oklahoma School of Science and Mathematics	\$ -	\$ 7,020,513	\$ 7,020,513		
Oklahoma Commission for Teacher Preparation	\$ -	\$ 2,022,875	\$ -		Reorganize Government
Environment					
Department of Environmental Quality	\$ 18,723,417	\$ 8,166,580	\$ 22,521,580		Reorganize Government
Water Resources Board	\$ -	\$ 6,573,896	\$ -		Reorganize Government
Energy					
Corporation Commission	\$ 9,239,205	\$ 12,354,190	\$ 10,118,439		
Department of Mines	\$ -	\$ 849,165	\$ -		Reorganize Government
Finance & Revenue					
Auditor & Inspector	\$ 500,000	\$ 5,988,786	\$ 500,000		Require More User Responsibility;
State Bond Advisor	\$ 50,000	\$ 181,212	\$ 60,000		Revive Free Enterprise
Office of State Finance	\$ 22,963,524	\$ 22,756,515	\$ 23,712,289		Require More User Responsibility;
Insurance Department	\$ -	\$ 2,231,595	\$ -		Reorganize Government
Commissioners of the Land Office	\$ -	\$ 4,719,497	\$ -		Require More User Responsibility
Tax Commission	\$ 42,730,757	\$ 45,626,291	\$ 47,542,595		
Treasurer	\$ 4,511,967	\$ 4,524,498	\$ 4,714,527		
Consumer Credit Commission	\$ -	\$ 637,925	\$ -		Require More User Responsibility
Securities Commission	\$ -	\$ -	\$ -		Require More User Responsibility
Health					
Health Department	\$ 54,563,226	\$ 62,790,819	\$ 62,790,819		
Trauma Care Fund	\$ 26,385,000	\$ -	\$ -		
Oklahoma Health Care Authority	\$ 502,038,161	\$ 634,786,355	\$ 666,808,872		Reorganize Government
Mental Health Department	\$ 160,204,119	\$ 171,810,647	\$ 179,026,694		

Agency Name	OCPA		OCPA		Reason for Change
	Recommended FY-2006 Base Appropriation	FY-2006 Actual Appropriation	Recommended FY-2007 Base Appropriation		
Human Resources and Administration					
Department of Central Services	\$ 12,234,432	\$ 12,263,035	\$ 12,263,035		Remove Waste;
Horse Racing Commission	\$ -	\$ 2,360,889	\$ -		Reorganize Government
Human Rights Commission	\$ -	\$ 686,563	\$ -		Redirect Spending to Higher-Priority Uses
Merit Protection Commission	\$ 512,154	\$ 565,684	\$ -		Reorganize Government
Office of Personnel Management	\$ 4,497,011	\$ 4,633,249	\$ 5,142,365		Reorganize Government; Remove Waste
Employees Benefits Council	\$ (4,000,000)		\$ (4,000,000)		Remove Waste
Human Services					
Commission on Children & Youth	\$ -	\$ 1,725,018	\$ -		Reorganize Government
Office of Handicapped Concerns	\$ -	\$ 376,944	\$ -		Reorganize Government
Department of Human Services	\$ 409,902,766	\$ 481,991,177	\$ 503,811,750		
Oklahoma Indian Affairs Commission	\$ -	\$ 255,530	\$ -		Remove Race-Based Advocacy; Redirect Spending to Higher-Priority Uses
J.D. McCarty Center	\$ 3,259,548	\$ 3,792,283	\$ 3,951,559		
Office of Juvenile Affairs	\$ 92,858,160	\$ 98,323,348	\$ 102,452,929		Reorganize Government; Remove Waste
Physician Manpower Training Commission	\$ -	\$ 5,361,490	\$ -		Reorganize Government
Department of Rehabilitation Services	\$ 26,259,305	\$ 27,365,925	\$ 28,515,294		
University Hospitals Authority	\$ 40,223,640	\$ 40,549,342	\$ 42,252,414		
Military Department					
Military Department	\$ 8,309,244	\$ 12,546,432	\$ 13,073,382		
Safety and Security					
Alcoholic Beverage Laws Enforcement	\$ -	\$ 3,738,839	\$ -		Reorganize Government; Remove Waste
Attorney General	\$ 6,910,264	\$ 11,286,462	\$ 12,329,369		Require More User Responsibility;
Department of Corrections	\$ 389,393,700	\$ 409,443,403	\$ 426,640,026		Reorganize Government; Remove Waste
District Attorneys' Council	\$ 26,926,731	\$ 30,592,742	\$ 31,877,637		
Department of Emergency Management	\$ 701,810	\$ 1,355,561	\$ 731,286		
Fire Marshal	\$ -	\$ 1,685,180	\$ -		Reorganize Government

Agency Name	OCPA		OCPA		Reason for Change
	Recommended FY-2006 Base Appropriation	FY-2006 Actual Appropriation	Recommended FY-2007 Base Appropriation		
Indigent Defense Fund	\$ 12,228,761	\$ 15,633,001	\$ 13,433,001		Require More User Responsibility
Oklahoma State Bureau of Investigation	\$ -	\$ 11,154,628	\$ -		Reorganize Government
Medicolegal Investigations Board	\$ -	\$ 3,922,904	\$ -		Reorganize Government
Narcotics and Dangerous Drugs	\$ -	\$ 5,389,595	\$ -		Reorganize Government
Pardon and Parole Board	\$ 2,216,128	\$ 2,316,329	\$ 2,413,615		
Department of Public Safety	\$ 89,666,820	\$ 78,887,770	\$ 106,408,005		Reorganize Government
CLEET	\$ -	\$ 2,758,783	\$ -		Reorganize Government
Science and Technology Development					
Center for the Advancement of Science and Technology	\$ -	\$ 12,400,942	\$ 12,921,782		
Secretary of State					
Election Board	\$ 6,469,209	\$ 6,621,839	\$ 6,899,956		
Ethics Commission	\$ 248,114	\$ 492,277	\$ 262,873		Require More User Responsibility
Council on Judicial Complaints	\$ -	\$ 278,826	\$ -		Require More User Responsibility
Secretary of State	\$ -	\$ 510,184	\$ -		Require More User Responsibility
Transportation					
Space Industry Development Authority	\$ -	\$ 523,264	\$ -		Revive Free Enterprise
Department of Transportation	\$ 207,022,604	\$ 275,148,137	\$ 265,704,359		
Veterans Affairs					
Department of Veterans Affairs	\$ 31,011,962	\$ 36,040,332	\$ 37,554,026		
Judiciary					
Court of Criminal Appeals	\$ 2,834,708	\$ 2,828,160	\$ 2,946,943		
District Courts	\$ 44,360,349	\$ 47,300,000	\$ 49,286,600		
Supreme Court	\$ 13,745,673	\$ 16,000,000	\$ 16,672,000		
Workers' Compensation Court	\$ 3,885,784	\$ 4,365,564	\$ 4,548,918		
Legislature					
House of Representatives	\$ 18,671,939	\$ 18,629,154	\$ 18,669,557		
Senate	\$ 13,198,460	\$ 13,146,893	\$ 13,187,297		
Legislative Service Bureau	\$ 2,373,671	\$ 2,415,783	\$ 2,557,650		
Total Recommended Agency Appropriations	\$ 5,416,223,712	\$ 6,038,003,816	\$ 6,183,408,059		
Appropriations Available under OCPA Budget	\$ 5,525,504,432		\$ 6,291,599,976		
Funds Available for Appropriation for Agency Special Needs	\$ 109,280,724		\$ 108,191,917		

Endnotes

¹ Cole Hargrave Snodgrass & Associates, telephone interviews of 500 registered voters in the state of Oklahoma, August 27-29, 2006. The confidence interval associated with a sample of this type is such that 95 percent of the time results will be within +/- 4.3 percent of the true values, i.e., the results obtained if it were possible to interview all of the qualified respondents.

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⁴ According to the Tax Foundation, in 2006 the average Oklahoman was forced to work all of January, all of February, all of March, and the first two weeks of April just to earn enough money to pay the federal, state, and local tax collectors. That kind of tax burden is inappropriate for a free people. Policy-makers at all levels should seek to reduce this burden on Oklahoma families.

⁵ This according to OCPA research fellow Steve Anderson, then a budget analyst for the Oklahoma Office of State Finance, who was present at the committee meeting.

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"Government is like a baby – an alimentary canal with a big appetite at one end and no sense of responsibility at the other."

– Ronald Reagan