

WILD & WASTEFUL WEST VIRGINIA

Exposing Waste, Fraud & Abuse of Your State Tax Dollars



A JOINT PROJECT OF:

 **CARDINAL
INSTITUTE**
FOR WEST VIRGINIA POLICY

**TAXPAYERS
PROTECTION
ALLIANCE**

2016 WASTE WATCH

WILD & WASTEFUL WEST VIRGINIA

Waste, Fraud & Abuse of State Tax
Dollars Exposed

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This Guide is a joint publication
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About Cardinal Institute

The Cardinal Institute for West Virginia Policy, Inc. (Cardinal Institute) is a 501c(3) non-profit founded in September 2014 dedicated to research, develop and communicate effective conservative economic public policies in West Virginia.

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About Taxpayers Protection Alliance

The Taxpayers Protection Alliance (TPA) is a non-profit non-partisan organization dedicated to educating the public through the research, analysis and dissemination of information on the government's effects on the economy. TPA, through its network of taxpayers holds politicians accountable for the effects of their policies on the size, scope, efficiency and activity of government, and offers real solutions to runaway deficits and debt. Ultimately recognizing that the greatest power of change rests with the millions of Americans across the country who are ready for a smaller, more accountable government, TPA is a catalyst for connecting taxpayers to their government officials.

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Introduction

West Virginia's state government will spend \$4.7 billion of state taxpayers' money this fiscal year.¹ That equates to a staggering \$2,600 for every man, woman and child in the Mountain State – and doesn't include a dime of \$14.6 billion in federal money the state receives.

That already shocking number is likely to increase dramatically in the very near future.

According to State Budget Office projections, the state-portion of the state budget is on track to reach nearly \$5.3 billion by 2019 – an 11 percent increase in just 4 years.² Planned increases in state spending will cost each of West Virginia's 741,000 households an average of \$1,782 during that time.³

As a result of runaway spending, the state is battling a \$353 million shortfall.⁴ Even facing that stark reality, lawmakers have yet to seriously pursue the sort of reasonable and responsible budget cuts needed to avoid a painful deficit, prevent unnecessary tax increases and curb the runaway growth of state government spending.

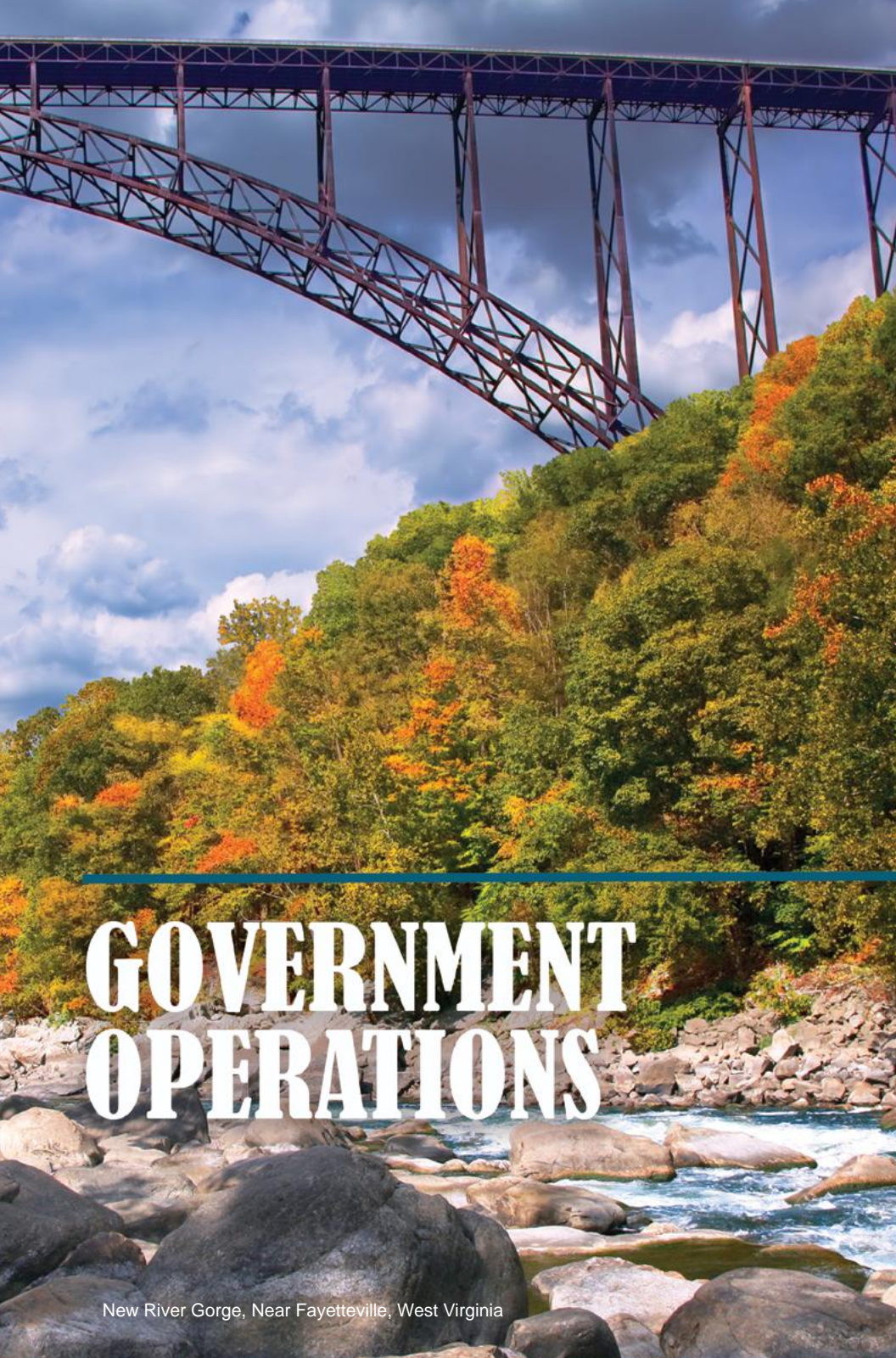
With more and more of West Virginians' hard-earned money going to fund state government, this report seeks to determine if those tax dollars are spent appropriately and efficiently.

By combing through the state budget, audits, contracts, check registers and grants, and conducting interviews with policymakers and bureaucrats, the Cardinal Institute for West Virginia Policy and the Taxpayers Protection Alliance have been able to produce the most comprehensive overview of examples of wasteful state government spending in decades.

In total, this report highlights more than \$330 million in wasteful spending spread across nearly 60 different state programs. Policymakers should either spend those hard-earned tax dollars more effectively– or not spend them at all and return them to taxpayers in the form of tax cuts.

The results are intended as both an exposé that informs taxpayers how poorly many of their state tax dollars are spent and a guide for state lawmakers and public officials looking for opportunities to trim the fat in the state budget and reduce the burden of government on West Virginia's taxpayers.

Note: For ease of reading, numbers are rounded whenever possible.



GOVERNMENT OPERATIONS

New River Gorge, Near Fayetteville, West Virginia

MEDICAID BIDS ADIEU TO TAX DOLLARS

West Virginia's Medicaid program wastes an estimated \$100 million a year because bureaucrats illegally and improperly awarded managed care contracts to companies without using a bidding process.⁵ Since the state failed to allow potential managed care providers to bid for the opportunity to provide the services, then selecting the cheapest

competent offer, the state overpaid dramatically for the services.

Five West Virginia residents sued the Department of Health and Human Resources (DHHR) and three other state agencies over the improper no-bid contracts. In November 2015, the state settled the lawsuit, agreeing to competitively bid its contracts with health maintenance organizations (HMOs) that provide Medicaid managed care in the state beginning in July 2016.⁶

If the state's Medicaid agency follows an appropriate bidding process, every household in West Virginia will save an average of \$134 a year.⁷

A January 2016 performance audit of the Division of Highways by Deloitte identified 15 separate instances of wastefulness that cost taxpayers an estimated \$25-50 million a year.

Cost overruns that could have been prevented squandered as much as \$20.5 million a year, auditors discovered.

Inefficient use of construction and maintenance crews, for example, cost the state as much as \$3 million annually, according to the audit. The failure of crews to share in the use of vehicles and equipment added another \$2.5 million in wasted tax dollars.

Additional causes of wasted tax dollars uncovered in the Division of Highway audit include:

- \$3-5 million: Outdated capital funding distribution system
- \$2.5 million: Failure to prevent road and bridge replacement through preventative maintenance
- \$2-4 million: Deficient organizational structure
- \$1.5-4 million: Lack of adequate procurement process
- \$1.5-3 million: Unnecessary workers on crews
- \$1-2.5 million: Inability to optimize maintenance expenditures
- \$500,000-1 million: Inefficient snow and ice removal procedures
- \$500,000-1 million: Flawed methods for measuring staff performance
- \$500,000-1 million: Insufficient competition in asphalt purchases

Addressing the 15 examples of wasteful spending acknowledged in the Division of Highways auditors could easily free up millions of dollars to improve West Virginia's roadways and bridges, which currently rank among the worst in the nation.

THEY MIGHT AS WELL POUR MONEY INTO POTHOLES

IT ISN'T CHARITY IF YOU'RE FORCED TO GIVE

Every year, West Virginia's governor, as well as members of the Senate and the House of Delegates spend millions of tax dollars supporting charities and nonprofit groups. Most of these organizations are worthwhile and provide valuable services to communities across the Mountain State.

But that doesn't mean tax dollars should go to support them.

Each tax dollar taken from a West Virginia resident and used on a charity lawmakers or bureaucrats support is one less dollar that taxpayer has to spend on a charity he or she believes is worthy. If state policymakers really wanted to assist West Virginia's charities, they would get the government out of the business of picking and choosing which nonprofits are deserving of support and allow taxpayers to keep more of their money to donate to the charities of their choice.

Individual West Virginians have a much better understanding of which groups are doing great work in their communities than government officials ever will. State lawmakers should never forget that.

Below is just a small fraction of the nonprofit organizations and charitable activities funded with state tax dollars in recent months:

Nonprofit Organizations and Charitable Activities Funded by Taxpayers

\$575,000	Save the Children ¹¹
\$140,000	West Virginia Food Banks ¹²
\$100,000	West Virginia Cancer Coalition ¹³
\$84,000	Charleston Farmers Market ¹⁴
\$50,000	West Virginia AIDS Coalition ¹⁵
\$25,000	Special Olympic Games ¹⁶
\$3,700	African-American Heritage Family Tree Museum ¹⁷

MAYBE THAT'S WHY JESUS LIKED THE TAX COLLECTOR

In most states, concerns about the separation of church and state prevent religious organizations from collecting much in the way of public funds. But not in West Virginia.

According to VISTA, the state auditor's vendor tracking program, 45 churches pocketed more than \$1.1 million in 2015.¹⁸

Most of the money paid for educational services provided by the church, but that is likely no solace for the hundreds of thousands of taxpayers who would take umbrage to the fact that their tax dollars went towards the bottom line of a religion or a denomination they do not support.

SHIPPING DEAD PEOPLE IS A HEAVY LOAD FOR TAXPAYERS



The Office of the Chief Medical Examiner (OCME) performs autopsies, determines cause of death and testifies in court cases. When the folks at the OCME aren't busy figuring out how people died, they're gouging the living by making improper payments to preferred vendors.

In West Virginia, when someone dies from violence, an apparent suicide, a sudden unexpected death, or in any suspicious, unusual or unnatural manner, the OCME determines if an autopsy is needed. If an autopsy occurs, the body is transported to OCME by a funeral home or body transport service selected by OCME. The family of the deceased then

selects a funeral home to retrieve the body from the OCME.¹⁹

This unjustified favoritism paid off handsomely for Tri-State Mortuary. From 2009-2013, the company made approximately \$1.8 million in state tax dollars from OCME, during which 172 other companies in the body transport business received a combined total of \$967,000.

When looking through OCME records, state auditors determined the agency showed preferential treatment when choosing a body transport service to bring bodies to its facility. The former OCME Chief of Operations drew up a hand-written contract to make Tri-State Mortuary the “sole transport company” for the OCME, even though such an agreement excluded a number of potentially cheaper transport companies from

transporting bodies to OCME headquarters.²⁰

This unjustified favoritism paid off handsomely for Tri-State Mortuary. In 2012, the company “received approximately 94 percent of all incoming transport business assigned by OCME.”²¹ From fiscal years 2009-2013, Tri-State made approximately \$1.8 million in state tax dollars from OCME, while 172 other companies in the body transport business received a combined total of \$967,000 during that time.²²

While auditors could not pinpoint how much the preferential treatment of Tri-State Mortuary cost taxpayers, they did determine that OCME overpaid vendors a number of times.

According to the audit, OCME overpaid vendors by more than \$72,000 as a result of allowing vendors to add on unapproved charges and fudge mileage claims. Additionally, auditors found, “vendors were paid more than once for the same body transport.”²³ Tri-State Mortuary even received an additional \$1,200 from taxpayers for “wait time” even though state law does not allow compensation for wait time for body transport service providers.²⁴

West Virginia's Office of Fleet Management already benefits from utilizing private technology to streamline its vehicle maintenance process, and identify potentially unnecessary repairs. In fact, the system saves taxpayers about \$800,000 annually as a result of reduced vehicle repair costs and improved billing practices.²⁵

Louisiana has taken those wise fleet management practices a step further. Last August, the Pelican State installed GPS tracking devices in the entire state government's vehicle fleet. The program ensures state employees follow the most efficient routes and drive responsibly, resulting in reduced fuel and maintenance costs and lower insurance bills.²⁶

The GPS system initially cost Louisiana \$10 million, but is projected to save more than \$30 million over the next 5 years alone.²⁷

Based on Louisiana's cost and projected savings, West Virginia could conservatively expect to slash about \$2.8 million in costs annually if the Fleet Management Office adopted a similar system.²⁸

THE FLEET MANAGEMENT OFFICE COULD SAVE A TRUCKLOAD OF CASH

TAX DOLLARS DON'T GROW ON TREES, BUT TREES GROW ON TAX DOLLARS



If an award were presented for the silliest, most unnecessary government activity in West Virginia, the Clements State Tree Nursery in West Columbia would be an odds-on favorite to win that dubious honor. The taxpayer-owned nursery, which specializes in Christmas trees and seedling species for trees native to West Virginia, is largely funded with money it makes from sales. But that doesn't mean taxpayers don't have to spend money on the state's socialist-style sapling shop.

This year, for example, taxpayers will spend \$48,000 to buy a new water pump for the nursery.²⁹

The state's own Division of Natural Resources (DNR) admits the state doesn't actually need to be in the business of propagating and selling native plants. "Fortunately, more nurseries are specializing in native plants every year," the DNR website points out, including six suppliers in the state that focus on West Virginia plant species.³⁰ The state's government-owned nursery amounts to unfair, taxpayer-subsidized competition against these privately owned small businesses.

TAXPAYERS HAVE A GOOD REASON TO BE BLUE

Most residents of West Virginia have never heard of the Blue Book, but that doesn't mean they're not paying for it.

The publication, which is printed in odd-numbered years, is a guide containing biographical and contact information about officials in the executive, legislative and judicial branches of state government.

These days, the Blue Book is little more than a high-school yearbook for state bigwigs. Since the books highlight information such as committee assignments and examples of community involvement, the Blue Book serves as a vanity piece that lawmakers can give constituents to show off. The publication is also handy tool for lobbyists who are learning the names and faces of all 134 state lawmakers.

Because it is published as a full-color, hardback book, it is extremely expensive to print. In fact, printing the Blue Book cost taxpayers \$125,000 every two years.³¹ Further, since all of the information contained in the Blue Book is available online, it is redundant and unnecessary to print hard copies of the publication.

In a day and age in which printing hardcover books is almost archaic – particularly a hardcover periodical that will grow useless in just a couple of years – the Blue Book has become a foolish and irresponsible waste of tax dollars.



LAWMAKERS GOT A LOT OF MILEAGE OUT OF TAXPAYERS

Four delegates (whose names were withheld by auditors) were found to be fudging their mileage of their travel reimbursement forms in fiscal year 2014.

By law, members of the state legislature are entitled to be reimbursed for “expenses incurred incident to travel in the performance of his or her duties as a member of the Legislature,” including mileage reimbursements for traveling by private automobile using the shortest reasonable route.³² State auditors used internet mapping tools to determine actual miles traveled and determined that four lawmakers frequently claimed to drive far beyond their actual miles driven.

One delegate added 14 miles to the actual length of his or her drive to the State Capitol an astonishing 82 times, which snatched \$462 from taxpayers. Another delegate claimed the distance between his or her home and the Capitol was 14 miles further than it actually was on a total of 35 mileage reimbursement claims. The exaggerated mileage bilked West Virginians out of \$230.³³

The four lawmakers combined to rip-off state taxpayers to the tune of more than \$1,000.

WEST VIRGINIA COULD DO A COURTESY BY REFORMING THE COURTESY PATROL PROGRAM

The Citizens Conservation Corps of West Virginia (CCCWV) is familiar to many state residents as the organization behind the Courtesy Patrol, a fleet of white trucks that assist stranded motorists on Mountain State highways. Since 1998, the Division of Highways and the Division of Tourism have contracted with the nonprofit CCCWV in order to both offer assistance on the roadways and provide jobs to people who would receive government assistance through the Temporary Assistance for Needy Families program.³⁴

Unfortunately, the Courtesy Patrol has grown into a discourteous expense for taxpayers.

State taxpayers spent \$3.2 million in 2015 on the Courtesy Patrol, and that amount is expected to increase to \$3.9 million by 2018, based on an average historical cost increase of 7.39 percent per year.³⁵

Factors such as improved car reliability, cell phones and automobile insurance roadside assistance packages have reduced the assistance provided by the program by 30 percent since 2006. The Courtesy Patrol's budget, however, has not been trimmed to reflect that reduced need.³⁶

Additionally, many other states offering similar programs to assist stranded motorists offset the cost of the programs to taxpayers by accepting corporate sponsorships. In 2013, the average such agreement generated \$553,000 to subsidize the patrol programs in exchange for allowing logos of car insurance companies or other businesses on vehicles and signs.³⁷ By failing to take advantage of sponsorship opportunities, West Virginia's Courtesy Patrol unnecessarily costs state taxpayers more than half-a-million dollars annually.

In a recent audit, state auditors criticized the cost of CCCWV's Courtesy Patrol contract.³⁸ One reason for the hefty price tag of the nonprofit's agreement with the state could be the organizations' high overhead cost and, specifically, the bloated salary of its top official.

According to the Citizens Conservation Corps' 2013 IRS filings, the CEO of the nonprofit, Robert Martin, pocketed more than \$280,000.³⁹ Martin's salary is nearly twice as much as the West Virginia's governor, which comes in at \$150,000 annually. In fact, no state employee who isn't a leading figure at West Virginia University or Marshall University, or a chief administrator at a major hospital, earns more than Martin.⁴⁰

Reducing the size and expense of the Courtesy Patrol, securing sponsorship agreements and allowing additional providers to compete against CCCWV for the Courtesy Patrol contract could reduce the program's cost to taxpayers by \$2.8 million a year.⁴¹

DRUNK DRIVING PROGRAM MAY DRIVE TAXPAYERS TO DRINK

State revenue officials snagged \$1.1 million in sales taxes on alcohol and fees on private clubs in 2014 to fund a drunk driving prevention program.⁴² The alleged community safety effort would appear much more credible – and much less like a total waste of money – if the entire world were not already aware that driving under the influence is both illegal and a bad idea.

STATE PLANE SHOULD STOP FLYING AWAY WITH TAXPAYERS' CASH



A Cessna Grand Caravan, one of two airplanes operated by the state Aviation Division, was purchased by the state in 2009 for \$2.2 million. The plane, however, is flown just 72 hours a year and could be sold to help fill gaps in the state budget.⁴³

According to Jason Pizatella, the Acting Cabinet Secretary of the Department of Administration, the plane, which cost taxpayers \$700 per hour to fly, gets “very little usage.”⁴⁴

A 2009 Grand Caravan typically resales in the \$800,000-\$1.5 million range – which means up to \$1.5 million that the state could put towards pressing needs.⁴⁵

State-owned properties are falling into disrepair and state taxpayers are drowning in debt thanks to a reckless property buying spending spree, according to a report by the Legislative Auditor.

The Department of Administration (DOA) owns several buildings that have either become uninhabitable due to severe deterioration, or have gone several consecutive years in need of major improvements. According to auditors, “the main reason the DOA cannot adequately maintain its properties is that it has purchased [additional] buildings with little regard for the financial implications of the acquisitions.”⁴⁸

Since 2000, the Department of Administration bought 18 properties at a total cost to state taxpayers of \$197 million.

of expensive repairs. For instance, Building 84, located at 1409 Greenbrier Street in Charleston, required over \$520,000 in repairs just to make the building habitable. The building, which was purchased in 2009, also needs a new roof, but money is not available to pay for the project.⁵¹

Because of the high prices paid for the buildings, and the expense of repairing and remodeling the facilities, rent charged to tenants of the building do not cover the debt service obligations for the

BUILDING BUYING BINGE PUTS WEST VIRGINIA TAXPAYERS IN A PINCH

Since 2000, the DOA bought 18 properties at a total cost to state taxpayers of \$197 million.⁴⁹

Between 2010-2014, the General Services Division, which is tasked with taking care of the buildings purchased by the DOA, spent \$73.2 million more than it had available in revenues, largely due to the cost of maintaining the DOA’s recently purchased buildings.⁵⁰

Compounding the problem for taxpayers, many of the buildings purchased by the DOA were in need

buildings. As a result, between 2009-2014, recently purchased DOA buildings have lost \$2.9 million.⁵²

In an attempt to limit the DOA's damage to the budget and injury to state taxpayers, the Legislative Auditor concluded the report by asking state legislators to "consider placing a moratorium on the Department of Administration from purchasing real property above the price of \$1 million until the Department can demonstrate it has strengthened its financial resources."⁵³

It's too bad that the DOA's building buying binge cost the state a total of more than \$273 million before steps were taken to rein in the agency.



Building 84: 1409 Greenbrier Street, Charleston, WV

The State Auditor's Office promised taxpayers savings of \$300 million over 10 years if the West Virginia Legislature ponied up for new pricey personnel and accounting software. Now, more than a year after the completion of the \$110 million project, it is becoming clear that the investment isn't paying off for taxpayers.⁵⁵

In an open letter, the legislative auditor criticized the state auditor for overstating the potential cost savings created by the software program, known as the "Enterprise Resource Planning" system. Instead of saving an average of \$30 million a year, the letter points out, the system is saving the state just \$18.1 million annually.⁵⁶

At the end of the current fiscal year, the Enterprise Resource Planning scheme will have cost taxpayers about \$74 million more than it saved.

This isn't the first time CGI Federal, the Canadian firm behind the program, left taxpayers footing the bill for a project criticized for lackluster results. The company was largely responsible for the bungled rollout of the Obamacare websites. CGI Federal received \$88 million to work on the Healthcare.gov site that famously failed as Americans began to purchase insurance plans approved by the federal Affordable Care Act.⁵⁷

2016 Waste Watch

NEW ACCOUNTING SOFTWARE GIVES WORKING WEST VIRGINIANS A HARD TIME

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REGULATIONS

UNNECESSARY REGULATIONS OF FORESTERS CUT INTO THEIR WALLETS



A biting audit released in 2014 by the state Legislative Auditor implored state lawmakers to free foresters from a wasteful and unnecessary tangle of red tape.

Currently, foresters pay to be officially licensed by the West Virginia Board of Registration for Foresters. The Board was established in 1962 on the premise that it protected the public. A recent performance review by state officials, however, determined “that the risk of harm to the public without regulations of the forester profession is relatively low and therefore the Board is not necessary for public protection.”⁵⁸

The Board is almost completely useless for a number of reasons. First, after more than 50 years in operation, the Board has never received any complaint against the conduct of a licensee or for direct harm to the public.⁵⁹ Second, the Board does not prevent any person or private company from practicing forestry, managing forests, removing products or planting trees in any manner desired, resulting in little incentive for a forester to go through the hassle of becoming licensed by the board.⁶⁰ Third, only 14 percent of West Virginia’s foresters are self-employed, leaving the vast majority in supervised positions in which hiring standards provide sufficient assurance that foresters possess the knowledge, experience and education necessary to perform their jobs without the need of pressure from the Board.⁶¹

Not only is the Board unnecessary, it operates in a third-rate manner. According to auditors, the Board often fails to comply with the state’s open meetings laws because the public is often not properly notified of meetings.⁶² Making matters worse, the Board does not even publically list its phone number.⁶³ Further, the Board is susceptible to fraud because it often fails to deposit funds in a timely manner and does not utilize options provided by the State Treasurer to reduce opportunities for theft.⁶⁴

While the Board is not funded by state general funds – it is paid for by fees levied on forestry professionals – it is clearly a situation in which West Virginia residents are forced to finance a wasteful and unnecessary program.

As of FY 2012, fees collected by the board amounted to \$16,000 annually.⁶⁵ First-time applicants pay \$150 to become licensed foresters in the State of West Virginia. The Board also demands a \$35 annual renewal fee in order to keep a license active.⁶⁶

Lawmakers would be wise to take a chainsaw to the useless and unnecessary West Virginia Board of Registration for Foresters, and end unnecessary government-induced headaches for forestry professionals.

A recent performance review by state officials determined “that the risk of harm to the public without regulations of the forester profession is relatively low and therefore the Board is not necessary for public protection.”

BUREAUCRATS CRITICIZED FOR MASSAGING MONEY FROM WORKING WEST VIRGINIANS

is completely unnecessary.⁶⁸

The Board was created in 1997 to “protect the health, safety and welfare of the public,” but since, as auditors reasonably point out, the risk of harm to the public as a result of a bad massage or an inept masseuse is very low, there’s not much reason to keep the Board around.⁶⁹ That argument is bolstered by the fact that the Massage Therapy Licensure Board, which handles complaints from the public about message therapists, received a total of just three complaints in the past two years.⁷⁰

Rather than allowing the Board to pester massage therapists with unnecessary regulations and burdensome fees, state lawmakers should shutter the bureaucracy and allow West Virginia’s massage therapists to walk around with a few more dollars in their pockets.

There’s no good reason massage therapists should have to fork out hefty fees for an unnecessary state licensing scheme, according to watchdogs in the Legislative Auditor’s Office.

Massage therapists currently pay \$300 in initial licensure fees and \$200 annually to ply their trade in West Virginia.⁶⁷ Those fees, which totaled \$139,000 in FY2014, fund the West Virginia Massage Therapy Licensure Board, a den of bureaucratic red tape that, auditors say,

As auditors pointed out, the risk of harm to the public as a result of a bad massage is very low, so there’s not much reason to keep the Board around. In fact, the Board received just three complaints in the past two years.



West Virginia operates a “Board of Acupuncture,” which is doubly confounding. First, it assumes that acupuncture practitioners

are somehow better at their jobs because they shell out a combined \$10,000 a year to the state.⁷¹ Second, the Board lends credibility to acupuncture, a treatment in which benefits “are likely nonexistent, or at best are too small and too transient to be of any clinical significance,” according to the scientific journal *Anesthesia and Analgesia*. “It seems that acupuncture is little or no more than a theatrical placebo.”⁷²

Since acupuncture has been found to be scientifically dubious by many studies, the state’s regulation, and implicit endorsement of acupuncture is particularly troubling. West Virginians in need of serious medical assistance may assume that, since the state government regulates acupuncture, it must be an effective treatment for a number of ailments. This endangers sick and injured people by deterring them from utilizing more effective medical treatments.

STATE LAWMAKERS NEEDLE ACUPUNCTURISTS

The West Virginia Board of Registration for Professional Engineers is the bureaucracy in charge of regulating the state's 7,500-or-so engineers. The Board slaps engineers with registration fees ranging from \$40-\$80 annually, and charges engineering firms \$50 to \$300 a year to do business in the state.⁷³

The Board operates on the approximately \$800,000 a year it receives from engineers without additional handouts from the public.⁷⁴ So far, so good.

Problems, however, begin after the Board shakes down engineers for their annual dues. In 2013, the Board devoured \$68,000 on printing and postage costs even though state auditors believe switching to in-house printing and relying more on email communications would result in drastic savings. By taking those suggestions, the similarly sized Board of Medicine saved more than \$36,000 per year in printing and postage.⁷⁵

Adding to the cost for state engineers was the questionable decision to hire a full-time employee to investigate complaints at a cost of \$70,000 a year, even though the caseload for an investigator "decreased dramatically" in recent years.⁷⁶ Previously, when the demand was greater, a part-time investigator adequately filled the position at a cost of just \$33,000 per year.⁷⁷

By cutting back on unnecessary printing and mailing, and reverting back its investigator role to a part-time position, the Board of Registration for Professional Engineers could save engineers in the state approximately \$73,000 a year.

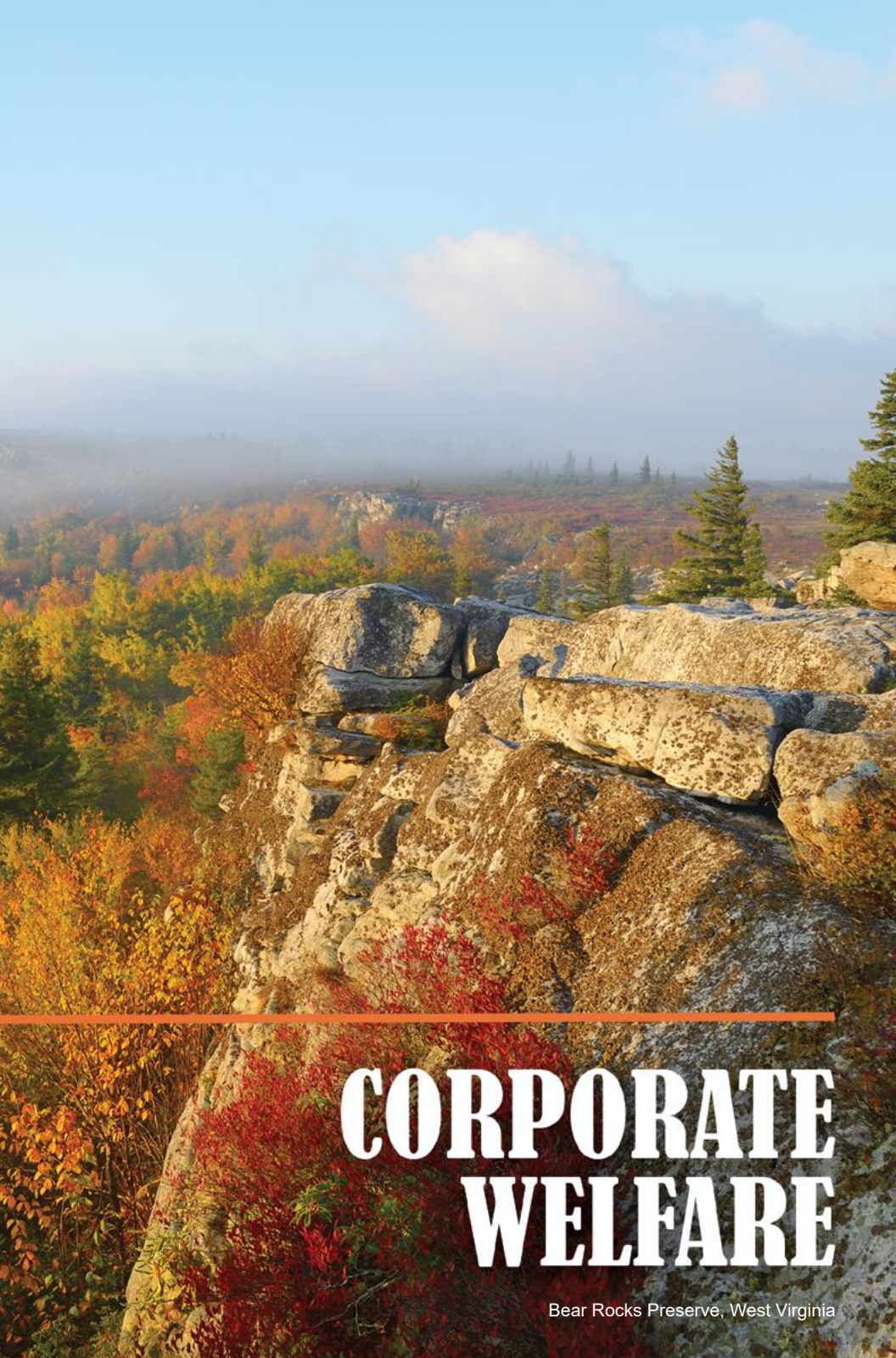
SAVING MONEY IS HARDER THAN ROCKET SCIENCE FOR THE ENGINEERING BOARD

The Board hired a full-time employee to investigate complaints at a cost of \$70,000/yr, even though when the demand was greater, a part-time investigator filled the position at a cost of just \$33,000/yr.



LANDSCAPERS DON'T NEED GOVERNMENT OVERSIGHT

Landscape architects are required to pay \$13,000 a year in licensing fees to run a regulatory board. Why? Because state lawmakers do not believe they are capable of planting bushes and spreading river rocks without government oversight.⁷⁸



CORPORATE WELFARE

Bear Rocks Preserve, West Virginia

LIGHTS! CAMERA! BRIBERY!



West Virginia is engaged in a very expensive, and very sleazy, form of corporate welfare in which state tax dollars are used to bribe movie and television producers to film in the state.

State policymakers give out \$5 million worth of transferable tax credits out to movies, TV shows, commercials and music videos every year.⁷⁹ The way the tax credits are set up, productions can receive more in tax credits than they owe in taxes. When that is the case, production companies can then sell any remaining tax credits to a West Virginia company that can then apply the value of the credit towards its state tax liability.

Not only does the state lose \$5 million in revenue, but taxpayers cough up \$340,000 to fund the operational expenses of the West Virginia Film Office, the bureaucracy that runs the bribery boondoggle.⁸⁰

Not only does the state lose \$5 million in revenue, but taxpayers cough up \$340,000 to fund the operational expenses of the West Virginia Film Office, the bureaucracy that runs the bribery boondoggle.



The State Legislature agreed to an astounding \$1.8 million cash handout to serve as a sponsor of the Greenbrier Classic golf

tournament.⁸¹ That money ultimately went to Jim Justice, the owner of the Greenbrier resort, as well as a frequent donor to West Virginia elected officials and a 2016 gubernatorial candidate.

Since 2010, the golf tournament has snagged almost \$2.7 million from taxpayers thanks to giveaways from state lawmakers and the Division of Tourism.⁸²

Other states would stop such blatant examples of favoritism and the appearance of political quid pro quo in its tracks. In West Virginia, however, such crass behavior at taxpayers' expense is simply par for the course.

PLAYING GOLF IS EXPENSIVE; SPONSORING GOLF IS OUTRAGEOUS

BROADCASTING CORPORATE WELFARE FOR THE WORLD TO SEE

are frequently given to large businesses, which they can then invest in Internet, television, radio and other advertising efforts to lure visitors. This year, the state's racetracks, casinos and The Greenbrier resort combined to collect more than \$532,000 in the corporate welfare handouts, including \$50,000 that went to promote last summer's Greenbrier Classic PGA golf tournament in July.⁸⁴

Rather than creating a convoluted corporate welfare scheme to incentivize some of the West Virginia's largest businesses to invest money in advertising, state decision-makers would be wise to lower taxes on all businesses. That would allow all businesses more money to spend on advertising, not just those that successfully lobby the Tourism Commission.

This fiscal year, the Tourism Commission will burn through \$1.2 million for Tourism Matching Advertising Partnership Program (MAPP) grants.⁸⁵ The grants provide select West Virginia tourist attractions with a taxpayer-subsidized dollar-for-dollar match on advertising costs.

The tax dollars used in the MAPP handouts

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The West Virginia Department of Agriculture burned through \$1 million this year paying for overhead related to the Rural Rehabilitation Loan Fund, a dicey loan program that puts taxpayers' money at risk.⁸⁵ The scheme lends money to people who want to make agricultural or agricultural-related purchases, but have been turned down by conventional lenders.

DOES THIS MAKE SENSE?

The Rural Rehabilitation Loan Fund lends money to people who want to make agricultural or agricultural-related purchases, but have been turned down by conventional lenders.

THE RURAL REHABILITATION LOAN FUND IS BAD BUSINESS FOR TAXPAYERS

In other words, if a borrower's credit is bad, or he or she wants to spend money on something a bank determines is a bad bet, the state steps in and takes on the bad loan. West Virginia should bail on this senseless program immediately. State government should not be in the business of gambling tax dollars on risky bets.



ARTS & CULTURE

The State Fair of West Virginia. Photo courtesy of Greenbrier County CVB.

THE ART OF GOVERNMENT WASTE

Most taxpayers already know that a balanced budget is even nicer than a few pretty pictures. Unfortunately, the state government has yet to come to that realization.

The state government forces taxpayers to spend millions of dollars to support the arts through the West Virginia Commission on the Arts and other various government agencies, commissions and programs.

Government funding of the arts is problematic on several levels. Since bureaucrats and elected officials determine what art projects receive government funding, government ultimately has the authority to determine what constitutes art. This paves the way for government censorship of art. Furthermore, government funding of art rests on the questionable notion that a group of government officials knows what art is good, or at least worthy of financial assistance.

Art – like most other goods and services – should exist in a market environment. If art is of value to a

Government funding of art rests on the questionable notion that a group of government officials knows what art is good, or at least worthy of financial assistance.

society, people will support it. It is wrong for the government to tax individuals to fund art deemed worthy or acceptable by a state bureaucracy.

Eliminating government funding of the arts means that taxpayers would have more money to attend the ballet, buy a painting or go to a concert – personally choosing the art that they wish to support – rather than having government make that choice for them.

Unfortunately, instead of allowing state residents to decide what art is worthwhile, the West Virginia Legislature gave the Commission on the Arts \$1.3 million to dole out on arts grants in 2015.⁸⁶

Among recent recipients of taxpayer-funded arts grants were:

Recent Recipients of Taxpayer-Funded Arts Grants

\$15,000	Old Brick Playhouse Company in Elkins for a school tour of “Textitude – An Adventure in Positive Thinking.”
\$10,650	Highland Arts Unlimited in Keyser to underwrite a concert of Barry Manilow covers, a Christmas concert and a production of “Cinderella.”
\$10,500	Mid-Ohio Valley Symphony Society in Parkersburg to perform “Tubby the Tuba.
\$10,000	Carnegie Hall in Lewisburg for the Lewisburg Music Festival, which drew only 600 people.
\$1,845	Historic Beverly Preservation in Beverly, to help pay for traditional music and artisan demonstrations during a Christmas celebration, as well as a wine festival.
\$850	Arthurdale Heritage in Arthurdale to provide money for musicians who perform at the New Deal Festival.

In addition to the dozens of smaller taxpayer-funded grants state bureaucrats give out to musicians, theater companies, dance troupes and other arts groups that could survive just fine without government handouts, the state also throws money at wealthy organizations with millions – if not hundreds of millions – of dollars in the bank.

The Clay Center for the Arts and Sciences in Charleston, for example, collects \$460,000 in total state and local government grants, according to the nonprofit's most recent IRS records. There appears to be very little need for West Virginia's taxpayers to finance a slush fund for the Clay Center. After all, public documents show the organization is sitting on more than \$110



Photo Courtesy of the Clay Center for the Arts and Sciences.

million in assets and Judith Wellington, the president of the Clay Center, collected \$224,000 in 2013.⁸⁹

According to an announcement by Gov. Earl Ray Tomblin, the West Virginia Symphony Orchestra received \$89,514 in public funding last fiscal year, not that the organization needed handouts from taxpayers.⁹⁰ Nonprofit filings indicate the symphony earned \$2.9 million in 2013, and managed to pay its conductor \$162,000.⁹¹

2016 Waste Watch

PASS THE POPCORN ... AND YOUR WALLET

In one of the more controversial uses of tax dollars in recent years, the Commission on the Arts and the Division of Culture and History granted \$7,200 to a politically divisive, environmental extremist film festival in Shepherdstown.

The American Conservation Film Festival screens such movies as *Bikes vs. Cars*, a film

that demonizes the auto industry and scolds drivers, and a flick called *City of Trees*, which glorifies a peculiar stimulus scheme that paid people to plant trees in Washington, DC.

Perhaps the most polarizing movie shown at the most recent film fest was *GMO OMG*. The “documentary” disparages genetically modified foods claiming health concerns that have been debunked by respected scientific research. The *New Yorker* magazine lambastes Jeremy Seifert, the film's auteur, for failing to do appropriate research, exploiting his child in the film and refusing to accept reality.⁹²

For his part, Seifert admitted that he “didn't really dig too deep into the scientific aspect.”⁹³

More broadly, the 2015 edition of the American Conservation Film Festival featured eight movies that criticize fossil fuels, 15 that vilify corporations and exactly zero that are skeptical of government power.⁹⁴

Ultimately, the film festival functions as little more than a very one-sided and polarizing exercise in political activism – one that many West Virginians would find offensive. It is completely inappropriate that state taxpayers who disagree with the festival's brand of extreme environmentalism are forced to subsidize the event.

GOVERNMENT USES TAX DOLLARS TO BUY TRIPS AND TOOLS FOR ARTISTS

The West Virginia Division of Culture and History offers a grant program that buys supplies, tools, lessons and trips for professional artists. What that means is that non-artists must buy their own professional supplies (wrenches, computers, tractors, scrubs, pens and other tools of their trade) as well as fund things on artists' wish-lists. But that stark

injustice doesn't seem to bother the bureaucrats at the Division of Culture and History.

This year, the Division plans to spend about \$55,000 giving out grants for artists' goodies.⁹⁵ Among the handouts given to recipients of the so-called "Professional Development Grants" were:

Recipients of "Professional Development Grants"

\$2,500	Annie Henson of Wheeling to buy wood-turning equipment.
\$2,500	Robert Michael Bowen of Huntington to build a kiln.
\$2,500	Simon Oliver Lollis of Hillsboro to take knife making classes in New York.
\$2,388	Peter Cornett of Hacker Valley to make his woodworking shop more energy-efficient.
\$2,191	Aleta Cortes of Pipestem to purchase camera equipment.
\$1,857	Dina Hornbaker of Charleston to purchase a banjo and take banjo lessons.
\$1,830	Michael Sizemore of Athens to purchase a multi-purpose welder.
\$1,211	Alice C. Fleischman of Davis to attend the Cascadia Irish Music Camp.
\$678	Melinda Elaine Shafer of Calton to attend a workshop conducted by an award-winning polymer clay artist. ⁹⁶

West Virginia is unparalleled when it comes to how much money its state government spends on handouts to fairs, festivals, rodeos, homecomings, parades, barbecues and myriad other examples of merriment. During the current fiscal year, state taxpayers will fund handouts to approximately 180 festivals, at a cost of \$2.9 million.⁹⁷

The funding, which comes primarily from the West Virginia Division of Culture and History, forces people who cannot afford to attend fairs and festivals to subsidize the costs for those who can. It is a troubling "Robinhood-in-reverse" situation in which government takes tax dollars from the poor and gives them to the rich.

Notable examples of fairs, festivals and other events collecting subsidies from state taxpayers in 2015 include (continued on next page):

WELFARE FOR FAIRS ISN'T MUCH FUN FOR THOSE PAYING THE BILL

Notable Examples of Fairs, Festivals & Other Events Collecting Taxpayer Subsidies

\$53,000	Mountain State Forest Festival
\$43,000	The State Fair of West Virginia
\$25,000	The Italian Heritage Festival
\$25,000	West Virginia Strawberry Festival
\$21,000	Logan Christmas in The Park
\$17,000	Wheeling Vintage Raceboat Regatta
\$9,000	Leaf Peepers Festival
\$8,300	Black Walnut Festival
\$8,300	Boone County Fair
\$8,300	City of Dunbar Critter Dinner
\$7,000	Matewan Massacre Reenactment
\$6,200	Franklin Fishing Derby and Spring Fest
\$5,700	Clay County Golden Delicious Festival
\$4,100	Barboursville Oktoberfest and Fall Fest
\$4,100	Charles Town Christmas Festival
\$4,100	West Virginia Poultry Festival
\$3,900	Main Street Martinsburg Chocolate Fest and Book Fair
\$3,300	Salem Apple Butter Festival
\$2,500	Moon Over Mountwood Fishing Festival
\$2,200	Keystone Reunion Gala
\$2,200	West Virginia State Chili Championship
\$2,100	Burgoo Down Home Days
\$2,100	Chester Fireworks
\$2,000	Blast from the Past Classic Car Show
\$1,700	Bruceton Mills Good Neighbor Days
\$1,700	Calhoun County Molasses Festival
\$1,700	Kirkwood Winery Grape Stomping Wine Festival
\$1,700	Preston County Farm Safety Day
\$1,200	Lewis Angus Beef & Cattle Show
\$1,000	Pickens Historical Society Maple Syrup Festival
\$1,000	Town of Matoaka Annual Hog Roast ⁹⁸



There is a very simple solution to West Virginia's bizarre fixation with frittering away taxpayers' cash on fun and games: Let the people who attend fairs and festivals pay for them, and get the state government out of the entertainment business.

HISTORICAL PRESERVATIONS FAIL TO PRESERVE MONEY

The State Historic Preservation Office (SHPO) steered \$406,000 to 11 projects involving the restoration and rehabilitation of historic sites in 2015.⁹⁹ The goal of the grants, which appears well-intentioned enough, is to preserve the state's historic resources and historically valuable landmarks. The problem comes when state bureaucrats decide how to divvy up the funds.

For example, the SHPO gave a \$34,000 grant to the Wheeling National Heritage Area Foundation to assist with the repair of the roof on The Blue Church in Wheeling.¹⁰⁰ The foundation, however, has about \$5 million in the bank.¹⁰¹ Clearly, the money could've been better spent than giving a rich foundation some cash so it can make additional renovations on a church that has been turned into a performance venue/rock club without having to dip into its own funds.

The State Historical Preservation Society gave a \$34,000 grant to The Blue Church in Wheeling, a foundation with \$5 million in the bank.

A grant worth more than \$41,000 went to Fort Henry LLC to support window repair efforts on the Fort Henry Club Building in Wheeling.¹⁰² Fort Henry LLC is an offshoot of McKinley & Associates Architectural and Engineering firm, which bought the Fort Henry Club Building in hopes of turning a quick buck by retrofitting "office space, high-end apartments/condos, a boutique hotel, and more" into the building.¹⁰³

In this case, a feel-good historical preservation grant quickly turned into a stomach-turning corporate welfare boondoggle.

A business named GoodFellow Harrison LLC received a \$50,000 grant to assist with the replacement of the roof on the Braxton Motors building in Sutton.¹⁰⁴

According to state business records, GoodFellow Harrison is a spin-off of Hunt Investments, a financial services company.¹⁰⁵ The company was founded by Bill Hunt, a successful businessman and real estate mogul who passed away in August of 2015 just weeks after the grants were announced.¹⁰⁶

Mr. Hunt purchased the Braxton Motors building to house Ride On, a motorcycle tour company featuring \$649 weekend tours on high-end bikes including Harley-Davidsons and Indians.¹⁰⁷

In other words, a millionaire businessman roped taxpayers into paying a portion of the building repair cost for his fancy motorcycle tour business.

The Division of Culture and History is responsible for managing five properties throughout the state. Two of those properties, West Virginia Independence Hall and Camp Washington-Carver, regularly lose large sums of money and are bankrolled by tax dollars.

West Virginia Independence Hall in Wheeling is the site where meetings to establish western Virginia as a separate state from Virginia took place. Visitors who visit the historic landmark

VISIT THESE HISTORICAL SITES TO SEE WHERE TAX DOLLARS GO TO DIE

can take a look at West Virginia's birthplace and see the final resting place of almost \$100,000 in taxpayers' money annually.

Last fiscal year, the site costs the state \$267,000 to manage, while generating just \$173,000 in revenue, leaving taxpayers to fill in the \$94,000 gap.¹⁰⁸

Another property managed in a ham-fisted manner by the Division of Culture and History is Camp Washington-Carver in the Fayette County community of Clifftop. The property, which began as a 4-H camp for West Virginia's African-American youth, now hosts the annual internationally recognized Appalachian String Band Festival.

Camp Washington-Carver can also be rented out for concerts, theater performances, family reunions and weddings. Despite the ample opportunities to generate money from the facility, the state lost \$39,000 managing the property last year, and expects to lose just as much this year.¹⁰⁹

Rather than continuing to lose money year after year overseeing these properties, lawmakers should allow outside facilities management companies to take over the operations of these sites. Such an arrangement would benefit everyone. The firms would pay the state a leasing fee, taxpayers would no longer be responsible for bailing the properties out when they lose money and visitors would have the same access to the properties.



West Virginia Independence Hall, Wheeling, West Virginia

Plenty of prosperous foundations and well-funded nonprofits have money available to support museums and historical sites. But the people in charge of many of West Virginia's landmarks don't have to rely on private donors for financial support because they can simply ask state lawmakers to raid taxpayers' pockets to make ends meet.

There are 54 museums, sites, historic preservation societies, events and performance venues collecting state preservation funds.¹¹⁰ Those recipients of taxpayer handouts set taxpayers back more than \$635,000 a year – and there's no indication that number is going to get smaller any time soon.

Among the entities receiving handouts for the state's "Preservation West Virginia" fund are:

Recipients of the State's "Preservation West Virginia" Fund:

\$65,000	Lewisburg Carnegie Hall
\$29,000	West Virginia Music Hall of Fame
\$8,300	Collis P. Huntington Railroad Historical Society
\$8,300	Norman Dillon Farm Museum
\$7,000	Grafton International Mothers' Day Shrine
\$5,000	Pocahontas Historic Opera House
\$4,200	West Virginia Museum of American Glass
\$4,100	Beckley Renaissance Festival
\$4,100	Jefferson County Black History Preservation Society
\$1,700	Tunnelton Historical Society ¹¹¹

2016 Waste Watch

THERE SHOULD BE A MUSEUM FOR WEST VIRGINIA'S GOVERNMENT WASTE

PORK SPENDING IS AT HOME AT THE STATE FARM MUSEUM

Taxpayers spent \$105,000 to subsidize the State Farm Museum in Point Pleasant this year. The museum, which highlights farm life and features various animals, hosts limited interest events including antique tractor pulls, gospel singing, an antique bottle show and a Christmas light display.

User fees for events held at the property should be increased to reflect the true cost of the museum's operation so tax dollars are no longer spent underwriting the facility's losses.

The West Virginia Humanities Council scatters more than \$600,000 in tax money among scores of grant recipients each year. In 2015, the Humanities Council awarded grants to some particularly confounding beneficiaries.

For example, the Greenbrier Valley Community Foundation pocketed a handout to support the Appalachian Queer Film Festival. The Lewisburg-based movie bonanza screened a number of films many taxpayers would find objectionable.

One such film, *Tangerine*, features a prostitute's Christmas Eve journey to search for the pimp who broke her heart. Another, *Bare*, follows a young lady who "becomes romantically involved with a female drifter who introduces her to a life of stripping, drugs and metaphysical experiences," according to the movie review website Rotten Tomatoes, where the film racked up a measly 33 percent favorable rating.

Other recent recipients of the taxpayer-funded grants include:

The Clay Center for the Arts and Sciences of West Virginia in Charleston to host "Self-Reflection," an exhibit lecture series.¹¹⁷

Pocahontas County Free Libraries for a series of programs about Eleanor and Franklin Roosevelt and the New Deal.¹¹⁸

West Virginia Center on Budget and Policy, a progressive lobbying and research outfit, to create an interactive website about race relations.¹¹⁹

West Virginia Public Broadcasting to record a podcast series about divisive and offensive topics.¹²⁰

THE HUMANITIES COUNCIL TREATS HARD-WORKING WEST VIRGINIANS INHUMANELY



THE HIGH COST OF FREE PROGRAMMING

PBS and NPR are widely considered “free” stations. Try telling that to the West Virginia residents who are on the hook for more than \$5.5 million to underwrite public broadcasting in the state during the current fiscal year.

State lawmakers budgeted \$4.8 million in tax money to pay for personnel costs, overhead expenses and a bevy of other outlays for West Virginia Public Broadcasting, including:

- \$300,000 to subsidize the Mountain Stage concert series.
- \$100,000 to underwrite a children’s TV program called “Healthy Choices.”
- \$45,000 to fund the underwhelming West Virginia Music Hall of Fame.¹²¹

In addition to the \$4.8 million in annual expenses borne by state taxpayers, this year West Virginians will shell out an additional \$750,000 to buy new equipment for West Virginia PBS and NPR stations.¹²²

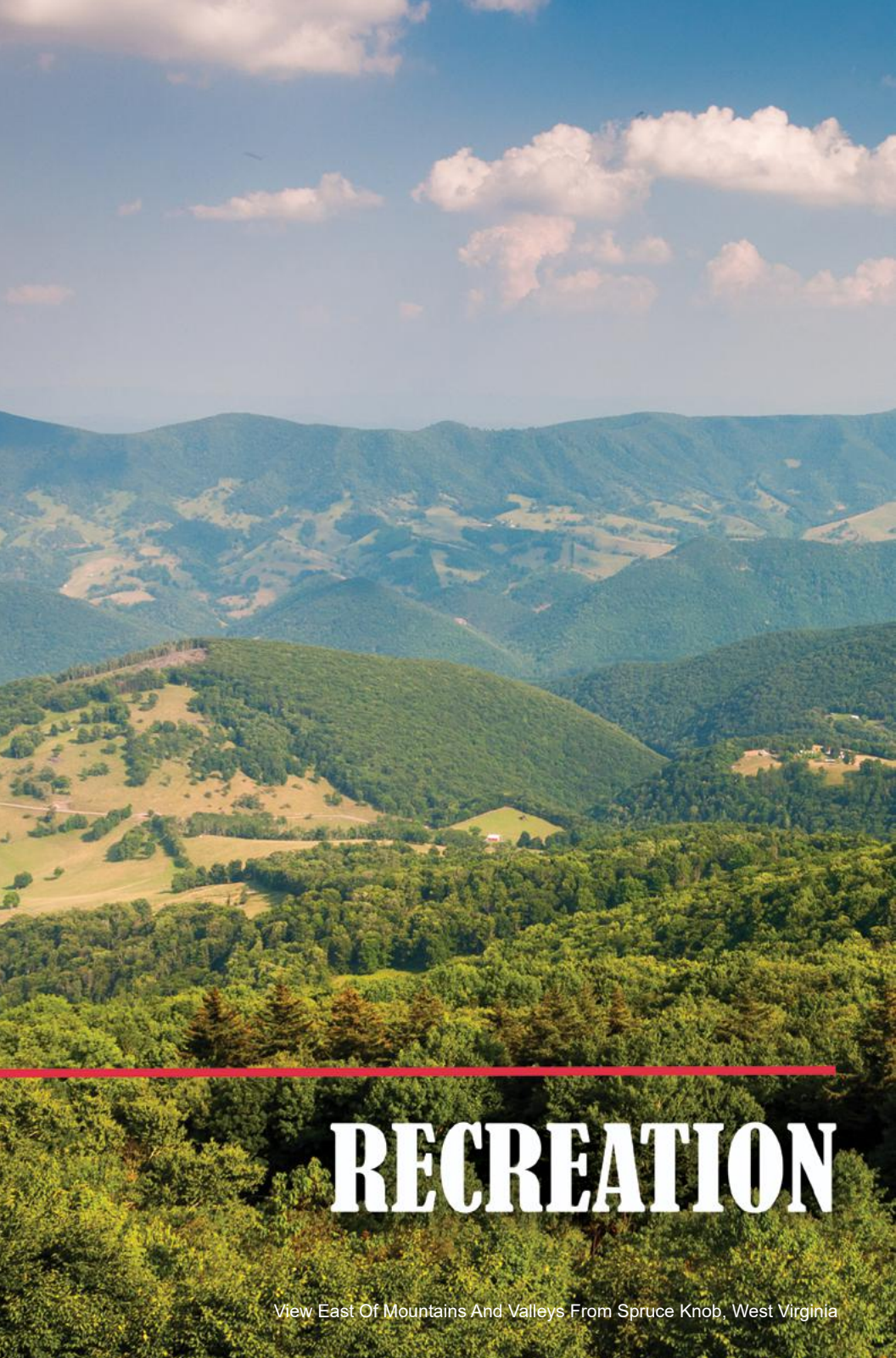
Goldenseal is the name of the Division of Culture and History’s quarterly magazine. The publication focuses on West Virginia traditional life, with a special emphasis on labor history, folklore, music, farming, religion, traditional crafts, food and politics.¹²³

Unfortunately for state taxpayers, there’s very little emphasis on making the magazine self-sufficient.

Since many of the magazine’s 13,300 quarterly copies are given away, rather than sold, and ad sales generate limited revenues, the publication requires an annual bailout from the public. Last fiscal year, taxpayers chipped in \$28,000 to float the financially failing magazine. This year, state officials expect the public to spend at least \$10,000 subsidizing the publication.¹²⁴

WEST VIRGINIA HAS A FULL-COLOR MAGAZINE THAT OPERATES DEEP IN THE RED





RECREATION

View East Of Mountains And Valleys From Spruce Knob, West Virginia

WEST VIRGINIA HAS GONE TO THE DOGS



With only seven states still allowing greyhound racing, some West Virginia lawmakers view the controversial activity as an opportunity to generate additional revenue for the state. But, in a disastrous example of corporate welfare gone awry, the state now spends roughly as much money subsidizing the fading dog racing business as it brings in on taxing gambling on greyhounds.

State handouts to the greyhound industry, including a prize money fund and subsidies to breeders, add up to about \$14 million a year. In 2013, gambling on greyhounds in West Virginia was just \$16 million, and is expected to decline in future years.¹²⁵

Since 2002, West Virginia greyhound breeders pocketed \$77.5 million in various subsidies.¹²⁶

Gov. Earl Ray Tomblin's family members are among the primary beneficiaries of the greyhound giveaways. The governor's "late mother, Freda, father, Carl, and brother, Carl II, and their kennel, have received \$4.3 million in subsidies," according to an investigation by the Charleston Gazette-Mail.¹²⁷

The appearance that Tomblin, who served as state senate president while his family received millions of dollars in handouts, was using his political clout to benefit his family should raise red flags for West Virginia taxpayers.

There is no reasonable excuse for the state to remain financially involved in dog racing. Concerns regarding the troubling association between Gov. Tomblin and the dog racing industry are bad enough. However, that along with criticisms regarding the health, welfare and treatment of the greyhounds, and the fact that the state will soon be spending more subsidizing the pastime than it generates should be more than enough reason to end state handouts to dog racing.

Gov. Earl Ray Tomblin's family members are among the primary beneficiaries of the greyhound giveaways. They have received \$4.3 million in subsidies.

The responsibilities of West Virginia's Racing Commission, the bureaucracy responsible for overseeing and regulating the greyhound and thoroughbred horse racing industries, could easily be consolidated into the state Lottery Commission, saving the state millions in the process.

Streamlining the Racing Commission would trim an estimated \$2 million in annual expenditures from the agency's current \$4.6 million budget without harming the state's greyhound racing industry.¹²⁸ The remaining money would then be transferred to the Lottery Commission to continue providing the services formerly performed by the Racing Commission.

Transferring the Racing Commission's duties to the Lottery Commission is not a new idea. In fact, a consolidation plan was first proposed in 2003.¹²⁹ Even though the proposal has remained popular with lawmakers and taxpayers, the idea has yet to be finalized, and the dozen years of hemming and hawing over the plan have needlessly cost the state more than \$20 million.

THE RACING COMMISSION SHOULD BE PUT DOWN

STATE TAXPAYERS ARE LOSERS IN COLLEGE ATHLETICS

Colleges and universities commonly operate their athletics programs in the red. While the most prominent college sports, including football and men's college basketball, typically generate millions for universities, that revenue isn't always enough to cover the losses that result from less financially successful sports. And when an institution of higher learning is underwater with athletic department expenses,

taxpayers are generally required to bail them out.

Marshall University left state taxpayers in that position in 2013 when expenses outpaced revenues and the Thundering Herd's athletic operations lost \$750,000.¹³⁰

Surprisingly, the financial losses suffered by Marshall's athletic department pale in comparison to the disastrous numbers turned in by West Liberty University. In 2013, the Wheeling-area school was more than \$1.5 million in the hole on athletics expenses. West Liberty lost more than \$850,000 on football, \$345,000 on men's basketball, \$218,000 on women's basketball and \$719,000 on other sports, including wrestling, volleyball, golf and tennis.¹³¹

West Liberty University is the oldest institute of higher learning in the state. For nearly 180 years, the school has managed to provide students with a quality education. The severe financial losses amassed by the school's sports teams, however, are taking money from educational opportunities and forcing taxpayers to fill in the gap.

For the sake of state taxpayers, and the school's students, it would be for the best if West Liberty threw in the towel on its intercollegiate athletic endeavors.

The Hatfield-McCoy Regional Recreation Authority, best known for managing the Hatfield-McCoy off-road trail system used by ATVs and dirt bikes, hemorrhages millions of dollars a year. But the fact that the multi-county project is a complete financial failure didn't prevent the bureaucrats that run the boondoggle from handing out more than \$235,000 in bonus pay from 2011-2013.¹³²

Jeffrey Lusk, the executive director in charge of the insolvent recreational facility snagged \$49,000 in bonuses over the 3-year span. That hefty chunk of change came in addition to his salary, which reached \$108,000 during that time.¹³³

Other workers at the Authority received bonus checks even though the state constitution forbids offering bonuses to full-time employees and the Authority's board decided staff members would receive bonuses only if the trails were financially self-sufficient, which they were not. To add insult to injury for taxpayers, Hatfield-McCoy employees were given their improper bonuses at the same time state taxpayers were paying more than \$8 million to bail-out the failing trail system and keep it afloat.¹³⁴

On top of improper bonuses, top brass at Hatfield-McCoy Regional Recreation Authority also received illegal payments for vehicle allowances and fuel purchases.

IF YOU CAN'T BE GOOD AT YOUR JOB, BE GOOD AT TAKING TAXPAYERS' CASH

State rules prohibit vehicle allowances, and fuel reimbursements are allowed only upon receipt of mileage logs and other information to prove that the travel was business related.¹³⁵ Still, Lusk and his deputy director each collected tens of thousands of dollars in improper vehicle allowance handouts and fuel purchase refunds, even though both employees failed to keep proper records to justify the fuel reimbursements.

In addition to his \$49,000 in illegal bonuses, auditors determined Lusk pocketed \$37,000 in improper vehicle allowances and \$33,000 in unsubstantiated fuel purchase reimbursements from January 2010 through March 2014.¹³⁶

Between January 2011-March 2014, the Hatfield-McCoy Regional Recreation Authority's deputy director also raked in nearly \$49,000 in combined vehicle allowance and fuel purchase payments.¹³⁷

West Virginia State Parks are filled with activities and entertainment such as campgrounds, cabins, golf courses and restaurants. These are intended to generate enough revenue to fund the operation of the state park system, however financial documents prove that intentions and reality are two different things.

In 2014, state decision makers raided lottery funds to pay for an \$8 million bailout intended to cover the costs of a massive operations shortfall and hefty debt service expenses incurred by the state parks.

In 2014, state decision makers raided lottery funds to pay for an \$8 million bailout intended to cover the costs of a massive operations shortfall and hefty debt service expenses incurred by the state parks.¹³⁸

The current West Virginia State Parks budget calls for another \$6.4 million in public support this year.¹³⁹ Fortunately for taxpayers, steps have already been taken to trim about \$600,000 in parks spending. In January, the Division of Natural Resources decided to close expensive recreational attractions at Berwind, Bluestone, Laurel Lake and Plum Orchard Wildlife Management Areas.¹⁴⁰ These include underused camping, swimming, picnicking and tennis facilities.

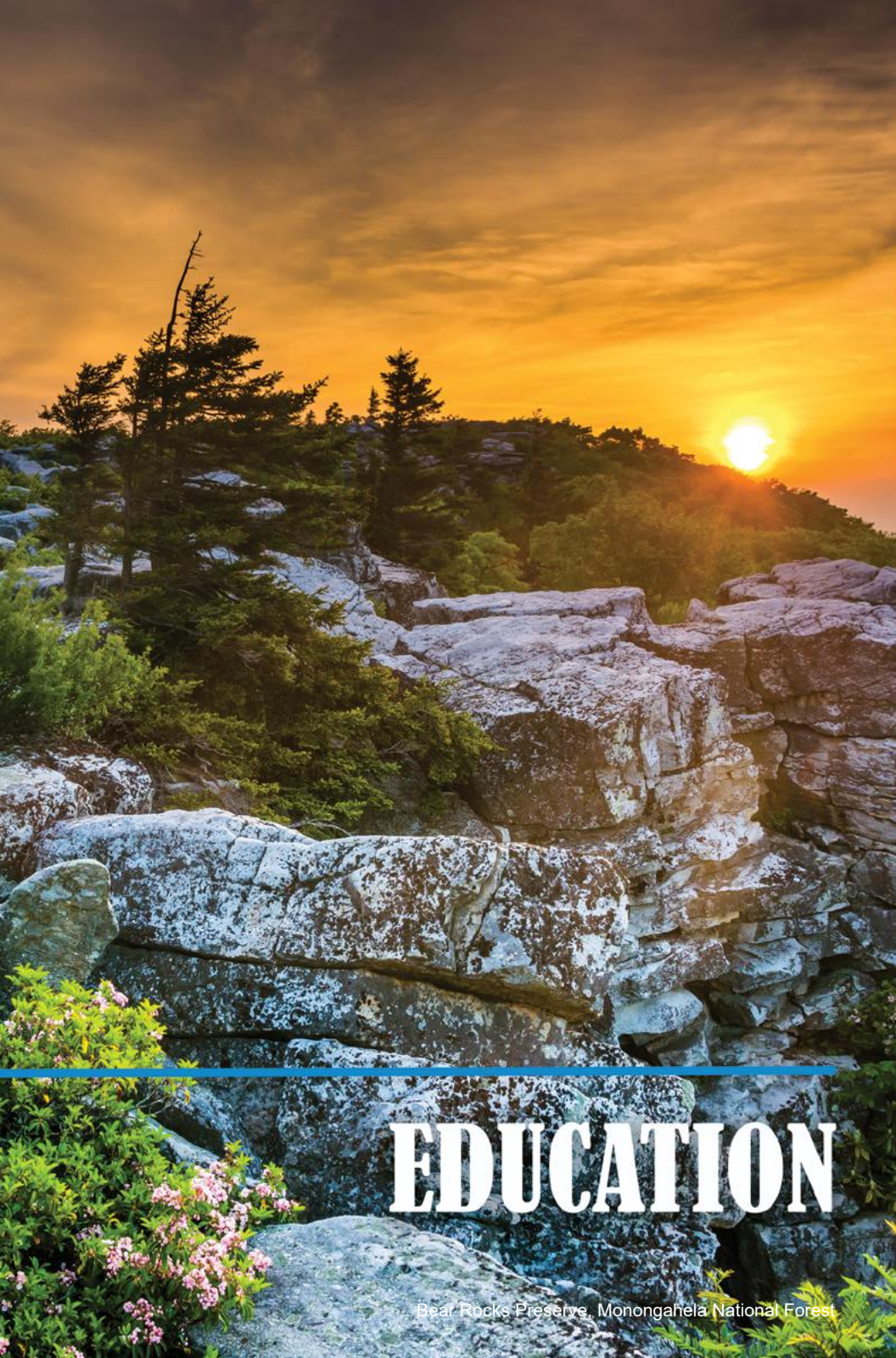
2016 Waste Watch

NO WALK IN THE PARK FOR TAXPAYERS

An effort to reintroduce elk into southern West Virginia won't come without a hefty price tag for taxpayers. The elk restoration program will cost \$500,000, a cost that should leave some wondering why the state is willing to pay to bring in elk during a time when West Virginia's high taxes encourage people to flee to other states.¹⁴¹ If lawmakers keep it up, the state will have plenty of elk, but no people.

2016 Waste Watch

MAYBE THE ELK ATE THE MONEY



EDUCATION

Bear Rocks Preserve, Monongahela National Forest

West Virginia has way too many school districts and far too many bureaucrats staffing the central offices of those school districts, according to a 2014 study commissioned by the West Virginia Board of Education.

The Mountain State manages 55 individual school districts, but has only 281,000 students in the state. Maryland, by comparison, needs just 39 districts to educate 866,000 students. Nevada relies on merely 17 school districts for over 450,000 students, and Utah's 625,000 students fill just 41 districts.¹⁴²

Since each school district maintains its own central office staff and infrastructure, West Virginia's unusually large number of districts translates into lots of unnecessary overhead costs and central office duplication.

The report suggests the state should "consolidate, build and merge schools over district lines, reduce central office positions and services and... have job-sharing arrangements across counties," according to *The Morgan Messenger*.¹⁴³

Further, the consultants determined the West Virginia Department of Education employs up to 5 times more state school officials than many other states on a per-capita basis.

Taxpayers spent \$64.8 million for state and district central office administrators and another \$61.1 million in central services in 2014, the study found.¹⁴⁴

Reducing West Virginia's bloated central office expenses by just 10 percent through consolidating small districts, allowing districts to share in certain costs and trimming unnecessary state employee would save \$12.6 million annually.

THE STATE'S EDUCATION STRUCTURE TEACHES A LESSON IN INEFFICIENT GOVERNMENT

REGIONAL EDUCATIONAL SERVICE AGENCIES STEAL TAXPAYERS' LUNCH MONEY

West Virginia's public schools are overseen by a nebulous and largely unnecessary group of regional bureaucracies called Regional Educational Service Agencies (RESAs). The state's eight RESAs provide planning and cooperative purchasing assistance for schools in their areas, as well as recognize exemplary teachers, offer technical support to underperforming schools and assist with computer support services.¹⁴⁵

Most other states operate just fine without RESAs, and the services provided by the bureaucracies could

be easily provided to schools at the state or district level.

Much of the roughly \$50 million spent by RESAs annually comes in the form of grants and earmarked state and federal dollars that are restricted in their use and must be spent according to particular guidelines.¹⁴⁶ That fact makes it even more ridiculous that the state created a bureaucracy largely for the purpose of spending funds that could be managed and disbursed just as effectively – and for much less – by the state Department of Education.

Assuming overhead expenses incurred by these unnecessary bureaucracies consume 7 percent of the funds that flow through them, local, state and federal taxpayers needlessly spend an estimated \$3.5 million a year on RESA operational costs.

Additionally, an external audit commissioned by the governor's office in 2012 found the RESAs failed at one of their only real jobs: obtaining low prices on administrative costs such as supplies, utilities and insurance. The report concluded more responsible spending would save \$782,000 a year – regardless of whether it was a RESA or a school district handling those purchases.¹⁴⁷

THE STATE WOULD BE SMART TO CLOSE COLLEGES

In 2003, several responsible state lawmakers recognized West Virginia has too many state-run colleges and universities for a state of its size, resulting in poor service for students and unnecessary cost for taxpayers. The legislators responded to the problem with a bill to “privatize, merge or close at least two state institutions of higher education.”¹⁴⁸

By eliminating two of West Virginia’s least viable institutions of higher learning, the proposal would have saved Mountain State taxpayers \$5 million annually at the time, according to figures released by the state.¹⁴⁹

Fast-forward to 2016 and the state’s least-economically viable colleges are in even greater turmoil and taxpayers are paying the price. For example, Glenville State College and Bluefield State College each serve fewer than 2,000 students, yet combine to cost state taxpayers \$11.8 million annually.¹⁵⁰

Glenville State College and Bluefield State College each serve fewer than 2,000 students, yet combine to cost state taxpayers \$11.8 million annually.

Today, thanks to virtual education options, there is little justification for throwing good money after bad in an attempt to keep failing colleges afloat. If West Virginia is wise enough to combine, privatize or shutter a few of its least successful schools, students at those institutions would be able to transfer to another state university, if they so choose. If moving or commuting is prohibitive, the impacted students could continue their studies online using the robust virtual opportunities offered by many of the state’s top schools.

While there will be pushback from those directly affected by the closures, today’s state lawmakers should revive the plan to privatize, merge or close two of the state’s least-used and most financially ruinous colleges. Doing so would free up more resources to ensure that the state’s surviving institutes of higher learning thrive.

In October 2015, the state’s Legislative Auditor released the scathing results of an investigation into spending at Shepherd University, a state-funded college in Shepherdstown.

Auditors determined the university wildly mismanaged its state government-owned credit card system. The cards, known as “purchasing cards” or “P-cards” are intended to provide a convenient alternative to reimbursements to state university employees when they travel or buy necessary supplies to perform their duties.

Instead, at Shepherd University, staff used the cards to finance wild spending sprees.

One university employee billed the university’s “RA Program” \$57 to cover the purchase of 72 condoms, two large bottles of sexual lubricant and two single dose bottles of a “natural sexual enhancement” drink.¹⁵¹

SHEPHERD UNIVERSITY IS A POOR SHEPHERD OF TAX DOLLARS

Additional questionable P-card expenditures by university officials include:

- \$1,151 to rent a car for 45 days for an admissions recruiting trip that was supposed to take only one night, and even though state cars were available at no cost to the university.¹⁵²
- \$1,000 for meals purchased by one university employee that appear to be largely personal in nature and of no benefit to the university.
- \$662 for limousine rides to Washington, D.C. and New York City, although it is unclear who took the trips.¹⁵³
- \$380 for a night in a two-bedroom townhouse at an upscale golf resort and casino in Southwestern Pennsylvania for purposes that remain unclear.¹⁵⁴
- \$110 to reimburse a hotel when a soccer player for the university stole two pillows from a room while traveling with the team.¹⁵⁵
- \$95 for a sterling silver platter that was apparently purchased as a prop for an opera performance, but which has since been lost or stolen.¹⁵⁶
- \$95 for a dinner for two at Hollywood Casino's Final Cut Steakhouse in Charles Town which, according to auditors, apparently was unrelated to official university business.¹⁵⁷

One university employee billed the university's "RA Program" \$57 to cover the purchase of 72 condoms, two large bottles of sexual lubricant and two single dose bottles of a "natural sexual enhancement" drink.

In total, approximately \$323,000 of the P-card transactions reviewed by the Legislative Post Audit Division have incomplete or entirely missing documentation to justify the expenditures.¹⁵⁸

This is not the first time Shepherd University has failed state taxpayers. In 2013, a university employee was indicted on 53 counts of fraudulent or authorized use of a purchasing card.¹⁵⁹ The university staffer wasted nearly \$86,000 of West Virginia taxpayers' money on personal items including "clothing, auto parts, jewelry, cosmetics, Halloween costumes, luggage, purses, perfume and other items," according to state auditors.¹⁶⁰

In the 16-month period between July 30, 2014 and November 30, 2015, the West Virginia University Foundation snatched up more than \$4.3 million in taxpayers' money.¹⁶¹ The supposed charity, which showers WVU with money for building campaigns, sports facilities and other niceties, hardly needs the cash.

In 2013, the foundation collected \$72.3 million in grants – on top of the \$1.4 billion in assets the organization already had on its balance sheet.¹⁶²

A small portion of the money taken from taxpayers and given to the West Virginia University Foundation went towards the salary of Wayne King, the foundation's president. According to the organization's tax records, King – who was tapped to run the foundation just a few months after the West Virginia Supreme Court suspended his law license for violating rules of professional conduct – makes \$336,000 a year.¹⁶³

The West Virginia University Foundation hardly needs to be on the dole collecting money from struggling taxpayers.

2016 Waste Watch

**THE RICH GET RICHER
THANKS TO TAXPAYERS**

WVUP LEADERS ARE NO SCHOLARS WHEN IT COMES TO SPENDING



West Virginia University at Parkersburg

In November 2015, the Performance Evaluation and Research Division within the Office of the Legislative Auditor cracked down hard on the purchasing decisions and methods used at West Virginia University at Parkersburg (WVUP).

State auditors determined that university officials failed to competitively bid at least six contracts totaling \$2 million that, by law, had to be bid out.¹⁶⁴ The contracts included computer purchases, rewiring a portion of the campus' Internet, a solar energy project and equipment for the school's culinary arts programs.

The state requires any purchases over \$25,000 to be competitively bid. WVUP purchasing agents snuck around the rule by getting vendors to break up the total amounts of the purchases into several smaller amounts that did not exceed the \$25,000 threshold. This process, known as "split purchasing" violates state law and is specifically forbidden in the university's purchasing manual, which states, contractors "must ensure they not artificially divide requisitions in order to avoid bidding dollar thresholds."¹⁶⁵

The Internet rewiring project, for example, cost \$54,532, but school officials received the bill for the service in 15 different smaller transactions.¹⁶⁶

The Reason Foundation estimates the competition created by competitive bidding drives costs down by between 5 and 20 percent. Even using the most conservative estimates, WVUP could have saved taxpayers more than \$100,000 by competitively bidding the six contracts.

State lawmakers earmarked \$7.3 million for the West Virginia Council for Community and Technical College Education Council during the 2016 fiscal year.¹⁶⁸ That hefty sum is doing little to improve higher education in the state, according to a performance review conducted by the Legislative Auditor.

The Council is responsible for implementing the state's higher education accountability system and determining whether community colleges and technical schools are being held accountable for meeting the State's higher education goals. State auditors, however, determined that the Council failed in those efforts.

Specifically, the performance review found that the Council "does not comply with statutory requirements" implemented to ensure community and vocational colleges develop, submit and comply with educational benchmarks. Further, the Council provides "no remediation or corrective action" when institutions do not meet expected educational goals.¹⁶⁹

COMMUNITY COLLEGE OVERSIGHT BOARD SPENDS BIG BUCKS WITH LITTLE RESULTS

State auditors determined that the Council “does not comply with statutory requirements” implemented to ensure community and vocational colleges develop educational benchmarks.

Further, the Council provides “no remediation or corrective action” when institutions do not meet expected educational goals.”

While schools under the Council’s oversight appear to be floundering educationally and lack proper benchmarks to adequately measure improvement, the Council is content to develop future plans “without any documentation expressing concern for the lack of progress made,” according to the performance review.¹⁷⁰ This raises concerns that shortcomings within West Virginia’s technical and community colleges will remain unaddressed, which is a particular problem since the state ranks last in the nation in education attainment.

The Council, which has only 10 councilmembers and 12 employees, clearly fails to perform its limited duties, despite its multi-million-dollar budget. The state legislature should eliminate the West Virginia Council for Community and Technical College Education Council. Such a measure would free up \$7.3 million in additional money for the schools that have been harmed by the Council’s ineptitude.

In early 2015, Steve Bonanno was announced as the new dean and director of West Virginia University Extension Services. The hire was hardly a surprise. Bonanno had served in the post on an interim basis since 2011 and, by all accounts, performed adequately.

Under those circumstances, it seems more than a little odd that the university spent \$60,000 to employ the Parker Executive search firm to try to fill the position.¹⁷¹ Since WVU ultimately hired Bonanno, it is unclear what value, if any, taxpayers received from the money they spent on Parker.

The editorial board of the university’s student newspaper, The Daily Athenaeum, lambasted the decision to waste \$60,000 for no apparent reason. According to the editorial, WVU had “ample time to decide whether or not [Bonanno] was the right fit for the task at hand. There was no need to spend all that money in order to decide if what was already being done worked.”¹⁷²

The Department of Education and the Arts spent \$500,000 this year sending books to kids, whether or not they need – or even want – them.¹⁷³

Thirty-four West Virginia counties are involved in Imagination Library, a program within a foundation started by county music legend Dolly Parton.¹⁷⁴ The program itself is heartwarming; it sends a book every month to preschoolers in participating counties. The problem is that, when Parton began the project, she used her personal fortune and donations from other individuals to fund the project.

When state lawmakers and the bureaucrats at the Department of Education and the Arts decided to replicate the program in West Virginia, rather than asking for grants and private donations to fund the

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SEARCH FIRM LEAVES WEST VIRGINIANS SEARCHING FOR ANSWERS

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DOLLY PARTON’S BIG BOOK BOONDOGGLE

effort, they simply treated taxpayers like ATMs and withdrew the funds to underwrite the Imagination Library without asking.

The result is that poor taxpayers who do not have preschool-aged children, or who live in counties that do not participate in the project, pay for children of wealthy parents to receive “free” books. The program represents a particularly troubling kind of political redistribution, forced charity that could have easily taken place without government involvement.

If parents want their children to have books to read, they should feel free to buy books without involving taxpayers. If parents don’t have the means to purchase books for their kids, most churches, charities and community groups would certainly be more than happy to assist.

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A PLACE FOR STATE EMPLOYEES TO HAVE FUN ON WEST VIRGINIANS’ DIME

The state Department of Education owns a conference center and recreation area, complete with a 48-room lodge, mini-golf, Frisbee golf and a swimming pool.¹⁷⁵ Troublingly, the facility requires massive taxpayer handouts to survive.

Cedar Lakes, located in Ripley, is so terribly mismanaged by state education bureaucrats that taxpayers pay \$750,000 a year to keep the doors open – even though most taxpayers will never set foot inside the property.¹⁷⁶

An audit recommended the state divest from the facility since it loses large sums of money every year. In April 2015, however, Gov. Earl Ray Tomblin vetoed a bill that would transfer the facility from the Department of Education to a nonprofit foundation set up to manage the land.

Rather than relying on tax dollars for funding, state lawmakers should continue pursuing the audit recommendation and sell the facility, transfer it to a nonprofit or allow a private management company that actually has experience managing a hotel and conference center to run it. As long as the public isn’t on the hook for the boondoggle, taxpayers stand to save hundreds of thousands of dollars a year.

From 2013-2015, the Department of Education accidentally gave away an extra \$16 million to county schools, including more than \$8.3 million in tax money during the 2013-14 school year.

A legislative audit of the state Department of Education discovered that department officials made \$73.3 million in funding errors from fiscal year 2009 through 2015.¹⁷⁷ Initially, according to the audit, many of the mistakes were underpayments to county school systems.

In recent years, however, the Department of Education has overpaid school districts by millions of dollars. The overpayments are caused when

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BUREAUCRATS IN CHARGE OF SCHOOL FUNDING NEED TO GO BACK TO MATH CLASS



state education bureaucrats fail to correctly perform the math required to properly dole out dollars under the state's school funding formula.

From 2013-2015, the Department of Education accidentally gave away an extra \$16 million to county schools, including more than \$8.3 million in tax money during the 2013-14 school year.¹⁷⁸

Bad decisions and a bad law combined to cost state schools as much as \$600,000 over the past three fiscal years.

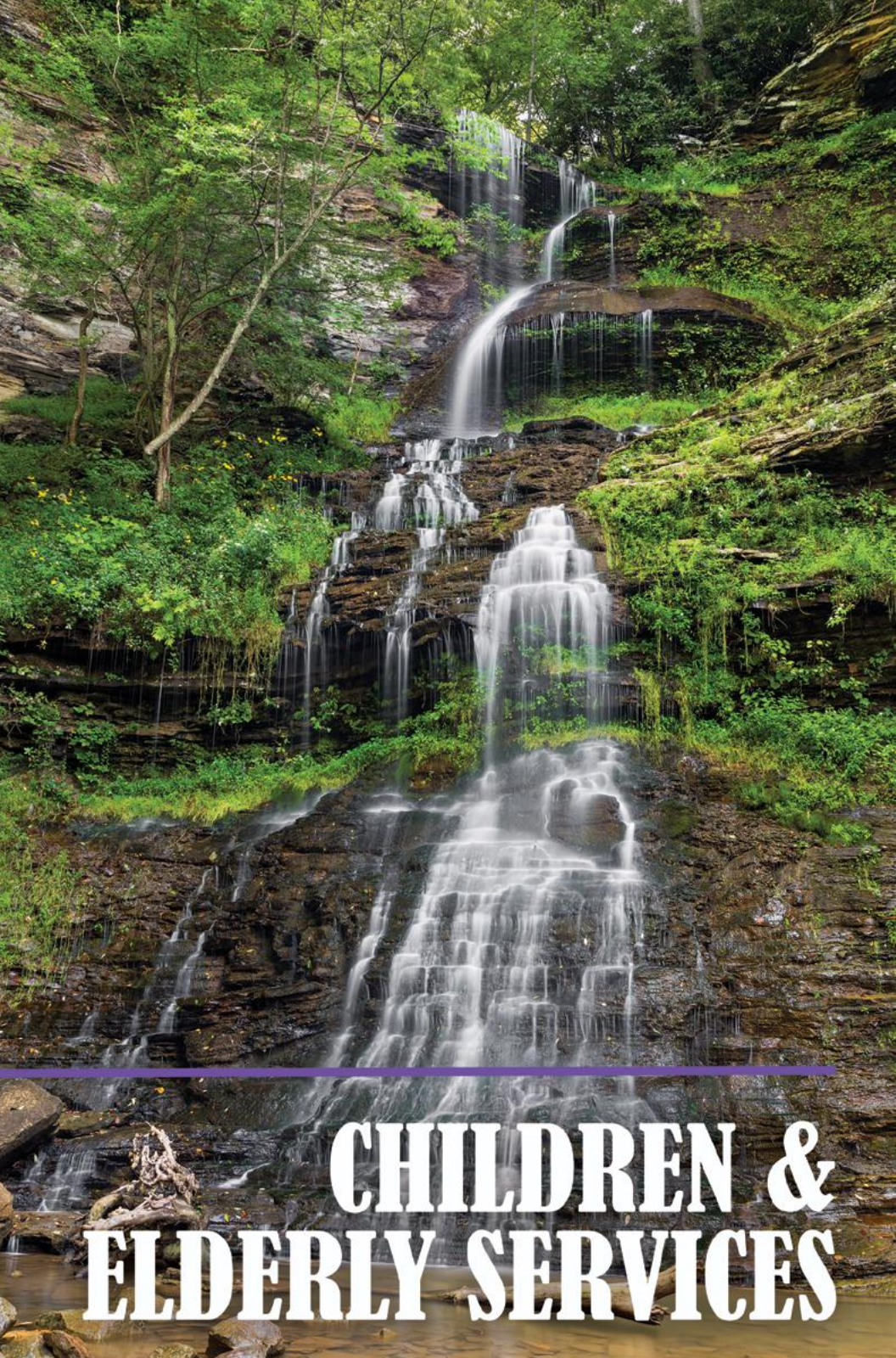
An audit of the West Virginia Department of Education determined that the department failed to park money it was using to pay towards bond payments in the state's interest-bearing School Building Capital Improvements Fund.¹⁷⁹ As a result, the department missed out on interest it could've been collecting – money that should have been going to fund county school district capital improvement projects.

To make matters worse, a dimwitted state law prevents the department from making a lump sum transfer of these bond payment funds to the interest-bearing account at the beginning of the fiscal year. If the department had that opportunity (and actually decided to start taking advantage of the opportunity to earn interest), the department could transfer approximately \$25 million into the account each year and let it earn interest until it needs to be taken out to pay towards the bond payments.¹⁸⁰

In FY 2013, the state left \$200,000 in interest sitting on the table because the department could not shift the lump sum of its bond payment money to the School Building Capital Improvements Fund at the beginning of the fiscal year. Auditors estimate this could have earned as much as \$200,000 in interest in each of the two subsequent fiscal years as well.¹⁸¹

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THE STATE HAS NO INTEREST IN EARNING FREE MONEY



CHILDREN & ELDERLY SERVICES

The Division of Juvenile Services (DJS) spent \$3.5 million to renovate a former juvenile justice facility, and then abandoned the project before it was completed.

After the Kenneth Honey Rubenstein Juvenile Center was completed in 2009, juvenile offenders who had been housed in the Tucker County facility were transferred there from an aging facility nearby called the Davis Center. The DJS decided to renovate the Davis Center so that it could accommodate up to 24

female juveniles in custody.¹⁸²

Renovation work, however, was halted around December 2013 after paying \$3.5 million for labor, materials and equipment rentals, according to findings by the Legislative Auditors.¹⁸³

According to the DJS director, the project was abandoned because “there were too many variables.” Staffing concerns and questions about the facility’s “necessity within the current DJS structure” apparently led to the demise of the project.¹⁸⁴

Since DJS officials failed to come to those conclusions before beginning a massive renovation project on a useless building, state taxpayers are out millions of dollars.

Since Department of Juvenile Services officials failed to come to those conclusions before beginning a massive renovation project on a useless building, state taxpayers are out millions of dollars.

THE MOST EXPENSIVE EMPTY BUILDING IN THE STATE

THE BIGGEST CROOKS AT THE CORRECTIONAL FACILITY MIGHT BE THE STAFF

The audit uncovered that the Spadaro Juvenile Center failed to properly inventory and record state-purchased equipment housed at the facility.

At least 724 items were not properly tracked, and 24 pieces of equipment, worth a total of \$34,000, were missing.

The Gene Spadaro Juvenile Center in Mt. Hope is supposed to help kids who have gotten in trouble get back on the right track. But the people in charge of overseeing the Center’s financial records are in need of a little discipline themselves.

A state audit found that the Center’s employees were playing fast and loose with the facility’s P-cards, or government-owned credit cards.

In total, auditors determined that more than \$6,600 worth of P-card purchases lacked

proper supporting documents to justify the reason for the purchase.¹⁸⁵ As a result, it’s entirely possible that much of that amount was spent improperly.

Further, the audit uncovered that the Spadaro Juvenile Center failed to properly inventory and record state-purchased equipment housed at the facility. At least 724 items were not properly tracked, and 24 pieces of equipment, worth a total of \$34,000, were missing.¹⁸⁶

AGING AND DISABILITY RESOURCE CENTERS AREN'T RESOURCEFUL WITH TAX DOLLARS

three walk-in visitors a week – two centers averaged only about two in-person visits a month.¹⁸⁷ Seventy-eight percent of all interactions between the centers and state residents came via telephone. Another 14.5 percent of contacts were made through email or standard mail. Only 5 percent of the individuals assisted by the centers came as the result of a walk-in visit.¹⁸⁸

Rather than functioning as opportunities for in-person assistance, as state officials originally intended, the centers now operate as expensive call centers.

Only 20% of the Aging and Disability Resource Centers averaged more than 3 walk-in visitors a week.

Two centers averaged only about 2 in-person visits a month.

Only 5 percent of the individuals assisted by the centers came as the result of a walk-in visit.

promising the quality of service received by the state's older and disabled residents, who could obtain information by phone, email, regular mail or, in rare circumstances, in-home visits.

The West Virginia Bureau of Senior Services operates the Aging and Disability Resource Centers, which operate as clearinghouses for information on programs and services available to the aged and disabled. There are 10 storefront centers throughout the state set up in the belief that the elderly and disabled residents searching for assistance would visit the centers in person.

In reality, people rarely step foot inside the centers. Only two of the 10 centers averaged more than



West Virginia
Bureau of Senior Services

The least expensive of the Aging and Disability Resource Centers requires an office, a full-time employee and a budget of more than \$50,000 a year.¹⁸⁹

Combined, the 10 centers annually require approximately \$900,000 in state funding.¹⁹⁰

According to state auditors, the state should turn the operation into one centrally located call center located in the current Charleston facility.¹⁹¹ Doing so would save taxpayers an estimated \$500,000 a year without compro-

A performance evaluation by the Legislative Auditor reports that employees at the Bureau for Children and Families collect more than \$1 million annually in overtime pay. Because the Bureau's employees increasingly fail to properly maximize work hours – or have learned to game the system – overtime earnings skyrocketed from \$637,000 in the 2010 fiscal year to more than \$1.1 million in 2014.¹⁹²

The Bureau's apathetic attitude towards overtime has created an environment where tax dollars are wasted because workers have no incentive to perform tasks quickly. The slower employees work, the more they earn, as evidenced by the \$2,700 a year in overtime pay the average Bureau for Children and Families worker earned in 2014.¹⁹³

OVER TIME, OVERTIME DRAINS TAXPAYERS DRY



RECOMMENDATIONS & CONCLUSION

RECOMMENDATIONS

This report only scratches the surface of West Virginia's spending problems. Because of lackluster transparency and accountability measures, it is difficult to track every dollar spent by the state government. State leaders should go beyond cutting the examples of waste outlined in this report and implement policy solutions that ensure tax dollars are consistently spent carefully and effectively.

Fortunately for taxpayers, there are several simple, commonsense opportunities available to state lawmakers to identify, prevent and eliminate government waste.

First, the state should establish a West Virginia version of the Grace Commission – President Ronald Reagan's committee that carefully analyzed government spending and provided cost savings recommendations to Congress that saved taxpayers more than \$1 trillion. The state version of the Grace Commission would function as an independent commission led by business leaders, former policymakers and taxpayer advocates to uncover waste, fraud, abuse and mismanagement of tax dollars. After identifying opportunities to stop wasteful expenditures of tax dollars, the commission would present those recommendations to state lawmakers and then follow up to ensure that their budget reduction suggestions are carried out.

This idea has already succeeded once in West Virginia. In 1986, Gov. Arch Moore, Jr., created the Governor's Management Task Force, a de facto Grace Commission for the state. The private sector study identified annual net savings and income opportunities of more than \$384.1 million – even though the state budget was about \$2 billion less than it is today.

Second, West Virginia's audit methods are weak compared to many states. In order to ensure that sound accounting practices are followed and tax dollars are well-spent, state legislators should agree to a one-time statewide external audit conducted by a large,

well-regarded accounting firm.

The statewide audit would examine all state agencies, boards, commissions and offices that have not been the subject of an external audit in the past three years. The cost involved in such an undertaking would be more than offset by the savings generated by the series of audits.

Third, state lawmakers should establish an independent state inspector general's office tasked with coordinating investigations into corruption, waste and fraud across state agencies.

West Virginia currently maintains an unusually weak method for investigating state agencies, local governments and government contractors suspected of mismanaging public funds. Feeble auditing practices and flimsy checks on financial accountability in the Mountain State mean that waste, fraud and corruption are often not uncovered until after the statute of limitations has expired and it is too late to prosecute the offenders.

Furthermore, there is no body or agency within the state with subpoena powers that focuses on promoting responsible, accountable and transparent spending of tax dollars. (Currently, several state agencies maintain internal inspectors general, but there remains no state inspector general.) As a result, the state has no real system in place for encouraging potential wrongdoers to avoid engaging in misconduct.

Nearly 20 states, including New York, Massachusetts, Florida, Georgia, Louisiana and Pennsylvania, have created inspector general positions committed to ensuring that government, its employees and those who work with the state meet the highest standards of honesty, accountability and efficiency. West Virginia should waste no time in following their lead by creating an Office of Inspector General with subpoena and investigative powers. Such a position would go far in preventing fraud, waste, abuse and misconduct related to public funds.

Fourth, in order to make the independent state inspector general as useful as possible, the West Virginia Constitution must be amended to give the State Attorney General the authority to prosecute egregious examples of fraud and abuse of power. As it

stands, the Attorney General remains largely powerless to prosecute individuals who exploit their position for personal gain or otherwise violate the public trust.

Fifth, in addition to establishing an independent Office of Inspector General, members of the West Virginia Legislature should create either an Office of the Repealer – a one-time, four-year independent position with the sole responsibility of making recommendations to the legislature in areas of government waste, duplication and out-of-date regulations that should be repealed from the state law — or a Joint Committee of the Repealer, comprised of members of the state legislature performing the same function.

A single, independent repealer would likely be more effective at rooting out archaic laws and wasteful spending since he or she would not have a political agenda.

The “repealer” position was initiated by Kansas Governor Sam Brownback, widely considered among the most innovative and fiscally responsible state executives in the nation. The Kansas Office of the Repealer identified scores of regulations, laws and executive orders that act as a drag on the state, including a burdensome state fee on pest control operators and the appointment process for (now-nonexistent) jail matrons.

Finally, the state must take steps to ensure that state spending can’t grow faster than taxpayers’ ability to pay for it. Much of the waste uncovered by this report was created because the governor and state lawmakers simply lack the incentive to prioritize spending and guarantee that tax dollars are well-spent.

The simplest method for forcing state lawmakers to become more responsible with taxpayers’ hard-earned money is to adopt measures that prevent state spending from increasing faster than personal income growth and population growth, except in times of crisis. Such a measure would cap state government spending and prevent lawmakers from irresponsibly growing the size of the state budget, particularly in times of surplus funds. Overspending in good economic times is what creates budget shortfalls like the state currently faces.

A constitutional amendment would be required in order to create a truly effective

spending cap. West Virginians would likely welcome the opportunity to vote on a measure that safeguarded against wild tax increases, dramatic budget deficits and mountains of wasteful spending.

By implementing a 21st-Century version of the West Virginia Governor’s Management Task Force, allowing a thorough audit of the state government, establishing an Office of Inspector General, empowering the Attorney General with reasonable prosecutorial authority, creating some form of a repealer and implementing a reasonable budget cap, the incidence of waste, fraud and abuse of tax dollars in would plummet in West Virginia. It would also facilitate opportunities to reduce taxes and make the Mountain State a more welcoming place to live and work.

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CONCLUSION

The West Virginia State Government does not have a revenue problem – it has a spending addiction. For proof, look no further than the \$333.6 million in annual state government waste featured in this report.

Tax increases and fee hikes need not be a consideration for state lawmakers preparing to tackle a projected \$353 million shortfall when there is such a dramatic amount of fat available to trim from the state budget.

By halting the wasteful spending highlighted in the report, the state’s budget deficit will nearly disappear, all without impacting the amount or quality of government services received by the average West Virginians.

If state lawmakers rolled up their sleeves and made responsible spending of tax dollars a top priority, West Virginia’s \$300 million personal property tax could be eliminated or the stifling state income tax could be lowered for all residents. Either option would spur economic growth in a state that desperately needs an injection of new jobs, investments and opportunities.

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