

2011 Arizona PIGLET book

presented by



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EXECUTIVE SUMMARY

Arizona state government is in the midst of a \$700 million budget crisis. Cities, counties, and school districts across the state are struggling to make ends meet. The federal government is drowning in record deficits and mounting debt.

Some politicians are quick to blame declining revenues for government budgetary woes.¹ Readers of the *2011 Arizona Piglet Book*, however, will quickly see that too much spending, not too little tax revenue, is the real culprit.

The *2011 Arizona Piglet Book* exposes 147 pork projects, bad ideas, and misuses of power that have wasted over \$1.2 billion.

The wasteful spending includes:

- \$5,523,863 to subsidize private business development in Tucson's Rio Nuevo district;
- \$110,000 to hire a state demographer so the state doesn't miss out on any population-related federal handouts funded by taxpayers;
- \$15,000 to install a public audio system on the streets of downtown Safford;
- \$10,000 to subsidize an outdoor festival exploring the role of sheep in the Diné culture;
- \$2,075 meal at a Phoenix-area McCormick & Schmick's restaurant for employees at the Arizona Secretary of State's office;
- \$281,924 on membership dues in two professional legislative organizations;
- \$200,000 to pay school bus drivers and bus aides for time they didn't work; and
- \$2,351 to underwrite the production of, among other shows, "Abraham Lincoln's Big, Gay Dance Party."

The Goldwater Institute and Citizens Against Government Waste have joined to expose these and many more examples of tax-dollar misuse in the *2011 Arizona Piglet Book*. The publication is the Grand Canyon State's only comprehensive examination of the waste of taxpayer dollars committed by politicians and bureaucrats at all levels of government in Arizona.

Introduction

The *Piglet Book* series has its origins in 1982, when President Ronald Reagan established a panel of business executives and private-sector volunteers to undertake a comprehensive review of the federal government. The report of the President's Private Sector Survey on Cost Control—better known as the Grace Commission—made 2,478 recommendations that would save taxpayers \$424.4 billion during a three-year period by eliminating waste, mismanagement, and inefficiency in Washington, D.C.

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

Since then, CAGW has been the leader in exposing pork barrel spending by the U.S. Congress. CAGW's popular *Congressional Pig Book*—an annual exposé of pork in federal appropriations bills—is responsible for millions of dollars in savings to U.S. taxpayers. CAGW is also committed to outing waste by the federal government through its annual *Prime Cuts* publication, a comprehensive look at the depth and breadth of waste throughout the federal government. The second state *Piglet Book* was published in Arizona in 2002.

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By teaming with the Goldwater Institute again, CAGW turns its focus to Arizona. The *2011 Arizona Piglet Book* is the most comprehensive collection of examples of questionably spent tax dollars in the history of the state.

From \$230 million “squandered” on Tucson's Rio Nuevo project to a \$1,500 handout to the Tucson International Mariachi Conference, government waste comes in many forms and fashions.

This publication makes particular note of pork-barrel spending and government waste by state and local lawmakers. It also reveals costly fraud and the abuse of tax dollars by bureaucrats and government officials in Arizona.

By holding state and local officials accountable for their wasteful expenditures, the Goldwater Institute and CAGW hope to halt the abuse of taxpayers' money that is now commonplace in government.

State Spending

Rest Areas

Funding battles associated with Arizona's rest areas have been on the front page since the state Department of Transportation (ADOT) announced it was temporarily closing 13 rest areas in October 2009.²

When all of the state's 18 rest areas are in operation, taxpayers pay \$5.8 million per year to keep their doors open.³ By closing 13 of the rest stops in the fall of 2009, ADOT saved taxpayers \$346,667 per month.⁴

In the fall of 2010, ADOT reopened all but four of the rest stops, putting state taxpayers on the hook for more than \$4.5 million if the areas remain open throughout the year.⁵ To make matters worse, ADOT estimates it will cost taxpayers \$100 million for the renovations and improvements needed to get the state's 18 rest stops in "good working condition."⁶

An easy way to save money on rest areas would be to privatize them. By allowing private companies to lease the rest area property from the state, companies could install service stations, food courts, and gift shops, enabling the state to make money off the rest stops rather than burning through tax dollars to keep them afloat.

In fact, by privatizing its rest areas, Connecticut figures to make \$250 million over the next 35 years from a maintenance-and-operations deal state officials struck with a rest-stop management firm. Delaware has a similarly lucrative agreement in place for its rest areas, raking in more than \$1.5 million in rent each year.⁷

Unfortunately, Arizona and many other western and southern states can't privatize their rest areas because of a bizarre federal law that discriminates against states that didn't have them in place before 1956.⁸

Gov. Jan Brewer recently lobbied the federal government to overturn the law so Arizona can have the same opportunity as Connecticut and Delaware to transform rest stops into cash cows for the state.⁹ If and when the peculiar federal law is overturned, Arizona should privatize rest areas as soon as possible. However, since there is no guarantee the federal law will be overturned, state lawmakers should reconsider the need for rest areas in this day and age.

In many ways, rest areas are relics of a past era. Born in a time in which the interstate highway system was a new concept, rest stops were valuable; the population was smaller, exits were fewer, and drivers faced long stretches of highway without available services or amenities.

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However, with service stations, restaurants, hotels, and parks located near most interstate exits—not to mention the prevalence of cell phones—rest stops are no longer a necessity for drivers looking to use the restroom, grab a bite to eat, make a call, or stretch their legs.

Rather than spending \$4.5 million annually in tax dollars to keep an antiquated system on life support, ADOT and state policymakers would be better served to get out of the rest stop business and allow taxpayers to keep the money in their own pockets.

Fine Dining

Employees at the Arizona Secretary of State's office were apparently wined and dined at an upscale steak and seafood restaurant courtesy of state taxpayers. According to the state's spending transparency website, Arizona OpenBooks, taxpayers picked up an eye-popping \$2,075.52 tab at a Phoenix-area McCormick & Schmick's restaurant in September 2010.¹⁰

Employees at the Arizona Secretary of State's office were apparently wined and dined at an upscale steak and seafood restaurant courtesy of state taxpayers.

Because of the lack of detail provided on the transparency website, it is not possible to determine who attended the meal or what occasion prompted such a lavish spread. With so many Arizonans struggling to make ends meet, however, it's hard to imagine a valid excuse for state employees to use citizens' hard-earned tax dollars to pay the check for their steak, shrimp, and lobster feast.

Other head-scratching food and drink expenditures uncovered by Arizona OpenBooks include:

- \$973 for Filterfresh Coffee Service;
- \$869 at Einstein Bros. Bagels;
- \$812 at Red Devil Italian Restaurant & Pizzeria; and
- \$747 for drinks from BCI Coca-Cola Bottling Company of Los Angeles.¹¹

Membership Dues

Few taxpayers realize that America's state legislators and governors belong to professional organizations, ostensibly as a way for lawmakers to interact and share best practices and ways to address common public policy issues.¹² In reality, these organizations are more famous for their lavish getaways and conferences at swanky hotels than they are for their legislative recommendations.¹³

In 2010, Arizona spent \$281,924 on membership dues in two of the most prominent professional legislative organizations—the National Conference of State Legislatures and the National Governors Association.¹⁴

Membership dues for Arizona's 30 state senators and 60 state representatives in the National Conference of State Legislatures swallowed \$206,924 in tax money.¹⁵ Governor Jan Brewer's membership dues for the National Governors Association cost taxpayers another \$75,000.¹⁶

Rather than relying on tax dollars to front their membership fees for these organizations, the governor and state legislators should use leftover campaign funds or money from their own salaries to pay the dues.

Other professional dues covered by tax dollars, according to Arizona OpenBooks, include the following:

- \$125,000 - Western Interstate Commission for Higher Education;
- \$7,245 - National Assembly of State Arts Agencies;
- \$3,172 - Federation of Tax Administrators;
- \$3,000 - National States Geographic Information Council;
- \$2,950 - Association of State Boards of Geology;
- \$2,500 - National Coalition of Sexually Transmitted Diseases Directors; and
- \$600 - National Association of Farmers' Market Nutrition Programs.¹⁷

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Marketing Campaigns

Facing sagging tourism numbers, the Arizona Office of Tourism dumped \$3 million of tax money into a new marketing campaign called "In One Word – Arizona." The campaign, which began in November 2010, is scheduled to last six months.¹⁸

The \$3 million price tag includes magazine, television, and radio ads, video-on-demand opportunities, "wallscapes" on the sides of high-rises in Chicago and Los Angeles, and placement on airplane boarding passes.¹⁹

Moses Anshell, the marketing and advertising agency chosen to develop the Office of Tourism's campaign, pulled down \$60,178 for the task, according to the state government's transparency website.²⁰

As the ad agency of choice for the Office of Tourism as well as the Arizona Departments of Education, Health Services, and Transportation, Moses Anshell has received far more than the tourism-campaign payout.²¹ In a 77-day period from July to September 2010, Moses Anshell raked in a stunning \$3 million in tax money from all of these agencies.²²

The Office of Tourism isn't the only state agency making expensive ad buys. Promotion of the Department of Commerce's "various services through magazine ads, direct mail and special events" will cost state taxpayers \$659,200 in 2011.²³

A Task Force for “Resource Consideration”

While it’s unknown whether a task force aimed at bringing more tourists to the Grand Canyon State will succeed in bringing in new tax revenue, it did succeed in blowing through a heap of existing tax money.

The Governor’s Tourism and Economic Development Task Force, which is composed of government bureaucrats and private business owners, received \$250,000 of taxpayer money via the Department of Commerce.²⁴

The quarter-million dollars went for “resources that the task force could consider while evaluating recommendations,” according to a governor’s office press release attempting to defend the boondoggle.²⁵

Budget-Busting Bureaucracies

Lawmakers looking for places to trim state government shouldn’t have to look hard. Even after nominal cutbacks to the state budget over the past two years, state government is still packed with wasteful spending and questionable programs.

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Examples include the following:

- \$5,861,400 for the Arizona Historical Society;²⁶
- \$3,863,600 for the Arizona Department of Racing;²⁷
- \$794,100 for the Arizona Geological Survey;²⁸
- \$673,700 for the Prescott Historical Society;²⁹
- \$665,600 for the Arizona Commission on the Arts;³⁰
- \$338,200 for Rural Economic Development;³¹
- \$280,000 for the Southern Arizona Cemetery;³²
- \$226,100 for the Department of Mines and Mineral Resources;³³
- \$127,800 for Minority and Women Owned Business Assistance;³⁴ and
- \$104,000 for Economic Development Matching Funds.³⁵

In each case, the state could completely cut its funding for the program with little to no impact on the average Arizonan. The Arizona Historical Society, the Prescott Historical Society, the Arizona Commission on the Arts, and the Southern Arizona Cemetery would all likely continue to exist with member dues and charitable donations.

The Arizona Geological Survey creates and indexes geological maps and data, a service that could easily be privatized. The agency also regulates the production of geothermal resources, a task that would be performed more effectively by the State Land Department.³⁶

The Department of Mines and Mineral Resources “provides technical assistance to mining companies at taxpayer expense.” The specialized support should be funded by fees from those in the mining industry who wish to receive the services, not by tax dollars.³⁷

The Minority and Women Owned Business Assistance, Rural Economic Development, and Economic Development Matching Funds programs are examples of well-intentioned ideas that simply have no place in state government. Eliminating these programs will mean more money for all Arizona-based businesses, not just those fortunate enough to receive government handouts at the expense of the rest.

Instead of helping a few select businesses, the state government should get out of the business of determining the winners and losers in the private-sector economy. This would allow the state to focus on the only role it should rightfully assume in the realm of economic development: ensuring a universally favorable business climate, free from high taxes and regulatory burdens.³⁸ Abolishing corporate welfare schemes is a good first step toward lowering taxes and ensuring a fair shake for all businesses in the state.

Every Possible Penny

In 2009, fearful that Arizona would fail to squeeze every possible penny out of federal appropriators, the Arizona Department of Commerce hired a “State Demographer.”³⁹

Since each resident means additional federal tax dollars for Arizona, the demographer’s purpose is to ensure that every single Arizonan is counted, and every minority, special needs, disabled, and low-income resident is used to bargain for federal tax dollars.

Competent staff to gather and present demographic information are employed in the Arizona Department of Economic Security and other agencies. A dedicated demographer has no more access to Census data than regular staffers. This effort to receive more federal tax money means more cost to Arizonans. In 2010, the state demographer collected an \$110,000 taxpayer-funded salary.⁴⁰

Milking the Taxpayers

The Arizona Department of Agriculture regulates the safety of milk and milk products by enforcing federal milk standards, which allows Arizona dairies to sell their products in other states.

Instead of helping a few select businesses, the state government should get out of the business of determining the winners and losers in the private-sector economy.

State taxpayers underwrite nearly the entire \$390,000 annual budget for the milk regulation program, which includes inspecting sanitation conditions and testing samples of milk at dairy farms and processing plants.⁴¹

According to state auditors, the dairy industry in other states funds much of the regulatory costs related to testing and inspecting milk and milk products.⁴² There's no reason why taxpayers should be forced to subsidize Arizona's dairies, especially when requiring the dairy industry to pick up the tab would save taxpayers \$390,000 a year.

Corporate Welfare

In fiscal year 2009, the state's Job Training Program doled out \$15 million to Arizona businesses looking to train new hires at the expense of taxpayers. The scheme reimburses companies up to 75 percent of the total cost of training new employees.⁴³

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The program forces businesses to pay a \$7 tax on every employee—punishing businesses for hiring workers.⁴⁴ Even Arizonans who don't own a business see the impact of the tax in the form of higher prices for goods and services purchased within the state. That tax money is then used to subsidize the training for other companies.

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Rather than inequitable programs that force all businesses to subsidize a fortunate few, the state should shelve this program for good.

“Main Street”

Since 1986, the Arizona Main Street Program has thrown tax dollars at local businesses and organizations hoping to revitalize waning downtown areas throughout the state.⁴⁶

Rather than addressing the causes of the outmigration of Arizona's business areas—excessive property tax rates, regulatory burdens, and the increasing number of opportunities for employees to work remotely—the Main Street scheme attempts to rejuvenate outmoded downtown districts with tax dollars.

In 2011, the Main Street Program will cost taxpayers \$130,000, with approximately \$90,000 going back out the door in the form of grants for eligible programs.⁴⁷

Recent examples of projects funded by the Arizona Main Street Program include the following:

- \$15,000 to install a public audio system in Safford;
- \$10,000 to assess the condition of a former railroad depot in Casa Grande;
- \$5,000 for a “shop local” campaign in Prescott;
- \$4,000 to restore an historic sign in Globe;
- \$3,500 for a website upgrade in Pinetop-Lakeside; and
- \$1,200 to buy banners to hang in Williams.⁴⁸

The 2011 recipients of the taxpayer-funded grants include Lake Havasu, Sedona, Pinetop-Lakeside, Prescott, Williams, Globe, and Safford.⁴⁹

Arizona Humanities Council

In 2010, the Arizona Humanities Council spent \$55,025 on “projects that engage the general public with the humanities.”⁵⁰

The grant recipients and their programs were as follows:

- \$10,000 to support the reinstallation of historic neon signs in downtown Tucson and to develop a printed driving guide for the area;
- \$10,000 to support an outdoor festival exploring the role of sheep and fiber arts in the Diné culture (Window Rock);
- \$10,000 to support the “1912 Living School Room Experience,” a new exhibit developed for the Peoria Central School Museum;
- \$7,000 to support “Literary Southwest,” a discussion-based lecture series at the Hassayampa Institute for Creative Writing, scheduled in fall 2010 and spring 2011 (Prescott);
- \$5,000 to support “Corrido Field Day 2010,” a one-day seminar and workshop examining the corrido, a type of Mexican ballad (Tucson);
- \$5,000 to support production costs for the documentary film *The Bushmasters* (Tucson);
- \$5,000 to support the Museum of Northern Arizona’s 20th Annual Zuni Festival of Arts and Culture (Flagstaff); and
- \$3,025 to support “Authors Across America,” a teen book-discussion program and Q&A sessions with authors (Yuma).⁵¹

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Welfare Waste

The Department of Economic Security's Division of Benefits and Medical Eligibility determines who is eligible for various welfare programs and other taxpayer-funded handouts. Unfortunately, the division has not been diligent in ensuring that only eligible applicants receive benefits. A 2010 state audit uncovered that division employees failed to obtain all of the required documentation from applicants for supplemental nutrition assistance. As a result, the division incorrectly paid out \$11,271 in benefits for just this program.⁵²

Local Spending

Sister Cities

Like many cities and towns across the United States and throughout the world, Phoenix participates in the "Sister Cities" program. Sister Cities is designed to encourage relationships and cultural understanding by people in different nations.⁵³ In effect, the organization functions as a foreign exchange program between cities of similar sizes.

Judging by the amount of tax dollars city politicians spend to fund the program, Phoenix takes its involvement in Sister Cities very seriously.

In 2009, Phoenix taxpayers spent \$614,804 on the Sister Cities program. Budget reductions forced a cutback in Sister Cities funding to a still-startling \$473,717 in 2010, and \$439,387 this fiscal year.⁵⁴

Part of the problem appears to be the sheer number of cities with which Phoenix maintains a Sister City relationship. Currently, Phoenix claims eight Sister Cities: Catania, Italy; Chengdu, China; Ennis, Ireland; Grenoble, France; Hermosillo, Mexico; Himeji, Japan; Ramet-Gan, Israel; and Taipei, Taiwan.⁵⁵

For its part, the city claims that the program creates value by fostering "opportunities and international partnerships for the citizens, businesses, and organizations of Phoenix."⁵⁶ Perhaps the city should consider the value of allowing city taxpayers to keep that money in their own pockets.

County Governments over Budget

Each fiscal year, Arizona's 15 counties pass a budget. These budgets are a promise between the local governments and the residents they serve, outlining the services the counties provide and their cost to taxpayers. However, a surprising number of Arizona's local officials view their budgets as a starting point rather

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than finish line. The unlucky residents of those counties then have to foot the bill for their governments' inability to live within their means.

Government officials in seven counties broke the promise their budgets represent, in some cases costing taxpayers millions of additional dollars.

In Fiscal Year 2010, Maricopa County exceeded its budget in the following funds, for a total of \$3,728,155:

- \$1,727,140 - Public Health;
- \$668,500 - Sheriff Grants;
- \$294,662 - Human Services Grants;
- \$280,955 - CDBG Housing Trust;
- \$181,632 - Adult Probation Grants;
- \$151,702 - Trial Court Grants;
- \$126,375 - Juvenile Probation Grants;
- \$106,492 - Air Quality Grants;
- \$65,028 - Solid Waste Grants;
- \$33,475 - School Grants;
- \$32,634 - County Attorney Grants;
- \$32,144 - Emergency Management;
- \$27,169 - Transportation Grants; and
- \$247 - Environmental Services Grants.⁵⁷

Navajo County exceeded its budget in the following funds, in Fiscal Year 2009, for a total of \$3,545,023:

- \$2,470,975 - Jail Operations;
- \$406,602 - Administration;
- \$337,017 - County Attorney;
- \$207,170 - Sheriff;
- \$69,250 - Superior Court;
- \$31,075 - Information Technology;
- \$12,486 - Personnel Commission;
- \$5,574 - Winslow Justice Court;
- \$2,142 - Snowflake Constable;
- \$1,386 - Winslow Constable; and
- \$1,346 - Show Low Constable.⁵⁸

County budgets are a promise between the local governments and the residents they serve, outlining the services the counties provide and their cost to taxpayers. However, a surprising number of Arizona's local officials view their budgets as a starting point rather than a finish line.

Yuma County, in Fiscal Year 2009, exceeded its budget in the following funds, for a total of \$1,240,221:

- \$512,026 - Certificates of Participation;
- \$125,708 - Section 8 Voucher Program;
- \$105,834 - Jail Facility Commission;
- \$76,011 - B & C Colonial;
- \$71,340 - School Grants;
- \$65,911 - Fee-Case Management;
- \$47,591 - Building Safety;
- \$42,986 - Water Company 13-6;
- \$41,567 - Public Defender;
- \$31,189 - Domestic Relations;
- \$20,123 - Probation Subsidy;
- \$18,341 - Property Information;
- \$17,627 - Justice Court Enhancement;
- \$17,061 - Federal Victim Compensation Grant;
- \$15,242 - Constable Precinct #1;
- \$11,000 - Judicial Workload;
- \$4,950 - Case Processing Assistance;
- \$4,772 - Environmental Programs;
- \$3,637 - Legal Defender;
- \$2,647 - Solid Waste Operations;
- \$1,879 - American Recovery and Reinvestment Act Grant;
- \$801 - Library District Debt Service;
- \$673 - Public Housing;
- \$454 - Drug Treatment and Education;
- \$277 - Court Appointed Specialist;
- \$276 - Juvenile Victim Rights;
- \$135 - IV-D Case Processing;
- \$58 - Aztec Field Training;
- \$33 - Bad Check Fund;
- \$22 - Child Support Automation;
- \$20 - El Prado Estates;

Seven of the 15 Arizona counties broke the promise their budgets represent, in some cases costing taxpayers millions of additional dollars.

- \$19 - Southwest Border; and
- \$11 - Donovan Estates.⁵⁹

In Fiscal Year 2009, Graham County exceeded its budget in the following funds, for a total of \$658,853:

- \$364,706 - Sheriff;
- \$141,302 - Capital Outlay;
- \$48,364 - Sanitary Landfill;
- \$29,392 - General Services;
- \$22,303 - Medical Examiner;
- \$18,633 - Capital Outlay;
- \$15,113 - Parks and Recreation;
- \$9,128 - Health Services;
- \$5,133 - Probation; and
- \$4,779 - Building Maintenance.⁶⁰

Greenlee County exceeded its budget in the following funds, in Fiscal Year 2007, for a total of \$539,920:

- \$241,235 - Sheriff;
- \$113,651 - Highway User Revenue Funds;
- \$85,383 - General Services;
- \$82,551 - Ground and Maintenance;
- \$11,737 - Superior Court;
- \$1,780 - Planning and Zoning;
- \$1,578 - County Library;
- \$860 - County Flood Control;
- \$487 - Recorder;
- \$216 - Board of Supervisors;
- \$147 - Health Care and Long-Term Care Payments;
- \$124 - Animal Control;
- \$72 - Constable #1;
- \$56 - Ambulance Service; and
- \$43 - Landfill.⁶¹

*In Fiscal Year 2010,
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\$3,728,155.*

Coconino County, in Fiscal Year 2009, exceeded its budget in the following funds, for a total of \$152,864:

- \$102,581 - Superior Courts;
- \$47,008 - Medical Examiner; and
- \$3,275 - Constable.⁶²

Apache County exceeded its budget in the following funds, in Fiscal Year 2008, for a total of \$65,151:

- \$63,019 - Legal Services/judgment;
- \$2,041 - Medical Examiner; and
- \$91 - Arizona Health Care Cost Containment System.⁶³

Taxpayers in each of these counties will likely pay more taxes or face a reduction in other services because of the inability of government leaders to balance their budgets.

Gila County employees with access to credit cards tied to the county's road fund used the cards to pick up the tab for approximately \$2,000 in inappropriate meal purchases. They also stocked up on \$6,800 worth of bottled water.

County Credit Card Abuse

Auditors scrutinizing Gila County's financial records discovered that county employees with access to credit cards tied to the county's road fund used the cards to pick up the tab for approximately \$2,000 in inappropriate meal purchases.⁶⁴

It is prohibited for county employees to pay for meals when they are not traveling. Likewise, Gila County staffers may not use county credit cards to buy food for non-county employees. However, auditors uncovered records indicating that county workers ran up more than \$1,000 in credit card purchases buying meals for non-employees and purchasing meals at local restaurants.⁶⁵

In addition, auditors blew the whistle on "approximately \$1,000 in employees' credit card purchases that exceeded the county's per diem allowances for meals and daily lodging rates for hotel stays while employees were out of town on county business."⁶⁶

After inappropriately chowing down on \$2,000 worth of food at taxpayers' expense, Gila County employees stocked up on \$6,800 worth of bottled water.⁶⁷

Missing Inventory

Fifteen undisclosed items valued at approximately \$241,000 went missing from Santa Cruz County's inventory of taxpayer-funded goodies. According to state auditors' 2009 audit of the county, officials failed to "maintain accountability for property acquired with federal grant monies" and "did not perform a physical inventory of capital assets" for years at a time.⁶⁸

As a result, the items, which ranged in value from \$5,000 to \$82,159, could not be accounted for. The missing property was purchased with tax dollars from High Intensity Drug Trafficking Area and Homeland Security Grant Program funds.⁶⁹

Missing Police Equipment

The most recent Santa Cruz County fiscal year 2009 audit shows that the sheriff's office is \$26,886 in the red.⁷⁰

In Pinal County, a 2009 audit discovered that \$6,018 worth of taxpayer-funded computers and radios went missing from sheriff deputies' vehicles. The electronics, which were installed in the police cruisers by the county's information technology department, were funded by taxpayers through a grant from the Department of Homeland Security.⁷¹

Tucson's Rio Nuevo

In the decade since its inception, many Tucson-area residents have become weary of the broken promises, abandoned projects, and excessive costs related to the Rio Nuevo Multipurpose Facilities District. For most, hopes of turning the area surrounding the Tucson Convention Center into a centerpiece for the city and a shining example of urban renewal faded long ago. But few knew exactly how much Tucson's experiment in central government planning had truly cost taxpayers.

That all changed in October 2010, when Rio Nuevo became the subject of one of the most scathing audits in recent memory.

Rio Nuevo was formed in 1999 when voters of Tucson, South Tucson, and Sahuarita Township allowed the district to pocket half of the state's share of sales taxes generated within the district for 10 years. The tax collections along with a series of bonds and other financing mechanisms were to fund projects to revitalize the Rio Nuevo area.⁷²

What ensued could be considered a comedy of errors. It's doubtful, however, that Tucson-area taxpayers are laughing at how their tax dollars have been bungled.

By June 30, 2010, Rio Nuevo squandered "approximately \$230 million."⁷³ Of that "nearly quarter-billion sum," \$74 million came from sales taxes paid by Rio Nuevo District patrons. Another \$131.9 million was funded by bonds and other burdens to future taxpayers.⁷⁴ Despite this enormous sum, "Most of the projects on which district funds were expended remain unfinished and/or incomplete," according to the audit.⁷⁵

By June 30, 2010, Rio Nuevo squandered "approximately \$230 million." Despite this enormous sum, "Most of the projects on which district funds were expended remain unfinished and/or incomplete," according to the audit.

“Consequently,” the audit states, “the residents of Tucson see little improvement to the area overall, a lack of generation of additional incremental sales tax revenues, few needed enhancements to the [Tucson Convention Center], or the construction of a convention center hotel that would create destination interest for infusing the area with additional sales taxes and tourist dollars.”⁷⁶

One of Rio Nuevo’s many problems is a recurrent inability to finish projects on budget. Examples of budgetary botches of district projects follow:

- Enhancements to multimodal linkages and traffic crossings (partially completed)
 - Estimated Cost: \$6,000,000
 - Actual Cost: \$18,027,752
 - Cost Overrun: \$12,027,752 (200.5 percent)
- Development of the Mission San Agustin Cultural Center (completed)
 - Estimated Cost: \$9,500,000
 - Actual Cost: \$18,219,648
 - Cost Overrun: \$8,719,648 (91.8 percent)
- Restoration of the Fox Theatre (completed)
 - Estimated Cost: \$4,200,000
 - Actual Cost: \$11,519,702
 - Cost Overrun: \$7,319,702 (174.3 percent)
- Construction of mixed-use residential/commercial development (partially completed)
 - Estimated Cost: \$2,000,000
 - Actual Cost: \$5,523,863
 - Cost Overrun: \$3,523,863 (176.2 percent)
- Construction of the Presidio Historic Park (completed)
 - Estimated Cost: \$3,000,000
 - Actual Cost: \$4,375,370
 - Cost Overrun: \$1,375,370 (45.8 percent)⁷⁷

In preparation for the construction of a mixed-use development project called the “Thrifty Block,” the district decided to pay \$36,000 for several parcels of land. The district then doled out approximately \$885,000 for demolition and surveying costs to prepare the \$36,000 property for the project. Finally, the district sold the property to a developer for \$100.

In preparation for the construction of a mixed-use development project called the “Thrifty Block,” the district decided it would be wise to pay \$36,000 for several parcels of land where the Thrifty Block would be constructed. The district then doled out approximately \$885,000 for demolition and surveying costs to prepare the \$36,000 property for the project. Finally, the district sold the property to a developer, BP Post Investors, for \$100.⁷⁸

According to auditors, district oversight was so lax that work was performed on three projects that weren't even within Rio Nuevo boundaries. As a result, tax dollars earmarked for district tasks went to the following projects:

- Grande Clearwater/Cushing roundabout - \$953,000;
- Barrio Viejo street-scaping - \$226,000; and
- Barrio Sin Nombre drainage project - \$122,000.⁷⁹

The audit also discovered that the University of Arizona, whose Flandrau Science Center is part of the Rio Nuevo project, took advantage of the district's carelessness by charging taxpayers tens of thousands of dollars for unallowable and inappropriate expenses. Science Center employees made purchases including computers, iPhones, and trips to Italy at taxpayers' expense and in violation of district rules.⁸⁰

In June and July of 2008, Rio Nuevo officials reimbursed the University of Arizona \$186,415 for impermissible expenses such as "personnel costs, computers, phone service, food, professional memberships, subscriptions, conferences, and professional ads to hire the Development Director position."⁸¹ According to the audit findings, "city management authorized the reimbursement of these expenditures as they did not believe they were prohibited."⁸²

Since 2000, taxpayers have funded \$156.7 million in capital costs related to the disastrous Rio Nuevo project. Included among the approximately 60 capital projects are the following:

- \$34,429,742 for the Tucson Convention Center;
- \$14,450,957 for the Depot Plaza Parking Garage;
- \$2,267,770 for the Rialto Theater;
- \$1,615,804 for the Convention Center parking garage;
- \$1,467,183 for the Arizona History Museum;
- \$979,182 for archaeology and historical research;
- \$793,716 for the Tucson Convention Center box office;
- \$243,524 for the Rio Nuevo Landfill Stabilization Project; and
- \$25,628 for the Simpson Street warehouse demolition.

The audit points out that, rather than creating "an economic catalyst for the district by developing a focused multipurpose facility, namely the Tucson Convention Center and an adjoining hotel," Rio Nuevo officials instead wasted tax dollars on projects intended to improve the historic, cultural, and overall ambiance of the downtown Tucson and West side areas—most of which were never completed.⁸³

The University of Arizona took advantage of the district's carelessness by charging taxpayers tens of thousands of dollars for unallowable and inappropriate expenses. Employees of UA's Flandrau Science Center made purchases including computers, iPhones, and trips to Italy at taxpayers' expense.

In hopes of installing more competent leadership and putting an end to Rio Nuevo's reckless spending of tax dollars, the state legislature reconstituted and restructured the Rio Nuevo Multipurpose Facilities District Board in November 2009.⁸⁴ It seems safe to say that the new board can't possibly do worse than the old one. However, there is little justification for putting more tax dollars at risk for the sake of breathing new life into this quarter-billion-dollar sinkhole.

Education Spending

Character Education

As in years past, the Arizona Department of Education in 2011 will spend \$200,000 on "character education" training that many parents—and taxpayers—would find inappropriate and ill-conceived.⁸⁵

There are many concerns associated with taxpayer-financed character education in public schools. For example, some argue that character education is "a vehicle by which to introduce religion into the public schools."⁸⁶ Others claim that when morality or values are taught in a secular setting, religious contexts or origins are ignored, meaning that religion and community heritage are improperly removed.⁸⁷

The Arizona Department of Education in 2011 will spend \$200,000 on "character education" training that many parents—and taxpayers—would find inappropriate and ill-conceived.

It appears that the underlying justification of forcing taxpayers to pay for character education in schools is to encourage kids to sit down, shut up, and make good grades.

That, too, leads to problems, since character education does not prepare children well for a world in which "values clash and democratic decision-making is often messy."⁸⁸ In other words, children who sit through a character education program in elementary school may grow up less able to think for themselves, question their beliefs, and challenge others.

Children have relied on families and friends, hobbies and faith, and the day-to-day interactions that take place within a civil society for their character education for centuries. That natural guidance is generally very successful, and it doesn't require the government to get in the business of values and morality—or cost Arizona's taxpayers \$200,000 a year.

The Money on the School Bus Goes "Clink, Clink, Clink"

Bus drivers and bus aides for the Cartwright Elementary School District (CESD) made out with approximately \$200,000 in compensation for time they didn't work, according to a December 2010 audit. In 2009, "the District's bus drivers were compensated for an average of 1.25 hours per day for time not spent driving or performing driving-related activities, such as bus inspections.

Additionally, bus aides were compensated for an average of one hour per day for time not spent driving or performing driving-related activities.”⁸⁹

To make matters worse for taxpayers, auditors observed district employees “clocking in more than an hour before beginning their daily responsibilities.” After these drivers and aides checked in early, they would relax in a lounge area on the taxpayers’ dime.⁹⁰

Because of bus drivers and aides milking taxpayers for time not worked, and other inefficiencies in the school bus program, auditors discovered that the district’s transportation budget was almost \$1.4 million in the red.⁹¹

On top of frittering away \$200,000 for bus drivers on break, auditors discovered that CESD officials misspent another \$197,500 of taxpayers’ money on programs tagged for other purposes.⁹²

Money earmarked for Classroom Site Fund (CSF) spending must support one of the following initiatives:

- Arizona Instrument to Measure Standards Intervention Programs;
- Class Size Reduction;
- Dropout Prevention Programs;
- Teacher Compensation Increases;
- Teacher Development; or
- Teacher Liability Insurance Premium.⁹³

Time and time again, however, the CESD used CSF dollars for unrelated expenditures. For example, the district spent \$160,000 of intervention program and dropout prevention money on food, field trips, trophies, award certificates, and other unallowable items, none of which qualify as appropriate CSF expenditures.⁹⁴

The school district spent another \$26,000 of its CSF money in extra-duty pay to faculty for teaching adult education classes, which has nothing to do with CSF’s goal of improving the classroom experience for children.⁹⁵ Auditors also reprimanded CESD officials for attempting to pass off \$11,300 worth of mugs, water bottles, beverage can coolers, and other tchotchkes purchased for its preschool program as CSF-related.⁹⁶

Poor Financial Oversight

The Tempe Union High School District’s sloppy oversight of its finances and failure to ensure employees’ timely deposit of school funds cost taxpayers thousands, according to state auditors.

Bus drivers and bus aides for the Cartwright Elementary School District made out with approximately \$200,000 in compensation for time they didn’t work.

“In October 2006, a district accountant noticed that one of the school bookstore managers was not depositing receipts in a timely manner. The district attempted to handle the problem themselves, but the problem continued,” stated a 2010 audit.⁹⁷

By the time district officials requested an investigation into the undeposited money in 2008, Rebecca Sue Soto, the manager of the McClintock High School bookstore, had already nicked \$192,000 in cash.⁹⁸

Despite suspicions about the scam, Soto, who worked in the school district for more than 30 years in various capacities, was only fired after the audit began. She was later arrested on felony charges, including fraudulent schemes and theft.⁹⁹

Soto’s scam not only impacted taxpayers, whose money will be used to offset some of the stolen funds, but students as well. McClintock High School’s bookstore is where students pay extracurricular fees and purchase McClintock Chargers apparel.¹⁰⁰

It wasn’t just the crooked bookstore employee that gave taxpayers cause for concern about the Tempe Union High School District.

The Tempe Union High School District’s sloppy oversight of its finances resulted in one of their high school bookstore managers pocketing \$192,000 in bookstore funds.

According to state policy, school district employees are eligible to expense meals only when traveling 50 miles or more from their workplace. That didn’t stop the Tempe Union High School District from doling out \$43,700 on meals for staff who never left Tempe.¹⁰¹

In total, the district made more than 300 purchases at pizza parlors, grocery stores, and restaurants “to provide food and drinks for staff meetings, trainings, and recognition events.”¹⁰²

More Fine Dining

The Glendale Elementary School District also spent tens of thousands of dollars on unallowable meal expenses.

Auditors uncovered that in 2008, school district leaders used \$55,093 in tax money to purchase meals for staff attending various meetings, trainings, and recognition events within the district.¹⁰³

The tab included \$26,686 of food provided by the district’s food service department, \$16,252 of food purchases from grocery stores, \$6,814 of catering, and \$4,159 of restaurant food.¹⁰⁴

Taxpayers also picked up the tab for dozens of meals enjoyed by employees of the Casa Grande Union High School District. In 2008, the district paid almost \$8,900 at restaurants within 50 miles of the office, according to state auditors. In fact, the bulk of tax dollars spent to improperly feed district employees—almost \$6,800—was spent at restaurants in Casa Grande, a clear violation of state rules.¹⁰⁵

Extra Stipends

In Arizona, it is forbidden for public employees to receive bonuses or stipends that are not specified in their employment contracts.

That didn't prevent the Ash Fork Joint Unified School District, in Fiscal Year 2007, from shelling out \$25,000 in unapproved stipends to full-time employees for additional activities such as training seminars, substitute teaching, and residency pay.¹⁰⁶

While district officials were seemingly happy to spend tax dollars on unsanctioned staff stipends, those same staffers couldn't be bothered to pay credit card bills on time. Auditors reviewing Ash Fork Joint Unified School District finances uncovered 17 instances in which the district paid late fees and finance charges, for a total of \$650.¹⁰⁷

Misdirected Performance Pay

In 2000, Arizona's voters agreed to increase the state sales tax by six-tenths of one percent for 20 years to fund a series of educational programs. In voting to give the state more of their hard-earned dollars to fund the state's educational objectives, voters required schools to be more accountable for student performance.¹⁰⁸ That accountability came largely in the form of performance-based pay funding available to school districts from revenue generated specifically by the tax increase.

While districts are generally allowed to develop their own merit-pay systems, there are several constants among all districts' programs. For example, district employees who don't provide classroom instruction for at least 20 hours a week are excluded from merit-pay opportunities.¹⁰⁹ Also, in order to receive a merit-pay bonus, an employee must meet the goals agreed to before the school year begins. Finally, there's an expectation that, since the program is funded by the taxpayers of Arizona, school districts have an obligation to spend the money frugally, wisely, and in a way that improves educational outcomes.

Unfortunately for taxpayers, several school districts throughout the state ignored the rules and misspent hundreds of thousands of tax dollars. The following are particularly egregious examples of Arizona's school districts misusing money meant for performance-based pay:

- Even though they failed to meet the goals outlined in the Madison Elementary School District's performance-pay program, which incentivizes teachers with a bonus if certain measures of parent satisfaction are met, 48 employees still received bonuses of \$380.¹¹⁰ The underperforming Madison #1 Elementary School educators combined collected a total of \$18,240 in unearned performance pay.¹¹¹

In 2000, Arizona's voters agreed to increase the state sales tax to fund a series of educational programs, as long as schools were more accountable for student performance. Unfortunately for taxpayers, several school districts throughout the state ignored the rules and misspent hundreds of thousands of tax dollars.

- The Toltec Elementary School District misspent tax money earmarked for teachers' performance pay when two deans, who were not eligible for merit-pay bonuses, received \$3,844 out of the fund.¹¹²
- While it is permissible to use performance-pay money to fund employee health care benefits for employees who are eligible for the program, using merit-pay dollars on benefits for ineligible employees is strictly prohibited. But beginning in 2006, the Apache Junction Unified School District spent about \$82,500 of performance-pay money to fund employee health care benefits for employees who were not eligible to receive any merit pay.¹¹³

The Apache Junction Unified School District also awarded approximately \$3,600 in performance-based bonuses to a psychologist and two teaching aides, even though none of the three employees was eligible for the payouts.¹¹⁴

- According to the most recent audit of the Flagstaff Unified School District, performed in August of 2008, employees eligible for performance pay received an extra—and unjustified—bonus at taxpayers' expense. Rather than holding on to performance-pay money remaining in the fund at the end of the year, district officials instead split the \$262,975 among eligible employees, even though they did nothing to earn the additional tax dollars.¹¹⁵

In addition to the \$262,975 in unwarranted pay that Flagstaff Unified School District doled out to eligible employees, the district also gave 15 ineligible employees approximately \$33,600 of performance pay.¹¹⁶

- To be eligible for performance bonuses, the terms of the performance pay must be agreed to in an employee's contract before the school year begins. A 2010 state audit of the Wickenburg Unified School District uncovered that in 2008, "the District inappropriately paid seven administrative employees a total of approximately \$13,650 in performance pay stipends that were not specified in the employees' contracts." Further, the seven employees that received the improper bonuses performed no additional work to earn the money.¹¹⁷

And despite not being eligible to receive performance pay, three Wickenburg Unified School District administrative staff members received the maximum bonuses allowed. The district's dean of students and two administrative program directors were each inappropriately paid a bonus of \$5,804.¹¹⁸

- In the Willcox Unified School District, in 2009, district educators shared in a \$133,000 pot of performance pay without meeting a single goal

*The underperforming
Madison #1 Elementary
School educators combined
collected a total of \$18,240
in unearned performance
pay.*

“related to teacher or student attendance, drop-out rate, student discipline, staff/student/parent satisfaction, positive parent contacts or teamwork/team building.”¹¹⁹

When auditors asked for documentation to explain why the goals were never met, the district explained there was never any documentation about what the goals were in the first place.¹²⁰

Missing Gasoline

The Nadaburg Unified School District, which maintains a 10,000-gallon underground diesel fuel tank for its buses, failed to take steps to prevent fuel theft and did not maintain adequate records to keep track of who was pumping fuel and how much they were pumping.¹²¹

According to auditors, “access to the fuel pumps is not restricted during the day, and although it is turned off after hours, all district maintenance employees have keys to the bus barn where the power switch for the pump is located.”¹²²

As a result of such poor oversight, 787 gallons of diesel went missing in just one quarter of fiscal year 2008. The filched fuel cost taxpayers approximately \$2,300.¹²³

Cell Phones

Auditors discovered that Phoenix Union High School District telephone costs were nearly double those of similar districts. Much of the reason for these excessive phone costs is the district’s predilection for giving taxpayer-funded cell phones to its employees. In 2007 alone, 265 district employees received cell phones funded by tax dollars. This massive cell phone subsidy costs taxpayers about \$144,000.¹²⁴

Phoenix Union High School District’s telephone costs were nearly double those of similar districts. Mainly because taxpayers funded 264 employee cell phones to the tune of about \$144,000.

Creighton Elementary School District

If there were a gold medal for government waste in Arizona, the Creighton Elementary School District would easily win the prize. No other school district in the state has managed to display such sheer disregard for taxpayers’ hard-earned dollars. From turning a blind eye to theft of public property to paying employees for work they didn’t do, district leaders truly excel in proving they couldn’t care less about the public’s money.

According to a July 2010 audit of Fiscal Year 2008 data, the East Central Phoenix-based district squandered more than \$123,000 of taxpayers’ money for staff meals while they attended various meetings and trainings within the district.¹²⁵

The inappropriate purchases made for staff meals included:

- \$54,483 of food and supplies provided by the district’s food service department;
- \$18,123 of food purchased from grocery stores and wholesale clubs; and
- \$8,789 of food purchased from restaurants.¹²⁶

The district also employed a full-time catering coordinator at a cost of approximately \$32,000 to oversee the catering services.¹²⁷

In-district meal expenses weren’t the only indiscretions that raised state auditors’ eyebrows when sifting through Creighton Elementary School District records. Several travel-related charges were also found to be in violation of state standards.

For example, an employee attending a three-day conference in Flagstaff remained in the conference hotel for two additional nights after the conference concluded. Taxpayers shelled out \$287 to cover the cost of the extended sleepover.¹²⁸

On another occasion, “the District reimbursed four governing board members and two District employees \$362 for the cost of a single meal during an out-of-state conference where, according to the State of Arizona’s travel policy, only \$237 should have been reimbursed for the entire day.”¹²⁹

According to state auditors, these food and travel expenditures appeared to have “limited educational value and the public monies spent for this purpose could otherwise have been spent in the classroom.”¹³⁰

Creighton Elementary School District officials couldn’t explain why the district’s fuel expenses for buses and other official vehicles were so high. The \$221,000 the district spent in 2008 was 63 percent more per mile than comparable districts.¹³¹ Auditors, however, were quick to figure out the problem. The higher fuel costs were caused by theft.

The district could not account for about 8,700 gallons of diesel fuel—enough to fill an entire tanker truck. The missing fuel is worth approximately \$27,000.¹³²

When the district’s governing board approved a salary increase for all non-administrative employees, the district failed to request pay changes on the appropriate forms. As a consequence, the pay increases were incorrectly calculated and applied twice. The mistake, which resulted in 161 employees receiving more than \$150 extra apiece, cost taxpayers a total of almost \$26,000.¹³³

Finally, the Creighton Elementary School District capped off its wasteful spending by giving an adult-education teacher, who is not eligible for the district’s performance-pay program, a \$2,048 merit bonus.¹³⁴ Another employee who hadn’t

Creighton Elementary School District officials couldn’t explain why the district’s fuel expenses for buses and other official vehicles were so high. It turned out they could not account for about 8,700 gallons of diesel fuel—approximately \$27,000 worth.

worked in the district long enough to be eligible for the program also somehow pocketed \$2,094 in taxpayer-funded performance pay.¹³⁵

Arts & Entertainment

Arizona Has Government Waste Down to an Art

In 2010, the Arizona Commission on the Arts received \$822,500 in state taxpayers' money. State lawmakers wisely trimmed the commission's funding for 2011, but taxpayers are still facing a \$665,600 price tag for state arts handouts this year.¹³⁶

The majority of the tax dollars received by the commission are combined with other public and private funds from organizations such as the Arizona Arts Trust Fund, the Arizona ArtShare Endowment, and the National Endowment for the Arts, and then given away as grants to various studios, museums, festivals, galleries, local arts councils, theaters, and other arts-related organizations statewide.¹³⁷

In total, the grants scatter almost \$1.7 million in mostly public money to 295 groups throughout Arizona.

Government funding of the arts is problematic on several levels. Since bureaucrats and elected officials determine what art receives government funding, government ultimately has the authority to determine what defines or 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 the very least, worthy of support.

Art—like other goods and services—should exist in a market environment. If art is of value to a society, people will consume and enjoy it. It should not be left to the government to tax individuals to support 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 sculpture, or go to a concert—personally choosing the art they wish to support rather than having government make that choice for them.

Organizations funded by the Arizona Commission on the Arts, with the help of state taxpayers, in 2011 include the following:

- \$56,859 - Arizona Theatre Company (Tucson);
- \$44,912 - Arizona Opera Company (Phoenix);

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

- \$14,627 - Wickenburg Foundation for the Performing Arts;
- \$11,288 - Phoenix Boys Choir (Phoenix);
- \$10,624 - Arizona Academy of the Performing Arts (Tempe);
- \$10,418 - The Drawing Studio (Tucson);
- \$7,681 - The Bead Museum (Glendale);
- \$7,298 - Invisible Theatre (Tucson);
- \$5,625 - Arizona Jewish Theatre Co. (Phoenix);
- \$4,500 - Chax Press (Tucson);
- \$4,212 - Kore Press (Tucson);
- \$3,645 - Dinnerware Artist Cooperative (Tucson);
- \$2,690 - Patagonia Creative Arts Association (Patagonia);
- \$1,500 - Gila Valley Arts Council (Safford);
- \$1,314 - Grand Canyon Guitar Society (Flagstaff); and
- \$1,000 - Desert Sounds Performing Arts (Chandler).¹³⁸

In addition to the grants to arts groups, taxpayers will also spend \$88,300 this year to pay the rent for the commission's posh headquarters located in the pricey Roosevelt Phoenix Art District near downtown Phoenix.

Every year, the commission uses tax dollars to support dozens of arts, music, and cultural festivals across the state. The following taxpayer-subsidized festivals each received \$1,500:

- Arizona Aloha Festival;
- Arizona Matsuri Festival (Tempe);
- Arts Jam! (Tempe);
- Blues Heritage Festival (Tucson);
- Florence Multicultural Festival;
- Gilbert Global Village Festival;
- New Play Festival (Tucson);
- Northern Arizona Book Festival (Flagstaff);
- Phoenix Improv Festival;
- Prescott Jazz Summit;
- Tucson Folk Festival;
- Tucson International Jewish Film Festival; and
- Tucson International Mariachi Conference.¹³⁹

In addition to the grants to arts groups, taxpayers will also spend \$88,300 this year to pay the rent for the commission's headquarters located in the Roosevelt Phoenix Art District near downtown Phoenix.¹⁴⁰

Nude Theater

When government gets involved in art funding, tax dollars can go to support endeavors that many would consider to be odd, questionable, racy, and inappropriate. One such organization is the Tempe-based Stray Cat Theatre, which received a \$2,351 grant from the Arizona Commission on the Arts this year—a portion of which came from the wallets of state taxpayers.¹⁴¹

The playhouse's hallmarks are their risqué productions, often replete with nudity, cursing, blasphemy, and gore, including "Abraham Lincoln's Big, Gay Dance Party," which features a teacher in Honest Abe's hometown who encourages students to debate the sexuality of the "Great Emancipator."¹⁴² That's fine for the several thousand folks who pay to see a Stray Cat show each year. For the millions of Arizona taxpayers who are offended by the organization's programs, however, being forced to support something that violates their sensibilities or morals is an insult.

Other plays appearing on the stage of the Stray Cat Theatre include *Octopus*, which follows the fallout that occurs after two gay male couples "engage in an adventurous and hastily planned night of group sex," and features nudity and a waterlogged set.¹⁴³

The Actors Theatre of Phoenix received \$13,847 from the Arizona Commission on the Arts in 2011.¹⁴⁴ The grant follows on the heels of the Actors Theatre's production of *In the Next Room (or The Vibrator Play)*. Set in the 1880s, the play follows a doctor who cures female patients of "hysteria" and other ailments with a new electrically powered sex toy.¹⁴⁵ The Great Arizona Puppet Theater, known for its adults-only puppet slam, received \$9,525 in 2011.¹⁴⁶

This year, taxpayers helped subsidize a \$1,500 handout to Tempe-based A Ludwig Dance Theatre.¹⁴⁷ Known for performing works that make social and political statements, in 2010, the modern dance company featured "...*the cheese stands alone...*" a rant against politics, television, and economic inequality, all based on the children's nursery rhyme "The Farmer in the Dell."¹⁴⁸

Dirty Movies

The Loft Cinema in Tucson received \$16,632¹⁴⁹ in spite of its penchant for showing controversial, provocative and, occasionally, downright raunchy films.

The Loft celebrated Christmas with their "XXX-Mas" version of *The Rocky Horror Picture Show*. The interactive movie experience featured a cast of live actors roaming the audience dressed as Santa Claus, sexy elves, and various "sweet transvestites" doing pelvic thrusts and trying to free moviegoers of their clothing.¹⁵⁰

When government gets involved in art funding, tax dollars can support endeavors that many would consider to be odd, questionable, racy, and inappropriate. Like Tempe's grant-receiving Stray Cat Theatre, which performed "Abraham Lincoln's Big, Gay Dance Party."

Sedona International Film Festival

The annual Sedona International Film Festival collected an \$11,025 handout from the Arizona Commission on the Arts this year.¹⁵¹ If the 2011 edition of the festival is anything like the 2010 version, many of Arizona’s taxpayers won’t appreciate that their money is helping to bring a collection of highly questionable and controversial movies to the big screen.

The 2010 Sedona International Film Festival’s selections included *A Swedish Midsummer Sex Comedy*, which contains a “herring lunch, sauna, games and compulsory skinny dipping,” as well as a wannabe singer-songwriter troubled by his sperm count.¹⁵²

The 2010 Sedona International Film Festival also featured three of Michael Moore’s controversial films: *Capitalism: A Love Story*; *Roger & Me*; and *Sicko*.¹⁵³ Additionally, Moore was the festival’s featured speaker.¹⁵⁴

Political Radio

Two radio stations—one in Bisbee and another in Tucson—received tax dollars to air contentious, overtly political radio programs.

The Arizona Commission on the Arts granted KBRP, a small FM radio station managed by the Bisbee Radio Project, \$3,150 in 2011.¹⁵⁵ The taxpayer-subsidized station features a slew of politically biased programming including *Democracy Now!*’s progressive “War and Peace Report,” *Free Speech Radio News* (a mainstay on liberal talk radio stations), and the *Jim Hightower Report*, hosted by the show’s namesake, a former Democratic elected official and populist political activist.¹⁵⁶

The Foundation for Creative Broadcasting, which oversees KXCI in Tucson, received \$9,769 from the Arizona Commission on the Arts this year.¹⁵⁷ Along with its eclectic mix of rock, jazz, folk, indie, and electronic music, KXCI sprinkles in liberally and progressively biased shows throughout the day. Like KBRP, KXCI’s divisive programming also includes the “War and Peace Report,” as well as a GLBT public-affairs show called *This Way Out*, and the social justice-oriented *A View From Slightly Off Center*.¹⁵⁸

KXCI also features the programs *Light of the World*, *Spreading The Word*, and *The Gospel Truth*.¹⁵⁹ The three radio shows combine to air six hours of gospel and other religious music each week.

Rather than forcing taxpayers to subsidize programming that caters to a portion of the population, the state government should bypass the public funding of media organizations altogether. Doing so would leave more money for people of all ideologies, faiths, and interests to support the radio programming they want

The Foundation for Creative Broadcasting, which oversees KXCI in Tucson, received \$9,769 from the Arizona Commission on the Arts this year. Along with its eclectic mix of rock, jazz, folk, indie, and electronic music, KXCI sprinkles in liberally and progressively biased shows throughout the day. Rather than forcing taxpayers to subsidize programming that caters to a portion of the population, the state government should bypass the public funding of media organizations altogether.

to hear, without being forced to pay for stations and shows that are directly at odds with their beliefs.

Arizona's Birthday Party

The state's budget woes will not prevent politicians from pouring tax dollars into the approaching celebration of Arizona's centennial of statehood in 2012.

Examples of projects authorized and funded by a mix of state, regional, and local tax dollars to honor the centennial include the following:

- \$3,491,000 for Centennial Plaza in Peoria, a 3.5-acre space for residents and visitors to reflect both on the history of Arizona and the City of Peoria;
- \$256,000 for *Arizona, Jewel of the American West*, a book presenting the history of the state and its peoples;
- \$152,500 for Arizona's Initial Point at Monument Hill, a hiking trail celebrating the point for all government land surveys in Arizona;
- \$140,000 for *Arizona's Mexican Heritage: An American Story*, a documentary series focused on the critical role played by people of Mexican descent in Arizona history;¹⁶⁰
- \$100,000 for "Arizona Profiles," a CD featuring symphonic music by Arizona's Louise Lincoln Kerr;
- \$55,000 for *Yavapai County: The Key to Arizona*, a documentary intended to help the county have a personal sense of belonging in the state's centennial celebration;
- \$32,000 for *Arizona Wildlife for Children*, a book series designed to introduce children to Arizona's biodiversity, natural resources, and diverse wildlife;
- \$26,894 for *Arizona's Museums - A Journey Into Arizona's Memory*, a book listing photos, descriptions, and locations of Arizona's museums;
- \$25,000 for the Arizona Jewish Centennial Project, a museum exhibition reflecting on the history of Arizona's Jewish communities over the past 100 years;
- \$20,300 for "The New Deal in Arizona - Connections to Our Historic Landscape," a research project designed to research Arizona's response to the Great Depression;
- \$20,200 for *Extraordinary Youth in Arizona*, a play spotlighting exceptional figures in Arizona history who began their lives, as so many do, as children;
- \$13,500 for Cochise County's *History on the Move*, a countywide celebration of Arizona's 100th birthday;

The state's budget woes will not prevent politicians from pouring tax dollars into the approaching celebration of Arizona's centennial of statehood in 2012, including \$20,200 to fund Extraordinary Youth in Arizona, a play spotlighting exceptional figures in Arizona history who began their lives, as so many do, as children.

- \$10,000 for the “1891 Schoolhouse Project,” an opportunity to experience what life might have looked like in the 1890s, prior to Arizona statehood;
- \$1,220 for Jerome’s *Historical Perspective*, an exhibit honoring the evolving culture and use of important buildings in the Jerome community in the years between 1910 and 2010; and
- \$700 for “Past Treasurers of Cochise County,” a collection of photos and biographies of all Cochise County treasurers—not “treasures” but “treasurers.”¹⁶¹

Museums

Centennial spending doesn’t end with local projects. The state government established a pricey and seemingly unnecessary museum to celebrate the state’s impending centennial. The 2011 state budget gives the Arizona Historical Society \$589,700 so it can take over the existing Arizona Mining and Mineral Museum and make it a part of the new Arizona Centennial Museum.¹⁶²

The state government established a pricey and seemingly unnecessary museum to celebrate the state’s impending centennial. The 2011 state budget gives the Arizona Historical Society \$589,700 so it can take over the existing Arizona Mining and Mineral Museum and make it a part of the new Arizona Centennial Museum.

The state’s new Centennial Museum isn’t the only museum on the dole. In fact, it’s not even the most expensive. The Museum at Papago Park costs state taxpayers six times more to subsidize than the Centennial Museum. Taxpayers will pay \$3.2 million to keep the doors of the Tempe-based museum open in 2011.¹⁶³

Phoenix Art

Since 2010, Phoenix has used tax dollars for a series of expensive overhauls, upgrades, and embellishments to a number of the city’s performance venues and museums. Some of the more costly projects include the following:

- \$1,224,380 - Refurbishing the home of Ballet Arizona;¹⁶⁴
- \$1,163,140 - Renovating the Phoenix Opera’s performance venue;¹⁶⁵
- \$1,107,418 - Expanding the Phoenix Art Museum;¹⁶⁶
- \$924,641 - Improving the Arizona Science Center;¹⁶⁷
- \$748,172 - Remodeling the Black Theatre Troupe’s facility;¹⁶⁸
- \$232,000 - Constructing an artistic fence at the Children’s Museum of Phoenix;¹⁶⁹
- \$165,000 - Overhauling the Carver Museum;¹⁷⁰
- \$93,667 - Upgrading the Phoenix Theater;¹⁷¹ and
- \$23,000 - Installing an artistic light project at the Herberger Theater.¹⁷²

Phoenix policymakers also allotted \$117,000 to develop and display temporary artwork along the Light Rail corridor.¹⁷³

Gilbert Days

With the state's anemic economy and high unemployment rates, many Arizonans aren't up for a party. That didn't stop the Town of Gilbert from frittering away \$31,060 on celebrations this year, including: \$20,050 for Gilbert Days; \$10,000 for Fourth of July activities; and \$1,010 for Constitution Week.¹⁷⁴

Gilbert officials are optimistic that revenues generated by the events can offset the cost to taxpayers, but if consumers continue to leave their wallets at home, hopes of refilling city coffers may be more fantasy than reality.¹⁷⁵

Show Low Shows Low-Rated Shows

The City of Show Low manages a television channel at the expense of taxpayers. The channel, called "City 4 TV," will cost Show Low residents \$138,000 in 2011.¹⁷⁶

City 4 TV's riveting programming includes: "Fly Tying," a program demonstrating the art of tying fly patterns for fly-fishing from professional fly tier, columnist, and instructor LeRoy Hyatt;¹⁷⁷ "Dutch Oven Cooking," an opportunity for Dutch oven and camp cooking aficionados to watch host Cee Dub work his magic in an outdoor kitchen four times a week;¹⁷⁸ and "Sonoran Style," an arts and culture magazine "with a focus on the spirit and soul of Tucson."¹⁷⁹

Gilbert's Big League Dreams Sports Park, a \$42.3 million softball and soccer complex, features eight softball fields that are scale replicas of past and present Major League Baseball stadiums, such as Wrigley Field, Fenway Park, and Angel Stadium. Amazingly, the complex's astronomical price tag is more than the original construction costs of seven of the eight big league ballparks that serve as models for the park's beer league softball fields.

Fun & Games

Field of Expensive Dreams

The Colorado Rockies managed to squeeze \$684,370 out of Tucson's taxpayers for management and maintenance of the team's spring training facility before moving to their new facility in Scottsdale.¹⁸⁰

Taxpayers Take a Hit

The Town of Gilbert is the fourth-fastest-growing city in America.¹⁸¹ To Gilbert's taxpayers, the city must seem like one of America's fastest-spending cities as well. Over the past three years, city officials have burdened taxpayers with a series of multimillion-dollar parks and recreation projects, including the Big League Dreams Sports Park, a \$42.3 million softball and soccer complex.¹⁸²

The park, which opened in 2008, features eight softball fields that are scale replicas of past and present Major League Baseball stadiums, such as Wrigley Field, Fenway Park, and Angel Stadium.¹⁸³ Amazingly, the complex's astronomical price

tag is more than the original construction costs of seven of the eight big league ballparks that serve as models for the park's beer league softball fields.¹⁸⁴

The flow of tax dollars for leisure pursuits did not end with the Sports Park. Other taxpayer-funded recreational projects include:

- \$4,739,000 to construct the Santan Vista Trail;¹⁸⁵
- \$3,481,000 to create a park area around the Gilbert Water Tower;¹⁸⁶
- \$1,922,000 for lighting projects at select school athletic fields;¹⁸⁷
- \$1,889,000 to develop park space at Gilbert Road and Elliot Road; and ¹⁸⁸
- \$1,081,000 for renovations to Poco Verde Park.¹⁸⁹

Unfortunately for Gilbert's taxpayers, the town's fun and games didn't stop there. In the past three years, Gilbert's five community pools combined to lose more than \$1.4 million.¹⁹⁰ In 2011 alone, subsidizing city swimming pools will cost taxpayers \$352,320.¹⁹¹

Yuma's Desert Hills Golf Course is in the red for a second consecutive year, and taxpayers' money is being used to keep the greens open. Negative numbers might be good when you're playing golf, they're terrible when you own the course.

Drowning in Tax Dollars

Not to be outdone by Gilbert's profligate pool payments, in 2009 Yuma christened its \$8.8 million Valley Aquatic Center.¹⁹² Just because the seven-acre swimming structure is completed doesn't mean that taxpayers are out of rough waters. Yuma's aquatic program is budgeted to sop up nearly \$1.1 million this year in operating expenses.¹⁹³

Show Low may have a small population—about 12,000 residents—but that doesn't prevent city officials from throwing big bucks at the town's swimming pools. In 2011, Show Low's aquatics budget will reach \$391,600.¹⁹⁴

Tucson's decision to get into the swimming pool business has soaked residents. From 2009 to 2011, swimming pool subsidies in the Old Pueblo have cost taxpayers \$9.7 million. In 2011, Tucson will sink more than \$2.8 million into its government-run pools.¹⁹⁵

Taxpayers Are Teed Off

Swimming isn't the only sport Yuma's residents are subsidizing with their hard-earned tax dollars. The city's Desert Hills Golf Course is in the red for a second consecutive year, and taxpayers' money is being used to keep the greens open.¹⁹⁶

In 2010, taxpayers spent \$81,287 to underwrite the floundering golf course.¹⁹⁷ Yuma's illogical decision to get into the golf business will cost residents even more this year. It is expected that the Desert Hills Golf Course will require a \$101,089 bailout in 2011.¹⁹⁸

Yuma's elected officials need to realize that while negative numbers might be good when you're playing golf, they're terrible when you own the course.

Avondale Recreation Center

Avondale splurged on a new \$15.8 million recreation center.¹⁹⁹ The colossal complex, called the American Sports Centers – Avondale at the Randall McDaniel Sports Complex, houses “six volleyball courts, four basketball courts, two indoor soccer fields and a 4,000 square foot multi-purpose room.”²⁰⁰

Avondale has also forced taxpayers to pay the costs associated with connecting the Phoenix International Raceway to the city's water and sewer system. The race track is best known as the host of two major NASCAR race weekends each year. Construction will cost taxpayers more than \$7 million.²⁰¹

Sports and Tourism Authority

In 2000, Maricopa County voters approved Proposition 302, setting up the Arizona Sports and Tourism Authority and authorizing a funding package to help finance the future University of Phoenix Stadium, home of the Arizona Cardinals professional football team.²⁰²

Voters at the time likely didn't realize just how burdensome the taxes to pay for the Sports and Tourism Authority would become—or what those tax dollars would fund.

The authority receives its operating revenue from a bevy of taxes that cut into Phoenix-area residents' bottom line, and nickel and dime tourists. The following taxes and fees help underwrite the Sports and Tourism Authority: 3.25 percent car rental surcharge;²⁰³ a one percent tax on hotel rooms in Maricopa County;²⁰⁴ a \$5.25 per ticket fee on tickets to college football's 2011 BCS National Championship Game;²⁰⁵ and a \$3.30 per ticket toll on Fiesta Bowl tickets.²⁰⁶

On top of those levies, there are a series of fees to concessionaires, Maricopa County cities, and Cardinals football fans.²⁰⁷ Despite all of the public money rolling into the Sports and Tourism Authority's coffers, the organization is facing a shortfall from handing out money faster than it comes in.²⁰⁸

In 2010, the Sports and Tourism Authority relied on taxpayers to fund \$11 million for Cactus League baseball facilities and the promotion of spring training baseball games, as well as \$4 million for the Arizona Office of Tourism to promote Maricopa County.²⁰⁹ But the spending doesn't stop there.

Avondale splurged on a new \$15.8 million recreation center. The colossal complex, called the American Sports Centers – Avondale at the Randall McDaniel Sports Complex, houses “six volleyball courts, four basketball courts, two indoor soccer fields and a 4,000 square foot multi-purpose room.”

Each year, the Sports and Tourism Authority doles out grant money for projects aimed at youth sports. Recipients of the publicly funded giveaways in 2010 included the following:

- \$100,000 to the Children’s Museum of Phoenix for a three-story climbing tower of activities;
- \$100,000 to the City of Glendale to renovate the O’Neil Community Park;
- \$100,000 to the City of Phoenix for field and facility construction;
- \$100,000 to the Deer Valley Unified School District for sports field lighting (Phoenix);
- \$68,000 to the City of El Mirage for scoreboards and shade structures for Gateway Park;
- \$60,000 to the Boys & Girls Club of the East Valley for sports field renovation (Mesa);
- \$50,000 to the Boys & Girls Club of Metropolitan Phoenix for gym renovations (Peoria);
- \$10,400 to the Boys & Girls Club of Greater Scottsdale to refinish three gym floors;²¹⁰
- \$2,496 to City of Tempe for kayaks and boating equipment;
- \$2,165 to Ironwood High School for football equipment (Glendale);
- \$1,139 to the Arizona Aqua Stars synchronized swimming team for an underwater sound system (Mesa); and
- \$684 to the Fountain Hills Soccer Club for soccer equipment.²¹¹

In addition to all of the taxpayer-subsidized handouts dished out by the Sports and Tourism Authority, the organization will need approximately \$550.8 million more in tax money to repay the bonds that went toward building the University of Phoenix Stadium.

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With the payout of more than a half-billion dollars looming, the Sports and Tourism Authority hired a lobbyist at a total cost of \$96,000 during fiscal years 2009 and 2010 to help garner more public funding.²¹³ Taxpayers footed the bill for the lobbyist as well.

Phoenix Parks

Phoenix hasn’t let the troubled economy get in the way of spending taxpayers’ dollars on nonessential parks and recreation projects in the city. During the 2011 fiscal year, the city pledged to expend \$119.8 million on design, construction, land purchases, repairs, and upgrades related to parks and recreation facilities.

Examples of Phoenix's budget-busting recreation projects include the following:

- \$3,777,738 for projects including a basketball court and a playground at Eastlake Park;²¹⁴
- \$3,509,606 to construct a 40-acre park at 31st Avenue and Roeser Road;²¹⁵
- \$1,698,591 to create a 14-acre park at 107th Avenue and Camelback Road;²¹⁶
- \$1,281,586 for a parking lot and restroom at Tovrea Castle;²¹⁷
- \$798,000 to build a trailhead at Deem Hills;²¹⁸
- \$666,269 to improve the city's golf infrastructure;²¹⁹
- \$376,613 to replace various playground equipment throughout the city;²²⁰
- \$275,000 for sidewalk and sand replacement at Cortez Park;²²¹
- \$259,687 for sports and security lighting at Hermoso Park;²²²
- \$203,734 for internet connectivity at city pools and community centers;²²³
- \$152,092 to plant trees and install other shade projects citywide;²²⁴
- \$30,000 for a picnic ramada and a water fountain at Deer Valley Park;²²⁵
- \$14,498 to formulate a standard restroom design;²²⁶ and
- \$10,000 to renovate tennis courts at Granada Park.²²⁷

Bullhead City is in the midst of a parks and recreation spending spree. The new \$13 million community center is just the start of it.

Bullhead City Recreation

Like Phoenix, Bullhead City is in the midst of a parks and recreation spending spree. From 2010 until 2013, the Mohave County border city is scheduled to undertake the following recreation projects:

- \$13,087,983 for a community center, including an indoor pool;²²⁸
- \$3,445,837 for improvements to existing soccer fields and construction of new fields;²²⁹
- \$1,070,000 for a new baseball complex;²³⁰
- \$551,720 for paving, grass, trees, and picnic facilities at North Beach;²³¹
- \$400,000 for park improvements such as dog parks, landscaping, playground equipment, and trails;²³² and
- \$38,284 for a fish-cleaning station.²³³

Animals Take a Bite Out of Government Budgets

In 2011, Arizonans are scheduled to spend \$3.9 million subsidizing the Arizona Department of Racing.²³⁴

Of that amount, \$400,000 is earmarked to support horse racing at county fairs.²³⁵ Another \$1.8 million worth of tax dollars will go to county fairs' livestock and agricultural promotion.²³⁶

Horses aren't the only animals chomping up taxpayers' cash. Tucson's Reid Park Zoo loses more than one million dollars every year. Rather than looking for private donors to help keep the zoo afloat or simply closing the gates for good, the zoo relies on annual taxpayer bailouts to remain in operation. The zoo—and its animals—will chew up \$1.4 million this year.²³⁷

Conclusion

The state of Arizona does not have a revenue problem—it has a spending habit, as illustrated by the 147 examples and over \$1.2 billion wasted in tax dollars exposed in the *2011 Arizona Piglet Book*. Fortunately, there is hope for taxpayers and the economic future of the state.

Governor Brewer and the Arizona Legislature have a unique opportunity to get serious about bridling government spending and prove that elected officials in Phoenix view taxpayers as more than just ATM machines ready to be tapped for the next pork project.

Three simple steps can prevent the government's runaway spending and reduce Arizona's growing debt and increasing tax burden: 1) eliminate the waste outlined in this publication; 2) establish state and local versions of the Grace Commission; and 3) strengthen the state's constitutional spending cap.

First, as the *Piglet Book* points out, wasteful spending and questionable programs pose a costly burden for Arizonans. Cutting the ineffective programs and wasteful projects exposed in this publication would save state and local taxpayers hundreds of millions of dollars with little or no impact on the quality of service received by Arizonans.

Next, lawmakers should establish state and local versions of the Grace Commission to analyze every nook and cranny of the state budget as well as local spending. These groups would function as independent commissions led by business leaders, former policymakers, and taxpayer watchdog organizations like the Goldwater Institute to uncover waste, fraud, abuse, and mismanagement. After identifying opportunities to stop wasteful expenditures of tax dollars, the commissions would follow up to ensure that their recommendations for budget reductions are carried out.

Finally, the legislature and the voters of the state must amend the constitution to improve Arizona's constitutional spending limit. The state's constitutional spending limit, which is based on personal-income growth, is aimed at keeping

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government spending in line with taxpayers' ability to pay. During times of remarkable economic growth, the spending cap increases to levels that are unsustainable when the state experiences inevitable economic downturns, resulting in tax increases or budget reductions.²³⁸

To avoid future budgetary crises, the state's spending limit should be amended so that inflation-adjusted spending cannot grow faster than the population.²³⁹ Improving the spending limit would mean less wasteful spending and fewer pork projects in good economic times, and much less severe budget deficits in bad economies.

As Dr. Byron Schломach, director of the Goldwater Institute's Center for Economic Prosperity, pointed out, "Had the state established such a spending limit in 2001, its fiscal situation would be less dire. Fiscal year 2008, for example, would have ended nearly \$500 million in the black instead of \$1.5 billion in the red."²⁴⁰

Arizona's state and local policymakers face important decisions over the coming weeks and months as they respond to budget deficits, revenue shortfalls, and economic instability. It will be a decision between the usual tax-and-spend bureaucracy and a prudent, responsible government.

By inching taxes upward, boosting fees, and playing risky shell games with bonds and reserve funds, state and local government officials in Arizona will continue the reckless spending that led to the millions of wasted tax dollars highlighted in this publication.

However, by trimming the fat uncovered by the *2011 Arizona Piglet Book*, installing measures to examine how every tax dollar is spent, and amending the state's spending limit so that inflation-adjusted spending cannot grow faster than the population, government leaders can take Arizona in a new direction.

Arizona's policymakers can demonstrate respect for taxpayers' hard-earned money and usher in a new era of limited, accountable government and unmatched economic prosperity in the Grand Canyon State.

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As a political commentator, Mr. Johnson has been a guest on television and radio shows including *The Situation Room with Wolf Blitzer*, *The Glenn Beck Program*, *All Things Considered* and *The Sean Hannity Show*. His columns and commentary pieces have appeared in dozens of publications including *The Wall Street Journal*, *National Review* and *Human Events*.

Mr. Johnson serves on the Tennessee Advisory Committee to the U.S. Commission on Civil Rights, the Center for Competitive Politics' Board of Academic Advisors and as a Research Fellow at Pepperdine University's Davenport Institute for Public Policy.

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