

2008 Waste Watchers

Blatant Fraud Hurts Disabled, Elderly AND Taxpayers

Fraud and abuse is alive and kicking in Los Angeles County. The District Attorney's Office has filed charges against more than 20 people who defrauded an in-home care agency of \$2 million.

According to the *Los Angeles Times* ([July 25, 2008](#)), ***“Charges have been filed against 21 people accused of defrauding more than \$2 million in benefits from a state-funded program designed to help the disabled and the elderly receive in-home care, Los Angeles County Dist. Atty. announced.”***

“In one case, a man from Granada Hills claimed he was schizophrenic and...needed constant care, prosecutors said. The government paid his wife through the program to take care of him, giving her [an astronomical] \$257,000 in [fraudulent] welfare benefits.” What's worse is that prosecutors said her husband was rarely home because he was working as a roofer named 'Gino.'

“In another case, a woman...[from] Maywood used two different identities so that her husband ...could get paid to care for two women in their home....A growing number of fake identities are being used to scam the \$1.6-billion program, called In-Home Supportive Services, which is administered by the county,.” according to the *Times*.

These criminal acts are reprehensible, but even more shocking is the fact that these terrible injustices were perpetrated over many years. Apparently, the program has highly ineffective audit practices. In fact, the IHSS agency appeared unaware that during the decade these recipients received benefits, they spent much of their time and money at casinos, prosecutors said.

There are even cases where one person is both the provider and the recipient of IHSS care. In addition, wanted criminals are getting funds from the program -- ***“[t]he investigation identified one phony provider who was wanted on an arrest warrant for homicide and a second who had a prior conviction for robbery.”***

This tragic exploitation of a program designed to provide necessary services to the disabled and elderly is a sobering reminder that government at all levels is subject to fraud and abuse. With California in the midst of trying to close a \$15.2 billion state budget gap, of which spending on health and human services has never been higher, administrators of these programs should be on high alert for schemes bilking the system.

It is the duty of Los Angeles County officials and state lawmakers to ensure that taxpayer dollars are spent responsibly for their intended purposes. Law enforcement officials should send a strong message by prosecuting these callous individuals for criminal misuse of the taxpayer dollars, and county officials and legislators should put mechanisms in place to discourage this activity in the future.

Public Servant Serves Herself on Taxpayers' Dime

Wouldn't it be nice to give yourself a huge pay raise, take as many vacation days as you want, and eat at fancy restaurants on someone else's dime? Well, that is precisely what is happening at the Southeastern Economic Development Corporation (SEDC)--a non-profit city agency that is supposed to be helping redevelop the east part of downtown San Diego.

The agency is charged with transforming the area into a successful and flourishing economy. But instead, taxpayers are paying for a public servant to flourish and flaunt her own success while misusing public funds.

The [*San Diego Tribune* \(August 7, 2008\)](#) reported, ***"Staffers at the nonprofit city agency enjoyed fine meals and multilevel bonuses at taxpayer expense, according to documents the city released yesterday. The documents show that [the] SEDC President ... used... [her] authority to grant herself tens of thousands of dollars in extra pay [in addition to misusing city funds in other ways.]"***

The executive ***"...has been fired by the SEDC board but is at the helm until Oct. 21. She signed off on at least \$78,800 of her own bonuses in the past two fiscal years***
The president's, ***"...signature is at the bottom of several forms approving "incentive pay," "longevity pay," "holiday bonus I," and "holiday bonus II" for herself and others on the 15-member SEDC staff."***

"In one case, [the president] singled herself out for extra pay, around Christmas 2007. In an October draft of staff holiday bonuses, her payout was to be \$10,000. In a revised version the next month, [the] bonus became \$13,428 – the only increase in the revision."

Just when you think you have heard it all, ***"[i]n December 2007, [the SEDC president]... paid the bill for six people, including two agency consultants. The tab: \$279, including a \$61 tip. The meals ordered: New York strip steak, salmon, striped bass and veal, according to the receipt."***

Then, ***"[i]ast November, the agency's finance director took people to the Westgate for breakfast for staff development. The bill was \$420, which included one order of filet mignon, two New York strip steaks and 10 coffees at \$4 each."***

"Expense reports also show that [the SEDC president] rented a car on two occasions to drive to out-of-town meetings for business, then applied for reimbursement even though she receives a \$450-a-month car allowance for company business."

This public servant has shown through her actions that she really is self-serving and does not respect the taxpayers she is supposed to serve. Furthermore, it's a sad situation when government cannot immediately remove individuals who have so obviously misused their power. Clearly, this so-called do-gooder did wrong--engaging in unethical activities by using taxpayer dollars for her own benefit. The city council needs to revamp the SEDC. For starters, they need to terminate the public servant immediately and implement more oversight and accountability in order to ensure there is no repeat of this enormous rip-off.

Waste Watchers: Alameda Ready to Pull the Plug on Telecom Business

Remember back in the mid-1990s, when everyone and their mother wanted a piece of the booming communications industry?

Well, the City of Alameda was part of that crowd. But now after a decade, the City's venture in providing cable TV and Internet services to its residents may come to an end.

According to the *San Francisco Chronicle* (March 25th), officials from the city-owned Alameda Power & Telecom laid out the options for the public in a presentations to the city's public utilities board. Unfortunately, none of the options is likely to recover the \$85 million the city spent to launch and operate the service.

And, if that isn't enough, Alameda, which has a general fund budget of \$80 million this year, is due to make a \$33 million balloon payment next year on the original construction bond for the telecom system.

Girish Balachandran, the utility's general manager, confirmed that a consultant has been hired to identify and contact parties interested in buying the telecom service and its 15,000 subscribers – who make up about half the cable business in the city of 74,000 residents.

“A business decision like this is not completely predictable, but our goal is to reach a speedy conclusion,” Balachandran said. “It’s in everyone’s best interests.”

There was someone who saw the pointlessness of the venture. City Treasurer Kevin Kennedy, a financial planner and stockbroker by profession, saw this train coming a long way down the tracks and warned city officials of the danger it posed.

And when construction costs to lay fiber-optic cable and build the system wound up costing more than three times the original \$25 million estimate, he knew the city was in trouble.

At the time, Kennedy argued that the system would never be able to recover the infrastructure costs it paid, even if it signed up every cable subscriber in the area.

He turned out to be right.

“If there is anything we can learn, and hopefully not repeat... it's [that it's] tough enough to react to market changes in the private sector... [I]n a government structure[,], it can't be done,” Kennedy said. “If you ran a hot dog stand, and the cost of hot dogs tripled tomorrow, you'd raise your prices the next day, but government can't react that quickly.”

The City of Alameda made a big mistake, and it is going to cost the city's taxpayers big bucks and big service-displacement headaches.

Shhh...Taxpayers Pay \$11,000 to “Spin” Library Chief’s Misdeeds

Years of wasteful spending finally caught up with the Sacramento Library Director—. So, what does she do? She hires a high profile public relations firm with \$11,000 taxpayer dollars in order to put a positive spin on a very scandalous situation.

According to the [Sacramento Bee, August 14, 2008](#), “[w]hen reporters and grand jury members began scrutinizing Sacramento Public Library last year, it became clear that [the director’s] job could be in trouble.

This was underscored when, ***“The Bee revealed an apparent library maintenance over-billing and kickback scheme that operated under [the director’s] watch.” “The grand jury got involved, issuing...a scathing report citing [the director’s] lack of oversight, ill-advised credit card use and overuse of consultants –concluding with a recommendation for her dismissal.”***

The director’s ***“reaction as things got tense? She hired a consultant-- this time an expert in ‘crisis communication.’”***

Since October, [the director] has paid Communications Advantage \$11,000 out of the library coffers.” She “unilaterally made the hire even though the library system already employed a full-time public information coordinator and marketing manager... At the same time, the library has struggled financially and considered reducing services.”

So, what did the taxpayers get for \$11,000? ***“[The consultant] said she counseled library officials on how to deal with reporter’s inquiries...[and]...helped [them] be responsive and provide information in a timely way.”***

It takes a consultant for library officials to be responsive and provide information in timely way? Shouldn’t library officials already know how to do that?

There are no excuses for this waste of hard-earned taxpayer dollars. At a time when governments at all levels are facing massive budget cuts, it is completely irresponsible, if not downright criminal, to waste taxpayer money on questionable spending.

Clearly, the director has demonstrated incompetence and arrogance. Library board members need to show leadership by terminating her immediately, and hiring a person with a proven record of being a good steward of tax dollars. Taxpayers deserve to know their government is looking out for their best interests and that there is transparency and accountability in use of public funds.

Water Meters Still Siphoning Big Bucks from Taxpayers

Sacramento's missing water meter saga continues like a bad soap opera. This major debacle is costing taxpayers millions of dollars—money that could be used to provide essential services without the tax increases liberals are crying for.

Unfortunately, for taxpayers, the city of Sacramento hired an out-of-state consultant to find the lost meters at a cost of \$99,000 to search about 32,000 addresses. According to the [Sacramento Bee \(July 16, 2008\)](#), the U.S. Metering and Technology representative ***“spends his days looking for Sacramento's lost water meters, lifting heavy concrete hatches in yards and on sidewalks, meticulously recoding serial numbers.”***

“The Sacramento Utilities Department does not know where the meters are. They were labeled ‘unaccounted for’ in a recent city investigation....The city auditor estimates the missing meters are worth about \$1.3 million,” and suggests ***“They could be lost or in a city building where no one thought to look.”***

“Best case: The city failed to record their location and they're plumbed into the city water system in front of 4,492 homes and businesses. Worst case: The meters, solid bronze and weighing at least 8 pounds each, were stolen and sold, perhaps as scrap metal. The [Sacramento] Police Department is conducting a criminal investigation, and the FBI is probing improper sales of salvage metals from Utilities Department storage yards. There's only one sure solution to the meter mystery: Go out count them all.”

As a result of the investigation, ***“[a s]alvage dealer pleaded guilty in federal court to bribing employees of Sacramento and Sonoma in exchange for letting him have city-owned, used water meters to sell to recyclers,”*** according to [Sacramento Bee \(July 25, 2008\)](#).

What's worse, ***“Sacramento lacks a comprehensive plan and expert advice for its massive water-meter installation project, raising the risk, industry observers say, that expensive components won't be able to communicate with each other,”*** according to the [Sacramento Bee \(July 2, 2008\)](#).

“A draft plan for the state-mandated \$400 million project contains dozens of blank sections, including the one on equipment specifications, a Bee review found, and it takes an approach not recommended by experts in the field.”

Some critics, including the editorial board of the *Sacramento Bee*, say ***“[t]he city of Sacramento should put its water meter installation program on hold. A pause will give city officials time to re-evaluate and, if necessary, revamp the water conservation project that requires Sacramento to install more than 100,000 water meters in city homes over the next 17 years.”***

In these challenging economic times, it is important for public officials to spend taxpayer dollars as if it were their own money. The city needs to reexamine its current policies for keeping track of merchandise it purchases at taxpayers' expense. The policies it implements should include more transparency and oversight in order to protect the interests of its citizens.

Bottom line: taxpayers have been the big losers in this situation, and they will continue to pay for the mistakes of public officials until better planning, oversight, and accountability are

Waste Watcher – Another Government Computer Failure

How long does it take to figure out that something is not going to work? It took the California Department of Transportation (Caltrans) seven years and \$10 million to abandon plans to automate the way it grants permits to truckers carrying oversized loads on California roads and highways.

The Sacramento Bee (March 2nd) has reported that the latest software failure has become **“a long and puzzling line of computer contract failures in California government [State government] has repeatedly spent millions of dollars on projects that were ill-designed or mismanaged or simply collapsed under the weight of their own complexity.”**

Caltrans officials decided the agency needed a computerized system when an investigation revealed a Caltrans employee had given a truck driver with an oversized load a permit and bad directions, causing the truck to crash into an overpass and kill a motorist.

Caltrans hired a private firm to get the program running by 2002. The project should not have been difficult to complete. The firm had already created a program that was being used in several other states.

In the *Bee* report, Robert Copp, Caltrans' chief of traffic operations, said he believed that the project **“could be done,”** even though the firm could not show any progress on the project.

After the contractor missed several dates for completion, the last being October 2005, and the price rose to \$15 million, the job sat in limbo. Caltrans and the software company struggled to negotiate amendments to the project specifications.

Finally, last year, the state gave up and cut its losses.

“In a settlement, the state paid the firm...\$1.7 million to wind up the deal. That brought the company's total earning on the project to \$2.6 million since 2002. The rest of the money was spent on state employee overseeing the job, computer equipment, and an independent consultant to assess the progress – or lack of it – on the project.”

According to Copp, **“It was clear that we were not going to be able to use this software to operate the system.”** Something he should have figured out after the first delay.

Copp has not completely given up on automating the process. **“We are going to go out and do a market analysis and see if there is software available that we can use.”** He told the *Bee*.

Maybe the second try will not be such a waste.

Los Angeles City Workers Get Richer While Taxpayers Get Poorer

With reckless abandon, Los Angeles city leaders gave payroll increases and lucrative compensation packages for city worker, which can be directly attributed to the \$406 million budget deficit they are now facing for fiscal year beginning in July. Sadly, city leaders knew they were putting Los Angeles' future into financial jeopardy by agreeing to the payroll raises last year—but did so anyhow.

According to the [L A Daily News](#), May 11, 2008, ***“As Los Angeles grapples with its largest budget deficit in history, lucrative compensation packages for thousands of city workers are driving much of the gap , and there’s little end in sight.”***

It is mind-boggling that, ***“In the past year alone, gross annual payroll costs have soared \$120 million for nearly 48,000 city employees - \$90 million of that going to 35,000 civilian and sworn workers- and bumped the total payroll up to \$3.2 billion, or nearly half Los Angeles \$7 billion budget.”*** It is incredibly irresponsible for Los Angeles city leaders to allow their budget to spiral out of control when taxpayers, who are footing the bill, are forced to make tough decisions and live within their means.

“While city leaders seek to close a looming \$406 million budget shortfall with everything from fee hikes to service cuts, a Daily News review of salary data shows more than 21,000 city workers take home \$70,000 or more a year and more than 6,000 take home more than \$100,000. If private businesses ran their operation in this manner, they would go broke in short order. Unfortunately, government has no fiscal bottom line, they can go to the taxpayer trough and pig-out until their heart's content.

“Nobody to my knowledge in the history of Los Angeles has ever actually cut their salary (versus passing up cost-of-living increases),” said a former chairman of the Los Angeles Area Chamber of Commerce representative. This is precisely why Los Angeles faces a major deficit and until they have the courage to make the necessary changes, the city will continue to experience their chronic budget woes. It does not take a mental giant to figure out you cannot spend more than you collect, thereby creating a balanced budget.

Moreover, a chief economists with the nonprofit Los Angeles County Economic Development Corp. said, ***“It’s what you call governmental accounting, is the best way to characterize it. You have warnings, and their response is, we’re going to maintain the city work force at the same level, then pay more overtime and give rich raises.”***

Civil service is out of step in Los Angeles, and it will be so long as city leaders continue to spend beyond their means. A representative of the downtown Economic Roundtable, said, ***“There will be taxpayer revolt against future tax hikes if the city does not get its fiscal house in order.”*** So, as city leaders hold budget hearings, they need to keep taxpayers' bottom line in mind when doling out city payroll increases and lucrative compensation packages like drunken sailors.

Waste Watchers – No Oversight Allows Prisoner to Own Daycares

When government agencies or programs provide help or services to children, for some unexplained reason, they are magically bestowed extra credence and autonomy. As a result, those programs are often given unrestrained freedom in spending money and running their programs. Generally, the programs have very little oversight. However, some agencies have wasted millions of taxpayer dollars in funding programs that have benefited children very little...and may have even endangered them. This situation below provides a chilling example.

According to the *Los Angeles Times* (February 7, 2008), ***“More than 50 people have been charged in a massive childcare fraud ring operated in part by a federal prison inmate and his wife....”*** The prisoner-led group was able to do major damage as it ***“bilked taxpayers out of at least \$3 million.”***

The clever couple managed to “care for” (or exploit) as many children possible despite the imprisonment. ***“The convict [was] serving a federal sentence for narcotics trafficking..., [yet, he] received a childcare license from Community Childcare Licensing, a state agency that employed his wife...who operated the childcare facility while he was in prison.”*** The mastermind’s wife ***“is charged as co-conspirator in the operation, which received more than \$400,000.”*** And, the fraud didn’t end there. The prisoner was licensed to run six childcare facilities. You know that the system is really up to snuff when a prisoner is able to get a license to run not just one, but six daycares.

Los Angeles District Attorney Steve Cooley explained that the ***“scam involved a former state employee [the prisoner’s wife] who established six bogus childcare facilities under the name Home Sweet Home Daycare, Inc.”***

Don’t let the name fool you – ***“the defendants baited welfare recipients with monetary kickbacks to have them apply for subsidized childcare. In some cases, children who were listed as being cared for by Home Sweet Home did not even live in California.”*** The parents who received these checks lived ***“in various locations, including Las Vegas; Tyler, Texas; and Pennsylvania....”***

It didn’t take a rocket scientist to figure out how to further foil the system. The conspiring parents ***“signed attendance sheets for their children and received kickback checks...[of] roughly \$300 per child.”*** If it’s not bad enough that this group collectively scammed \$3 million dollars of tax dollars and that a man in prison was licensed to run daycare centers, the topper was the ***“[o]ne person [who] was charged with 74 [criminal] counts.”***

The scams lasted for seven years and ***“the largest losses were attributed to state programs, which get little oversight....”***

After reading the merits of “Home Sweet Home Daycare” and “Grandma and Grandpa’s Daycare,” it’s fair to say that there is no effective oversight in this particular program. Although state programs and agencies should not *need* oversight, this kind of behavior illustrates why oversight and auditing agencies are necessary. Our only comfort now is to know that those who swindled children and taxpayers will now be joining their former boss at his “home sweet home” – prison.

Throwing Taxpayers under the BMW

While taxpayers struggle to make ends meet, some creative bureaucrats in a little known agency are misusing taxpayers' hard-earned money for dubious purposes. They are investing in private industries that do nothing to provide a public benefit and are using the money for political purposes, which is prohibited by California law.

The California Statewide Communities Development Authority, or "California Communities," is charged with providing local governments and private entities access to low-cost, tax-exempt financing for projects that provide a "tangible public benefit," that contribute to social and economic growth, and that improve the overall quality of life in local communities throughout California.

Unfortunately, the agency has not fulfilled that mission. According to the [Orange County Register](#), (May 27, 2008), "... **the obscure agency has been used to enrich private organizations while financing projects of dubious public value.**" While California Communities says it only finances projects of "tangible public benefits," the *Register* found that the agency has offered funding for an Indian casino and a BMW dealership, among other private ventures.

According to the *Register* report, "**Anaheim Mayor Curt Pringle is urging officials to demand a full accounting of money generated by California Communities after the Register revealed that in 2006 \$3.6 million was moved from an account where California Communities money was held and put into a League (of California Cities) political action committee.**"

"That same year, \$3.5 million was moved from the same PAC into a political campaign opposing an eminent domain initiative. State law makes it illegal to spend funds raised by a public agency for political purposes,"and it certainly appears that these funds were illegally used for that kind of purpose.

"The League says it did nothing wrong, that California Communities money was mingled with money from other sources and that the other money funded the campaign." This convoluted logic defies common sense, public accounting standards, and, quite possibly, other state laws. The League's current way of doing business is wrong and an insult to California taxpayers.

California government faces a crisis of confidence at all levels in its poor records of how public funds are spent. Polling consistently shows that taxpayers are discouraged with the way government spends their hard-earned dollars. And yet, year after year, money is spent foolishly by state and local agencies or at least without clear accounting.

Taxpayers have a right to know that government is doing the right thing with their money. For that reason, the state should push for greater transparency and accountability in the way this and similar agencies conduct their business. State and local governments need to provide greater oversight of grant funds to prevent further misuse of that money and to provide taxpayers with confidence that their tax dollars are being properly spent.

Taxpayers Get Fleeced by Slow College

The San Diego Community College District offers yet another example of how government officials cost taxpayers millions of dollars unnecessarily. In this case, the district costs taxpayers more by simply not acting on decisions to purchase land in a timely manner.

According to the [San Diego Union-Tribune](#) (May 19, 2008), ***“The San Diego Community College District routinely paid more than its appraisals for property needed to expand campuses because it didn’t act quickly enough when real estate prices were skyrocketing. Officials spent about \$81 million buying 25 properties across the city as part of a voter-approved effort in 2002 and 2006 to upgrade the state’s second-largest community college district.”***

Unfortunately for taxpayers, the *San Diego Union-Tribune* found that purchase prices exceeded appraisals in more than 70 percent of property transactions. In at least three instances, a lag between when the district identified properties and when it bid on them cost additional millions.

According to the *Union-Tribune*, ***“In 18 of its 25 property purchases, the district paid more than the appraisals it had received on the properties. Over the years, that has added up to \$2.9 million. In about one-third of the cases, the district paid at least 10 percent over the appraised price.”*** In three of the land deals, ***“the San Diego Community College District spent \$40.3 million buying three properties whose values skyrocketed by more than \$10 million in the months before the district closed the deals.”***

Unbelievably, officials ***“publicly approved plans to buy [one] property... in August 2005, but didn’t end up buying it until January 2007. In the interim, the building changed ownership and jumped in value by millions of dollars. District officials did two things that worked against them: they told real estate agents of their interest in the land, and they failed to buy it as its value skyrocketed.”***

At a time when government at every level is experiencing budget shortfalls and is forced to make tough fiscal decisions, you would think that district officials would be more prudent with taxpayer money. However, ***“[d]istrict officials say they struggled with many challenges but remain satisfied with the way they conducted business.”*** Sadly, there have been no consequences for district officials who misspent community college funds, as there would be for businesses making such poor decisions.

District officials have offered no reason for delaying the purchase of property for the district. Perhaps better oversight, accountability and real consequences for district officials who spend taxpayer money recklessly would challenge district officials to reason through their decisions more carefully and buy before prices go up. To quote Abraham Lincoln, ***“Things may come to those who wait, but only the things left by those who hustle.”***

Costly Contracting Practices Wasting Classroom Dollars

The Los Angeles Unified School District (LAUSD), the state's biggest and second-largest school district in the nation with more than 700,000 students, known for incompetence and corruption, has yet again, come under investigation for spending an enormous amount of taxpayer dollars on questionable contracts – while the district, not to mention the state, is facing historic budget deficits.

According to the [L. A. Daily News](#), May 13, 2008, ***“With Los Angeles Unified facing spending cuts of as much as a half-billion dollars amid a statewide budget crunch, the district is coming under renewed scrutiny for its nearly \$175 million in consulting contracts with outside firms covering everything from legal help to improving student achievement.”***

Taxpayers should be shocked to know that, ***“The LAUSD has dozens of multiyear professional-services consulting deals that total \$173 million.”***

Although it is a common practice to contract with outside vendors to better utilize funding sources, this money was spent on among other things, ***“The Superintendent’s office has \$4.7 million in outstanding consulting contracts, including a 14-month, \$74,000 contract to provide monthly support for computer-related duties for the superintendent.”*** That is a lot of remedial technological assistance when you consider ***“the LAUSD’s own in-house Information Technology Division staff that provides services districtwide.”***

LAUSD also ***“has an in-house communications department, as well as consultants, but also spent \$30,000 on an 11-month contract for “media interview and presentation training to the superintendent, members of senior staff and cabinet.”*** Not to mention spending ***“\$194,030 for a consultant to provide yearlong intensive training for athletic coaches and intramural coordinators in ethical practices and decision-making,”*** when the department has an internal ethics program.

It is outrageous that wasteful contracting practices are tolerated, but one of the board members may actually have her priorities straight saying, ***“she wants to review the list of contracts and obtain details of the deals and the services provided.”*** ***While some of the contracts might be valuable she said she questioned district accountability and the sheer volume of deals.”*** ***“The dollar amount is staggering,”*** ***“I have no doubt there are tens of millions of dollars for contracts for things that are less important than the classroom, our kids and our teachers.”***

At a time when the state is grappling with a multi-billion dollar deficit and voters are being asked by the education community to make sacrifices for education--it hardly seems that Los Angeles Unified School District is listening when they misuse taxpayer dollars by awarding contracts that do nothing to bolster our schools.

The Los Angeles Unified School District has demonstrated a total lack of concern for taxpayers and their hard-earned dollars by squandering precious education resources, and it is time they change their business model. Being good stewards of taxpayer dollars requires transparency and accountability, because taxpayers deserve to know that their hard-earned money is being spent wisely.

EdFund Issues Golden Parachutes While California Nose Dives

As Californians continue to feel the effects of the state's \$14 billion free-fall deficit, it seems the state's student loan underwriter, EdFund, has created a soft landing for its own senior executives worth millions of dollars.

According to the *Sacramento Bee* (May 13, 2008, "*EdFund executives seek at least \$3 million in severance*"), "**Seven members of EdFund's executive staff could each receive two years' worth of salaries, bonuses and medical coverage.**" The high-ranking officials "**would be entitled to as much as \$20,000 each to help them find new jobs. EdFund would also be on the hook for any 'golden parachute tax' the lucky few 'would have to pay the state and federal governments.'**"

EdFund's golden parachutes will undoubtedly undermine Governor Schwarzenegger's attempt to sell the nonprofit agency for cash to decrease California's multi-billion dollar budget deficit. Currently, the plan is to "**sell the nonprofit public benefit corporation for \$500 million [to private investors], half of what the governor was hoping [for].**"

Ironically, this will not be the first time EdFund has cost Californians millions of wasted dollars. "**The California Student Aid Commission voted in 2005 to oust six of EdFund's 13 board members. A 2006 audit found that management problems resulted in a loss of \$24 million in federal funding when a contract negotiation lapsed.**" The seven executives who survived that embarrassing and costly debacle are now eligible for EdFund's latest fiscal disaster – irresponsible golden parachutes.

The lucky seven are: **Sam Kipp, president; Martin Scanlon, chief financial officer; and vice presidents Therese Bickler, loan operations; Len Hyde, default management; Diane Manning, audit services; Patrick Pendleton, information technology; and David Reid, legal services.**" Kipp, who "**received an annual salary and bonus of \$338,951 in 2006-07**", stands to walk away with close to \$750,000 in total benefits and lump sums.

While Kipp and his associates hope their internally devised severance package will float off unnoticed, some are beginning to raise questions. Sen. Bob Margett (R-29) has been highly critical of EdFund's golden parachutes, **saying the package smelled of "cronyism."**

"I can understand if they were merging a corporation with another," Margett said, **"but we are servants of the people. That doesn't mean we take from the people."**

Others even fear that the plan would **"hurt EdFund's efforts to assist schools with loan processing and help delinquent borrowers put their loans back in order."**

"The board should carefully consider the impact of the proposed severance package on EdFund's student financial aid programs," said Emily Rusch of the California Public Interest Research Group. **"Especially in light of rising tuition and textbook costs, California should be striving to maximize financial support for the students who depend on it."**

California can no longer bear the burden of such blatant fiscal irresponsibility. EdFund, in particular, has dabbled in what Senator Margett correctly identified as cronyism and has continued a long-standing tradition of wasteful spending and mismanagement. Californians deserve protection from state employees who treat their hard-earned dollars like golden parachutes.

Credit Card Scams Prove Costly for LA Taxpayers

Los Angeles is no stranger to government waste, fraud and mismanagement. Sadly, yet another example of Los Angeles government officials' appetite for wasting taxpayers' hard-earned money has come to light. According to an audit reported in the *San Gabriel Valley Tribune*, [June 10, 2008](#), ***"As Los Angeles County officials look for ways to trim expenses, an audit released Tuesday found lax oversight of employees' use of county credit cards, including workers who racked up \$68,700 in unallowable charges."***

Unfortunately for taxpayers, ***"In public works, auditors found \$49,500 in purchases that did not comply with guidelines...[A]uditors found employees split purchases with other cardholders to circumvent purchase limits....[In addition,] some departments allowed unauthorized employees to use the cards and some managers did not cancel credit cards after cardholders left the department."***

Nearly \$50,000 is a substantial amount of money that deserves immediate attention from city officials and a reexamination of their practices. The current system is not working and will only get worse, costing taxpayers thousands of dollars more as time goes by.

It is unbelievable that thousands of taxpayer dollars were spent illegally, and no one noticed until an audit exposed the spending. This failure to monitor public spending is especially egregious at a time when LA is cutting basic services to taxpayers and considering tax increases because of a \$406 million budget shortfall. All the while, city workers are wasting taxpayer dollars to take care of their personal needs.

For what it's worth, county officials ***"are taking corrective action on the findings and recommendations the auditor has identified."*** In addition, they ***"are asking the departments to tighten their training policies and set very strict guidelines."*** Hopefully, these new guidelines will involve proper oversight to provide taxpayers comfort in knowing their money is being spent wisely.

At a time when all levels of governments are facing historic deficits and are looking for ways to chop their budgets, elected leaders need to be prudent with taxpayers' precious resources and be held responsible for negligently spending tax dollars. If city officials hope to gain taxpayers' trust, they need to improve oversight and be held accountable for their deeds.

First 5 Hording \$2 Billion in Untapped Funds, Children's Programs Suffer Thanks To Waste

Ten years ago, voters established the First 5 Commission to use tobacco tax revenues for improving the lives of California's children. Its proponents argued that the First 5 Commission would "provide child immunizations, health care, nutrition services, domestic violence prevention, and treatment..." from the time they were born until they entered kindergarten. However, political gain and mismanagement have corrupted that noble goal.

To begin with, the First 5 Commission spent tens of millions of dollars intended to provide direct services to kids on ads advocating the virtues of preschool while an initiative to mandate preschool was being circulated by the First 5 Commissioner. Now it has been discovered that the First 5 Commission and its 58 county commissions are letting more than \$2 billion collect dust rather than being directed to programs suffering from the current budget deficit.

According to *The Sacramento Bee* (January 17, 2008), the 58 **"county commissions in California that decide how to use money from [Proposition 10] are sitting on a combined balance of more than \$2 billion...."** And, that is not including the state portion of **"a nearly \$367 million surplus."**

While it is prudent to have a rainy day fund, the **"\$2 billion balance was nearly four times the amount that county programs spent in 2007."** That's hardly what voters intended for the Commission to do with these tax dollars.

Currently, **"California has an estimated 800,000 uninsured children...while advocates [for these children] say it would cost less than \$500 million annually to provide [health] coverage for them."** If the Legislature was given access to just LA County's First 5 reserve of more than \$860 million, numerous other health and education programs affecting children could receive the aid they so desperately require. Meanwhile, LA County could continue on without any interference as it generates \$45 million more a year than it spends. This scenario repeats itself from county to county, as unused funds sit idly by while California staggers under the current deficit.

To compound the issue, First 5 county commissions apparently love to waste money, funding programs for **"swimming, photography and [others] of questionable value..."**, rather than on critical immunizations and essential healthcare programs. Although the authorized programs may be worthy, how exactly does community photography improve a toddler's health and well-being?

The executive director of First 5 county commissions defended the surplus by explaining that the county commissions **"do business differently from typical government agencies."** This may be the case, but one must question whether First 5's "business practices" are sound for the entire state. Why should they have a rainy day fund when the greater state chauffeurs lack such a security? In the midst of a serious deficit, we should not ask Californians to balance the budget through higher taxes while First 5 sits on billions of dollars of unused piles of cash? Californians should have access to these funds and expect First 5 to practice greater fiscal restraint when considering its "business" model.

S.F. Cuts Back; Newsom Squanders

Cities throughout California are facing deficits similar to the state's problems. Naturally, government-program saturated San Francisco has not been spared from ominous budget problems, and Mayor Gavin Newsom is taking drastic measures – at least that is what he is leading the public to believe. And, to reward himself, his staff is getting an extreme makeover.

According to *The San Francisco Chronicle* (January 18, 2008), Newsom's calls for fiscal conservation were contradicted with self-serving, expensive "improvements." ***"After eliminating jobs and ordering departments to make drastic cuts to brace for a \$229 million budget deficit, [the mayor] went on a spending spree to create an office at City Hall for his newly recruited team of aides."***

In November, Newsom ***"ordered all city agencies covered by the general fund to absorb 13 percent across-the-board cuts and the following month eliminated more than 1,700 unfilled city jobs."*** This announcement gave the public a distraction while he planned a "dream team" overhaul to surround him.

The cuts helped to build his ultra-hip ***"bullpen – complete with \$78,000 in new furniture and flat screen TVs [, which] opened across the hallway from the mayor's office just in time for his second-term inauguration Jan. 8... [It] cost more than \$139,700, records show."*** The bullpen, a part of Newsom's office, ***"was paid for out of the City Hall building services budget, not by Newsom's office, according to [the] city controller."***

Newsom spared no expense on new staff to charge the bullpen – ***"He made staffing changes that will cost the city an extra \$500,000 or more over the next 18 months, including hiring half a dozen new senior staff members, some at six-figure salaries."*** These exclusive employees are a perfect fit to fill the \$9,454.61 worth of new chairs.

Like a person who is gone "under the knife," Newsom sheathed some of his most obvious enhancements. He ***"[distributed] hefty pay raises to other members of his inner circle, some of whom he created new job titles, such as director of climate protection initiatives...."*** Previously cut city jobs were "refilled" when, ***"[his] administration [forced] other departments to foot the bill by paying for some of his aides' salaries."***

Although hard to believe, there was one person who benefited from Newsom's indulgences even more than he did. Newsom's promised ***"...to make sweeping staff changes and to start his second term with a clean slate,"*** but to do that he had to provide a ***"\$500,000 severance package expected to be paid to Public Utilities Commission General Manager."***

Newsom's extravagance is blatant, wasteful hypocrisy that takes advantage of the people who re-elected him. Newsom, who has long been touted as a new kind of politician, has shown through these actions that he's really one of old, notorious, corrupt kinds of politicians who tell voters what they want to hear while doing exactly the opposite. Maybe the city needs an extreme makeover of its own – a new mayor.

San Francisco's \$1 Million Magical Ramp

San Francisco's City Hall is going to install a ten-foot-long chunk of history and it's projected to cost over \$1.1 million dollars. This new wheelchair ramp *has to be* gold-gilded Yellow Brick Road that leads to the Land of Oz. How else can one explain the extravagant costs?

According to *The San Francisco Chronicle* (February 27th), ***"[t]hanks to a maze of bureaucratic indecision and historic restrictions, taxpayers may shell out \$100,000 per foot to make the Board of Supervisors president's perch in the historic chambers accessible to the disabled."*** There is no truth to the rumor that the only way to enter the chamber is by clicking the heels of one's red ruby slippers.

"[T]he little remodel job that planners first thought would take three months has stretched into more than four years – and will probably mean the supervisors will have to move out of their hallowed hall for five months while the work is done." As in Oz, time is relative when it comes to city money.

"The root of the problem dates back to when City Hall got a \$300 million makeover in the 1990s that made just about every hallway, bathroom and office accessible to the disabled. The exception was the board president's podium, which is reachable only for someone who can climb the five steps from the chamber floor."

Over ten years later, the city realized they weren't in Kansas anymore - the president's podium wasn't handicapped accessible. ***"The understanding was that the room would eventually be made fully accessible. But no one worried about the podium until 2004 when Supervisor Michela Alioto-Pier, who uses a wheelchair, joined the board."*** The ramp, at ***"a total of \$1,123,000"*** will bring City Hall into its fully compliant, Technicolor glory!

The ramp won't look like The Yellow Brick Road, but its planning has been even more twisted and crooked: ***"[P]reservation architects from [a] San Francisco firm... worked up no fewer than 18 design options – at a cost of \$98,000 – with ideas ranging from an electric lift to abandoning the president's lordly podium altogether."***

Eighteen designs later, officials still lacked the heart, courage, and *brain* to make a decision. ***"No one could decide which design to use, so after a year of arguing, the Department of Public Works was ordered to make 3-D computer models of all the options."***

The ramp is a gold-gilded slippery slope of spending - ***"[it] was going to encroach on the room's sound equipment [so] officials decided they might as well use the opportunity to upgrade the board chamber's entire audio-visual system, to the tune of \$300,000."***

Excessive spending of tax dollars, on what should be simple projects, are gradually melting the city's finances to the ground. Projects like this lead us to believe that San Francisco's frivolous spending may only end when monkeys fly.

The Bucks Don't Stop in the Education Department

After years of litigation – costing millions of taxpayer dollars – the California Department of Education has finally settled with a whistle-blower turned former employee. This whistle-blower claimed retaliation by the Department and former Superintendent of Public Instruction Delaine Eastin when he reported massive fraud in the department.

According to the Sacramento Bee ([April 23, 2008](#)), the California Department of Education paid **“\$4.25 million to the former worker who said he suffered retaliation after he reported corruption to then Superintendent Delaine Eastin.”**

The trouble began when the California Department of Education dished out millions of dollars, not to California's classrooms, but to people seemingly just trying to make a buck off the system. **“The case centered on corruption in a program that handed out money to community-based organizations between 1995 and 2000 to teach English and citizenship to recent immigrants. Some of the schools that got grant money didn't even exist.”**

You would expect a heap of praise for a whistle-blower doing the right thing in reporting the massive fraud. Instead, he was allegedly punished for his actions, which in the end cost taxpayers even more money that could have gone towards the true goals of the Department...Education.

Shockingly, **“A 20-year state worker, said that when he and others reported \$11 million in misappropriations to Eastin, she ignored them. Then he was transferred to a job with no duties, leading to stress that he said triggered two heart attacks and put him in a wheelchair.”**

The whistle-blower's **“first jury trial in 2002 led to a \$4.6 million verdict. The department appealed, and the case was sent back for another trial. But the jury awarded...\$3 million more.”**

Unfortunately, for taxpayers who footed the bill, that wasn't the only cost. **“Over seven years, it has paid another \$1.2 million to law firms for defending the state through two jury trials and appeals.”** The legal fees went to two separate law firms – one defending the Department and the other representing Eastin, the former superintendent.

Over the last 13 years, the Department did not stem the money flowing to attorneys defending itself against its own employees. Nor did the former superintendent decry this expenditure as money that should go toward education. Instead, she justified the spending, and so has the current superintendent, whose department has not been forthcoming about how much they spent.

This leaves the taxpayer, who continue to send more of their hard-earned dollars to Sacramento hoping someone will do right by the children...put the buck in the classrooms.

Free Advice To Save LA's Finances; Will They Listen?

It doesn't take an economics professor to understand Los Angeles' (LA) monstrous budget deficit. The math is simple: LA is spending more money than it's taking in. It does get more difficult, however, when it comes to getting the city to curb spending, consolidate, and focus on bringing in revenue. But, a framework provided by LA's Valley Industry and Commerce Association (VICA) may give us hope.

The LA Daily News reported (March 20th) that ***"The Valley Industry and Commerce Association (VICA) released a two-part report [that] detail[s] 50 solutions to help balance the City of Los Angeles' budget. The report provides solutions for revenue generation as well as a comprehensive set of suggestions to address the current fiscal deficit without raising taxes."***

VICA's report begins with the following: ***"The city of Los Angeles faces a budget deficit of more than \$150 million for the remainder of the fiscal year 2007-2008, and the outlook for fiscal year 2008-2009 is that the deficit may go above \$400 million... [T]he City has expanded the scope of services it provides far beyond what is in its charter and what it can afford."***

The ten revenue-raising ideas provided by VICA are clever and resourceful, yet it's hard to believe that the city didn't think of (or implement) them earlier. One idea is to ***"[s]treamline the City's building and permit process; the implementation of a 12 to 2 system cutting down on administrative costs and encouraging more developers to build in Los Angeles, therefore generating jobs, housing and tax revenue."*** Or, put more simply, cut bureaucracy to encourage business.

While VICA's ideas for gaining revenue are pragmatic, several of the 40 suggestions for cutting or consolidating services are shocking. LA pays ***"[\$500,000] for calligraphers to decorate City proclamations and honors and [to] program computers to do this."*** By dropping these expensive proclamations, LA will be taken out of the 1800s and welcomed to 2008 (where proclamations can be beautifully done by computer).

At this point, it isn't just smart for the city to ***"eliminate irrelevant programs for City workers such as 'stick-play and sphincter control classes.'" It's mandatory. In addition, furthermore, we don't even want to know what sticks and sphincter control have to do with working for the LA Department of Housing.***

Topping all of the other 50 ideas for LA to rejuvenate its finances, the no-brainer of all no-brainers, is to ***"collect on the \$500 million in uncollected debt owed to the City."*** This could create revenue of ***"\$50-\$75 million or more over several years."*** Debt is meant to be collected, and LA should have the guts to do it.

Not only is VICA's list useful, but it's free business advice for the city of LA. The fact that a private group of people would spend their precious time creating this list is a reflection of a greater sentiment -- city residents are fed up with dumping their hard-earned cash into the tar pits (or departments, agencies and programs with the same effect).

City Attorney Stealing Government's Perks

Oakland likes to dub itself, "The Bright Side of the Bay." But, recent activities lead me to wonder exactly how bright Oakland's government officials are. With former Oakland mayor and Attorney General Jerry Brown's skewed view of the city's rising crime rate, Oakland continues to be the home of political denial. Oakland City Attorney John Russo seems to have taken a trip down the same river of "denial" by giving himself a good-sized kickback.

According to *The San Francisco Chronicle* (December 19, 2007), the City Attorney gave himself a significant raise without permission: **"John Russo boosted his \$207,000 salary by \$28,000 this year by giving himself management leave and vacation pay typically reserved for non-elected department heads and managers, city records show."**

The rules for vacation pay are simple: **"Unelected Oakland department heads are entitled to three weeks or more of vacation a year but can roll over vacation time – or, if unused, cash it in."** On the other hand, the law states that **"[e]lected officials such as Russo are usually paid a flat rate on the premise that as long as the voters are happy, the officials can work whatever schedule they please."**

This year's \$28,000 raise did not come in the form of a lump sum Publisher's Clearinghouse-sized check. Russo was crafty and broke up his reward the same way he did two years before: **"[He] has upped his gross pay nearly \$12,000 by claiming three weeks' worth of management pay for leave he didn't take...."** Additionally, he **"cashed in 149 hours worth of vacation, or roughly \$16,000."** At least we know that he's familiar with the all-important financial principle of diversification.

It took this hefty raise to get the attention of the city council and management committee. They heard **"that Russo was cashing in vacation and asserting his right to management leave [and]... hit the roof. They demanded evidence that the council had ever given authority to the city administrator to authorize [those] pay perks for elected officials."**

Amazingly, Russo **"said the council would be better off controlling runaway police overtime than going after his pay."** Russo further demonstrated how far he has strayed from the "bright side" by saying, **"It's clear some council members are using this for their own petty, personal agendas."** Clearly, council members challenging the misuse of public funds is far from petty or personal. But, maybe Russo was referring to his own actions. The very reason separate branches of government exist is to question the actions of another when wrongful use of public funds or misuse of powers occurs.

If Oakland really wants to be the "Bright Side of the Bay," it needs to support the city council and management committee in its censure of Russo. Of all officials, the city attorney must be held accountable under the same law he is paid to prosecute. Apparently, the "river of denial" is a long one in Oakland, but it's time for the "Bright Side of the Bay" to become the right side of the bay and apply to the law to elected officials and citizens alike.

Oakland's Mayor Living Large on Taxpayers' Tab

The city of Oakland is in a financial mess, facing a \$15 million deficit with the mayor calling for a [12-day shutdown of city services](#). The city also is having problems hiring enough police officers or even getting the ones they have to patrol crime-infested areas.

However, this deplorable situation does not seem to worry Oakland Mayor Ron Dellums. He is living the high life on taxpayers' dime. He's staying in luxury hotels, dining at the finest restaurants and paying outrageously high salaries to his top staffers.

According to the *San Francisco Chronicle*, ([June 16, 2008](#)), ***"Oakland Mayor Ron Dellums is talking raising taxes and shutting down non-essential City Hall services for several days in his crime-ravaged city to trim expenses...but maybe he should look to cut back on his own generous personal spending first."***

"A new investigative study shows his bloated payroll is nearly two times as large as the staff expenses of the previous mayor, Jerry Brown. Indeed, Dellums' chief of staff...earns substantially (\$165,000) more than Brown, the current state attorney general, did when he was running Oakland (\$115,000).

Who is Mayor Dellums representing? Clearly not taxpayers. One need only look at the specifics of his spending...***"And then there's the personal expense accounts, in which Dellums has charged taxpayers for very pricey stays at 5-star hotels like the Ritz-Carlton and Four Seasons in Washington D.C., (though he owns a fancy home in nearby Georgetown) not to mention \$200 meals in D.C. French bistros."***

Furthermore, an investigative report by KTVU, Channel 2, in Oakland notes ***"...[T]he mayor—who earns \$183,000 a year—has hired on a dozen new staffers. Including the all-important \$60,000 a year full-time chauffeur."*** And, just when you think you have heard it all, it gets better, ***"Dellums was reimbursed for an \$800 limo bill in Los Angeles on one day alone."***

Taxpayers should be outraged that, ***"Dellums' total \$50,000 expenses since he's been in office far out weighs Brown's total tab to the taxpayers--\$120."*** Keep in mind, his election to the mayor's office was only two years ago.

Mayor Dellum's behavior is unethical at best. Clearly, he has shown an appalling lack of good judgment—treating taxpayer dollars as his own personal checking account. Before he contemplates raising taxes on hard-working folks, there should be a full-blown investigation into his spending spree of using taxpayer dollars to pay for his posh lifestyle. At the very least, Mayor Dellums needs to reimburse taxpayers for his lavish, unnecessary expenses.

UC Workers Paid \$600,000+ to Change Offices

The "Golden Years" have just become a little brighter for some special university employees. With looming budget cuts, eliminating employees is a sound administrative solution. However, the outcome for a number of University of California retirees will surprise you.

According to the *San Francisco Chronicle* ([December 6, 2008](#)), "**a hundred and fifty-five university employees were retired with healthy severance pay in excess of a half million dollars.**"

Sixteen of these same employees, were severed from the University system money, were quickly rehired in other unrelated positions. Even more, these staff members applied for the severance packages. Some of these same employees are now making even more than their previous position, many with six figure yearly salaries!

Ingrid H. Schmidt, a University of California employee, was a member who applied for and received a five-figure severance package to voluntarily leave his position in Oakland, and then started a new job at UC Davis the NEXT day. Schmidt kept \$46,100 in severance from the old job, and then got a 13 percent raise at her new UC Davis position. (Sacramento Bee).

Robert Stern, president for the Center for Governmental Studies in Los Angeles, says "**Taking a severance package from one arm of the university and getting rehired is abuse of the system.**" Although the UC president did not support these actions, he has not asked that the money be returned.

As a result of the current budget crisis, college students are looking at an increase in fees and cut backs on classes offered, which makes this story that much more outrageous. The funds wasted on these employees could have been reinvested in the University system rather than used for false severance packages. The students and taxpayers are the ultimate losers in this sweetheart deal.

The steps these employees took are not only an abuse to the system, unsupported by colleges and negatively influencing our State Budget, but they are also legal. This outrageous abuse needs to stop. Regulations must be put in place to prevent future mistreatment of public funds. There needs to be more stringent oversight to UC's budget- given the dire consequences to future generations. Steps should be taken to retrieve the pointless severance packages rather than sit back and call it a loss.

Prison Receiver Too Literal, Personally Receives Prison Money

It shouldn't be difficult for an employee to understand a description. Most of all, a state appointed jobholder should be able to do at least this. Unfortunately, the appointed former state prison receiver chose to ignore this part of his job. Instead of improving medical care for prisoners, he forgot the purpose of his job, inflating his and his staff's pay and benefits.

According to the *San Jose Mercury News* (February 28), state officials have good reason to fume about the state prison receiver chosen by a federal judge ***“to ensure that the state’s 171,000 prison inmates have better access to medical care....It wasn’t just the taxpayer-funded, \$52,000 monthly salary [the state prison receiver] paid himself to revamp medical care in California’s prison system that bothered state officials.”***

The receiver's fervor for (out of prison) health care got the best of him when he gave his employees extra, extra coverage - ***“What really irked them was that [the prison receiver’s office] according to an audit released [February 27th], boosted employee paychecks by nearly \$219,000 so his workers could buy health insurance – when in fact they were already covered under a taxpayer-funded plan offered by his office.”***

Clearly, these gratuitous benefits were not a mistake; ***“Employee payroll included \$610,642 in lieu of health-related benefits, when the receivership wasn’t providing any, but even after benefits kicked in, workers continued to receive the extra pay, which totaled \$218,790.”***

The double-health care wasn't the only wacky perk as ***“[t]he receivership paid 29 of its 49 employees salary and compensation greater than \$100,000; 12 people made more than the \$225,000 annual salary of [the] prisons chief....”*** Maybe they were paid for being extra healthy!

The prison receiver's rule of thumb was followed outside the office where details were neglected and dollar figures were super-sized. ***“The receivership failed to properly document reimbursement expenses such as \$10,500 in hotel receipts and \$1,800 in meals.”*** Since health care was doubled for employees, reimbursements were almost tripled: ***“In one case, a consultant was paid \$125 a day for meals, totaling \$12,000, when the staff’s daily reimbursement limit was \$50.”***

“The audit doesn’t say why [the prison receiver] double-billed the state for health benefits; he and his former spokeswoman could not be reached.” Well, an audit can reference greed and irresponsible behavior, but cannot completely encapsulate it.

Stories like this leave little wonder as to why our state's finances are on the brink of financial disaster. The bright side of the former prison receiver's actions is this: the release of this audit means that he may experience prison medical care firsthand, replacing his taxpayer-victimizing, bottomless pit of health funds.