The Virginia Institute for Public Policy and Citizens Against Government Waste

2005 VIRGINIA PIGLET BOOK

"The Book Richmond Doesn't Want You to Read"

VIRGINIA INSTITUTE FOR PUBLIC POLICY

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CITIZENS AGAINST GOVERNMENT WASTE

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in government.

CAGW was founded in 1984 by J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government. CAGW has more than one million members and supporters nationwide. Since 1986, CAGW and its members have helped save taxpayers more than $758 billion.

CAGW's official newsletter is Government WasteWatch, and the group produces special reports, and monographs examining government waste and what citizens can do to stop it. CAGW is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954 and is recognized as a publicly-supported organization described in Section 509(a)(1) and 170(b)(A)(vi) of the code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of CAGW through tax-deductible gifts.

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INTRODUCTION

In 1982, President Ronald Reagan empanelled a team of 161 senior business executives and more than 2,000 private sector volunteers to undertake a comprehensive review of the federal government. The report of the President's Private Sector Survey on Cost Control, better known as the Grace Commission after the panel's chairman, the late J. Peter Grace, made 2,478 recommendations to eliminate waste, mismanagement, and inefficiency in Washington, with three-year savings of $424.4 billion. After the report was completed in 1984, Peter Grace joined with syndicated columnist and Pulitzer Prize-winner Jack Anderson to form Citizens Against Government Waste (CAGW) to promote implementation of Grace Commission recommendations and promulgate additional recommendations at every level of government. Over the past 21 years, CAGW and its one million members and supporters have helped taxpayers save more than $825 billion.

CAGW's most well-known publication is the *Congressional Pig Book*. Since 1991, CAGW has published this annual exposé of pork-barrel spending in the 13 federal appropriations bills. CAGW also produces *Prime Cuts*, a comprehensive look at the depth and breadth of waste throughout the federal government. Recommendations range from eliminating corporate welfare to cutting unneeded defense systems. *Prime Cuts 2005* identified $252 billion in potential one-year savings and $2 trillion in five-year savings. Considering that the federal deficit is projected to be $333 billion for fiscal year 2005, *Prime Cuts* alone could go a long way in bringing back fiscal sanity to Washington.

In April, the Virginia Institute for Public Policy released the Freedom & Prosperity Agenda, an 11-plank legislative platform that reduces taxes, protects private property, and improves education in Virginia. The *Virginia Piglet Book*, jointly produced by the Virginia Institute for Public Policy and Citizens Against Government Waste as the perfect compliment to the Freedom & Prosperity Agenda, outlines how the role, scope, and cost of government in Virginia can be contained without a diminution in the legitimate services that we expect from the public sector.

It took the state government in Virginia 386 years to reach a $30 billion biennial budget. It has only taken the last 10 years to add a second $30 billion to that budget.

During this decade, the Commonwealth of Virginia's budget has experienced an average growth of 16 percent with every two-year budget. General fund spending alone increased more than 85 percent from 1997 to 2006. If these rates of growth continue, the biennial budget for 2012 – 2014 will be more than $110 billion.

The state government does have challenges that it is trying to address in Virginia, especially in regards to education and transportation. Since 1980, inflation-adjusted spending for K-12 education in Virginia has increased 10 times faster than enrollment. Despite this enormous increase in spending, the National Center for Education Statistics reports that 65 percent of Virginia's public school students score below their grade levels.

During the same period that the citizens of Virginia have witnessed out-of-control growth in the state government's budget and the related increases in taxes to near confiscatory levels, spending for transportation in the commonwealth has remained virtually flat. The problem in Virginia is clearly not a lack of revenue, but a lack of priorities.

With the expertise of the Virginia Institute of Public Policy, and modeled after CAGW's two most prominent publications, the *Virginia Piglet Book* combines the ridiculous examples of the *Pig Book* with the seriousness of *Prime Cuts* to illustrate that spending has not been cut to the bone and that the real culprit for Virginia's budgetary mess is out-of-control spending. Before one more tax dollar is sacrificed by hard-working Virginia families, the state legislature must take a close look at the budget and eliminate waste, fraud, and abuse.

Let Government Be Government

Virginia state government has a knack for performing functions that are accomplished better and more efficiently, not to mention appropriately, by other levels of government or the private sector.

Competitive Sourcing

There is ample opportunity for Virginia taxpayers to save money by having the government and the private sector compete to perform functions that may not need to be performed by government.

The mission of the Virginia Department of Health is to "achieve and maintain optimum personal and community health by emphasizing health promotion, disease prevention and environmental protection."[1] The state of Virginia could deliver such services by permitting the private sector to compete for departmental functions such as operating child development centers, delivering community health promotion services, and engaging in public awareness campaigns. These services currently cost taxpayers $26 million annually. Public-private competitions can typically result in savings of 30 percent. By applying this savings benchmark to current spending, savings of more than $8 million per year can be projected from allowing the private sector to compete for the opportunity to deliver these services.

In addition, the Virginia Department of Health encompasses programs that can and should be eliminated from the Commonwealth budget, not only because they fall outside the legitimate purposes of government, but because they duplicate private sector efforts. Virginia could save as much as $19.6 million annually by eliminating Community Prevention and Planning ($8.8 million); Health Leadership, Policy, and Operational Support ($7.6 million); and Family Planning ($3.4 million). These are

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[1] Virginia Department of Health, (viewed on October 3, 2005), <http://www.vdh.state.va.us/>.

examples of programs that perform functions that should be handled by families in the home or by local private support groups.[2]

The Virginia Department of Transportation (VDOT) is responsible for building, maintaining, and operating state roads, bridges, and tunnels. This is a challenging task, given that Virginia has the third largest state-maintained highway system in the country, behind North Carolina and Texas. Fortunately for VDOT (and for the Virginia taxpayer), the Commonwealth doesn't have to do all of that work by itself. In 1995, the Virginia legislature passed the Public and Private Transportation Act (PPTA), which "allows private entities to enter into agreements to construct, improve, maintain and operate transportation facilities."[3] The Act was amended in 2005 to encourage investment in the Commonwealth by private entities by creating a more stable investment climate and increasing transparency and public involvement in the procurement process. Draft guidelines implementing the amendments to the PPTA are due to be finalized by VDOT on October 31, 2005. VDOT's website lists two completed projects, five projects underway, five proposals outstanding, and three projects upcoming. The two completed projects alone have already saved Virginia $57 million.[4]

If VDOT were to allow the private sector to perform more of the approximately one billion dollars of maintenance work performed on Virginia's roads each year, the savings could amount to $285 million.[5] An added benefit may be that the quality of the Commonwealth's roads might improve.

Education is an important function of state and local governments, but many of the non-instructional functions that are collateral to the provision of instruction both at the K-12 and the post-secondary levels are highly suited to delivery by private sector contractors. In Philadelphia, the school district saved 20 percent over the last two years by outsourcing non-instructional services such as janitorial, food cafeteria, lawn maintenance, and school bus service. Applying those results to the $85 million budget for maintenance activities and food services in Virginia's public higher educational institutions could save $17 million. At the K-12 level, using private contractors for non-instructional services could save taxpayers $80 million from the $400 million budget.

The Virginia Department of Alcohol Beverage Control operates approximately 300 retail liquor stores throughout the Commonwealth and is one of only 18 states that does not permit the private retail sale of alcoholic beverages within its borders. By getting out of the business of running its own retail establishments and opening the market up to private retailers, it has been estimated by the Wilder Commission and the

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[2] Savings figures are from Dana Joel, "Downsizing State Government: Doing More with Less," Thomas Jefferson Institute, 1997, p. 44.
[3] VDOT, "Public-Private Transportation Act (PPTA)," (viewed on October 7, 2005), <http://www.virginiadot.org/business/ppta-default.asp>.
[4] U.S. Department of Transportation (DOT) "Report to Congress on Public-Private Partnerships," December 2004, (Viewed on October 7, 2005), <http://www.fhwa.dot.gov/reports/pppdec2004/#3a>.
[5] This figure is based on an approximate benchmark of 28.5 percent savings, applied to a base spending level of approximately $1 billion. DOT "Report to Congress," Appendix A: Examples Of Time And Financial Savings On Construction And Maintenance Projects With Innovative Contracting Approaches.

Commonwealth Competition Council that taxpayers could realize savings of up to $700 million annually without giving up any of Virginia's enforcement powers over alcoholic beverages and without sacrificing any revenues from licensing fees and violations.

In the fiscal year ended June 30, 2004, the Virginia Department of Corrections (VDOC) housed 1,561 inmates in a privately operated prison facility in Lawrenceville. This is only about 5 percent of Virginia's total inmate population of approximately 30,000 for fiscal year 2004. Studies show that privately run prisons, which are relied upon by states such as Colorado and Alabama, cost 15 percent to 20 percent less than state-run facilities.[6] The average Virginia offender managed by VDOC cost the State $20,142 in 2004.[7] By contracting out the operations and management of prison facilities for more of its low security inmates, Virginia could save millions of dollars from an annual budget for secure confinement that in 2005 totaled nearly $405 million.[8]

The Virginia Auditor of Public Accounts is the "independent auditor serving the Commonwealth of Virginia." This status begs the question of whether independence, like beauty, is in the eye of the beholder. The private sector includes corporate accounting firms that could contract to serve as the independent auditor for the Commonwealth. If private sector auditors are good enough to ensure the integrity of publicly traded companies for Virginians, surely a private sector independent auditor would be competent to fill the auditing needs of the Commonwealth of Virginia. The move toward an independent auditor — an Office of the State Inspector General — has been blocked by the legislature. Governor Warner introduced such a proposal, but it has never been approved.

Government has many important functions, but when business-like tasks could be competitively sourced without compromising service while also ensuring savings, it is incumbent on state government to take the most cost-effective route. The examples detailed here show that the state has many opportunities to save money without diminishing the quality of services that the citizens of Virginia will receive.

The Business of Government is Government

Although President Calvin Coolidge stated that the "business of government is business," the taxpayers who foot the bill for Virginia's growing state budget can still be forgiven for foolishly believing that the business of government should actually be government. However, such a belief won't get very far in Virginia. The Commonwealth is today engaged — at taxpayer expense — in numerous activities that are neither appropriately nor reasonably objects of state governmental concern.

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[6] Reason Public Policy Institute, (viewed on October 3, 2005), <http://www.rppi.org/unlocksavings.html>.
[7] VDOC, "Operating Cost Per Offender (Per Capita)," (viewed on October 7, 2005), <http://www.vadoc.state.va.us/resources/statistics/financial/2004/04percapita.pdf>.
[8] Virginia Acts of Assembly, 2005 Session, (viewed on October 7, 2005), <http://leg1.state.va.us/051/bud/budget05.pdf>, p. 419.

The Virginia Agricultural Council Board (VACB) promotes the Commonwealth's agricultural interests at a cost of $490,000 per year. Although this is a service that some in the agricultural industry may appreciate, it is not appropriate for government to promote a chosen private industry. When it does so, the state distorts the free market, which ultimately harms Virginia consumers. The VACB should be eliminated, at a savings to the Commonwealth budget of nearly half a million dollars every year.

The Virginia Coal and Energy Commission (VCEC) exists to study all aspects of coal as an energy resource and endeavor to stimulate, encourage, promote, and assist in the development of renewable and alternative energy resources other than petroleum. The VCEC is duplicative of private sector research and development, and given the absence of a profit motive, can be expected to do a far worse job at its mission than private companies. When the questionable competence of government in the fields of innovation and research is weighed against the questionable legitimacy of government in the role of industry promoter, the $21,320 that Virginia spends each year on the VCEC is a line item that should be eliminated.

Virginia's Commission on Local Government (VCLG) assists counties, cities, and towns in understanding and dealing with various actions of the federal and Commonwealth governments. In other words, the VCLG spends $610,242 per year to do work for localities that the localities should be doing for themselves. The VCLG should be eliminated and its functions returned to the place where they rightfully belong — local governments that are accountable to local voters.

The Virginia Department of Health and Human Resources (VDHHR) provides family planning services at a cost to taxpayers of $4.5 million per year. Just as this function is not an appropriate use of taxpayer money in the Department of Health, neither is it an appropriate function for VDHHR. This program should be eliminated.

There are many activities that fall outside government's proper sphere. Eliminating such programs from Virginia's budget will generate savings for the taxpayer and force the Commonwealth's government to assume a more appropriate role in the daily lives of Virginians.

Too Many State Chefs Spoil the Public Broth

Virginia state government is all too often characterized by a bureaucratic tangle of duplicative services performed by various agencies, boards, and commissions that should be consolidated into a single point of service. Citizens benefit when it is clear where they should go when they need to interact with the government. Savings to taxpayers from consolidation of redundant government services provide an additional incentive for government to get it right when it comes to eliminating bureaucratic overlap.

Typically, 40 percent to 60 percent of the cost of a governmental department or program is comprised of administrative costs, payroll, office rent, utilities, and other non-mission-specific costs. It stands to reason that merging similar programs or departments under one roof and reducing the FTE counts of the ‘new’ department, through attrition if not by active reductions in force, can achieve substantial savings. As the following examples illustrate, there are many candidates for such consolidation in Virginia government.

For example, the Virginia Secretary of Commerce and Trade manages 14 agencies that collectively oversee the economic, community, and workforce development. At least five state agencies or initiatives have missions that fit comfortably within the mission of one Commerce and Trade agency, the Department of Business Assistance (DBA). DBA’s goal is to supply businesses with value-added services such as workforce training, financing, small business development and increased business communication. Taxpayers could save between $23 to $35 million by merging the following five state agencies or initiatives that have narrower but related missions into DBA and achieving administrative cost savings by eliminating their duplicative bureaucratic structures.

Entity to be Merged	**Mission**	**2005 Budget**[9]
Virginia Works	Build businesses and create new jobs in rural communities.	$21 million
Virginia Enterprise Initiative	Promote micro business development by providing an opportunity for disadvantaged individuals to gain business skills training and access to credit.	$20 million
Virginia Economic Development Partnership	Aggressively recruiting and encouraging the expansion of businesses, industries and entrepreneurship in the Commonwealth.	$15 million
Virginia Small Business Assistance Program	Help small businesses comply with the Clean Air Act and Virginia's air regulations, but not enforce compliance.	$508,000
Department of Minority Business Enterprises	Expanding the growth and development of the Commonwealth's minority businesses.	$463,000
TOTAL		**$57 million**

According to its mission statement, the Virginia Department of Rehabilitative Services (VDRS) collaborates with the public and private sectors to provide and advocate for the highest quality services that empower individuals with disabilities to maximize

[9] Budget figures are for FY2005, which represents the most recently completed fiscal year. FY2005 numbers will typically substantially match appropriations for a given program during the second half of the budget biennium (FY 2006). (viewed on October 5, 2005), <http://leg1.state.va.us/cgi-bin/legp504.exe?042+bud+21-128+pdf>.

their employment, independence and full inclusion into society. This mission makes VDRS a natural home for the following five Commonwealth agencies. Applying the 40 to 60 percent savings benchmark for administrative streamlining to their 2005 budgets would yield potential savings of between $28 and $42 million from consolidation under one roof.

Entity to be Merged	**Mission**	**2005 Budget**
Virginia Department for Blind and Vision Impaired (VDBVI)	Empower blind, visually impaired, and deafblind individuals to achieve their maximum level of employment, education, and personal independence.	$36 million
Woodrow Wilson Rehabilitation Center	Provide comprehensive medical, assistive technology and vocational rehabilitation services to persons with disabilities to help them gain increased independence and employment.	$25 million
Virginia Department for the Deaf and Hard of Hearing	Develop long-range programs and plans provided by the state and local governments for Virginians who are deaf or hard-of-hearing.	$6 million
VDBVI's Rehabilitation Center for Blind and Vision Impaired	Provide comprehensive adjustment services to severely visually impaired Virginians.	$2 million
TOTAL		**$69 million**

The mission of the Commonwealth Compensation Board is to "determine a reasonable budget for the participation of the Commonwealth toward the total cost of office operations for Constitutional Officers, and to assist those officers and their staff through automation, training and other means, to improve efficiencies and to enhance the level of services provided to the citizens of Virginia."[10] As part of this mission, the Compensation Board sets minimum salary levels that localities must pay certain local officials such as city and county sheriffs and Commonwealth attorneys, and reimburses localities for the salaries of those officials up to the prescribed levels. By eliminating the Compensation Board and giving the money directly to the localities, the Commonwealth would save $12.3 million in administrative costs on a base expenditure level of $431.9 million.

Virginia could merge at least two state educational institutions into other institutions, thereby achieving significant savings without sacrificing services. For example, merging the Virginia School for the Deaf, Blind and Multi-Disabled in Hampton with the Virginia School for the Deaf and the Blind in Staunton would save $7

[10] Commonwealth of Virginia Compensation Board, (viewed October 3, 2005), <http://www.scb.state.va.us/>.

million per year.[11] Merging Richard Bland College of The College of William and Mary, which is a public junior college, into John Tyler Community College, which is another two-year public institution, would save the Commonwealth a further $6.5 million annually.[12]

Virginia's state government does a great deal of redundant and duplicative work that cost taxpayers a great deal of money. Eliminating these redundancies would provide cheaper and more efficient services.

Walking the Walk, or Implementing the Wilder Commission

In January 2002, with much fanfare, Governor Warner set up the Governor's Commission on Efficiency and Effectiveness (CEE) to develop recommendations that would enable the Commonwealth to serve its citizens more effectively and to manage its resources more efficiently. Former Governor L. Douglas Wilder chaired the Commission.

In December 2002, the CEE delivered its report. If all of its recommendations were implemented, Virginia spending would be lower by approximately $1.5 billion every biennial budget cycle. To date, about 90 percent of the CEE's proposals has failed to be adopted.

The approximately $750 million in potential annual savings and cost avoidance identified by the Wilder Commission include: $500 million in procurement savings; $100 million in information technology; $60 million in real estate operations; $50 million for inventory management; $30-$45 million in improved debt collection and $11 million in human resources savings.

<u>Procurement Savings: $500 million</u>

The CEE examined how the Commonwealth purchases goods and supplies, as well as how it procures large capital outlay projects. The result was identification of key elements of the procurement process at "every point on the procurement continuum — from upfront analysis of savings opportunities to the evaluation of how well a contractor has performed" that were "either not working optimally or simply broken."[13]

By projecting savings from state procurement reform equal to the lower end of the benchmark of 10 to 20 percent savings range that private enterprises typically realize from procurement reform, the CEE concluded that Virginia could save $500 million annually, with full realization of those savings occurring within two to four years. The necessary steps to achieve these savings are the same kinds of things that any private

[11] Joel, p. 31.
[12] Both colleges are still open today. Ibid, p. 36.
[13] Wilder Commission Final Report, (viewed on October 5, 2005), <http://www.governor.virginia.gov/Initiatives/EffCommission/presentations/FinalDocs/FinalReport.pdf>, p. 10.

enterprise would be answerable to angry shareholders for failing to implement: (1) systematic collection of information necessary to organize procurement to make the best use of taxpayer dollars; (2) instituting adequate upfront planning on large projects, especially capital outlay construction projects and the development of information technology systems; (3) negotiating with vendors for the best possible discounts; and (4) pursuing greater supplier diversity to ensure adequate competition.[14]

Information Technology: $100 million

The CEE examined ways that government could better procure information technology, eliminate the purchase of duplicative administrative information systems across agencies and departments, utilize technology to perform human resource-intensive tasks more efficiently, and provide more cost-effective customer service through technology.

While a large private enterprise might use a single ERP (Enterprise Resource Planning) technology solution for its planning needs, the Wilder Commission found that Virginia state agencies and departments together owned every major ERP system on the market.[15] At the same time, the strategic plans guiding Virginia's state agencies called for implementing 13 different financial management systems, three different payroll systems and three different human resource systems. These duplicative investments in information technology comprise the essence of inefficient use of taxpayer resources.

The Wilder Commission projected Virginia could save up to $60 million within three years by:

- negotiating statewide purchasing contracts that leverage purchasing volume;

- consolidating administrative systems across state agencies;

- combining data centers to increase effectiveness and cost savings;

- using technology to consolidate business processes such as payroll processing and accounts receivable; and

- using web-based technology to organize customer service activities such as licensing and permitting more efficiently and effectively in a one-stop shop.[16]

Another way to save tax dollars is to avoid choosing one type of technology over another and consider total cost of ownership when purchasing software. Massachusetts Governor Mitt Romney has proposed the Enterprise Information Technology

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[14] Ibid, pp. 8-11.
[15] Ibid, p. 13.
[16] Ibid, p. 12.

Architecture technology policy, which will severely limit procurement options among Massachusetts government agencies by requiring agencies to use an open format for its documents. Government earns the best value for taxpayer dollars through a competitive, transparent, and accountable bidding process and should accept bids from any company that can provide the desired product or service. To avoid the mistakes being made in Massachusetts, Virginia should keep all of its technological options open and avoid establishing any specific software preference. Technology is best suited when it is utilized to its full capacity.

Real Estate Operations: $60 million

The Wilder Commission examined how Virginia manages its real estate assets. Investigations revealed that Virginia failed to track critical data such as vacancy rates, or tracked real estate in a decentralized way that made strategic management of assets all but impossible. This mismanagement negated any possible savings that could have resulted from strategic approaches to managing assets through co-location of state agencies, management of lease expirations, and review of sale-leaseback opportunities on currently owned properties.

The commission identified up to $60 million in annual savings from improving real estate operations by:

- developing a real estate portfolio management system with clearly identified lines of responsibility;
- reducing the vacancy rate in office space leased by the Commonwealth to below 5 percent;
- better managing the lease expiration and renewal process;
- engaging in sale-leaseback opportunities where beneficial to the Commonwealth; and
- utilizing better methods for designating Commonwealth real property as "surplus" and by reexamining opportunities to sell property that has already been designated as "surplus."[17]

Inventory Management: $50 million

The CEE identified three state agencies (Transportation, Corrections, and Alcoholic Beverage Control) that could achieve instant savings of $34 million by reducing their inventory by 20 percent (their levels in 2000). The commission projected that additional savings could be achieved on an ongoing basis by:

[17] Ibid, p. 14.

- mandating that inventories below $1 million be classified as inventory in the state's accounting system;
- standardizing inventory management practices across state agencies;
- centralizing distribution systems; and
- involving suppliers in inventory reduction efforts.[18]

Improved Debt Collection: $30-45 million

The commission examined the Commonwealth's receivables and found that more than half of $2.5 billion owed to Virginia by its debtors was past due, with only slightly less than half overdue by more than 90 days. On top of the $2.5 billion in collectibles still on the books was an additional $3.1 billion that the Commonwealth had classified as non-collectible.[19]

The Commission projected savings of $30 to $45 million annually that could be achieved by:

- shortening the time period for declaring accounts delinquent;
- developing better collections agency strategies through the utilization of multiple agencies, differentiating commissions based on value collected, and providing settlement guidelines to agencies; and
- enabling the Commonwealth to use "debt sales" to raise dollars from its "uncollectible" and "unworked" receivables.[20]

Human Resources Savings: $11 million

In examining how the Commonwealth manages human resources, the commission found that Virginia could save $5 million per year by folding separate agency payroll functions into the duties of the state's existing, more efficient service bureaus. Additionally, by maximizing the use of e-training, the CEE projected that Virginia could cut the 36 percent of its $66 million annual training budget that is spent on "training incidentals" by $6 million per year.

Thanks to the Wilder Commission, the government of the Commonwealth of Virginia has had a menu of savings choices laid before it since the end of 2002. Unfortunately, the legislature and Governor Warner have thus far shown more of an appetite for continued spending than for savings. This has to change if Virginia taxpayers are ever going to start getting their money's worth from Virginia state

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[18] Ibid, p. 15.
[19] Ibid, p. 16.
[20] Ibid, p. 17.

government. Virginia has to not only talk the talk of improving government efficiency and reducing waste; Virginia has to walk the walk. Doing a more thorough job of implementing the recommendations of the Wilder Commission is essential for Virginia's budget to become a great deal leaner in a hurry.

An Idea Whose Time Has Gone

There are several state government programs, commissions, and initiatives, as well as entire agencies and departments, that are obsolete or duplicative. Virginia can realize savings by ending these superfluous government activities, which no longer justify the expenditure of taxpayer dollars.

For example, the Virginia Milk Commission's website proudly states that the Commission "ensures that the citizens of the Commonwealth have a constant, available and reasonably priced supply of milk and assures the industry that the supply of milk is equitably priced." Founded in 1934, the Milk Commission pays modern tribute to the Depression-era understanding of market economics. Not only does the Milk Commission harm the consumer by distorting the free market for milk through unnecessary regulation, but it costs the taxpayers of Virginia $677,300 per year. There is no modern day justification for this commission and it should be eliminated immediately.

Virginia's Joint Legislative Audit and Review Commission (JLARC) was created in 1975 to engage in general oversight of Virginia government. Because the amount of fat remaining to be cut from Virginia's budget bears testimony to JLARC's "success" in performing its mission, JLARC's relevant statutory powers and duties bear quoting:

1. Make performance reviews of operations of state agencies to ascertain that sums appropriated have been, or are being expended for the purposes for which such appropriations were made and to evaluate the effectiveness of programs in accomplishing legislative intent.

2. Study on a continuing basis the operations, practices and duties of state agencies, as they relate to efficiency in the utilization of space, personnel, equipment and facilities.

3. Make such special studies and reports of the operations and functions of state agencies as it deems appropriate and as may be requested by the General Assembly.

4. Make such reports on its findings and recommendations at such time and in such manner as the Commission deems proper submitting same to the agencies concerned, to the Governor and to the General Assembly. Such reports as are submitted shall relate to the following matters:

a) Ways in which the agencies may operate more economically and efficiently;

b) Ways in which agencies can provide better services to the Commonwealth and to the people; and

c) Areas in which functions of state agencies are duplicative, overlapping, or failing to accomplish legislative objectives or for any other reason should be redefined or redistributed to make performance reviews of operations of state agencies to ascertain that sums appropriated have been, or are being expended for the purposes for which such appropriations were made and to evaluate the effectiveness of programs in accomplishing legislative intent.[21]

The examples in the *Virginia Piglet Book* make it abundantly clear that JLARC's $2.9 million budget has been a waste of money. The most appropriate (not to mention poetic) remedy would be for JLARC to fall on its own sword and disappear from existence entirely, thus saving Virginia taxpayers $2.9 million per year.

The Virginia Code Commission was created as a permanent commission in 1946. Its original purpose was to create the 1950 Code by codifying the Acts of Assembly of 1948 and all statutes enacted prior to and subsequent to 1948. Today, the Code Commission oversees publication of Virginia codes and regulations, a task that could be performed by contract with private publishers. By eliminating the Code Commission, taxpayers would save $62,538 per year.

The Virginia Joint Commission on Health Care (VJCHC) is dedicated to ensuring that the greatest possible number of Virginians receives quality, cost-effective health care services. Although these goals are laudable, Virginia already has a governor, a legislature, and several state agencies engaged in addressing the popular need for healthcare. The VJCHC should be eliminated and $443,502 would be saved annually for Virginia's taxpayers.

The Virginia Joint Commission on Technology and Science (VJCTS) was created in 1997 as a permanent commission charged with studying all aspects of technology and science and promoting the development of technology and science in the Commonwealth of Virginia through sound public policies. Studying technology is a function best performed by those state agencies otherwise dedicated to the task, while delegation of the duty to develop sound public policy by accountable democratic institutions like the governor's office and the General Assembly is inappropriate. Eliminating the VJCTS would save $165,709 annually.

The Virginia Housing Commission exists to study and provide recommendations to ensure and foster the availability of safe, sound and affordable housing for every

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[21] Joint Legislative Audit and Review Commission, (visited October 5, 2005), <http://jlarc.state.va.us/genstat.htm>.

Virginian. Like the other issues covered by superfluous commissions, housing policy is a question for deliberation by the governor, the General Assembly, and the state agencies responsible for the issue, with the benefit of appropriate input from the public at large. An additional government entity responsible for studying the issue is not only unnecessary, but it dilutes the accountability of the elected branches of Virginia's government. The Housing Commission should be eliminated and the savings of $156,005 per year returned to the taxpayers.

The Virginia Crime Commission (VCC) studies crime-related issues. In recent years, the VCC has engaged in taking testimony against the Commonwealth's own sodomy laws and instituting its own investigation of mistreatment of inmates at the Commonwealth's "supermax" Red Onion State Prison. Like the Joint Commission on Health Care, the Joint Commission on Technology and Science, the Code Commission, and the Housing Commission, the Virginia Crime Commission is an idea whose time, if it ever came, has certainly gone. By eliminating the Crime Commission and forcing the Legislature and Governor to do their jobs, the Commonwealth will save its taxpayers $500,436 annually.

Just Plain Waste

Finally, some government expenditures are simply irresponsible uses of public money. There are expenditures that have been unnecessary from their inception. There are also examples of bloat that have accumulated over time in otherwise justifiable programs. In either case these expenditures are obvious candidates for slashing any state's budget. Egregious as this "plain waste" often is, every state seems to keep a few obvious excesses around from year to year, including Virginia.

<u>Born to Be Bad</u>

The Virginia Department of Human Resource Management pays $75,000 per year to fund an employee suggestion program coordinator. The waste inherent in paying a single individual to perform functions that are appropriately duties of supervisory personnel at all levels by virtue of their positions is self-evident.

The Virginia Commission of the Arts selectively promotes certain artists and their works. Although government-funded patronage of artists may have had some virtues in late Medieval Europe prior to and during the Renaissance, there is little justification for such unadorned giveaways of taxpayer money in any state of the United States, the richest nation on Earth, in the modern era. By eliminating the Commission of the Arts, Virginia could save $3.2 million, money that taxpayers could use individually to patronize artists of their own taste and choosing.

Other unnecessary and wasteful institutions funded by Virginia's taxpayers, totaling more than $1 million per year: $676,330 for the Commission on Intergovernmental Cooperation; $292,178 for the Commission on Youth; and $60,500 for the Commission for Promotion of Uniformity of Legislation.

The mission of the Virginia Department of Charitable Gaming (VDCG) is "to control all charitable gaming in the Commonwealth through prescribed regulations that seek to ensure the integrity of gaming, maintain the highest quality environment to eliminate fraud, and provide assistance to qualified organizations to enhance their financial progress."[22] At a cost of $2.2 million per year, the VDCG thus performs a law enforcement function that has no need to be housed in an agency separate from those that enforce other laws. VDCG should be eliminated and its budget restored to the pockets of Virginia's taxpayers.

Bloat Happens…

Between 2002 and 2005, the budget of the Virginia Workers Compensation Commission (VWCC) increased by more than 35 percent, yet its duties to administer the Workers Compensation Act remained the same. By rolling back the VWCC to its 2002 spending level, the Commonwealth will save taxpayers $5.3 million per year.

A similar but more severe bout of bloat struck the Department of Health and Human Resources, where the budget for Comprehensive Services for At Risk Youths programs exploded from $155 million in 2002 to a total of $244 million in 2005 — an increase of 58 percent. Simply by restoring the program to its 2002 spending level, Virginia will save $89 million for the Commonwealth's taxpayers.

Conclusion

While Virginia's problems are not unique, government waste, inefficiency and mismanagement are evident throughout the state budget. At the rate that the Commonwealth's budget is fattening up, six years from now Virginians will be looking at a biennial budget of $110 billion.

The first step Virginia should take is to cut the $2.4 billion of waste identified in this report. Second, Virginia needs to follow through on existing recommendations. Some of the work of identifying state inefficiency, waste and excess has already been done and presented to the Commonwealth in the form of the Wilder Commission's report. The Commonwealth now needs to act quickly on these recommendations.

In the interest of constraining spending growth for the future, Virginia should adopt a Taxpayer's Bill of Rights (TABOR). State spending growth of 8.12 percent annually between 1997 and 2006 outstrips any objective benchmark for how quickly Virginia's government spending should reasonably increase. A TABOR constitutional amendment would limit the amount of revenue growth Virginia could keep and spend to the sum of inflation and population growth. Revenue received by the Commonwealth in excess of its TABOR limit would be returned to Virginia taxpayers. If a TABOR had been in place in Virginia over the past 10 years, the Commonwealth's budget would be

[22] VDCG, "Department of Charitable Gaming Mission Statement," (viewed on October 5, 2005), <http://www.dcg.state.va.us/info_mission.htm>.

dramatically lower today, and billions of dollars that Virginians paid in state taxes might have instead been spent by families in Virginia's economy.

With the right leadership in Richmond and the support of Virginians, the budget of the Commonwealth can be restored to a more appropriate level. The question remains whether state politicians will have the courage and commitment to sacrifice the pork and wasteful excess that they have come to cherish. The only alternative is for Virginia's taxpayers to continue to fork over ever more of their hard-earned money. The *2005 Virginia Piglet Book* provides a roadmap that can help the governor and General Assembly lead the way to a stronger fiscal future for the Commonwealth of Virginia.