

# Elvis & PERS make up billions misspent

## State "Lootery"?

A state audit showed close to a million dollars in questionable expenses by the State Lottery. In one year they had spent \$92,500 on meeting expenses, despite the fact that the Lottery building has 13 large and small meeting rooms which went unused for many of those meetings. The lottery spared no expense for their annual staff meeting by paying \$6,600 for one speaker and \$23,000 for another, who spoke on "Beep Beep: Competing in the Age of the Roadrunner". One event required \$1,000 worth of decorations for a 1950s/Elvis theme party.

While the average state agency spends \$602 per employee to train at a local college, the state Lottery spent an average of \$1,550. The Lottery spent \$3,600 to send one employee to an interior design school. The state Lottery failed to save taxpayer money by using the State Motor Pool located next door. The Lottery gave \$10,372 in rewards to its employees, which included a \$210 Waterford vase, a \$131 clock, and a \$236 bracelet. 11/2002 State Audit

## Bad grades for Dept. of Education

The state did not follow competitive bidding practices, costing taxpayers as much as \$62,600. Questionable commuting and travel expenses cost taxpayers \$12,900. 70% of the Education Program Specialist employees were hired at the top salary rate and not in accordance with state policy. More than 1/3rd of the personnel files sampled showed that support documentation was missing for the of paying of employees at an increased rate, at a cost to taxpayers of \$40,000. Employees were awarded paid leave in violation of state policy. Close to 400 calls were suspect as personal, with most being made to the

**State Lottery spent \$10,000 on employee awards, \$92,000 on meetings, and \$1,000 for an Elvis-style party**



employee's residence. 2002 State Audit of Dept. of Ed.

## PERS disaster.

At latest count the State Public Employee Retirement System is as much as \$16 billion in debt, helping to devour local school, police and fire safety budgets. One audit of PERS calculations showed that 14% of the calculations were in error. Because of missing documentation and poor record-keeping, auditors were unable to determine whether many of those miscalculations were over-paying or under-paying retirees.

A Circuit Court judge ruled that the PERS Board in 1999 took \$6 billion in earnings, and instead of using it for reserves accounts, spent most of it unlawfully among current benefactors, helping to increase payments to some retirees by 20%. 2002 State Audit

## County wastes \$24 million.

Multnomah County has been criticized by a recent audit for wasting \$24 million in building protects in the last five years due to mis-management, project delays, unnecessary cost overruns and leadership struggles. 2002 Multnomah County Audit

## Health plan ill with errors.

The Oregon Health Plan was faulted for having a 5% error rate in intakes and in billings. A state audit found problems with the millions of dollars the Human Services Dept. awards in contracts. 28% of the reviewed contracts had missing documentation and 15% of others had problems. 2002 Audit of Dept. of Human Services

## Troubled employees cost taxpayers "before and after" they get caught.

- When the McKay High School principal was under threat of being fired, he resigned and left with a \$45,000 settlement for a new stress disability claim and a letter of recommendation from the district.
- The Gold Hill City Recorder mis-balanced the budget by \$100,000. He left with a \$6,000 severance package and a letter of recommendation. Medford Mail Tribune 9-11-02
- When the Portland Fire Battalion Chief came under disciplinary action from a racial harassment incident, he accidentally injured his back and has collected almost \$50,000 for the past year.
- When the Sherwood School Administrator was fired because of an investigation of 28 counts of insubordination and neglect, the Administrator responded with a lawsuit (\$723,000 damages, \$500,000 pain and suffering).

More stories on other side

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# Oregon Schools sidestep laws

## Maybe they shouldn't teach ethics?

### Oregon schools are in trouble for not following federal laws.

President Bush's School Accountability Law is now in the first year of effect, with poorly performing schools being required to notify parents that they are eligible for free bus transportation and priority admission to another school. The three poorly performing schools in Portland, (Jefferson, Marshall and Roosevelt) sent out a letter to parents letting them know about the school's ratings. The letter failed to mention the free busing and admission opportunity to other schools, which was the reason for the letter in the first place.

The Jackson County District was fined \$1.2 million for unlawfully billing Medicaid. The fine came from a federal investigation looking at school health care reimbursements that were undocumented and some never performed on students.

### Criminals selling coffee.

Marion County Commissioners voted to create a new open-air market for juvenile offenders to learn new skills. The young offenders would sell groceries, flowers and espresso coffee. An emphasis would be made on teaching these youths about environmentally appropriate buildings, and the shoppers would receive special instructions on environmentally friendly practices. The commissioners expect the sale of coffee and goods to help pay for the new center. Other funds would come from two \$50,000 solid waste grants and a \$200,000 loan from reserves in the solid waste department. *Statesman Journal 8-29-02, Local Tax News 11/02.*

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**Marion County is using solid waste dollars to fund juvenile rehabilitation programs.**

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### Employees abuse the system.

● A Salem High School Teacher was convicted of taking cars donated to the auto-shop program and selling them. The teacher, Joseph Elmore, sold the cars to his sister, brother and others and kept the profit. *The Oregonian 11/25/02*

● An Economic and Community Development employee was charged with writing \$228,000 in checks to herself from the Tourism Commission over a period of five years. *The Oregonian 12/4/02*

● The former Waldo Middle School office manager, Kelly Lulay, was convicted of embezzling from her school by issuing herself checks for overtime and school supplies that did not exist and using the school cell phone for personal uses. *Statesman Journal 9-10-02*

*Note: These examples above are given to help government act more aggressively and timely in stopping employee fraud. Such fraud wastes taxpayer dollars and unfairly maligns the image of honest public servants.*

### Taxpayers pick-up cell phone tab.

Marion County taxpayers pay \$200,000 a year for county government cell-

phone expenses, and County Commissioner Randy Franke wanted to expand coverage to include government employee personal use. Taxpayer watchdog and fellow Commissioner, Patti Milne, helped to put an end to the policy. *Statesman Journal 7-13-02*

### Some schools flush with money.

Salem schools have reacted interestingly during our recession. The Salem school district just moved into a new \$3 million district building and gave a 2% raise to its employees. The new West Salem High School has been called a "palace" by some because of its four tennis courts, four baseball fields, four soccer fields and new 2,900-seat stadium. At West Salem High there are more musical instruments than students and one computer for every two students (700 in all). The West Salem prosperity stories come at a time when other schools in Salem are struggling. One Salem newspaper headline read "schools find extra \$3 million". *Statesman Journal 9-2-02, 9-11-02.*

### Politicians travel globe during recession.

The Gresham Mayor and City Manager flew at taxpayers' expense to Japan and South Korea for conferences. *The Oregonian 9-5-02*



## Government Success stories

**Government workers take pay-cut in recession:** Cindy Cable, a Florence area judge, recommended a 25% pay cut. Cable commented that her workload has decreased. Cable was inspired by the Oakridge City Administrator, Jay Bennett, who realized his new job was paying too much for the city budget and took a pay cut. Governor Kulongoski also has made the same gesture to taxpayers by taking a 5% pay cut. *Register Guard 12-19-02*

**Timber school thrives:** A school in Jewell Oregon is not facing the budget debacle that other schools in Oregon are because it is tied to Timber receipts. The receipts add up to \$2 million a year, which is \$250,000 more than if it was dependent on the state. *Statesman Journal 8-31-02*

**Bryan Cosgrove:** The Silverton City Manager has saved the city \$25,000 by including properties that were not on the tax rolls that should have been.