



THE WASTE REPORT'S

**AIRING OF
GRIEVANCES**

**FESTIVUS
2016**

A Festivus collection of government waste worth shouting about.
Presented by the Federal Spending Oversight Subcommittee- Rand Paul, M.D. Chairman

THE WASTE REPORT'S

Airing of Grievances for 2016

*We've got a lot of problems with
how our tax dollars are spent!*

Happy Festivus! Once again, the federal government found new and inventive ways to waste hardworking Americans' tax dollars. In its second year, *The Waste Report* has highlighted many examples for a total of nearly two billion dollars' worth of wasteful spending, misplaced priorities, and bad management.

This year, we featured 37 new instances of the government wasting your money, including Uncle Sam putting taxpayer dollars to work creating a foreign variety show, investigating sea monsters, subsidizing concerts in Washington, D.C., and studying the gambling habits of Ugandans.

We also held, for the first time, *The Waste Report's* "Tournament of Government Waste," which gave taxpayers the chance to vote on their favorite (or least favorite) example of government waste. In a fierce competition, our readers declared "Developing Business Plans for Illegal Immigrants" to be the champion.

In a time of unending budget deficits and growing debt, we also drew attention to the biggest waster of all: interest on our debt, which takes the first \$800 of your taxes and does not pay one salary or buy one paper clip.

This is what borrowing to fund the government cost you just last year. So, before the Feats of Strength can begin, there must be an airing of (spending) grievances.

And now you're gonna hear about it!

Airing of Grievances for 2016

In this report, you will find...

- **What it means to you** Page 4
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- **Compilation of Reports** Page 8



THE WASTE REPORT'S

Airing of Grievances for 2016

So, what does \$1,404,471,000 of wasteful spending mean to you?

If just the waste we found is : **\$1,404,471,000**

And the average taxpayer pays about : \div **\$7,920**

Then Uncle Sam **WASTED** all the taxes of: **177,332 people**

That is roughly the population of Santa Clara, CA, Tempe, AZ,
Ft. Lauderdale, FL, and Chattanooga, TN, or **2.78 times**
the size of Sen. Paul's hometown of **Bowling Green, KY.**

So the question is:

Was it your taxes they wasted?



THE WASTE REPORT'S

Airing of Grievances for 2016

*So, what else could we have done with **\$1,404,471,000**?*



Paid for 6 weeks of Border Patrol



Funded the National Weather Service for 14 months



2 years of VA Hospital Construction



Resurfaced 1,123 highway miles

Saved \$300 million of interest over 10 years



46,000 small business starts



Still think government waste is too small to worry about?

Keep track of Sen. Paul's efforts to expose government waste and reform federal spending: Visit hsgac.senate.gov/subcommittees/fso/reports or go to paul.senate.gov and search "waste report"



WASTE REPORT for March 21, 2016

And the Champion of Government Waste is...

Illegal Immigrants' Business Plans!!!! After four intense rounds of voting, [Illegal Immigrants' Business Plans](#) emerged as the **Champion of Government Waste**. After surviving a close second round matchup against the [Afghan Cricket League](#), Illegal Immigrant's Business Plans easily knocked off #1 seed, [Paying to Send Pakistani Kids to Space Camp](#), to advance to the finals. In a back and forth, barn burner of a final round, Illegal Immigrants' Business Plans prevailed 52% to 48% over [Millionaires in Public Housing](#).

This was the first year of *The Waste Report's*, Tournament of Government Waste, where we pitted 16 of the worst examples of government waste against each other, and let you decide which was the most egregious.

The champion, Illegal Immigrant Business Plans was the subject of the January 4th, 2016 *Waste Report*. You will recall that the **Inter-America Foundation** spent \$50,000 in El Salvador to help aid returning deportees start businesses there. The Inter-American Foundation sought to clarify that the program was not "intended" to aid criminal deportees (those convicted of crimes in the U.S.) but did not rule out the possibility. It is no wonder such a program was chosen by the voters as the best (or maybe worst) example of government waste in this year's tournament.

These and many more examples of federal boondoggles can be found at [Senator Paul](#) and the [Federal Spending Oversight Subcommittee's](#) websites, where we've chronicled 46 federal boondoggles totaling more than \$1.12 billion. To put that number in prospective, it took the total one-year tax liability of 155,700 average Americans to fund this waste.





WASTE REPORT for March 7, 2016

Interested in Waste

You probably have heard about the \$19 trillion balance on the federal government's credit card and maybe even know your share is just over \$60,000. **However, you may not know about the interest on that debt. This year alone interest payments will be around \$255 billion, which comes out to about \$800 for each American alive today.**¹ The President's budget anticipates \$303 billion in interest next year, raising your share to \$938, an increase of \$148.²

It is worth noting what we could be doing with that money. Our \$255 billion interest payment this year **COULD** have been used to fund the Departments of: Commerce, Energy, Homeland Security, Housing and Urban Development, Interior, Justice, State, the EPA, NASA, NSF, the Small Business Administration, U.S. Congress and the U.S. Federal Courts – **COMBINED.**³

Some think that perpetual deficits, and the debt they create, do not matter. John Maynard Keynes famously said, “[t]he long run is a misleading guide to current affairs. In the long run we are all dead.”⁴ But even if we can perpetually put off paying for what we borrow, we cannot outlive or otherwise avoid paying interest. It is not due in the far off future, it is due right now, and will be due tomorrow, and the day after, and the day after that, and it will never go away until the debt is paid off entirely. **It is not left to our kids and grandkids; it is a burden, here, today.**

Worse still, **interest payments do not pay for any things, not one salary, not one paperclip. The first \$800 dollars you pay in taxes this year will simply buy nothing,** and because our debt keeps growing, our interest burden keeps growing. This year alone, the Congressional Budget Office (CBO) projects interest payments will jump 14 percent and will more than triple by the 2026.⁵

As bad as it is, it gets worse!!! Suppose we balance our budget, surely that would curtail wasteful interest spending. Not necessarily. As CBO notes, “[i]nterest rates [which are near record lows] on federal borrowing are also expected to rise steadily over the next few years...”⁶ **As we all learned from the 2008 housing crisis, if you are just paying interest, even a modest rise in rates can blow up your budget.** The only way to accommodate this is with higher taxes or reduced services, or worse still, borrowing more just to pay the interest on what we have already borrowed. In other words, taking a cash advance on one card to make the payment on another – at some point it all crashes down.

So, what could you have done this year with \$940?

¹ FSO calculation using U.S. Census population estimate and Net Interest estimate from: *The Budget and Economic Outlook: 2016 to 2026*; The Congressional Budget Office; Washington, DC. January 2016. Page 11

² FSO calculation using *Table S. 5 Proposed Budget by Category* from the President's FY 2017 Budget. February 2016

³ FSO calculation using *Table 4.1 Agency Outlays* from the Historical Tables of the President's FY 2017 Budget. February 2016

⁴ *John Maynard Keynes Quotes*, Goodreads.com. March 2016

⁵ *The Budget and Economic Outlook: 2016 to 2026*; The Congressional Budget Office; Washington, DC. January 2016. Page 1

⁶ *Ibid.* Page 7

THE WASTE REPORT'S

Airing of Grievances for 2016

Taxpayer dollars were wasted by the federal government as it...

Studied people's experiences with sea monsters, invisible birds, and other supernatural activity (Park Service).....	\$150,000
Helped regulate the Moldovan wine industry (State).....	\$500,000
Lost cranes and bulldozers in Afghanistan (DOD).....	\$29,000,000
Paid for a study of the gambling habits of Ugandans (NSF).....	\$30,000
Paid a lease on medical equipment that sat for months not being used (VA).....	\$217,000
Paid for climate change models from 13 different agencies (Multiple agencies).....	\$678,000,000
Issued loans to persons who did not qualify even under government standards (SBA).....	\$4,300,000
Bought an apartment complex for over market value to prevent funding from expiring (HUD).....	\$10,000,000
Paid for a study to see if the federal government paying for studies produces better studies (NSF).....	\$375,000
Renovated a cafeteria only to close it permanently months later (DOD).....	\$6,000,000
Tried to get a bulk discount on mass transit tickets but paid more than buying them individually (EPA).....	\$135,000
Paid to prepare the Philippines for rising sea levels (USAID).....	\$24,700,000
Fought terrorism in Pakistan with a superhero cartoon (State).....	\$1,250,000
Helped people with the simplest tax returns file taxes – because the U.S. tax code is so complicated (Treasury).....	\$400,000,000
Funded a variety show as a way to combat terrorism and teach English to Pakistanis (State).....	\$1,000,000
Studied people's like of and tolerance of spicy food (NSF).....	\$500,000
Provided housing and meal stipends for persons on "temporary" duty for over a year (Justice).....	\$54,000,000
Built a to-scale model of an Airforce Base (DOD).....	\$40,000
Studied what makes the perfect first date (NSF).....	\$2,500,000
Paid to send filmmakers around the world to screen their films (State).....	\$2,000,000
Paid early retirement buyouts and then refilled the positions with staff at the same pay level (EPA).....	\$1,400,000
Subsidized Washington, D.C.-area concerts against the wishes of the Park Service (Congress/NPS).....	\$594,000
Studied the fox population on an isolated island which it is not indigenous to (DOD).....	\$100,000
Funded a Hawaii center for Asian understanding that the President does not even support (East-West Center).....	\$21,000,000
Studied the demographics of Wikipedia contributors (NSF).....	\$70,000
Paid for a documentary about a metal cylinder (Commerce).....	\$500,000
Bought TVs before they were needed and that were the wrong kind (VA).....	\$300,000
Paid for union activists including providing them with office space (Government wide).....	\$159,000,000
Studied what Neil Armstrong actually said on the moon (NSF).....	\$700,000
Trained public television camera operators in Estonia (State).....	\$60,000
Built a private school in a new housing development as part of a shady land deal (FEMA).....	\$2,900,000
Studied if people are afraid of success (NSF).....	\$150,000
Helped deportees (some criminal) start businesses in El Salvador (Intr. American Foundation).....	\$50,000
Studied the expansion of a rail project already rejected as wasteful (DOT).....	\$1,600,000
Studied e-mail response times and habits (DOD).....	\$810,000
Worked to foster better understanding with the UK, with whom we already have a "special relationship" (State).....	\$90,000
Studied if smiling in a selfie makes you happier (NSF).....	\$500,000

Taxpayer Dollars Wasted: \$1,404,471,000

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Senator Rand Paul, M.D. (Kentucky), Chairman

WASTE REPORT for March 28, 2016

National Park Service X-Files Project

Honestly, we did not make this up and we did not find this one in *The Onion*; but someone must have gotten really excited about Fox's reboot of the *X-Files* because **The National Park Service is spending \$150,000 of taxpayer money to investigate supernatural events in Alaska.**¹

Yes, you read that right. Last month, The National Park Service announced a \$150,000 grant to Kawerak, Inc. (who has no cost-sharing obligation) to conduct a three-year study under the title, "Knowledge, Experience and Beliefs of the Supernatural Environment." By the way, **this is the same Park Service that reports it has an almost \$12 billion maintenance backlog.**²

You might think this is simply cataloging historical and traditional beliefs of indigenous peoples of Alaska. To be sure, part of the project is to conduct archival research, but there is more. According to the announcement, "The primary objective of this project is to investigate Bering Strait Inuit residents' beliefs and knowledge about **(and experiences with) the supernatural environment...**"

Experiences with the supernatural? Yes. In fact, according to the announcement, Kawerak is expected to, "**[d]ocument community members' personal experience with the supernatural...**"³ This will include community meetings where all ages are expected to participate (children are especially known for their insight and experience with supernatural events). In pre-award advertising for these meetings Kawerak noted this is meant to be a "**serious and meaningful**" **collaboration on the supernatural.** Serious, indeed, the advertisement also promises participants an honorarium.⁴

So, what constitutes supernatural? Well, "elements in and aspects of the environment such as **little people, unexplained lights, sea monsters, invisible sea birds, animals with transformative powers, a variety of other non-human persons, landscape features with special powers, and other similar phenomena as defined by participants.**"

In addition to direct funding, the Park Service has committed to help with logistical support including to, "**assist making agreements on using government housing,**" promoting the project on Facebook, and to "**have the project products translated into Russian.**"⁵ Back in the natural world, we know this project translates into more than 20 average taxpayers' total one-year tax liability.

Here There Be ~~Sea Monsters~~ Waste

¹ Knowledge, Experience and Beliefs of the Supernatural Environment; National Park Service, Washington, DC; March 2016. Award Number: P16AS00074
² NPS Deferred Maintenance Reports; National Park Service, Washington, DC; March 2016
³ Knowledge, Experience and Beliefs of the Supernatural Environment; National Park Service, Washington, DC; March 2016
⁴ Knowledge of the Supernatural Environment; Kawerak, Ink.; Nome, AK; October 2015
⁵ Knowledge, Experience and Beliefs of the Supernatural Environment; National Park Service, Washington, DC; March 2016



WASTE REPORT for January 19, 2016

Uncle Sam, Registering Wine In Moldova

It is no secret that wine is a global industry. When considering a glass from abroad, you might try a Moldovan vintage, particularly because last year the U.S. Agency for International Development (USAID) spent almost \$500k of your tax dollars on that country's wine industry.

Despite the already absurd idea of spending U.S. tax dollars on a foreign country's wine industry, this grant will not even go to produce one drop of wine. Instead, the funding will go to the Moldovan National Agency for Rural Development to help identify and get grape grower signed up with the "Wine and Vine Registry."¹

It turns out that in 2007 the Moldovan government passed a comprehensive wine law, regulating various aspects of wine making and paving the way for an industry-wide promotional campaign. Part of the law was a mandatory registration for entities involved in grape growing, wine making, storage, etc. Because government cannot interject itself in an industry without letting its tentacles reach down to everyone involved, even to peasant farmers.

So why is Uncle Sam getting involved eight years later? According the award, "...at the moment, in Moldova, there are no comprehensive official data about grapes [sic] producers and areas under vineyards."² In other words, they do not know who should be registering.

To accomplish the task of getting everyone registered, the Moldovan government will produce pamphlets and posters noting the benefits of being on the registry. And while mailings and phone calls will likely be sufficient to get mid and large-sized producers registered, it will take extra effort to get the smaller peasant farmers onboard. So, after a series of national and regional training sessions, local 2-man teams will descend on villages and even go house-to-house to promote the registry.³

But there is a further problem is in how the registration process will be conducted. "The declarations will be filled in, signed and submitted by vine and wine producers to the local teams that will be located within the premises of mayoralty offices." Although registering is a legal requirement, "this process implies, however, voluntary participation, and thus it will take time until producers realize benefits of submitting the declaration and of being registered in the VWR."⁴ So the whole thing might not even work.

A benefit to registering with the government...huh? At least one of the selling points for this program is that it is "free-of-charge" to register...for the Moldovan winemaker, not the U.S. taxpayer.⁵

¹ *Moldovan Vine and Wine Register (MVWR) Project* Cooperative, United States Agency for International Development Washington, D.C. January 2015; Agreement No. AID-117-A-15-00001

² *Ibid* pp. 17

³ *Ibid* pp. 20 & 23

⁴ *Ibid* pp. 23

⁵ *Ibid* pp. 17



SPECIAL EDITION WASTE REPORT for January 28, 2016
DOD Loses \$29 million of Heavy Equipment in Afghanistan

Today the Special Inspector General for Afghanistan Reconstruction (SIGAR) issued a report on **the Department of Defense's (DOD) failed attempt to establish an Afghan equivalent to the Army Corps of Engineers, losing \$29 million of heavy equipment in the process.**¹

According to the report, in late 2013 the DOD, working in concert with the Afghan National Army (ANA), established the National Engineering Brigade (NEB), "to provide national-level construction engineering efforts, including responding to natural disaster emergencies, building bridges, digging freshwater wells, and providing construction support to the ANA."

NEB was supposed to be "fully capable" by October 2014, but it soon became clear NEB would come up short, even with lower standards and an extended deadline. But the problem does not rest with NEB.

According to SIGAR, a major hindrance to NEB's success was a lack of needed equipment to train on and use in the field. **What makes this disturbing is that DOD delivered 1,400 pieces of equipment, at a cost of \$29 million, to the Afghan Central Supply Depot (a central warehousing arm of the ANA), for further delivery to the NEB. However, little of it made it to NEB.** For example, by December 2014 (a year after NEB was established), NEB still had no well drilling equipment or reverse osmosis water purification systems. They also had only one crane and none of the semi-trucks the U.S. taxpayer purchased on their behalf.

So how did heavy equipment like cranes and semi-trucks, purchased with your tax dollars, just disappear? No one knows. According to SIGAR, the ANA has persistent accountability issues at the Central Supply Depot, noting about \$370 million in spare vehicle parts purchased since 2004 are unaccounted for or missing. Given the problems at the Central Depot, it clearly would have been more logical for DOD to deliver the equipment directly to NEB.

While NEB has participated in some minimal operations, it still cannot function independently. SIGAR noted that as late as **June 2015, NEB still lacked necessary well drilling and hauling equipment.** They probably always will.

Without equipment, it is no wonder NEB is struggling. Of course, that is no comfort to the **4,021 U.S. taxpayers whose entire tax liability paid for this and were not made any safer as a result, or to the Afghans who still lack clean drinking water.**

¹ *Afghan National Engineering Brigade: Despite U.S. Training Efforts, the Brigade is Incapable of Operating Independently.* Office of the Special Inspector General for Afghanistan Reconstruction; Arlington, VA; January 2016. Report number 16-15



WASTE REPORT for February 16, 2016
Government Waste? You Bet

It is estimated that annually, sports betting could generate as much as a \$1 trillion in revenue worldwide.¹ Maybe even you have put a few dollars down on a game yourself, but even if not, **the federal government is using \$30,000 of your taxes to bet on a study of Ugandan gambling practices.**²

The study, being conducted out of the University of California-Berkeley and funded by the National Science Foundation, is part of a doctoral dissertation (a student's research) aimed at exploring the prevalent practice among Ugandan entrepreneurs of seek business capital through sports betting.

It is hard to see what benefit the U.S. taxpayer gets out of funding research on Ugandan gambling, but the study (and NSF's funding of it) seems all the more ridiculous when we consider why small business owners are betting in the first place.

Earlier research found that nearly half of men in the **"informal" sector participate in sports betting (which is legal in Uganda),**³ and this study seeks to build on that by exploring the effects gambling has on business. Of course, "informal sector" is a nice way to say black market.

In fact, nearly **60 percent of the entire Ugandan non-farm workforce is employed in the black market.**⁴ Given that banks are generally hesitant to make loans to unlicensed businesses; **it should not be a surprise to anyone that these entrepreneurs are seeking financing through non-traditional means.**

More than that, black markets are a natural outgrowth of excessive government manipulation of the economy,⁵ which makes operating outside the law preferable. With such a large a black market in Uganda, it should be obvious that the government is having a larger negative impact on business and families than gambling. Perhaps **the better area to look into is what specific government policies are driving so many Ugandan businesses underground.**

In any case, this should be the concern of the people and government of Uganda, not the U.S. taxpayer.

Uncle Sam: taking the over on waste.

¹ *Statistics and facts on Sports Betting*; Statistica; New York, NY; Feb 2016

² Magruder, Jeremy, *Testing the Links between Savings, Credit, Betting, and Consumption among Small Business Owners*; University of California- Berkeley; Berkeley, CA; July 2015. NSF Award Number: 1530852

³ Ibid

⁴ Yawe, Bruno L., & Ssengooba, Kizito; *Gambling and Mobile Money Payments: A Case Study of Sports Betting in Uganda*; Makerere University; Kampala, Uganda. August 2014

⁵ Fontinelle, Amy; *The Mechanics Of The Black Market*; Investopedia; September 2012



WASTE REPORT for April 11, 2016

Veterans Health Administration: It's Not About Logistics

You might have heard some new terms lately, things like: *supply-chain*, *just-in-time inventory*, *Lean Six Sigma*, and even some old words like *efficiency* and *logistics* have gotten new pep. It is all part of a collective realization in business that **letting supplies sit idle is wasteful; even the best tools and products do no good if they are misused or allowed to sit.**

Unfortunately, the Veterans Health Administration (VHA) seems to have missed this trend and allowed 360 pieces of medical equipment to sit idle for months, costing taxpayers \$217,000.¹

According to the Department of Veterans Affairs Office of the Inspector General (IG), the Southern Arizona VA Health Care System took delivery of \$1.8 million worth of leased urology equipment in October 2014, and then let it sit idle for nearly half a year. Unlike purchased equipment that presumably has life based on usage, this equipment has a fixed time (3-years) lease, meaning the taxpayer pays for it whether they are using it or not.

The VHA's tried to justify this delay in two ways that any new equipment must go through an onboarding process (cataloging, cleaning, training, etc.), and that the contracting officer suddenly retired and was not able to coordinate the onboarding process.

However, it was a whistleblower that brought this issue to the IG, **indicating even within the VA there was a sentiment this equipment was being ignored.** So, how arduous is the onboarding process? While it does include a number of things like tagging and inventory and even staff training, from the time the whistleblower brought it to the VA's attention to the time the equipment was deployed, was roughly one month.

The rapid response to oversight also makes it hard to believe that even a sudden personnel change would cause months of delay. In fact the procurement process was only six months to begin with, from April to October, 2014. The lease itself was signed just one month before delivery. In other words there was a fairly short window for this sudden retirement to have caused such trouble in the onboarding process but not to derail the whole procurement.

Even recognizing that receiving and deploying equipment may take some amount of time, **the IG found that this equipment sat idle of four months, costing the taxpayer \$217,000.** Wasting taxpayer's money is always wrong and troubling, but the IG made another important observation:

“Wasted expenditures reduce the availability of funds necessary to treat veterans...”

¹ Review of Alleged Wasted Funds in the Southern Arizona VA Health Care System, VA Office of the Inspector General; Washington, DC; February 2016. Report Number 15-02413-55



WASTE REPORT for April 25, 2016

Modeling Waste, Over and Over Again

Earlier this month the Government Accountability Office (GAO) issued its sixth report on government duplication and fragmentation. **Most can agree that doing the same thing twice - or 200 times as is the case for federal Science, Technology, Engineering and Math (STEM) education programs – leads to waste.**¹ But one area that seems to have missed the duplication monitors at GAO is climate change research.²

The FSO subcommittee did not have to dig too hard to find that there are **at least thirteen federal agencies spending over \$2.7 billion to research global climate change**; it is all laid out neatly in a 2013 White House report.³ Let's be clear, this is just for research on what some call settled science, and that figure does not include the over \$18 billion in additional money going to efforts to mitigate climate change.

One would think this kind of research would be limited to the National Oceanic and Atmospheric Administration (NOAA - of which the National Weather Service is a component), as they are the agency, you know, charged with studying weather and the atmosphere. As it turns out, at over \$360 million, NOAA is not even the largest researcher of climate change in the federal government. That title goes to the National Aeronautics and Space Administration (NASA) which spends a whopping \$1.5 billion. Wonder why we haven't gone back to the moon? Perhaps an argument could be made for one of these agencies to do this research, but both? And what of the other eleven?

Well, the National Science Foundation chips in \$326 million while the Department of Energy spends \$220 million. In fact, just last month DOE was accepting applications for a \$5.5 million grant for "climate model development and validation."⁴ One would think perhaps they could just use data, research and models from NOAA or NASA's instead of reinventing the wheel in-house.

Even more shocking is the Federal Highway Administration, the agency in charge of building and maintaining our crumbling roads, is chipping in on climate research. We do not know the exact amount because it is less than \$500,000, but we do know it is something.

Other climate research contributors include The Smithsonian (\$8 million), U.S. Agency for International Development (\$14 million), the Department of State (\$3 million), Health and Human Services (\$15 million), the EPA (\$20 million) and the Department of the Interior (\$72 million).

No matter where you fall in the climate debate, one thing everyone should be able to agree on is paying 13 different agencies to do the same thing is pretty darn wasteful.

¹ [http://www.gao.gov/duplication/action_tracker/Science%2C Technology%2C Engineering%2C and Mathematics Education/action1](http://www.gao.gov/duplication/action_tracker/Science%2C%20Technology%2C%20Engineering%2C%20and%20Mathematics%20Education/action1)

² GAO has issued a report on the federal government's climate change research activities, but has not formally included this area in their duplication report. http://www.gao.gov/key_issues/climate_change_funding_management/issue_summary#t=0

³ *Federal Climate Change Expenditures Report to Congress*, Office of Management and Budget; Washington, DC. August, 2013

⁴ *Climate Model Development and Validation*, Department of Energy-Office of Science; Washington, DC. February 2016. Opportunity number:



WASTE REPORT for August 30, 2016

Small Business Administration's Disastrous Loans

Subprime, liar loans, no-doc, income unverified... these sound like terms used to describe the 2007 mortgage crisis. Unfortunately, they can also be used to describe the Small Business Administration's disaster assistance loans following Hurricane Sandy, which resulted in as much as \$4.3 million of lost taxpayer money.¹ In most instances, these loans were made either because SBA guidelines were ignored, or loopholes were exploited.²

Part of federal disaster relief includes the availability of low-interest loans to persons in the affected area via the Small Business Administration (SBA), even though these loans are not necessarily for business purposes.³ **According to the SBA's Inspector General, approximately 500 of SBA's Sandy loans went into default within 18 months of issuance, though even that number is misleading, as two thirds of these loan recipients made fewer than three payments, and more than half of those made no payment at all.**⁴

While these defaults represent just 2.6 percent of all SBA Sandy loans, they tell a troubling story of lax lending practices eerily similar to the 2007 subprime crisis, where persons that never should have gotten loans did. However, unlike with private lenders, in this case loans were made using taxpayer dollars.

The IG estimates that loan approvals totaled nearly \$3 million for persons with unsatisfactory credit.⁵ Like all lenders, SBA has a minimum creditworthiness standard for a loan approval. However, loans can be approved if a borrower can explain minor or isolated credit blemishes,⁶ a loophole you could drive a Mack truck through.

In one instance, **SBA approved an over \$200k loan, despite the borrower having multiple past-due and charge-off accounts. The explanation that satisfied SBA? The borrower was unaware of one, yes one, of their many delinquent debts.** After receiving an initial \$14k disbursement, the borrower failed to make even their first payment, and, thankfully, the remainder of the loan was canceled.⁷

More troubling, the IG estimates that \$1.46 million in loans went to persons who could not demonstrate an ability to repay.⁸ Sound familiar? **One borrower never made a payment on their \$12k loan. This is probably because, when taking into account their existing obligations, "the borrower's cash available [to pay the loan] was negative."**⁹ Another borrower claimed nearly 30 percent of their income came from rental properties they could not document and did not report on their tax returns. In other words, they either were dodging taxes or lying to SBA. Nonetheless, they received more than \$8k on a loan they defaulted on after only four payments.¹⁰

In another case, one loan was approved for a person who was not a U.S. citizen, which is permissible for some legal residents who provide additional documentation demonstrating their eligibility. Unfortunately, in this case, **such documentation was not obtained or even requested, and the borrower defaulted.**¹¹

Of course, disaster lending might call for some more flexibility than traditional loan making, but such flexibility must be limited, standards (even looser ones) need to be adhered to, and taxpayers' interests cannot be ignored.

¹ https://www.sba.gov/sites/default/files/oig/16-18_-_Sandy_Early_Default_Final_Report.pdf?utm_medium=email&utm_source=govdelivery

² Ibid., page 1

³ Ibid.

⁴ Ibid., pp. 1-2

⁵ Ibid., page 4

⁶ Ibid., page 5

⁷ Ibid.

⁸ Ibid., page 9

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid., page 11



WASTE REPORT for September 26, 2016

Aloha to Waste

According to the Inspector General (IG) for the Department of Housing and Urban Development, the City and County of Honolulu (City) **wasted nearly \$10 million of Community Development Block Grant (CDBG) money for no other reason than to just spend federal money fast... so they could remain eligible to receive more federal funds.**¹

The CDBG program is a grant for local governments to help develop affordable housing and economic opportunities primarily for low- and middle-income persons. While grant money can be rolled into the next fiscal year, local governments are not allowed to just sit on this money. By the end of a grant year, available funds cannot exceed 150% of the current year grant award – the timeliness test. If a community breaks this timeliness test two years in a row, they may lose CDBG funding for the next year.²

According to the IG, Honolulu's bureaucratic structure led it to perennially fail the timeliness test every other year. However, in 2013, the City was in risk of breaching the two-year rule and possibly losing CDBG money - **until it cooked up a plan to fast track some big spending.**

First, **the City came up with an alternate process for approving CDBG projects, which, according to the IG, “had few requirements and was subjective.”**³ Then, the City put out a “brief” request for proposals for an acquisition project: high cost in one transaction. They further required the project to move fast – fast enough to prevent the two-year rule from being violated. Ultimately, the City approved a proposal to purchase the Hibiscus Hill Apartments in Waipahu.⁴

Hibiscus Hill was not even up for sale, which of course put the owner in a “name your price” kind of situation. **The property ended up selling for about 25% above the appraised value – meaning taxpayers overpaid by about \$1.9 million.**⁵

Why Hibiscus Hill? Good question. The original proposal stated that rent at Hibiscus Hill had increased 40% over the preceding 3 years, but that claim was not substantiated. However, the appraiser found rents at the apartment complex were at the lower end of the local rental market. Further, since the property acquisition, rents have increased, in some cases “significantly.”⁶ This led the IG to conclude, **“Therefore, the acquisition apparently did not serve a meaningful purpose and the City did not support that it was necessary.”**⁷ True, unless the City's real purpose was just to spend money quickly to preserve their access to CDBG grant dollars.

The grant recipients' proposal included a promise to spend \$1 million (of their money) renovating all 80 units in the complex. Yet, two years later, only eight units were renovated at a cost of just over \$146k. Further, 50 units were to be deemed “affordable,” a promise which the City itself decided in 2015 was unmet.⁸

Nonetheless, Honolulu did not breach the timeliness test two years running and is still eligible to receive CDBG money...

And the taxpayer is only out \$10 million.

¹ <https://www.hudoig.gov/sites/default/files/documents/2016-LA-1009.pdf>

² Ibid.

³ Ibid.

⁴ <http://www.eahhousing.org/pages/apartmentdetail/117>

⁵ <https://www.hudoig.gov/sites/default/files/documents/2016-LA-1009.pdf>

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.



WASTE REPORT for June 13, 2016

NSF: Funding Research to Research Funding

It seems kind of circular, getting federal research funding to study the importance of federal research funding. Well, that is exactly what the National Science Foundation (NSF) is doing, spending \$375,000 on a 2-year study to determine what effects the availability of federal funding for research has on scientists' career choices and scientific outcomes. One can only imagine what the findings will be...

The grant synopsis reads in part:

Young life science researchers... **may elect to begin their careers by either entering academia, or by joining biotechnology or pharmaceutical firms... career choice is also affected by external constraints such as the availability of, and competition for, [federal] research funding.**¹

Though the *Waste Report* has reported on federal research shenanigans like how to have [the perfect first date](#) and the [gambling habits of Ugandans](#) (and many more), is it actually budget unpredictability that is putting critical research in jeopardy? Just how volatile is federal funding for research?

We decided to look and what we found makes funding this project all the more unnecessary. Looking at federal research funding (adjusted for inflation) since the year 2000 for NSF, the National Institutes of Health (NIH), and overall, we found that since 2000, funding has increased 197%, 198% and 176% respectively. Further, we found that on average, funding for scientific research in these areas increased, again in real terms, 7.23 %, 7.3%, and 6.7% per year.²

But since, **"Historically the amount of public research funding has changed over time reflecting congressional priorities..."** and this project hopes to identify, **"reforms that create more certainty in the budget allocation process could generate greater social benefits at lower costs..."** We thought we look even farther back, say 50 years, to see just how uncertain federal research funding might be. To find out if there was some real year-to-year volatility we looked at a three and five year moving average.

What we found is, over 50 years, funding for federal research (in real terms) has increased on average about 8.7 percent a year, and the two moving averages both hold within a half a percentage point. Similar results were found for NSF and NIH, which itself saw an average increase of 13.54% and a five year moving average of 12.33%

In other words, federal research funding does not show uncertainty, in fact it shows stable and constant growth; and it did not take us two years and \$375,000 to figure that out.

¹ Zivin, Joshua Graff; *Early Career Choice, Funding Variation and Scientific Output*; University of California at San Diego; San Diego, CA; April 2015. Award Number: 1460344

² FSO Staff Calculation using from OMB's 2016 Historical Tables.



WASTE REPORT for August 1, 2016

Fort Belvoir's \$6 Million Mess

Last November, Fort Belvoir's "Eagle's Nest" Dining Facility completed a \$6 million renovation, and last month (less than a year later), the facility closed its doors permanently.¹

According to the base newspaper, *Belvoir Eagle*, the project "included installing new flooring; ceilings; lights; bathrooms and serving lines; and replacing all of the furniture," with a representative of the facility even quoted as saying, "[w]e really are a premier dining facility, now."² Seven months later, Fort Belvoir's website read, "[e]ffective July 1, 2016 the Fort Belvoir Dining Facility will be officially, permanently closed."³

The shocking part is not that the Army is closing the facility after the renovation, but that the renovation was done in the first place. According to the Army, the facility only had less than a 5 percent utilization rate.⁴ Of course, Fort Belvoir is just south of Alexandria, VA, next to George Washington's home at Mt. Vernon. With Starbucks, Subway, and Burger King on base, and numerous restaurants and grocery stores just a short drive in either direction on Route 1 (which bisects the base), it is not surprising that even a remodeled base dining facility would have trouble competing.

To understand why the Eagle's Nest renovation was such a boondoggle, you first need to understand how the Army feeds personnel on the home front. In addition to their regular pay, military personnel receive one of two types of food assistance: Subsistence-In-Kind (SIK), where a soldier walks into an Army cafeteria and receives a meal, and Basic Allowance for Subsistence (BAS), a tax-free, additional benefit added to a soldier's pay for them to purchase food wherever they see fit.

Base dining facilities' (like the Eagle's Nest) primary purpose is to serve personnel on SIK plans, although they do take cash customers at reduced rates. But with more and more private food options on base, or in local communities, fewer personnel are taking SIK plans. This is why, last August, the Army decided to explore closing mess halls operating at less than 65 percent of capacity based on SIK users.⁵

This meant certain closure at Fort Belvoir, where not one person is on the SIK plan.⁶ That's \$6 million of taxpayer money down the garbage disposal. Imagine the cost if the second phase, a kitchen remodel, had taken place!

Today's Menu: Waste with a side of poor planning

¹ <http://www.govexec.com/defense/2016/06/army-spent-millions-renovate-doomed-dining-hall/128830/>

² http://www.belvoireagleonline.com/news/top_stories/newly-renovated-dining-facility-opens/article_be318796-8ec7-11e5-9461-8f305d3f71c8.html

³ <http://www.belvoir.army.mil/eateries/DiningFacility.asp>

⁴ <http://www.govexec.com/defense/2016/06/army-spent-millions-renovate-doomed-dining-hall/128830/>

⁵ <http://www.armytimes.com/story/military/2016/02/08/army-1-3-dining-facilities-close-shrink-within-three-years/79696652/>

⁶ <http://www.govexec.com/defense/2016/06/army-spent-millions-renovate-doomed-dining-hall/128830/>



WASTE REPORT for October 12, 2016

EPA's Bulk-Buy Transit Subsidy Gone Wrong

Call it the Costco dilemma: you have to buy 36 eggs at once, but the price per egg is less than at the grocery store. Will you eat that many eggs (about 2 a day) before they go bad? If the answer is “NO,” you may actually lose money on the “deal.” **In economics, it is called the law of diminishing marginal utility,¹ and, unfortunately, the Environmental Protection Agency (EPA) got a lesson in economics when it lost over \$135K of taxpayers' money buying mass transit passes in bulk.²**

Since 1993, federal agencies have had the ability to provide a mass transit subsidy to employees as a fringe benefit, which is also aimed at reducing pollution and traffic congestion.³ So it is no surprise that the EPA office in Seattle (a city known for environmental awareness and traffic congestion) would choose to offer this subsidy to its employees.

Unfortunately, according to the Inspector General (IG) for the EPA, in 2014 and 2015, the EPA missed the forest for the trees on bulk purchases of mass transit passes. In an effort to get a bulk-buy discount, the EPA-Seattle bought annual mass transit passes for ALL of its employees, not just the ones signed up for the transit subsidy, resulting in the EPA, even with the discount, paying over \$135k more than it would have otherwise.⁴

The King County Transit Authority (from whom the passes were purchased) makes no secret that an employer must buy a “Business Passport” for “every benefits-eligible employee” in order to get the discount.⁵ They also include the following caution on their website: **“If you already subsidize transportation for some employees, we recommend that you compare your current transportation expenditure to the cost of Passport for all your employees.”⁶** King County even provides prospective Passport clients with a worksheet to compare the cost of subsidizing just transit users with purchasing passes for all employees.

So, did someone at the EPA just fill the worksheet out wrong? Forget to carry the one? Not at all, according to the IG. Their report states that the **“transit subsidy team did not believe cost calculations were applicable because discounted annual transit passes were only available if passes were purchased for all employees.”⁷**

Sure, it cost more in the end, but we got the discount!!!

¹ <http://www.investopedia.com/terms/l/lawofdiminishingutility.asp>

² https://www.epa.gov/sites/production/files/2016-08/documents/_epaig_20160816-16-p-0268.pdf

³ Ibid.

⁴ Ibid.

⁵ <http://www.kingcounty.gov/transportation/kcdot/MetroTransit/ORCABusinessPassport/prospective-customers/what-is-orca-business-passport.aspx>

⁶ Ibid.

⁷ https://www.epa.gov/sites/production/files/2016-08/documents/_epaig_20160816-16-p-0268.pdf



WASTE REPORT for June 6, 2016

Rising Tide of Waste in the Philippines

Followers of *The Waste Report* will remember NSF's funding for a futuristic [climate change video game](#) focused on the impact of Florida communities of sea-level rise. The justification for the game was that high school students, when presented with the catastrophic climate change narrative were not particularly motivated to act. Well, it turns out Uncle Sam wants to act, not in Florida, but in the Philippines.

That's right!!! **The United States Agency for International Development (USAID) plans to invest as much as \$24.7 million as part of the "Climate Ready" project to help the Philippines adapt to rising sea-levels and extreme weather caused by climate change.**¹ Individual awards are limited to \$2 million, so we'll probably see about 12 different projects across the Philippines.

So, what will these projects look like? Turns out we do not know. USAID's solicitation is an RFP (Request for Proposals) for cost-plus contracts. RFP's are used at all levels of government to solicit detailed plans of how to achieve stated objectives and working within established constraints. For example, if your local town wanted to build a park on an abandoned lot, an RFP might give general parameters of what kind of park (recreational or passive), and what features are desired and what are not, etc. Kind of a, "given these parameters, what would you do?"

However, where this RFP would normally delineate such parameters, it simply states, **"The Contractor's Performance Work Statement, based on the content of this RFP, will be inserted at the time of award."**² In other words, submit any idea to prepare the Philippines for climate change, and if it is accepted, that idea will be the standard we hold that idea to. Convenient, huh?

Climate Change Video Game, Philippines Edition?

¹ *Climate Ready (READY) Activity*, United States Agency for International Development; Manila, Philippines; March 2016. RFP No. SOL-492-16-000004

² *Ibid*-Page 10



WASTE REPORT for July 11, 2016
It's a Bird... It's a Plane... NO, It's Waste!!!

If there is anything superheroes are known for, it is fighting crime. But could a superhero cartoon be used as a tool to deter terrorists in the real world? Well, Uncle Sam seems to think so and is spending taxpayer money on such an effort... in Pakistan.

That is right!! The Bureau of International Narcotics and Law Enforcement Affairs (INL), which is part of the Department of State, is currently advertising a **\$1.25 million grant opportunity to produce a superhero cartoon in Pakistan.**¹

In total, INL is asking for 292 minutes of animation to be created over two 13-episode seasons, which comes out to **\$4,280 a minute from American taxpayers.** It sounds like our government is again playing the villain in the story of fiscal responsibility.

According to the solicitation, "the goal of the animated TV series is to inform, educate, and positively influence Pakistani youth (ages 14-25) **through the creation of a strong role model** who empowers youth in a way that aligns with INL's mission." Of course, 14- to 25-year-olds are probably less taken in by cartoon superheroes than younger viewers. Nonetheless, INL specifically is seeking to promote a drug-free lifestyle, gender equality, a fair criminal justice system, anti-corruption, and religious tolerance, among other things.

This may be a tall order, considering the superhero we're paying to create must be **fully immersed in Pakistani life and culture** - a culture where, though illegal, women can be publicly stoned for dishonoring their family while police look the other way, and where **Osama Bin Laden was given safe harbor while the informant that outed him to U.S. personnel was sent to prison for 33 years for doing so.**²

Of course, Pakistan has something of its own real-life superhero in Malala Yousafzai, the young girl who was shot in the head by the Taliban for having the audacity to go to school. Her story of recovery and unyielding resolve to continue to fight for many of the same goals as INL earned her a Nobel Peace Prize. **It is hard to imagine a fictional superhero that could possibly be a better role model to her generation and people than Malala³... so why are we spending your money to try to create one?**

¹Animated Media Campaign to Promote Security and Stability in Pakistan; Bureau of International Narcotics and Law Enforcement Affairs (INL), U.S. Department of State; U.S. Embassy Islamabad, Pakistan; June 2016

² <https://www.theguardian.com/world/2012/may/23/doctor-bin-laden-cia-jail>

³ <https://www.hrw.org/world-report/2015/country-chapters/pakistan>



WASTE REPORT for June 27, 2016

Taxes are Literally Wasting Your Money

Most people hate taxes, not just paying them, but the arduous, painful process of filing a tax return. No one would argue that the United States' tax code is simple and easy. But did you know, the government spends over \$12 billion dollars and employs almost 90,000 workers just to administer and collect taxes?¹ To put that in prospective, over 1.5 million average American taxpayers pay taxes just to pay the cost of running our tax system.²

So, why does our tax system require all this? Well, let's start with a little history. Our current tax system was established 103 years ago with the passage of the 16th Amendment. The first federal income tax under that system had one form that was four pages long: one for income, one for deductions (of which there were six), and one to calculate your tax liability (there were seven brackets with a top marginal rate of 7%). Oh, and one page of instructions. That was all.³

Fast forward to today, there are hundreds of forms, worksheets, tables, and schedules. In fact, according to the Tax Foundation, there are over 10 million words in the tax code, and Americans spend 6.1 billion hours a year on their taxes.⁴ You suppose they are called schedules because filling them out is going to suck up your day?

The major culprit is special carve outs and rules; as Congress raised rates they also expanded those six basic deductions into hundreds, to help mitigate the higher rates. Weird, huh? In fact the Congressional Research Service issued a more than 1000 page report in 2012 chronicling over 250 deductions and credits. And there is nothing basic about deductions anymore; one that caught our eye at the FSO Subcommittee was "60-40 Rule for Gains or Loss from Section 1256 Contracts."⁵ We think it either has something to do with trading futures, or is maybe a credit for taxes already paid in the future as a result of time-travel (the McFly-Brown credit?).

Whereas in 1913, anyone with their one page of instructions could fill out a tax return more easily than assembling an Ikea bookcase, today, almost everyone needs help. In fact, 92 percent of filers use some kind of help like a paid professional or tax software. Even about 73 percent of Internal Revenue Service employees (the guys running this system) need help with their taxes.⁶

Of course, not everyone can afford help. In fact Uncle Sam spends around \$200 million helping poor and elderly people understand and file their taxes. What is interesting about that is most low income people generally aren't dealing with Section 1256 Contracts (or time traveling DeLoreans), but the system is so complicated that even a simple return is still pretty hard.

Even after you file, you might not be done - you might have made a mistake. After spending \$200 million helping people file their taxes, we spend another \$200 million for the Taxpayer Advocate, an office that can help you if the IRS is giving you an undeserved hard time.

1.5 million people paying taxes to support tax collection and \$400 million spent trying to help people traverse this goliath. It all seems unnecessarily complicated and wasteful.

¹ <https://www.treasury.gov/about/budget-performance/C17/02-06.%20IRS%20FY%202017%20CJ%201%2022%2016%20v2%20FINAL%20CLEAN.PDF>

² FSO Calculation based on average tax liability of \$7,212

³ <https://www.irs.gov/pub/irs-utl/1913.pdf>

⁴ <http://taxfoundation.org/blog/federal-tax-laws-and-regulations-are-now-over-10-million-words-long>

⁵ <https://www.gpo.gov/dsyst/pkg/CPRT-113SPRT91950/pdf/CPRT-113SPRT91950.pdf>

⁶ <https://www.treasury.gov/tigta/auditreports/2012reports/201240001fr.pdf>



WASTE REPORT for May 2, 2016

A Variety of Waste

Whole generations of Americans have fond memories of tuning in to the *Ed Sullivan Show* or the *Sonny and Cher Comedy Hour*. Others might identify more with the late-night derivation of the variety show embodied by Johnny Carson, Jay Leno, and Conan O'Brian. **Now Uncle Sam is hoping a new generation will fall in love with the variety show...in Afghanistan.**

That's right!!! The Department of State through **the U.S. Embassy-Kabul recently issued a \$1 million funding opportunity to produce 12 episodes of a variety show in Afghanistan with the ultimate purpose of teaching English.**¹

Of course the show will be filmed before a live studio audience and include performances in English. But, "[t]he show should be written and performed using Dari (Persian) as the primary language. Episodes will have a considerable amount of English, but primary communication and explanation should be in Dari."

So, since the show is mostly in the native language, to reinforce English learning **there will be 60-second cutaways with English lessons on such things as how to read a menu or make a contraction.**

Taking a page from American late-night, the show will also include an "on-the-street element where people practice their English." Kind of a Jaywalking, Kabul edition; maybe they will ask Afghans what they think about *The Waste Report* or if anyone has used the [\\$43 million gas station](#) Uncle Sam paid for.

But perhaps the most intriguing element of the show is borrowed from another genre of American TV, the game-show. In fact the grant opportunity is very explicit that the show should include a competition element and notes exactly what should go into these games. Competition, "should involve games played in a team. The team can be two members of our target demographic (15- 25), or one member of the public playing with a local celebrity." Local celebrities? Perhaps an all-star from the [U.S. taxpayer funded cricket league](#)?

While English learning is the primary objective, the Department of State hopes the show will expand its message to other topics. They recommend the competition portion focus on specific themes such as, "environmental preservation, access to education, or volunteerism..." We recommend a theme of not wasting taxpayer's money.

¹ *Television Variety Show to Support English Language Education*, Public Affairs Section, U.S. Embassy, Kabul, Afghanistan; April 2016; Funding Opportunity Number: SCAKAB-16-CA-011-SCA-04122016



WASTE REPORT for June 20, 2016

Some Like it Hot: The Taste of Waste

From red-hot to five-alarm, some people really like spicy foods, and yet others cannot stand the heat at all. Have you ever wondered why it is that people have different tastes in food and drink? What one person loves another hates? Well, turns out **The National Institutes of Health (NIH) is spending half a million dollars to find an answer.**

Since 2011, one researcher at the Pennsylvania State University (Penn State) has received approximately half a million dollars to study people's rejection threshold for spice and bitterness. **The results are incredible...as in it is incredible NIH took your tax dollars to fund this research.**¹

One paper, published in 2013, explored how a person's personality influenced their like for spicy foods. According to the study, "[a]s expected, a strong relationship was found between liking spicy foods and frequency of chili consumption." The study found people seeking sensation like spice, but generally personality has no relation to liking spicy foods.² As a follow up, a new study was recently released asking how gender influences one's like for spicy foods.³

Another study sought to determine what level of bitterness was objectionable for chocolate milk consumers. **It seems people that like dark chocolate can tolerate 2.3 times more bitterness than those who prefer milk chocolate.**⁴ Someone should let Hershey's know.⁵

A third paper explored bitterness in wine and how one's wine expertise predicts willingness to try new wines and foods. What we learned is that, "wine expertise predicted willingness to try new wines and beverages but not food." **The study cautions the more casual wine consumer from taking the advice of experts as assessment of quality, "is dependent on both experience (and resulting expectancies) and liking..."**⁶

The wine study was partially funded from the same NIH grant as the other two, but also from a **\$629,942⁷ grant from the National Institute on Alcohol Abuse and Alcoholism.** You would think the objective of the study would be prevention of alcohol abuse, not how to aid people in selecting alcohol they like. What's worse is that according to the grant description, prevention is what the grant was for, when it was given to a completely different researcher at Brown University. But as the *Waste Report* has pointed out before, once the federal government issues a grant there is little downstream oversight and money can be sub-granted to others and used for completely different purposes.

No matter what your tastes may be, one thing is clear, nearly 70 average Americans worked all year to pay the taxes that were needed to fund these studies; and none of that money went to research cancer, or Ebola, or the Zika virus.

And, that should put a bad taste in your mouth.

¹ NIH Grants: DC01904-01A1,-02, &-03

² Byrnes, N. K., & Hayes, J. E. (2013). Personality factors predict spicy food liking and intake. *Food Quality and Preference*, 28(1), 213–221. <http://doi.org/10.1016/j.foodqual.2012.09.008>

³ Harwood, M. L., Ziegler, G. R., & Hayes, J. E. (2012). Rejection Thresholds in Chocolate Milk: Evidence for Segmentation. *Food Quality and Preference*, 26(1), 128–133. <http://doi.org/10.1016/j.foodqual.2012.04.009>

⁴ Ibid

⁵ In fact other authors on this paper were supported by the Pennsylvania Manufacturing Confectioners' Association (PMCA)

⁶ Hayes, J. E., & Pickering, G. J. (2012). Wine Expertise Predicts Taste Phenotype. *American Journal of Enology and Viticulture*, 63(1), 80–84. <http://doi.org/10.5344/ajev.2011.11050>

⁷ NIH Grant #: 5T32AA007459-30



WASTE REPORT for February 22, 2016

Government Waste, an Extended Stay

When a federal employee travels on official business, the government pays the cost of meals and lodging for that worker - within certain limitations. That sounds reasonable, until you learn that **the Department of Justice (DOJ) has spent at least \$54 million on expenses for employees who have been on “temporary travel” for one year or more.**¹

After 90 days on assignment at one location an employee goes on Extended Temporary Duty (ETDY), which it is actually supposed to save money by reducing lodging and meal allowances by 25 percent.² However, the DOJ Inspector General’s (IG) looked at the ETDY program at the DOJ and what they found was abuse and absurdity.

The IG identified 60 instances where temporary assignments lasted more than 2 years, including one assignment that lasted 6 years and another for 12 years. In another instance, the IG found that a married couple both working for the DOJ relocated to Washington, D.C. **One spouse transferred and received relocation assistance while the other received ETDY compensation.**³

The FBI alone accounts for 95 percent of all DOJ employees on ETDY. Why so many? Out investigating crimes in remote locations? Not quite, the ETDYs at the FBI are almost entirely due to the Headquarters Staffing Initiative (HSI) which allows employees from across the country to do an 18-month rotation at FBI Headquarters in Washington D.C. **Technically employees can choose to transfer, but most take ETDY because their lodging is tax exempt and is easily more than how much their pay would increase under D.C. locality pay.**⁴

Aside from the loose definition of “temporary” that seems to be used at DOJ, the tax treatment of ETDY compensation is worth noting. IRS regulations say that employer provided lodging and meals while on travel are nontaxable, unless your temporary assignment is for one year or more, or are expected to be for one year or more. **In other words, the IRS says if your employer is sending you somewhere for a year, IT’S A MOVE, NOT A BUSINESS TRIP.**

There is only one group the IRS rule does not apply to: federal law enforcement, prosecutors, and support staffs are exempted until they have been on ETDY for two years.⁵ Seems almost like a special carve out for DOJ and the HSI program.

**Maybe there is such thing as a “temporary” government program,
It is just they are all on “extended” status**

¹ *Audit of the Department of Justice’s Use of Extended Temporary Duty Travel*; Office of the Inspector General-U.S. Department of Justice; Washington, DC; September 2015. Report Number: Audit Division 15-33

² Ibid pp. 2

³ Ibid pp. 8

⁴ Ibid pp. 5

⁵ *Travel, Entertainment, Gift, and Car Expenses*; Internal Revenue Service, Washington DC; February 2016. Publication Number: 463



WASTE REPORT for January 25, 2016

Model of Government Waste

From historic battle strategies, to counter intelligence, to the technologies of war military history can be fascinating. **What is also fascinating (and troubling) is why the Department of Defense spent almost \$40,000 for an 11 foot, historical model of Fairchild Air Force Base.**¹

To be fair, the Air Force is in a difficult situation. You see, there are 16 buildings at Fairchild AFB (which is outside Spokane, WA) that the Air Force would like to demolish “in order to decrease the cost of maintaining infrastructure by reducing the inventory of underutilized and deteriorated buildings and accommodate mission changes that have occurred or are forecasted to occur at the base.”² So how does an effort to saving money result in new costs for giant models?

The problem seems to be that these 16 buildings (along with four others) potentially constitute a historic flight line district, and **though not actually a registered historic district, federal law requires that the Air Force seek to mitigate the impact tearing down these buildings would have on history...at a still active military installation.**

So, what is the historical significance that needs preservation? According to the solicitation’s Statement Of Work (SOW), “[t]he scale model represents the physical impact of the height of Cold War Deterrence policy and Strategic Air Command readiness.” The SOW goes on to note the model should include the maintenance and storage of several Cold War era (which is defined as 1958 to 1994) aircraft that were stationed at Fairchild.³

So, rather than note any specific event, this seems to be an effort to preserve for posterity the fact that this base (or at least the flight line) existed during the Cold War. It should not go unnoticed that as an active military base, Fairchild AFB has limited public access - not that the average person would likely find themselves at the Wing Headquarters where the model will be displayed anyway.

Consider, that while the military is currently engaged in operations around the world, and Fairchild AFB is seeking to do the right thing by reducing costs and meeting current strategic needs. Nevertheless the Air Force invested resources - both in tax dollars and man hours - on dubious historic preservation activities.

¹ *Historic Scale Model*, Department of the Airforce, Fairchild Air Force Base; Washington; September 2015 Solicitation Number FA4620-15-T-A096

² *Memorandum of Agreement Between...Fairchild Air Force Base and...The Washington State Historic Preservation Officer...*,
<http://www.fairchild.af.mil/shared/media/document/AFD-120725-095.pdf>

³ *Statement of Work Fabrication and Installation of Historic Flight Line District Scale Model Fairchild Air Force Base, WA*; U.S. Air Force- Fairchild Airforce Base, Washington. <https://www.fbo.gov/utills/view?id=7835c793ee06b92fb8a849b88a520b5e>



WASTE REPORT for February 8, 2016

Government Waste: A Love Affair

This Sunday is Valentine's Day, when old soldiers of the love wars will be buying flowers and going to dinner, celebrating their affinity for each other. **Perhaps for you Valentine's is an opportunity to find new love; and if you're nervous and unsure about talking to a love interest, not to worry, Uncle Sam has some tips for you... and you paid for them.**

That's right!!! The National Science Foundation helped fund a 2013 Stanford University study, *Making the Connection: Social Bonding in Courtship Situations*. **According to one of the researchers, "We wanted to see if there is anything about the interaction that matters or is it really just what I look like, what I do, what my motivation is."**¹

Considering on-line dating is a \$2 billion industry, it seems like Uncle Sam should leave this subject to experts like eHarmony.² And, maybe they meant to. **The study cites three NSF grants which contributed to this project, totaling a whopping \$2.5 million.**³ As absurd as it is for tax dollars to go to finance a study of how to "click" with someone of the opposite sex, we do not even know how much of this money found its way to romance research, but it certainly does not seem to have been the intended use of your tax dollars.

None of NSF's grant synopses make any mention of romance or dating. One grant was aimed at discovering how, **"ideas are created and propagate through scientific communities**, how these communities are formed and change over time, and how multidisciplinary networks spanning these communities shape scientific innovation."⁴ **Apparently there must have been some confusion about what "chemistry" means.**

This highlights a problem we identified in last week's [The Waste Report](#) about a Department of Defense funded study on how long it takes people to open an e-mail. In both case, **once money went out the door (and for other purposes), the government had trouble keeping track of it down stream, allowing money to be shaved off for frivolous, unintended research.**

So, since you paid for it, what did we learn? **Well, according to the study which used speed-dating as its point of reference, women are pickier than men when choosing a mate.** Both sides are more interested if conversation focuses on the lady, but women do not like answering lots of questions. Men don't like it when ladies use words like "kinda, sorta, and probably," but they are attracted to a woman that mixes it up by speaking quickly and with inflection.⁵

**Oh, and guys, hold the door for the lady and pay for dinner.
That's FREE advice from the FSO Subcommittee.**

¹ Brooke, Donald; *New Stanford research on speed dating examines what makes couples 'click' in four minutes*; Stanford University, Palo Alto, CA; May 2013

² Wells, George; *eHarmony Founder Talks Matchmaking in the Age of Tinder*; Wall Street Journal, New York, NY; March 2015

³ NSF Awards: 0835614, 0624134, and 1159679

⁴ Cherniavsky, John; *CDI-Type II: What drives the dynamic creation of science?*; Stanford University, Palo Alto, CA; Sep. 2008 Award # 0835614

⁵ Triffin, Molly; *7 Secrets for an Amazing First Date*; Women's Health; Emmaus, PA; June 2013



WASTE REPORT for April 18, 2016

Waste: A Documentary

Documentaries often give us insight into some subject with which we were previously not familiar. What you might also not be familiar with is how last year **Uncle Sam spent over \$2 million of your tax money to send filmmakers around the world showing their documentaries in the name of diplomacy.**¹

The American Film Showcase, a partnership between the University of Southern California and the U.S. Department of State (State) “highlights the value of film in fostering understanding and cooperation, dialogue and debate.”

According to the Showcase’s overview video, people’s perception of the U.S. is often drawn from blockbuster movies, said while panning past a *Captain America* shield. The Showcase aims to spread a more realistic view of America around the world, but also “[t]o **encourage American filmmakers and film experts to learn about life and culture in selected host countries.**” Thus, the taxpayer has paid to send these film-makers on 7-10 day trips to foreign countries, screening their and others’ works.

In fact, over four years, the Showcase has sent filmmakers to 73 countries “**reaching**” **roughly 25,000 people worldwide according to the programs figures.**² With approximately \$5 million in grants from State over that time, the **U.S. taxpayer is paying just over \$200 a person “reached” by film.**

To fund this project just this year would require the entire tax liability of 277 average American taxpayers.³ Of course, this year’s federal deficit, according to President Obama’s most recent budget, will be \$616 billion.⁴ Meaning instead, Uncle Sam is more likely borrowing money from countries like China, and you’re paying the [interest](#), to send filmmakers and their movies around the world.

So what kinds of movies reach people around the world, fostering healthy relationships? As you might or might not expect, there are films like *Trash Dance*, which tells of a woman’s journey to choreograph sanitation workers and their equipment in a dance; *Top Spin*, telling the tale of American teenagers’ quest to become table tennis champions; and *Spellbound*, a story about the U.S. National Spelling Bee.

Diplomacy in action!!!

¹ <https://www.usaspending.gov/transparency/Pages/TransactionDetails.aspx?RecordID=9D8B3111-B683-47D3-8956-EBF26950DBD1&AwardID=45574855&AwardType=G>

² <http://americanfilmshowcase.com/about/overview/>

³ FSO staff calculation using IRS data

⁴ <https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/tables.pdf>



WASTE REPORT for May 31, 2016

EPA Wastes Money Trying to Save Money

Somewhere along the line, you have probably heard of early retirement buy-outs, where a company offers employees a sum of cash and an early retirement. Often used as an alternative to layoffs, the idea is to get more senior, and thus more expensive, employees off the payroll and then eliminate or restructure their jobs to be less costly. A good deal all around... that is unless you are a taxpayer and the Environmental Protection Agency (EPA) is offering early buy-outs.

According to the EPA Inspector General, in Fiscal Year 2014, the EPA paid out nearly \$12 million on early buy-outs for roughly 500 employees. **However, a sampling done by the Inspector General showed that roughly 12% of the vacated positions were not eliminated and were refilled without being changed.¹ If this is a representative sample of all EPA buy-out, the taxpayer would have unnecessarily spent \$1.4 million.**

In authorizing agencies to offer early buy-outs, Office of Personnel Management (OPM) expressly says the position being vacated must either be eliminated or modified:

- (1) having a different job series and/or grade, (2) using the same job series and grade but substantively different duties and responsibilities, (3) having a different full-performance level, or (4) that is no longer supervisory.”²

That’s not a really high bar, and since the whole point of buy-outs is to streamline the workforce, what got missed? **Even the EPA agreed with the finding saying, “we understand how the IG drew their conclusion.”³** They noted the new hires were budget neutral, meaning they did not cost any more than the people they replaced, but the taxpayer is still out the buy-out money.

It is not surprising the EPA looked to early buy-outs to modernize their workforce and hopefully save the taxpayer in the process. The federal government is notorious for its job security, many believe to a fault. Less than one half of one percent of federal employees were terminated for performance or laid off last year. The EPA is even worse, only 15 employees or one tenth of one percent were terminated for performance; that is slightly more than the 13 EPA employees who died last year.⁴

They say you have to spend money to make money. Apparently at the EPA, you just have to spend money.

¹ *Quick Reaction Report: EPA Should Ensure Positions Vacated Under Buyouts Are Eliminated or Properly Filled*, Inspector General-Environmental Protection Agency; Washington, DC; July 2015; Report Number: 15-P-0184

² *Ibid* Page 2

³ *Ibid* Page 6

⁴ Data compiled using OPM’s Fed Scope Database



WASTE REPORT for August 8, 2016

Trapped by Waste

Outside the DC area, few people have probably even heard of Wolf Trap National Park for the Performing Arts, let alone taken in a concert there. However, for those inside the Beltway (metaphorically speaking¹), Wolf Trap is a well-known venue for a variety of summer concerts. **Unfortunately, whether you have heard of it or not, Wolf Trap is trapping nearly \$600,000 of taxpayer money for wasteful, DC-insider hypocrisy.**

On its surface, Wolf Trap is structured to protect taxpayers. As a kind of public-private partnership, the National Park Service maintains the park (which includes hiking trails and the like), while the non-profit Wolf Trap Foundation is “responsible for artistic programming, public relations, marketing, box office functions, and providing stagehands and certain other employees who are directly related to the presentation of performing arts.”²

It seems like a reasonable and clear division between the national park and its use as a venue for stage entertainment. However, **the line seems to have recently been blurred, as the Park Service is handing over \$594,000 to the Foundation to offset some of the cost of operations and production.**³

Do not blame the Park Service! Their hands are tied. This money comes from a \$2.2 million earmark for the National Capital Area Performing Arts program, which funds (or subsidizes) a variety of concerts and entertainment around Washington. In fact, the National Park Service has unsuccessfully asked Congress to eliminate this earmark.⁴ While Congress ignored those requests, many members may have just not known the earmark was there. You see, the earmark is not in the nearly 900-page text of the *Consolidated Appropriations Act, 2016 (H.R. 2029)* or the more than 200 pages of committee reports accompanying the bill. The earmark is on page 16 of the 109-page explanatory statement for division G of the Appropriations Act. **Vague and hard to find - almost the definition of “snuck in.”**

In the case of Wolf Trap, it even gets worse. The purpose of the funds is to “pay a portion of the costs of the union stagehands that work backstage....”⁵ **So, DC’s most-connected people, many of whom are strong union supporters, are using taxpayer money to alleviate themselves and fellow Washingtonians of paying union prices.**

The FSO subcommittee calculates that if concertgoers had to pay the full cost of Wolf Trap concerts with unionized stage hands, ticket prices would increase by only about 4 percent.⁶ That comes out to roughly \$5 a ticket for the most expensive seats.⁷ But even if the increase were 40 percent or 400 percent, that cost should be paid by the patron who chooses to take in a show, not the taxpayer who has no choice whatsoever.

In case you are wondering, **about 84 average Americans a year have to turn over their hard-earned money in taxes so Washingtonians can save \$5 on concert tickets.** By the way, **Fairfax County, VA, where Wolf Trap is located, is the second wealthiest county in America, with a median income over \$110,000. Bordering Fairfax are the #1 (Loudoun - \$117k), #6 (Arlington - \$101k), and #8 (Montgomery, MD - \$97k) wealthiest counties in America.**⁸

¹ Wolf Trap is actually a few miles outside the Beltway off the Dulles Toll Rd.

² *Wolf Trap Performing Arts Program Support*; National Park Service; Washington, DC. July 2016. Announcement Number P16AS00355 – Amount corrected via Park Department correspondence with FSO

³ Ibid

⁴ <https://www.nps.gov/aboutus/upload/FY-2016-Greenbook.pdf>

⁵ *Wolf Trap Performing Arts Program Support*; National Park Service; Washington, DC. July 2016. Announcement Number P16AS00355

⁶ Calculated using Wolf Trap’s 2015 Annual Report, where ticket sales totaled \$14,654,313 <https://issuu.com/wolftrapfoundation/docs/2015-wt-annual-report>

⁷ Based on a Prime Orchestra ticket to the Ricky Martin concert scheduled for August 24th, 2016.

⁸ http://purchase.tickets.com/buy/TicketPurchase?orgid=44689&pid=8234880&mkt_code=WOLFTRAP&_ga=1.186660072.1332160455.1469634656

⁸ <http://www.fool.com/investing/general/2015/09/20/the-top-10-richest-counties-in-the-united-states.aspx>



WASTE REPORT for July 18, 2016
A Fox, An Isolated Island, and Waste

Near the tail end of the Aleutian Islands (farther west than Hawaii), sits Shemya, a two-by-four-mile island that is home to Eareckson Air Station (EAS) and **nearly \$100,000 of government waste.**

The Department of Defense (DOD) recently published a \$99,000 grant opportunity to monitor the population of the Arctic Fox on Shemya.¹ The stated rationale for this project is that **the foxes appear to be in declining health**, and their presence is perceived to reduce the Bird/Aircraft Strike Hazard. **It all seems reasonable until you look a little deeper.**

Just 200 miles from Russia in the middle of the North Pacific, EAS was an important air strip during WWII and the Cold War, housing both bomber and fighter groups. However, with the fall of the Berlin Wall, that utility diminished quickly, and EAS was basically closed in 1995. **Today, the once-vibrant airfield handles about three flights a week.**²

While avoiding aircraft-bird collisions is certainly an important and worthwhile goal, the use of the Arctic Fox in this endeavor is not proven to be successful. You see, though the fox will hunt sea birds, it much prefers small animals such as rodents, according to the World Wildlife Fund (WWF). In addition, according to the Air Force's own *Bird/Wildlife Strike Hazard (BASH) Management Techniques*, **foxes also present a hazard, and it recommends using "pyrotechnics to frighten these species" or occasionally shooting them to keep them away from airfields.**³

But maybe there is a reason to spend almost \$100k to save the Arctic Fox! Perhaps the fox is endangered? Nope. According to the WWF, there are several hundred thousand Arctic Foxes in the world, earning them the status of "Least Concern." Interestingly enough, the foxes are not even native to the island, having been introduced decades before the Air Force arrived. In fact, generally the fox "lives inland, away from the coasts."⁴ Getting inland is hard to do on an island where you are never more than a mile from the water.

¹ *Population Monitoring of Arctic Foxes on Shemya Island, Alaska*, Army Corp of Engineers, Omaha, NE. July 2016 Opportunity Number NWO-CESU-08

² <https://flightaware.com/live/flight/FWK901/history/20160610/1630Z/PANC/PASY>

³ http://static.e-publishing.af.mil/production/1/af_se/publication/afpam91-212/afpam91-212.pdf

⁴ <http://www.worldwildlife.org/species/arctic-fox>



WASTE REPORT for May 16, 2016

East-West Waste Center

Over time *The Waste Report* has told you of various international follies aimed at building good will around the world. Who could forget such things as sending [jazz bands to Turkey](#), [Pakistani kids to Space Camp](#), or [fostering better understanding with the UK](#)? But, did you know Uncle Sam spends millions of dollars supporting a center at the University of Hawaii¹ to promote better relations with Asian and Pacific island nations.

The East-West Center as it is known, was created by Congress in 1960 to, “better relations and understanding among the people and nations of the United States, Asia, and the Pacific.”² Of course in 1960, Hawaii had just become a state, the U.S. was on the cusp of its third war in the Pacific since 1941, we weren't even talking to mainland China, no one had internet, and international travel was rare. No one drove a Kia or wore Nikes (which have always been produced in Asia) and *Ninja Warrior* wasn't even a thing. In the last five decades it's safe to say things have changed a little.

In addition to trade and media, today, China and Japan are our two largest foreign creditors. **While the U.S. is borrowing money from China, Japan and other Asian nations (about \$3.4 Trillion³) over 600 of those countries' citizens are attending the E-W Center the U.S. taxpayer is funding.**⁴ In fact according to the one paragraph on finances from the E-W Center's FY 2014 annual report (which is the most recent and is little more than an 8-page pamphlet), the center received about \$21 million in federal support, roughly 2/3rds of its entire budget.⁵

So, what does fostering understanding on your dime look like? Well, in addition to conferences and events, the E-W Center funds research fellowships and scholarships with, **“Substantial funding toward education and living expenses, including tuition and fees, graduate residence hall room costs, health insurance, book allowance, and partial living stipend.”**⁶ This year they are also putting on a 12-day, *U.S. Presidential Election Reporting Seminar* with aim to, “enable participating journalists to report before, during and after the U.S. presidential election from key states in the American electoral system.” Of course they will have to put what they learn to use in 2020 as the seminar conflicts with the actual election this year.

What is most amazing about the E-W Center is that in the FY 2010 budget, President Obama, whose mother was actually an E-W Center student while he was growing up⁷, tried to cut the center's funding in half, “arguing that this would encourage the center to seek other sources for money.” Instead, the then Senate Appropriations Committee Chairman Dan Inouye from Hawaii, increased funding to his home-state project by \$2 million.⁸ Year-after-year (including this year), the President's budget unsuccessfully proposes the same thing, roughly cutting funding in half for the center. At least in this instance Congressional pork is mightier than even the president. Reminds us of Ronald Reagan's famous quote, **“The nearest thing to eternal life we will ever see on this earth is a government program.”**

¹ Technically the center is not a part of the university, though it is adjacent to the campus. In the 1950's the university had the idea for the E-W Center, but could not justify the cost and instead turned to the federal government.

² *Mission and Organization Overview*, East Waste Center; Honolulu, HI; May 2016

³ *Major Foreign Holders of Treasury Securities*, U.S. Department of Treasury; Washington, D.C.; May 2016

⁴ *Participation Statistics For FY 2014*, East Waste Center; Honolulu, HI; May 2016

⁵ *East-West Center Annual Report 2014*, East Waste Center; Honolulu, HI; May 2016

⁶ *Student Programs: Opportunities for Study & Scholarships*, East Waste Center; Honolulu, HI; May 2016

⁷ *Spotlight an Alumni: EWC Alumna Ann Dunham-Mother to President Obama and Champion of Women's Rights and Economic Justice*, East Waste Center; Honolulu, HI; May 2016

⁸ Farenthold, David A., *Even in an era of budget cuts, these government programs won't die*; The Washington Post; Washington, DC; April 2011



WASTE REPORT for May 9, 2016

Wikiwaste: Studying the Gender-Gap on Wikipedia

Have a question? Often Wikipedia has an answer. But if your question is, “**Why is the federal government spending \$70k to study gender disparity among Wikipedia contributors,**” you might get back, “results not found: did you mean ‘government waste?’”

That’s right! The National Science Foundation (NSF) spent \$70k funding a New York University study to investigate the gender gap among contributors to Wikipedia.¹ If you are not familiar, Wikipedia is a free on-line encyclopedia where, “**[a]nyone with Internet access can write and make changes to Wikipedia articles.**”²

According to Wikipedia, it is true that only about 13 percent of their regular contributors are female. However, **there is no measurement for how much content female Wikipedians contribute or provide.**

What is clear is that whether male or female, a small minority of users provide any content to Wikipedia; just 25 percent ever make an edits/contributions and 0.004 percent of users are classified as regular contributors - which still only requires one edit every 30 days.³ Nonetheless, all users can edit content if they so choose, meaning this is an issue of self-selection.

Even under tighter budgets, NSF has seen a 22 percent increase in funding since President Obama took office. This year’s budget asks for nearly \$8 billion to support this agency, stating:

NSF is vital because we invest in basic research and people who make the discoveries that transform our future. Those discoveries are a primary driver of the U.S. economy, enhance our Nation’s security, and give the country the competitive edge to remain a global leader.⁴

One has to wonder where the study of gender disparity among Wikipedia contributors fits in.

¹ http://www.nsf.gov/awardsearch/showAward?AWD_ID=1322971&HistoricalAwards=false

² https://en.wikipedia.org/wiki/Wikipedia:About#Wikipedia_contributors

³ <https://en.wikipedia.org/wiki/Wikipedia:Wikipedians>

⁴ http://www.nsf.gov/about/budget/fy2017/pdf/01_fy2017.pdf



WASTE REPORT for August 15, 2016

The Weight of Waste

You may recall a *Waste Report* from last year called "[Measuring Waste](#)", highlighting a \$188,000 NSF grant to produce a book on the history of measurement and finally answering the age-old question of why Americans do not like the metric system.

If you have not made the trip to Barnes and Noble to pick up a copy, do not worry. Netflix will soon be able to satisfy your metric system cravings, thanks to the **Department of Commerce spending \$500,000 to make a documentary on the Kilogram.**¹ This is not just any kilogram, but THE granddaddy of all kilos: Big K, the International Prototype Kilogram.

You know, Big K, the metal cylinder stored in a vault in Paris that serves as "the standard for measuring mass in almost every country on Earth."² **That is right!! Taxpayers are funding a movie about a metal cylinder.** Well, sort of. The movie is actually about the quest to replace Big K with a natural constant.

What is a natural constant? Well, take a meter, for example, which used to be defined by the distance between two marks on an iron bar kept with Big K in Paris. **In 1984, a meter was redefined "as the distance light travels, in a vacuum," in 1/299,792,458 of a second, a natural constant.**³ **Certainly, *Waste Report* readers remember when that change happened, right?**

Turns out Big K is the last standard of measurement in the vault. Cracking the nut of how to redefine mass by a standard constant has proven challenging for the international community of measurement scientists, which is why the movie will be titled *The Last Artifact*. However, after decades of research and debate, it appears an international committee will likely reveal a measure of mass based on something called the "watt balance" in late 2018.⁴

If this *Waste Report* seems to be getting heavy (pun intended), not to worry. **We are sure replacing Big K is of great value to science, but is a documentary about it of great value to taxpayers? Probably not.** According to the grant opportunity, "The overriding objective of the documentary is to convey the subject in a compelling and original way to an audience of science-interested viewers."⁵

But if viewers interested in this kind of science are a broad audience, ticket sales or sponsors should cover the cost of production, making government aid unneeded. **If they are a narrow market, then 69 average Americans worked all year to pay for a film about a metal cylinder that only a few people even care about.**

How about a Government Waste Documentary?

¹ http://www.nist.gov/public_affairs/upload/20160707-NIST-Documentary-Film-FFO.pdf

² *ibid*

³ http://www.surveyhistory.org/the_standard_meter1.htm

⁴ http://www.nist.gov/public_affairs/upload/20160707-NIST-Documentary-Film-FFO.pdf

⁵ *ibid*



WASTE REPORT for September 20, 2016

VA Medical Center- No TV for You

Waste Report readers will remember an edition from earlier this year, "[Veterans Health Administration: It's Not About Logistics](#)," where we reported on the VA leaving urology equipment unused for months. Because the equipment was leased, the VA made over \$200k in payments for the equipment while it sat in storage. Unfortunately, it seems the VA has outdone that waste - this time spending over \$300k on TVs that have been sitting in storage for nearly three years.¹

The VA Inspector General reports that, in 2013, the Detroit VA Medical Center wanted to upgrade TVs in patient rooms. Probably not a bad idea and certainly a benefit to our veterans in a difficult time. **Unfortunately, the project included upgrading the whole TV system, which required some amount of construction. Rather than waiting for construction to begin (or even be scheduled), the VA saw fit in September 2013 to purchase 300 TVs and accessories immediately at a cost of \$311k.**²

Since the facility was not ready for the TVs, they went to storage,³ where they have sat for nearly three years. The IG's report even states that **"as of June 21, 2016, the facility had not yet awarded the contract to begin construction."**⁴ So these TVs will continue to sit for some time. By the way, the warranties expired in January 2015.⁵

What is worse, these dormant TVs are not even the right ones for the planned upgrade. According to the IG, the project plan calls for TVs that use an Ethernet feed, but the ones the VA purchased use an increasingly outdated coaxial feed. So **the VA modified the project at an additional cost of \$19k - to accommodate the TVs still in storage.**⁶

You might ask, how did something like this happen? Well, **the culprit seems to be the "Use it or Lose it" paradigm of government spending: spend money before it expires at the end of the fiscal year.** Remember, the TVs were purchased in September 2013, just before the end of the federal government's fiscal year. As the IG reports, **"Despite not needing the TVs ... the Chief of Volunteer and Community Relations reported the facility purchased them because they had funds available."**⁷

"Use it or lose it" is a big problem. Research indicates that **"spending in the last week of the year is 4.9 times higher than the rest-of-the-year weekly average," while "quality scores for year-end projects are 2.2 to 5.6 times more likely to be below the central value [lower quality]."**⁸ As in this case, you might end up buying TVs you do not need and which are the wrong model.

Chairman Paul and the FSO subcommittee have worked to bring the perils of "use it or lose it" spending to public attention, both with a hearing on the subject last September and legislation (S.1378)⁹ that incentivizes federal employees against end-of-year-spending binges while helping to reduce the deficit.

The IG's report put it best when it said the unneeded TV purchases **"prevented the use of about \$292,500 that could have been better spent on other facility priorities."**¹⁰ Of course, the top priority of the VA should be veterans.

¹ <http://www.va.gov/oig/pubs/VAOIG-16-02729-350.pdf>

² Ibid

³ Eighteen of the TVs were actually used in the VA's hemodialysis clinic.

⁴ <http://www.va.gov/oig/pubs/VAOIG-16-02729-350.pdf>

⁵ Ibid

⁶ Ibid

⁷ Ibid

⁸ *Do Expiring Budgets Lead to Wasteful Year-End Spending? Evidence from Federal Procurement*; Liebman, Jeffrey, & Mahoney, Neale; National Bureau of Economic Research; September 2013. Emphasis added.

⁹ S. 1378 passed out of committee on May 25, 2016.

¹⁰ <http://www.va.gov/oig/pubs/VAOIG-16-02729-350.pdf>



WASTE REPORT for August 23, 2016

Official Waste!!

Are you a federal employee and in a union? Well, if you answered “NO,” you might be surprised to find out you are paying for union representation for federal employees.

According to the Office of Personnel Management (OPM), “Official time, broadly defined, is paid time off from assigned Government duties to represent a union or its bargaining unit employees.”¹ **That is right. Federal employees get paid by the taxpayers to do union work, and, according to OPM, Official Time (OT) cost taxpayers \$157.2 million in salary and 3.4 million hours not performing governmental duties in 2012.**²

However, a 2014 report by the Government Accountability Office (GAO) questioned OPM’s methodology in calculating OT costs. GAO indicated that, based on a sample of 10 agencies, OPM had under calculated the cost by 9 percent on average,³ which, if true across the board, would put the total figure closer to \$171.3 million. Even worse, the GAO stated, “**OPM said reporting on official time is not a priority at this time...**”⁴ Maybe that’s why OPM’s FY 2012 report on OT is the most recent available.

GAO’s 2014 report notes that **386 employees were on OT full-time (2/3rds were attached to the VA).**⁵ **Americans for Limited Government used FOIA requests to estimate that number at 490 employees this year.**⁶ In other words, these are federal employees that perform no government function yet receive full compensation, including federal benefits like health care and retirement.

“Time off,” as OPM says, implies time away. Maybe they’re down at the union hall, using union equipment? Nope. **Union contracts (negotiated by taxpayer-funded union reps) often include non-payroll OT expenses such as travel, office space, equipment, etc.** Most agencies and OPM do not generally report these costs. The Social Security Administration (SSA), however, does. In FY 2013, **non-salary OT cost taxpayers an additional \$1.8 million at SSA.**⁷ That is just one agency.

How did this all come to be? Well, OPM reports that “**voluntary membership in Federal sector unions results in considerable reliance by unions on the volunteer work of bargaining unit employees,** rather than paid union business agents...”⁸ Of course, that is not quite true. These are paid union agents (almost 500 work full-time for the union), only they are paid by the taxpayers they are negotiating against rather than with the dues from the members they are representing.

¹ <https://www.opm.gov/policy-data-oversight/labor-management-relations/reports-on-official-time/#url=Overview>

² <https://www.opm.gov/policy-data-oversight/labor-management-relations/reports/labor-management-relations-in-the-executive-branch-2014.pdf>

³ <http://www.gao.gov/assets/670/666619.pdf>

⁴ Ibid

⁵ Ibid

⁶ https://getliberty.org/wp-content/uploads/2016/06/ALGF-Full-Time-Official-Time-Report_Final_Binder_06.28.16.pdf

⁷ <http://www.gao.gov/assets/670/666619.pdf>

⁸ <https://www.opm.gov/policy-data-oversight/labor-management-relations/reports/labor-management-relations-in-the-executive-branch-2014.pdf>



Why are taxpayers paying union reps when union members pay dues?

Does this voluntary membership system really leave federal employee unions (FEUs) unable to collect enough dues to, you know, represent their members? Well, the FSO subcommittee dug into Department of Labor financial filings of the four largest FEUs, representing about 88 percent of all federal unionized workers. **We found that, for just FY 2015, they collectively reported \$205 million in receipts for their headquarters operations and over \$100 million for the locals. They also reported \$117.8 million in net assets.**⁹ In all, dues should be more than enough to fund union representatives.

With dues money not going to negotiating contracts and addressing grievances, **FEUs can put it to work against the taxpayer.** In one example, FEUs are currently advocating for a 5.3 percent pay increase for federal employees instead of the 1.6 percent increase President Obama has proposed.¹⁰ Keep in mind that, over the last 12 months, inflation has been just 1 percent,¹¹ and the non-partisan **Congressional Budget Office found in 2012 that federal employees made on average 2 percent in wages and 48 percent in benefits more than their private sector counterparts.**¹² By the way, this pay increase would be in addition to the automatic pay hikes, known as “step increases,” that federal employees also receive.

That example is pretty direct. FEUs, however, are generally less direct, arguing their main focus is the overall public good. As Milton Friedman famously summarized Adam Smith, it is much easier to get a special advantage by framing it as a public good (even when it is not) than to simply ask for special treatment.¹³

Take, for example, the bipartisan effort to reform the Department of Veterans Affairs (VA) after the recent waiting list scandal, where veterans actually died. The FEU representing VA employees is opposing such reforms, but not because they may adversely affect union members. Instead, **the president of the union argued in an op-ed that the VA is working well, and that it would actually hurt veterans to seek reform because of “minor” problems.**¹⁴ Minor? PEOPLE DIED. Of course, the op-ed made mention of the VA being understaffed, but it somehow omitted the \$31 million and 1.07 million hours the VA spends on OT.¹⁵

In another example, the FEU representing SSA employees lambasted the House Appropriations Committee for holding operation spending constant.¹⁶¹⁷ In Washington logic, no increase is actually a cut. This FEU warns that this policy will cause almost two lost weeks of work, which will adversely affect benefits (even though the legislation had nothing to do with benefits).¹⁸ But it forgot to acknowledge the \$7 million and almost 250,000 hours of OT done on its behalf at SSA. That comes out to about two workweeks for over 3,050 employees.

Corporate Welfare: Now for Fed. Employee Unions, Too!!!

⁹ FSO Calculation using DOL data

¹⁰ <http://www.nffe.org/ht/display/ArticleDetails/i/109026> & <https://www.nteu.org/media-center/heritage-report>

¹¹ <http://www.bls.gov/news.release/cpi.nr0.htm>

¹² <http://www.cbo.gov/sites/default/files/cbofiles/attachments/01-30-FedPay.pdf>

¹³ Friedman, Milton & Rose. *Free to Choose: A Personal Statement*. Retrieved from <http://bit.ly/2bjjFxl>

¹⁴ <http://thehill.com/blogs/congress-blog/healthcare/279529-no-the-va-is-not-broken>

¹⁵ <http://www.gao.gov/assets/670/666619.pdf>

¹⁶ <https://www.afge.org/article/social-security-is-under-siege-and-no-one-is-talking-about-it/>

¹⁷ According to the House Appropriations Committee, relative to FY 2016, spending was reduced due to a one-year building renovation.

¹⁸ <https://www.afge.org/article/social-security-is-under-siege-and-no-one-is-talking-about-it/>



WASTE REPORT for October 4, 2016

One Small Step for Waste, One Giant Leap for Wastekind

When Neil Armstrong set foot on the moon in 1969, he uttered certainly some of the most famous words in human history: **“That’s one small step for man, one giant leap for mankind.”** Or did he? **Armstrong said that he was misquoted by having an “a” omitted from his statement, claiming it should have been “step for [a] man.”**¹

Quite the earth-shattering controversy we have on our hands here. Nope? Not interested? Don’t care? Well, maybe you will care about this: **the National Science Foundation helped fund a study which brought together researchers from four major universities² to find the missing “a.”** To explain the mystery, researchers even sought out subjects with dialectal familiarity to Armstrong – people from Ohio.³

The study drew on two NSF grants totaling more than \$700k.⁴ Though the research was just published this month, one of the grants came from the 2009 American Recovery and Reinvestment Act.⁵ **“Shovel ready”** indeed.

So, did they solve the mystery? Well, no. In the end, researchers believe that the speed at which one part of a sentence is said, relative to the rest of the sentence, affects identification of words like “a.”⁶ Listeners in experiments did not universally miss the “a” and certainly not to the extent it was apparently missed by listeners of Armstrong’s statement on the moon and in recordings. Thus, **“[t]hese results demonstrate that substantial ambiguity exists in the original quote from Armstrong.”**⁷ Truly groundbreaking.

So, why did NSF think this study deserved your tax dollars? Well, they might not have. As *The Waste Report* has noted in the past, once a grant goes out the door, there is no further accounting of where that money winds up and how much goes to a given project.

In this case, **the intended purpose of these grants was to help improve and understand communications for persons with conditions that may affect speech, such as autism, stuttering, and Parkinson’s disease⁸ - not what Neil Armstrong said on the moon.** The grant synopsis makes no mention of Armstrong, nor does the paper assert that he suffered from a condition that would affect his speech.

Sounds like NSF funds might be getting lost in transmission

¹ <http://journals.plos.org/plosone/article/asset?id=10.1371/journal.pone.0155975.PDF>

² University of Oregon, Ohio State, Michigan State, and George Mason University.

³ <http://journals.plos.org/plosone/article/asset?id=10.1371/journal.pone.0155975.PDF>

⁴ NSF award numbers: 0847653 and 1431063

⁵ NSF award numbers: 0847653

⁶ <http://journals.plos.org/plosone/article/asset?id=10.1371/journal.pone.0155975.PDF>

⁷ Ibid.

⁸ NSF award numbers: 0847653 and 1431063



WASTE REPORT for July 25, 2016

Panning in on Waste

From slowly panning in when things get serious, to the fast-paced pursuit of a running back breaking away, television cameras and their operators play an integral and often unsung role in our TV viewing experience. But operating a TV camera is not easy; it is a technical job that requires advanced training. Thanks to the U.S. Department of State (State), you are paying for some of that special training... in Estonia.

State is currently advertising a \$60,000 grant opportunity to train camera operators for ETV+, Estonian Public Broadcasting's (ERR) Russian-speaking channel. Interested parties are invited to submit proposals, which should include sending an American team of trainers, including a Russian-English translator, to Estonia to conduct training there. Separately, in July or August, "when [the] ETV+ production team is on leave," the grant recipient is expected to bring **five camera operators to the U.S. for a 10-day training session in a "learning-studio."**¹

Since it is a public broadcasting channel, ETV+ is primarily funded through Estonia's Ministry of Culture, receiving about €1.8 million in startup cash last year² and having a €2.53 million budget for 2015 - in which it planned to air just two hours of original, non-news programming³. **ETV+, by the way, is ERR's third TV channel, so one might expect the technical expertise for camera operation to already exist within the ERR family.**⁴

We also should note that since we first discovered this grant opportunity, the original posting has been taken down and replaced with a new posting under a similar, but different, grant opportunity number. The only other change was to take out reference specifically to ETV+. Perhaps someone realized an observer (such as the FSO Subcommittee) might start looking into ETV+ and ask why the U.S. taxpayers are funding this?

¹ DOSEST-16-GR-002

² <http://news.err.ee/v/politics/2f900ed2-e23c-4dbe-9ba5-12be9a5d1104>

³ <http://news.err.ee/v/society/1a77dc4b-6405-4c29-b41d-7566fc4e9e70>

⁴ <http://www.err.ee>



WASTE REPORT for October 19, 2016

The School of Waste

The Waste Report strives to report on original examples of egregious government waste uncovered by the Federal Spending Oversight Subcommittee (FSO). However, sometimes something so shocking comes along that it deserves mention here, even though it has already come to public attention.

This is one of those cases.

In 2005, the private, non-profit Hope Academy (Hope) in coastal Mississippi suffered flooding caused by Hurricane Katrina's storm surge. Hope was eligible for federal Public Assistance grants to rebuild. However, as the Inspector General for the Department of Homeland Security details in a recent report, with the federal taxpayers footing the bill, Hope wanted more.¹ **Through unsupported claims, unethical deals, and multiple appeals, almost 10 years after Katrina, the taxpayer is currently out \$2.9 million.**

The Federal Emergency Management Agency (FEMA) would have paid to mitigate the damages to the Hope Academy and elevate their building. However, Hope claimed rebuilding its original facility would be **inadequate for it to service 90 students, its K-12 enrollment prior to the storm. Instead of rebuilding its 5,770 sq. ft. building, Hope claimed it now needed a new 13,319 sq. ft. (about 2.3 times larger) facility.**² Of course, had the storm not hit, they presumably would have served those students in the old building. Nonetheless, after some back and forth, including appeals to the regional FEMA office, FEMA eventually agreed in 2010 to pay for the larger school.

Upon gaining approval for a larger school building, Hope then claimed its 2/3rds of an acre lot was just too small and asked the taxpayers to pay an additional \$1.4 million for a new 16-acre property (we will come back to this).³

Were there 90 students?

The larger facility and the new property were all predicated on an enrollment of 90 students at the time Katrina hit, a claim the IG questioned and asserted Hope never sufficiently demonstrated. The IG reviewed the physical profile of the old school building and found it wasn't "credible that these five separate rooms would be adequate to educate 90 students in 13 different grade levels."⁴ Throughout the process, FEMA had apparently taken Hope's word on its enrollment.

As part of their investigation, the IG asked Hope to provide some additional proof of its 2005 student population, including student names, tuition receipts, tax filings, payroll checks, etc. Hope claimed all their records were destroyed in the storm, and that the bank no longer kept records from 2005. **Hope also said it was not required to file state or federal income tax returns, and that it paid its staff as contractors, so it did not withhold payroll taxes. What is all the more odd is that one document Hope did provide was a canceled check for tax services, which would seem unnecessary for an entity not filing taxes.**⁵

As to the student names, **Hope could only recall 13 names of its supposed 90 students. Further, one former student from 2005 told the IG they only recalled there being about 40 students at the school.**⁶

A Shady Land Deal

We said we'd come back to the land. It turns out the 16 acres Hope needed (for its new building) were about 40 percent wetlands and were owned by the president of Hope's Board of Directors. **In fact, the Board President did not recuse**

¹ <https://www.oig.dhs.gov/assets/GrantReports/2016/OIG-16-135-D-Sep16.pdf>

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

himself from the transaction, and, as the IG reports, “signed as purchaser and seller on the closing documents for the land purchase, as well as the authorized signer on the check used to pay the seller [himself].”⁷

Acting as seller of the land, the Board President hired (although Hope reimbursed the cost) three separate appraisers. The IG questioned the appraisals, noting that “[a]ll three appraisal amounts were very close, with two presenting the exact same value of \$1,600,000 [despite using different site descriptions].”⁸ Hope itself had no appraisal done and settled (with its own Board President) on a \$1.4 million price - or \$92k an acre (including for wetland acres).

FEMA disagreed with the \$92k-an-acre price (thinking it should be more like \$45k) and did not want to pay for unusable wetlands. Hope turned to the Arbitrations Board, which landed between the two prices, awarding \$40k an acre for the usable land but also awarding \$19k an acre for the wetlands, putting taxpayers on the hook for about \$500k. In their review, the IG valued the land at about \$26k an acre for the usable portion and \$5k an acre for the wetlands - a total of \$276k.⁹

Further, in anticipation of being reimbursed by the federal taxpayer for the land purchase, “the seller (i.e., the Board President) financed the loan **This would make Hope’s Board President the seller, buyer, financier, and payer in this land transaction.**”¹⁰ However, the ultimate payers were really FEMA and the federal taxpayer. The IG labeled the whole land transaction as unethical.¹¹

A New School, a New Community

The FSO Subcommittee was interested in Hope’s current status, and what we found was pretty amazing.

Those 16 acres Hope bought were nowhere near the original school site in D’Iberville, MS, nor were they just some vacant property. **Instead, the new location was about 15 miles away in Gulfport, MS, in a brand-new housing development called Florence Gardens (FG) – “a pristine master-planned community.”**¹²

FG is still selling lots, and its website includes a banner link to “Our School,”¹³ which is clearly meant to be a selling point for a community branded as family oriented. On the “Our School” page, FG boasts of its new 13,000 sq. ft. building with space to grow, “state-of-the-art technology,” and furniture made of antimicrobial materials.¹⁴ FG’s “Amenities” page also references Hope.

The federal taxpayer probably paid for some of that technology and furniture. **Even though Hope officials could only recall 13 students, they were able to produce a 15-page list (from memory) of items destroyed in the storm and asked FEMA for nearly \$800k.** FEMA lowered the amount to just shy of \$500k, but **the IG thinks even that number is exaggerated; Hope had an insurance policy for the school’s contents with a maximum payout of just \$17,200.**¹⁵

Nonetheless, Hope got a bigger building, more land, and new equipment. The Board President sold some land, and Florence Gardens got a school to support its family friendly, neighborly model. It all only cost taxpayers \$2.9 million.

Oh, and one more thing. Care to guess the identity of the CEO of Florence Gardens? Yep, it’s the same Board President who acted as both buyer and seller of the 16-acre property.¹⁶

⁷ Ibid. Clarification ours.

⁸ Ibid. Clarification ours.

⁹ Ibid.

¹⁰ Ibid. Clarification ours.

¹¹ Ibid.

¹² <http://www.hopeacademyfg.org/about-hope-academy/>

¹³ <http://www.florencegardens.com/our-school/>

¹⁴ <http://www.hopeacademyfg.org/about-hope-academy/>

¹⁵ <https://www.oig.dhs.gov/assets/GrantReports/2016/OIG-16-135-D-Sep16.pdf>

¹⁶ <http://www.wlox.com/story/28062331/groundbreaking-offers-hope-for-hope-academy-children>



WASTE REPORT for January 11, 2016

Failing for Fear of Success

In the classic 1983 movie *Trading Places*, a prank causes a wealthy commodities trader (Dan Aykroyd) to unwillingly trade places with a street hustler (Eddie Murphy). Hilarity ensues as streetwise Murphy learns to dress in fine clothes and eat at fancy restaurants, while pampered Aykroyd learns life on the hard streets of Philadelphia.

The concept of being a fish out of water when someone moves from one socioeconomic class to another is not new. But whether you are a regular Joe or a multimillionaire, you probably have at least one thing in common; **you do not want almost \$150k of your taxes going to study whether people intentionally underachieve to avoid adapting to new situations.**

A study out of Northwestern University and funded by the National Science Foundation seeks to explore this very concept.¹ The grant title says a lot, **"The Downside of Social Mobility: Status-Based Identity Uncertainty, Academic Achievement & Psychological Well-Being."** And from the grant synopsis, "[m]ore specifically, this study will examine whether changes in status-based identity uncertainty over time predict changes in academic motivation, grades, and psychological well-being."² In short, the question is, **would you sabotage your own success to avoid being a fish out of water in a different socioeconomic class?**

It seems kind of irrational to derail yourself like that, but even if we could accept that underlying premise, this study has another illogical wrinkle. The study itself focuses on college students from lower socioeconomic classes, and as the grant synopsis notes, **"higher education is one of the primary means through which people pursue upward mobility, status transitions are especially likely during and just after the college years."** In other words, being that the subjects are already in college, they have already accepted (and probably welcomed) the prospects of upward mobility and all that goes with it.

So, here is the basic assumption this study and the National Science Foundation had to assume from this project to be green lit. A poor kid seeks to better their life by going to college, and not just any college, but Northwestern, a private institution with an excellent academic reputation. However, once at school, this student realized this education will likely help them move up the socioeconomic ladder, and "status-based identity uncertainty" causes this student to academically underperform.

Perhaps this really gives us some insight into government waste. Could it be that politicians and bureaucrats have status-based uncertainty about how they will be seen if the problems they supposedly are fixing, actually get fixed. Maybe this uncertainty leads to programmatic underperformance and waste, like funding this study.

¹ Destin, Mesmin; Richeson, Jennifer; *The Downside of Social Mobility: Status-Based Identity Uncertainty, Academic Achievement & Psychological Well-Being*; Northwestern University, Evanston, IL; 2015; NSF award # 1531016

² Ibid



WASTE REPORT for January 4, 2016

Have You Been Deported? Get Uncle Sam's Help Starting a Business

When a child gets caught with their hand in the cookie jar, they don't typically get rewarded with an extra cookie. Yet the Obama Administration has decided they will take the unusual step of rewarding illegal immigration by **providing business support to undocumented immigrants from El Salvador that were deported from the United States.**^[1] To be clear, the program isn't incidentally helping deportees—it is **directly intended to assist them.**

The program, which is administered by the non-profit Instituto Salvadorno Del Migrante (INSMI – translated to Institute of Salvadorian Migrants) and funded through a \$50,000 grant from the taxpayer-backed Inter-American Foundation, **“will further develop a network of returned migrants, including deportees, facilitate reintegration into their communities and support their enterprises by offering financial education, technical advice and assistance with business plans.”**^[2]

So, if you break the rules and get deported, we'll help you start a business back in your home country. How absurd. It seems that the justification for this program is that returning deportees often have trouble getting business loans. INSAMI director Cesar Rios was quoted saying, “[t]he mistaken reasoning of bankers is that if they lend a deportee [\$]10,000, tomorrow morning he'll be in New York because he'll use the money to pay for a new trip.”^[3]

Mistaken reasoning? With a cost of \$4,000 to \$10,000 per person to hire a smuggler to get someone into the U.S. illegally (as part of a \$6.6 billion industry) **Salvadorian banks may have a reasonable fear that their money will not actually go into a business.**^[4] This fear is particularly valid considering the individuals in question have already demonstrably left El Salvador seeking undocumented residence in the United States. So while banks justifiably hesitate to take on such a risk, it is apparently perfectly reasonable to pass that risk on to the American taxpayer.

According to the project synopsis, 30 percent of the Salvadoran population lives abroad, mostly in the U.S. “Many are undocumented and vulnerable to deportation.” **What kind of message does this send to people in El Salvador or elsewhere who play by the rules? Keep in mind that the assistance under this program is targeted to *deportees*, meaning that it's possible they were sent home for reasons beyond simple immigration infractions.**

The Inter-American Foundation has sought to clarify that the program is not “intended” for criminal deportees (**those deported after committing crimes in the U.S.**), but the FSO Subcommittee has yet to receive definitive confirmation that criminal deportees are in fact *prohibited* from receiving funds, nor has any specific award criteria been provided to verify.

What we do know is that about **30 percent of the returning deportees were deported due to violent or other crimes beyond undocumented presence.**^[5] Yet arguments made by backers of these programs do not instill confidence that funds are protected. In fact, part of the justification for the program is that “the impression [in El Salvador] is that most of those sent home are gang members or criminals.” Incredibly, program advocates have actually argued that such an impression would be unfair given that **most returning criminal deportees' crimes include, “assault, drunk driving, and drug possession,”**^[6] as though those crimes are in some way trivial.

Taxpayer dollars should not be used to reward people that disregard our laws.

^[1] *Migrant socio-economic reintegration*; Inter American Foundation, Washington, D.C.; 2014 <http://www.iaf.gov/index.aspx?page=2097>

^[2] *Ibid*

^[3] Ayala, Edgardo; *From the American Dream to the Nightmare of Deportation*; Inter Press Service; Rome, Italy; Jan 2015

^[4] *From bribing drug cartels and immigration officials to paying for hotels and train rides: Coyote smugglers reveal costs involved in smuggling child migrants from Central America to the U.S.*; The Daily Mail; London, United Kingdom. July 2014

^[5] Ayala, Edgardo; *From the American Dream to the Nightmare of Deportation*; Inter Press Service; Rome, Italy; Jan 2015

^[6] *Ibid*



WASTE REPORT for February 29, 2016

A Streetcar Called Waste

Last week the District of Columbia finally opened its calamitous streetcar to the public, years behind schedule and at a cost of \$200 million.¹ Thankfully, despite repeated attempts to get federal funds, the DC streetcar was built without federal taxpayer assistance. But not to worry, with this kind of boondoggle right in the Federal Government's back yard, Uncle Sam still found a way to waste your tax dollars.

D.C.'s District Department of Transportation was unsuccessful in getting federal dollars for the 2.2 mile line (of a whopping 37 mile plan) that opened last week, however, they did receive about **\$1.6 million from Uncle Sam to study expansion of the line in either direction**. What makes this even more mindboggling is that the Federal Government awarded these grants in 2010 and 2012, when just the initial leg of the system had glaring signs of trouble.²

Only the Federal Government would shy away from investing in a troubled venture, while at the same time providing funding to help expand the same troubled venture. Lest you think it was two separate arms of the behemoth federal government not knowing what the other was doing, it was not. The same U.S. Department of Transportation that said "no" with one hand was cutting checks with the other.

While streetcars are the current transportation fad, one must wonder why D.C. needs one in the first place. Some cities that lack rail transit systems have turned to streetcars, but D.C.'s streetcar overlays its existing subways system, the Metro, which boasts approximately 40 stops within the district's boundaries (the Metro goes on to service VA and MD).³

While the Federal Government was contributing to potential expansion of the streetcar above ground, serious safety issues were mounting literally under its feet. Uncle Sam first put money toward streetcar expansion just a year after the Metro's Fort Totten crash which killed six and injured 70. And, as was noted in a *Washingtonian* exposé last year, Metro suffers from systemic safety problems which continue today.⁴

\$1.6 million could have been better used for Metro instead of expanding an already troubled and unneeded streetcar. And, while it is not the federal taxpayer's responsibility to fix Metro, Uncle Sam ponied up \$150 million to the troubled system in last year's omnibus appropriations.⁵

¹ Laris, Michael; *Fourth mayor's the charm? Bowser sets D.C. streetcar grand opening for Feb. 27*, Washington Post, Washington, DC. February 2016.

² *Historic Anacostia Streetcar NEPA*, U.S. Department of Transportation, Grant Number [DC-95-X010-01](#). & Lisle, John; *DC Streetcar Awarded Federal Grant to Study K Street Alternatives*; DC Streetcar, Washington, DC. Press Release December 2010

³ <http://www.wmata.com/rail/maps/map.cfm>

⁴ Mullins, Luke and Gaynor, Michael; *The Infuriating History of How Metro Got So Bad*; Washingtonian; Washington, DC. December 2015

⁵ Laing, Kieth; *Spending bill restores DC Metro funding to \$150M*, The Hill; Washington, DC; December 2015



WASTE REPORT for February 1, 2015

Subject: Missed Your E-mail on Waste

From transacting business, to making social plans, to sharing information, e-mail has become a fast and convenient way to communicate. Sometimes, e-mails get ignored. **What should not be ignored is that the Federal Government spent taxpayer money to study people's e-mail response habits.**

A new, federally-funded study out of the University of Southern California (USC) identified all sorts of trends in how people respond to e-mail communication, including: 90% of replies come within two days, while almost half come within an hour of being received. People respond fastest from their phone, but those e-mails are often short. Men reply slightly faster than women, and the older you are the longer it takes to reply to an e-mail.¹

While all of this is fascinating information, the question remains, why is funding this in the taxpayers' interest? In fact, it is not clear how much funding this project even got or if it was the intent of the federal government do this research in the first place.

The problem is **this is a downstream project, funded by cobbling together money from several large federal grants.** The study cites three federal funding sources, the Defense Advanced Research Program Agency (DARPA), the National Science Foundation and the Air Force Office of Strategic Research (ADOSR). But the grant numbers cited are large (\$6.1 million from DARPA and over \$2 million from ADOSR)² and generically about human cognitive and social media behaviors. ADOSR's grant did not even go directly to USC, in fact this grant's primary recipient was cross-town rival, UCLA.³

E-mail responses do not even seem to be in the purview of the parent grants. In fact, the Social Media in Strategic Communication (SMISC) program at DARPA states that it, "...seeks to develop tools to support the efforts of human operators to counter misinformation or deception campaigns with truthful information."⁴ The NSF grant synopsis says, "This project will analyze patterns of citation networks in three domains -- physics papers, patents and federal court decisions -- to learn how scholars and innovators discover and evaluate knowledge."

But, instead of looking at Facebook memes that might incite social unrest, or physics papers, funding got shaved off and cobbled together from multiple federal grants to research e-mail response patterns. **This only goes to highlight a problem the federal government has with all sorts of large grants: difficulty keeping tabs on money as it moves downstream.**

Federal Grants, Out of Sight -- Out of Mind

¹ Kooti, Farshad, Aiello, Luca Maria, Grbovic, Mihajlo, et al. *Evolution of Conversations in the Age of Email Overload*; University of Southern California; Los Angeles, CA. May 2015

² Ibid and data from USASpending.gov

³ Data from USASpending.gov for Grant award number [FA95501010569](#) and sub award number [1295 G NA276](#)

⁴ *Open Catalog*; Defense Advanced Research Agency; Arlington, VA; January 2016



A Better, More Peaceful Understanding of Waste

No lead-in needed for this one. The **Department of State is spending \$90,000 to promote better understanding between the U.S. andwait for it....the United Kingdom.**

According to the grant solicitation, the successful recipient shall make sub-awards of between \$250 and \$40,000 to facilitate among other things, student and faculty exchange, speakers, and film and art programs.¹ We do not recommend sharing *The Patriot*.

The U.S. Embassy in London justifies this grant under the Mutual Educational and Cultural Exchange Act of 1961, quoting, “to enable the Government of the United States to increase mutual understanding between the people of the United States and the people of other countries... and **thus to assist in the development of friendly, sympathetic, and peaceful relations between the United States and other countries of the world.**”²

Promoting peaceful relations? While it is true that the United States and the United Kingdom had a rocky start to our relationship, after more than a century of alliance it is probably safe to say we are on pretty good terms with our friends across the pond. **You might even say we have a “special relationship,”** as Winston Churchill did in his famous 1946 “Iron Curtain” speech and has been repeated by leaders from both countries ever since.³

Don’t take our word for it, **according to the same Department of State that is funding this project, “The United States has no closer ally than the United Kingdom...** Bilateral cooperation reflects the common language, ideals, and democratic practices of the two nations.” In other words, they are our best friend and we have a lot in common.

In fact Britons seem to already have a favorable opinion of our two nations’ relationship. A 2010 survey found 66 percent of Britons had a favorable opinion of the U.S. and 62 percent consider us to be their strongest ally.⁴ This is pretty remarkable when you consider that Canada and Australia are still *Commonwealth Realms*– autonomous nations that still recognize the Queen of England as their monarch.

With the internet, YouTube, and 24-hour news, if anything, we probably understand each other more now than ever before. Not to mention that approximately **4 million Brits (6 percent of their population) visit the United States each year**⁵ and 3 million Americans visit the UK.⁶ Heck, even the NFL is playing American football in the UK and talking about a team based there.⁷

At least we’re not paying to send Brits to Space Camp...We Hope.

¹ *Promoting a Better Understanding of the United States through American Studies*, U.S. Embassy – London; London, United Kingdom, January 2016. Funding Opportunity No: DOS-London-PD-2016-01

² Ibid

³ *A Point of View: Churchill and the birth of the special relationship*, British Broadcasting Company- Magazine, London, United Kingdom, March 2012 <http://www.bbc.com/news/magazine-17272610>

⁴ INBODEN, WILLIAM AND ARONSSON, LISA; *Obama and the 'Special Relationship'*, The Wall Street Journal; New York, NY; May 2010

⁵ *2014 Market Profile: United Kingdom*; National Travel and Tourism Office, U.S. Department of Commerce – International Trade Administration; Washington, DC. 2014

⁶ *Travel trends: 2014*; United Kingdom Office of National Statistics, Newport, South Wales, United Kingdom. 2014

⁷ Breer, Alber, *London team by 2022? NFL continues to forge forward in U.K.*; NFL.com; New York, NY. October 2015



WASTE REPORT for October 25, 2016

A Selfie of Waste

Selfies, pictures of food, a beautiful sunset ... we see them all over social media. While these pictures might make us smile, does taking them actually make us happier? That is a question you paid a group of researchers at the University of California, Irvine to answer.

The study, released earlier this year, found that taking pictures with your smartphone can actually make you happier and, in some instances, more calm.¹ **What probably will make you less happy and calm is that this study was partially funded by a \$500k National Science Foundation grant - your tax dollars.**²

Instead of using existing technology, the researchers developed two smartphone apps (one overlaid the other) for participants to take photos and record their moods. **This resulted in 17.5 percent of participants dropping out of the study in the first week due to “system incompatibility issues.”**³ **That probably made no one happy.**

Nonetheless, could it be that pulling out your phone and snapping pictures is the secret to happiness? Well, not so fast. **You cannot just take any picture - it seems the key to happy snapping (at least based on this study) is taking pictures of happy things. Who knew?**

The study broke participants up into three groups who, for three weeks, took pictures of themselves smiling, things that made them happy, or, for the third group, things they thought would make someone else happy (which they then sent to that person). Not surprisingly, taking happiness-focused pictures showed a positive effect on all three groups' moods.⁴

One might not expect that if you told someone to drive to a place that makes them happy every day for three weeks, and that person showed an improvement in their mood, you could conclude driving makes people happy. **So, what happens when happiness is not in the frame (pun intended)? We do not know. In fact, the study did not include a control group of participants taking random pictures or even selfies where they did not intentionally smile.**

Regardless of this flaw in the research, one has to wonder if selfie studies are really the kind of research your tax dollars should be spent on.

So, if this has made you less happy, sit back, smile, and take a selfie...it might help...but probably not.

¹ <https://psywb.springeropen.com/articles/10.1186/s13612-016-0044-4>

² NSF grant number 1218705

<https://federalreporter.nih.gov/Projects/Details/?projectId=70709&itemNum=1&totalItems=1&searchId=44123b30464140efa43acfb6d69727de&searchMode=Advanced&page=1&pageSize=100&sortField=&sortOrder=&filters=#description>

³ <https://psywb.springeropen.com/articles/10.1186/s13612-016-0044-4>

⁴ Ibid

THE WASTE REPORT'S

Airing of Grievances for 2016

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