

# Press Reports and Audits on Governmental Waste, Fraud and Mismanagement

Compiled by the California Taxpayers' Association

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## Preschool

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### **Audit Underscores Lack of Accountability in Spending Prop. 10 Tobacco Taxes**

**Dollar Amount: \$47,700,000**

State auditors found lax oversight of millions of dollars in contracts, as well as padded expenses in deals made by the Rob Reiner-led California Children and Families Commission. The scathing report from the Bureau of State Audits found, however, that there was no conflict of interest between the commission's work and Mr. Reiner's universal preschool initiative campaign. The commission failed to use competitive bidding for \$47.7 million in contracts. Senator Dave Cox, who requested the audit, said, "This is an agency that is unaccountable and has frankly run amok. This may very well not have violated the law in regards to use of funds for political purposes, but it doesn't pass the smell test." Cal-Tax President Larry McCarthy: "This audit confirms what many have been saying all along about tax initiatives creating reckless, out-of-control spending of tax dollars through unaccountable government agencies. This 'ballot box budgeting' puts many millions of tax dollars at risk." (Caltaxletter: 11/10/06 from state audit released 10/31/06, press releases and various publications.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** Caltaxletter - Nov. 10, 2006

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### **Taxpayer-Financed Preschool Ads**

**Dollar Amount: \$18,000,000**

The spending of some \$18 million from tobacco tax revenues was questioned as Rob Reiner's preschool tax initiative was circulating and about to qualify for the June ballot. Negative publicity forced the movie actor/producer to step away from the campaign. His Prop. 10 tobacco tax-financed movement failed to convince voters to approve universal preschool (Prop. 82), but state investigators and the Sacramento County district attorney concluded there had not been illegal use of the money as the initiative had not yet qualified when the money was spent. However, there was no shortage of editorial criticism of the Reiner operation over its use of tax money, including those who said all along, in effect, if it wasn't illegal, there ought to be a law. A state audit was ordered. (Caltaxletter: 1/6/06 from various publications.)

**Region:** Statewide

**Jurisdiction:** State

**Source:** Caltaxletter - Jan. 6, 2006  
and others

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### **Tobacco Taxes Pay for P.R., Not Children**

**Dollar Amount: \$5,000,000**

The Bakersfield Californian (December 4, 2004) reported that almost \$5 million of Proposition 10 tax money that should have gone to help children in impoverished families in Kern County was spent on consultants, public relations specialists and studies by university professors. "This money is supposed to go to kids, not to professors at Cal State Bakersfield," said state Senator Dean Florez. The newspaper, in an editorial, blasted the program for spending too much on administration.

**Region:** Statewide

**Jurisdiction:** State

**Source:** Bakersfield Californian - Dec. 4, 2004

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