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## Federal Debt and Florida's Future

*An argument supporting a constitutional amendment to require a federal balanced budget*  
by Florida Senate President Jeff Atwater

*The Honorable Jeff Atwater is a Republican member of the Florida Senate, representing the 25th District, which includes Palm Beach and Broward counties, since 2003. In 2008, he was chosen by the Senate as President of the Florida Senate for the 2008 - 2010 term. Before serving in the Senate, he was a member of the Florida House of Representatives from 2000 through 2002. President Atwater has a B.A. from the University of Florida and an MBA with an emphasis in finance from the Warrington College of Business at the University of Florida.*

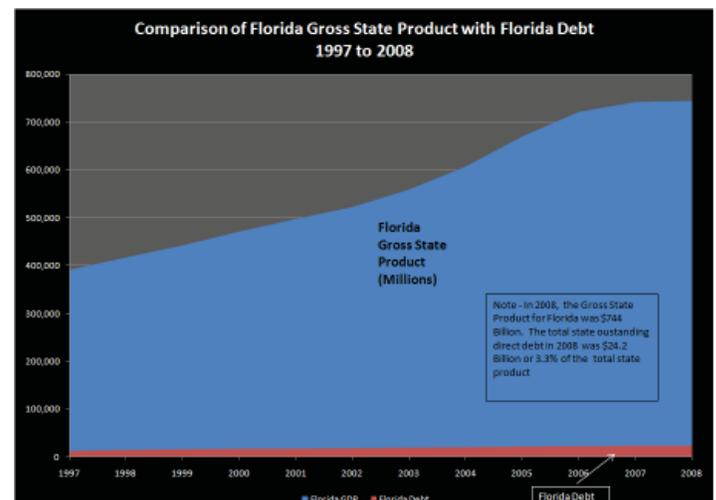
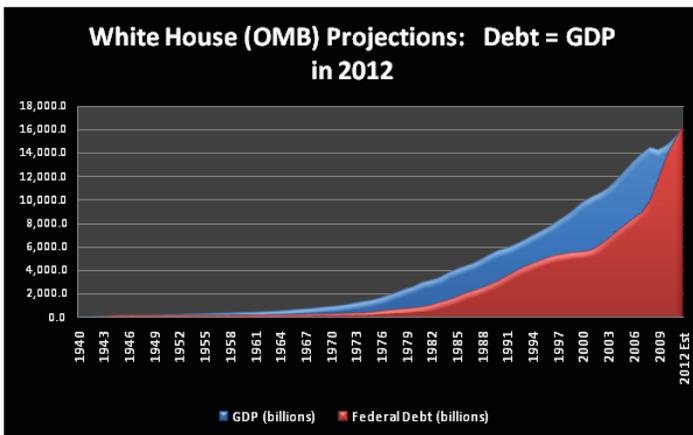
There is a storm on Florida's horizon, but this storm is not a hurricane or tornado. It is a flood of debt that is threatening Floridians and our future generations.

This flood of debt is not the State of Florida's making, it is coming from Washington and is the result of almost ten years of unrestrained spending and deficit financing.

A historical review of federal debt shows that throughout most of the 20th Century, the national debt was a small fraction of the U.S. Gross Domestic Product (GDP). In the last 8 years the federal debt has substantially increased, as evidenced in the graph below.

Today, the federal debt is projected to be 80% of the GDP and steadily rising until it completely encompasses the federal GDP in 2012.

In contrast, Florida's debt has remained a small percentage of the State's GDP – in 2008 it was approximately 3%. This is the result of constitutional and statutory protections and tough, leadership decisions by the Florida Legislature to maintain a balanced budget by prioritizing and reducing spending – even in times of economic crisis. This fiscal discipline has saved Floridians from staggering state deficits and bankruptcy.



Nevertheless, Washington continues to take its pattern of deficit spending to new heights.

As Congress spends without thought of tomorrow, its unfunded mandates are strangling state budgets that are operating with reduced revenues.

If Congress continues to mortgage away the future prosperity of this country, the current wave of unemployment and economic strain will become a permanent reality in American life for generations.

If this debt and spending is not restrained, in less than 10 years, every American man, woman, and child will have a federal debt burden of \$71,515.

Washington's spending habits are jeopardizing our grandchildren's opportunity for success. They could enter life with a federal debt burden that equals almost three years of education at an Ivy League school.

With a national debt of over 12 trillion dollars and an ever-increasing debt ceiling, our Congressional leaders have rejected the traditional American principles of fiscal responsibility that allowed this nation to prosper into the world's political, economic, and military superpower.

The foundation of political freedom is economic freedom. A strong economy is the foundation on which our nation stands. Yet, for the first time in history, almost half of our federal debt is held by foreign countries.

In February, an *Associated Press* article reported, "The U.S. debt crisis also raises the question of how long the world's leading power can remain its largest borrower."

Washington's fiscal house is in such disarray that it is not only threatening our economic standing, but also our ability to be the World's political and moral leader.

When unfunded mandates, insurmountable debt, and unconscionable spending have mortgaged our children and grandchildren's future, the states, and American people are compelled to act.

The Wall Street Journal recently reported that Federal Reserve Chairman Ben Bernanke told the Dallas Chamber of Commerce "...huge U.S. budget deficits threaten the nation's long-term economic health and should be addressed soon."

The U.S. Constitution provides two avenues to restore fiscal discipline in Washington. Congress can present to the states a Constitutional amendment to balance the federal budget. Additionally, Article V of the U.S. Constitution provides that the states can call an amendments convention for that specific purpose.

Florida is taking the steps necessary to exercise its rights under Article V of the U.S. Constitution to call for an amendments convention. In doing so, it becomes the twentieth state to submit an application for an amendment convention to require a balanced federal budget.

We have called upon every member of Congress and every Congressional candidate to commit to voting for a balanced federal budget amendment. It is with a solemn sense of duty that I implore the members of Congress to heed the will of the people and enact a Constitutional Amendment mandating a balanced federal budget.

Americans cannot remain silent as the federal government mortgages the birthright of our children and grandchildren.

We owe it to our future generations to act today.

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## *About Florida TaxWatch*

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Florida TaxWatch is a statewide, non-profit, non-partisan taxpayer research institute and government watchdog that over its 30-year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Its mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies, and programs, and to increase the productivity and accountability of Florida Government.

Florida TaxWatch's research recommends productivity enhancements and explains the statewide impact of economic and tax and spend policies and practices on citizens and businesses. Florida TaxWatch has worked diligently and effectively to help state government shape responsible fiscal and public policy that adds value and benefit to taxpayers.

This diligence has yielded impressive results: in its first two decades alone, policymakers and government employees implemented three-fourths of Florida TaxWatch's cost-saving recommendations, saving the taxpayers of Florida more than \$6.2 billion -- approximately \$1,067 in added value for every Florida family, according to an independent assessment by Florida State University.

Florida TaxWatch has a historical understanding of state government, public policy issues, and the battles fought in the past necessary to structure effective solutions for today and the future. It is the only statewide organization devoted entirely to Florida taxing and spending issues. Its research and recommendations are reported on regularly by the statewide news media.

Supported by voluntary, tax-deductible memberships and grants, Florida TaxWatch is open to any organization or individual interested in helping to make Florida competitive, healthy and economically prosperous by supporting a credible research effort that promotes constructive taxpayer improvements. Members, through their loyal support, help Florida TaxWatch bring about a more effective, responsive government that is accountable to the citizens it serves.

Florida TaxWatch is supported by all types of taxpayers -- homeowners, small businesses, large corporations, philanthropic foundations, professionals, associations, labor organizations, retirees -- simply stated, the taxpayers of Florida. The officers, Board of Trustees and members of Florida TaxWatch are respected leaders and citizens from across Florida, committed to improving the health and prosperity of Florida.

With your help, Florida TaxWatch will continue its diligence to make certain your tax investments are fair and beneficial to you, the taxpaying customer, who supports Florida's government. Florida TaxWatch is ever present to ensure that taxes are equitable, not excessive, that their public benefits and costs are weighed, and government agencies are more responsive and productive in the use of your hard-earned tax dollars.

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