

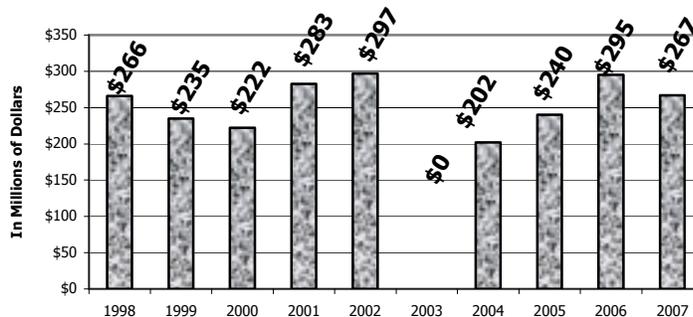
The 2007 Turkey Watch Report

Turkeys Circumvent Accountability, Fair Procedures, Budget Priorities and Integrity

As Revenues Dwindle, the Number of Turkeys Remains High

With state revenue projections reduced significantly, the 2007 Legislature faced a very tight budget year. From the outset, leaders predicted little more than a continuation budget, with no money for new programs or member projects. Despite this, the final budget contains earmarked funding for a near record 507 appropriations that made it into Florida TaxWatch’s annual report on “budget turkeys.” This report highlights \$267.3 million in projects that are recommended for veto.

**10-Year Turkey History
(turkey dollars by year)**



Source: Florida TaxWatch

The most delicious of all privileges—spending other people’s money.

John Randolph, Early 19th Century Member of Congress

The annual turkey report spotlights legislative projects placed in the budget without proper opportunity for public review and debate; which circumvent lawfully established procedures; or which non-competitively benefit a very limited special interest or local area of the state. **The budget turkey label does not condemn a project’s worthiness**, but instead focuses on the budget process, including instances where the Legislature has not followed its own policies and procedures to ensure the highest standards of taxpayer accountability and government efficiency.

This flock is the third largest in number of items and only \$30 million short of the record total dollar amount. This occurred despite the backdrop of a property tax crisis and the Legislature’s continued scolding of local governments for their excessive spending. Despite this skyrocketing local spending, the budget directs millions of dollars of state taxpayer money to local governments and local projects.

This year, TaxWatch identified 507 items placed in the budget valued at \$267.3 million. Of the total appropriated for budget turkeys, \$123.9 million were found in the General Revenue Fund and \$143.4 million in various trust funds. This year’s turkeys cost \$37 for each Florida family and cost every man, woman and child in Florida \$14.

A Special Note About Projects in Human Services

Member projects in agencies such as the Agency for Persons with Disabilities, the Department of Children & Families and the Department of Elder Affairs have always been problematic to define in this turkey process. It is not the best policy to earmark a specific local service provider in the budget, no matter what the agency. Doing so raises numerous questions, including whether there has been

sufficient evaluation of the provider, the priority of the local area service, competitive bidding and a comprehensive, statewide approach to service delivery. And perhaps most importantly, there are often no assurances of accountability--whether the taxpayers get what they pay for.

But this is largely what these Human Service agencies do—provide services to Floridians through local providers. There is not—and there should be—a good process for funding these projects in a thoughtful, comprehensive and accountable way. It is often difficult for additional services to “bubble up” through the agencies, and providers know that the only way to get funding is to enlist the aid of a legislator.

Because of this, and because most of these services are core governmental functions, Florida TaxWatch is taking a different approach to these items. The social services “turkeys” we have identified are mostly member projects that meet our criteria. **However, instead of recommending a straight veto, we are requesting that the governor pay special attention to these items, doing a qualitative case-by-case review of them to ensure that the provider is qualified, the services are consistent with the goals of the agency and that they adhere to performance requirements established by agency contracts.**

In much the same way that Florida TaxWatch prompted the Legislature to create in statute a process to prioritize appropriations for restoration of local historical properties in the 1980s, we are planning to undertake a project to try to devise a better way to fund these services. We would like to work with the Governor, the Legislature, providers and agencies to develop a system that is comprehensive, competitive, and accountable. There are other areas of the budget where this approach is also needed, such as Juvenile Justice and School and Instructional Enhancements.

The Florida TaxWatch Budget Turkey Review Process

The annual Florida TaxWatch Turkey Watch is our review of the state budget passed by the legislature. It highlights appropriations items that we determine bypassed the proper appropriations review process. These items are recommended to the Governor for line-item veto.

It must be stressed that this is not a critique of an individual project’s merit, value or “need” but instead looks at how an item makes it into the budget, often pointing to instances where the Legislature has not followed its own policies and procedures in the budget process. The annual turkey report spotlights legislative projects placed in the budget without full opportunity for public review or which circumvent competition and lawfully established procedures. These appropriations often benefit a very limited special interest, a specific local area of the state or a specific private organization.

One example: After the House and Senate pass their budgets, a conference committee is formed to compromise the differences between the two. This is not the time to add projects. Doing so circumvents the established budgeting process and may afford only a few legislators the opportunity to make the decisions on how state funds will be appropriated. This puts the rest of the Legislature in the

position of having to vote the whole budget down if it objects to specific items. Many of these projects may be worthwhile, but special earmarks ignore or limit fiscal and performance accountability, agency flexibility and discretion and often bypass competitive selection processes.

Most of these appropriations are local projects and tend to be “member projects” – appropriations requested by individual legislators for their district. The extent to which the state should fund local projects is a debatable issue, but when it does, care must be taken that a consensus has been reached on whether the state should be assisting with the funding of the specific type of local project. Then, the selected projects must have received sufficient review, followed any selection process that may be established, and competed against other similar projects across the state.

It is important to understand that every year the state funds billions of dollars worth of “local” projects. These can be part of a statewide system for which it is generally accepted that the state has some responsibility, such as transportation or school construction. There are also state programs set up to fund projects that are perhaps more local in nature, such as parks, public libraries and cultural programs.

Generally, these local projects are not specifically named in the appropriations act. The Legislature decides on the level of funding and the funds are distributed to the projects selected through the established processes. Securing a local project funding outside of such processes--or funding one for which a process does not exist--requires that it be added by name to the budget document. These projects are clear examples of traditional “turkeys” and form the core of the Turkey Watch review.

*"Public money ought to be touched
with the most scrupulous
conscientiousness of honor. It is not
the produce of riches only, but of the
hard earnings of labor and poverty."*

Thomas Paine

Examples of Turkeys

1. Projects that did not go through review and selection processes that are established in state law or rule. Examples include transportation, school construction and local parks. Projects that go through the process but are funded ahead of higher priority projects (as determined by the process) can also be turkeys.
2. Appropriations that were inserted in the budget during conference committee deliberations, meaning they did not appear in either the Senate or House final budget.

3. Subsidies to private organizations, councils or committees that can and should obtain funding from private sources.
4. Local government projects benefiting local area residents but lacking significant local funding support and/or overall benefit to the state as a whole.
5. Appropriations that circumvent competition and mandate that a specific vendor or project receive funding.
6. Projects or programs added late in the process that bypass legitimate review and proper evaluation because they were not in an agency budget request or the governor's recommended budget or were not on the agenda for legislative committee hearings.
7. Other turkeys may include: appropriations from inappropriate trust funds, duplicative appropriations and appropriations contingent on legislation that did not pass.

Research Process

The first step of our review is to go through the final budget passed by the legislature (conference report) to highlight specific appropriations that are added to the budget after the governor's recommended budget. The focus is on appropriations for which the recipient is specifically named—such as a city or county, an organization or a vendor. Appropriations in the governor's budget are rarely considered in the turkey review. This is not to say that the governor's budget is free of waste, questionable projects or even parochial spending. However, if an appropriation in the governor's budget makes it to the conference report, that generally means it was reviewed and approved at all levels—agency, executive and legislative. It should be noted that the governor's budget contains far fewer specifically named recipients than the conference report.

The next step is to determine when the item entered the process—the agency budget request, the governor's recommendations, appropriations committee bills, the final house and senate budgets, or the conference report. Generally, the earlier it entered the process the better—turkeys tend to show up later. One fairly clear instance of a turkey is an appropriation that was placed in the budget during the conference committee. After the House and Senate pass their budgets, a conference committee is formed to compromise the differences between the two. This is not the time to add projects. Doing so circumvents the established standard budgeting process that includes various levels of review and opportunities for input and debate. Since the conference report cannot be amended, this has the effect of letting a few legislators create new projects. Almost all conference-added items receive the turkey designation. Some flexibility is allowed if it is a statewide issue and was added due to special circumstances, such as authorization to spend federal money that just became available.

This year saw a lot of projects being added to the budget after the House and Senate passed their individual versions.

In recent years, in recognition of legislative prerogatives and discretion, items that were funded in both the House and Senate final budgets were usually not designated turkeys, except under special circumstances, such as bypassing an established competitive process for local projects.

After a list of potential turkeys is developed, each item is researched. The relevant state agency is contacted, to first make sure the agency did not include the item in its legislative budget request. For the most part, an item requested by an agency is not a turkey. The agency can tell us if the appropriation is consistent with its mission, if it has been involved with it before, and if any proviso language unnecessarily restricts its options. We also find out if the agency funds similar type programs and, if so, how those projects are selected.

Information can also be obtained from the governor's office, the legislature, and the recipient of the funds.

What Else Could A Turkey Buy?

One of the best arguments for stopping turkeys is the many urgently needed state services that the funds spent on budget turkeys would otherwise purchase. To show the magnitude of \$267 million, here are some other options for use of the money:

- **Flu vaccines.** \$37 million could have bought a stockpile of flue vaccines.
- **State Employees.** In a year when employees did not receive a pay raise, but instead got a \$1000 bonus, \$194 million could have doubled that bonus.
- **Property Taxes.** \$275 million could have provided school property tax relief, cutting the \$545 million property tax increase passed by the Legislature by almost half.
- **Hire Teachers.** \$110 million could hire 2,000 additional teachers (at an average salary and benefits of \$55,000).
- **Student Funding.** \$250 million could increase per student funding for K-12 by more than \$100.
- **Healthy Kids.** \$182 million could draw down federal match dollars to provide an estimated 500,000 uninsured Florida children with health insurance through KidCare.
- **Healthy Start.** \$35 million would enable Florida's Healthy Start Coalitions to draw down \$24.6 million to serve 100% of low-income mothers and infants.

10-YEAR TURKEY HISTORY

Year	Number of Items on Florida TaxWatch List	Amount	Number & % Governor Vetoed*	Amount & % Governor Vetoed*
2007	507	\$267 million	Still to Come	Still To Come
2006	489	\$295 million	306 (63%)	\$151 million (51%)
2005	413	\$240 million	252 (61%)	\$125 million (52%)
2004	227	\$202 million	133 (59%)	\$129 million (64%)
2003	0	0	n/a	n/a
2002	450	\$297 million	198 (44%)	\$69 million (23%)
2001	528	\$283 million	302 (57%)	\$179 million (63%)
2000	281	\$222 million	206 (73%)	\$159 million (72%)
1999	526	\$235 million	415 (79%)	\$159 million (68%)
1998	380	\$266 million	74 (19%)	\$33 million (12%)
1997	49	\$51 million	30 (61%)	\$29 million (57%)

*Of Florida TaxWatch Recommendations

BUDGETING WITHOUT DISCIPLINE: A FINAL THOUGHT

Just as the Rule of Law is critically essential in a civil society, so is the integrity, transparency and accountability of the budget process to ensure the highest and best use of the taxpayers' hard earned money.

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About Florida TaxWatch

Florida TaxWatch is a statewide, non-profit, non-partisan research institute that over its 25 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: since 1979, policy makers and government employees have 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.

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 to 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 that government agencies are more responsive and productive in the use of your hard-earned tax dollars.

The Florida TaxWatch Board of Trustees is responsible for the general direction and oversight of the research institute and safeguarding the independence of the organization's work. In his capacity as chief executive officer, the president is responsible for formulating and coordinating policies, projects, publications and selecting the professional staff. As an independent research institute and taxpayer watchdog, Florida TaxWatch does not accept money from Florida state and local governments. The research findings and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff, distinguished Board of Trustees, or Executive Committee and are not influenced by the positions of the individuals or organizations who directly or indirectly support the research.

Florida TaxWatch Values:

◆ *Integrity* ◆ *Productivity* ◆ *Accountability* ◆ *Independence* ◆ *Quality Research*



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