

The 2006 Turkey Watch Report

\$295 Million Worth of Turkeys In the State Budget: As Revenue Increased, So Did the Turkeys

The 2006 Legislature had the luxury of a record surplus from which to build a new state budget. The 2006-07 budget has much in it to commend. However, with all that money, it's not surprising it has a lot of turkeys too. The Legislature earmarked funding for 489 of these appropriations in the budget that is being reviewed by the Governor. Florida TaxWatch's annual report on "budget turkeys" highlights \$295.0 million in projects that are recommended for veto.

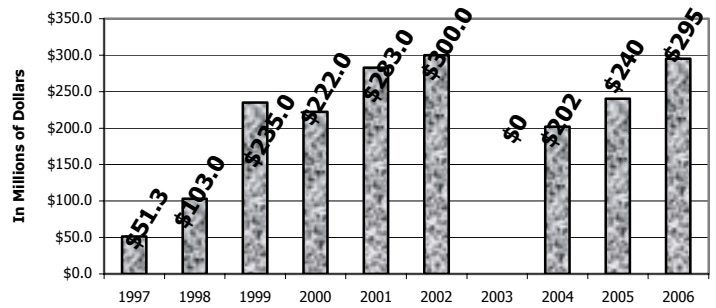
The annual turkey report spotlights legislative projects placed in the budget without full opportunity for public review and debate; which circumvent lawfully established procedures; or which non-competitively benefit a very limited special interest or local area of the state.

This flock was the second largest that Florida TaxWatch has ever uncovered. What was particularly remarkable about this year was the windfall of an unexpected \$1.2 billion in revenue that became available late in the budgeting process in addition to more than \$5.6 billion in new revenue when the budget process began.

The budget turkey label does not condemn a project's worthiness, but points in some way to instances where the Legislature has not followed its own policies and procedures in the budget process.

As an example, after the House and Senate pass their budgets, a conference committee is formed to compromise the differences

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



Source: Florida TaxWatch

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 limit agency flexibility and discretion and often bypass competitive selection processes.

This year, TaxWatch identified 489 items placed in the budget valued at \$295.0 million. Of the total appropriated for budget turkeys, \$174.5 million were found in General Revenue and \$120.5 million in trust funds. This year's turkeys cost \$40 for each Florida family and cost every man, woman and child in Florida \$16.

***"That most delicious of all privileges –
spending other people's money."***

*John Randolph, Early 19th Century Member of
Congress*

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 points in some way 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.

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. Getting a local project funded 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 was also different in that \$1.2 billion in additional general revenue became available after the House and Senate had passed their budgets. We were a bit more lenient with conference add-ons that otherwise would not have been turkeys.

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.

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. Florida TaxWatch investigated other funding opportunities for the revenue appropriated to this year's turkey crop. To show the magnitude of this spending, \$295 million could be used to purchase the following statewide needs:

- **Build Schools.** \$100 million could build two elementary schools, two middle schools and two high schools.
- **Hire Teachers.** \$100 million could hire 2,500 additional teachers (at an average salary of \$40,000).
- **Student Funding.** \$50 million could increase per student funding for K-12 by \$20.

- **Healthy Kids.** \$45 million could provide the state and federal share for more than 31,250 children to have health insurance.

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 private, 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.

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