

# Briefings

November 2001



## **A Clarion Call for Statesmanship of the Highest Order: Veto the Post-Session Spending Plan and Start Over!**

Does the product that emerged last week from the Special Session of the Florida Legislature meet the standards of good fiscal stewardship and high public office? By most accounts the answer is "No."

Florida's highest priorities can only be served if there is a new Special Session that embodies the seven principles announced by the Governor on October 9 as goals for the special session. Florida TaxWatch contends that many of them fell by the wayside in the October Session:

1. Whereas there appears to be general agreement on Principle No. 1, reaching agreement on the size of the new budget, items that the Senate was prepared to use as bargaining chips went unchallenged.
2. Florida's highest priorities were not summarily protected; universities, community colleges and school districts still lack the flexibility they need to protect direct classroom instruction, and not all of Florida's most frail and vulnerable citizens were protected from cuts adversely affecting their direct services levels.
3. New programs were not always the first to be cut; some remain untouched.
4. Principle no. 4 -- not increasing taxes was met.
5. Agency heads and senior management earning over \$90,000 annually and who comprise a vast majority of appointed officials do not have to forego their pay raises as the Governor recommended.
6. There was an inappropriate distribution between using our nonrecurring strong reserves versus making the more difficult recurring cuts in proposed expenditures. Had our legislators had a few more days to reconcile their differences the imbalance may have been resolved.
7. As already noted under Principle No. 5, shared sacrifice was not uniformly achieved.

**Florida TaxWatch calls on the Governor to summon a new Special Session at the earliest possible date.** Only the Chief Executive is in a position to provide the focused leadership that can stir our state legislators to put aside their partisanship and petty bickering and, in a spirit of unity, pass out a revised budget worthy of Florida taxpayers' trust and confidence. The issue has been raised by Florida's Attorney General as to the constitutionality of the Legislature not meeting the 72-hour cooling off period before voting on the spending plan. A veto by the Governor would promote not only a fiscally sound product but also one that is on solid constitutional grounds.

The first order of business in crafting the new spending plan would be to carefully carve the \$1.3 billion deficit from the current budget. At least \$1.1 billion of that should be in recurring expenses. The General Revenue Fund and Working Capital Fund reserves could be used to offset the \$206 million in nonrecurring revenue shortfall. It would be imprudent at this early stage of Florida's recessing economy to use any of the Budget Stabilization Fund's nonrecurring revenues to resolve the deficit, particularly since no one knows the depth or length of the economic downturn.

**Budget cuts should be carved with a scalpel and not a meat axe.** Our lawmakers must take special care to ensure that essential services-public health and safety, security, and education-are not inappropriately cut at the direct services level. This requires due diligence by our lawmakers to both the near- and long-term implications of cuts being made and a full public hearing to realistically assess the impact such cuts have on the outcome of these key public functions.

**Cuts must not be a "penny wise and a pound foolish."** For example, cutting county health departments by almost \$3 million, as the Legislature just recommended, occurs at a time when many Floridians perceive themselves and their children virtually under siege by a seemingly endless string of attacks on their health and economic welfare. Such cuts are ill advised and could be more costly in the long-run in both dollars spent and public health regression than the immediate savings. Another example-to drastically cut, by almost half as the Legislature recommended, Florida's \$37 million Tobacco Control Program would be foolhardy. The Program is nationally renowned as one of the state's most effective at accomplishing its goal of reducing teen smoking. According to news accounts, since the Program began 47 percent fewer middle school students and 30 percent fewer high school students are smoking. Such an impressive record-clearly, lives are at stake here-should not be curtailed in any way.

It is important that budget cuts appropriately challenge Floridians to take on their fair share of the fiscal burden. Their revived sense of unity and willingness to make personal sacrifices in the aftermath of the World Trade Center attacks should not be underestimated.

If Florida is to get its fiscal house back in order it is imperative that the amended budget include a comprehensive fiscal package to jolt Florida's tourism-dependent economy back on track. As Florida TaxWatch recommended in a Briefings published earlier this week, a coordinated effort is needed by Florida, local governments and Washington to ensure the best possible allocation and utilization of resources. For example, the Legislature should require this of the \$20 million set aside to

advertise/promote tourism.

The current economic challenge to Florida's tourism industry and sales tax base should not be underestimated. Additional targeted tax relief from general revenues of upwards to \$40 million should immediately be made available to the airlines in exchange for accountable and contractual guarantees that they will get their fleets back in the air and increase passenger loads at levels commensurate with those they had pre-"9/11." To help the economy overall, the Governor's welcome initiative to create 25,000 jobs through expediting the initiation and completion of public works projects should be implemented without delay.

Future Floridians need to be able to tell their children that Florida state government rose to the occasion when the health, safety and economic welfare of its citizens was directly threatened at the turn of the century. That is what good fiscal stewardship and high public office calls for. Florida's taxpaying citizens deserve and should expect nothing less.

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