



Dear Fellow Taxpayer,

Citizen participation in government is a cornerstone of our democratic republic. As alert, informed taxpayers, we each play an important and responsible role in helping assure the wise use of tax dollars. Sound fiscal and budgetary policies and practices which foster a sustained and diversified economy must be vigilantly pursued.

This brief guide to state budgeting is a resource to enhance your understanding of the role the Governor and Legislature play in the process and the rules in place that guide an open and deliberative budget process.

Respectfully,

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Barney Barnett
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"I know of no safe depository of the ultimate power of the society but the people themselves."
Thomas Jefferson

Budgeting Basics

Appropriation. A legislatively authorized expenditure in support of public health, safety and welfare.

Appropriations Act. Florida's annual spending plan to provide state taxpayer services.

Chief Budget Officer. The Governor of Florida.

Long-Range Program Plan. An annually updated five-year plan developed by each state agency to justify its programs and associated costs that provides a framework for budget requests.

Governments will find ways of spending everything that their revenue systems allow them to collect.

Parkinson's Law on Public Spending

Consensus Estimating Conferences. Twelve separate groups of officials and staff of the Governor's Office, Senate, House and state agencies that develop economic and demographic forecasts plus information on school enrollment; prison admissions; child welfare, juvenile delinquency and social services caseloads; workforce training; and the state retirement system that is used to build the state budget.

Revenue limitation. In 1994, Florida voters approved a constitutional amendment limiting government growth by tying revenue collections to growth in personal income as recommended and promoted by Florida TaxWatch for a decade. To date, the limitation has not been triggered.

Conference Committee. After the House and Senate pass their budgets, a conference committee is appointed by the Senate President and House Speaker to reconcile their differences.

"...a people who mean to be their own Governors, must arm themselves with the power which knowledge gives."

James Madison

State Budget Process Time Line

Governor/Office of Policy and Budget/ and the Legislature	State Agencies	Governor/Office of Policy and Budget	Legislature	Governor/Office of Policy and Budget
<ul style="list-style-type: none"> • Provide Instructions to Departments for: <ul style="list-style-type: none"> ◦ Long-Range Program Plan ◦ Legislative Budget Request ◦ Capital Improvements Program Plan ◦ Information Technology Plan 	<ul style="list-style-type: none"> • Prepare Long-Range Program Plan • Prepare Legislative Budget Request for Legislature • Prepare Capital Improvements Program Plan • Prepare Information Technology Plan • Prepare Internal Operating Budget 	<ul style="list-style-type: none"> • Review/Analyze: <ul style="list-style-type: none"> ◦ Long-Range Program Plans ◦ Legislative Budget Requests ◦ Capital Improvements Program Plans ◦ Information Technology Plans • Hold Public Hearings • Develop Recommendations Based on Governor's Priorities and Available Revenues to submit to Legislature 	<ul style="list-style-type: none"> • Review Governor's Recommendations • Prepare Appropriations Act • Review/Analyze/ Revise Budget • Pass Appropriations Act (Both the House and the Senate) 	<ul style="list-style-type: none"> • Governor may Line Item Veto Specific Appropriations • Governor Signs Budget Into Law • Create Agency Operating Budgets from General Appropriations Act
May-June	May-September	August-January	January-May	May-July

Annual Timeline

August 1: State agency long-range plans are submitted to the Governor and Legislature

September 15: Agency budget requests are submitted to the Governor and Legislature

At least 45 days before the annual legislative session, the Governor's recommended budget is submitted to the Legislature. This document must include a "truth in budgeting" statement that summarizes all estimated fees, taxes, revenues or other income which needs to be raised to fund the proposed budget.

At least 72 hours before the appropriations act can be voted on, it must be made available to all legislators. This document must also include a "truth in budgeting" statement.

June 30: Agencies' performance standards tied to budget appropriations are submitted to the Governor.

In 1992, voters approved a constitutional amendment promoted by Florida TaxWatch since 1986 to require performance-based budgeting and performance measurement. In 1994, the Legislature approved recommendations for implementing this amendment. Florida TaxWatch encourages and endorses such management practices that improve government efficiency and effectiveness while ensuring taxpayer accountability.

Toward Public Understanding

The Appropriations Act must include summary information to help the public understand specific spending items and budgetary decisions made by the Legislature.

Governor's Veto Authority

The Appropriations Act must be drafted in a manner that does not impede the Governor's constitutional authority to line-item veto specific spending items.

No Deficit Spending/Balanced Budget Requirement

Unlike the federal government, Florida and most other states prohibit deficit spending. As chief budget officer, the Governor must ensure that revenues collected are sufficient to meet legislative appropriations. If the Governor, in consultation with the Revenue Estimating Conference, determines that a deficit will occur in the General Revenue Fund, he/she and the Chief Justice of the Supreme Court must submit plans to the Legislature to eliminate it prior to the end of the fiscal year.

Non-Recurring Revenue Should Not Fund Recurring Expenses

The use of non-recurring revenue to fund recurring programs is a bad budget policy that Florida TaxWatch has urged the Legislature to avoid whenever possible. When you use revenue from a source that is not going to be there next year to pay for a program that will be there, it is all the more difficult to balance the budget the next time. This has become an all too common occurrence in recent years. The Legislature has also transferred money from trust funds or other dedicated sources to the General Revenue Fund to help balance the budget and meet short-term needs. Such "raids" only postpone the day of reckoning.

Budget Savings and Performance Enhancement Opportunities

The following practices and programs are written in Florida law but are not always applied in state budgeting:

Zero-Based Budgeting. The Legislative Budget Commission must apply zero-based budgeting principles in reviewing the budget of each state agency at least once every eight years.

Activity-Based Planning and Budgeting. The Legislature requires agencies and the Judicial Branch to measure budgeted activities to determine a cost per unit of service, and to delineate program results.

Performance-Based Incentives/Disincentives. Based on results of legislative and other performance reviews, the Governor may recommend to the Legislature that Executive Branch agencies be rewarded with incentives such as lump-sum employee bonuses, or sanctioned by measures such as reduced managerial salaries.

Agency Incentive and Savings Program. It is the intent of the Legislature to allow agencies and the Judicial Branch to retain a portion of savings produced by internally generated program efficiencies and cost reductions.

The Prudential Financial-Davis Productivity Awards, a privately funded program sponsored by Florida TaxWatch and The Florida Council of 100 in cooperation with the State of Florida, annually publishes state employees' award winning achievements whose adaptation and comprehensive implementation can add several hundred million dollars to the value of state service delivery.

State Budget Turkeys

Florida TaxWatch's annual report on "Budget Turkeys" points out where the Legislature does not follow its own policies/processes, circumventing competition, benefitting a very limited special interest or local area of the state, or funding low priority items over higher priority needs.

The "Budget Turkey" label does not condemn the budget item's merit, but rather that it circumvented the process of proper public review, transparency, competition, prioritization and accountability. At issue is whether it is the best use of Florida taxpayers' dollars, given our state's vast and pressing needs and limited resources.

After the House and Senate pass their budgets, a conference committee is formed to compromise the differences. This is not the time to add projects. Doing so essentially lets a few legislators appropriate state funds because the rest of the Legislature subsequently must vote the whole budget down if it objects to specific items. Florida's Governors have vetoed more than \$700 million worth of spending items from Florida TaxWatch Turkey Watch lists since 1983.

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

John Randolph

Early 19th Century Member of Congress

Mission:

Improving Taxpayer Value,
Citizen Understanding and
Government Accountability

Values:

Integrity
Productivity
Accountability
Independence
Quality Research



*Taxpayer's
Guide to*

Florida Government Budgeting

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