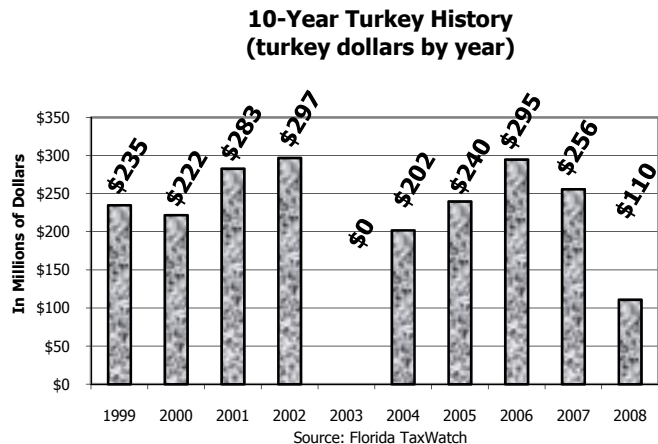


## The Florida TaxWatch 2008 Turkey Watch Report

### “Tightest Budget Year Ever” Finds Room for \$110.5 Million Worth of Budget Turkeys

*Turkeys Circumvent Accountability, Fair Procedures, Budget Priorities, and Integrity*

Despite a state budget that is almost \$6 billion less than the one passed last year, the Florida Legislature included a significant number of member projects and other “budget turkeys” in the final budget transmitted to the Governor. Even in the midst of unprecedented revenue shortfalls, the budget contains earmarked funding for 132 appropriations identified in the 2008 Florida TaxWatch Turkey Watch Report. This year’s report highlights \$110 million in projects that are recommended for veto.



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

John Randolph, Early 19<sup>th</sup> Century Member of Congress

The annual turkey report spotlights legislative projects that are inserted 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, which are intended to ensure the highest standards of accountability and government efficiency.

Except for the “turkey-free” budget year of 2003, this year’s list is the smallest dollar amount since 1997, when the turkeys totaled \$51 million. Since then, the amount has been consistently between \$200 million and \$300 million. While the reduction in turkeys is good news, the amount is still surprisingly high given that this year has been described as the “tightest budget year in history.”

While many areas of the budget that traditionally have significant turkeys had few or none this year, others maintained, or even exceeded, recent levels. The budget for the Department of Environmental Protection (DEP) led the way with a number of local parks and local recycling projects that bypassed the normal selection process. Twenty-four local water projects that did not meet the recently loosened statutory criteria are also on the list. Most puzzling is the \$3.2 million in general revenue that was added in conference for land acquisition. It is not clear what property the state is to buy, although legislative intent seems to point to Bailey’s Mill in Jefferson County, a purchase that has not been evaluated by the DEP.

There were also a number of projects that were not part of the Department of Transportation's Work Program, which reflects a discouraging, and growing, recent trend.

Health and Human Services contained a number of member projects that circumvented sound selection and competition by being added, almost exclusively, in conference. Member projects in this area have always been problematic for the turkey process. It is not sound state budget 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 to ensure that the taxpayers get what they pay for.

But this is largely what human service agencies do – i.e., provide services to Floridians through local providers. 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. The fact that so many general-revenue-funded member projects were added in conference emphasizes the need for a formal process for funding these projects in a thoughtful, comprehensive, and accountable way. Legislation was filed this year to establish such a program for health-related research contracts; Florida TaxWatch embraces this thoughtful addition to the process, and further recommends that similar processes be created for other areas of the budget.

This year, TaxWatch identified 132 items placed in the budget valued at \$110 million. Of the total appropriated for budget turkeys, \$19.8 million were found in the General Revenue Fund and \$89.7 million in various trust funds.

## **The Florida TaxWatch Budget Turkey Review Process**

The annual Florida TaxWatch Turkey Watch is a review of the state budget passed by the Legislature that highlights appropriations items that 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 reflects an examination of 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 chambers. This conference is not intended to be a time to add new projects not contemplated by either chamber's version of the budget. 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. The conference committee process then puts the rest of the Legislature in the position of having to vote the

whole budget down if it objects to specific items – meaning that scrutiny of individual items included in the committee budget is limited. 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” – i.e., 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 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 are 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 the review is to go through the final budget passed by the Legislature (conference report) to highlight specific appropriations that were added to the budget but not included in 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, which 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 – e.g., at 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 late in the process. One fairly clear instance of a turkey is an appropriation that was placed in the budget during the conference committee. Adding projects here 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, for example, 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 included a large number of projects that were added to the budget after the House and Senate passed their individual versions (i.e., in the conference report).

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. Again, this does not mean that all agency requests are worthwhile, but it means that the project was in the process from the beginning and there were numerous opportunities to take it out. The agency determines 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. The agency discloses if it funds similar programs and, if so, how those projects are selected. Information can also be obtained from the Governor's office, the Legislature, the recipient of the funds, and/or other interested parties.

### **What Else Could A Turkey Buy?**

One of the best arguments for stopping turkeys is the many essential state services to which the funds spent on budget turkeys could otherwise have been appropriated. The value of the opportunity cost of state funds is especially high this year, when many core government services suffered funding cuts. Here are just a few alternatives to turkeys.

- **Teachers/Education** – Every \$1 million could provide one of the following:
  - 18 additional teachers (at an average salary and benefits of \$55,000)
  - qualified Voluntary Pre-K teachers for 35 half-day classes
  - 100,000 hours of direct tutoring time
  - 2,000 computers
  - 18,000 new textbooks
- **Student Funding.**
  - \$110 million could increase per student funding for K-12 by \$42
  - \$7 million could restore the per student funding cut in Voluntary Pre-K
- **Restoring Budget Cuts in Childrens' Program** – \$18 million could restore the budget cuts to School Readiness and After School Programs, Healthy Families, Day Treatment Facilities and Children/Families in Need programs
- **Mentoring** – \$6.6 million could restore the 1/3 cut to the state's mentoring initiatives, including the Boys and Girls Club, which Florida TaxWatch research shows provides significant return on taxpayers' investment
- **Back to School Sales Tax Holiday (7 days)** – \$23.4 million
- **Hurricane Preparedness Sales Tax Holiday (7 days)** – \$12.3 million

## 10-YEAR TURKEY HISTORY

Year	Number of Items on Florida TaxWatch List	Amount	Number & % Governor Vetoed*	Amount & % Governor Vetoed*
2007	505	\$256 million	301 (60%)	\$141 million (55%)
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.**

This report was researched and written by Kurt Wenner, Director of Tax Research, Necati Aydin, Ph.D., Senior Research Analyst; Ben Browning, Research Analyst; and Ouida Ashworth, Consultant to CEPA.

David A. Smith, Chairman; Steve Evans, Chief Operating Officer;  
 Dominic M. Calabro, President & CEO  
 Florida TaxWatch Research Institute, Inc.  
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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 29-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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### *Florida TaxWatch Values:*

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

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Tallahassee, FL 32302

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106 N. Bronough Street  
P.O. Box 10209  
Tallahassee, FL 32302

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