

Earmarking Op-Ed – 640 words

In Chicago, dead people vote. In Alabama, they control the state budget. Apparently, a significant proportion of Alabamians are more willing to trust dead legislators than live ones to decide where their tax money goes.

It comes as a surprise to many Amendment One supporters that the plan to reduce earmarking of state funds is proving such a hard sell. (Earmarking allows certain state agencies and programs to have permanent “dibs” on various tax revenues.) Although Alabama’s heavy reliance on earmarking (87% of revenues, compared with an average 22% for other states) is widely acknowledged, the impact of this antiquated practice is not widely understood. But neither is the tax reform proposal: Even after freeing up \$1.2 billion in new revenues for year-to-year allocations, the plan still leaves 74% of state funds earmarked – the highest in the nation.

Much of the earmarking debate thus far has emphasized dollars over dates, but the history of existing appropriations can shed a useful light on the problem. Consider the distribution of the state’s three biggest sources of revenue – the income tax, the sales tax and the gasoline tax.

In Fiscal Year 2002, the income tax yielded \$2.2 billion. This money – which amounts to 42% of total state revenue – is untouchable by current legislators because almost all of it was earmarked for public school teachers’ salaries in 1947.

The sales tax contributed \$1.5 billion to the state budget in FY 02. The bulk of these funds – accounting for 25% of total state revenue – are also off-limits to today’s budget-makers because they were set aside for various specified uses in 1939.

The gasoline tax produced \$392 million in FY 02. Use of this revenue – 7% of the state’s total – was restricted to highway construction and maintenance, traffic regulation and related expenses in 1952. (Incidentally, the gasoline tax is the only revenue source that the State of Georgia earmarks.)

In other words, earmarking of these three taxes alone means that 74% of Alabama’s current revenue was frozen in place more than 50 years ago. Additional set-asides bring the total to 87% -- leaving legislators just 13% of state funds to meet changing needs. The citizens of Alabama lose when earmarking prevents an emergency allocation for children’s health insurance or denies an opportunity to maximize federal matching funds. With so little flexibility, budget writers are forced to rely on one-time sources of revenue, such as court settlements, bond issues for current spending, or the dubious practice of borrowing from an agency’s trust fund.

In conversations around the state, Alabama Arise has heard voters call earmarking a safeguard on untrustworthy politicians. It’s an easy complaint, but a self-defeating one. By tying legislator’s hands, the current system shuts not just lawmakers but citizens themselves out of the budget debate – a basic function of democracy.

Amendment One addresses this predicament head-on: No state agency will have dibs on any new revenues generated by tax reform. Instead, all of this money (projected to be \$1.2 billion by 2009) will be reserved for the Alabama Excellence Initiative Fund (AEIF) and targeted directly each year – or as emergencies arise – to areas of greatest need: education, senior services, corrections, mental health, child welfare, public safety and other essential programs. For public oversight of the process, every budget line will be published on the Internet.

The new plan will bring Alabama's budget into the 20th century – and into the light of day. The much-discussed accountability factor will require eternal vigilance – from the press, from advocacy and watchdog groups, and from ordinary voting citizens. That's a welcome prospect for a state long accustomed to government from beyond the grave.

By passing Amendment One, Alabamians will allow living elected leaders to create a budget that reflects current needs and priorities, not those of decades past. As democracy demands, we will hold them to the ultimate test of accountability – at the ballot box.