

The importance of federal earmarks to state coffers: an examination of distribution trends over the decade

by

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Abstract

Earmarks have long been the subject of controversy, touted by pundits and politicians on one hand as the means for bringing home the bacon and on the other as pork-barrel spending. In point of fact, many politicians have denounced the earmarking process while simultaneously encouraging directed funding to projects within their states.

In relation to federal spending, the amount of annual earmarked dollars is insignificant; at its zenith in FY 2005 earmarked spending comprised only 6% of the year's total appropriations. Yet preliminary research indicates that earmarks have become an increasingly important source of funding for essential state services, such as infrastructure, social services, economic development, and research. Especially in times of fiscal stress, these earmarked dollars save state governments hundreds of millions of dollars in agency program funds and intergovernmental transfers.

Calls for earmark reform are tempered by the knowledge that at the federal level, the dollar amount of annual earmarked spending is but a drop in the federal appropriations bucket. But to state governments, earmarks make a significant contribution to their fiscal bottom line. This groundbreaking study uses earmark data from FY 2000 – 2009 to assess the allocation of federal earmarks to state governments and illustrate changes in distribution trends over the decade. It adds to the literature on public budgeting by providing clear evidence of the importance of federal earmarks to state governments.

Introduction

Earmarks have been the subject of controversy and debate on the campaign trail, in the media and on Capitol Hill. They are touted by pundits and politicians on one hand as the means for bringing home the bacon and on the other as pork-barrel spending (Clemmitt, 2006). In point of fact, some politicians and media sources have denounced the earmarking process while simultaneously encouraging directed funding to projects within their states.

Earmarking engenders so much criticism in part because it is seen as the product of back-room dealing; a means of vote-trading or “logrolling.” The practice bypasses the traditional budget review process, with earmarks often inserted into appropriations bills shortly before they are called for vote, attached to conference reports, or contained in supplemental appropriations. Legislative review of these spending items is usually limited at best, giving rise to questions of accountability, transparency and priority setting, all hallmarks of process budgeting.

Within the Congressional appropriations process earmarks comprise a small fraction of total federal spending. The record-breaking \$37.8 billion in earmarks contained in FY 2005 spending bills, for example, comprised only 6% of the year’s \$589 billion appropriations. In relation to state and local government spending, however, federal earmarks are an important means for funding essential projects and services, including the acquisition of police cars, fire trucks and ambulances; construction of new water towers and sanitation systems; maintenance of roads, bridges, dams, and mass transit systems; and development of community and economic revitalization needs such as homeless shelters and health care facilities, street lighting, and maintenance for parks, museums and libraries.

Fiscal stress resulting from stagnant or declining revenues, decreasing intergovernmental transfers and increasing costs of social services, education and pension funding has made fiscal management more challenging for many state governments. Limited resources make earmarks an increasingly significant means of funding the necessary services and projects that exceed budget limitations. A recent study (Kunz, 2009) illustrates the considerable impact that federal earmarks had on local government infrastructure funding in Illinois. Additional research (O’Leary & Kunz, forthcoming) indicates that earmarks contributed more to economic development in West Virginia than other forms of federal aid, such as Economic Development Authority awards and Community Development Block Grants.

Prompted by those preliminary findings, as well as continued calls for earmark prohibition, this landmark study looks at the beneficiaries of federal earmarks by examining distributions to the states between fiscal years 2000 and 2009. The paper begins with an explanation of earmarks, arguments for and against their use, and a brief discussion of reform efforts that began in earnest in 2007 and continue today. Operational definitions and methodologies are then followed by an examination of broad trends across states, a closer look at changes in funding within categories, and an assessment of individual states that receive the most and least earmarks per capita. A brief conclusion includes suggestions for further study.

What are earmarks?

The practice of using the budget process to direct federal funds to specified individual projects –earmarking - grew significantly through the 1990s and into the first half of this decade (Allen, 2007; Clemmitt, 2006; CRS, 2006; OMB, 2008). The term commonly refers to the Congressional practice that occurs within the appropriations process (CAGW, 2008; CRS, 2006;

OMB, 2008). Rarely considered, however, is that the President's budget, as presented to Congress, often contains as many, if not more earmarks than the appropriations legislation produced by Congressional subcommittees. Earmarks are also requested by Executive Office Cabinet Secretaries and the office of the First Lady. Many of these, and even some of those requested by legislators, are the result of telephone and personal requests made directly to agency heads and as such often go unidentified (Calmes, 2006, Kunz 2009).

There are several reasons for the focus on Congressional appropriations earmarks over other sources. First, they are contained in legislation and committee reports and, in part due to recent legislationⁱ, are more easily identified. Second, earmarks contained in the President's budget are much more difficult to recognize, while others are often transacted through verbal directives and as such impossible to document even through Freedom of Information Act (FOIA) requests. And finally, Congressional earmarking abuses (i.e. the Rep. Randy "Duke" Cunningham, Jack Abramoff, and Rep. William Jefferson scandals), as reported widely by the media, have associated the process with corruption (Clemmitt, 2006), negating any possible positive effects.

It is important to note that earmarks direct the use of funds already appropriated within the federal budget. They are not requests for additional spending and, at the federal level, are budget neutral. If a "\$10 million earmark were eliminated there *would not be a \$10 million budget savings*" (italics in original) (OMB, 2008e, p. 4). Rather, elimination of the earmarked funds would simply redirect the funds to agency control, which they could then spend in accordance with their priorities. Reducing earmarks will not reduce federal spending (OMB 2008).

Federal earmarks do have an effect on state budgets. They restrict flexibility by directing intergovernmental funding to specific projects; this limits states' discretion to determine the use

of those monies and preempts their ability to prioritize projects within their jurisdiction. Conversely, earmarks can free up state funding for other projects by financing needs that would alternatively be paid for directly with general revenues or through intergovernmental transfers to local governments. It is also important to point out that the majority of earmarks (other than those pertaining to military needs) are the result of specific requests made directly to federal lawmakers by state and local government agencies and non-profit organizations that work with these agencies to provide essential services.

Pros and cons of earmarking.

Earmarks and the earmarking process have gotten a bad rap among the public, lawmakers, government reform organizations and the media. The concepts are generally associated with pork-barrel, wasteful government spending, political favoritism, and vote-buying as a means of subverting democratic government. In many cases, however, earmarks are the only way that badly needed local projects can get funding. A Governmental Accountability Office review (2008) of four agencies, the Department of Defense, Department of Energy, Department of Transportation and US Army Corp of Engineers' Civil Works programs, examined agency officials' perceptions of the impact of Congressional earmarks. Some officers felt that the impact on their ability to accomplish their goals was minimal or limited; others indicated that congressional directives could displace agencies' program priorities as they shift resources to meet the directives; still others noted that the directives provided funds for sought after projects that weren't funded through budget requests; and finally, some reported that they caused uncertainty as agencies shifted gears midstream from planning based on the President's budget to compliance with Congressional directives received months later.

All Those in Favor... Proponents of earmarked funding argue that earmarks comprise only a very minor portion of total appropriations and that their usefulness as a successful method of vote-gathering to pass nationally important legislation far exceeds the insignificance of the funding totals. Many feel that they know the needs of their district better than do bureaucrats in agency offices (Schick 2000, Kunz 2009) and that “federal agencies would shortchange many significant projects if lawmakers didn’t direct funds to them” (Clemmitt 2006, p. 535). Earmarking makes certain that worthwhile projects, such as construction of a railroad overpass in Riverside, California which eliminated hazardous traffic congestion that stymied emergency personnel (Block & Siegel 2006) are not overlooked or underfunded.

Funding state and local projects serves the national interest. Many projects could only have been initiated by Congress and benefit not only the state and local economies but also national defense and public safety. “Language in an earmark created the bipartisan Iraq Study Group...which has become a critical part of the Iraq debate. Earmarks created international programs to eliminate child labor. They fund the Boys & Girls Clubs of America and are responsible for funding most federal breast cancer research” (Weisman, 2008, p. 1) Finally, Congressional earmarks illustrate Congressional funding priorities; they direct, or re-direct administrative branch activities based on their ideologies, thereby placing some constraints, as Constitutionally anticipated, on executive control (Clemmitt, 2006).

And Those Opposed.... From an administrative perspective, however, Congressional earmarks limit federal and state agency spending discretion. They move the prioritization process from a rational, competitive basis to one of vote gathering and quid-pro-quo. Earmarks curtail agency spending by taking funds away from existing and planned programs and projects.

But bureaucrats play roles in this process, as well. First and foremost, their job is to protect the president, meaning that administrative staffers (frequently political appointees) often redirect federal resources to states or projects or individuals who are politically important to the President or his “cronies.” When there is too-little room in the budget to accommodate all the programs that the bureaucracy sees as essential to accomplishing its assigned mission, frequently the highest priority items are left out. That is simply because those are the items that the executive branch can most comfortably rely on the Congress to restore (Lilly, 2006, p. 1).

Earmarking also creates and supports funding and social inequities: earmark distribution is based on political power and district support needs. “Geographic distribution is not fair” (Lilly 2006, p. 2): earmarks are not distributed on the basis of need within districts or states so the poorest of communities often receive the least earmark dollars. In addition, earmark allocations within Congress are discriminatory: black and Hispanic legislators receive an average of 50% less in earmarked dollars than do their white counterparts (Allen, 2007).

Earmarking now dominates Congressional members’ time. The approximately “...15,000 earmarks that flow into appropriators’ ‘in’ boxes each session divert lawmakers’ attention from larger policy questions” (Clemmitt 2006, p. 535). With an ever shortening legislative calendar, legislators spend less time than ever in Washington DC, but the preponderance of that time is dedicated to dealing with the minutia of state and local needs rather than the big, national picture. The same holds true for their staff, and that of key committees (Clemmitt 2006; Lilly, 2006). Earmarking is an all consuming process that takes them away from their Constitutional, “power of the purse” responsibilities to hold the executive branch accountable (Clemmitt 2006, p. 535).

Finally, there is increasing emphasis on corruption as inherent to the process. Most earmarks are for genuinely needed projects that provide value to taxpayers at state, local and even national levels. Those that are the subject of scandal, while usually few and far between, are generally touted as exemplifying “pork barrel” spending (CAGW 2008, Clemmitt 2006), and often benefit relatives and friends in addition to those who requested them. Senator Ted Steven’s “bridge to nowhere” in Alaska and the bribery scandals of former Senator Duke Cunningham and Jack Abramoff are but recent examples. They “have a corrosive effect on government generally and lower the standards and expectations of recipients of government services” as well as the lawmakers who create them (Lilly 2006, p. 3). In addition to personal gain, earmarks are used increasingly to persuade colleagues to support or oppose not only the bills containing the earmarks, but also future unrelated legislation.

Reform efforts

There has been considerable rhetoric over the years about eliminating earmarks or reforming the earmarking process. In the President Obama’s first presidential debate, he stated, “...Absolutely, we need earmark reform. And when I’m president, I will go line by line to make sure that we are not spending money unwisely” (PolitiFact.com, 2010). And to a degree he has worked to keep that pledge; earmarked spending has decreased almost 20% during his administration, from \$19.6 billion in 2009 to \$16.5 billion in 2010 appropriations (CAGW, 2010).

In the prior administration, President Bush’s 2008 State of the Union address included his commitment to veto spending bills that did not reduce the number and cost of earmarks by half. His subsequent Executive Order 13457 directed federal agencies to disregard funding directives

for earmarked projects contained in committee and other such reports that are attached to appropriations bills but are not backed by force of law. The Order defined earmarks as funds provided by Congress by any means (including statutory text, report language, “phone marking”) for projects that specify the project recipient or location, that “circumvents merit-based or competitive allocations,” or that otherwise limit the ability of the executive branch to control the allocation of funds within its agencies (Federal Register, 2008). At the time, critics questioned “whether the reform effort would work – or whether it should work – even if Bush’s successor picks up the cause” (Weisman, 2008).

Congressional members also made efforts to curb, eliminate or otherwise control the amount and degree of disclosure of earmarks within annual spending bills. The Honest Leadership and Open Government Act of 2007 (THOMAS, 2007d) which requires identification of earmark amounts and sponsors, is the first and only such legislation to be signed into law. Its transparency provisions are meant to shed light on earmarks buried within legislation and reports. As Senator Tom Coburn noted, “...96 percent of the 12,852 appropriations earmarks [granted in 2006] were hidden within report language” (as quoted in Clemmitt 2006, p. 532). Yet, in direct violation of the law, approximately fifty percent of the earmarks contained in FY 2010 appropriations failed to identify sponsors (CAGW, 2010).

Compliance with the Act doesn’t necessarily ensure public access to complete information. Congressional members who don’t necessarily agree with the Act or its disclosure requirements can make access to required earmark data very challenging for the public by simply providing it in formats that segregate amounts, projects and sponsors into individual, unrelated files. In reference to FY 2007 appropriations legislation one pundit noted that “...passing spending bills

would have been much trickier ... if the information on earmarks had been more accessible. But a committee slight of hand prevented close scrutiny because dollar values for earmarks were listed separately from sponsor names, and the lists published electronically weren't searchable." The fear within Congress was that, "If winners and losers can be readily identified, the losers may revolt (Allen 2007, p. 2841). Additionally the disclosure lists contained funded projects as well as unfunded requests – without identification of which was which. The purpose was to prevent the public – and fellow members of Congress - from identifying and complaining about losing projects.

Serious efforts at earmark reform – usually considered to be public access to more detailed identification of projects and funding along with disclosure of legislative sponsors, rather than complete elimination of the practice – are hampered by the wide array of definitions. Focusing solely on Congressional appropriations is myopic; earmarks occur in authorization bills, tax legislation, executive orders, and within program funding, not to mention those contained in undocumented phone-marking and verbal executive directives. Yet dissent about what even constitutes a Congressional earmark is evident in proposed legislation.

The Honest Leadership and Open Government Act of 2007 omitted numerous things that have commonly been considered to be Congressional earmarks, including "a unit of State or local government, and Indian tribes [think Abramoff scandal], or a foreign government," public colleges and universities, and authorizations bills. The loopholes contained in this Act actually exempt most earmarks from the disclosure requirements as the majority go to state and local governments, which are exempt. Even the record number of earmarks contained in the 2005

highway bill (SAFETEA-LU) did not have to be disclosed as the bill was not considered an Appropriation (Lilly 2006a, p. 1).

Of the 156 bills introduced in both the House and Senate in the 109th Congress (2005-2006) and 110th Congress (2007 and 2008) to address earmark reform, the majority address solely Congressional earmarks. But these also vary almost as much in their definitions of what constitutes a Congressional earmark as they do in the types of reform actions called for. Proposed legislation offers a wide array of means to address the use of earmarks, from formation of study groups or committees for examine the process and related political and budgetary issues, to mandating various means for increased transparency and disclosure, to calls for moratoriums or outright prohibition of the process, although those proposals generally contain exceptions or limitations in some form (THOMAS 2010). As noted above, of the bills proposed in 2007 and 2008, only one bill, the Honest Leadership and Open Government Act of 2007, was actually signed into law.

The flurry of reform bills continued through the election and afterward, with 91 bills introduced in 2009. Yet the one act that has potential to most severely impact the earmarking process is the House of Representatives' recent ban of earmarks to private corporations. "House Democrats said the new restrictions, in addition to banning for-profit earmarks, would include greater public disclosure of other earmark requests, audits of 5 percent of nonprofit earmarks, and the establishment of a program directly financed by the Pentagon to promote awards for small, start-up military projects" (Lichtbleu, 2010).

Concurrently with the increased attention to earmark reform, Congress curtailed the number of FY 2007 appropriations bills that passed their chambers, which dramatically reduced the

amount of earmarks included in the few bills that did pass both chambers that year. Attempts at limiting the process were short lived, however, as earmarking escalated in FY 2008 and, despite Obama's pledge, again in FY 2009.

Study methodology

It was the consideration of “what if” that prompted this study: What if substantive reform was enacted? Who would be affected by such a change? In relation to annual federal spending earmarks are insignificant; their elimination at the federal level would have no fiscal effect on national spending. Preliminary research points to state and local governments as the primary beneficiaries. Earmarks result from funding requests made by state and local officials to federal lawmakers. Examining the types of projects funded by earmarks and how these funding requests have changed since the start of the decade illustrates the importance of this funding source as well as how funding needs and priorities have shifted over the period.

The operational definition of ‘earmark.’ There are a variety of definitions of the term ‘earmark.’ The President’s Office of Budget and Management (OMB, 2010), for example, describes them as basically anything Congress asks for that is not contained in the President’s budget. OMB’s definition is similar to that contained in the one reform bill signed into law in 2007. The legislation was designed to increase earmark disclosure and transparency, and was the basis for OMB’s compilation of a database of earmarks contained in FY 2005 appropriations and authorizing legislation, and subsequent databases for FY 2008 and 2009.ⁱⁱ

The Congressional Research Service (CRS, 2006), on the other hand, provides the Congressional perspective, noting that they classify earmarks as anything that has been specially and specifically requested, regardless of the source of the request. Other, similarly broad views

distinguish earmarks as designations of funds in circumvention of normal budget review procedures, not specifically authorized or competitively awarded, and serving only a local or special interest (Finnigan, 2007). These definitions are unique in that they allow for sources of earmarks beyond Congress, such as the Offices of the President, Vice President and First Lady, as well as executive and legislative agency directors.

Watch-dog organizations, such as Americans Against Government Waste (CAGW) and Taxpayers for Common Sense (TCS) generally define earmarks using aspects of the definitions above; however, because of the difficulty in tracking executive earmarks, their focus also tends to be on those found in Congressional appropriations and conference reports. This inability to specifically characterize earmarks makes accounting for them more challenging. Even the Government Accountability Office (GAO), "the investigative arm of Congress" and "... congressional watchdog" (GAO, 2008) "has spent years attempting to develop a standardized and usable definition of the term and has thus far failed" (Lilly 2006, p. 1).

This study uses the definition composed by CAGW (2010), a non-profit organization that has maintained consistent and comparable data on Congressional earmarks since 1991. According to CAGW, a spending item is considered an earmark if it meets at least two of the following criteria: it is requested by only one chamber of Congress; is not specifically authorized or competitively awarded; is not requested by the President; greatly exceeds the President's budget request or the previous year's funding; is not the subject of congressional hearings; and/or serves only a local or special interest.

Earmark data. Several organizations monitor and collect earmark data. OMB has a comprehensive database of the earmarks contained in FY 2005 appropriations and authorizing

legislation; that along appropriations data for FY 2008 and estimates for 2009 and 2010 are posted on their website for public use. When contacted, however, they stated that they have no similar data for fiscal years 2006 or 2007 or for the years prior to 2005. TCS provides a searchable database of earmarks in FY 2008 appropriations only. Other sites provide information about earmarks in specific legislation or compare earmarks in House and Senate versions of legislation.

CAGW has maintained databases on earmarks contained in Congressional appropriations bills since 1991.ⁱⁱⁱ Although the parameters are limited – earmarks are also contained in other types of legislation and reports and may be initiated by individuals and agencies other than Congress – their data collection has been constant and consistent, making it the best possible choice for this study.

Selection and coding. Each earmark contained in CAGW's records for FY 2000 through FY 2009 (approximately 100,000 line items) was examined and coded into predetermined categories and subcategories developed by the authors. Upon completion, individual items were randomly reviewed to verify coding accuracy. The 13 categories, with subcategories, are:

1. Agriculture: (1) buildings and (2) equipment, other
2. Army Corp of Engineers: (1) construction, (2) investigation, and (3) operations and maintenance
3. Community Development: (1) community revitalization, (2) municipal buildings, (3) parks and recreation, (4) senior centers, (5) economic development, (6) historical and cultural preservation, and (7) museums & libraries
4. Homeland Security

5. Emergency Services: (1) ambulance, (2) emergency medical equipment, (3) fire equipment and safety, (4) hospitals, and (5) police safety and equipment
6. Education: (1) buildings and equipment, and (2) school programs
7. Energy: (1) nuclear power, (2) nuclear waste, (3) other, (4) research, (5) water
8. Environment: (1) air, (2) land, (3) watershed, (4) waterways, and (5) research and facilities
9. Infrastructure: (1) bridges, (2) highway, (3) trails, (4) railroad, (5) air, (6) dams, (7) waterways, (8) drinking water, (9) waste water/sewer, and (10) technology/research
10. Military
11. Social Services: (1) after-school programs, (2) homeless shelters, (3) hospices, (4) housing, (5) juvenile justice/at-risk youth, (6) transportation services, (7) substance abuse/control, (8) healthcare services/facilities, (9) corrections/prisons, (10) family support and child abuse, and (11) domestic violence, hospitals.
12. Higher Education: (1) education, (2) facilities, (3) research
13. NASA

A considerable number of earmarks for military/defense projects were not identified by state. These were not included in computations for individual states, but were included in overall totals and broad analyses. In addition, a number of earmarks, primarily for but not limited to military and Army Corp of Engineers projects, were designated for multiple states. In those cases, the dollar amounts were allocated evenly to the identified states and coded according to project category. For example, a \$1 billion dollar earmark for a defense project in Louisiana and Mississippi would be counted as a \$500 million military earmark for each state.

Limitations of the Research. The very nature of this type of research makes it document driven. The results obtained from archival sources are dependent on the sources identified by the researchers; it is always possible that a significant publication, an updated government report or other published work that contradicts the study findings has not been identified or has been overlooked or discarded. Further, the validity of the earmarks data used is dependent on the validity of the underlying source material as prepared by CAGW. There is no way to know if data were overlooked or if errors occurred in the compilation of the originating data.

Individual error and coding bias may also impact this research. Over 100,000 earmarks contained in the CAGW databases for fiscal year 2000 through 2009 were individually reviewed and coded by the authors. While this work was spot-checked to ensure accuracy, it is possible that some line items could have been inadvertently miscoded or omitted. In addition, subjectivity in the interpretation and identification processes could also result in bias

This study used only earmarks contained in appropriations legislation and conference reports, as identified by CAGW. An undetermined numbers of earmarks are contained in other congressional sources including authorizing legislation, supplemental appropriations and continuing resolutions, and also executive sources such as budget documents, directives, executive orders and signing statements. Because of the difficulty in indentifying and obtaining these resources they have been omitted from consideration here, again providing a constraint on this research.

Findings

The big picture. At the Congressional level, earmarked spending ended the decade slightly above where it began. Earmarks totaled \$17.7 billion in FY 2000 and increased annually,

culminating in a record-setting \$38.1 billion in FY 2005, due in large part to the passage of an epic transportation bill. Passage of the 2005 SAFETEA-LU multi-year appropriation reallocated transportation funding across the states; it inflated overall annual Congressional spending and provided the means for a rash of additional, one-time opportunities for directed spending. Earmarks fell to \$29 billion in FY 2006 but taking into consideration the distortion in FY 2005, the figure indicated a continued upward spending trend.

Earmarked spending fell to only \$13.2 billion in FY 2007 as Congress failed to pass annual individual appropriations bills, and instead ultimately passed one omnibus bill that contained earmarks for little other than defense projects. Earmark reform efforts and the introduction of a record-breaking number of related legislation in FY 2007 and 2008 helped to curtail earmarked spending; but even so, earmarking rose 30% in 2008, and again 14% in 2009. Earmarked spending for FY 2009 totaled almost \$20 billion, an increase of approximately eleven percent over FY 2000 distributions.

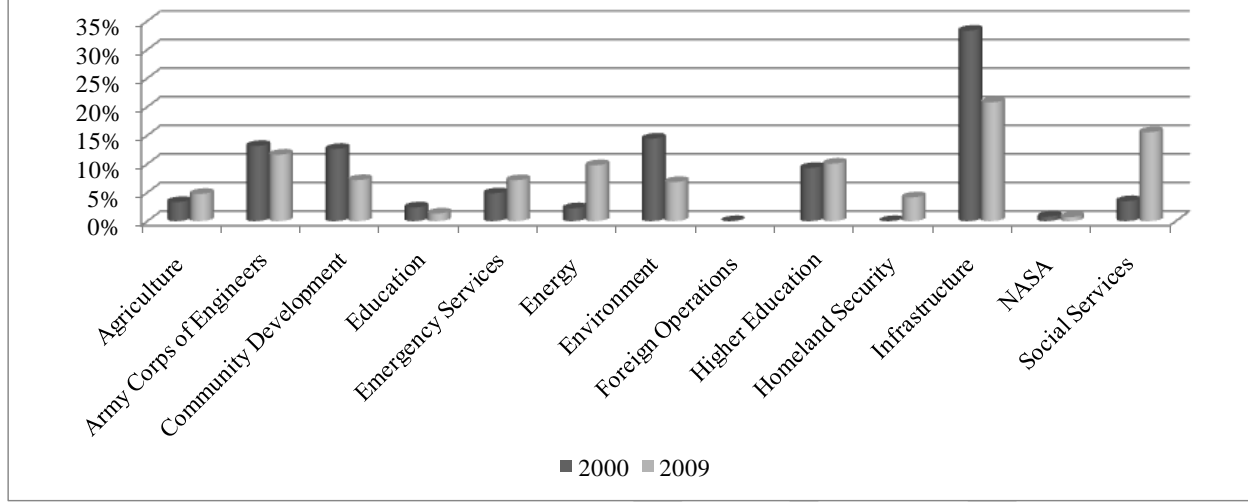
As noted in Table 1, Congress doled out just under \$219 billion in directed funding during the course of the decade. These earmarks were strewn throughout the various appropriations bills; defense earmarks, for example, were not constrained to defense spending legislation but were also found in the energy, education and various other spending bills that normally make up each budget session. On average, approximately 40% of annual earmarks were directed each year to state-specific projects. The remaining earmarks were allocated almost exclusively for national or non-state specific defense projects.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Total Earmarks	\$17.7	\$18.5	\$20.1	\$22.5	\$22.9	\$38.1	\$29.0	\$13.2	\$17.2	\$19.6	\$218.8
State-Specific Earmarks	\$7.2	\$7.4	\$9.5	\$9.8	\$9.0	\$13.5	\$9.0	\$1.6	\$10.1	\$8.7	\$85.8
	41%	40%	47%	44%	39%	35%	31%	12%	59%	44%	

Taking into consideration the funding extremes of FY 2005 and 2007, and in spite of reform efforts, earmarks to states have generally increased through FY 2008. Funding dropped-off slightly in FY 2009, but this change may have more to do with the passage of continuing resolutions, supplemental appropriations (cash for clunkers and defense spending), stimulus legislation and an omnibus spending bill in lieu of traditional appropriations funding (THOMAS, 2009), than the current President's promise to curtail earmarks (PolitiFact.com, 2009).

The states' share. In the ten years ending FY 2009 states received, on average, approximately \$86 billion dollars in earmarks or just over \$8.6 billion dollars annually. That amounts to an average of \$172 million per state per year. Here, too, a large portion of directed funding went to defense projects. In FY 2000 earmarks for state-specific military initiatives accounted for 57% (\$4.1 billion) of all earmarks received by states. Between FY 2002 and 2008 state-specific military earmarks fell, comprising an average of one-third (\$2.1 billion) of all earmarked funding received by the states each year. This decline can be attributed in large part to the use of supplemental appropriations to fund increased defense spending for the war in Iraq, which was initiated in 2002. These supplemental spending bills were not included in the traditional budget process; this accounts to some degree for the decline in military earmarks in CAGW's data between FY 2003 and 2008. In FY 2009, when war-related defense spending was once again fully incorporated into the budget process, earmarks for military spending rose to 42% (\$3.6 billion) of all earmarks received by the states.

Figure 1. Percentage of total state earmarks by category, excluding military, FY 2000-2009



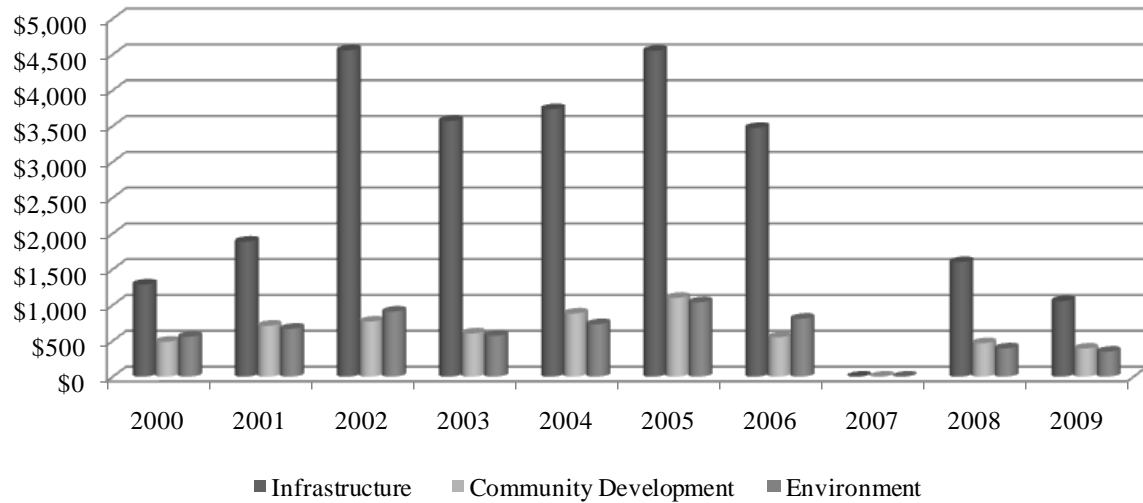
Taking military earmarks out of the equation provides a clearer view of how state funding needs have shifted over the period by allowing for an examination of changes in the types of earmarks received. Total state-specific earmarked funding for non-military projects increased 65% over the decade, from \$3.9 billion (in real dollars) in FY 2000 to \$5.1 billion in FY 2009, for an average annual increase of \$40 million per year, per state. Figure 1 illustrates the distribution of earmark receipts by category as a percent of total earmarks received, excluding earmarks for military projects and adjusted for inflation. The majority of earmarks received in FY 2000 funded infrastructure (31% of all non-defense earmarks distributed to the states), environmental (14%), Army Corp of Engineers (13%), and community development (13%) projects.

By the close of the century, however, earmarking reflected a reallocation of funding needs. Infrastructure earmarks for FY 2009 totaled only 21% of all non-military allocations. Similarly, community development funding fell to only 7% of earmarks distributed to states that year. Directed spending for environmental projects also declined by half to only 7% of all allocations.

Alternatively, increases in earmarks were seen in agriculture emergency services, and homeland security. Earmarked dollars for agriculture projects rose from \$130 million, adjusted for inflation, in FY 2000 to \$242.9 million in FY 2009, for a positive change of 29%. Emergency services earmarks for FY 2000 were \$188.1 million or 5% of non-military earmarks; by FY 2009 allocations increased 95% to \$366.0 million or 7% of directed dollars. Earmarks for homeland security, a funding category that only became viable in 2001, totaled \$212.2 million in FY 2009. Most notable were increases in energy funding, which moved from 2% to 10%, and social services, which ended the decade at 16% of receipts, up from 3% in FY 2000.

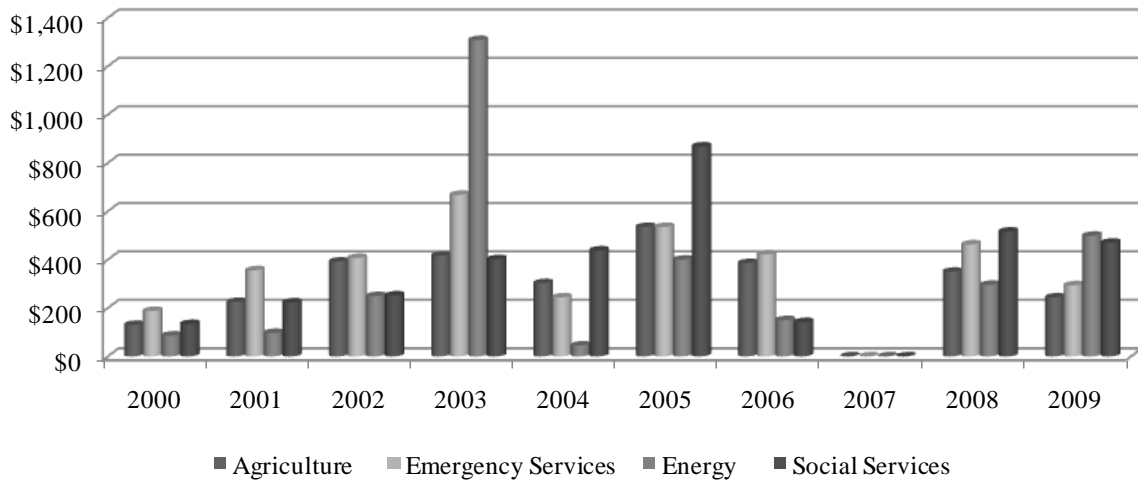
A closer look. The categories that saw decreased earmarks at the end of the decade were subject to shifting priorities as well as broader distributions across categories. Earmarked funding increased through FY 2005, yet the reallocation of defense-related earmarks to supplemental appropriations and the introduction of new earmark categories, such as homeland security, allowed for more funding to be spread across more categories. As noted above, the percentage of earmarked funds for infrastructure, community development and environment in relation to total non-defense earmark funding received by states each year was lower in FY 2009 than at the start of the decade. Similarly, Figure 2 shows states that states received fewer actual dollars for these categories as the decade closed than they received at the start. In FY 2000 earmarks for infrastructure projects totaled \$1.3 billion (adjusted for inflation), slightly higher than the FY 2009 allocation of \$1.1 billion; community development projects received \$487 million versus \$392 million at the start of the decade, and environmental needs received \$557 million versus \$349 million, respectively.

Figure 2. Decreases in earmarked funding by category, FY 2000-2009 (in \$millions, adjusted for inflation)



So where did the funding go? While funding closed lower for infrastructure, community development and environment projects it steadily increased for agriculture, energy and social and emergency service needs. Earmarked dollars for agriculture ventures totaled \$130 million (adjusted for inflation) in FY 2000; they peaked at \$535 million in FY 2005 and then declined in subsequent years to \$244 million in FY 2009. Despite a slight decline from 2008 to 2009, there was a net increase of 88% over the period. Emergency services earmarks, for things like police cars, fire engines and ambulances, similarly increased, from \$188 million in FY 2000 to a high of \$668 million in FY 2003; funding fluctuated in subsequent years, ending the decade only 56% (\$294 million) higher than at the start.

Figure 3. Increases in earmarked funding by category, FY 2000-2009 (in \$millions, adjusted for inflation)



The most dramatic increases were found in earmarked funding for energy projects and social services. Only \$87 million was allocated for energy development needs in FY 2000. Annual allocations fluctuated from year to year, reaching a record \$1.3 billion in FY 2003, and then continued the upward trajectory again in FY 2006, rising to \$499 million in FY 2009. This ultimately represents an increase of 480% over FY 2000 allocations. Similarly, social services earmarks for projects such as homeless shelters, housing, health care and corrections, steadily increased from \$446 million (adjusted for inflation) in FY 2000 to a high of \$868 million in FY 2005; they fell to \$793 million in FY 2009 for an overall increase of 78% over the start of the decade.

Trends within the categories. Funding for particular needs increased dramatically over the decade, literally at the expense of others, in part indicating the effects of state fiscal crises such as funding reductions in agency spending and transfers to local governments. Within the social services category, earmarks for health care services rose from \$44 million, or 12% of FY 2000 social service earmarks, to \$214 million, or over 27%. Conversely, while dollars for

transportation services (for seniors or special needs individuals, for example) increased from \$315 million in FY 2000 to \$362 million in FY 2009, as a percent of total social service earmarks transportation allocations moved from 70% in FY 2000 to a high of 83% in FY 2007, and then declined to only 45% in FY 2008 and 2009. Funding for juvenile justice and at-risk youth programs also commanded more of social services earmarking by the end of the decade, increasing from \$23.2 million (4-5%) to \$88.7 million (11-12%) over the period, and funding for after school programs more than doubled, increasing from \$5.7 million to \$11 million. Earmarks for domestic violence programs rose from \$1.25 million in FY 2000 to \$11.9 million in FY 2009; allocations for homeless shelters increased from \$3.6 million to \$4.7 million; corrections and prisons funding rose from \$1 million to \$28 million; earmarks for substance control programs and facilities increased from \$4.5 million to \$20 million; and earmarked funding for housing increased from \$15.7 million to \$23.1 million.

Similarly, over \$2.3 billion in earmarks were distributed for police safety and equipment needs between fiscal years 2000 and 2009. Emergency medical equipment needs were not funded at the start of the period, but by the end of the decade over \$3.4 million had been distributed to the states. Earmarks for police safety and equipment needs rose from \$182 million in FY 2000 to \$261 million in FY 2009, for an overall increase of 43%. Funding for hospitals also increased substantially, from \$17 million to \$100 million.

While earmarks for community development declined over the decade, funding for economic development rose from \$120 million in FY 2000 to \$200 million in FY 2009, for a total of \$2.9 billion in allocations over ten years. Hundreds of millions of dollars were directed to community revitalization projects, increasing annually from \$25 million in FY 2000 to \$33 million in FY

2009, for a total of \$291 million in ten years. In addition, funding for parks and recreation services increased from \$47 million to \$63 million, totaling \$576.5 million in spending for the decade.

Agriculture projects saw substantial increases as well. Over \$2.5 billion in earmarked funding was distributed to states for agriculture programs, studies and facilities. Earmarks for buildings and equipment rose from \$15 million to \$44 million, and allocations for programs and research increased from \$85 million to \$199 million. Environmental earmarks for projects involving waterways rose from \$16 to \$45 million, earmarks for watershed studies increased from \$15 million to \$39 million, and air quality project funding increased from \$ 1.6 million to \$4.25 million between FY 2000 and 2009.

Earmarks for public works projects decreased overall, however, adjusted for inflation, allocations for highways, airways and trails rose from \$114.2 million to \$550.9 million (a 382% increase), \$58 million to \$98.5 billion (up 70%), and \$11.6 million to \$36.1 million (a 203% increase) respectively. Earmarked funding for bridges, railroads dams, drinking water, wastewater/sewer and technology peaked in 2005 but closed the decade below FY 2000 funding levels. Bridge funding dropped from \$79.8 billion to \$46.2 billion; rail earmarks decreased from \$181.3 billion to \$141.5 billion; allocations for dams decreased from \$2 million to \$587 thousand; earmarks for drinking and waste water fell from \$81.3 million to \$23 million and \$251.9 million to \$134.9 million respectively; and earmarks for infrastructure technology and research dropped from \$172.9 million to \$23.7 million.

The big winners. Looking at total state-specific earmarked allocations (including military earmarks) once again, Table 2 lists the states that have received the most earmarked dollars per

capita between FY 2000 and 2009. Alaska and Hawaii have consistently received more earmarks each year, per capita, than any other state, averaging \$619.32 and \$322.43, respectively. They are followed by the District of Columbia, with average annual per capita earmarks of \$176.52 per year, West Virginia at \$142.64 and North Dakota at \$91.87. Montana, last on this top-ten list with average annual earmarks of \$92.70 per capita, is considerably ahead of the US average of \$31.99. With the exception of the District of Columbia, these are rural states "... whose well-positioned and long-serving lawmakers can seemingly bring home the bacon at will.... Their common bond: Each keeps re-electing a senior member of the Appropriations Committee to the Senate." (Allen 2007, p. 418).

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Alaska	\$636.83	\$766.11	\$710.88	\$610.99	\$808.13	\$984.85	\$489.87	\$307.64	\$555.54	\$322.34
Hawaii	\$264.23	\$391.71	\$353.34	\$283.43	\$392.92	\$454.47	\$378.29	\$250.35	\$220.63	\$234.96
North Dakota			\$94.02		\$73.09	\$101.47	\$123.35	\$96.83	\$207.72	\$222.22
District of Colum	\$77.05	\$112.42	\$82.21	\$261.59	\$321.36	\$464.61	\$182.07		\$78.41	\$185.52
West Virginia	\$77.61	\$128.47	\$215.68	\$165.43	\$131.79	\$219.58	\$131.58	\$34.49	\$179.80	\$141.99
New Mexico		\$96.34	\$86.36	\$167.91		\$96.50	\$66.90		\$104.18	\$134.62
South Dakota	\$63.79	\$77.29		\$119.05	\$111.56	\$106.07	\$63.74	\$18.80	\$112.08	\$131.90
Vermont	\$90.48		\$83.98	\$99.71		\$90.96			\$113.69	\$123.85
Mississippi	\$204.35		\$103.93		\$75.73	\$95.18	\$110.01	\$15.77		\$112.80
Montana	\$110.98	\$108.63	\$122.55	\$96.44	\$126.90	\$164.47	\$106.41		\$90.57	
AVERAGE US	\$25.92	25.52	\$32.21	\$34.33	\$31.17	\$33.03	\$30.55	\$43.80	\$33.77	\$29.60
Source: Citizens Against Government Waste, www.cagw.org										

These states are also representative of the changes in funding priorities. For example, while the largest concentration of earmarks to Alaska and Hawaii has been for military and infrastructure needs, total dollars for those projects have decreased over the years. In keeping with the broader trends, earmarked funding for social and emergency services, energy and environment initiatives have increased considerably over the period.

States at the lowest end of the receiving line. States who received the least amount of per-capita earmark allotments include Michigan, with an annual average of \$15.93 for the decade; New York at \$17.10; Ohio at \$19.27; Texas at \$16.37; and Illinois at \$19.25. Of the smallest individual allocations, Wyoming received \$2.09 per person in earmarked funding in 2000, and Texas received \$2.90 in 2005.

States with primarily junior or minority legislators, without legislators on the various appropriations subcommittees, or with legislators who are against the earmarking process stand little chance of bringing home the bacon to any significant degree. Further, states with the largest populations, such as New York, Texas and Illinois, tend to receive fewer earmarks per capita "...because their population size dilutes the effects of their earmarks and because their congressional seats turn over more frequently. New York finished fourth from the bottom for fiscal 2008 in part because the state's two Appropriations subcommittee chairmen oversee the spending bills for foreign aid and financial services, and neither is much of an opportunity for earmarking" (Allen 2007a, p. 418).

Conclusions

Congressional earmarks have an imperceptible impact on federal spending, yet they contribute considerably to state funding. Over the decade, state-specific earmarks added, on average, \$8.6 billion annually to state coffers, or \$172 million per state per year. For fiscally challenged states, a couple of hundred million dollars can go a long way to shoring up budget shortfalls. Despite reform initiatives, federal earmarks continue to be a valuable resource for state governments.

Additionally, earmarks are the product of specific requests to federal lawmakers and as such reflect state funding needs and priorities. This study demonstrates the changes in earmark distributions between FY 2000 and 2009, illustrating funding shifts from infrastructure, community development and environmental projects at the beginning of the decade to social and emergency services, agriculture and energy initiatives in the latter half of the period. The increase in earmarks for social and emergency service funding suggests the need for alternative financing sources as fiscal constraints prompt further budgetary reductions in spending for social programs. Current reform efforts, if realized, could add pressure to already fiscally strapped states if earmarked funding is eliminated.

The findings noted here also suggest areas for future research. The considerable concentration of earmarks for defense needs suggests further study in relation to recent Congressional efforts to restrict earmarks to non-private entities. The preponderance of defense-related earmarks are for goods and services that the military does not produce. How will elimination of earmarked funds to private enterprise impact defense spending and federally mandated competitive bidding practices and, in turn, how will that affect state revenues? A few hundred million dollars or even several billion dollars is nothing more than a rounding error in federal spending but can make a considerable difference to states that are facing budget shortfalls. Should earmark reform efforts gain strength, how would the elimination or restriction of this funding source impact the delivery of social services in the states? And finally, successful reform efforts in FY 2007 required the identification of earmark sponsors and recipients. How has political clout directed earmark allocation, particularly in the top ten states listed in Table 2 and the lower tier states identified above?

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Endnotes

ⁱ The Honest Leadership and Open Government Act of 2007 (S.1.P.P) accessible from THOAMS, The Library of Congress at <http://thomas.loc.gov>.

ⁱⁱ OMB reports detailing FY 2005 and FY 2008 earmarks are available at <http://earmarks.omb.gov/>

ⁱⁱⁱ CAGW’s *Pig Book* is available at http://www.cagw.org/site/PageServer?pagename=reports_pigbook2008