

Briefings



July 2002

The First Constitutional Amendment Estimating Conference Puts an Official Price Tag on Class Size Initiative

Florida's first Constitutional Amendment Initiative Impact Conference was held on June 27, 2002, and it resulted in a hefty price tag for the voters of Florida to consider in the November 2002 election. One proposal, which would reduce class size in Florida, is officially estimated to cost between \$20 billion and \$27.5 billion, by year FY 2010-11 (over eight years), plus \$2.5 billion annually thereafter in today's inflation-adjusted dollars.

During the last Special Session, the Legislature passed a law requiring the state's Consensus Estimating Conference to develop "fiscal impact statements" for proposed amendments to Florida's Constitution. The statements will appear on the ballot.

The first set of initiatives subject to review under the new law consisted of:

- 1) Animal Cruelty Amendment** -- prohibits inhumane confinement of pregnant pigs;
- 2) Local Trustees and Statewide Governing Board Amendment** -- creates a 17-member statewide governing board for the university system and a 13-member local board for each state university;
- 3) Right to Treatment and Rehabilitation Amendment** -- allows individuals charged or convicted of possessing or purchasing controlled substances or drug paraphernalia to choose treatment, instead of sentencing or incarceration, for first two offenses; discretionary with court thereafter.
- 4) Voluntary Universal Pre-K Education Amendment** -- requires that, by 2005, every four-year-old in Florida be offered a free, high quality pre-K education, funded by the State; and
- 5) Reduce Class Size Amendment** -- requires the State to build enough classrooms so that, by the beginning of the 2010 school year, limits on the maximum number of students per class can be attained. The limits are 18 students for Pre-K to grade 3, 22 students for grades 4 through 8 and 25 students for grades 9 through 12.

The Estimating Conference did not put dollar amounts on the first three amendments. It determined the animal cruelty amendment had no significant impact for state or local governments. The fiscal impacts of the university governance and drug treatment amendments were deemed indeterminate.

The estimators put an annual cost of between \$425 million and \$650 million (in today's dollars) on the pre-K education amendment. The range is dependent on the extent to which existing school readiness funding is used.

The big-ticket item is the class size amendment. It is estimated that 30,000 more classrooms would need to be built and 31,000 more teachers hired between 2004 and 2010. The cumulative cost over this period was estimated at between \$20 billion and \$27.5 billion. This range is dependent on how the Legislature would choose to add capacity, building new schools or using portables. Once implemented, the new system would cost an extra \$2.5 billion annually (in today's dollars.)

Currently, the state spends approximately \$16 billion on education. According to the *Florida School Indicators Report 2000-2001*, the statewide average class size in elementary school is 23.3 and middle school, and high school varies by subject: from 24.8 to 27.8.

Unlike the normal Consensus Estimating Conference, the process for initiatives does not require a consensus of every member of the conference. A majority of the four members is sufficient. This issue came into play during this first conference when one of the members voted against the class size fiscal impact statement because he felt that including the cumulative cost would confuse voters.

How Much Money is \$20 Billion - \$27.5 Billion?

The validity of the estimates aside, the class size amendment would require a significant contribution from taxpayers. For perspective, the total General Revenue Fund for the current fiscal year is just under \$20 billion, and the lottery provides less than \$900 million annually to education.

Over eight years, the \$20 billion - \$27.5 billion total averages out to \$2.5 billion-3.4 billion annually. Based on FY 2004 population, this means an average cost of \$146 to \$201 per Floridian annually or \$369 to \$507 per household. Over the eight years, the total cost would be \$977 to \$1,343 per capita and \$2,460 to \$3,382 per household.

Even assuming that tourists and other out-of-state taxpayers pay 20% of the cost burden, the total investment by Floridians would be \$781 to \$1,074 per capita and \$1,968 to \$2,705 per household.

The universal pre-K amendment would add another \$25 to \$39 per capita and \$64 to \$97 per household.

Reducing class size to the prescribed limits would be a challenging undertaking. Without a

significant overhaul of state spending patterns, the class size proposal would likely require some new or increased taxes. A 1-penny increase to the state's 6-cent sales tax would raise \$2.9 billion (based on FY 2004 estimated collections.).

To further illustrate the scope of the estimated required investment, the gross receipts tax on utilities, which funds public school construction, raises less than \$800 million annually. Moreover, it would take a tripling of the state corporate income tax to raise the additional revenue called for in the estimates. In fact, four major tax sources combined (gross receipts, corporate income, beverage, and tobacco taxes) are expected to bring in \$2.97 billion in FY 2004, so it would take a doubling of all those to raise the revenue. Lastly, a state personal income tax (currently prohibited by the state Constitution) of 1 per cent of Floridians' federal taxable income would raise approximately \$2.4 billion.

This *Briefing* was researched and written by
Kurt Wenner, Senior Research Analyst, under the direction of
Keith G. Baker, Ph.D., Senior Vice President & COO.
Steven L. Evans, Chairman; Dominic M. Calabro, President and Publisher

© Copyright Florida TaxWatch, April 2002

To obtain more information regarding this report

E-Mail:



Return to the [TaxWatch](http://www.floridataxwatch.org/conamendcost.html) main page.