



**FROM JANUARY 8, 2003
INTERIM COMMITTEE MEETINGS**

Today's interim committee schedule returned to "normal" following yesterday's inauguration ceremonies and festivities. Here are some highlights:

SENATE EDUCATION COMMITTEE & THE CLASS SIZE AMENDMENT

Today's meeting focused on the presentations by the Senate staff regarding Amendment 9 to the Florida Constitution approved by the voters in November's elections. The Committee was provided with facts and statistics of what has to occur to accomplish class size reduction. The changes must begin this year to reach the final goal in 2010.

They went over the total number of additional schools which must be built and the total number of additional teachers which must be hired. It was pointed out that the Committee must also take into consideration the continuing growth of Florida's population and not to base their operating assumptions simply on the current statistics.

While everyone is getting overwhelmed with the enormous costs associated with expanding and building new schools and school additions, the James Madison Institute (JMI) in their *Point of View* publication released in December, made an interesting point. The JMI suggested that productivity issues be evaluated as well. If a certain number of students exceed the class size amendment in five periods, why not increase the school day by one period to reduce the class size? Granted, there are costs associated with increasing the school day and operational costs, teacher pay, work load, etc..., but in a cost/benefit analysis, simply adding instructional periods might be much more cost effective than excessive construction costs and the hiring of new teachers. In addition, JMI points out that there are many districts with non-teaching personnel that are certified and qualified to teach and could return to the class room.

In seeking to implement the class size amendment, Associated Industries of Florida agrees with JMI that some innovative ideas should be considered. Productivity issues should be evaluated instead of reflexively assuming that vast new school buildings must be erected, school buildings expanded and thousands of new, inexperienced teachers must be flooded into the school system.

FINANCE & TAX 101

A little like freshmen in college getting their first orientation, the House Finance & Tax Committee provided members with an overview of Florida tax structure, the Committee's jurisdiction and its guiding principles. For those of you who have ever been bored and wondered about Florida's tax structure, here is a quick summary:

The State's major sources of revenue include sales tax, corporate income tax, documentary stamp tax, intangible tax and beverage licenses and fees. Major revenue sources for local governments include ad valorem tax, local option surtaxes and revenue sharing with the State of Florida.

The guiding principles for the Committee are the following:

- Protect Florida's Families – what effect will a tax proposal have on Florida's average working family?
- Promote Economic Development – does the proposal lead to growing Florida's economy by creating an environment favorable to high paying jobs?
- Provide Fairness – does the proposal treat all taxpayers in a similar situation in an equitable manner?

With an extremely tight budget year approaching and - thanks to the expensive Constitutional Amendments adopted in November of 2002, 2000 and 1998 - budget shortfalls as far as the eye can see, these principles will be sorely tested. We wish the Committee well.

HEALTH CARE REFORM

Tomorrow and Friday, the Florida Legislature will hold a Health Care Summit in the House Chamber to educate lawmakers about the complex and labyrinthine structure we call our health-care system.

Health insurance may be the nation's most complicated market, comprising almost one-sixth of the U.S. economy and involving almost every American. Health insurance is where emotion, science, and the economic principle of scarcity all clash in a large arena circumscribed by governmental regulation.

The legislative leadership is to be commended for sponsoring this first-ever in-depth look at our system for financing and delivering medical care. Summit attendees will learn about a broad array of topics, ranging from workforce shortages to cost pressures and financing fundamentals to medical liability. Speakers will also delve deeply into the inner workings of Medicaid, the federal-state health-care program for the poor. Medicaid is the 800-pound gorilla in the state budget's living room, the source of most of the voracious growth in state spending over the last two decades.

If this summit is successful, lawmakers will approach health-care reform with a fuller understanding of the impact of the laws they pass — in terms of growth in costs, decreases in quality, and increases in the numbers of uninsured. Lawmakers will come to understand that the emotional appeals of those who want to expand government control of the health-care system may be heart-wrenching but they seldom offer solid ground for public policy decisions.

At the conclusion of the Health Care Summit, AIF will publish a full report and analysis of the material covered and how it might affect upcoming debates.

This report was prepared by Curt Leonard, Vice President – Governmental Affairs at Associated Industries of Florida (AIF). Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

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