The Cost of Universal Vouchers: Three Factors to Consider in Analyzing Fiscal Impacts of CS/HB 1

The Florida House PreK-12 Appropriations Subcommittee offered a proposed committee substitute (PCS) to HB1 that included a fiscal analysis estimating the universal private education voucher bill will cost $209.6 million in year one for Florida Empowerment Scholarship (FES) vouchers. As of February 24, the PCS is now the new version of HB1, CS/HB1.

Why is the fiscal analysis price tag so much smaller than the $4 billion estimate provided by Florida Policy Institute (FPI) and Education Law Center (ELC)? Because the FPI/ELC estimates follow a set of key assumptions that were not considered in the House’s fiscal analysis.

The committee substitute bill makes changes to the original HB 1 that impacts FPI/ELC’s initial cost estimates. The total remains at $4 billion even with these changes. Details are provided below.

1. State aid rerouted from public schools to FES vouchers has a fiscal impact.

   *House fiscal analysis:* $0.

   *FPI/ELC estimate for year one of universal voucher implementation:* $2 billion for current FES voucher participants and for current public school students who would move to FES vouchers due to income restrictions being removed (details on how these numbers were calculated can be found [here](#)).

   When students leave public schools and take their public dollars with them, that wreaks havoc on a school district’s budget, whether or not student enrollment drops, too, as documented [here](#). The local fiscal impact arises as communities need to address budget deficits from the loss of state aid.

2. A substantial and increasing number of families of private school students will use state money to cover an expense they were already paying themselves.

   *House fiscal analysis:* $210 million for 24,535 students.

   *Revised FPI/ELC estimate for year one of universal voucher implementation:* $1.1 billion for students currently in private schools who will access the FES vouchers (details on how the original estimate of $1.9 billion was calculated can be found [here](#)).

   The FPI/ELC higher estimate is based on the following assumptions:

   - Some private schools not currently participating in the FES voucher program will join to accommodate FES voucher access of current families. Therefore, the assumption of the legislative fiscal analysis, which counts only students in private schools currently participating in voucher programs, is short-sighted.
• 75% of private school students eligible for FES vouchers will participate, not 50%. This is derived from observed participation rates in Arizona under their universal voucher bill.

Note: The initial FPI/ELC estimate was based on the original HB1 bill. The PCS bill differs in requiring Florida Tax Credit (FTC) voucher funding to be used first, before turning to FES vouchers. Using estimates for the 2021-22 school year from FTC reports and the subcommittee presentation on February 7, students would access the $833.1 million available in FTC voucher funding before FES funds would be used. This reduces the initial FPI/ELC $1.9 billion estimate to $1.1 billion.

3. A substantial and increasing number of families of home education students will use state money to cover an expense they were already paying for.

House fiscal analysis: $0.

Revised FPI/ELC estimate for year one of universal FES voucher implementation: $971 million to cover 75% of existing home education students (114,082).

Note: The original estimate of $85 million for home education students is now higher because the HB1 cap on the number of these students who can receive an FES voucher (10,000) is removed in the substitute bill (the FTC voucher now has a limit of 20,000 students, but this does not extend to FES). Assuming a 75% participation rate of home education students, as with private school students (114,082), this would add a cost of $971 million.

One final note: These estimates are for the initial year of implementation only. Given the incentives in all versions of the universal voucher bill – including the likelihood that new private schools will open given the promise of state funding with little accountability, the potential for families to turn to home education because they can now be compensated for it, and the possibility of drawing home educating and private school families from other states – the already severe burden on public school districts and drain on state funding can be expected to increase substantially in the coming years.