

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0951-01
Bill No.: HB 576
Subject: Higher Education; Department of Higher Education; Civil Rights
Type: Original
Date: March 28, 2019

Bill Summary: This proposal modifies the Campus Free Expression Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Legal Expense Fund*	\$0	\$0	\$0
College & University Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Transfers-in and distributions net to zero.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Higher Education, Office of the Attorney General (AGO)** and **Office of the State Courts Administrator** each assume the proposal will have no fiscal impact on their respective organizations.

Upon further inquiry, the **AGO** stated it is possible that this proposal could lead to increased litigation against colleges and universities, but it is impossible to forecast. Litigation against public universities would have the possibility to impact the legal expense fund. There is no way to quantify the potential impact.

Oversight assumes this proposal could result in an increase in claims against colleges and universities which could impact the Legal Expense Fund. Oversight will show a range of impact of \$0 (no increase in claims) to an unknown cost to the Legal Expense Fund with a corresponding transfer-out from General Revenue.

Officials from **Missouri State University (MSU)** assume the proposal will have a negative fiscal impact on their organization of an undetermined amount.

Upon further inquiry, **MSU** indicated the primary negative fiscal impact would result from the prohibition on charging security fees or requiring a speaker or student group to obtain extra insurance or security. The result is that if additional insurance or security were appropriate for an event, the university would have to cover the cost. Additionally, negative fiscal impact could result from the cost of defense and potential legal liability if claims were made alleging that the university's policies or practices under this statute violated an individual's constitutional rights.

Officials from the **State Technical College of Missouri** assume the proposal will have a negative fiscal impact on their organization. The amount cannot be determined.

Officials from the **University of Central Missouri** assume the proposal will have no fiscal impact on their organization.

Oversight received a limited number of responses from colleges and universities related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

ASSUMPTION (continued)

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

Oversight will show a range of impact of \$0 (no additional security fee or security required) to an unknown loss in revenue from the prohibition on charging security fees or an unknown cost to provide additional security or insurance if the university can no longer require the student group to provide security or insurance. Oversight assumes the size of the impact would depend entirely on the type and size of the event.

Additionally, Oversight will show a range of impact of \$0 (no increase in claims) to an unknown cost to colleges and universities from an increase in claims that are not submitted to the Legal Expense Fund for payment.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE			
<u>Transfer Out</u> - to Legal Expense Fund	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
LEGAL EXPENSE FUND			
<u>Transfer In</u> - from General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - potential increase in litigation or claims against colleges and universities	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON THE LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2020	FY 2021	FY 2022
Continued	(10 Mo.)		

COLLEGE AND UNIVERSITY FUNDS

<u>Cost</u> - potential increase in litigation or claims (not paid by the Legal Expense Fund)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
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<u>Cost/Revenue Loss</u> - to provide additional security or insurance/from prohibition on charging security fees	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
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ESTIMATED NET EFFECT ON COLLEGE AND UNIVERSITY FUNDS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
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<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill modifies the Campus Free Expression Act. The bill requires the governing board of each public institution of higher education to adopt a policy on free expression by January 1, 2020. The free expression policy must be consistent with several principles of free speech specified in the bill. The free expression policy shall be made available to students and faculty annually. The bill also requires institutions to adopt a "student-on-student harassment" policy and a "student-on-student intimidation" policy. The bill shall not be interpreted as prohibiting an institution from imposing restrictions on expressions that do not violate the United States Constitution or the Missouri Constitution.

FISCAL DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education
Office of the Attorney General
Office of the State Courts Administrator
Missouri State University
State Technical College of Missouri
University of Central Missouri



Kyle Rieman
Director
March 28, 2019

Ross Strobe
Assistant Director
March 28, 2019