

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3356-01
Bill No.: HB 1565
Subject: Education, Elementary and Secondary; Elementary and Secondary Education,
Department of; AIDS
Type: Original
Date: February 21, 2020

Bill Summary: This proposal modifies provisions governing school district course materials or instruction on human sexuality or sexually transmitted diseases.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Tort Victims Compensation Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services, Department of Elementary and Secondary Education**, and the **Office of the Attorney General** each assume this proposal has no direct fiscal impact. Because of the consistent response, **Oversight** shows a \$0 fiscal impact for state agencies, except for the tort victims compensation fund.

The Department of Labor Website says “The Tort Victims’ Compensation Fund (TVCF) exists to help compensate those who have been injured due to the negligence or recklessness of another (such as in a motor vehicle collision or a hunting accident), and who have been unable to obtain full compensation because the party at fault (the tortfeasor) had no insurance, or inadequate insurance, or has filed for bankruptcy, or for other reasons specified by the law.”

Oversight notes that under §537.675.3, 50% of the punitive damage state judgments, after deducting attorney's fees and expenses, shall go into the Tort Victims' Compensation Fund (TVCF) (0622). Because this proposal may increase punitive damages awards, it appears to have the potential for a positive direct fiscal impact to the state’s tort victims’ compensation fund.

Because this is a new cause of action, it is unclear how much this revenue will be generated for the TVCF. Accordingly, **Oversight** shows a \$0 to Unknown direct fiscal impact.

Officials from the **Jasper R-5 Schools** state they have never seen a civil suit settled for less than \$15,000 and they can go much higher. The most concerning language is that punitive damages are allowed, and those damages often start negotiations in the millions. They may be settled for less but the impact could be huge. Also, I'm not sure that any school insurance group has weighed in on this yet as to whether districts would be protected. While in my school's case, our deductible is \$1,000 for any liability, whether property or other, there will be back side cost in terms of increased premiums is a cost that has to be factored in.

Because this is a new cause of action, it is unclear how much this could cost school districts. Accordingly, **Oversight** shows a \$0 to (Unknown) direct fiscal impact to school districts.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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**TORT VICTIMS COMPENSATION
FUND**

<u>Revenue</u> - potential increase in payments from §170.015.9	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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ESTIMATED NET EFFECT TO THE TORT VICTIMS COMPENSATION FUND	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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SCHOOL DISTRICTS

<u>Cost increase</u> - Schools - potential increase in punitive damages and attorney fees §170.015.9	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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ESTIMATED NET EFFECT TO SCHOOL DISTRICTS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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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 way public school districts and charter schools present instruction and course materials on human sexuality and sexually transmitted diseases. The bill includes gender identity or sexual orientation to the current notice, refusal, and removal provisions in Section 170.015, RSMo and provides standing for civil action for remedies permitted by law for failure to enforce compliance provisions as outlined in the bill.

FISCAL DESCRIPTION (continued)

The bill also clarifies the definitions for "course materials" and "instruction" to include any educational plan or program, curriculum, textbook, or other instructional materials used by the school district or charter school; any information contained in any school-sponsored speech or in any presentation by a schoolsponsored speaker; any display permitted by the school district or charter school anywhere on school district or charter school property intended to impart information to students.

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 Health and Senior Services
Department of Elementary and Secondary Education
Office of the Attorney General
Jasper R-5 Schools



Julie Morff
Director
February 21, 2020



Ross Strobe
Assistant Director
February 21, 2020