

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2452H.03C
Bill No.: HCS for HB 1196
Subject: Education, Higher; Department of Higher Education and Workforce Development;
Civil Rights
Type: Original
Date: March 27, 2023

Bill Summary: This proposal provides protections against ideological discrimination in postsecondary education.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| | | | |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| Colleges and Universities* | \$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) |

*Potential unknown costs to colleges and universities due to possible litigation. It is assumed costs could reach the \$250,000 threshold.

Numbers within parentheses: () indicate costs or losses.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|-------------------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| | | | |
| Local Government | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

§§173.2176 and 173.2177 – Protections against ideological discrimination in postsecondary education

Officials from the **Office of Administration (OA)** state this provision has the potential to increase costs to the state Legal Expense Fund (LEF) for actions alleging violation of this provision against a public institution of postsecondary education or a state employee in connection with their official duties on behalf of the state or against another person covered by the LEF, due to the addition of an enforceable right under this section. This provision also waives sovereign immunity. This change will be subject to judicial construction; therefore, the cost impact to the state is unknown.

Oversight notes that these provisions may prompt a cause of action against colleges and universities for violations of this proposal. Oversight notes, in rare circumstances, universities and community colleges can access the state Legal Expense Fund. However, for purposes of this fiscal note, Oversight assumes colleges and universities will bear the cost of any litigation or judgment. Oversight will range the fiscal impact to colleges, universities and public schools from \$0 (does not increase litigation) to an unknown cost for damages and court costs. Oversight further assumes this proposal could have an unknown fiscal impact on local governments as community colleges could be impacted by this legislation as well. It is further assumed costs could possibly reach the \$250,000 threshold.

In response to the previous version of this proposal, officials from the **Office of the State Courts Administrator (OSCA)** stated there may be some impact but there is no way to quantify that at the current time. Any significant changes will be reflected in future budget requests.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect no fiscal impact for OSCA for purposes of this fiscal note.

Officials from the **Department of Higher Education and Workforce Development**, the **Department of Labor and Industrial Relations**, the **University of Missouri System** and the **University of Central Missouri** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to the previous version of this proposal, officials from the **Attorney General's Office**, **Missouri State University** and **St. Charles Community College** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

| <u>FISCAL IMPACT – State Government</u> | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
|---|------------------------------------|------------------------------------|------------------------------------|
| | | | |
| COLLEGES AND UNIVERSITIES | | | |
| | | | |
| <u>Costs – Civil action for damages and court costs (§173.2176)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |
| | | | |
| ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |
| | | | |
| | | | |

| <u>FISCAL IMPACT – Local Government</u> | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
|---|------------------------------------|------------------------------------|------------------------------------|
| | | | |
| LOCAL GOVERNMENTS - ALL | | | |
| | | | |
| <u>Costs – Civil action for damages and court costs (§173.2176)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |
| | | | |
| ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</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 provides definitions for "discriminatory ideology" which includes any ideology that promotes the differential treatment of any individual or group of individuals based on characteristics of race, color, religion, sex, gender, ethnicity, national origin, or ancestry. The bill prohibits any public institution of post-secondary education from requiring any applicant,

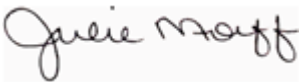
employee, student or contractor to endorse such discriminatory ideology. The bill also prevents institutions from requiring a "diversity, equity, and inclusion statement" as defined in the bill from such individuals.

Any individual that is determined to have been compelled to endorse a discriminatory ideology or submit a diversity, equity, and inclusion statement, or that is adversely affected by preferential considerations provided to any individual that endorses such ideology or submits such statement may pursue an action for injunctive or declaratory relief as outlined against such institution.

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

Attorney General's Office
Department of Higher Education and Workforce Development
Department of Labor and Industrial Relations
Office of Administration
University of Missouri System
Missouri State University
University of Central Missouri
St. Charles Community College
Office of the State Courts Administrator



Julie Morff
Director
March 27, 2023



Ross Strobe
Assistant Director
March 27, 2023