

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5142H.01I
Bill No.: HB 2448
Subject: State Departments; Minorities
Type: Original
Date: February 12, 2024

Bill Summary: This proposal prohibits state departments from spending money on certain diversity, equity, and inclusion initiatives.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§1.2030 – Diversity, Equity and Inclusion Provisions

Officials from the **Department of Mental Health (DMH)** assume Section 1.2030.1 states no funds shall be expended by any state department for intradepartmental programs, staffing or other initiatives associated with “diversity, equity, and inclusion” or “diversity, inclusion, and belonging” that promotes the following:

- (1) Preferential treatment of anyone based on race, color, religion, sex, gender, sexual orientation, ethnicity, national origin or ancestry.
- (2) Concept that disparities between groups are the result of oppression.
- (3) Collective guilt ideologies.
- (4) Intersectional or divisive identity activism.
- (5) Limiting of freedom of conscience, thought or speech.

Subsection 2 states the provisions of subsection 1 shall not prohibit state departments from following federal and state employment and anti-discrimination laws or complying with the Americans with Disabilities Act.

Subsection 3 states no state department shall mandate, require or incentivize private sector employers to implement programs described in subsection 1 as a condition of awarding a state contract.

The Value Based Payment learning path follows the National Direct Support Professional (DSP) best practices which includes multiple diversity-equity-inclusion trainings and would be in conflict with the proposed language. Additionally, communication from Centers for Medicare & Medicaid Services (CMS) concerning their priority of health equity and future potential programmatic requirements would create a situation where this statute change would jeopardize federal program match funding, if put into place. The Department of Mental Health (DMH) inpatient facilities are accredited by the Joint Commission (TJC) and Center for Medicare/Medicaid Services (CMS). Loss of accreditation by our facilities would result in the loss of federal funding of approximately \$225,727,921.

DMH also states that their department additionally offers training for various clinical disciplines. Loss of training sites would lead to further shortages in clinical disciplines, and it may cause a

safety issue to individuals in DMH care if at the last minute there are providers we can no longer contract with. This may cause an unknown GR impact to the department and a potentially significant loss of federal funds.

Oversight assumes this proposal limits funds being used by any state department that promote preferential treatment based on certain characteristics, concepts such as oppression as the sole cause of disparities, collective guilt ideologies, intersectional or divisive identity activism, and the limiting of freedom of conscience, thought, or speech. Oversight assumes these limitations would not interfere with any federal accreditation or create a shortage of clinical disciplines; therefore, Oversight will not reflect a cost as result of this proposal.

Officials from the **Missouri Department of Transportation (MoDOT)** state this bill broadly restricts state agencies from hosting diversity, equity, and inclusion events. Additionally, it prohibits events that promote the "limiting of freedom of conscience, thought, speech". In fiscal year 2023, MoDOT hosted several optional trainings prepared either internally or purchased through an online content provider (LinkedIn Learning or Skillsoft) that may fall under the definitions outlined in this bill. The total cost incurred was \$5,119.76, with similar savings expected in future years if these trainings were restricted.

Oversight assumes MoDOT will still be able to host diversity, equity and inclusion events (that do not promote the limiting of freedom of conscience, thought and speech, etc.). Therefore, Oversight will not reflect a savings as a result of this proposal.

Officials from the **Department of Commerce and Insurance, the Department of Economic Development, the Department of Elementary and Secondary Education, the Department of Higher Education and Workforce Development, the Department of Health and Senior Services, the Department of Natural Resources, the Department of Corrections, the Department of Labor and Industrial Relations, the Department of Revenue, the Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, State Emergency Management Agency and Veterans Commission), the Missouri National Guard, the Department of Social Services, the Office of the Governor, the Joint Committee on Administrative Rules, the Joint Committee on Public Employee Retirement, the Missouri Lottery Commission, the Missouri Consolidated Health Care Plan, the Department of Agriculture, the Missouri Department of Conservation, the Missouri Ethics Commission, the Missouri House of Representatives, the Office of Prosecution Services, the Office of Administration (Administrative Hearing Commission and Budget and Planning), the Office of the State Auditor, the Missouri Senate, the Office of the Secretary of State, the Office of the State Public Defender, the Office of the State Treasurer, Oversight Division, Legislative Research and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

In response to a similar proposal from this year (HB 2365), officials from the **Office of Administration** assume the proposal will have no fiscal impact on their organization.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<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

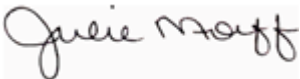
The proposed legislation appears to have no direct fiscal impact.

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

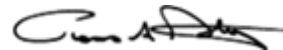
SOURCES OF INFORMATION

- Department of Commerce and Insurance
- Department of Economic Development
- Department of Elementary and Secondary Education
- Department of Higher Education and Workforce Development
- Department of Health and Senior Services
- Department of Mental Health
- Department of Natural Resources
- Department of Corrections
- Department of Labor and Industrial Relations
- Department of Revenue
- Department of Public Safety
- Department of Social Services

Office of the Governor
Joint Committee on Public Employee Retirement
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research
Oversight Division
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Missouri Department of Transportation
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Missouri Office of Prosecution Services
Office of Administration
Facilities Management, Design and Construction
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
Public Schools and Education Employee Retirement Systems
State Tax Commission



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