

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5150H.02P  
Bill No.: Perfected HCS for HBs Nos. 2619, 2365, 2448 & 2569  
Subject: State Departments; Minorities  
Type: Original  
Date: May 8, 2024

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

**FISCAL SUMMARY**

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

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

Numbers within parentheses: () indicate costs or losses.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 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 DMH’s 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 **Office of Administration** state this bill could potentially be construed as conflicting with several existing statutes and an executive order that require preferences for certain vendors or types of materials. Examples of statutes and the executive order that this bill could potentially interpreted as conflicting with, include, but are not limited to the following:

- Section 34.070 - Preference to Missouri products and firms
- Section 34.074, RSMo - Service disabled veterans preference
- Section 34.165, RSMo - preference to the blind/sheltered workshops
- Sections 34.350-34.359, RSMo - Domestic Products Procurement Act
- Section 37.020, RSMo and Executive Order 15-06 - minority and women's business enterprises
- Section 290.210 -.340, RSMo - Wage Rates on Public Works (Prevailing Wage)
- Executive Order 94-03

Additionally, this bill may prohibit certain vendors from bidding on state contracts.

**Oversight** assumes the limitation in this proposal would not interfere or conflict with existing statutes and would not prohibit bids with certain vendors for state contracts.

Officials from the **Office of the State Courts Administrator (OCSA)** state there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Office of Administration - Administrative Hearing Commission**, the **Office of Administration - Budget and Planning**, 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 Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety (Division of Alcohol and Tobacco Control, Office of the Director, Capitol Police, Fire Safety, Missouri Highway Patrol, Missouri Gaming Commission, Missouri Veterans Commission, State Emergency Management Agency)**, **Department of Social Services**, the **Office of the Governor**, the **Missouri National Guard**, the **Missouri Department of Conservation**, the **Office of the Secretary of State**, 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 Ethics Commission**, the **Missouri House of Representatives**, the **Office of Prosecution Services**, **MoDOT & Patrol Employees' Retirement System**, the **Office of the State Auditor**, the **Office of the State Public Defender**, the **Office of the State Treasurer**, **Oversight Division**, **Legislative Research** the **Office of the Lieutenant Governor**, the **Office of the State Auditor**, **Missouri Senate**, the and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

**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.

Officials from the **Department of Health and Senior Services** defer to the Office of Administration for the potential fiscal impact of this proposal.

<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

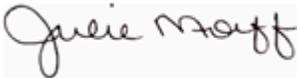
The proposed legislation appears to have no direct fiscal impact.

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

Attorney General's Office  
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  
    Office of the Director  
    Division of Alcohol and Tobacco Control  
    Capitol Police  
    Fire Safety  
    Missouri Gaming Commission  
    Missouri Highway Patrol  
    Missouri National Guard  
    State Emergency Management Agency  
    Missouri Veterans Commission  
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  
Local Government Employees Retirement System

Missouri Consolidated Health Care Plan  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Missouri Ethics Commission  
Missouri House of Representatives  
Office of the Lieutenant Governor  
Missouri Department of Transportation  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Missouri Office of Prosecution Services  
Office of Administration  
    Administrative Hearing Commission  
    Budget and Planning  
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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