

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0242H.02C
 Bill No.: HCS for HB Nos. 113, 624, & 36
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Entertainment, Sports and Amusements; Department of Higher Education and Workforce Development; Higher Education; Children and Minors
 Type: Original
 Date: February 12, 2025

Bill Summary: This proposal modifies guidelines for student participation in athletic contests organized by sex.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0	\$0	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0 or Unknown

*The fiscal note reflects the potential withholding of funds from school districts and institutions of higher education if the financial penalty provisions of the bill are enacted after removal of expiration date. For simplicity, Oversight will reflect the potential withheld payments coming from (remaining in) General Revenue. Oversight assumes the funding withheld could reach the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
University Funds*	\$0	\$0	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0 or (Unknown)

Oversight assumes the loss could exceed \$250,000.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education, Office of Administration**, and **Department of Higher Education and Workforce Development** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. However, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

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

In response to a previous version, officials from the **Northwest Missouri State University, University of Central Missouri**, and **Marquand-Zion R-VI School District** each assumed the proposal would have no fiscal impact on their organizations.

Oversight notes currently, schools are only allowed to let a student compete in an athletics competition designated for the biological sex of the student, as stated on the student's official birth certificate. Except, female students may participate in competitions designated for male students if there is no corresponding athletics competition designed for female students available. This provision is set to expire on August 28th, 2027. The proposal removes the expiration date. Entities that violate this proposal are not eligible for moneys appropriated by the general assembly.

Oversight notes the foundation formula payments for school districts is estimated at \$3,664,831,194 for FY 2025 per the DESE Budget Request for FY 2025.

Oversight notes the following appropriations for FY 2024 to postsecondary institutions:

Institution	Appropriation
Community Colleges	\$176,193,756
State Technical College of Missouri	\$9,086,492
UCM	\$64,945,087
Southeast Missouri State University	\$53,881,399
Missouri State University	\$110,434,978
Lincoln University	\$33,352,465

Truman State University	\$48,922,074
Northwest Missouri State University	\$36,722,408
Missouri Southern State University	\$30,560,286
Missouri Western State University	\$26,342,755
Harris-Stowe State University	\$12,934,527
University of Missouri System	\$509,923,773

*Source: TAFP HB 3 (2024). Actual appropriation amounts may differ based on withholds.

Oversight notes the proposal is removing the expiration date of August 28, 2027.

Oversight assumes there could be a loss to public schools, colleges and universities that fail to comply with the requirements in the proposal after the removal of the expiration date. The penalty would be any moneys appropriated by the general assembly. Based on the amounts appropriated, Oversight assumes the loss could exceed \$250,000 and will be reflected in FY 2028.

Additionally, **Oversight** notes that this provision may prompt a cause of action against colleges, universities, and public schools. 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 in FY 2028.

Oversight received a limited number of responses from school districts, 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. Oversight only reflects the responses received from state agencies and political subdivisions; however, other school districts, colleges and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the MOLIS database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the

General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Revenue Gain</u> - from funding withheld from school districts and charter schools for violating section §163.048	\$0	\$0	\$0 or Unknown
<u>Revenue Gain</u> - from funding withheld from colleges and universities for violating section §163.048	\$0	\$0	\$0 or Unknown
<u>Revenue Gain</u> - from funding withheld from community colleges for violating section §163.048	\$0	\$0	\$0 or Unknown
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>\$0 or Unknown</u>
UNIVERSITY FUNDS			
<u>Costs</u> - legal costs - §163.048	\$0	\$0	\$0 or (Unknown)
<u>Loss</u> - funding withheld for violating section §163.048	\$0	\$0	\$0 or (Unknown)
ESTIMATED NET EFFECT ON UNIVERSITY FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs</u> - School Districts & Charter Schools - legal costs §163.048	\$0	\$0	\$0 or (Unknown)
<u>Loss</u> - School Districts & Charter Schools - funding withheld for violating section §163.048	\$0	\$0	\$0 or (Unknown)
<u>Costs</u> - Community Colleges - legal costs §163.048	\$0	\$0	\$0 or (Unknown)
<u>Loss</u> - Community Colleges - funding withheld for violating section §163.048	\$0	\$0	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</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

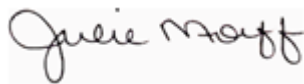
Currently, schools can only allow students to compete in athletics competitions designated for the student's biological sex, as indicated on the student's official birth certificate. Except that female students may participate in athletics competitions designated for male students if no corresponding competition for female students is offered.

This provision is set to expire on August 28th, 2027. The bill removes the expiration date for this language.

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 Elementary and Secondary Education
Department of Higher Education and Workforce Development
Attorney General's Office
Office of Administration
Office of the Secretary of State
Joint Committee on Administrative Rules
University of Missouri System
Northwest Missouri State University
University of Central Missouri
Marquand-Zion R-VI School District



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February 12, 2025



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