

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2452H.011
 Bill No.: HB 1196
 Subject: Education, Higher; Department of Higher Education and Workforce Development;
 Civil Rights
 Type: Original
 Date: March 3, 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	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§173.2176 – 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 this provision 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. It is further assumed costs could possibly reach the \$250,000 threshold.

Officials from the **Office of the State Courts Administrator (OSCA)** state 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 **Attorney General's Office**, the **Department of Higher Education and Workforce Development**, the **Department of Labor and Industrial Relations**, the **University of Missouri System**, **Missouri State University** and **St. Charles Community College** 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.

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
	<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

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.

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SOURCES OF INFORMATION

Attorney General's Office

Department of Higher Education and Workforce Development

Department of Labor and Industrial Relations

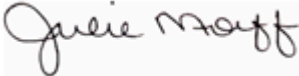
Office of Administration

University of Missouri System

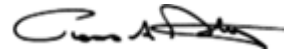
Missouri State University

St. Charles Community College

Office of the State Courts Administrator



Julie Morff
Director
March 3, 2023



Ross Strobe
Assistant Director
March 3, 2023