

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3668H.02C  
Bill No.: HCS for HB 1669  
Subject: Education, Elementary and Secondary  
Type: Original  
Date: March 3, 2022

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Bill Summary: This proposal prohibits discrimination in education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Unknown) to Unknown</b>	<b>\$0 or (Unknown) to Unknown</b>	<b>\$0 or (Unknown) to Unknown</b>

\***Oversight** notes, if a school district fails to comply with this proposal, DESE is to withhold a maximum of ten percent of the monthly distribution of state formula funding to the district. Oversight is uncertain how many school districts would be non-compliant but assumes the funding withheld from school districts could exceed \$250,000 depending on the number of districts that are not in compliance.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
<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.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 or 1 FTE</b>	<b>0 or 1 FTE</b>	<b>0 or 1 FTE</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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Department of Elementary and Secondary Education (DESE)** state by “withholding 10% of the monthly state formula funding distribution until in compliance”, this could have a significant expenditure impact, as well as require one possible FTE position. Currently, this can be figured manually in PM, but if this went over a fiscal year or was for a large quantity of LEA’s DESE would need to have something programed on the school finance side. The actual expenditure impact is unable to be figured based on the information provided.

At the time this fiscal note was prepared, DESE did not provide the anticipated FTE salary, fringe benefit, expense or equipment amounts. **Oversight** will show a range of impact of \$0 (FTE not needed) to an unknown cost for an additional FTE.

**Oversight** will also show potential programming costs ranged from \$0 (can be done manually) to an unknown cost for programming changes.

Upon further inquiry, **DESE** stated the State Board is to institute disciplinary proceedings for any certificate holder violating this section. Such disciplinary actions could require hearings. Based on this proposed language, the Office of Governmental Affairs estimates costs of less than \$100,000.

In response to the previous version, officials from the **Kansas City Public Schools** assumed there could be a penalty for a single violation, but otherwise does not anticipate any costs.

**Oversight** notes, if a school district fails to comply with this proposal, DESE is to withhold a maximum of ten percent of the monthly distribution of state formula funding to the district. Oversight will show a potential loss to school districts who fail to comply and a gain in revenue for General Revenue. Oversight is uncertain how many school districts would be non-compliant but assumes the funding withheld from school districts could exceed \$250,000 depending on the number of districts that are not in compliance.

**Oversight** assumes any funding withheld for non-compliance shall be released to the school district if the school district establishes compliance. Oversight assumes the combined effect would range from \$0 (no funding withheld or funding returned) to an unknown gain to General Revenue and an unknown loss to school districts if a school district does not establish compliance.

**Oversight** has presented this fiscal note on the best current information available. If school districts respond with additional information, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, over 200 school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions opting to participate in the Missouri Legislative Information System (MOLIS) 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 2023	FY 2024	FY 2025
<b>GENERAL REVENUE</b>			
<u>Revenue Gain</u> - from funding withheld from school districts and charter schools for violating section - §170.348.5	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Loss</u> - from funding returned to school districts and charter schools for establishing compliance - §170.348.5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - DESE - FTE salary, fringe benefits, expense & equipment - §170.348	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
FTE Change – DESE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<u>Costs</u> - DESE - school finance programming - §170.348	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - DESE - disciplinary proceedings - §170.348.4	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or (Unknown) to <u>Unknown</u></b>	<b>\$0 or (Unknown) to <u>Unknown</u></b>	<b>\$0 or (Unknown) to <u>Unknown</u></b>
Estimated Net FTE Change on General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023	FY 2024	FY 2025
<b>SCHOOL DISTRICTS &amp; CHARTER SCHOOLS</b>			
<u>Loss</u> – potential for funding withheld for violating section - §170.348.5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Gain</u> – potential for funding returned to school districts and charter schools for establishing compliance - §170.348.5	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
<b>SCHOOL DISTRICTS &amp; CHARTER SCHOOLS</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

#### FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

#### FISCAL DESCRIPTION

This bill prohibits public schools from requiring students to engage in any form of mandatory gender or sexual diversity training or counseling.

The bill also prohibits public school employees from requiring or making as a part of a course specified concepts including but not limited to: one race or sex is inherently superior to another race or sex; an individual's moral character is necessarily determined by the individual's race or sex; and an individual should feel discomfort, guilt, anguish, or any other form of psychological distress on account of the individual's race or sex.

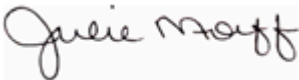
The bill directs the State Board of Education (SBE) to begin discipline proceedings against any individual holding a certificate of license to teach for a violation. For any local education agency or online program in violation the SBE shall withhold a maximum of 10% from the monthly distribution of state formula funding.

This bill contains an emergency clause.

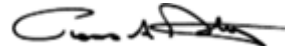
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Kansas City Public Schools



Julie Morff  
Director  
March 3, 2022



Ross Strobe  
Assistant Director  
March 3, 2022