

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3667H.011
 Bill No.: HB 1634
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
 Type: Original
 Date: January 26, 2022

Bill Summary: This proposal prohibits the use of any curriculum implementing critical race theory in the public schools and institutions of higher education of the state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0 or Unknown	\$0 or Unknown	\$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. For simplicity, Oversight will reflect the potential withheld payments coming from (remaining in) General Revenue.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
University Funds*	\$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)

Numbers within parentheses: () indicate costs or losses.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE			

- 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
Local Government*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **University of Missouri System** state Section 170.353 will have a minimal fiscal impact on the University of Missouri System, in the form of cost increases under \$100,000.

Officials from the **University of Central Missouri** state there is the potential for an indeterminate fiscal impact.

Oversight assumes this proposal limits the use of certain curriculums (including the 1619 Project) in school districts and institutions of higher education. 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 education entity.

Oversight notes, per an [article](#) in the St. Louis Post-Dispatch, the University City School District utilized the 1619 Project in the Advanced Placement language arts class curriculum. Oversight notes the following monthly payment of state monies to the University City School District in the table below. If the school district failed to comply with the proposal, the state funding withheld is estimated at \$498,177 per fiscal year.

Month	Monthly Payment	10% of Monthly Payment
July 2020	\$199,257	\$19,926
August 2020	\$426,874	\$42,687
September 2020	\$422,551	\$42,255
October 2020	\$377,927	\$37,793
November 2020	\$398,805	\$39,881
December 2020	\$428,030	\$42,803
January 2021	\$423,515	\$42,352
February 2021	\$417,779	\$41,778
March 2021	\$546,821	\$54,682
April 2021	\$541,073	\$54,107
May 2021	\$412,021	\$41,202
June 2021	\$387,105	\$38,711
Total	\$4,782,501	\$498,177

*Source: Department of Elementary and Secondary Education payment transmittal.

Oversight is uncertain if any institutions of higher education are utilizing the curriculums prohibited by the proposal. Oversight notes the following state appropriations for institutions of higher education in FY 2020:

Institution	Appropriation
Community Colleges	\$143,570,515
State Technical College of Missouri	\$6,060,371
UCM	\$55,538,357
Southeast Missouri State University	\$46,079,469
Missouri State University	\$94,351,060
Lincoln University	\$17,779,873
Truman State University	\$41,860,322
Northwest Missouri State University	\$31,386,117
Missouri Southern State University	\$24,231,242
Missouri Western State University	\$22,521,755
Harris-Stowe State University	\$10,661,260
University of Missouri System	\$417,911,876

*Actual appropriations amounts may differ based on withholds.

Oversight assumes there could be a loss to colleges and universities that fail to comply with the requirements in the proposal. The penalty withheld would be ten percent of the distribution of state funding to the institution. Based amounts appropriated, a 10% penalty could exceed \$250,000.

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 general listing of political subdivisions included in Oversight's database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Revenue Gain</u> - from funding withheld from school districts and charter schools for violating section §170.352	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> - from funding withheld from colleges and universities for violating section §170.352	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> - from funding withheld from community colleges for violating section §170.352	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
UNIVERSITY FUNDS			
<u>Loss</u> - funding withheld for violating section §170.352	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON UNIVERSITY FUNDS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u> - School Districts & Charter Schools - funding withheld for violating section §170.352	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss</u> - Community Colleges - funding withheld for violating section §170.352	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill defines "curriculum implementing critical race theory" and prohibits public schools, state departments, or online instruction funded in any manner by the General Assembly from teaching, using, or providing students curriculum, instructional material, or assignments designed to teach components of critical race theory.

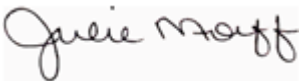
The bill directs the State Board of Education to monitor and inform publicly funded local education agencies and online programs of violations. Subsequent violations shall result in a withholding of funds from the entity.

The bill directs the Attorney General to determine if two or four year institutions of higher education that receive state funding are in compliance with the prohibition on the use of curriculum as outlined, with penalties for violation including the loss of funding.

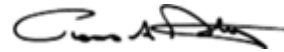
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
University of Missouri System
University of Central Missouri



Julie Morff
Director
January 26, 2022



Ross Strobe
Assistant Director
January 26, 2022