

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4298H.011  
 Bill No.: HB 1807  
 Subject: Health Care; Employees - Employers; Health, Public; Education, Elementary and Secondary; Education, Higher; Department of Elementary and Secondary Education; Department of Higher Education and Workforce Development  
 Type: Original  
 Date: February 25, 2024

Bill Summary: This proposal prohibits educational institutions from mandating covid-19 vaccines or gene therapy.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(Could exceed \$83,333)	(Could exceed \$100,000)	(Could exceed \$100,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$83,333)</b>	<b>(Could exceed \$100,000)</b>	<b>(Could exceed \$100,000)</b>

\* It is assumed DESE costs plus exposure to additional Legal Expense Fund payments could reach/exceed the \$250,000 threshold.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
State Legal Expense*	\$0	\$0	\$0
College and University	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Various/Other State	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on Other State Funds**</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

\* Transfers- in and payments net to \$0.

\*\* Oversight assumes unknown costs due to litigation for violations of the provisions of this proposal could, combined, exceed \$250,000 annually.

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>
Federal	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</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 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

§§161.581 and 173.581 – Prohibits educational institutions from mandating COVID-19 vaccines or gene therapy

Officials from the **Department of Elementary and Secondary Education (DESE)** state §161.581.3 requires the DESE to investigate reports of violations of this section, which would likely be absorbed with existing resources and FTE. However, if multiple pieces of legislation are passed that require additional duties, DESE will seek additional FTE as needed through the appropriations process.

Subpart (2) of §161.581.3 requires DESE to assess a fine against any school employee who also holds a teaching certificate and violates the section as described. In addition it will permit DESE to discipline the license under Chapter 168, actions which would be subject to a hearing and/or an appeal.

Based on this proposed language, the DESE estimates costs of less than \$100,000. These costs, which will be dependent on the number of hearing appeals the State Board receives, include, but are not limited to:

- Hearing officer time for hearing and drafting recommendations for the State Board;
- Administrative assistant time to schedule hearings, provide notice to parties and any settlement negotiations; and
- Court reporter costs.

For cost explanation purposes, the average cost for a teacher discipline hearing is \$566.55/hearing:

- Average of 3 hours of hearing officer time x average of \$58.08/hour or \$174.24;
- Average of 7 hours administrative assistant time x \$31.08/hour or \$217.56; and
- Average of \$174.75 in court reporter costs/hearing.

**Oversight** has no information to the contrary. Based on DESE's estimate for the cost for a hearing and/or appeal, there would have to be approximately 177 violations of the provisions of §161.581. Data from DESE's website of school statistics indicate there are 521 school districts in Missouri. Oversight will assume costs of less than \$100,000 annually to the General Revenue Fund for the provisions of this proposal.

**Oversight** notes the provisions of §161.581.3(2) state if a school employee violates this section and that employee possesses a certificate of license to teach, DESE will fine such person an

amount not to exceed \$5,000 for each violation. In addition, the department may suspend or revoke the school employee's certificate of license under chapter 168. Oversight also notes the provisions of §173.581 provides that the DHEWD will fine an employee who violates the provisions in an amount not to exceed \$5,000 and DHEWD may suspend/revoke the employee's license.

**Oversight** contacted DESE officials and the officials stated DESE does not currently assess or collect fines. In addition, the legislation does not direct the department on how said fines are to be collected or to what fund the fines are to be deposited.

For fiscal note purposes, **Oversight** assumes violations of §§161.581 and 173.581 could result in fine revenues. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Officials from the **University of Missouri System (University)** states the proposed statute would create a new potential source of liability for the University and its hospitals and health care facilities. The University does not anticipate a significant fiscal impact at this time.

**Oversight** has no information to the contrary. Therefore, Oversight will present no fiscal impact for the University for fiscal note purposes.

Officials from the **Office of Administration (OA)** state the provisions in §173.581 have 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. This change will be subject to judicial construction; therefore, the cost impact to the state is unknown.

Because this bill creates a possible new cause of action, **Oversight** will show a net \$0 direct fiscal impact for the LEF, and a possible \$0 to (unknown) fiscal impact to General Revenue and other state funds. Oversight notes this possible litigation exposure as described by OA could also apply to colleges and universities, federal funds, as well as local political subdivisions.

Officials from the **Department of Commerce and Insurance**, the **Department of Higher Education and Workforce Development**, **Northwest Missouri State University** and the **University of Central Missouri** 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.

Officials from the **Attorney General's Office** did not respond to **Oversight's** request for a statement of fiscal impact.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other colleges, universities and schools 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 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> – DESE (§161.581) – increase in discipline hearing/appeal costs p.3	(Less than \$83,333)	(Less than \$100,000)	(Less than \$100,000)
<u>Cost</u> – Potential increase in payments to the Legal Expense Fund for increase in claims (§173.581) p.4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(Could exceed \$83,333)</u></b>	<b><u>(Could exceed \$100,000)</u></b>	<b><u>(Could exceed \$100,000)</u></b>
<b>STATE LEGAL EXPENSE FUND (0692)</b>			
<u>Transfer- In</u> - from GR, Federal, and Other State Funds - potential increase in claims (§173.581) p.4	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Transfer-Out</u> - payment of claims (§173.581) p.4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT TO THE LEGAL EXPENSE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>COLLEGE AND UNIVERSITY FUNDS</b>			
<u>Cost - Colleges &amp; Universities</u> (§173.581) - Potential increase in claims p.3-4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT ON COLLEGE AND UNIVERSITY FUNDS</b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>
<b>OTHER/VARIOUS STATE FUNDS</b>			
<u>Cost - Potential increase in payments to Legal Expense Fund for increase in claims (§173.581) p.4</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT ON OTHER/VARIOUS STATE FUNDS</b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Cost - Potential increase in claims</u> (§173.581) p.4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT TO FEDERAL FUNDS</b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>	<b><u>\$0 to</u></b> <b><u>(Unknown)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVIONS</b>			
<u>Income</u> – Schools (§161.581) – fine income p. 3-4	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost</u> - Colleges & Universities (§173.581) - Potential increase in claims p.4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS</b>	<b><u>\$0 or Unknown to (Unknown)</u></b>	<b><u>\$0 or Unknown to (Unknown)</u></b>	<b><u>\$0 or Unknown to (Unknown)</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

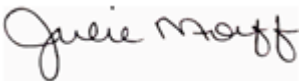
Beginning in the 2024-25 school or academic year this bill prohibits school districts, public schools, and institutions of higher education from requiring any employee or student to receive a COVID-19 vaccine or gene therapy treatment in order to be physically present at any events, premises, or facilities. The Department of Elementary and Secondary Education and the Department of Higher Education and Workforce Development are authorized to investigate and report violations and penalty provisions as outlined in the bill.

The bill allows civil action to be taken against an individual who violates the provisions of this section for any physical, mental or emotional injury.

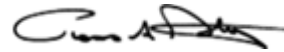
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance  
Department of Elementary and Secondary Education  
Department of Higher Education and Workforce Development  
Office of Administration  
University of Missouri System  
Northwest Missouri State University  
University of Central Missouri



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February 25, 2024



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