

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1045-01
Bill No.: HB 250
Subject: Education, Higher; Higher Education Department
Type: Original
Date: January 24, 2007

Bill Summary: This proposal increases the amount of the Higher Education Academic Scholarship Program, commonly known as Bright Flight, from \$2,000 to \$4,000 a year.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$16,628,000)	(\$16,794,000)	(\$16,962,000)
Total Estimated Net Effect on General Revenue Fund	(\$16,628,000)	(\$16,794,000)	(\$16,962,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Academic Scholarship Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Transfer in and Costs net to zero.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Higher Education (DHE)** assume this fiscal note is calculated using the fall 2006 "Bright Flight" recipients to date of 8,314. At the increased amount of \$2,000 per student, the first year of \$4,000 grants would cost an additional \$16,628,000. Assuming the number of recipients increases by 1%, the number used to calculate FY2009 is 8,397 for a total additional cost of \$16,794,000 to provide each a \$4,000 award. At another 1% increase, the number used to calculate FY2010 is 8,481 for a total additional cost of \$16,962,000 needed to achieve \$4,000 awards to "Bright Flight" recipients.

In FY 2006, the DHE began disbursing funds through a new web-based system for the administration of the state student financial assistance programs. The system is designed to work using the current annual award amounts set for each of the programs at the beginning of a school year. Changes to award amounts can be made prior to the disbursement of the first fall semester scholarship payment. However, if the award amount were to change after the first scholarship payment was sent out, significant programming changes would need to take place for the system to recognize a different maximum annual award amount. The necessary programming changes may also delay processing payments for the other programs administered by DHE as some students receive awards from multiple financial aid programs. The timeframe required to make adjustments to the system that would allow mid year award changes will not be known until a thorough review has been completed to assess the potential impact of implementing the proposed adjustments.

Oversight assumes that the change in the maximum award amount will be implemented prior to the processing of financial aid for the fall semester and that DHE could absorb the programming costs with existing resources.

Officials at the **Missouri State University (MSU)** assume this legislation should increase the number of highly qualified students that stay in the state of Missouri. They see this as a very positive thing for MSU because it will increase their ability to attract and retain students with the strongest of academic capabilities. By increasing the amount of scholarship funds offered to these students, MSU will lose fewer of them to competing institutions outside of the state. MSU assumes no fiscal impact from this proposal.

Officials at the **Lincoln University** assume a possible significant fiscal impact resulting from increased scholarship dollars.

Officials at the **University of Central Missouri** assume this legislation would have a positive fiscal impact on students who receive the scholarships.

ASSUMPTION (continued)

Officials at the **University of Missouri, Linn State Technical College, Truman State University, Metropolitan Community College, and St. Louis Community College** each assume no fiscal impact to their respective institutions from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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GENERAL REVENUE

<u>Transfer Out - Dept. of Higher Education</u> To Academic Scholarship Fund	<u>(\$16,628,000)</u>	<u>(\$16,794,000)</u>	<u>(\$16,962,000)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$16,628,000)</u>	<u>(\$16,794,000)</u>	<u>(\$16,962,000)</u>
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ACADEMIC SCHOLARSHIP FUND

<u>Transfer In - From General Revenue</u>	\$16,628,000	\$16,794,000	\$16,962,000
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<u>Costs - Scholarships</u>	<u>(\$16,628,000)</u>	<u>(\$16,794,000)</u>	<u>(\$16,962,000)</u>
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ESTIMATED NET EFFECT ON ACADEMIC SCHOLARSHIP FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

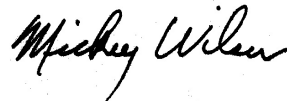
FISCAL DESCRIPTION

This bill raises the amount of the Higher Education Academic Scholarship Program, commonly known as Bright Flight, from \$2,000 to \$4,000 a year.

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 Higher Education
University of Missouri
Metropolitan Community College
Truman State University
St. Louis Community College
Missouri State University
Linn State Technical College
Lincoln University
University of Central Missouri



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Director
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