

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4110-01
Bill No.: HB 1698
Subject: Education, Higher; Higher Education Department
Type: Original
Date: April 8, 2008

Bill Summary: This proposal modifies the Bright Flight Scholarship program by requiring recipients to maintain at least a 3.0 cumulative grade point average.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$0	\$0	(\$49,478,995)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	(\$49,478,995)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Higher Education (DHE)** assume in FY 2006, the most recent year for which the DHE has complete data, 8,460 students received Bright Flight scholarships. The DHE's calculations assume that the number of students score in the top 3% will remain constant. This likely under represents the true impact because the number of recipients generally increases each year. The DHE estimates that an additional 1,500 students will qualify for the scholarship each year when the eligibility requirements change (i.e., when students in the top 3-5% will also receive awards). This, too, likely under represents the actual cost.

The DHE assumes that 75% of Bright Flight recipients will maintain 3.0 grade point averages.

The DHE assumes that it can perform the functions associated with the new requirements within existing staffing limitations. The department will, however, incur some cost associated with financial aid delivery software. The extent of such cost is unknown at this time.

Officials at the **Metropolitan Community College, University of Missouri, Linn State Technical College** and the **University of Central Missouri** assume that there is no fiscal impact from this proposal.

Officials at the **Missouri State University** assume no change as long as students who are ineligible for scholarship renewal remain enrolled.

Oversight assumes that the current statutes outline the amount of the scholarship to be awarded in FY 2009 and FY 2010. This proposal changes the amount of the scholarship for FY 2011 and beyond. Oversight has only shown the increased costs as a result of this proposal starting in FY 2011.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Cost - Department of Higher Education</u> Scholarship	<u>\$0</u>	<u>\$0</u>	<u>(\$49,478,995)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>(\$49,478,995)</u>

FISCAL IMPACT - Local Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

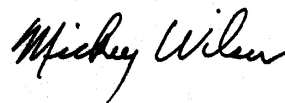
FISCAL DESCRIPTION

This bill changes the laws regarding the Higher Education Academic Scholarship Program, known as Bright Flight, to require recipients to maintain a cumulative 3.0 grade point average to be eligible for renewed awards. The scholarship amount is increased beginning in Fiscal Year 2011 from \$3,000 to the amount of tuition, but in no case more than the average amount of tuition at a public four-year institution as specified by the Higher Education Student Funding Act. The award for students achieving at the fourth and fifth percentile, also beginning in Fiscal Year 2011, is increased to one-half of the award for students achieving at the first three percentiles.

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

Metropolitan Community College
Missouri State University
University of Missouri
Linn State Technical College
University of Central Missouri
Department of Higher Education



Mickey Wilson, CPA

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