

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3928-01  
Bill No.: SB 984  
Subject: Education, Higher; Higher Education Department  
Type: Original  
Date: February 19, 2008

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Bill Summary: This proposal modifies provisions of the Bright Flight Scholarship Program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$1,692,000	\$1,692,000	\$1,692,000
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$1,692,000</b>	<b>\$1,692,000</b>	<b>\$1,692,000</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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.  
This fiscal note contains 5 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials at the **Department of Higher Education (DHE)** assume that without this bill, scholarships for the Bright Flight program will cost at least \$16,920,000 for FY 09; \$16,920,000 for FY 10; and \$26,880,000 for FY 11. This calculation assumes that the number of recipients will remain constant at about 8,460 per year in FY 09 and FY 10. (In FY 06, the most recent year for which the DHE has complete data, 8,460 students received Bright Flight scholarships.) This likely underrepresents 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 underrepresents the actual cost.

The DHE further assumes that if this bill passes, scholarships for the Bright Flight program will cost at least \$15,228,000 for FY 09; \$15,228,000 for FY 10; and \$24,342,000 for FY 11. These calculations are based on the same assumptions as listed above, with one additional assumption: that 90% of Bright Flight recipients will maintain 2.5 grade point averages.

The DHE's response assumes that the impact of this bill is the difference between what it would cost to run the Bright Flight program if the bill does not pass and what it would cost to run the Bright Flight program if the bill does pass.

The MDHE 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 **Lincoln University** assume a possible modest fiscal impact in the form of tuition dollars due to an increase in the number of students who are able to attend college due to the proposed scholarships.

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

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE</b>			
<u>Savings - Bright Flight Scholarship</u>	<u>\$1,692,000</u>	<u>\$1,692,000</u>	<u>\$2,538,000</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$1,692,000</u></b>	<b><u>\$1,692,000</u></b>	<b><u>\$2,538,000</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act modifies the Bright Flight scholarship program. Scholarships will be offered to Missouri residents who graduate from high school or receive a GED. Students must receive a qualifying score on either the ACT or SAT by the June national testing date of the year they graduate from high school or receive a GED. Until fiscal year 2010, a qualifying score is defined as scoring in the top 3% of Missouri test-takers. Beginning in fiscal year 2011, a qualifying score is defined as scoring in the top 5% of Missouri test-takers. The qualifying score for a particular year is determined annually and is based on the scores achieved the prior academic year.

Scholarship recipients must be full-time students during their freshman year of college. Recipients must maintain a minimum grade point average of 2.5 on a 4.0 scale, or its equivalent, to retain the scholarship. Scholarships may be renewed until the fifth academic year or as long as the recipient remains in compliance with eligibility requirements.

The scholarship amount will be \$2,000 through fiscal year 2010 for students scoring in the top 3% of Missouri test-takers. For fiscal year 2011 and beyond, the scholarship amount will be \$3,000 for students scoring in the top 3% of Missouri test-takers. In addition, students scoring between the top 5% to 3% of Missouri test-takers will receive a \$1,000 scholarship.

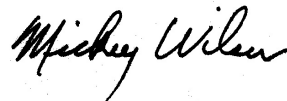
FISCAL DESCRIPTION (continued)

Students who withdraw from school for certain reasons may be eligible to regain their scholarship if they return to full-time status within twenty-seven months and meet other requirements as described in the act.

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  
University of Missouri  
Linn State Technical College  
Department of Higher Education  
Lincoln University  
University of Central Missouri



Mickey Wilson, CPA  
Director  
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