

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3970-01
BILL NO.: SB 897
SUBJECT: Education, Higher: Bright Flight
TYPE: Original
DATE: February 7, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$780,050)	(\$1,606,900)	(\$2,482,800)
Total Estimated Net Effect on <u>All</u> State Funds	(\$780,050)	(\$1,606,900)	(\$2,482,800)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from **Central Missouri State University, Linn State Technical College, Truman State University, Missouri Western State College, Harris-Stowe State College and University of Missouri** assume the proposal would result in no fiscal impact to the institutions.

Officials from the **Coordinating Board For Higher Education (CBHE)** assume that while this program has traditionally been fully funded, it is, like all state student financial assistance programs, subject to appropriations. This bill does not require full funding of the program or the proposed increases. If the General Assembly chose to fully fund the proposed increases, the fiscal impact would be as follows.

In FY 1999 (the most recent year for which data is complete), 8,025 students received Bright Flight scholarships totaling \$15,146,147. Approximately 904 of the 8,025 students received only \$1,000 rather than the maximum \$2,000 due to ineligibility in the second semester (grades, dropped out, etc.). Thus, this fiscal impact to the state for FY 2000 (the 1999-2000 school year) would have been:

$7,121 \times \$100$ (increase from \$2,000 to \$2,100) = \$712,000

$904 \times \$50$ (half of the increase from \$2,000 to \$2,100 for one semester) = \$45,200

Total = \$757,200

This program has historically grown approximately 3% per year. Thus a 3% increase is calculated for FY 2001:

$\$757,200 \times 1.03 = \mathbf{\$779,916}$

FY 2002:

$\$779,916 \times 1.03 = \mathbf{\$803,313}$

FY 2003:

$\$803,313 \times 1.03 = \mathbf{\$827,413}$.

The **Oversight Division** recalculated the fiscal impact applying the 3% increase to the number of scholarship participants and using scholarship increases of \$100 for FY 2001; \$200 for FY 2002; and \$300 for FY 2003. Therefore, the fiscal impact for the scholarship increases is \$780,050 for FY 2001; \$1,606,900 for FY 2002; and \$2,482,800 for FY 2003.

L.R. NO. 3970-01
BILL NO. SB 897
PAGE 3 OF 4
February 7, 2000

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Cost-Coordinating Board For Higher Education (CBHE)</u>			
Scholarship Increases	<u>(\$780,050)</u>	<u>(\$1,606,900)</u>	<u>(\$2,482,800)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

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

DESCRIPTION

The proposal would increase the amounts for the Higher Education Academic Scholarship Program from \$2,000 to \$2,100 for the 2000-2001 school year; \$2,200 for the 2001-2002 year; \$2,300 for the 2002-2003 year; \$2,400 for the 2003-2004 year; and \$2,500 for the 2004-2005 year. The amounts would be increased in the 2005-2006 school year and every school year thereafter above the previous year's amount based on the average percent increase in tuition at the University of Missouri, as determined by the Coordinating Board For Higher Education.

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

JM:LR:OD:005 (9-94)

L.R. NO. 3970-01
BILL NO. SB 897
PAGE 4 OF 4
February 7, 2000

Coordinating Board For Higher Education
University of Missouri
Central Missouri State University
Missouri Western State College
Harris-Stowe State College
Linn State Technical College
Truman State University
Lincoln University

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
February 7, 2000