

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3902-01  
Bill No.: SB 733  
Subject: Education, Higher; Higher Education Department  
Type: Original  
Date: February 5, 2010

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Bill Summary: Modifies renewal requirements for recipients of the Bright Flight Scholarship Program who have completed military service or service to a nonprofit organization or state or federal government agency.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$9,000)	(\$18,000)	(\$27,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$9,000)</b>	<b>(\$18,000)</b>	<b>(\$27,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<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 2011</b>	<b>FY 2012</b>	<b>FY 2013</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 2011</b>	<b>FY 2012</b>	<b>FY 2013</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 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of the State Treasurer** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Higher Education (MDHE)** assume Section 173.250.4(4)(b) extends the period that students who enter the military immediately after high school or who leave college to serve in the military can defer their Bright Flight awards. Those students would potentially be able to receive awards. Several unknowns prevent the MDHE from being able to precisely estimate the impact of this bill, including the number of students who enter the military immediately after high school or leave college to serve in the military who would otherwise qualify for Bright Flight, whether such students would be in the top 3% or the top 5%, and the number of such students who would ultimately return to college within six months after leaving the military.

Based on all available data about the Bright Flight program, general patterns of deferral rates, and the number of times the MDHE receives calls from students who might benefit from the change described above, MDHE staff estimate that the changes described above would result in approximately 2 additional Bright Flight awards to students in the top 3% each year starting in FY 10. The MDHE assumes that students in the top 3% will receive \$3,000 awards in FY 10 and beyond. The MDHE assumes that starting in FY 11, students in the top 5% will begin receiving \$1,000 Bright Flight awards, and that the changes in this bill will result in an additional 3 students per year receiving awards in that range. The MDHE assumes that all students who receive Bright Flight awards because of the changes in this bill will maintain eligibility and receive awards for 4 years. These assumptions are illustrated by the following spreadsheet.

ASSUMPTION (continued)

Score Range	FY11 3%	FY11 5%	FY12 3%	FY12 5%	FY13 3%	FY13 5%
Number of students who would be eligible for <u>initial</u> Bright Flight awards because of this bill	2	3	2	3	2	3
Number of students who would be eligible for <u>renewal</u> Bright Flight awards because of this bill	0	0	2	3	4	6
Total number of students	2	3	4	6	6	9
Award amount per student	\$3,000	\$1,000	\$3,000	\$1,000	\$3,000	\$1,000
Total awarded to eligible students	\$6,000	\$3,000	\$12,000	\$6,000	\$18,000	\$9,000

Finally, the MDHE assumes that it would not require additional staff to administer the Bright Flight program with these changes, but that it would be required to reprogram the software it uses to administer the Bright Flight program, which is called FAMOUS. The cost associated with the software reprogram is currently unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE</b>			
<u>Cost - Bright Flight</u>			
Increased number of eligible students receiving the scholarship	<u>(\$9,000)</u>	<u>(\$18,000)</u>	<u>(\$27,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$9,000)</u></b>	<b><u>(\$18,000)</u></b>	<b><u>(\$27,000)</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2011 (10 Mo.)	 FY 2012	 FY 2013
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

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 requirements for renewal awards through the Bright Flight Scholarship Program. If a scholarship recipient provides service to a nonprofit organization or a state or federal agency, the student will receive the scholarship if he or she returns to full-time status within twenty-seven months. If a scholarship recipient cannot attend an approved institution because of military service with the United States Armed Forces, the student will receive the scholarship if he or she returns to full-time status within six months after completing military service. The student must verify to the Coordinating Board for Higher Education that the military service was satisfactorily completed.

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

Office of the State Treasurer  
Department of Higher Education



Mickey Wilson, CPA  
Director  
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