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**SECOND SUBSTITUTE HOUSE BILL 2041**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** House Appropriations (originally sponsored by Representatives Hansen and Pollet)

AN ACT Relating to the creation of a pilot project on performance-based scholarships in the state need grant; adding a new section to chapter 28B.92 RCW; creating new sections; and providing an expiration date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature recognizes that the high cost of attending an institution of higher education is often a barrier for low-income students. Traditional financial aid helps cover tuition and fees, but students have additional costs. These additional costs such as living expenses, transportation, and child care, may cause students to devote more time to work, which can interfere with academic performance.

(2) The legislature finds that institutions of higher education in other states are participating in innovative pilot projects for performance-based scholarships. The early findings of these small pilot projects are promising and indicate that performance-based scholarships may help improve student academic performance. The legislature finds this research compelling and intends to pursue additional research by conducting a small pilot project on performance-based scholarships within the state need grant.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.92 RCW to read as follows:

(1) The state need grant performance-based scholarship pilot project is created. The pilot project has two purposes:

(a) To determine whether additional financial aid improves student academic performance and completion rates without performance benchmarks; or

(b) To determine if performance benchmarks need to be attached to additional financial aid in order to increase academic performance.

(2) The council shall, in consultation with the state board for community and technical colleges, administer the state need grant performance-based scholarship pilot project and shall select at a minimum, two institutions of higher education, one public baccalaureate institution and one community or technical college, to participate in the pilot project.

(3)(a) The council shall establish the pilot project as a randomized controlled trial in which three cohorts from students who receive the state need grant at the beginning of the 2016 academic year for each of the participating institutions are randomly selected. The cohorts must consist of a sufficient number of students to produce a statistically valid response. The council may contract with a third-party consultant in creating the pilot project.

(b) One cohort of students at each of the participating institutions shall receive their state need grant aid and any additional financial aid they qualified for, but will not receive a performance-based scholarship. These students shall be the control cohorts.

(c) The second cohort of students at each of the participating institutions shall receive the performance-based scholarship without performance measures attached. These students shall be the first performance cohorts. Students in the first performance cohorts shall receive the scholarship money, in addition to the state need grant and any other financial aid they receive, as long as the students continue to receive the state need grant.

(d) The third cohort of students at each of the participating institutions shall receive the performance-based scholarship with performance measures attached. These students shall be the second performance cohorts. Students in the second performance cohorts shall receive the scholarship money, in addition to the state need grant and any other financial aid they receive, as long as the students continue to receive the state need grant and achieve the following additional performance standards:

(i) A minimum grade point average of 3.0, or other grade point average the council deems appropriate as long as the grade point average is higher than 2.0.

(ii) Successfully complete a minimum of fifteen credits or equivalent clock hours for each quarter or semester the student is receiving the state need grant, or other minimum credit standard that the council deems appropriate.

(4) The council shall distribute the scholarship money at the beginning of each quarter or semester that the student is receiving the state need grant, or at such other time as the council deems appropriate. The scholarship money shall be awarded directly to the student to use as the student chooses. The amount of each scholarship shall be determined by the level of appropriation received for this purpose and the number of students selected for the pilot project.

(5) The pilot project shall begin no later than the 2016-17 academic year and shall last no longer than two years.

(6) The council shall contract with a third-party entity to conduct a comprehensive and rigorous evaluation of the state need grant performance-based scholarship pilot project. The third-party evaluator and the council shall submit a report to the appropriate committees of the legislature that details the findings of the evaluation within six months of pilot project completion or a date deemed appropriate by the council. The evaluation must provide a comparison between the control, first performance, and second performance cohorts.

(7) This section expires August 1, 2019.

NEW SECTION. **Sec.**  If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2015, in the omnibus appropriations act, this act is null and void.

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