

# HOUSE BILL REPORT

## 2SHB 2041

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**As Passed House:**  
March 10, 2015

**Title:** An act relating to the creation of a pilot project on performance-based scholarships in the state need grant.

**Brief Description:** Creating a pilot project on performance-based scholarships in the state need grant program.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Hansen and Pollet).

**Brief History:**

**Committee Activity:**

Higher Education: 2/18/15, 2/20/15 [DPS];

Appropriations: 2/26/15, 2/27/15 [DP2S(w/o sub HE)].

**Floor Activity:**

Passed House: 3/10/15, 93-5.

**Brief Summary of Second Substitute Bill**

- Establishes a performance-based pilot project as a randomized control trial within the State Need Grant to be administered by the Student Achievement Council.
- Establishes three groups of students for the performance-based pilot project: (1) a control cohort who do not receive a scholarship; (2) a first performance cohort who receive the scholarship without performance benchmarks; and (3) a second performance cohort who receive the scholarship with performance benchmarks.
- Requires a third-party evaluation and report to the Legislature within six months of pilot project completion or some other date deemed appropriate by the Council.

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**HOUSE COMMITTEE ON HIGHER EDUCATION**

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Hansen, Chair; Pollet, Vice Chair; Zeiger, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Bergquist, Gregory, Hargrove, Holy, Reykdal, Sells, Stambaugh, Tarleton and Van Werven.

**Staff:** Megan Mulvihill (786-7304).

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Higher Education. Signed by 29 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Carlyle, Cody, Dent, Dunshee, Fagan, Haler, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, MacEwen, Magendanz, Pettigrew, Sawyer, Schmick, Senn, Springer, Stokesbary, Sullivan, Tharinger, Van Werven and Walkinshaw.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Buys, Condotta, G. Hunt and Taylor.

**Staff:** Catrina Lucero (786-7192).

### **Background:**

Many studies have found that financial aid is positively associated with students enrolling in and staying in college. However, it has not been determined whether scholarships improve student completion and academic performance. The MDRC established performance-based pilot projects to test this.

The MDRC's first performance-based scholarship pilot project, Opening Doors Demonstration, took place in Louisiana. Scholarships of \$1,000 a semester for two semesters were awarded. To be eligible for a scholarship, the student had to be a parent between the age of 18 and 34 with a family income below 200 percent of the poverty level. Scholarship money was paid directly to the recipients to use as needed. Academic benchmarks were attached to the scholarship and required the recipient to complete six or more credits with at least a C average each semester. Recipients were required to meet with an advisor on a regular basis.

Additional performance-based scholarship projects were conducted by the MDRC in Arizona, California, Florida, New Mexico, New York, and Ohio. Each project varied in targeted recipients, scholarship amount, time frame, and academic benchmarks.

Overall, these pilot projects were found to produce some evidence that performance-based scholarships can improve academic outcomes without unintended consequences, such as students attempting fewer credits to keep grades up. It was found that students earned more credits at the end of their first year than students in the control groups and, with the exception of New York, were more likely to meet their scholarship benchmarks than the control group.

## **Summary of Second Substitute Bill:**

The performance-based scholarship pilot project is created. The Student Achievement Council (Council) in consultation with the State Board for Community and Technical Colleges will administer the project. The Council may contract with a third-party consultant in creating the project. The purpose of the project is to determine which scenario improves academic performance and completion rates the most: (1) financial aid with no performance benchmarks attached; or (2) financial aid with performance benchmarks.

At least one project must be conducted at a public baccalaureate institution and one at a community or technical college as a randomized controlled trial. Students attending the chosen institutions who receive the State Need Grant (SNG) may be selected at random to participate in one of three designated cohorts:

1. The control cohort will not receive a performance-based scholarship.
2. The first performance cohort will receive the scholarship money without performance benchmarks.
3. The second performance cohort will receive the scholarship money with performance benchmarks attached.

The students in the second performance cohort will receive the scholarship as long as they achieve the performance benchmarks. The Council must decide a grade point average and a minimum number of credits or clock hours for the second performance cohort, such as a 3.0 grade point average and 15 credits or equivalent clock hours for each quarter or semester.

The scholarship money must be distributed at the beginning of the quarter or semester that the student is receiving the SNG or at another time that the Council deems appropriate. The money must be awarded directly to the student to use as they choose. The amount of the scholarship will be determined based on the level of appropriation received by the Legislature and the number of students selected for the pilot project.

The pilot project must begin at the start of the 2016-17 academic year and end at the close of the 2017-18 academic year.

The Council is required to contract with a third-party evaluator to conduct a comprehensive and rigorous evaluation of the pilot project. The third-party evaluator and the Council must report back to the appropriate committees of the Legislature by November 1, 2018. The evaluation must include a comparison between the control cohort and the first and second performance cohorts.

The pilot project expires August 1, 2019.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed. However, the bill is null and void unless funded in the budget.

**Staff Summary of Public Testimony (Higher Education):**

(In support) The pilot project is a randomized control trial based on best practices meant to start an interesting conversation. Within the pilot project, some students will get an extra \$500 or so on top of their State Need Grant. The project does not detract from the State Need Grant. Other states have experimented with performance-based pilot projects and seen results. The question to be addressed is, do students who get more money perform better academically because they do not have to work as much, or do students perform better when they have performance benchmarks they have to reach? Aid programs should encourage students to complete on time, and a program like this could have a positive effect on students. The project's flexibility is appreciated, such as allowing discussion around the grade point average.

(Opposed) None.

**Staff Summary of Public Testimony (Appropriations):**

(In support) There have been discussions about whether or not performance requirements should be required for students receiving the State Need Grant (SNG). This bill attempts to answer that question by implementing a pilot project to test whether or not additional monetary incentives have an impact on student outcomes. There have been some interesting studies that have looked at this relationship. This pilot could help the Legislature decide how to allocate the limited SNG funds so as to maximize their impact. The ideas explored in this pilot could help better understand how to increase student completion and incentivize student success. The evaluation components of this bill are positive.

(Opposed) None.

**Persons Testifying (Higher Education):** Representative Hansen, prime sponsor; Rachelle Sharpe, Washington Student Achievement Council; Alicia Kinne-Clawson, Eastern Washington University; and Austin Wright-Pettibone, Associated Students of University of Washington.

**Persons Testifying (Appropriations):** Representative Hansen, prime sponsor; and Alicia Kinne-Clawson, Eastern Washington University.

**Persons Signed In To Testify But Not Testifying (Higher Education):** None.

**Persons Signed In To Testify But Not Testifying (Appropriations):** None.