

SENATE BILL REPORT

2SHB 2041

As Reported by Senate Committee On:
Higher Education, March 24, 2015
Ways & Means, April 7, 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: Passed House: 3/10/15, 93-5.

Committee Activity: Higher Education: 3/24/15 [DP-WM].

Ways & Means: 4/06/15, 4/07/15 [DP, w/oRec].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Bailey, Chair; Kohl-Welles, Ranking Minority Member; Becker, Frockt, Liias and Miloscia.

Staff: Kimberly Cushing (786-7421)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Hill, Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Billig, Brown, Conway, Fraser, Hasegawa, Hatfield, Hewitt, Kohl-Welles, O'Ban, Padden, Parlette, Rolfes, Schoesler and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senator Braun, Vice Chair.

Staff: Michael Bezanson (786-7449)

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.

Background: The Washington State Need Grant (SNG) program assists needy and disadvantaged students by offsetting a portion of their higher education costs. To be eligible, a student's family income cannot exceed 70 percent of the state's median family income, currently \$58,500 for a family of four. Approximately 70,000 low-income recipients received SNG funds during the 2013-14 academic year. However, 33,500 students were unserved for one or more terms. The Legislature provided the SNG program \$308 million for 2014-15.

Under current law, a student is eligible to receive an SNG award for up to five years, or up to 125 percent of the published length of time of the student's program. A student must maintain satisfactory academic progress toward completion of an eligible program to remain a recipient of the SNG program.

Summary of Bill: A SNG performance-based scholarship pilot project (pilot) is created. The pilot's purpose is to determine whether (1) additional financial aid improves student academic performance and completion rates without performance benchmarks; or (2) performance benchmarks need to be attached to additional financial aid in order to increase academic performance.

The Washington Student Achievement Council (WSAC), in consultation with the State Board for Community and Technical Colleges, must administer the pilot and select at a minimum one public baccalaureate institution and one community or technical college to participate in the pilot. The pilot must begin no later than the 2016-17 academic year and last no more than two years. WSAC may contract with a third-party consultant to create the pilot.

The pilot must be a randomized controlled trial with three cohorts selected from SNG students at each of the participating institutions. The cohorts must have a sufficient number of students to produce a statistically valid response. Each institution will have the following cohorts of students:

1. control cohort: students receive their SNG award;
2. first performance cohort: students receive a performance-based scholarship, in addition to their SNG award; and
3. second performance cohort: students receive the performance-based scholarship, in addition to their SNG award, if they achieve the following performance standards:
 - a. a minimum 3.0 GPA, or GPA deemed appropriate by WSAC that is higher than 2.0; and
 - b. complete a minimum of 15 credits for each quarter or semester, or other minimum credit standard that WSAC deems appropriate.

WSAC must distribute the scholarship money at the beginning of each quarter or semester, or whenever WSAC deems appropriate. The scholarship must be awarded directly to the student to use how they choose and the amount must be determined by the Legislature's appropriation for the pilot and number of students selected for the pilot.

WSAC must contract with a third-party evaluator to conduct a comprehensive and rigorous evaluation of the pilot. Within six months of the pilot completion or a date deemed appropriate by WSAC, the evaluator and WSAC must submit a report to the Legislature that

details findings of the evaluation, including a comparison between the control, first performance, and second performance cohorts.

The act is null and void, unless specific funding for the purposes of this act is provided in the budget.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Higher Education): PRO: Washington gives large grants to students to help them afford college. We need to be cautious when tinkering with the program. Instead of taking away a scholarship, the bill gives performance bonuses if students meet certain credit thresholds or GPAs. The interesting question is whether the test group that gets incentive does better or worse depending on performance metrics. Running a small pilot would give guidance on how to use the state's resources. This puts one more tool in the toolbox for students who have historically struggled to be successful at higher education. We appreciate that the bill leaves open the GPA. Consider a 2.5 GPA because a 3.0 GPA threshold is pretty high. The bill incentivizes credit taking. We appreciate that it does not detract from base SNG funding, but is an addition.

Persons Testifying (Higher Education): PRO: Representative Hansen; Rachelle Sharpe, WA Student Achievement Council; Alicia Kinne-Clawson, Eastern WA University.

Persons Signed in to Testify But Not Testifying: No one.

Staff Summary of Public Testimony (Ways & Means): None.

Persons Testifying (Ways & Means): No one.

Persons Signed in to Testify But Not Testifying: No one.