
Higher Education Committee

HB 2041

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

Sponsors: Representatives Hansen and Pollet.

Brief Summary of Bill

- Establishes a pilot project within the State Need Grant that administers performance-based scholarships to students on a randomized basis.
- Requires the Student Achievement Council to randomly select two groups of students receiving the State Need Grant to give scholarship to: (1) a control cohort who receives the scholarship without additional performance standards; and (2) a performance cohort who receives the scholarship with additional performance standards attached.
- Requires a third-party evaluation and a report to the Legislature by November 1, 2018.
- Expires August 1, 2019.

Hearing Date: 2/18/15

Staff: Megan Mulvihill (786-7304).

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 designed performance-based scholarships as a way to test the theory of whether additional scholarship money increases academic performance and completion. MDRC's first performance-based scholarship pilot project was called the Opening Doors Demonstration in Louisiana. The project gave \$1,000 a semester, for two semesters, to college students who were parents between the ages of 18 and 34 with a family

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income below 200 percent of the poverty level. The scholarship had academic benchmarks attached to it that required a scholarship recipient to complete six or more credits with a "C" average or better each semester. The scholarship recipients were required to meet with advisors, and the scholarship money was paid directly to the students to use as they needed. The MDRC created additional performance-based scholarship projects 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 Bill:

The performance-based scholarship pilot project is created and is to be administered by the Student Achievement Council (Council) in consultation with the State Board for Community and Technical Colleges. The project's purpose is to determine whether additional financial aid alone improves student academic performance and completion rates or if performance benchmarks need to be attached to additional financial aid to help boost academic performance and completion rates. The Council may contract with a third-party consultant in creating the pilot project.

The Council must establish the project at at least one public baccalaureate institution and one 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 the designated cohorts of the project. The control cohort will receive the scholarship money without performance benchmarks as long as they continue to receive the SNG. The performance cohort will receive the scholarship money with the performance benchmarks attached. The students in the performance cohort will continue to receive the scholarship money as long as they continue to receive the SNG and achieve the performance benchmarks. The Council must decide a grade point average and a minimum number of credits or clock hours for the performance cohort, such as a 3.0 grade point average or 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 compare the control and performance cohorts against students who did not receive the performance-based scholarship.

The pilot project expires August 1, 2019.

Appropriation: None.

Fiscal Note: Requested on 02/10/15.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.