

115TH CONGRESS  
1ST SESSION

# S. 1043

To authorize pay-for-success projects designed to incentivize and reward successful efforts to increase postsecondary education retention and completion rates for low-income and first-generation students.

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IN THE SENATE OF THE UNITED STATES

MAY 4, 2017

Mr. BENNET (for himself and Mr. HATCH) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To authorize pay-for-success projects designed to incentivize and reward successful efforts to increase postsecondary education retention and completion rates for low-income and first-generation students.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Pay for Student Suc-  
5 cess Act”.

6 **SEC. 2. AUTHORIZATION OF PAY-FOR-SUCCESS PROJECTS.**

7 Part B of title VII of the Higher Education Act of  
8 1965 (20 U.S.C. 1138 et seq.) is amended—

1 (1) by redesignating section 745 as section 746;

2 and

3 (2) by inserting after section 744 the following:

4 **“SEC. 745. PAY-FOR-SUCCESS PROJECTS.**

5 “(a) DEFINITIONS.—In this section:

6 “(1) PAY-FOR-SUCCESS PROJECT.—The term  
7 ‘pay-for-success project’ refers to a performance-  
8 based contract under this section in which—

9 “(A) the eligible entity pursues innovative  
10 strategies for improving outcomes and conducts  
11 a rigorous evaluation of the results to determine  
12 effectiveness;

13 “(B) the Secretary and the eligible entity  
14 agree to target outcomes;

15 “(C) the Federal Government imposes  
16 minimal administrative requirements on the eli-  
17 gible entity to allow for maximum flexibility to  
18 improve efficiency and effectiveness; and

19 “(D) the eligible entry may receive addi-  
20 tional funding under this section if the eligible  
21 entity achieves successful outcomes as dem-  
22 onstrated through a rigorous independent eval-  
23 uation approved by the Director of the Institute  
24 of Education Sciences.

1           “(2) ELIGIBLE ENTITY.—The term ‘eligible en-  
2           tity’ means—

3                   “(A) an institution of higher education;

4                   “(B) a nonprofit organization;

5                   “(C) a consortium composed of an institu-  
6           tion of higher education and a nonprofit organi-  
7           zation; or

8                   “(D) an entity described in subparagraph  
9           (A), (B), or (C) in partnership with—

10                   “(i) a local educational agency;

11                   “(ii) a business;

12                   “(iii) a State educational agency; or

13                   “(iv) a State department of higher  
14           education.

15           “(b) PAY-FOR-SUCCESS PROJECTS AUTHORIZED.—

16 From the amounts appropriated under section 746, the  
17 Secretary shall enter into contracts with eligible entities  
18 for pay-for-success projects that develop, implement,  
19 evaluate, and promote innovative strategies for increasing  
20 the postsecondary education retention and completion  
21 rates of—

22                   “(1) students who receive Federal Pell Grants;

23           and

24                   “(2) first-generation postsecondary students.

25           “(c) APPLICATION.—

1           “(1) IN GENERAL.—An eligible entity desiring a  
2 contract under this section shall submit to the Sec-  
3 retary an application at such time and in such form  
4 as the Secretary may require.

5           “(2) CONTENTS.—The application described in  
6 paragraph (1) shall include—

7           “(A) a description of the eligible entity’s  
8 strategy for improving the retention and com-  
9 pletion rate, at one or more institutions of high-  
10 er education, for students who receive Federal  
11 Pell Grants or first-generation postsecondary  
12 students;

13           “(B) an identification of the target popu-  
14 lation for the pay-for-success project and of the  
15 target outcomes to be achieved;

16           “(C) an identification of the independent  
17 entity that will carry out a robust, rigorous  
18 evaluation approved by the Director of the In-  
19 stitute of Education Sciences to determine the  
20 effectiveness of the pay-for-success project, and  
21 a description of the methodology that the entity  
22 will use for this evaluation, including the  
23 timeline for completion; and

24           “(D) the total cost of the pay-for-success  
25 project and an assurance that the eligible entity

1 will meet the funding requirement described in  
2 subsection (d), and an identification of the  
3 sources of the funding.

4 “(d) PROJECT FUNDING.—

5 “(1) IN GENERAL.—Each eligible entity receiv-  
6 ing a contract under this section shall demonstrate  
7 that the eligible entity will provide for the project  
8 funds, in cash or through in-kind contributions,  
9 from non-Federal sources in an amount equal to 90  
10 percent of the total cost of the pay-for-success  
11 project.

12 “(2) FEDERAL SUPPORT.—The Secretary shall  
13 provide a grant to each eligible entity receiving a  
14 contract under this section in an amount equal to 10  
15 percent of the total cost of the pay-for-success  
16 project.

17 “(e) PAY-FOR-SUCCESS PAYMENTS.—

18 “(1) ADDITIONAL FUNDS AVAILABLE.—If, upon  
19 completion of a pay-for-success project, the Sec-  
20 retary determines, based on the results of the eval-  
21 uation described in subsection (c)(2)(C), that the  
22 pay-for-success project has demonstrated effective-  
23 ness in a cost-effective manner and has met the tar-  
24 get outcomes described in subsection (c)(2)(B), the  
25 Secretary may use funds available under this part to

1 provide additional funds to reimburse the eligible en-  
2 tity carrying out the pay-for-success project for not  
3 more than 75 percent of the total cost of the pay-  
4 for-success project identified in the application under  
5 subsection (c)(2)(D).

6 “(2) CONSIDERATIONS.—In making the deter-  
7 mination under paragraph (1), the Secretary shall  
8 take into account the strength and ambition of the  
9 target outcomes described in subsection (c)(2)(B).

10 “(f) DISSEMINATION OF EVIDENCE-BASED STRATE-  
11 GIES.—The Director of the Institute of Education  
12 Sciences shall broadly disseminate—

13 “(1) the evaluations conducted under the con-  
14 tracts under subsection (b), including the data col-  
15 lected through the evaluations;

16 “(2) successful and evidence-based strategies of  
17 eligible entities carrying out pay-for-success projects;  
18 and

19 “(3) information, including project design and  
20 evaluation, from such eligible entities regarding  
21 practices that were found to be ineffective and, to  
22 the extent practicable, an explanation of why.”.

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