Graduate Students Won't PROSPER

Common Scenarios Illustrating Why the PROSPER Act Will Harm Graduate Borrowers

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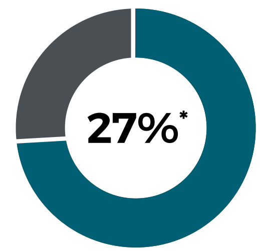
The graduate student loan policies in the PROSPER Act will make school more expensive, and the figures charted below illustrate how. Each scenario represents an independent student who has completed a graduate/professional program that lasted three years. While in school, the student's average monthly expenses were approximately two thousand dollars per month for the nine-month academic year. Upon graduation, this individual is employed and has an adjusted gross income of $60,000 per annum, or roughly $46,000 in disposable income. **Comparing repayment figures under current federal policy (REPAYE) versus those under PROSPER makes evident the extent to which this new bill would harm graduate borrowers.**

PUBLIC (IN-STATE)

Costs	Annual	Program Total
Private Loan Need	$15,500	$46,500
PROSPER ONE Loan	$28,500	$85,500
Cost of Attendance	$44,000	$132,000

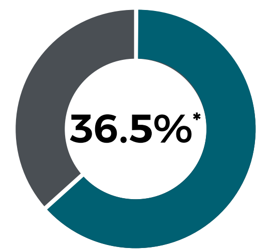
Repayment Under PROSPER	
Private Loan	$417.96
PROSPER ONE Loan	$523.88 – $711.55
% of Disposable Income	25% – 29%
Total Monthly Payment	**$941.84 – $1,129.51**



PUBLIC (OUT-OF-STATE)

Costs	Annual	Program Total
Private Loan Need	$28,500	$85,500
PROSPER ONE Loan	$28,500	$85,500
Cost of Attendance	$57,000	$171,000

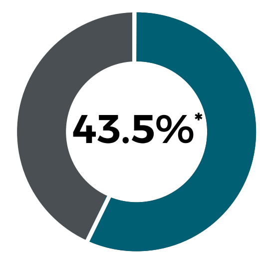
Repayment Under PROSPER	
Private Loan	$768.50
PROSPER ONE Loan	$523.88 – $711.55
% of Disposable Income	34% – 39%
Total Monthly Payment	**$1,292.38 – $1,480.05**



PRIVATE

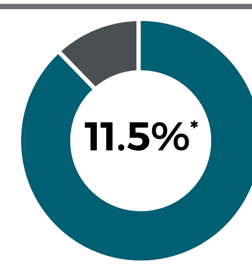
Costs	Annual	Program Total
Private Loan Need	$38,500	$115,500
PROSPER ONE Loan	$28,500	$85,500
Cost of Attendance	$67,000	$201,000

Repayment Under PROSPER	
Private Loan	$1,038.15
PROSPER ONE Loan	$523.88 – $711.55
% of Disposable Income	41% – 46%
Total Monthly Payment	**$1,562.03 – $1,749.70**



REPAYE

Repayment Under REPAYE	
% of Disposable Income	9% – 14%
Monthly Payment	$349.25 – $564.00



*Median percentage of monthly income paid toward student loan debt under PROSPER.

PROSPER Scenario Assumptions

ASSUMPTIONS

Tuition & Fees	Annual	Total
Public	$26,000	$78,000
Public (Non-Resident)	$39,000	$117,000
Private	$44,000	$147,000

Loan Terms	
Private Loan Amortization	15 years
Private Loan Interest Rate (APR)	7%
PROSPER ONE Loan Interest Rate (APR)	6.5%

Total Repayment	Borrowed	Total Repaid
Public	$132,000	$192,495.71
Public (Non-Resident)	$171,000	$255,593.45
Private	$201,000	$304,130.18

IMPORTANT NOTES

- The scenarios are for illustrative purposes only. All calculations are based on a set of reasonable assumptions and can vary if other assumptions are substituted. Borrowers should consult financial aid officers, specific servicers and financial institutions and the Department of Education for guidance on individualized specific scenarios.
- These scenarios are constructed in a such a way to provide the borrower with the absolute maximum amount of discretionary income to repay the loans. Any additional life circumstances (e.g. children, spouse, etc.) would make repayment even less affordable and put the borrower in an even worse fiscal position.
- Tuition and Fees figures are averages and were calculated using AccessLex Institute and Urban Institute's study: *The Price of Graduate and Professional School: How much Students Pay* (June 2017).
- Monthly living expenses can vary wildly based on geographic region of the country and individual circumstances. The Cost of Attendance figures were calculated by adding Tuition and Fees and the assumed school-year living expenses.
- Repayment for both the PROSPER and Private loans are based on assumed consolidated private and federal loans with no fees or interest capitalization, all of which would increase the repayment amount.
- Disposable income will vary based on individual tax situations and State and Local taxes. In these scenarios, disposable income is approximated using current federal tax law and an estimated state tax of 5 percent.
- The graduate in these scenarios is assumed to receive a 1.5% annual cost-of-living increase in pay with no other source of reportable taxable income.
- PROSPER and REPAYE have a range of repayment amounts because they are based on a percentage of a borrower's discretionary income. Repayment amounts will increase as a borrower's income increases.