Talking Points on The PROSPER Act (H.R. 4508)

January 22, 2018

- On December 11, 2017, 37 higher education associations sent the House Committee on Education and Workforce a letter outlining our concerns with the Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act. Those concerns were not addressed during the December 13 markup.

- As H.R. 4508 moves to the House floor, we must strongly oppose the legislation in its current form because it would make higher education more expensive for millions of students and families while also making significant changes in federal higher education policy without a clear understanding of the likely consequences.

- The bill is bad for students. By eliminating the Supplemental Educational Opportunity Grant (SEOG) program, which serves 1.5 million students annually; eliminating the in-school interest subsidy for six million low-income student borrowers; and reducing the amount families can borrow to pay for college, this legislation would immediately increase the cost of college.

- This bill is especially bad for graduate students. In addition to the costs it would impose on them as undergraduates, it also eliminates graduate students from being eligible for Federal Work Study (FWS), eliminates loan forgiveness provisions (including Public Service Loan Forgiveness) that enable graduate students to enter low-paying public sector jobs and limits the amounts they can borrow which would force graduate students to borrow in the more expensive private market.

- The PROSPER Act extends financial aid eligibility to students in shorter-term programs, enabling them to get the education they need for immediate job opportunities and start on a pathway to future credentials.

- While the bill greatly expands the number of programs and providers able to access federal funds, it simultaneously relaxes the requirements that keep unscrupulous actors out of the system. This combination of greatly expanded eligibility with lax oversight will necessarily lead to large increases in fraud and abuse in the Title IV federal aid programs.

- Despite reducing accountability measures across the overwhelming majority of programs and institutions, the PROSPER Act would impose a new accountability metric (based on completion rate) solely on certain categories of minority-serving institutions' eligibility for institutional (Title III and Title V) support.

- Despite efforts to reduce regulatory burden, this bill creates and imposes new and complicated mandates on institutions. Significant changes to the law, such as requiring weekly or monthly financial aid disbursements, public disclosures, and programmatic repayment rates (among others), would substantially increase the time and funding needed to comply and further undermine the ability of institutions to serve students and accomplish their missions.

- Community colleges are particularly hard hit by a number of proposals in the PROSPER Act. These include eliminating the Title IIIA Strengthening Institutions program and amending the long-standing Title IV return-of-funds process by adding a risk-sharing component that will have an especially negative impact on community colleges.

- The PROSPER Act eliminates or cuts funding to programs such as TRIO that have been proven to support low-income students, prepare students in high demand fields such as teaching, and support the strengthening of institutions supporting first-generation, low-income students.

- In addition, it eliminates important programs such as the Title II TEACH Grants and Public Service Loan Forgiveness (PSLF), programs that encourage graduates to go into nationally important but low-paying fields such as teaching and social work.

- While we cannot support this legislation as written, we appreciate the proposals in the legislation that would lower burden and cost, encourage completion, and expand access. We hope Congress will work in a bipartisan manner to maintain these provisions in future legislation. Some of the key proposals we support include:

    - The adoption of recommendations from the 2015 bipartisan report of the Task Force on Federal Regulation of Higher Education;
    - The creation of a new bonus to Pell Grant recipients to incentivize completion;
    - Simplification of the process of applying for federal aid;
    - Elimination of origination fees on student loans;
    - Providing statutory authority to accreditors to use risk-based or differentiated accreditation procedure; and
    - Providing institutions and financial aid officers on campuses the authority to limit borrowing.