



NEW JERSEY

# Association of State Colleges and Universities

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## **PROSPER ACT Falls Short of Being Prosperous for Anybody – Makes College More Expensive and Less Accessible**

May 22, 2018

*As you know, the summer is fast approaching and Congress is working to finish pending legislative matters before its month-long recess in August. One matter of particular importance to all of us is the PROSPER Act, the Education and the Workforce Committee's bill to reauthorize the Higher Education Act of 1965.*

*Procedurally, the PROSPER Act has already moved through the House Committee on Education and the Workforce on a party-line vote, and awaits a vote by the full House of Representatives.*

*We expect this bill may reach the House Floor as early as next month, so I am bringing to your attention an [opinion piece](#) I co-authored with APLU President Peter McPherson that appeared earlier today in *The Hill*, a Capitol Hill-based political daily. Our commentary describes how the PROSPER Act would create problems for students and families as well as our institutions.*

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### **Opinion Piece – May 21, 2018**

A decade after the last comprehensive overhaul of federal higher education law, Congress is again working on a rewrite of the nation's higher education policy – with legislation that could come to the House floor this year. As our economy continues to produce outsized job growth for positions requiring a college education, it's more important than ever that federal policy works to expand college access, foster college affordability, and strengthen workforce competitiveness.

Yet, the House higher education bill, known as the PROSPER Act, fails a basic test: First, do no harm. If enacted, the PROSPER Act would make college less accessible and more expensive – hampering efforts to ensure the United States has the most productive and competitive workforce in the world.

Numerous troubling provisions would spell big problems for students and their families. Consider student debt. The bill would eliminate subsidized loans for undergraduate

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students, meaning interest would accrue on students' debt even as they pursue a degree. Though that change might seem marginal, it would significantly raise the cost of college for the millions of students who rely on such loans to finance their college education. For a student who borrows the national average of \$16,139 in debt, the change would result in a \$2,000, or a 45 percent, increase in interest paid over a standard 10-year repayment plan. What's more, the PROSPER Act would eliminate Graduate PLUS loans, meaning some graduate students will be forced to fend for themselves with private lenders to finance their education or forgo graduate and professional studies.

Adding to these concerns, the bill would eliminate Supplemental Education Opportunity Grants. These grants leverage funding matches by colleges and universities and provide up to \$4,000 to the neediest students so they can pursue a college education that unlocks a lifetime of opportunity. But just as access to college becomes more important than ever, the elimination of Supplemental Education Opportunity Grants would make college less accessible for students who stand to gain the most from a college education.

It would also roll back essential student and taxpayer protections. By easing access to billions of dollars of federal financial aid and gutting the Department of Education's authority to protect the taxpayers' investment, the bill makes it more likely students will fall victim to assuming debt for academic credentials of questionable value, receiving federal aid without earning a degree or certification and taking on loans that won't be repaid.

Then there's the elimination of Public Service Loan Forgiveness. While there can be a legitimate debate about reforming the program such as providing a reasonable cap for forgiveness, the legislation instead just outright eliminates it.

In all, the bill cuts \$15 billion out of higher education support, which we doubt is the message Congress wants to deliver to their constituents at town halls across the country. Though there are some positive provisions in the bill, including elimination of loan origination fees and helpful language to ensure accreditors are focused on student outcomes, the negatives in the bill drastically outweigh the positives.

Congress should take a step back and carefully examine how it shapes higher education policy. Students and their families need federal higher education policy that increases access to college, improves affordability, and helps the United States maintain its position as the world's most advanced economy. The PROSPER Act unfortunately falls far short of that standard.

*Mildred Garcia is president of the American Association of State Colleges and Universities. Peter McPherson is president of the Association of Public and Land-Grant Universities.*