Center for Responsible Lending

War Against Students: H.R. 4508 – Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act

Fact Sheet December 2017

The PROSPER Act is yet another boost for the private sector instead of consumers and taxpayers. At a time when college affordability is increasingly beyond the financial reach of most Americans, the future of higher education and student lending will affect both consumers and our nation's ability to effectively compete in a global economy. With more than 44 million Americans in debt for $1.4 trillion in loans, the PROSPER Act sidesteps actions that would effectively address this unsustainable debt and increase college access to create a financial climate that further benefits for-profit colleges, private lenders and servicers.

Makes College More Unaffordable

Federal student aid programs should increase access to education for low-income students, but this proposal does the opposite, reducing the status quo of available aid.

- Eliminates Supplemental Educational Opportunity Grants & TEACH Grants.
- Eliminates federal subsidized loans.
- Fails to increase the annual Pell Grant award save for a small bonus for students who take a 15-credit course load.

Steers Low-Income Students Toward Work and Career Training Programs

While decreasing grant funding for low-income students, the PROSPER Act simultaneously allocates substantial resources to short-term programs and career training programs and cuts allocations for traditional institutions such as Minority-Serving Institutions that serve substantial numbers of low-income students.

- Expands programs eligible for Title IV aid to programs as short as 10 weeks.
- Significantly cuts Title III funding by more than $200 million by fiscal year 2019.

Limits Institutional Accountability and Ensures Predatory For-Profit Colleges and Others Will Have Access to More Federal Funds Than Ever

Beyond investing more resources in short-term and other career training programs, the PROSPER Act also prevents these programs from being adequately regulated.

- Repeals Gainful Employment Rule.
- Repeals Borrower Defense to Repayment Rule.
- Repeals 90-10 Rule for for-profit colleges.
- Repeals the Credit Hour Rule.
- Expands the type of programs that qualify for federal aid.
- Redefines "institution of higher education" to include for-profit colleges.

Makes It Harder for Borrowers to Pay Back Their Federal Loans

While scaling back grant programs that directly affect the decisions and options available to potential students at the outset of the college application process, the PROSPER Act also subjects borrowers to a lifetime of debt.

- Eliminates all loan forgiveness programs.
- Raises the minimum payment under the single income-based repayment plan to $25 or 15% of discretionary income.

Prevents State Oversight of Institutions and Student Loan Servicers

- Repeals state authorization rules.
- Expressly pre-empts states from regulating loan servicers.