Summary of APLU Top Concerns with Promoting Real Opportunity, Success, and Higher Education Reform (PROSPER) Act, H.R. 4508

Click here to view the full APLU top concerns analysis of the PROSPER Act and here for APLU’s HEA policy proposal document.

The reauthorization of the Higher Education Act is a long overdue opportunity to increase access, affordability, and completion for students while advancing the short and long-term prosperity of our nation. Unfortunately, the PROSPER Act misses the target and would be an alarming setback from present law. If the bill was brought to the House floor without significant changes, APLU would strongly oppose the legislation as it would sharply increase the costs of higher education for students and make students and taxpayers more vulnerable to predatory actors and poor-performing institutions and programs.

APLU is a research, policy, and advocacy organization dedicated to strengthening and advancing the work of public research universities. Our membership includes 196 U.S. member campuses which collectively enroll 4 million undergraduates and 1.2 million graduate students, award 1.1 million degrees, employ 1.1 million faculty and staff, and conduct $40.8 billion in university-based research.

Student Aid is Essential to Higher Education Access and Affordability

The bill’s proposed eliminations of the in-school interest subsidy on undergraduate loans, Supplemental Education Opportunity Grants (SEOG), and Graduate PLUS loans are of greatest concern. The negative impacts of eliminating these programs would far outweigh the positive effects of the bill’s proposal to do away with loan origination fees. The creation of a Pell “bonus” in the legislation to encourage on-time completion is positive, however, the bill does not extend the mandatory inflation adjustment for Pell Grants which expired at the end of 2017, causing uncertainty and dependence on the annual appropriations cycle to adjust Pell for inflation.

APLU opposes eliminating Federal Work Study eligibility for graduate students. APLU supports capping the total sum a borrower can pay under income-based repayment (IBR) at the sum that would be paid under a 10-year standard repayment plan (principal and interest). We urge policymakers to consider reforms of the Public Service Loan Forgiveness Program rather than outright elimination.

Cumulatively, the student aid cuts in the bill would result in a dramatic increase in the costs of college for students. The American Council on Education has projected the skyrocketing increased costs of borrowing that would be imposed on students if the PROSPER Act were enacted. As an example, while accounting for the elimination of origination fees, a student who borrows the average amount ($16,139) for four years, and continues for two years of graduate school, would see an increase in the interest paid on their undergraduate loan by $3,798 or 87 percent over a standard 10-year repayment plan. Graduate students who rely on PLUS Loans would have to resort to the private market, with potentially much higher fees and interest rates to fill unmet need. And, the 1.6 million low-income students who benefit from SEOG could be forced to borrow, or even worse, could find higher education out of reach.

Higher Education Outcomes Transparency is Critical for Consumers, Policymakers, and Institutions

The PROSPER Act makes some improvements to our nation’s postsecondary education data by expanding the data made available for consumers and replacing the College Navigator site with the new College Dashboards -- but does not go far enough. APLU was deeply engaged in the development of the College Transparency Act (CTA), H.R. 2434/S. 1121. CTA appropriately balances concerns about privacy and security while providing the key complete and accurate information needed by students and families, policymakers, and institutions. APLU strongly urges Congress to include CTA within HEA reauthorization.
Strengthen Accountability to Protect Students and Taxpayers’ Investment in Higher Education

The PROSPER Act would make students and taxpayers more vulnerable to unscrupulous actors and damaging outcomes that can financially wreak havoc on lives. While accountability is needed across all sectors, some policies have been targeted to appropriately reflect that disproportionately the greatest risk and poorest outcomes are in the for-profit sector. New data reported by the Department of Education tracked outcomes of borrowers over 20 years. Analysis by the Brookings Institute shows that borrowers from for-profit institutions defaulted at twice the rate of public two-year borrowers (52 versus 26 percent after 12 years) and the rate of default among all for-profit entrants is nearly four times that of the nonprofit and public sectors (47 percent versus 13 percent).

Pell and Short-Term Programs

The legislation would for the first time open up eligibility for Pell Grants to short-term programs and would do so with a stunning lack of accountability to protect students from predatory actors and poor performing programs. This would also likely explode the costs of the Pell program and could lead to students exhausting some crucial Pell eligibility prior to enrolling in a degree program thus making it more likely they run out before completing their degree.

90/10 Rule

APLU urges Congress to strengthen, rather than eliminate the 90/10 rule which is an important quality control provision ensuring for-profit institutions can’t exist purely on taxpayer subsidization.

Program Integrity Regulations (Gainful Employment, Credit Hour, State Authorization)

To the extent there are concerns about program integrity regulations they should be addressed through the regulatory process rather than precluding the Department of Education from ever taking any action in the space. On Gainful Employment in particular, we caution against a regulatory repeal that might be a relief to some colleges and universities but ultimately would leave students more vulnerable to taking on debt for academic credentials of little value.

Cohort Default and Loan Repayment Rates

APLU supports in concept the application of a repayment rate accountability measure at the program level but we need to further study the specific measure in the PROSPER Act. However, the addition of accountability at the program level should not replace accountability at the institution level. We urge Congress to fix the Cohort Default Rate test to make it more effective rather than abandoning it entirely.

Single Definition of Institution of Higher Education

The PROSPER Act would eliminate the multiple definitions in HEA of institution of higher education so that only one definition would exist and it would encompass public, non-profit private, and for-profit institutions. With enactment of PROSPER, federal policy in statute or regulations that use the present HEA definitions would instantly change to potentially include institutions not intended when the law was passed or regulation was promulgated. The policy would have far-reaching consequences throughout the federal government, consequences not likely fully understood by lawmakers.

Accreditation Reform

APLU supports the PROSPER Act’s provisions providing statutory clarity authorizing accreditors to adopt risk-based models of accreditation. The legislation also scales back a number of requirements in HEA burdening accreditors and institutions with matters unrelated to academic quality and student outcomes. APLU requests that instead of just giving accreditors statutory authorization to adopt risk-based accreditation that HEA require accreditors to adopt risk-based accreditation.

Return of Title IV (Risk Sharing)

The PROSPER Act would create substantial institutional liabilities for the instances in which students do not complete their period of enrollment. APLU is greatly concerned that risk sharing would ultimately encourage institutions to minimize “risk.” That is, the policy would essentially drive many institutions to favor admission of students who are the least likely to dropout. As policymakers highlight real concerns about achievement gaps and income inequality, we should be working to make higher education more, not less accessible to low and middle-income families.
Teacher Training Programs are Needed to Ensure an Adequate Pipeline of Professional Educators
APLU opposes The PROSPER Act’s elimination of the entirety of Title II of the Higher Education Act, programs which help build a pipeline of teachers prepared to educate our nation’s next generation. If these eliminations were to occur, we would take from many present and future children the opportunity to learn from trained educators who utilizes evidence-based practices. Creating an apprenticeship program and maintaining teacher preparation programs are not mutually exclusive.

Support Global Learning through Title VI International Education Programs
APLU urges the inclusion within HEA of S. 2255, the Advancing International and Foreign Language Education Act, which would reauthorize six presently funded critical research and training Title VI Programs.

Constitutionally-Protected Free Speech is the Bedrock of Campus Dialogue
The PROSPER Act includes a number of unnecessary and concerning provisions related to speech and association. The legislation would create a position at the Department of Education to empower a government employee in Washington to receive student and organizational complaints regarding speech on campus and to render decisions on the merits of the claim in comparison to the institution’s policies. This is a highly problematic and inappropriate, one-sided requirement that will empower certain groups to file endless complaints, complaints over technicalities, and substantive complaints without full facts, and get immediate determinations (which appear to have no appeal) prior to the institution even becoming aware of the complaint (and certainly prior to a full opportunity to respond).

PROSPER Act Effectively Cuts Programs through Authorization Levels
APLU strongly opposes authorization levels which cap funding based on present appropriations levels. Under the bill, this would impact the Title III Strengthening Historically Black Colleges and Universities program, TRIO, GEAR UP, Graduate Assistance in Areas of National Need, some Title VI international education programs, and many other programs critical to students and public universities, including specifically to our 1890 land-grant university members.