

AACRAO Focus Areas within House PROSPER Act

Financial Aid

Support

- *FAFSA* – The bill calls for the simplification of the Free Application for Federal Student Aid (FAFSA) form and for the creation of a "consumer-tested, mobile-friendly" application form.
- *Prior-Prior Year* – The bill would codify the use of prior-prior year (PPY) income data for the FAFSA.
- *Loan Origination Fees* – The bill calls for the elimination of loan origination fees.
- *Loan Limits* – The bill would allow institutions the authority to limit loan amounts and prevent overborrowing in certain situations.

Concerns

- *Federal Student Aid* – The PROSPER Act would overhaul federal student loans to a "one grant, one loan, one work-study" system.
- *Federal Direct Loan Program* – The bill calls for the termination of the program.
- *Perkins Loan Program* – The bill calls for the wind down of the program as well as rescinds loan cancellation for teachers.
- *Income-Based Repayment Plans* – The bill would streamline all federal income-based repayment programs into one program, as well. The legislation would eliminate some repayment benefits, including loan forgiveness through income-driven repayment plans and through the Public Service Loan Forgiveness (PSLF) program.
- *R2T4* – The bill would increase institutional risk-sharing based on the return of Title IV funds process. Rather than promoting accountability, the proposal would impose additional costs and pressure institutions to restrict admissions to students with the greatest likelihood of success.

Student Assistance

Support

- *Federal Work Study* – The bill would develop a new federal work study (FWS) formula and remove the community service requirement and private sector employment cap. The legislation would also nearly double recent appropriations to the program to \$1.72 billion.
- *Pell Plus* – The bill reauthorizes the Pell Grant program until 2024 and provides Pell Grant Bonus to incentivize completion.
- *Apprenticeships* – The bill expands student access to industry led programs that lead to high-wage, high-skill, high-demand careers.

Concerns

- *Federal Work Study* – Graduate students would no longer be eligible for Federal Work Study under the bill. Additionally, despite the proposed increase in appropriations to the program, funding at the institutional level under the new formula would actually decrease significantly for many colleges and universities.
- *Pell Grants* – The bill would cut off Pell eligibility after three payment periods with no credits earned. Additionally, the legislation would mandate annual student loan and Pell Grant counseling without providing appropriate resources and support to institutions.
- *Trio Programs* – The bill reduces authorization level by 50 million and requires a 20 percent match from the institution.
- *Federal Supplemental Educational Opportunity Grants* – The bill calls for the elimination of the Federal Supplemental Educational Opportunity Grant (FSEOG).

Program Integrity

Support

- *Accreditation* – The bill would provide statutory authority to accreditors to use risk-based or differentiated accreditation procedures.
- *State Authorization* – The bill would maintain the requirement that schools be authorized by each state in which the school has a physical location.

Concerns

- *Accreditation* – The bill would strike 10 standards in current law and replace them with one standard on student outcomes.
- *State Authorization* – The bill would repeal the 2010 and 2016 regulations, including regulations that require institutions that provide distance education to be authorized in each state that has student enrollment. We believe the regulations expand much-needed protections for students enrolled in distance education programs and correspondence courses. However, the requirement is overly burdensome and often results in increased costs for institutions. We generally support efforts to extend minimum standards of state authorization for participation in Title IV programs to distance education programs and correspondence courses with the recognition of participation in reciprocity agreements to fulfill the proposed requirement. The inclusion of state authorization reciprocity agreements helps to minimize the burden on well-intentioned institutions that provide distance education in multiple states.
- *Gainful Employment* - The bill also would repeal federal gainful-employment regulations, which set a threshold for borrowers' ability to pay off loans for-profit programs and for vocational ones at community colleges and other public and private institutions.
- *Borrower's Defense* – The bill would repeal the borrower's defense to repayment regulations that provide debt relief to defrauded student loan borrowers.
- *90-10 Rule* – The bill would drop the requirement for for-profits institutions to get at least 10 percent of their revenue from sources other than federal aid.

Competency-Based Education

Support

- *Competency-Based Education* – The bill would create a pathway to better align competency-based education programs with Title IV aid programs.

Concerns

- *Competency-Based Education* – We are, however, concerned with the lack of safeguards in the provisions of the bill which open up federal aid programs to non-Title IV providers who partner with eligible institutions.

Reverse Transfer

Support

- *Reverse Transfer* – The bill would create a new exemption under FERPA for the sharing of student records between four and two-year institutions.