

Explaining the PROSPER Act

(Plus Taxes and Funding!)

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PROSPER Act – General

- Promoting Real Opportunity, Success and Prosperity Through Education Reform (H.R. 4508)
- Introduced Friday, December 1 by Ed/Workforce Chair Rep. Virginia Foxx (R-NC) and Higher Education Subcommittee Chair Rep. Brett Guthrie (R-KY)
 - 542 pages
- Approved December 12 by Ed/Workforce Committee on Party-Line Vote
- Rep. Foxx Plans to Bring Bill to Floor in Early 2018
- AACC Wrote to Committee on Introduced Bill, Did Not Support
- No Companion Senate Bill Yet, Legislation of Some Type Expected in 2018

PROSPER Themes

- “Reforming” the HEA, Not Merely Reauthorizing
 - As per Foxx’s opening statement
- Emphasis on Meeting Current Workforce Needs
- Simplification and Streamlining of Programs
- Unfunded Programs are Eliminated, Authorization Levels are Set at Current Levels or Reduced
 - Bill not yet scored by CBO
- Tilt Towards Newer Providers, Away from Traditional Higher Education

Ed/Workforce Mark-Up of H.R. 4508

- Marathon Affair
 - More than 60 amendments, most Democratic
 - Only 2 Democratic amendments adopted
- Democrats Repeatedly Criticized Lack of Time to Digest Bill
 - Foxx produced countervailing examples when Dems controlled House
- Votes Overwhelmingly Party-Line
 - Some crossovers on less prominent issues
- Exchanges Relatively Muted Given Context

Institutional Eligibility

- “Single Definition” of Institution of Higher Education
 - For-profits given same statutory standing as traditional higher education institutions
 - AACC had successfully opposed in previous reauthorization
 - Proprietaries denied access to Titles III and V
- Unaccredited Providers May Partner With Eligible Institutions to Deliver 100% of Program
- New Short-Term Program Eligibility for Title IV Programs
 - 300 – 599 clock hours
 - Could draw in new institutional providers (if accredited)
- State Licensure Applies Only in State in Which College is Located
 - In contrast to Obama regulations

Data/Transparency

- New “College Dashboard” Created to Replace Existing College Navigator
- Eliminates Student “Right to Know” and Other Disclosures
 - Requires colleges to link to Dashboard on websites
- Dashboard has 4 New ED Outcomes Measures Cohorts
 - Grad Rates Disaggregated at 100%, 150%, and 200% of “Normal Time,” PLUS 300% for Community Colleges
- Debt Levels by Program

Data/Transparency

- Program Completer Earnings at 5 and 10 Years After Graduation
 - Data derived from matching Title IV recipients, similar to gainful employment
- ED Feasibility Study Mandated on Ability of National Student Clearinghouse to Operate a Comprehensive Student Data System
- No Unit Record Data System Created
 - Glancing effort made at committee markup

General Student Aid Provisions

- New Eligibility for Short-Term Programs (300-599 hours)
 - Major benefit for CC students
 - Not AACCC's original position but better in some respects
 - JOBS Act covers 150 hour programs w/ more limited eligibility
- "Ability-to-Benefit" Students Qualify for Title IV Aid After Accumulating Six Credits
 - Expansion of current policy, which is applied to career pathways students only
- Aid Must Be Delivered Like a Paycheck
 - In weekly or monthly installments
 - Up-front costs can be considered

Pell Grant Program

- Bill Sustains Current Student Eligibility
 - Ongoing AACCC priority
- Bill Retains Lifetime Limit of 12 FTE Semesters
 - Not 14 as AACCC proposed
- Bill Creates Pell Grant Bonus of \$300/year for Students Who Take 15 Credits
 - 12 credits still considered full-time
- Maximum Grant Not Indexed to Inflation
 - Funding source/offset problematic
- ED Must Report to Congress on Program Spending Trends

Federal Work-Study (FWS)/SEOG

- FWS Funding is Doubled
- New Formula for Distributing Funds to Campuses
 - Could Benefit CCs
- Priority Given To Work-Based Learning
- Community Service Requirement Eliminated
- Greater FWS Share Can Be Used for Private Sector Jobs
- SEOG is Eliminated
 - CCs currently receive 24% of funds
 - Part of “One Grant, One Loan, One Work” program mantra

ONE Loans

- New Federal ONE Loan Created
- Current Need-Based, In-School Interest Subsidy Eliminated
- Two Repayment Plans
 - Standard 10-Year
 - Income-Based
- IBR Plan: Total Payments Capped at Ten Year Standard Amount
- No Loan Forgiveness

Repayment Rates and Program Eligibility

- Institutional Cohort Default Rates (CDR) Eliminated and Replaced by Program-Level Repayment Rates
- Student is Counted as Being in Repayment if < 90 Days Delinquent
- If Program Has Fewer Than 30 Borrowers, 3 Year Data are Used
- Programs That Have Repayment Rates < 45% for Three Consecutive Years Lose Eligibility
- “Participation Rate Index” Concept Applied
 - Programs where < 20% of eligible students borrow would get break
- Impact on CCs Uncertain
 - Likely to Be Negative in Some Cases Given Sheer Number of Programs

Institutional Loan Discretion

- Institutions Given New Authority to Prorate or Limit Loan Amounts in Defined Circumstances
 - Longstanding AACC priority
 - Reduced amounts can be provided to account for:
 - Starting salary for typical occupations (BLS) in relation to debt (as in FAST Act)
 - Less than full-time enrollment
 - Credential level
 - Grade level of student seeking a loan
- Must Be Applied in Same Manner to Similarly Situated Students
- Student May Request Waiver

Institutional Aid Programs

- Title III-A: Strengthening Institutions Eliminated
 - Without stated rationale
 - Staff have indicated that \$ were used to fund new apprenticeship program
- New Graduation Rate Requirement of 25% of “Normal Time” to Completion (Including Transfers)
 - Applied to Hispanic-Serving Institutions, Predominantly Black Institutions, Asian American-Serving Institutions, and other MSI programs
 - Not applied to HBCUs and Tribally-Controlled Institutions
 - These are formula grants

Apprenticeship Program (Title II)

- New Title II Apprenticeship Title Replaces Teacher Training Programs
- Creates New Apprenticeship/Work-Based Learning Program
 - Not limited to registered apprenticeships
- Eligible Recipients Must Include Institution and Industry Partner
 - College would not necessarily be lead partner
 - For-profit colleges eligible
- 50% Match Requirement
- Funds Could Cover 50% of Wages
- No Direct Funding for Education
 - Funds for equipment and curriculum development

Accreditation

- Ten Previous Requirements for Agency Standards Reduced to One: “Student Learning and Educational Outcomes”
 - Represents refocusing of federal role
- Accreditors Assume Significant Responsibilities for Competency-Based Education
- No “Bright Line” Requirements in Bill or Assigned to ED
 - A victory

For-Profit Institutions

- PROSPER Act is a Banner Bill for For-Profits
 - Single definition of institution of higher education
 - Non-eligible provider access to Title IV funds (via eligible institution)
 - Elimination of gainful employment language
 - Elimination of 90/10 rule
 - Elimination of ED regulatory authority on state licensure
 - Rewritten borrower defense statute

Regulatory Policy

- General Lightening of Federal Involvement
- ED Barred From Regulating in Controversial Obama Areas
 - State authorization, GE, credit hour
- General ED Regulatory Authority is Placed Under New Conditions
- Campus Sexual Assault and Related Policies are Articulated
 - Climate survey required
 - Confidential counselor(s) required
 - MOUs with primary law enforcement entity encouraged
 - One-page document must be produced and given to survivors
 - Institutions decide evidentiary standard in disciplinary proceedings
- Some Institutional Disclosures Eliminated

Community College Scorecard on PROSPER Act

- Big Pluses
 - Short-term program Title IV eligibility
 - Improved graduation rate metric
 - Increased Aid officer discretion on loans
- Big Negatives
 - Risk-sharing
 - Title III-A elimination
 - Reduced investment in students

H.R.1, Tax Cuts and Jobs Act

- Compromise Bill Headed for Votes This Week
- House-Passed Provisions Limiting Student Financing Vehicles Were Rejected
 - Elimination of Lifetime Learning Tax Credit and Section 127 were most threatening
- AOTC Quirk Still Not Fixed
- Higher Standard Deduction Expected to Lower Charitable Contributions
 - Itemizers reduced from 30% to 5%
- Limitations on Deductibility of State and Local Taxes Will Likely Reduce Revenues and Pressure Institutional Budgets
 - Deduction capped at \$10,000

FY 2018 Appropriations

- Continuing Resolution Expires December 22
 - Budget deal not likely before then – another CR will be needed
- House and Senate Pursuing Different Strategies
 - House: CR until Jan. 19 along with Defense appropriations bill, partisan CHIP legislation
 - Senate: CR won't have Defense bill or House CHIP measure
 - May contain new top-line spending numbers
 - May be vehicle for other priorities (CHIP, disaster recovery, etc.)
 - DACA fix not looking likely

What Can I Do?

- Help AACCC Assess Impact of Risk-Sharing
- Join AACCC's Advocacy Advisory Group
 - Email David Baime, dbaime@aaccc.nche.edu
- Join us in New Orleans at AACCC's WDI
 - January 30-February 2, 2018
 - Registration closes on January 5
 - www.aaccwdi.com
- Attend AACCC's Advocates in Action Meeting
 - Washington, DC
 - June 11-12, 2018

Thank You!

Happy Holidays

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