

**A Pivotal Moment in Higher Education Policy: Reauthorization of the Higher Education Act**  
**IHEP Analysis of the Promoting Real Opportunity, Success and Prosperity through Education Reform (PROSPER) Act**  
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The promise of higher education remains unfulfilled for too many of today's students, especially students of color, low-income, working-class and incarcerated and formerly incarcerated students. When all students participate in higher education, they experience increased economic independence and mobility. When all students succeed in higher education, our communities are enriched and our economy thrives.

The reexamination of the Higher Education Act (HEA) is a pivotal moment to shape the future of higher education policy in ways that narrow inequities and enable all students, regardless of limited means, to participate and succeed in higher education.

The Promoting Real Opportunity, Success and Prosperity through Education Reform (PROSPER) Act, recently introduced by U.S. House Education and Workforce Committee Chairwoman, Rep. Virginia Foxx (R-NC) and Rep. Brett Guthrie (R-KY), chairman of the Higher Education and Workforce Development subcommittee, outlines a broad vision for reauthorizing HEA. The PROSPER Act begins a series of thoughtful conversations with policymakers, college leaders, researchers, and most importantly the students and families who participate in our nation's higher education system.

At IHEP, we believe that higher education policy must address longstanding inequities in college access and success for all students. We believe the most effective policy proposals to do this will: spur **completion**, particularly for the most underserved students; include often forgotten populations such as **incarcerated and formerly incarcerated students**; promote affordability by prioritizing **need-based aid**; and be grounded in strong **evidence**. A federal policy framework that truly helps America's students prosper will offer all students the chance to transform their life circumstances and achieve a more secure future for themselves and their families.

As lawmakers work to strengthen policies to help all students prosper, each must be guided by a commitment to equity in college access and success. The IHEP team stands ready to support policymakers today and as these conversations continue. Here we delve into four policy areas addressed—or not addressed—in the PROSPER Act, alongside our analysis and alternative policy proposals.

**Current Degree Completion Challenges:** Degree completion challenges are widespread within our higher education system. Fewer than half of students who entered higher education in 2009 earned any credential within six years.<sup>1</sup> For today’s students, many of whom are first-generation, hold full-time jobs, or care for dependents, the pursuit of a college degree occurs in tandem with other life obligations. Nearly one in five American adults aged 25 and older have “some college, but no degree.”<sup>2</sup> For these potential degree-completers, who pause or end their studies to juggle the many responsibilities that adult learners increasingly face—such as taking care of dependents or working to put food on the table—targeted strategies that reengage them and support degree completion are especially critical.

<b>PROSPER Act Proposal</b>		<b>IHEP Analysis</b>
<b>IMPACT Grants within TRIO</b>	Proposal calls for the creation of IMPACT grants within the TRIO programs to use evidence to improve college access and completion rates for underrepresented students. Grants to institutions would support the creation, development, implementation, replication, or scaling of evidence-based field-initiated innovations, and rigorously evaluate such innovations. To be eligible, at least two-thirds of the individuals participating in the institution’s program must be low-income, first-generation college students or individuals with disabilities. The program must include a quantitative analysis of the program's effectiveness.	IHEP welcomes the creation of IMPACT grants aimed at increasing college access and completion for underrepresented students, as well as the embedding of evidence into policymaking through the TRIO programs.
<b>Federal Work-Study</b>	Proposal reforms Federal Work-Study (FWS) funding allocations by phasing in a fair share formula based on Pell recipients and undergraduate student need, rather than historic funding trends. It also creates a set-aside of additional funds for institutions with strong or notably improving Pell recipient completion rates and increases overall FWS funding.	IHEP welcomes much-needed reforms to an inequitable funding formula. Under this proposal, the reformed FWS formula would better target aid to institutions with large numbers of low-income students. IHEP also supports an increase in FWS investments that can help promote completion.

**Current Need-Based Aid Policy Challenges:** As college tuition and costs continue to skyrocket, affordability presents an insurmountable barrier for too many hardworking, low-income students and underscores the inequities that still plague our higher education system. In 2012, students from low-income households needed an amount equivalent to 116% of their annual income to afford one year at the average four-year institution.<sup>3</sup> For too long, the transformative benefits of higher education have been enjoyed only by the wealthy and well-resourced. Underrepresented students—low-income, working class and many students of color—have been shut out of higher education simply because they lack the resources to pay outright. The PROSPER Act seeks to decrease the number of federal aid programs in an attempt at streamlining delivery, but in doing so, it cuts need-based aid from the very students who need it most. Any simplifications to the federal aid program must preserve access and resources for grant programs that help students in need, not force them to shoulder a heavy cost burden through loans. Streamlining aid programs should be done in a manner that keeps aid resources in tact while continuing to assist low-income students struggling to afford college.

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<b>Pell Grant Bonus</b>	Proposal adds a \$300 bonus for Pell Grant recipients with a course load that is greater than the normal full-time course load (as defined by the institution) and will earn more than 30 credits during one academic year.	IHEP recognizes that a boost in aid can help students pay for college credits and welcomes this need-based aid proposal.
<b>Supplemental Educational Opportunity Grants</b>	Proposal eliminates the Supplemental Educational Opportunity Grant (SEOG) program, aimed at providing need-based aid to students with exceptional financial need.	IHEP opposes any cuts to grant programs that help students in need cover college costs. Eliminating SEOG without channeling these funds directly into another need-based grant program, like the Pell Grant, is simply a cut to students trying to pay for college.
<b>Free Application for Federal Student Aid (FAFSA) Simplification</b>	Proposal calls for the creation of a FAFSA mobile app and requires that the Data Retrieval Tool (DRT) be available to assist federal aid applicants with easily inserting income information that has already been reported to the IRS for tax purposes. It also simplifies aid for middle income students by raising the income threshold for the simplified needs test from \$50,000 to \$100,000. At the same time, it fails to simplify aid for many low-income students by leaving the threshold for automatic zero EFC eligibility fixed at \$25,000.	IHEP supports efforts to make the FAFSA as available and accessible as possible, including creation of a mobile app. IHEP also applauds efforts to encourage use of the DRT, which greatly simplifies the aid application process. However, as simplifications are made to the needs analysis, they should—first and foremost—aim to help the lowest income students. The bill misses an important opportunity to raise the auto-zero EFC threshold for low-income students at the same time that it raises the simplified needs test threshold for middle income students. This omission is especially concerning because the auto-zero EFC threshold has not yet recovered from the FY2012 cuts that lowered it from \$31,000 to \$23,000 (indexed to inflation).
<b>Federal Loan Interest Subsidies</b>	Proposal eliminates interest subsidies on federal student loans for students with financial need, creating instead a ONE loan with no subsidies.	IHEP opposes cuts to need-based aid, such as interest rate subsidies, which decrease the cost of financing college for students with financial need. Eliminating these subsidies— <a href="#">which can save a student thousands of dollars</a> —in the interest of simplification ultimately means that students will pay more for college.

**Current Evidence Challenges:** Our existing federal postsecondary data infrastructure is messy, duplicative, inefficient and incomplete. A complex maze of federal reporting requirements creates unnecessary barriers to strengthening our information infrastructure even when the data already exist. Too many students remain missing from key college outcome metrics, hampering efforts to make smart, evidence-based decisions. Yet, the Higher Education Act’s ban on student-level data is the primary barrier to building the data infrastructure we need to answer critical questions for students, families, policymakers, and colleges. The PROSPER Act stops short of fixing this outdated law and making this much-needed reform. Improved data will enable policymakers and institutions to implement evidence-based policies and practices that help students—especially students of color, low-income students, and first-generation students—overcome barriers to college success.

PROSPER Act Proposal		IHEP Analysis
<b>College Dashboard</b>	Proposal would eliminate the existing College Navigator and create a new, consumer-tested College Dashboard website that would include <a href="#">a number of postsecondary metrics</a> . If implemented, this proposal would publish program-level debt and earnings information for Title IV recipients for the first time.	IHEP supports the inclusion of new program-level debt and earnings metrics in the proposed College Dashboard. These data will help students navigate the complex higher education marketplace. But, by reporting earnings only for students who receive federal financial aid, the College Dashboard would <a href="#">provide an incomplete and inaccurate account of post-graduation outcomes</a> .
<b>Student-Level Data Ban</b>	Proposal maintains the existing ban on federal student-level data collection.	When informed by accurate information, students, families, policymakers, and institutions can optimize decision-making. The current ban on the collection of student-level data is a major barrier and stymies efforts to embed evidence into postsecondary policy and practice. A secure, privacy-protected student-level data network that can generate aggregate metrics is the best solution to our complex, duplicative, and inefficient postsecondary data infrastructure. The bill misses the mark by failing to overturn this outdated ban.
<b>Federal Student Aid Loan Outcomes Data</b>	Proposal would require the Office of Federal Student Aid (FSA) to publish online quarterly, aggregate Title IV loan performance metrics related to loan repayment, loan forgiveness, and borrower default. Proposal also would make available longitudinal, deidentified borrower-level federal loan repayment data to approved researchers.	IHEP supports efforts to enhance transparency about loan outcomes by requiring quarterly aggregate reporting of data about the loan portfolio and providing researcher access to borrower-level data to analyze long-term outcomes of the federal loan programs.

<b>Loan Repayment Rates</b>	<p>Proposal will replace cohort default rates (CDRs) with new program-level loan repayment rates (LRR), eliminating the calculation and release of CDRs, a critical measure of loan performance. LRR is defined as the percent of borrowers who are in a positive repayment status—including those who are in deferment or forbearance—at the end of the second fiscal year after the borrower entered repayment.</p>	<p>IHEP opposes the elimination of CDR, an important data element focused on federal loan borrowers at risk of the most damaging impacts of student debt.</p> <p>IHEP supports the creation and calculation of program-level federal loan repayment rates as a supplement to the CDR, but is concerned by how this legislation defines the rate, which differs from repayment rates that already are in use. In particular, loans in deferment or forbearance should not be counted as in repayment for purposes of the calculation. Defining the metric in this way will consistently overestimate the proportion of loans being repaid. Further, as defined, the program-level rate omits borrowers who leave the institution before declaring a program.</p>
<b>Gainful Employment Data</b>	<p>Proposal would repeal the Gainful Employment (GE) regulations, which enhance transparency, create information disclosure requirements, and set performance thresholds for career training programs designed to prepare students for gainful employment in a recognized occupation.</p>	<p>GE debt and earnings data provide greater transparency, which benefits students, families, and policymakers. Prospective students deserve to know their potential post-college outcomes and to understand how colleges and programs serve students. We urge policymakers to maintain the collection, calculation, and reporting of these important metrics. The importance of these data in promoting transparency should not be understated, as the results show variation in outcomes across different programs.</p>
<b>Net Price Calculators</b>	<p>Proposal would standardize the location, terminology and specific elements included in net price calculators (NPCs)—consumer tools placed on college websites to help prospective students obtain a rough estimate of their specific price after grant aid. Displayed NPC results would be required to include cost of attendance (tuition and fees, room and board, books, supplies, and other expenses such as transportation and personal expenses), an estimated total of all grant aid a student may receive, the percent of students receiving grant aid, and relevant servicemember data. It also requires the NPC to be clearly visible on an institution’s website.</p>	<p>IHEP supports these reforms to make NPCs more useful and useable for students. We urge policymakers to consider the development of a single net price calculator to streamline students’ ability to “shop around” and compare multiple institutions simultaneously.</p>

**Current Barriers Facing Incarcerated and Formerly Incarcerated Students:** Access to higher education for incarcerated and formerly incarcerated students has the potential to transform students’ lives by fostering more successful reentry into society. For every dollar invested in prison education the public saves at least four dollars on re-imprisonment costs<sup>4</sup>. Failure to invest in and remove barriers to college access for these students results in diminished economic mobility and risks costing the nation more in the long term. The PROSPER Act does not address barriers to college access and success for this critical population.

PROSPER Act Proposal		IHEP Analysis
<b>Pell Grant Eligibility for Incarcerated Students</b>	Proposal does not reinstate Pell Grant eligibility for incarcerated students.	IHEP supports policies that promote educational opportunity for incarcerated and formerly incarcerated students. The PROSPER Act misses an important opportunity to fix this broken policy that has blocked access to Pell Grants for incarcerated students for more than two decades. Policymakers can help this often-forgotten student population experience the transformative benefits of higher education by providing them access to the grant aid they need to pay for college.
<b>Eliminate consideration of drug convictions in awarding of federal aid</b>	Proposal does not eliminate a key policy barrier that disproportionately impacts students of color: the consideration of drug offenses for aid eligibility and the related FAFSA question about drug convictions.	IHEP supports policies that facilitate college access and affordability for students, especially students of color and low-income students. Denying students access to aid because of drug convictions disproportionately hurts Black and Latino students, who are arrested and convicted of drug offenses at much higher rates than Whites even though racial and ethnic groups use and sell drugs at comparable rates. <sup>5</sup> Also, the drug conviction question on the FAFSA is confusing and sometimes leads students to believe they are ineligible for aid, even if they might still qualify. Removing it from the aid process and the FAFSA would advance simplification efforts and eliminate an unnecessary deterrent to students seeking a better pathway for educational and employment opportunities.

## Endnotes

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<sup>1</sup> IHEP analyses of Beginning Postsecondary Students Longitudinal Study 2004/2009 (BPS:04/09), conducted by the National Center for Education Statistics, U.S. Department of Education. Variables used were PROUT6, FSECTOR, UGDEG, UGDEG06, UGDEG09, ENINPT3 & PRATY6. Weight variable was WTB000.

<sup>2</sup> Ryan, C.L., & Bauman, K. (2016). Educational attainment in the United States: 2015. U.S. Census Bureau. Retrieved from <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p20-578.pdf>

<sup>3</sup> IHEP analysis of 2012 data from the National Postsecondary Student Aid Study (NPSAS:12) conducted by the National Center for Education Statistics, U.S. Department of Education. Difference of mean cost of attendance (BUDGETAJ) and mean total grant aid (TOTGRT) relative to mean income (DEPINC) for bottom income quintile (PCTDEP) among full-time, full-year, one-institution (ATTNSTAT) dependent (DEPEND) undergraduates. Weight variable WTA000.

<sup>4</sup> RAND Corporation. (2013, August 22). Education and vocational training in prisons reduces recidivism, improves job outlook [Press release]. Retrieved from <https://www.rand.org/news/press/2013/08/22.html>

<sup>5</sup> The Leadership Conference Education Fund. (2014). *Falling further behind: Combating racial discrimination in America*. Retrieved from [http://www.civilrightsdocs.info/pdf/reports/CERD\\_Report.pdf](http://www.civilrightsdocs.info/pdf/reports/CERD_Report.pdf)