

HEA Proposal Fails Low-Income Students on Affordability, Equity, and Connecting to Work

Introduction

Today's postsecondary students have diverse backgrounds and take many pathways to the pursuit of education or workforce training. To improve their chances of success, federal policies must be deeply influenced by students' experiences and offer more affordable and equitable postsecondary opportunities. Policies should also be deliberate about linking postsecondary experience to work and future career growth. Because low-income students have faced rising costs and other challenges since the last reauthorization of the Higher Education Act (HEA) in 2008, it is well past time for Congress to improve the law to increase students' odds of success.

Unfortunately, the comprehensive HEA reauthorization bill introduced last week by House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) last week fails students. The Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act would move backward on equity, affordability, and connections to work and careers. Moreover, the PROSPER Act reverses policies to remedy fraud and abuse by bad actors. Indeed, the act could even set off a new wave of such behavior among institutions that harm low-income students and students of color who are seeking the credentials they need to advance their careers.

As Members of Congress debate HEA reauthorization, they should focus on principles critical for the success of low-income students: affordability, equity, and connecting students to work and careers.

Affordability

The PROSPER Act would make college significantly less affordable for low-income students. A glaring omission from the bill is annual increases in Pell Grants tied to inflation; without such increases, Pell Grants will effectively decrease year-over-year, putting low-income students further behind at a time when the maximum Pell Grant of \$5,920 covers less than 30 percent of the average cost of college attendance.¹ The bill also eliminates Supplemental Educational Opportunity Grants (SEOG)—a program that provides over \$730 million to low-income students. It also reduces the overall funding levels for several HEA programs, limiting what could be spent on them in the future.

Additionally, the PROSPER Act imperils crucial funding for minority-serving institutions (MSIs), singling out these schools for possible cuts through a performance-based funding scheme tied to completion rates. Because federal data is only available on certain student types (such as first-time, full-time students), it is incomplete and does not capture the true performance of students at these institutions.²

The bill entirely eliminates financial aid for students who cannot remain on pace to complete an Associate's degree in at least 3 years or a Bachelor's degree in at least 6 years—ignoring the needs of working adult students and those with family obligations.³ This change could have been made worse had the bill changed

the definition of full-time enrollment to 15 credits per semester. The bill also proposes harmful changes to the Ability to Benefit (ATB) provision by removing the requirement for enrollment in a career pathway—which provides contextualized education and supportive services essential for postsecondary success by those without a high school diploma—and by taking away the flexibility of states and institutions to determine student eligibility for aid through ATB.⁴

Finally, the bill eliminates the repayment and loan forgiveness options that student borrowers have under current law. For instance, the bill newly requires lower-income students to pay the interest on their loans while they are in school (which would increase a borrower's overall loan balance); it eliminates loan forgiveness for borrowers who work in low-wage public service careers; and, it provides low-income and distressed borrowers a new, less supportive income-based repayment plan. The National Consumer Law Center estimated that under this plan, low-income borrowers with \$30,000 of debt would need *138 years* to repay their student loans, further impairing mobility and exacerbating racial wealth gaps. The plan also forces even the lowest-income borrowers to pay a minimum of \$25 per month rather than the current \$0.⁵

Equity

This bill fails to promote equity in postsecondary education. In addition to the proposed threat to MSI funding, the bill would also curtail the Department of Education (ED)'s ability to enforce laws that promote equity and fairness and protect students from physical or financial harm. The bill prohibits the Secretary of Education from exercising her critical oversight authority. This handcuffs ED's ability to react to problems as they arise, provide transparency about data or processes, and put forward needed regulations and guidance. As we have also expressed in our related concerns with the Perkins Act, federal oversight is critical to promoting equity and civil rights in postsecondary education.⁶

The PROSPER Act removes the 90/10 rule, which prohibits for-profit educational institutions from getting more than 90 percent of their revenue from federal financial aid. The act would also eliminate a number of critical regulations (such as those related to gainful employment and borrower defense) that protect students from institutions that exploit them for their financial aid, often leaving them with worse outcomes than before they enrolled.

Moreover, the bill allows short-term training programs—those providing as little as 8 credit hours of instruction over 10 weeks' time—to be eligible for financial aid. Such short-term credentials can be part of a career pathway that enables workers to advance; when designed properly, federal financial aid for such programs could expand economic opportunities, as CLASP noted in our support for the bipartisan JOBS Act.⁷ But the PROSPER Act takes a severely flawed approach that eliminates safeguards under the current rules and fails to require that these programs be connected with career pathways, that they meet completion or job placement standards, or that they provide the supports needed for student success. By eliminating guardrails, unscrupulous institutions will have a new avenue from which to focus their recruitment on students of color (particularly women of color) and low-income students, leaving them with worthless credentials and undischargeable debt.

Connecting Students to Work and Careers

The PROSPER Act proposes a new HEA Title II focused on "Expanding Access to In-Demand Apprenticeships." This proposal would authorize a needed reinvestment—which has been missing since the federal Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants expired in 2016—in workforce training at postsecondary institutions. Despite the name, this proposed law is really not focused on registered apprenticeships; rather it is more properly described as offering support for work-based learning more generally. While new federal funding for "earn-and-learn" programs is welcome, such a

program should connect with, rather than duplicate and potentially undermine, the comprehensive work-based learning initiatives designed by employers, unions, and the workforce development system. In addition, policymakers should specify quality standards that avoid inadequate oversight by accreditation agencies in career-focused postsecondary programs.⁸

The PROSPER Act proposes positive changes to the allocation formula for the federal work-study program and offers additional funding to postsecondary institutions that do a particularly good job of serving Pell Grant recipients and students with financial need.⁹ While the bill would increase funding for work-study above current levels, the PROSPER Act also proposes to cut the federal share of funding for each work-study activity, disinvesting in a key support for students who combine work with their postsecondary education.

The bill includes good proposals to provide new information that helps students make informed financial decisions before embarking on postsecondary education. For instance, students would be better able to plan for their financial futures with improved financial aid counseling before taking out loans. In addition, students would have access to data not previously available on the average earnings of former students in specific programs. However, this data would only capture students who had received federal student aid, thus providing an incomplete picture of earnings students can expect to achieve after completion.

Conclusion

Overall, the PROSPER Act signifies a missed opportunity by leadership of the House Education and Workforce Committee to improve the HEA for low-income students. In its current form, this bill neglects to address any of the issues that are most important for student success: affordability, equity, and improved connections to work and careers. Members of Congress should work to produce a student-focused HEA reauthorization bill that addresses these principles.

Endnotes

¹ “Pell Grants Help Keep College Affordable for Millions of Americans,” The Institute for College Access and Success, June 2017. https://ticas.org/sites/default/files/pub_files/overall_pell_one-pager.pdf.

² Paul Fain, “Graduation Rates at Minority-Serving Institutions,” Inside Higher Ed, July 2017. <https://www.insidehighered.com/quicktakes/2017/07/19/graduation-rates-minority-serving-institutions>.

³ “College Students Aren’t Who You Think They Are,” Center for Law and Social Policy, June 2017. <https://www.clasp.org/publications/fact-sheet/college-students-arent-who-you-think-they-are>.

⁴ “Resources on Ability to Benefit,” Center for Law and Social Policy. <https://www.clasp.org/resources-ability-benefit>.

⁵ Persis Yu, “House Education Bill Ends Key Student Protections that Will Lead to a Lifetime of Debt,” National Consumer Law Center, December 2017. <https://www.nclc.org/media-center/house-edu-bill-ends-student-protections-lifetime-debt.html>.

⁶ Anna Cielinski, Lauren Walizer, Judy Mortrude, and Andrea Amaechi, *CLASP Comments on the proposed reauthorization of the Carl D. Perkins Career and Technical Education Act of 2006*, Center for Law and Social Policy, April 2017. <https://www.clasp.org/sites/default/files/publications/2017/04/CLASP-Perkins-Letter-Alexander.pdf>.

⁷ Katherine Saunders, “The JOBS Act: Expanding Pell Grants for Students in Workforce & Job Training Programs,” Center for Law and Social Policy, August 2015. <https://www.clasp.org/blog/jobs-act-expanding-pell-grants-students-workforce-job-training-programs>.

⁸ “Trump Order Weakens Apprenticeship System, Slashes Funding for Workforce Training,” Center for Law and Social Policy, June 2017. <https://www.clasp.org/blog/trump-order-weakens-apprenticeship-system-slashes-funding-workforce-training>.

⁹ Katherine Saunders, “Strengthening the “Work” in the Federal Work-Study Program: A New Brief on Improving Access to Financial Aid and Career-Related Work Experience for Low-Income Students,” Center for Law and Social Policy, January 2015. <https://www.clasp.org/blog/strengthening-%E2%80%9Cwork%E2%80%9D-federal-work-study-program-new-brief-improving-access-financial-aid-and>.