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Representative Virginia Foxx  
Chairwoman, House Committee on Education and the Workforce  
2262 Rayburn House Office Building  
Washington, DC 20515

Representative Bobby Scott  
Ranking Member, House Committee on Education and the Workforce  
1201 Longworth House Office Building  
Washington, DC 20515

December 11, 2017

RE: Opposition to HB 4508, the PROSPER Act

Dear Chairwoman Foxx and Ranking Member Scott:

The National Consumer Law Center, on behalf of its low-income clients, writes in opposition to HB 4508, the PROSPER Act. If passed, this Act would make it more difficult and more expensive for millions of Americans to repay their student loans. It would also demolish safeguards that prevent low-quality schools from using abusive and predatory tactics to line their pockets with taxpayer dollars at the expense of students who are working to build a better life for their families.

At a time when 43 million student loan borrowers owe a collective \$1.3 trillion to the federal government, and one in five of those borrowers is in default on their loans, Congress should be using this opportunity to make it easier for students to afford a high-quality education. Instead, HB 4508 does the opposite.

HB 4508, would make it more expensive for low-income students to get a higher education while simultaneously eliminating the programs that make student loan repayment for low-income students possible. Low-income students would bear the brunt of the changes to federal aid. The bill eliminates the Federal Supplemental Educational Opportunity Grant for low-income students while effectively decreasing year-over-year amounts students can receive in Pell

Grants. This will put 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.

Further, HB 4508 would make it impossible for many low-income families to ever pay back their student loans. The Act replaces the existing income-driven repayment plans with a much harsher plan. Under the Income-Based Repayment plan outlined in the bill, it could take a low-income borrower with just \$30,000 in student loan debt an incredible 138 years to repay their student loans. Borrowers should not have to take their student loan debt to the grave. Additionally, new minimum monthly payment amounts will push borrowers with the least income into default.

Finally, the Act would also eliminate a number of critical regulations that protect students from institutions that exploit them for their financial aid, often leaving them with worse outcomes than before they enrolled. 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.

For these reasons, we oppose HB 4508. Low-income students need an affordable avenue to get a quality education and borrowers need real help paying their student loans. On both of those fronts, this bill severely misses the mark. We look forward to working with Congress on a way to reauthorize the Higher Education Act that would provide low-income students with an affordable path to quality higher education.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Persis Yu', with a stylized flourish at the end.

Persis Yu  
Director, NCLC's Student Loan Borrower Assistance Project