



Fact Sheet

COMMITTEE ON EDUCATION & THE WORKFORCE DEMOCRATS

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The Hon. Bobby Scott • Ranking Member

A Raid on Student Aid

CBO's Analysis of H.R. 4508

Republicans have repeatedly expressed their desire to cut student aid through H.R. 4508 (PROSPER Act). Chairwoman Virginia Foxx (R-NC) has even [said](#), “The best way we could begin lowering college costs would be to dramatically curtail federal student loans.”

Analysis by the nonpartisan Congressional Budget Office (CBO) of H.R. 4508 confirms what House Democrats have said all along– the bill cuts the federal aid available for college students, graduate students, and their parents. The bill not only reduces available grant aid, but also changes the terms of federal student loans to force students to pay more to borrow more, and then pay more to pay back their loans.

The CBO estimates that consolidations and eliminations in the student loan program will result in over \$58 billion in cuts over the next 10 years.

H.R. 4508:

- **Eliminates Subsidized Loans** – Every year, over 6 million students do not pay interest on their federal student loans while they are enrolled in school. [H.R. 4508 eliminates this benefit](#), increasing the cost to the average student by 44 to 66 percent.
- **Caps Parent And Graduate Loans** – Currently graduate students and parents can take out federal loans up to the cost of attendance to help defray higher education costs. [H.R. 4508 caps these loans](#), which will force parents and graduate students into the more expensive and selective private student loan market.
- **Consolidates and Eliminates Favorable Repayment Plans**– H.R. 4508 eliminates multiple Income-Driven Repayment plans, replacing them with a plan that would require the lowest income borrowers to pay back their loans for [would require the lowest income borrowers to pay back their loans for over 130 years](#).
- **Eliminates Public Service Loan Forgiveness (PSLF)** – PSLF, which teachers, firefighters, and other public sector workers depend on to make higher education affordable is eliminated in H.R. 4508.

The CBO estimates that through deregulation, \$9 billion in federal dollars will disproportionately go to for-profit institutions of higher education.

H.R. 4508 reshuffles a lot of this funding to serve other GOP interests in higher education, one of which is for-profit education, a sector with a long-standing record of poor student outcomes. The CBO estimates the removal of accountability regulations, which protect students and families from fraud and abuse, will give for-profit institutions a windfall at the expense of federal taxpayer dollars.

Some of the most notable changes include:

- **Repealing the 90/10 Rule** – Current law requires that for-profit IHEs receive no more than 90 percent of their total revenue from federal Title IV aid. The CBO estimates that repeal of the 90/10 rule will cost taxpayers over \$3 billion over 10 years.
- **Repealing the Gainful Employment (GE) Rule** – The GE rule set a standard to enforce the statutory requirement that non-degree training and vocational programs prepare students for gainful employment in exchange for access to Title IV aid. In the first round of GE data that was released January of 2017, 98 percent of the 800+ career programs that failed the rule were offered by for-profit colleges. The CBO estimates removing the rule will [cost taxpayers \\$940 million over 10 years.](#)
- **Distance Education and Competency Based Education (CBE) Changes** – CBE currently operates under the rules of distance education. It is a delivery model of instruction that has yet to be rigorously evaluated, particularly in regards to student outcomes. Yet, H.R. 4508 creates a new definition for CBE with very little oversight provisions. It also allows schools offering CBE programs to be eligible for Title IV aid. This means that for-profit institutions will have the ability to create their own CBE programs and then access Title IV federal student aid without providing enough of a legal and regulatory framework to ensure the students receive a meaningful education or valuable credential. The CBO estimates that removal of the “distance education” definition and the creation of a “competency-based education” definition will together cost the federal government close to \$3 billion over the next 10 years.

Taken together, CBO estimates that H.R. 4508 will cut close to \$15 billion in mandatory funding over 10 years.