

## **H.R. 4508 - Promoting Real Opportunity, Success and Prosperity through Education Reform (PROSPER) Act**

**Sponsor:** Virginia Foxx (R-NC)

**Cosponsor(s):** Brett Guthrie (R-KY)

### **Overview of PSLF Provisions**

The bill proposes eliminating Stafford and PLUS loans for first-time borrowers as of July 1, 2018, and replacing these options with a new Federal ONE Loan. Borrowers who had borrowed direct loans prior to July 2018 could still take them out until Oct. 1, 2024, at which point direct loans would be phased out entirely in favor of ONE Loans.

ONE loans would come with only two repayment plans, down from the nine that exist today. The new plans would be a standard, 10-year loan repayment plan of 120 equal payments and a single income-based repayment program. Direct loan borrowers would continue to be eligible for all the income-based repayment options that exist today through the life of their loans.

The bill does not address PSLF directly, but since it eliminates all repayment terms except the two previously mentioned, it can be inferred that PSLF would be eliminated. However, under the bill, ONE loans would not be eligible for PSLF but direct loans would be through the life of the loans. As mentioned above, only borrowers with existing loans prior to June 30, 2018, would be allowed to take out direct loans through Oct. 1, 2024.

### **Activity**

**Committee Markup:** On December 12, the House Committee on Education and the Workforce approved the PROSPER Act by a party-line vote of 23 to 17 (Rep. Donald Norcross voted NO).

#### *PSLF Amendments*

- Federal ONE Loan (Joe Courtney – D-CT)
  - o Make Federal ONE Loan borrowers eligible to participate in the Public Service Loan Forgiveness program.
  - o REJECTED
    - YES: 19
      - 17 Democrats; 2 Republicans (Lou Barletta (PA), Glenn Thompson (PA))
    - NO: 20
      - 20 Republicans
    - NOT VOTING: 1
      - Phil Roe (R-TN)
- Aggregate Amount of Student Loan Debt (Suzanne Bonamici – D-OR)

- Prohibit the provisions of the bill from taking effect until the Comptroller General certifies that no provision would increase the aggregate amount of student loan debt held by Americans.
- REJECTED (Voice Vote)
- Aggregate Amount of Student Loan Debt for Low-Income Students (Suzanne Bonamici – D-OR)
  - Prohibit the provisions of this bill from taking effect until the Comptroller General certifies that none of the provisions would decrease federal grant aid for low-income students or increase the aggregate amount of student loan debt held by low-income students.
  - REJECTED
    - YES: 17 (Democrats)
    - NO: 23 (Republicans)

## Next Steps

It's not clear at this point when or if the bill will come to the House floor for a vote, though if it does it likely won't be until next year.

On November 28, Sen. Lamar Alexander, chairman of the Senate Health, Education, Labor, and Pensions (HELP) Committee, announced that the panel's first order of business after the New Year would be to mark up its own version of the legislation.

As demonstrated by the party-line votes on the bill and its amendments, House and Senate Democrats are unlikely to support a version of the bill that eliminates the PSLF program. The Democratic Party Platform, adopted last year, specifically notes the party's support for continuing the PSLF and other loan discharge programs. H.R. 4508 would need 60 votes to pass the Senate, a threshold that is unlikely to meet in its current form.

