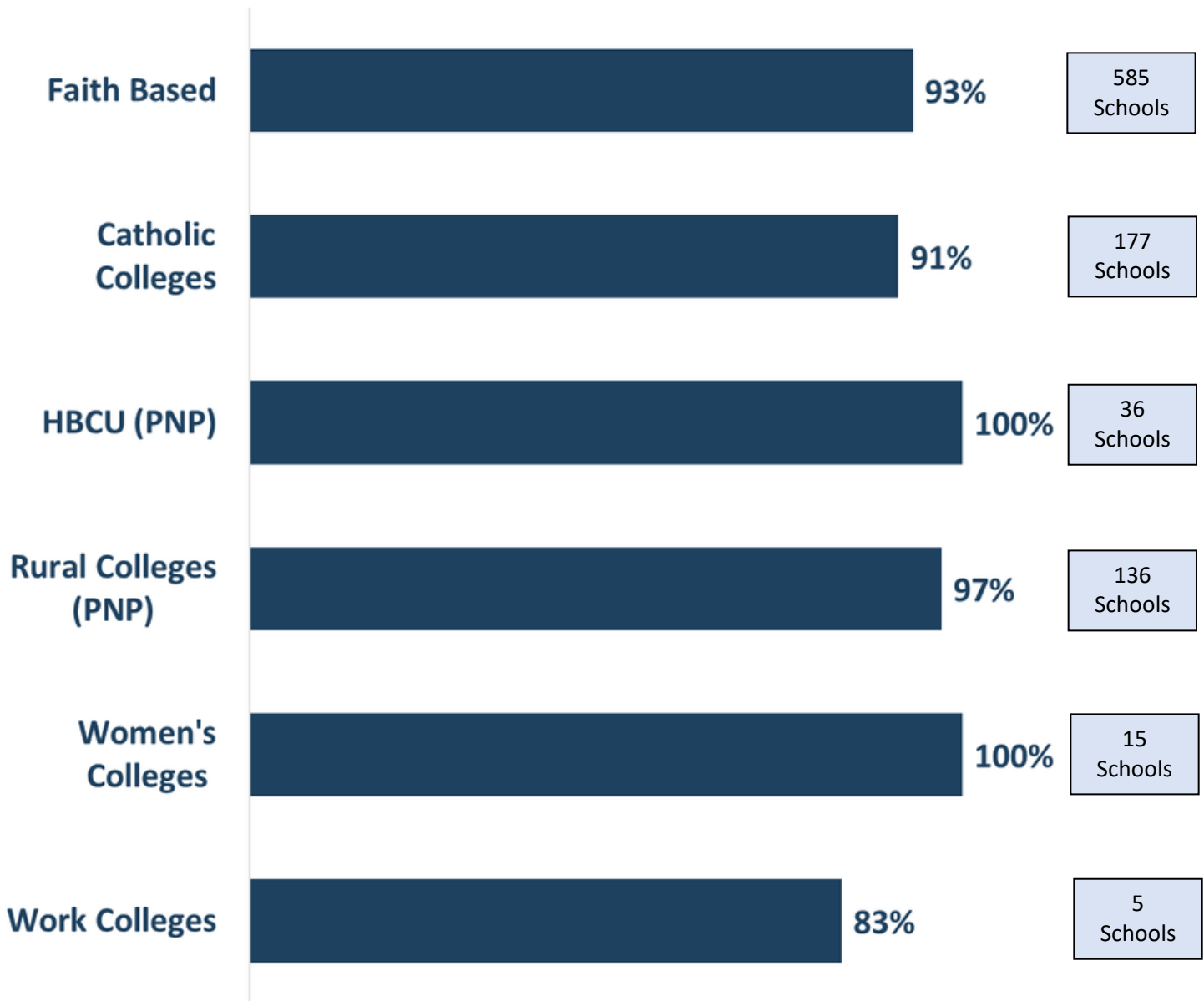


Risk Sharing Proposals

Share of Private, Nonprofits with a Projected Net Loss Under CCRA
*Per the Committee Database**



Accountability Under the CCRA: An Analysis, Committee on Education & the Workforce (2024),
<https://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=410507>

Risk Sharing Proposals

The College Cost Reduction Act (CCRA) imposes student loan risk-sharing penalties on institutions, making them liable for federal student loan costs (such as loan forgiveness and interest rate charges) established by the federal government. While there are many positive aspects to this bill, the risk-sharing proposal is of particular concern to private colleges. The House Committee on Education & the Workforce made public its analysis of CCRA provisions, including a database showing the impact the proposal would have on institutions. NAICU’s analysis of the database found that the formulas overly impact the private, nonprofit sector because these institutions do not get tuition support from state governments like public colleges.

Impact

Five years into implementation, private, nonprofit colleges and universities would collectively incur a net loss of roughly \$900 million dollars under the CCRA. Virtually every private, nonprofit college included in the committee database (98%) would be required to make annual risk-sharing payments to the federal government. Intended to reward performance, PROMISE grants will not be enough to yield a net gain for most private, nonprofit institutions, despite better graduation rates and comparable net prices. These disparate impacts against the private college sector undermine choice in higher education. The Congressional Budget Office predicts the proposal would even force some institutions to close.

A substantial impact is expected for special-focus institutions that characterize the sector:

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Faith Based Colleges	Catholic Colleges	HBCU (PNP)	Rural Colleges (PNP)	Women’s Colleges	Work Colleges
93% 585 Schools	91% 177 Schools	100% 36 Schools	97% 136 Schools	100% 15 Schools	83% 5 Schools

Note that as student loan repayments extend to 10-15 years, the estimated payments will likely more than double as more cohorts of graduates enter repayment.

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