RISK SHARING HURTS COMMUNITY COLLEGES

On December 12st, H.R. 4508, the Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act was approved by the House Education and Workforce Committee. The bill would reauthorize the federal Higher Education Act if passed and signed into law.

The PROPSER Act implements new financial obligations for institutions by modifying existing requirements under Return of Title IV Funds (R2T4) provisions. Presently, if a student withdraws prior to completing a semester, some aid must be returned under R2T4 depending on when the withdrawal occurred. The PROSPER Act creates new return policies that would ultimately result in community colleges owing more money back to the federal government.

ESTIMATES FOR RISK SHARING UNDER THE PROSPER ACT FOR ___________________ COLLEGE

R2T4 refunds under current rules (Fall 2016 term)	$
R2T4 estimate based on new methodology (Fall 2016 term)	$
Estimated increase based on new methodology (Fall 2016 term)	$
R2T4 annualized estimate based on new methodology *	$

**Annualized figures account for fall, spring and summer enrollments*

- Risk sharing is punitive to open access institutions, as penalties will predominately be greater for institutions that enroll low-income and at-risk populations.
- Community colleges have the lowest tuition and fees in higher education, averaging $3,570 for a full-time, in-district student in the 2017 -2018 academic year. 59% of all community college associate degree awardees leave college with no debt.
- If enacted into law many community colleges would be responsible for paying hundreds of thousands, if not millions of federal aid dollars to the Department of Education.
- Implementation of risk sharing at community colleges will inevitably result in either increased tuitions or reduced educational services for students, and very likely both. There simply is no other option for these thinly resourced institutions. Community colleges operate on thin margins, and small declines in revenues, whether due to budget cuts or decreased enrollments, often lead to immediate reductions in personnel and other core services.