Statement Before the House Committee on Education and Workforce,
Subcommittee on Higher Education and Workforce Development
Hearing on "Higher Education Price Transparency"
September 16, 2025
Testimony of Justin Draeger, Senior Vice President, Affordability, Strada Education Foundation

Thank you, Chairman Ownes, Ranking Member Adams and distinguished Members of the Subcommittee. My name is Justin Draeger, Senior Vice President, Affordability from Strada Education Foundation.

Why does price transparency matter? Transparency builds certainty and trust, which are needed in postsecondary education now more than ever. Price clarity is foundational to affordability because it enables students and families to make informed choices, budget realistically, and believe the system is working for them rather than against them. Without it, we lose not only dollars, but dreams, talent, and opportunity.

College pricing today is confusing and opaque. Families face two prices: the sticker price — the published tuition and fees — and the net price — what they actually pay after aid and discounts. Frustrated families consistently ask for three things: an all-in price as early as possible, guarantees that it won't change, and a straightforward sense of return on their investment. These are tall orders, but not impossible. There are concrete steps we can take, starting with clearer communication, simpler systems, and incentives that reward transparency rather than complexity.

For more than two decades, my work has focused on making sure cost is not an insurmountable barrier for students. I began as a financial aid administrator, worked with the State of Michigan to expand access, then represented financial aid offices nationwide as President & CEO of the National Association of Student Financial Aid Administrators. Today, at Strada, I continue that work by helping clear the path between education and opportunity — especially for those with the most standing in their way — with affordability and transparency as central pillars.

This morning, I'll share (1) what families tell us about college pricing, (2) why current incentives obscure price, and (3) what Congress, states, and institutions can do to fix it.

What Students and Families Tell Us About Price

Why People Choose Postsecondary Education

Most people pursue postsecondary education for better job opportunities, higher pay, financial stability, and broader opportunities. Large surveys consistently find that career motives are the top reasons Americans enroll in college.[1]

In spring 2025, Strada partnered with Heart+Mind Strategies to explore what students and families believe about college opportunities. While the results of these interviews won't be published for several months, I can share some of these results with the Committee today. In online interviews, participants described education as a gateway:

- "Attending college… allows me opportunities that I would not have otherwise. Without it, I would not be able to do the job I would enjoy," one student said.
- "With college, I'm hoping to have higher pay and easier access to specialized fields. I love the work that I do now, but the pay isn't great and I have very little upward mobility," explained another.
- A parent moved the stakes even higher: "Attending college gives my child an opportunity to pursue her dreams… it makes a huge difference in her life in the future."

The promise of postsecondary education is widely recognized, but when people explore their options, confusion over price, concerns about affordability, and fears of debt cause hesitation. The murkier the price, the wider the gap between intention and actual enrollment.

The Aspiration-to-Enrollment Gap

Although most students intend to enroll in postsecondary education, many never do, or they enroll but fail to complete. While nearly three-quarters of the high school class of 2023 aspired to attend college, a lesser share, two-thirds, actually expected to enroll.[2] Nationally, about 62 percent of recent high school graduates enter college the fall after graduation, a

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[1] Strada Education Foundation, Why Higher Ed? (Indianapolis: Strada, 2024), https://www.strada.org/reports/why-higher-ed.

[2] YouthTruth. Class of 2023: Who Wants to Go to College? San Francisco: YouthTruth, 2023. https://youthtruth.org/resources/class-of-2023-who-wants-to-go-to-college/.

rate that rose for decades but has now flattened.[3] In other words, the aspirations gap, students who plan to attend college but don't start, persists.

What happens between aspiration and enrollment? Too many learners get stuck in a pause, where unclear prices, shifting timelines, and debt fears erode trust. People don't lose the dream, but they do lose confidence in the rules of the game.

According to the Lumina Foundation and Gallup study, "The State of Higher Education 2024," 87 percent of adults who have stopped out or are currently not enrolled say *cost* is a very or moderately important reason why. And if you scan the rest of the list, nearly every other reason is indirectly about money:

- #2. "Conflicts with work" (77 percent), when your work shift pays today's bills, school loses.
- #4. "Takes too long" (72 percent), time is money, and every extra term extends the earnings delay.
- #5. "Not needed for my job/career" (62 percent) is a value call; if the ROI isn't obvious, people won't pay tuition or forego wages to enroll.
- #8. "Child care or caregiving" (47 percent) because class time requires childcare coverage; coverage requires cash or a support network.[4]

You can reasonably argue that many of the "personal mental health reasons" (64 percent) and "emotional stress" (72 percent) reasons also carry financial roots, as stress climbs when money and time are tight. The barriers students name most often are really different faces of price, cost, and predictability. What may appear to be a lack of ambition is often a protective instinct, shielding individuals from debt or financial instability, which in turn slows educational progress at a great cost to both individual opportunity and our collective future.

When Financial Aid Confusion Fuels Price Confusion

The financial aid process itself adds to price confusion and remains bewildering for most families, but because federal and state systems are riddled with jargon, shifting rules, and inconsistent communications. Research shows this confusion leads millions of students each year to self-select out of aid altogether. About 55 percent of the high school class of

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[3] National Center for Education Statistics, "College Enrollment Rates," *Fast Facts,* U.S. Department of Education, 2024, https://nces.ed.gov/fastfacts/display.asp?id=51.
[4] Lumina Foundation, *The State of Higher Education 2024* (Indianapolis: Lumina, 2024), https://www.luminafoundation.org/resource/the-state-of-higher-education-2024/.

2025 filed a FAFSA, leaving 1.6 million of their classmates, and billions in aid, on the table.[5] Many of these students were strong candidates for aid, with nearly half reporting difficulty covering a $500 emergency and 41 percent having received public assistance, a strong indicator of Pell Grant eligibility. Congress has shown that bipartisan progress is possible by simplifying the FAFSA, but more remains to be done. Price clarity and financial aid clarity must move forward together if we are serious about making college affordable.

How Price Confusion Erodes Trust

Perceptions of college affordability are among the top contributing factors to the decline of public trust in higher education. According to one analysis, researchers attribute much of the decline in public trust in higher education directly to "perceptions of college costs."[6] Another study found that "56 percent of Americans who have low levels of trust in higher education point to high costs and debt as the reason why." [7]

Additional survey data reveal that "the affordability of higher education tops" the list of public anxieties about college.[8] Polls have tracked a growing segment of Americans who believe college is not worth the cost, with this figure rising from 40 percent to 56 percent over the past decade.[9]

This is not a secret to higher education leadership. Nearly half of college presidents cite questions about the value – and, by implication, the cost-benefit ratio – of college as the chief reason for declining public confidence, with concerns about affordability close behind.[10] Other surveys of administrators and staff reveal similar unease about the value of a degree. At private four-year institutions, for example, less than a third of administrators and support staff "strongly agree" that their institution's education is worth the cost.[11]

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[5] National College Attainment Network (NCAN), "Survey Data Considers Why Students Don't Complete FAFSA," NCAN, 2024, https://www.ncan.org/news/707024/Survey-Data-Considers-Why-Students-Dont-Complete-FAFSA.htm.

[6] Rose Horowitch, The Secret That Colleges Should Stop Keeping," The Atlantic, Feb. 2025.https://www.theatlantic.com/ideas/archive/2025/02/college-cheaper-sticker-price/681742/.

[7] College Consensus, "Trust in Higher Education," College Consensus, 2025, https://www.collegeconsensus.com/research/trust-in-higher-education/.

[8] National Conference of State Legislatures (NCSL), The NCSL Task Force on Higher Education: Final Report in Brief (Denver: NCSL, 2025), https://www.ncsl.org/education/the-ncsl-task-force-on-higher-education-final-report-in-brief.

[9] Ibid.

[10] Inside Higher Ed. 2025 Survey of College and University Presidents. February 25, 2025. https://www.insidehighered.com/reports/2025/02/25/2025-survey-college-and-university-presidents.

[11] Tyton Partners. Driving Toward a Degree 2025. Boston: Tyton Partners, 2025. https://tytonpartners.com/driving-toward-a-degree-2025/.

Contradictions in Today's Pricing System

The real challenge students and families face in trying to budget and make life-changing decisions about postsecondary education comes down to one durable problem: the difference between sticker and net price.

The **sticker price** is the stated tuition, fees, housing, and all other attendance costs listed by the institution before subtracting any grants, scholarships, and discounts. In other words, it is the price published on an institution's website as the full price.

The **net price** is the actual amount a student and family will pay after grants, scholarships, and discounts are subtracted from the sticker price. The net price reflects what the student is expected to pay for their education on their own, and it can be covered through a variety of sources, including savings, student employment or work-study, institutional payment plans, or student loans.

What Families Actually Pay

Sticker prices have generally been increasing, and at a much faster rate than net prices over the last twenty years. On average, net prices at many institutions haven't skyrocketed the way sticker prices have. In fact, when measured in inflation-adjusted dollars, the average net price at public four-year institutions has fallen since the mid-2010s. According to a College Board report, from 2014-15 to 2024-25, inflation-adjusted net prices have decreased at public and private four-year institutions, as well as public two-year institutions.[12]

Some of the disparity between increasing sticker price and flat or even decreasing net price is due to expansions in federal and state aid, some is due to inflation, and a significant part is due to the ever-expanding role of institutional discounting, where colleges reduce the actual price they charge students.

Why Families Struggle to Find the Real Price

So why do students and families feel like they are paying more? It is primarily because most people in our country don't know the price of college, but they have internalized how unaffordable it is. In a 2024 nationally representative Strada survey, 77 percent of

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[12] College Board, Trends in College Pricing and Student Aid 2024 (New York: College Board, 2024), https://research.collegeboard.org/media/pdf/Trends-in-College-Pricing-and-Student-Aid-2024-ADA.pdf.

respondents said college is downright unaffordable. Perhaps it makes little difference if the price has come down marginally and it still costs too much to everyday Americans, but more worrying is the fact that most Americans cannot pinpoint the price.[13]

In our 2024 survey, only a quarter of adults could correctly identify that the average tuition and fees at a community college are roughly $5,000-$10,000k. Unfortunately, 1 in 5 thinks community college costs more than $20k a year.[14]

When asked about costs at four-year in-state public institutions, where researchers included housing and meals to better represent an on-campus experience, just 1 in 5 adults (22%) could correctly identify the average cost as between $20,000-$30,000 per year. Most people (56 percent) overestimated the cost, with about 1 in 5 (21 percent) dramatically overestimating it to be more than $50,000 a year.[15]

To be clear, the Strada survey did not ask people to come up with a number out of thin air. Respondents chose from preset price bands — $5k increments for community colleges and $10k increments for in-state public four-year schools. Over half selected bands above the actual average.

Our complicated postsecondary pricing model is particularly problematic for students from families who have never gone to college, who may not have learned that need-based financial aid is available, let alone possibly generous. Increases in sticker prices result in lower-income students being less likely to apply, even if their incomes qualify them for full financial assistance .[16] Additional research has shown Black, Hispanic, and lower-income students were less likely to accurately estimate the price of college than their peers,[17] and socioeconomically disadvantaged and racial and ethnic minority parents were less likely to make accurate estimates of college tuition prices.[18]

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[13] Strada Education Foundation, Cost Confusion: Americans' Misperceptions of College Costs (Indianapolis: Strada, 2025), https://www.strada.org/reports/cost-confusion-americans-misconceptions-of-college-costs.
[14] Ibid.
[15] Ibid.
[16] Phillip B. Levine, Jennifer Ma, and Lauren C. Russell. "Do college applicants respond to changes in sticker prices even when they don't matter?." *Education Finance and Policy* 18, no. 3 (2023): 365-394.
[17] H. Kenny Nienhusser and Toko Oshio. "High school students' accuracy in estimating the cost of college: A proposed methodological approach and differences among racial/ethnic groups and college financial-related factors." *Research in Higher Education* 58, no. 7 (2017): 723-745.
[18] Eric Grodsky and Melanie T. Jones. "Real and imagined barriers to college entry: Perceptions of cost." *Social Science Research* 36, no. 2 (2007): 745-766.

Headlines vs. Reality

The price perception gap is made worse by headlines that amplify sticker prices. Take, for example, a steady drumbeat of headlines warning that a year of college can cost $100,000 annually at some institutions, even as average net prices – in inflation-adjusted dollars – fall for most students:

- "Some Colleges Will Soon Charge $100,000 a Year. How Did This Happen?" (*The New York Times*)
- "Six-Figure Price Tags Are Coming to Colleges" (*The Atlantic*)
- "USC Raises Tuition, Again, Bringing Total Attendance Costs to Nearly $100,000" (USC Annenberg)
- "Some Massachusetts Colleges Will Now Cost More Than $100,000 a Year" (CBS News)
- "Wellesley Surpasses $100k Sticker Price" (*Inside Higher Ed*)

These are just a smattering of headlines that conflate sticker prices for a very small number of typically elite institutions, leaving out important context, like the fact that collectively these schools enroll a relatively small number of students, and for the students who do attend these schools, very few pay that price. In fact, low- and middle-income students at these types of schools pay only a fraction of the sticker price. If the only number we publicize and focus on is the one almost no one pays, "unaffordable" becomes the only story families believe.

How Tuition Discounting Clouds Price

Colleges market both the sticker and the net price for different - and often rational - reasons. For better and often worse, to students and families, sticker prices signal quality and help balance institutional ledgers for the few students who pay it. They are also required by law to list the full cost of attendance for each program, regardless of the percentage of people who actually pay it. Net prices offset by institutional discounts often play into student and family desires to receive "merit" scholarships. This psychology is deliberate. A high list price to convey prestige; an immediate "scholarship" to tell a student they are special. But messaging alone cannot fix the core problem: that within this pricing model, most families cannot make heads or tails of what their price is actually going to be.

That's because many private, non-profit institutions operate on a "high tuition, high aid" model, where the vast majority of students pay less than the sticker price. In this model, the idea is that some high-income families pay full freight and subsidize aid offered to low- and middle-income families. But the model is fraying.

For the 2024-25 year, the estimated tuition discount rate among private nonprofit institutions reached a record 56.3 percent for first-time, full-time undergraduates.[19] This means that for every dollar of undergraduate tuition and fees that these institutions could have charged, they awarded roughly 56 cents in institutional grant aid and discounts to first-time undergraduates. On the one hand, this means colleges are far more affordable than sticker prices may make them seem. On the other, this makes understanding the cost of college that much more confusing for students and families. It also calls into question the financial sustainability of some colleges that have discount rates much higher than the average.

Once reserved for private institutions, institutional aid and tuition discounting strategies are increasingly being adopted by public universities. In forthcoming research to be published by Higher Ed Insight (HEI), the percentage of first-time, full-time undergraduates receiving institutional grant aid at public four-year institutions increased significantly, from 35 percent in 2006-07 to 62 percent in 2021-22. Tuition discounting practices at public institutions serve multiple goals. While access and affordability for low- and middle-income students are crucial, most institutions have additional priorities driven by institutional factors, like the need to balance budgets, shape their incoming class, and improve student retention, and external pressures, like stagnating state support, competition, and demographic decline. The extent and scope of discounting at public universities differ across institutions and are shaped by context, selectivity, enrollment trends, and state fiscal policies.

When institutions struggle to fill seats, they often resort to late-cycle discounting and last-minute deals, which can undermine public trust. Tuition discounting has become a decades-old tactic with diminishing returns. For some colleges and universities, it weakens institutional finances in competitive markets. Whether public or private, institutions that increasingly rely on tuition discounting as an enrollment tool inevitably add to price confusion. This confusion also shapes how students and families interpret other practices.

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[19] National Association of College and University Business Officers (NACUBO), "Private Colleges Offering Record Financial Aid, Tuition Discounting Reaches New High," NACUBO, 2025, https://www.nacubo.org/Press-Releases/2025/NACUBO-Study-Finds-Private-Colleges-and-Universities-Are-Offering-Record-Financial-Aid-to-Students.

Practices That Erode Confidence

The end result? Confusion, disillusionment, and loss of trust, especially when students and families realize that what are purposefully presented as “scholarships” are in fact widespread discounts that a significant portion of other students are receiving.

As one college student in the Strada interviews put it: “I think it’s kind of sleazy business practices. Nobody’s paying that price, yet you’re listing it just to make it look like they’re getting a deal.”

For their part, colleges and universities are responding to competitive pressures, but to students and families, these practices often appear misleading. Consider just a few common examples of rational institutional behaviors that feel dishonest to students:

- Collecting vast amounts of information about students and families (such as family vehicle, webpage clicks, visits, etc.) to determine a price using a methodology that is not transparent or understood.
- Asking students and families to “lock in” at their school through Early Decision before that student or family will know what the final price will be (you commit to us before we tell you whether we’ll commit to you).
- Guaranteeing that institutional aid will remain steady, but then dramatically increasing tuition, fees, or other unexpected expenses in ways that erode the value of institutional aid.
- Overenrolling, cramming more students into dorm rooms than they are intended to house. Other times, they lock families into one price, then slash tuition for late enrollees if numbers fall short — rewarding those who wait and penalizing those who trusted the process. It may be rational market behavior, but to families, it feels unfair and deceptive.
- Touting flat tuition for in-state students at public institutions, while quietly enrolling even larger numbers of out-of-state students, decreasing the number of in-state students who can enroll at those coveted, prestigious public institutions.

Taken together, these sorts of actions drive public mistrust. It’s important to recognize that colleges operate in extraordinarily complex environments, with constantly increasing expectations that range from providing mental health services to top-notch academic supports, all while growing and competing for students. When combined with uncertain state funding support, these pressures help explain why pricing can feel volatile even when schools themselves would prefer greater stability. In short, institutions are rational actors reacting to very real market incentives.

What is clear is that today, students and families still view college as the gateway to opportunity, but they often find themselves confused about the cost and distrust the process. Even as net costs have fallen in inflation-adjusted terms, the system feels opaque, unpredictable, and unfair. That confusion fuels hesitation, widens the aspirations gap, and erodes confidence at the very moment when learners should be moving forward.

What Students and Families Want in College Pricing

For their part, students and parents are begging for price clarity, total out-of-pocket costs, and plain-English bills. Across all groups interviewed by Strada, including high school students, parents, current college students, and adult learners, cost emerged as the single most important factor in deciding whether to enroll. But it wasn't just the amount they took into consideration; it was how clear, predictable, and understandable those costs were over time that helped them decide whether to enroll.

Consider what some of our interviewees told us:

> "I want to be able to know what I'm paying ahead of time, make payments to keep the cost under control, and finish as early as possible," said an adult learner.
>
> "I think you've got to give families the price up front instead of a sticker price… when you put the sticker price out there, that it kind of deters a lot of people from even applying…" said a high school parent.
>
> "I like consistency for the four years so we know exactly what to plan for," said another parent.
>
> "Costs not changing while I work on a degree just seems like something that should happen already," said a high school student.

Whatever short-term gains we in higher education believe we have achieved through our respective enrollment management strategies must be weighed against the long-term costs that are stacking up on lack of price clarity, loss of public trust, and general confusion.

If we are to rethink both our financial aid and enrollment management strategies, our starting point must begin with the following assumptions:

1. **Cost misconceptions are widespread:** Most Americans have no solid understanding of what college costs, even after our best efforts to explain it to them.

2. **Transparency beats persuasion:** Trying to convince students and families that postsecondary education is affordable in an opaque system doesn't do as much as plain-English, no games, clear and transparent communications.

For institutions in particular, students and families want the following:

1. **Price Guarantees:** Families want costs they can count on from start to finish, with no surprise fees. 43 percent of traditional college students said a guaranteed cost for all four years would make college more affordable, and 37 percent of adult learners said guaranteed prices would help them make a college decision. (Note: these figures reflect priorities students ranked among multiple options, not simple yes/no support.)

2. **Clarity and Simplicity:** Families are extremely frustrated with opaque pricing practices and what they perceive as "hidden fees." They want clear, all-in pricing. Particularly for adult learners (32 percent) and college parents (33 percent), single, all-in pricing was listed as one of the top three things that would make college more affordable. (Note: these figures reflect priorities students ranked among multiple options, not simple yes/no support.)

   "Hidden costs and bait-and-switch tactics are what get you. Transparency with a guaranteed limit on cost would make me more confident in my choice," said one adult learner.

3. **Commitment to Limiting Debt:** In our focus groups, many participants used vivid, visceral language to describe their fear of student loans, portraying debt not as a tool but as a life-crippling burden. Perhaps informed by sensational headlines, ongoing debates about student loans, or maybe friend and family experiences, students and families consistently use words like *crippling, crushing, mountain,* and *suffocating* to describe debt. They want assurance that their education won't bury them with unmanageable burdens of loan debt.

   Nearly half of adult learners (47 percent) and traditional college students (43 percent) said a school's promise to keep debt low would be decisive in their decision to enroll.

4. **Connection to Value and Return on Investment (ROI):** Long gone are the days when affordability focused solely on upfront costs. For today's students, affordability isn't just about the price tag to attend; it's whether the benefits outweigh the costs. Nearly 3 out of 4 high school (73 percent) and college (71 percent) students said it is more important that college is "worth the price" than that it is simply "fairly priced."

   Affordability and transparency requires clarity on both sides of enrollment. Just as importantly as knowing what they will pay, students and families want to know what they can reasonably expect in terms of outcomes like employment and earnings. Clear price information and outcomes information together allow families to make informed choices about value.

   "I would want to know how many students actually graduate with jobs in the major my kid is going in," said one high school parent. "If it is a high number, then I would say it is worth it."

Our initial research suggests that institutions that prioritize these four aspects will not only meet the needs of their own students and families but will also help rebuild public confidence in higher education itself. Students and families are not asking for discounts, which are increasingly being viewed as gimmicks. Of course, they want an affordable education, but they are also placing a high value on honesty, predictability, and proof of value. They want to know the full price up-front, trust that their price will be stable, and want to know their institution is just as committed as they are in keeping debt levels to a minimum. These asks map directly to actions Congress and states can take.

Charting a Better Pathway Forward Together

Postsecondary education is a large ecosystem, and institutions cannot do this work alone. It will require an intentional commitment from federal and state governments to start with clear, consistent communication, make complex systems simple and reliable, and reward and prioritize clarity, not complexity. Only through this cooperative effort can we refine public messaging, restructure our complicated pricing and financial aid system, and address the market incentives that undermine price clarity and affordability.

1. Start with Clear, Consistent Communication

Getting our messaging right is a critical part of the equation. Families need **tailored estimates** before they apply, not after they commit to attend. As economist Phil Levine has long stated, we should think of messaging as an "information funnel" that produces instant and as personalized net-price estimates with as minimal inputs as possible, long before college, ideally as early as 8th or 9th grade.[20] While general information about college costs play an important role, states and institutions can invest in early tools that use readily available state and institutional data to provide students and families with very early net price estimates before those students ever reach high school.

Another step in the right direction is to **standardize and simplify what families see**, no matter where their learner dreams of attending. Many forward-thinking colleges have already taken a step in this direction by signing on to the College Cost Transparency (CCT) Initiative, an effort supported by Strada and led by higher education associations and institutions that goes beyond a pledge.[21] A centralized processor reviews financial aid offers to ensure schools are correctly using standardized terms and language. Today, some 760 institutions enrolling more than 7 million students have voluntarily agreed to these standards. Collectively, these institutions are addressing inconsistencies that have been identified by this Committee and meet all the best practices from a 2022 GAO report and the US Department of Education's Shopping Sheet.[22]

The CCT Initiative should be just the beginning. Terms like "full ride scholarship," "meet 100 percent of full demonstrated need," "promise programs," and "need-blind" vs. "need-aware" are all common parlance in today's enrollment management field, but mean very little to students and families unfamiliar with college admissions and financial aid, especially if they are used inconsistently between institutions and scholarship providers. Cooperative efforts will be needed to **ensure institutions adopt common terms for describing aid and enrollment practices**, supported by research and a willingness to change. To truly move the needle, messaging must be consistent, clear, and easily understood by students and families.

Because affordability is inseparable from clear outcomes, **prices should be paired with program-level outcomes whenever possible**. These outcomes should include earnings, completion percentages, time to degree, and the most common occupations, as well as overall loan debt, to help students weigh the costs and benefits. Strada's CEO and

[20] Phillip B. Levine, "A Call for More Transparent College Pricing," Inside Higher Ed, Feb. 10, 2025, https://www.insidehighered.com/opinion/views/2025/02/10/call-more-transparent-college-pricing-opinion.
[21] College Cost Transparency (CCT) Initiative, "College Price," 2025, http://collegeprice.org.
[22] U.S. Government Accountability Office, Education Needs to Improve Financial Aid Offer Communications, GAO-23-104708 (Washington, DC: GAO, 2022), https://www.gao.gov/products/gao-23-104708.

President Stephen Moret testified about the importance of data outcomes in his testimony before this committee in March.[23]

2. Make Complex Systems Simple and Reliable

A large part of what makes postsecondary education pricing so confusing is just how many payers are involved. Colleges and universities assemble aid packages that incorporate a multitude of federal, state, private, and institutional aid programs. Students and families piece together earnings from work, family support, private scholarships, or employer education benefits. Achieving true simplification of how students and their families pay for college may never be fully possible. Fortunately, students and families accept these facts. At private institutions, this will mean new budget models. Public institutions will need stable, long-term funding plans from their state legislatures to support promised stability to students and families.

Some institutions have experimented with “tuition resets,” where college leaders have abandoned the “high tuition, high aid” model and more closely aligned their sticker and net prices. These sorts of practices require significant planning, strategy, communication, and careful execution. When done well, it is notable that institutions that reset tuition and use more transparent pricing do see increases in Pell enrollment.[24]

While the rollout of the new Free Application for Federal Student Aid (FAFSA) was plagued with challenges for both institutions and students, this year’s form will be released on-time and the new streamlined process should make it easier for most students to apply for federal financial aid. States and institutions can explore similar initiatives to follow suit, helping students quickly or automatically qualify for financial aid whenever possible, using existing data systems. In Washington state, for example, leaders are implementing a new program that provides notification to students as early as 10th grade who receive SNAP benefits, guaranteeing their state financial aid eligibility. We know that providing lower-income students with a guarantee of free tuition, qualifying based on their income, before they apply, reduces uncertainty in pricing and results in higher application and enrollment rates.[25] And with the dramatic expansion of Direct Admissions (i.e., guaranteed)

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[23] U.S. House of Representatives, Committee on Education and the Workforce. Subcommittee on Higher Education and Workforce Development Hearing. “Strengthening WIOA: Improving Outcomes for America’s Workforce.” https://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=412213

[24] Daniel Corral and James Dean Ward, “Calibrating Costs: Do Tuition Reset Policies Affect Diverse Student Enrollment at Private Baccalaureate Colleges?,” The Review of Higher Education 47, no. 2 (Winter 2024): 189–215.

[25] Susan Dynarski, CJ Libassi, Katherine Michelmore, and Stephanie Owen, “Closing the Gap: The Effect of Reducing Complexity and Uncertainty in College Pricing on the Choices of Low-Income Students,” American Economic Review 111, no. 6 (2021): 1721–56. https://doi.org/10.1257/aer.20200451.

programs throughout the states, standardized financial aid offers with an accurate net price in conjunction with guaranteed admissions can supercharge individualized price clarity for students and families.

3. Reward and Prioritize Clarity, Not Complexity

As I've stated in my testimony, postsecondary institutions are rational actors in a sometimes irrational market, with significant incentives that have led to behaviors that often obscure the price for students. When visiting with a large group of esteemed financial aid directors and enrollment managers last year, I asked them what one practice, if they could wave a magic wand, would they most like to change about the financial aid process. One answer: end institutional discounts because they are complicated to track and administer on the school side, and obscure prices on the student side. Yet few institutional leaders want to risk being the sole school stepping away from a model that has been ingrained in higher education pricing for decades.

Today, if a large group of institutions were to come together and commit to transparent pricing through actions such as all-in pricing, tuition resets, and standardized price guarantees, they would likely be investigated for potential collusion. Concerns about collusion and anticompetitive practices are real in any market. Yet colleges and universities also need some supervised ability to collaborate and commit to best practices that are not anti-competitive but instead serve students and families.

The College Cost Transparency Initiative is an instructive start, even if it focuses only on standardized terminology and formatting on financial aid offers. The next step is to move toward similar standards earlier and across the financial aid cycle. Congress can clarify safe harbors for collaborative transparency practices while maintaining guardrails against price-fixing.

States can incentivize change by re-examining the funding formulas of public institutions. Current models may inadvertently incentivize out-of-state recruitment and merit discounting over in-state access and completion. States should consider – in partnership with their institutions – how state funding impacts or possibly incentivizes institutions to enroll in-state vs. out-of-state residents, prioritizes in-state completions, or aligns state support with predictable, affordable net prices. Recent trends show that state aid increases and flat sticker prices can help; aligning funding with price clarity can accelerate the effect.[26]

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[26] State Higher Education Executive Officers Association (SHEEO), State Higher Education Finance Report: FY 2024 (Boulder, CO: SHEEO, 2024), https://sheeo.org/shef_fy24/.

Rebuilding Trust Through Price Clarity

Our north star on price clarity is simple: trust comes from **specificity, stability, and comparability**. Families want their price early, the same way every time, for all years, and connected to likely outcomes. If we align messaging, simplify the machinery that produces the number, and recalibrate incentives that currently reward opacity, we can replace hesitation with confidence and rebuild public trust in the value of college.

The stakes could not be higher. Postsecondary education, whether college, skilled trades, guided apprenticeships, or lifelong learning, remains the most enduring and reliable pathway toward fulfilling America's promise of upward mobility. Getting this right may be one of the most important steps we can take for the health, wealth, and well-being of ourselves, our communities, and the country we share.