

Testimony of Lee S. Wishing, III, VP for Student Recruitment/CMO, Grove City College
Subcommittee on Higher Education and Workforce Development
September 16, 2025 | 10:15 a.m. | Rayburn Office Building | Room 2175

Chairman Owens, Ranking Member Wilson, and distinguished members of the Committee, thank you for the opportunity to testify on “unfunded discounting”—a misleading tuition-pricing practice widely used by colleges and universities that benefits institutions at the expense of students and parents who frequently do not understand the intentional vagaries of college pricing. My name is Lee Wishing, and I am vice president for student recruitment at Grove City College in western Pennsylvania. My institution does not practice unfunded discounting, but we compete daily in an environment wherein unfunded discounting is the norm. I want to stress that my testimony is my own, not that of my institution. I have a unique position with which to understand the nature of unfunded discounting because I am responsible for competing every day on behalf of Grove City College for freshman enrollment. It’s tough competition out there.

Understanding Unfunded Discounting

What is unfunded discounting? Most universities without large endowments set their tuition prices well above their actual costs. This is done for three main reasons.

- First, a high sticker price creates a potentially inflated **perception of value**.
- Second, it allows the school to offer impressive-looking scholarships to every student, making them feel valued and desired.
- Finally, and most importantly, this scheme allows students to **unwittingly fund their classmates' scholarships**.

It’s important to note that this scheme is the norm in college pricing, and that most consumers do not understand it. Yet, higher education leaders, the associations we belong to, and the marketing firms that serve us do understand it. In other words, from my perspective higher education leaders and marketing practitioners know what is happening, but consumers do not.

A simple example

How does it work? Let's use a simple example. A university sets its tuition at a sticker price of \$65,000, but its actual cost to educate a student is only \$35,000. Therefore, it can give every student a \$30,000 scholarship without losing any money. Everyone is a winner! But

what happens to the student who receives a smaller \$20,000 scholarship? That student will pay \$45,000, which is \$10,000 more than the school's breakeven cost. This extra \$10,000 is then used to give a more desired student, perhaps one with a high SAT score or special talent, a larger scholarship, say \$40,000.

Essentially, students who receive smaller scholarships are subsidizing those who get larger ones. Yet, the scheme seeks to make the subsidizers feel good about their unwitting overpayment. The goal: Nearly every student gets a trophy and feels happy.

The Risks and Reality of This Practice

This practice puts students and families at risk of **overpayment and excessive debt**. They may take on federal student loans, federal Parent Plus loans, or private loans to pay for a portion of their classmates' education and could be burdened with that debt for years after graduation. Furthermore, many schools have a minimum GPA requirement to maintain these scholarships. If a student loses their scholarship, they may be forced to pay the full, inflated sticker price, potentially driving them further into debt, and/or drop out of college altogether sometimes with a large debt burden. No degree, big debt.

My college, Grove City College, competes in the higher education marketplace without practicing unfunded discounting. We charge our breakeven price of \$35,290. We are transparent in our pricing. Our pricing is straightforward—We set our tuition price at breakeven cost and then offer fully funded need and merit aid to reduce the price. About 65% of our freshmen receive some form of institutional aid. No student at Grove City College pays for another because Grove City's aid is fully funded by our endowment, alumni, and friends. Moreover, although we do not accept federal student loans or aid, we have one of the lowest student loan default rates in the nation.

My experience speaking with families who are participating in the college search process for the first time expect that all colleges fund aid like Grove City. Yet, families are perplexed by the large sticker prices and large scholarships offered by other institutions. They know something is odd about pricing but are not sure what is going on.

The winners and losers

Although Grove City doesn't practice the discounting scheme, I see many of the competitors' big trophy winners because we attract high-achieving students who receive competitor offers that cover 75%-100% of tuition cost. Of course, most of the small trophy winners don't know they are paying for the big trophy scholarships.

Debt risk

Students who receive small competitor scholarships often must borrow significant sums to finance their education and the subsidies they pay unwittingly. From my perspective and experience, it's far too easy to borrow large amounts of money from the federal government via the combination of Direct Subsidized Loans and Parent Plus Loans.

The best kept open secret

In my experience, every college leader of an institution that practices unfunded discounting understands the practice and its ethical challenges; every college association knows the discounting scheme; and college marketing conferences feature marketing firms that develop sophisticated discount models. To see these models demonstrated without addressing the attendant ethical challenges can be disturbing. What I'm trying to help you understand is that unfunded discounting is the best kept open secret in higher education finance. It seems like everyone in the industry knows what is going on except the consumers.

Challenging the industry

A college association

Effectively challenging the industry to be transparent is difficult because unfunded discounting is essential for institutional survival. Grove City College is a member of a consortium of colleges and universities that mandates adherence to an ethics statement emphasizing transparency, trust, and the provision of accurate information. Yet, its members practice unfunded discounting. I wrote to the organization's leadership asking them to encourage its members to end the practice and align with the apparent ethical aspirations of the association. The organization's board of directors discussed my request, and I received the following response after much internal deliberation:

The challenges such a policy would present to our members would be quite difficult to implement and sustain. Thus, there isn't a desire from the BOD to offer a statement on the practice through (our organization) or our (operating guidelines). Given each of their institutional policies, it would be disingenuous to the recruitment philosophies and detrimental to their enrollment efforts.

Data modeling services

To enhance enrollment, many college and universities use sophisticated data models generated by leading higher education marketing companies. I recall attending a national conference here in Washington, D.C. and watching a routine discount modeling demonstration. The presenters skillfully operated the model raising and lowering discounts favoring one sector of students over another. I was as stunned by the model's ethical implications as I was by how unmoved other college admissions professionals were by what I deemed to be glaring ethical offenses.

College presidents

Last spring I attended a small retreat sponsored by a leading Christian denomination. There were 25 or so pastors, seminary representatives, colleges presidents, and denomination leaders in the room when the issue of college pricing came up. I explained the unfunded tuition model and there was a palpable uneasiness in the room when I said, "The very first transaction a student has with most Christian colleges is based on deception." The tension broke when one of the college presidents acknowledged that I spoke the truth.

Wiping out an endowment in two years

A group of universities using a common marketing platform mistakenly assumed I was a high school student. Soon my inbox was flooded with college marketing emails. Believing me to be a good student (much better than I actually was in high school), one college offered me a huge scholarship based on what it believed to be my high GPA. I quickly calculated that its gross annual scholarship awarding would deplete its entire endowment in less than two years, thereby proving "my scholarship" was an unfunded discount.

Stock in trade for private K-12 schools, some publics too

Many K-12 schools publicize the amount of scholarship money its graduates receive annually. It's been my experience that nearly all K-12 guidance counselors do not understand unfunded discounting. Moreover, they generally do not understand that the *actual value* of the scholarships their graduates earn is grossly overstated.

An old friend

I attended three Christian college conferences last summer. At one of them I saw an old friend who left Grove City College to become a leader of a friendly competitor. When I

inquired about his employer's huge sticker price and discounting policy, he wryly replied, "Where's the outrage?"

A possible light regulatory solution

I provide the above examples to you not to generate outrage but to help you understand how widespread, sophisticated, and misleading the practice of unfunded discounting is. These problems notwithstanding, you might find it surprising that I am not a fan of government intervention in the higher education marketplace. Congress, in my opinion, has intervened too far in higher education by trespassing the 10th Amendment in favor of Article I, Section 8's spending clause. If I were alive in the mid-19th century, I would have cheered President Buchanan's 1859 veto of a land-grant colleges bill and opposed President Lincoln's 1862 signing of a similar act. Moreover, I think the best solution would be for our non-profit colleges and universities to self-regulate. But the market is not self-regulating and, therefore, risks inviting your involvement. Therefore, I'll offer you a simple and light solution.

Ironically, as you know, the 1984 Grove City College Supreme Court Case, *Grove City v. Bell*, gives you the power to regulate institutions that receive federal financial aid. Therefore, you may want to require institutions receiving federal aid to modify already required cost of attendance information by requiring colleges to publish the following:

1. their breakeven cost of attendance per student,
2. the real, fully funded value of a student's scholarship (my experience is the real value of unfunded scholarships is 10% - 30% of stated value) and,
3. the premium it charges to a student that benefits other students.

Conclusion

As I go to work daily, it feels like most of the higher education world is aligned to mislead students for the benefit of the institutions. I prefer that our market would self-regulate. Afterall, like you, I prefer honest and transparent college pricing, but the higher education marketplace seems to have normed misleading pricing in favor of institutions at the expense of consumers.

Addenda

Following you will find marketing collateral that the Grove City College admissions office provides to prospective students to explain unfunded discounting



BIG DECISIONS BRING FAMILIES TOGETHER...

The purpose of this short document is to encourage a family conversation about the total cost of college and how to accurately measure the value of a college degree.

Buyer beware: The truth about “scholarships”

Nearly all private colleges fund scholarships via “unfunded discounts” and “classmate subsidies.” Unfunded discounting occurs by setting an artificially high tuition price and then lowering it by extending a “scholarship.” This is not unlike a store marking up prices prior to having a “sale.” In addition, classmate subsidies are also widely used in private higher education — when one student pays higher tuition which is then used to fund another student’s larger “scholarship.” *These practices create a false perception of value and personal validation, which can have long-term consequences for the student who makes a college choice based upon them.* Grove City College’s approach to pricing differs from that of nearly every private college in America. Our sticker price is transparent and is the same for everyone because we fund our scholarships with cash from our endowment earnings and gifts from donors. **Many of our top private competitors offer unfunded discounts/student-subsidized scholarships typically ranging from \$14,000-\$30,000.** Because we do not practice unfunded discounting or use classmate subsidies, however, our net price may not be the very lowest. But value is more than just tuition price.

How to measure value

Before making a college decision, be sure that you are comparing apples to apples. Consider these important issues that impact the long-term value of a degree:

ACADEMIC QUALITY, EMPLOYER RECRUITING, AND JOB PLACEMENT RATES. In recent years The Princeton Review has ranked Grove City College in the top 20 Best Schools for Internships and our Career Services Office is frequently ranked in the top 20 in the nation. Employers and graduate schools recruit Grove City College students in extraordinarily high numbers due to the college’s academic quality. We routinely have over 200 employers visit our campus throughout the corporate recruiting months each year. Our annual Career Fair alone attracts around 150 employers from across the country, making it one of the largest college career fairs in the region. Few schools offer the number of personal employer contacts and one-on-one career coaching sessions for corporate, nonprofit, and education careers that we offer our students. And fewer still match our placement rates. Our employment survey of 99% of the Class of 2024 found that 96% of our graduates were employed or enrolled in a graduate school within six months of graduation.

ALUMNI EARNINGS. Payscale.com ranks Grove City College in the top 12% of the Best Universities for a Bachelor’s Degree in their College Salary Report. This list includes the top colleges with the highest paid graduates. Over a lifetime, higher salary earnings can make a very significant difference in the value of a college degree. It could amount to as much as tens, if not hundreds, of thousands of dollars. Remember that a college degree is a long-term investment, the full value of which will not be realized until long after enrollment.

SCHOLARSHIP RENEWABILITY. Many colleges offer large scholarships with conditions that may be difficult to satisfy after the freshman year, such as maintaining an especially high grade point average. It is important to understand all scholarship conditions when considering the total cost of a degree. In addition to financial aid awarded before enrollment, Grove City College provides opportunities for students to earn merit aid after their first year.

FEES. Many colleges assess fees for things such as fitness rooms, health centers, and technology usage, as well as student activity fees and high parking costs. Grove City's fees are either inclusive or relatively very low. Don't forget that Grove City students also receive a state-of-the-art notebook computer and software (a \$4,500 value), as well as on-campus help desk services at no additional cost.

GRADUATION RATE. At many institutions, nearly half of students take five or more years to graduate because, among other things, they encounter institutional barriers beyond their control. If this happens, the total cost of tuition rises and so does the potential student debt load. As part of our cultural DNA at Grove City College, we are committed to helping students graduate on time. We are intentional about proactive personal advising, implementing flexible class scheduling, providing the right number of classes, and offering January and May travel courses as well as summer online classes. Grove City College's four-year graduation rate is 76%. In comparison, the U.S. Department of Education lists the official average four-year graduation rate at private colleges and universities as 53%.

STUDENT DEBT. The standard repayment period for student loans is 15 years. Historically, on average, Grove City College graduates have paid off their loans 2-3 years faster than the national average. As well, we have historically had an annualized default rate of less than 1%, which is significantly less than our competitors. The Education Data Initiative reports that 11% of new graduates default in the first 12 months of repayment.

Integration of faith, learning, and financial practice

This document addresses important factors that help determine the long-term financial value of a degree.

The greatest value of all, however, is the commitment our faculty members make to integrate Christian faith and truth with classroom learning. We are committed to helping students develop Christian wisdom and discover their purpose in life — what they were uniquely created to do. Grove City College's purpose is to guide students and to equip them for their unique callings. Not only do our faculty help our students develop Christian minds, our administration models Christian ethics in our financial practices as well.

The Bottom Line

Take time to compare apples to apples. You may be very surprised by what you learn. Hopefully this information has helped you weigh your options so you are able to make a more highly informed decision. Grove City College firmly believes that fair and truthful tuition charges and scholarships, lower fees, abundant corporate recruiting opportunities, high job placement rates, accelerated student loan repayment, higher alumni earnings, and the development of Christian wisdom are much better indicators of academic quality and value than artificially inflated tuition and unfunded scholarships.

If you would like to know more about the practice of tuition discounting, you can read "How Colleges Overcharge in the Name of 'Scholarships' — A Q&A on Tuition Discounting" at faithandfreedom.com/discounting.

If you have other questions, please contact the Grove City College Admissions Office at admissions@gcc.edu. We value our relationship with you and hope to serve you and your family for years to come!



100 Campus Drive
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HOW WE PRICE DIFFERENTLY

THE TRUTHFUL ALTERNATIVE – We know the cost and long-term value of a college education can be concerning, and we are committed to dealing truthfully in our pricing and scholarship offerings (Proverbs 11:1). Specifically, we avoid the problematic practice of “unfunded tuition discounting.”

DECEPTIVE DISCOUNTING – Unfunded tuition discounting is the manipulation of the price of tuition that results in students unwittingly funding their classmates’ scholarships. This practice is used widely throughout higher education to entice students and their parents. It often diverts the student’s focus from holistic and lifelong flourishing.

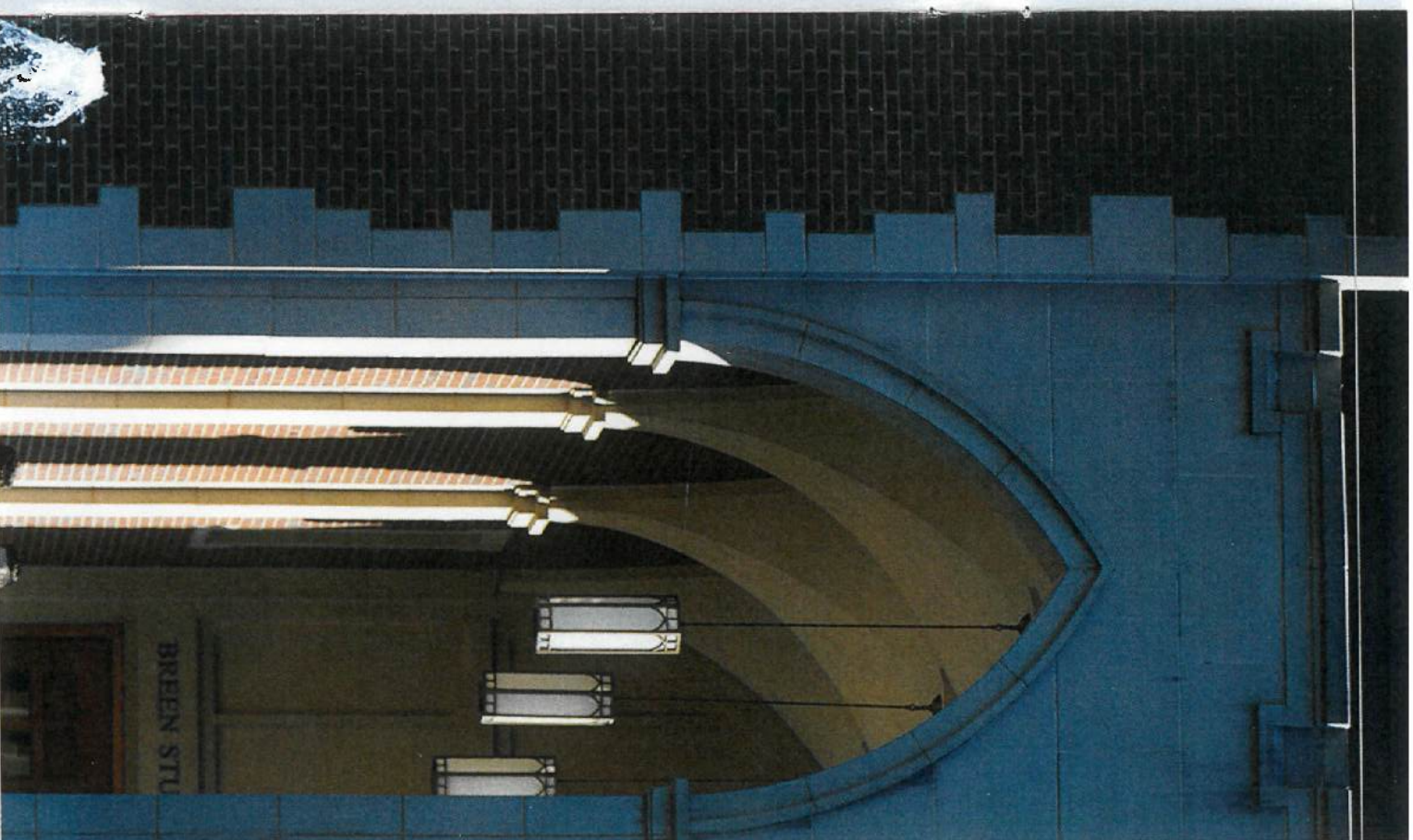
HOW DOES IT WORK? – Most colleges have excessive price tags by design — the foundation of the unfunded discounting framework. Like stores increasing their prices and then putting on a sale, colleges simply inflate the cost of tuition beyond the actual break-even cost. Then colleges lower the price of tuition by offering a scholarship, similar to a sale coupon.

WHY DO COLLEGES DO THIS? – They do this for two reasons: First, so that they can use parents and students as their source of scholarship funding. Second, so that they can offer a scholarship to nearly every student. This creates a false perception of reward and often benefits the school over the student.

BUYER BEWARE – Every discounting college has an average unfunded discount. Students who receive a discount lower than the average actually help pay for larger-than-average discounts offered to other students. Most private colleges fund the bulk of scholarships by transferring money from one family to another.

COMMITTED TO TRUE VALUE – Grove City College sets its tuition at what it actually costs to educate a student. Our initial price is low, and from there we offer need-based and merit-based aid from our own endowment and donor gifts. We never transfer money surreptitiously from one student to another, and no student pays for another.

In an age of overpriced education and deceptive discounts, the true value of a Grove City



COST OF ATTENDANCE

Before Financial Aid & Scholarships (2025-26)	Per Semester	Per Year
Tuition	\$11,285	\$22,570
Food and housing	\$6,360	\$12,720
Total direct charges before aid	\$17,645	\$35,290

Financial Aid & Scholarships

Average Grove City College scholarship aid for recipients ⁽¹⁾	\$4,573	\$9,145
Average outside scholarship aid for recipients ⁽²⁾	\$3,114	\$6,228
Potential direct cost after aid and scholarships and before loans ^{(3) (4)}	\$9,959	\$19,917

(1) 64% of students in our recent freshman class received scholarship assistance from Grove City College. Within that total, 45% of students received need-based aid ranging from \$100 to \$15,900, and 32% of students received merit-based aid ranging from \$333 to full scholarship.

(2) We encourage you to seriously apply for outside scholarships – 181 students in our recent freshman class brought in an average of over \$6,228 each in outside scholarships, which were added to their Grove City College institutional aid.

(3) We encourage you to apply for financial aid and scholarships because your results may vary.

(4) We encourage you to visit campus and schedule an interview with an admissions counselor who will guide you and potentially become your advocate for scholarship awards.



THE VALUE OF A GROVE CITY DEGREE

Have you ever thought about college in terms of short-term and long-term costs?

We think about it all the time! Short-term costs are those that typically come to mind such as tuition and food & housing. Long-term costs are what economists refer to as “opportunity costs.” For example, the average Grove City College graduate earns more than 88% of college graduates in the marketplace today and pays off student loans three years early. Grove City College students also graduate on time at a much higher rate (76% in four years) than students from most of our competitor colleges (53% in four years) and, therefore, begin earning impressive salaries earlier.

What we do works. Our outcomes are among the very best in the country. In fact, we've been ranked by Consumers Digest as No. 1 “Top Value” private liberal arts college nationally.

Missing the opportunity to attend Grove City College may cost you tens to hundreds of thousands of dollars over the life of your career. Long-term opportunity costs can really hurt you financially (and personally) if only short-term costs are considered

HOW WE PRICE DIFFERENTLY



We know the cost and long-term value of a college education can be concerning, and we are committed to dealing truthfully in our pricing and scholarship offerings (Proverbs 11:1). Specifically, we avoid the practice of exorbitantly inflating the cost of college and then offsetting it with an artificially large scholarship.

This is an intentional and deceptive marketing tactic frequently used by private colleges. Many private schools set high prices to create a perception of inflated academic value and to convince students that they are highly valued. And, importantly, this scheme enables colleges to surreptitiously transfer parents' and students' money to other students in order to fund their scholarship offerings.

Unfortunately, this marketing practice often diverts the student's focus from the things that really matter in a college education: a rigorous academic program, distinguished faculty mentors who integrate faith and learning, peers who share one's values, and remarkable employment and graduate school placement outcomes.

Grove City sets its tuition at what it actually costs to educate a student. Our initial price is low, and from there we offer financial aid and scholarships through our endowment earnings and donor gifts. We never transfer money deceptively from one student to another, and our student outcomes are among the very best in the nation. For more information, visit www.gcc.edu/truthfulpricing.

Be sure to apply for Grove City College financial aid via the CSS Profile (different from the FAFSA) no later than April 15. We recommend applying for financial aid at the same time you apply for admission.

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Total direct charges before aid	\$17,645	\$35,290
Financial Aid & Scholarships		
Average Grove City College scholarship aid for recipients	\$4,573	\$9,145
Average outside scholarship aid for recipients	\$3,104	\$6,209
Potential direct cost after aid and scholarships and before loans	\$9,968	\$19,936

