Good morning, Chairman Owens, Ranking Member Adams, and esteemed members of the Committee. Thank you for the opportunity to testify about what's at stake for millions of Americans making one of the most consequential financial decisions of their lives.

My name is Amy Laitinen, and I lead the Higher Education program at the nonprofit, nonpartisan think tank New America. Our Higher Education program is dedicated to making higher education more equitable, inclusive, and accountable so that everyone has a chance to obtain an affordable, high-quality education after high school. We are a voice for students in policy discussions dominated by institutional and industry interests.

Every day, students and families worry about whether they can afford college and whether the time and money they put into attending college will pay off. Too often, they're making these expensive and life-altering decisions in the dark. Students and families deserve to have complete and reliable answers to these questions. And they deserve to know that the programs and schools they choose are not systematically leaving students worse off than if they hadn't gone at all.

Understanding the True Cost of College

Students and families face two basic questions when considering paying for college: How much will it cost? And can I afford it? For most, the answers are anything but clear. They must sort through a maze of numbers—the sticker price that colleges advertise, the net price they may actually pay after grants and scholarships, and the mix of institutional and state aid, Pell Grants, and loans that determine that figure.

Despite the availability of financial aid, many prospective students never get past the sticker price. Researchers have documented the phenomenon of "sticker shock," where the published cost of attendance deters students from applying or enrolling because they assume they won't be able to afford it. Studies consistently find that increases in tuition lead to a decrease in enrollment.[1] Families routinely overestimate the price of college and underestimate how much aid they might receive.[2] This confusion is especially acute for low-income and first-generation students, who are

[1] Thomas J. Kane, "Rising Public College Tuition and College Entry: How Well Do Public Subsidies Promote Access to College?," (National Bureau of Economic Research, July 1995), https://doi.org/10.3386/w5164; Larry L. Leslie and Paul T. Brinkman, *The Economic Value of Higher Education*. (American Council on Education/ MacMillian, 1988), https://eric.ed.gov/?id=ED296624; Steven W. Hamlet and Dave E. Marcotte, "The Impact of Tuition Increases on Enrollment at Public Colleges and Universities. Educational Evaluation and Policy Analysis," *Education Evaluation and Policy Analysis* 33, no. 4 (December 2011): 435–457, https://doi.org/10.3102/0162373711415261.

[2] Eric Grodsky and Melanie T. Jones, "Real and Imagined Barriers to College Entry: Perceptions of Cost. Social Science Research," *Social Science Research* 36, no. 2 (June 2007): 745–766,

less likely to apply for aid because they believe college is out of reach.[3]

On top of that, students also have to account for living expenses—like housing, food, books, transportation, and child care—that have been increasing rapidly for all Americans, expenses that often exceed tuition itself and are easy to underestimate. These pressures may explain why so many students who do enroll struggle to persist. Surveys show that nearly one in five students drops out because of financial distress, and almost 60 percent seriously consider dropping out for the same reason.[4] Transparency is the minimum protection families need before committing to one of the most expensive and consequential decisions of their lives.

Financial Aid Offers

The first and most basic tool families rely on to answer questions related to price and affordability is the financial aid offer sent to students after they've been accepted. These offers *should* present students with their direct and indirect costs and the options for paying for their education.[5] However, these offers too often add confusion rather than clarity. Students and families are asked to pick whether and where to attend college without the same basic pricing information they would need to buy a car or a home. Our 2018 study in partnership with uAspire, a nonprofit organization that helps students navigate financial aid, analyzed thousands of financial aid offers made to students from hundreds of institutions.[6] When we looked at a subset of those offers representing over 500 individual colleges and universities, we found that a third of institutions did not include any cost information. One student counseled by uAspire proudly accepted a $20,000 scholarship from his top-choice school, only to realize when the bill arrived that he still owed $17,000 for that first year alone. He lost his deposit and a year of momentum because the institution failed to disclose the real cost.

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https://doi.org/10.1016/j.ssresearch.2006.05.001; Thomas J. Kane, "A Quasi-Experimental Estimate of the Impact of Financial Aid on College-Going" (National Bureau of Economic Research, May 2003). https://doi.org/10.3386/w9703; Bridget T. Long, "How do Financial Aid Policies Affect Colleges?: The Institutional Impact of the Georgia HOPE Scholarship," *Journal of Human Resources* 39, no. 4 (Autumn 2004), 1045–1066, https://doi.org/10.2307/3559038.

[3] Gary Orfield, "Money, Equity, and College Access," *Harvard Educational Review* 62, no. 3 (1992): 337–72; María L. De La Rosa, "Is Opportunity Knocking?: Low-Income Students' Perceptions of College and Financial Aid," *American Behavioral Scientist* 49, no. 12 (2006): 1670–86, https://doi.org/10.1177/0002764206289139; Jacqueline E. King, Missed Opportunities: Students Who Do Not Apply for Financial Aid (American Council on Education, Center for Policy Analysis, 2004), https://www.acenet.edu/Documents/IssueBrief-2004-Missed-Opportunities-Students-Who-Do-Not-Apply-for-Financial-Aid.pdf.

[4] Ellucian, "National Survey Reveals 59% of College Students Considered Dropping Out Due to Financial Stress; Nearly 80% Report Negative Impact on Mental Health," *Ellucian*, June 26, 2024, https://www.ellucian.com/newsroom/national-survey-reveals-59-college-students-considered-dropping-out-due-financial-stress.

[5] Note: sometimes financial aid offers are referred to as financial aid award letters. Ann Carns, "College Financial Aid: What Counts, What Doesn't," *The New York Times*, April 19, 2019, https://www.nytimes.com/2019/04/19/your-money/college-financial-aid-scholarship-grant.html.

[6] Stephen Burd et al., *Decoding the Cost of College: The Case for Transparent Financial Aid Award Letters* (New America, June 5, 2018), https://www.newamerica.org/education-policy/policy-papers/decoding-cost-college/.

Meanwhile, schools define aid in different ways, leaving families to guess whether they are comparing grants—money that does not have to be repaid—with loans. Our analysis found 136 unique terms for the unsubsidized federal loan, including 24 that did not even use the word "loan." Even worse, some colleges list Parent PLUS Loans in the financial aid offers they make to students, despite the fact that these loans are made to parents and require a credit check for approval. Nearly 15 percent of letters to Pell Grant recipients in our sample included Parent PLUS loans so the offer appears to "zero out" what a student owed, blurring the lines between what families actually would be on the hook for.[7]

The Government Accountability Office did its own investigation into financial aid offers in 2022 that affirmed our findings.[8] They also found that 41 percent of institutions did not estimate net price, and more than half understated it. Out of ten best practices they identified—such as itemizing direct and indirect costs or labeling aid types—not a single institution followed all ten, and most followed fewer than five.[9]

Another common practice that obscures the price is scholarship displacement, which is when colleges reduce the aid they provide once students bring in an outside scholarship.[10] In other words, when a student receives a financial aid offer with an institutional scholarship, they don't realize that any scholarship they receive from an external source could replace that institutional scholarship dollar for dollar. Instead of lowering a student's bottom line, the institutional aid is pulled back, catching families flat-footed.

Efforts to address all these problems with financial aid offers have been mostly on a voluntary basis, including a federal template that colleges can opt to use.[11] But these efforts have mostly fallen short. Many institutions, for example, that adopt the template also issue a separate institutional letter that does not use aligned definitions for terms like "net price," which obfuscates and confuses prospective students further. Even after the Department of Education issued clear guidance to institutions on best practices for financial aid offers—guidance that remains in place today—most institutions simply chose not to follow it.[12] Voluntary efforts have also tended to attract colleges

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[7] Burd et al., *Decoding the Cost of College.*

[8] Melissa Emrey-Arras, *Financial Aid Offers: Action Needed to Improve Information on College Costs and Student Aid*, GAO-23-104708, Report to the Republican Leader, Committee on Education and Labor, House of Representatives (U.S. Government Accountability Office, November 1, 2022), https://www.gao.gov/products/gao-23-104708.

[9] Emery-Arras, *Financial Aid Offers.*

[10] Rachel Fishman, "Why Financial Aid Is Confusing and How Central Scholarship Can Help," *Central Scholarship* (blog), January 2, 2019, https://central-scholarship.org/blog/rachelfishman;
"Scholarship displacement" refers to situations where colleges choose to reduce their own grants and scholarships if a student receives additional outside funding, rather than reducing the amount the student needs to take out in student loans, or other, less-beneficial aid. This is distinct from situations where colleges are required by federal regulations to adjust a students' financial aid package because the student is receiving more grants and scholarships than their calculated need, or because their total financial aid exceeds their cost of attendance.

[11] U.S. Department of Education, "College Financing Plan," Office of Postsecondary Education, accessed September 11, 2025, https://www.ed.gov/higher-education/paying-college/college-financing-plan.

[12] Emery-Arras, *Financial Aid Offers.*

already doing a reasonably better job, while the worst actors continue with opaque practices. The goal should be consistency across all institutions, not just those willing to try. Right now, the incentives point in the wrong direction: hiding costs helps entice enrollment, while being transparent risks making a college look more expensive than peers who obscure the true price.

Fortunately, bipartisan, bicameral efforts are already underway to fix this. The *Understanding the True Cost of College Act* would establish a standardized and consumer-tested financial aid offer template for all institutions participating in the federal aid programs. Importantly, this template would be created by stakeholders such as financial aid administrators and students.[13] It would mandate consistent terminology across communications from the college, ensure "net price" means the same thing everywhere, and require disclosure of both direct and indirect costs. It would also separate grants, loans, and work-study into clear categories, giving students the ability to compare offers across institutions on equal footing.[14] Institutions would also have to be clear about scholarship displacement. A common aid offer is a simple, bipartisan solution that would finally bring higher education in line with other major financial products.

Tuition Guarantees

Having clear information about college costs is essential, but unlike most consumer products, a college degree is purchased in portions, often with changing prices along the way. Tuition rates frequently increase from year to year, scholarships and grants are not always guaranteed for the full length of a program, and even federal aid such as the Pell Grant can fluctuate depending on Congressional action or changes in a student's financial situation. In response to growing concerns about affordability, some have proposed that colleges adopt tuition or price guarantees. These are policies that lock in a student's tuition and mandatory fees at the time of enrollment, ensuring that charges remain stable for a set period (often four years for a bachelor's degree). This approach has real appeal: Predictable costs make it easier for students and families to plan and budget, and they offer some protection against unexpected tuition hikes.

However, more than 20 states have experimented with some sort of tuition guarantee, freeze, or cap, and those results show that policymakers should proceed with caution.[15] While in theory, locking in a tuition rate for the duration of a degree program allows families to plan with confidence, in practice, these programs may lead colleges to shift costs in other ways. In some cases, states have guaranteed tuition for some in-state undergraduate students, only to increase tuition for, and enroll more, out-of-state students or graduate students.[16] Illinois' Truth-in-Tuition law, for

[13] "Understanding the True Cost of College Act of 2025," H.R. 3153, 119th Cong. (2025), https://www.congress.gov/bill/119th-congress/house-bill/3153/text.
[14] Rachel Fishman, "New Bipartisan Bill Aims to Help Students Understand the True Cost of College," *Ed Central* (blog), *New America*, March 27, 2019, https://www.newamerica.org/education-policy/edcentral/understanding-true-cost-college-act/.
[15] Lois Miller and Mineson Park, Unintended Costs: The Hidden Consequences of Tuition Freezes and Caps, (Postsecondary Education and Economics Research Center, April 2025), https://www.american.edu/spa/peer/upload/peer_unintended-costs_final.pdf.
[16] For example, Ohio's tuition guarantee program for in-state students led colleges to increase out-of-state tuition and enrollments. (see Lindsay A. Leasor, *Early Impacts of the Ohio Tuition Guarantee Program* (preprint,

example, froze tuition for some groups of students, but institutions responded by raising annual tuition by almost 30 percent over expected tuition levels for subsequent students, resulting in higher overall four-year costs.[17]

The cost-shifting by institutions isn't surprising. When tuition is frozen without additional public investment to support college operations, institutions need to find ways to make up the difference. These dynamics could mean that guarantees tied only to maximum price may work against the very students they are meant to help, unless they have protections built in place to prevent cost shifting. For example, policymakers could explore requirements that prevent sudden spikes in tuition or freeze phase-outs. They could also regulate net tuition rather than sticker-price tuition, freezing the amounts students actually pay rather than the amounts colleges charge.

Transparency Does Not Guarantee Affordability

Policies that increase price transparency, including by standardizing financial aid offers or guaranteeing tuition or price, can give families a clearer sense of what they will be charged over the course of a degree. But understanding and being able to predict your costs is not the same as being able to afford them. It is not enough to know the price of admission if students cannot reasonably pay it.

High Costs of College

Over the last three decades, average published tuition (adjusted for inflation) has nearly doubled across all sectors, reaching $11,610 at public four-year colleges, $4,050 at community colleges, and $43,350 at private nonprofits.[18] While the sticker price of tuition and fees has risen tremendously, recent research has shown that net tuition—that is, what students actually pay after grants, scholarships, and tax benefits—has risen more slowly.[19] Still, the financial burden on students has increased: Student borrowing tripled in that time.[20]

December 2019), accessed via ResearchGate, https://www.researchgate.net/publication/343862972_Early_Impacts_of_the_Ohio_Tuition_Guarantee_Program), and in North Carolina, a fixed tuition program that guarantees that in-state undergraduates will face no increases in tuition over eight semesters found that overall tuition increased from 5 to 10 percentage points for out-of-state students and that graduate in-state tuition increased 6 to 9 percentage points, with out-of-state graduate tuition increasing by 10 to 13 percentage points (see Leasor, *Early Impacts of the Ohio Tuition Guarantee Program*).

[17] Jennifer A. Delaney, Tyler D. Kearney and Bradley Hemenway, "The Pitfalls of Guaranteed Tuition Plans," *Studies in Higher Education* 41, no. 3 (2016): 452-68, https://doi.org/10.1080/00091383.2016.1167568.

[18] College Board Research, *Trends in College Pricing* (College Board, 2024), https://research.collegeboard.org/trends/college-pricing.

[19] Adam Looney, *How Much Does College Cost, And How Does it Relate to Student Borrowing?*, (The Brookings Institution, June 31, 2024), https://www.brookings.edu/articles/how-much-does-college-cost-and-how-does-it-relate-to-student-borrowing. Of course, net price and the types of aid received differs across types of students. For example, not all students are eligible for Pell Grants or G.I. Bill benefits. As mentioned previously, without true transparency around net price that ensures that students know and understand this, the sticker shock of a higher published tuition can still deter students from enrolling due to perceived unaffordability.

[20] Looney, *How Much Does College Cost And How Does it Relate to Student Borrowing?*

One reason for that increase is because tuition isn't the only driver of cost for students. The full cost of attendance includes living expenses such as housing, food, books, transportation, child care, and other necessities. When looking at the full cost of attendance, living costs are a key driver. At public four-year colleges, tuition and fees make up approximately half of students' net cost, with the other half from living expenses.[21] At public two-year institutions, lower prices mean that tuition represents an even smaller share, with 60 percent from living and other costs.[22] And these living expenses have been rising even more sharply than inflation.[23] These estimates reflect serious, ongoing pressure, with costs for non-tuition expenses that are often volatile and hit hardest those students with fewer economic buffers.[24]

Public opinion data show that Americans are feeling the squeeze from higher education costs and have real concerns about being able to afford college. The 2025 iteration of *Varying Degrees*, New America's annual nationally representative public opinion survey, reveals that half of Americans say that college is unaffordable.[25] When asked to pick one among the top reasons that stop students from enrolling or completing their programs, 62 percent of Americans choose the cost of attending as the main reason.[26]

Today's Financial Aid Isn't Helping Enough

The financial aid system we have—including federal and state aid—isn't keeping college affordable, especially for the neediest students. In the 2023-24 academic year, the maximum Pell Grant only covered about one quarter of the total cost to attend a four-year public college or university.[27]As tuition and living expenses have grown, Pell's purchasing power has steadily eroded, forcing low-

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[21] College Board Research, *Trends in College Pricing.*

[22] College Board Research, *Trends in College Pricing*.

[23] Since 2000, estimated costs for student living expenses have risen about 25 percent faster than the overall Consumer Price Index. (see Looney, *How Much Does College Cost, And How Does it Relate to Student Borrowing?*)

[24] In fact, federal data show 23 percent of undergraduates experienced food insecurity in 2020. This is double the rate of food insecurity faced by households across the U.S. at the same time, which stood at 10.5 percent. (see The Hope Center for Student Basic Needs, *"New Federal Data Confirm that College Students Face Significant - and Unacceptable - Basic Needs Insecurity," accessed September 12, 2025,* https://hope.temple.edu/npsas; U.S. Department of Agriculture, Economic Research Service, "Household Food Security in the United States in 2020, accessed September 12, 2025, https://www.ers.usda.gov/publications/pub-details?pubid=102075.)

[25] Sophie Nguyen, Olivia Sawyer, and Olivia Cheche, *Varying Degrees 2025: Americans Find Common Ground in Higher Education* (New America, July 16, 2025), https://www.newamerica.org/education-policy/reports/varying-degrees-2025-americans-find-common-ground-in-higher-education/.

[26] Nguyen, Sawyer, and Cheche, *Varying Degrees 2025*.

[27]According to the College Board's *Trends in College Pricing and Student Aid 2023* (2023), the average total cost of attendance for an in-state student living on campus at a public four-year institution in 2023–24 was $28,840. When compared to the maximum Pell Grant award of $7,395 (U.S. Department of Education, 2023), the Pell Grant covered about 25.7 percent of the cost of attendance. (see College Board, *Trends in College Pricing and Student Aid 2023: Average estimated undergraduate budgets, 2023–24,* (College Board, 2023), https://research.collegeboard.org/media/pdf/Trends%20Report%202023%20Updated.pdf; "Pell Grants," Federal Student Aid at the U.S. Department of Education, https://studentaid.gov/understand-aid/types/grants/pell.)

and moderate-income students to make up the difference through loans, additional jobs, or by going without essentials, which can undermine students' ability to persist and complete.
It's not just Pell that hasn't kept up with rising costs; state aid programs haven't, either.[28] And states' award eligibility varies widely: some programs impose credit-hour requirements or other limitations that can exclude part-time, adult, and low-income students.[29] This means that students who need aid the most often receive the least support.

Institutional Financial Aid Practices Undermine Affordability

Meanwhile, some of the strategies that selective public and private colleges and universities use to manage enrollment compound these challenges. These institutions are increasingly not using their own financial aid resources to help low-income students afford and enroll at their schools, but to bring in more wealthy students so that they can maximize revenue and increase their rankings. Our research shows that, from 2001 to 2017, selective public universities spent $32 billion, or two out of every five dollars of their institutional aid, on students without financial need, while leaving low and moderate-income students with larger and larger funding gaps that they and their families can only cover by taking on heavy debt loads.[30] Colleges now hire shadowy, expensive "enrollment management" consulting firms, the biggest of which are owned by private equity firms, to help them raise sticker prices and then offer strategic "discounts" to affluent students with high test scores who will boost their revenue and rankings.[31] The result has been a so-called "merit" aid arms race that has helped undermine the very purpose of the federal student aid programs to make college more accessible and affordable for low-income students.[32]

The consequences of these enrollment management policies can be severe. New America recently reported that Baylor University steered families to borrow risky Parent PLUS loans they could not afford to help pay for the university's efforts to gain national prominence. Parents were left with high debt burdens and little progress on repayment years later.[33] And Baylor is hardly alone in pushing low-income families into hazardous debt. These consultant-driven strategies lure families

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[28] For example, 90 percent of Pell Grant eligible students face a gap between their calculated need, based on FAFSA information, and how much grant aid they receive. On average, Pell eligible students, who primarily come from families that earn less than $50,000 a year, face an average gap of $10,000 a year between their financial need and their college costs. (see Institute for Higher Education Policy, "College Affordability Still Out of Reach for Students with the Lowest Incomes & Students of Color," accessed September 11, 2025, https://www.ihep.org/college-affordability-still-out-of-reach-for-students-with-lowest-incomes-students-of-color/.)
[29] Kristin Cummings et al., *Investigating the Impacts of State Higher Education Appropriations and Financial Aid*, (SHEEO, May 2021), https://eric.ed.gov/?id=ED614983.
[30] Stephen Burd, *Crisis Point: How Enrollment Management and the Merit-Aid Arms Race Are Derailing Public Higher Education*, (New America, February 13, 2020), https://www.newamerica.org/education-policy/reports/crisis-point-how-enrollment-management-and-merit-aid-arms-race-are-destroying-public-higher-education.
[31] Burd, *Crisis Point.*
[32] Burd, *Crisis Point.*
[33] Stephen Burd, *How Baylor University Steered Low-Income Families to Debt: A Case of Predatory Inclusion at Baylor University* (New America, June 25, 2025), https://www.newamerica.org/education-policy/reports/how-baylor-university-steered-low-income-families-to-debt/.

into commitments they cannot sustain, while obscuring the real cost of college until it is too late. Families deserve financial aid systems that support their success, not institutional prestige games.

Another game institutions sometimes play at the expense of low-income students is understating indirect costs, like housing, transportation, and food, to make themselves appear more affordable. We already see this in practice. Monroe College, a for-profit college in the Bronx, for example, lists off-campus housing and food at only $10,000 for the entire academic year, while nearby public four-year CUNY Lehman lists the same expense at nearly $22,000.[34] A student cannot realistically live and eat in New York City for $10,000 a year—less than $850 a month—yet these understated figures allow institutions to market themselves as lower-cost while leaving students without adequate resources.

Students Need Affordability Guarantees

Given the fiscal pressures on states, college may soon become even more unaffordable. Higher education is an easy target for spending reductions because those cuts can be passed along to students in the form of increased tuition. This happened during the Great Recession: When state revenues collapsed, colleges raised tuition, and many students were left with few alternatives other than to take on more debt or abandon their pursuit of a college degree.[35]

Now, with anticipated reductions in federal programs like Medicaid and SNAP under the recent reconciliation law, state budgets—and funding for public colleges and state financial aid—will again be under strain. At least one state has already cut higher education in response.[36] And when safety net programs are reduced, students face an added challenge: higher tuition at the same time they struggle to cover basic needs, making it harder to afford or complete college.

Students need *affordability* guarantees focused on what they will actually pay and ensuring they are reasonably able to cover those costs. A true affordability guarantee requires multiple reforms across all levels, and it requires making meaningful investments.

First, Pell Grant funding must be significantly strengthened. The Pell Grant maximum award should be restored to levels that make college accessible for low-income students, including by reducing the extent to which Pell recipients are reliant on federal loans. The maximum award should also be indexed to inflation and eligibility broadened. And Congress should address the impending shortfall in the program with investments of the necessary resources. Second, state and institutional aid programs must be reformed to emphasize need, not merit; simplify eligibility; cover non-tuition costs; and ensure that full-time, part-time, nontraditional, and adult learners are included.

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[34] "College Navigator," National Center for Education Statistics, U.S. Department of Education, https://nces.ed.gov/collegenavigator/.

[35] National Education Association Research, *The Higher Ed Funding Rollacoaster: State Funding of Higher Education During Financial Crises*, (NEA, October 2022), https://www.nea.org/he_funding_report.

[36] For example, Colorado already has cut its higher education funding in a special budget session in response to changes in H.R. 1. (see Jesse Paul and Taylor Dolven, "Colorado Governor Cuts Spending on Medicaid, Higher Education and Grants to Plug $750 M Hole in State Budget," *CPR News*, August 28, 2025, https://www.cpr.org/2025/08/28/polis-budget-cuts-announced-medicaid-higher-education/.)

But the government shouldn't stop at Pell: It should invest in a sustained federal–state partnership aimed at lowering the underlying cost of college.[37] A well-structured partnership, with stable funding and automatic support during downturns, would help states sustain appropriations and student aid, curb tuition hikes and cover more of students' non-tuition costs, and prevent those gaps from shifting onto students or the federal budget.

College Promise programs provide a tangible model for affordability guarantees. These initiatives, found in both red and blue states and localities, typically cover tuition (sometimes after Pell Grants) and, in their strongest forms, help with living expenses. Tennessee Promise, for example, is a last-dollar scholarship that covers tuition and fees at community and technical colleges.[38] Illinois Promise goes further: for students with the greatest financial need, it covers tuition, fees, room and board, and books and supplies.[39]

A true affordability guarantee, grounded in public investment and paired with strong accountability, would let students plan with confidence, persist through graduation, and enjoy the economic and civic benefits higher education provides—rather than forcing students to choose between taking on unsustainable debt and abandoning their educational and career goals.

Making the Value of College Clear

Understanding college costs is an essential first step, but it's not enough. Students and families still can't answer basic questions about their likely outcomes of higher education: How much will I earn after college compared to if I don't attend? How does this program compare to similar ones? How likely am I to graduate? How much debt am I likely to take on, and will I make enough money to repay it?

Current data make it hard to know which programs at which colleges pay off—and for whom and at what price. Congress can help in two important ways: by supporting legislation to create a student-level data network that gives a full and honest picture of costs and outcomes, and by backing the Department of Education's efforts to implement program-level transparency regulations already in place.

The College Transparency Act

The federal government invests billions of dollars in student support and institutional funding, yet students, families, and taxpayers still lack a robust picture of college costs and outcomes. They deserve the full story before spending time and money. Institutions, too, need reliable data that reflect the success of all their students. The strongly bipartisan *College Transparency Act* (CTA),

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[37] Alexander Holt, "Can This Man Save the Public University?," *Washington Monthly*, August 23, 2015, https://washingtonmonthly.com/2015/08/23/can-this-man-save-the-public-university/.
[38] "Tennessee Promise: Tuition Free College," Tennessee Achieves, https://www.tnachieves.org/tn-promise.
[39]The University of Illinois at Urbana-Champaign states that the I-Promise Program is "designed to cover a student's cost of attendance including tuition fees, room and board, books, and supplies. (see "What is the Illinois Promise," University of Illinois at Urbana-Champaign, https://ipromise.illinois.edu/whats-i-promise/.)

which passed the House in 2022 and has garnered the support of dozens of U.S. senators, would address critical gaps in our understanding of how students fare and ensure transparent information for policymakers and the public about the outcomes and costs of every program of study supported with federal dollars.[40]

Current data cannot present a complete picture of colleges' outcomes because they exclude earnings for students who do not receive federal financial aid, including those supported by taxpayer funds such as veterans' benefits or tuition tax credits. Nearly one in three students nationwide fall into this category, yet they still invest significant time, money, and effort in higher education. Limitations in existing data are especially prevalent among community colleges.[41] Federally aided students are not necessarily a representative subset of all students, in that they may differ in key ways from students who do not receive federal financial aid.[42] All students deserve accurate, representative information when deciding where to attend college and what to study. Even students who do not receive federal aid like Pell Grants—many of whom may still receive tuition tax benefits, or federal aid from other agencies like the Department of Defense, the Department of Health and Human Services, and the Department of Veterans Affairs—deserve to know which colleges and programs best fit their educational and career goals and where they are likely to see their investments pay off. And institutions need more complete data to improve the value they provide to all of their students.

The federal government is uniquely positioned to understand how students move across institutions to determine whether they graduate and what they earn after college. Most states' data systems, on the other hand, exclude private colleges, miss students who transfer across colleges, and rely on unemployment insurance wage records that miss federal employees, service members, self-employed workers, and people employed across state lines.

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[40] H.R. 4806, *College Transparency Act*, 119th Cong. (2025-2026). The bill passed the House as an amendment to another bill.

[41] Calculations by the Institute for Higher Education Policy (IHEP) using data from the U.S. Department of Education's *National Postsecondary Student Aid Study (NPSAS:20)*. These estimates represent the share of undergraduate students enrolled in 2019–20 who ever received a federal student loan and/or Pell Grant. See: https://nces.ed.gov/surveys/npsas/. In California, more than 80 percent of community college students did not receive Pell Grants in 2022–23, and only about 1 percent borrowed federal loans, based on IHEP calculations using data from the California Community Colleges Chancellor's Office Datamart. (see "California Community Colleges Chancellor's MIS Data Mart," California Community Colleges Chancellor's Office, https://datamart.cccco.edu/.)

[42] For example, undergraduates who receive federal aid generally have lower family incomes, are less likely to attend public two-year colleges (perhaps because low tuition at community colleges enables students to pay their costs without federal aid), and are more likely to be the first in their family to attend college, compared to undergraduates who do not receive federal aid. *Calculations by IHEP using data from the U.S. Department of Education's National Postsecondary Student Aid Study (NPSAS) 2020.* Similarly, a 2021 Census Bureau analysis shows that while short-term earnings appear similar between aided and non-aided students, the differences grow substantially over time and the long-term earnings outcomes for Title IV students are significantly lower than for non-aided students. Ten years after graduation, program rankings can shift by ten percentile points or more when all students are included versus only those with federal aid. (see Andrew Foote, *Comparing Earnings Outcome Differences Between All Graduates and Title IV Graduates*, (Center for Economic Studies, August 2021), *https://www2.census.gov/ces/wp/2021/CES-WP-21-19.pdf.)*

The *College Transparency Act* would fill these gaps by establishing a secure, privacy-protected data network that uses *already collected* information to provide more accurate and useful information for students, policymakers, and institutions themselves. It would require a user-friendly website to ensure that the data are transparent, informative, and accessible. It would also send some aggregate information back to states and institutions so they can develop and implement targeted, data-informed strategies aimed at supporting student success.

All students and families making expensive, life-defining decisions about their futures have a right to complete and accurate information about whether their investments in college are likely to pay off—as do the taxpayers who invest billions in higher education. Congress should pass the *College Transparency Act*.

Financial Value Transparency

The Department of Education's Financial Value Transparency rule, a modified version of which was included in the College Cost Reduction Act introduced last Congress, takes important steps to provide critical information, even absent Congressional action like passing the College Transparency Act.[43] It represents the most significant step the federal government has ever taken toward program-level transparency by pulling together complete information on the full cost of college and the outcomes students experience after they leave. For the first time, it would allow students, families, taxpayers, and policymakers to see not only tuition and fees, but also the total cost of attendance—and how students cover those costs, including all types of grants and loans—alongside post-college earnings for each institutional program.

Many of the data core to the Financial Value Transparency (FVT) rules will also be critical to successful implementation of some of the recently passed provisions in H.R. 1, and to understanding their impact. FVT data on tuition and fees can provide helpful insights into whether these policies have moved the needle on the amounts colleges charge their students, for example. Other data collected under FVT on federal, private, and institutional loan debt will help paint a picture of how students adapt to new graduate loan limits—whether their costs decline, their borrowing is reduced, and/or the sources of aid for graduate education shift. Information produced under FVT about the earnings of program graduates will help policymakers assess whether colleges are improving the value of their educational offerings, shifting toward programs that will prepare students for meaningful, quality jobs.

The data elements will also help policymakers understand the potential impacts of proposals they are considering. Some members of Congress, for example, are interested in proposals that would require institutions to bear more of the risk of student loan non-repayment. Modeling options for these types of proposals would require comprehensive data on debt and cost by institutional program that FVT allows.

[43] H.R. 6951, *College Cost Reduction Act*, 118th Cong. (2024-2025).

Congress can help ensure that students have sufficient information to understand both the full costs and outcomes of colleges and programs. First, Congress can continue to fund FVT's implementation. Second, Congress should urge the Department to release the data it has already spent two years collecting from schools to help inform student decision-making now.[44] Finally, Congress can encourage the Department to maintain the FVT rule in negotiated rulemaking, which is set to begin later this year. Some in the higher education industry have already called for the Department to eliminate FVT. Repealing or weakening FVT would leave policymakers in the dark at precisely the moment when high-quality data are most needed to evaluate whether reforms are working as intended, and leave students without valuable information.

By maintaining strong Financial Value Transparency rules, and ensuring that all students are counted under the College Transparency Act, Congress can close major data gaps to ensure students and families have critical information when making life-altering decisions about education beyond high school.

Transparency Is Not Enough

Transparency is essential, but data alone isn't enough—we need meaningful accountability. Even the best disclosures can't compete with expensive and sophisticated marketing tactics. Some schools spend millions of dollars—student and taxpayer dollars—enticing students into programs that promise the world but only leave them with unmanageable debt or with poverty-level wages. Moreover, many students consider only one or two options when considering their choices for education beyond high school and deserve to be well served by whatever school they attend.[45] And given the massive investment in higher education, the federal government has a particular responsibility to taxpayers to ensure that these programs meet meaningful standards.

That's why I want to thank Congress for including the "do no harm" accountability standard in the recently passed H.R. 1. Under the standard, all degree and graduate certificate programs are held accountable for ensuring the majority of their students receive the earnings boost that should come with a college degree. It is a huge step forward, and provides a fair, clear framework for holding colleges and universities accountable for delivering value, helping to ensure their students end up better off than if they did not attend.[46] Students attend college expecting that they will earn more

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[44] The deadline for the first data collection under this rule is September 30, 2025. The second round of data reporting is due October 1st, 2025. (see U.S. Department of Education, "Reminder: FVT GE Required Reporting—2025 Cycle," electronic announcement, July 9, 2025, *FSA Partners*, https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2025-07-09/reminder-fvt-ge-required-reporting-2025-cycle/.)

[45] Recent research shows that about 80 percent of first-time students attend college within about 50 miles of home, and more than 90 percent of low-income students stay within that distance. (see Nick Hillman, H*ow Far Do Students Travel For College?*, (TICAS, October 2023), https://ticas.org/wp-content/uploads/2023/11/HIllman-Geography-of-Opportunity-Brief-2_2023.pdf.)

[46] Research modeling the changes suggests that only about 1 percent of students are enrolled in programs that would fail the tests in a given year. This includes only 2% of associate degree programs, fewer than half a percent of bachelor's degree students, and a minimal impact on professional and doctoral programs. (see Clare McCann, Tia Caldwell, & Jordan Matsudaira, Accountability for All Programs: The Senate's Proposal Needs Change,

than if they hadn't attended at all. If degrees aren't living up to that basic expectation, that's not what students are signing up for.

There are several ways Congress could further strengthen efforts to hold programs accountable. First, Congress should apply the standard also to undergraduate certificate programs. Leaving out undergraduate certificates misses some of the worst outcomes in a fast-growing field and encourages their growth.[47] These programs were left out of law because they are (currently) covered under a similar standard in the Department's Gainful Employment regulations.[48] Congress should support implementation of Gainful Employment regulations, until the Do No Harm standard is codified in law, including by encouraging enforcement of the accountability metrics for programs subject to the regulations, and maintaining the regulations in an upcoming rulemaking. But these rules would be even more sustainable in the long term if codified in the law, so Congress should also move to incorporate undergraduate certificate programs into the Do No Harm standard as a minimum bar for all federally supported higher education programs.

Another gap in the accountability framework is the significant number of programs that charge more than students can afford, leaving students with debt they cannot repay, even when the program meets the bare minimum earnings threshold.[49] Accounting for programs that charge graduates unmanageable debt has bipartisan Congressional support.[50] As delinquencies and default

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(Postsecondary Education & Economics Research Center, July 2025), https://www.american.edu/spa/peer/upload/senate-accountability-for-all_rpt.pdf.)

[47] In 2023-24, the number of students completing a certificate program increased, following a ten-year trend, while the number of students earning an associate or bachelor's degree decreased. (see "Certificate Earners Reach A 10-Year High, Driven by Younger Learners," National Student Clearinghouse, April 11, 2025, https://www.studentclearinghouse.org/nscblog/certificate-earners-reach-a-10-year-high.) A review of the available research finds that outcomes for certificates are mixed, depending on the program length and field of study, with some having no to modest increases in wages and overall lower rates of employment for certificate holders. Recent data from the College Scorecard shows that graduates of the average undergraduate certificate program earn a median wage of just $13 per hour. Not including certificate programs could further lead to their growth without a guarantee in increased earnings for students who invested time and resources in attending a program. (see Monique Ositelu, Clare McCann, & Amy Laitinen, The Short-term Credentials Landscape, (New America, May 2021), https://www.newamerica.org/education-policy/reports/the-short-term-credentials-landscape/labor-market-outcomes/#:~:text=35%20An%20evaluation%20of%20nationally,state%20in%20health%2Drelated%20programs.)

[48] Senate Committee on Health Education Labor and Pensions, *Q&A's About Higher Education in the One Big Beautiful Bill*, (HELP 2025), https://www.help.senate.gov/imo/media/doc/faq_docpdf.pdf.

[49] Our analysis of data from the Department shows that more than 1,500 programs passed the earnings threshold but failed the debt-to-earnings test, so although graduates of the programs earned more than the typical high school graduate, as passed under H.R. 1, they did not earn enough to reasonably afford their loan payments. These programs served over 621,00 students and received more than $6.7 billion federal loans and over $1.1 billion in Pell Grants. Department estimates show that borrowers in programs that fail the debt-to-earnings metric are 25 percent more likely to default on their loans compared to programs that pass the measure. (see Wesley Whistle "Don't Stop at Earnings: Why Congressional Republicans Must Tackle Student Debt in Reconciliation," *Ed Central* (blog) New America, June 29, 2025, https://www.newamerica.org/education-policy/edcentral/dont-stop-at-earnings-why-congressional-republicans-must-tackle-student-debt-in-reconciliation/.)

[50] Sophie Nguyen, Rachel Fishman, and Olivia Cheche, *Varying Degrees 2024: Accountability*, (New America, July 30, 2024), https://www.newamerica.org/education-policy/reports/varying-degrees-2024/accountability/. For

continue to grow, it is critical that Congress include an accountability measure that flags programs that leave most of their graduates with unaffordable debt levels.[51] Such a measure would help to address high-cost programs, encourage institutions to lower their prices or eliminate programs that are not serving students well, protect borrowers as well as taxpayers, and reduce defaults to help stabilize the loan program.

Finally, H.R. 1 cuts off loans to programs that fail the accountability measures, but it still allows students in failing programs to get Pell Grants. This could mean that the lowest-income students face the greatest odds of being stuck in programs the federal government knows won't leave them better off than if they'd never enrolled in the first place. Congress should consider imposing full loss of eligibility to programs that fail the standard.

The Department's Capacity

Even the strongest transparency and accountability laws will be ineffective without a Department of Education that has the capacity and expertise to implement and enforce them. However, since early this year, we have seen the decimation of the Department's staffing and its data infrastructure.

The administration has indicated that its goals for the significant reductions in force and elimination of research and related contracts are efficiency, accountability, and ensuring resources go to states, students, and families. Instead of accomplishing these goals, the Department's cuts:

- Undermine the mechanisms that are currently in place to help families make higher education decisions
- Make it harder to provide additional transparency Congress supports
- Make it difficult to ensure institutions are not leaving students worse off than if they had never enrolled
- Limit the capacity to implement new policies, including those recently passed in H.R. 1, while meeting other statutory responsibilities

Cuts to the Office of the Chief Data Officer and nearly the entire National Center for Education Statistics, for example, have severely limited the Department's capacity to collect, analyze, and disseminate data and research, necessary steps to implementing pricing transparency proposals.[52] The cuts also included 8 of 11 regional offices that are responsible for investigating waste, fraud,

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example, the Education Department's gainful employment rules included a ratio of debt relative to earnings, while the House version of H.R. 1 included an accountability measure that used a ratio of price to earnings.

[51] "Federal Student Aid Posts Updated Reports FSA Data Center," Federal Student Aid, August 21, 2025, https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2025-08-21/federal-student-aid-posts-updated-reports-fsa-data-center.

[52] The Office of the Chief Data Officer coordinated and leveraged data across the Department and federal government and maintained the College Scorecard, the primary website for information on schools and programs. The National Center on Education Statistics is the Department's primary entity for collecting and analyzing data on education, including information on colleges and their students.

and abuse at institutions.[53] These reductions mean that there is less oversight over the taxpayer dollars that flow through the higher education system, limiting the Department's ability to monitor institutions for compliance, respond quickly to emerging problems, and hold bad actors accountable when they harm students.

These are not abstract losses—they directly impact students and those who support them, including by creating challenges communicating with the Department and its contractors, slower processing times, and delays.[54] Staff with decades of institutional knowledge are gone, leaving key positions unfilled or filled by those without the necessary expertise. The losses will also have a ripple effect as the Department takes on even more work to implement H.R. 1, including a new accountability regime, and will undermine future efforts to implement policies intended to provide transparency and accountability.

A Department without adequate staffing and infrastructure is like having traffic laws without police officers or functioning traffic lights—the rules exist, but there's no meaningful way to enforce them. Congress should ensure that the Department has adequate staffing and financial capacity to meet its current statutory requirements and provide additional support with any new initiatives.

Conclusion

The federal government approves nearly 6,000 institutions of higher education so that students can attend using the more than $130 billion a year federal investment in financial aid to help students go to college. With that investment comes the responsibility to ensure students get genuine value for their time, money, and trust.

Students deserve a system that allows them to understand and compare their college costs, and ensures higher education is affordable even for low- and middle-income students. They deserve accurate information about program outcomes and protection from chronically poor-performing institutions and programs.

I look forward to your questions about how to make this the reality.

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[53] These regional offices are responsible for certifying that schools meet eligibility criteria and conducting oversight through audits and program reviews, among other functions.
[54] Maria Carrasco, "Financial Aid Offices Cite Continued Delays, Issues With FSA After Workforce Reductions, According to New NASFAA Survey," (NASFAA, August 20, 2025), https://www.nasfaa.org/news-item/37051/Financial_Aid_Offices_Cite_Continued_Delays_Issues_With_FSA_After_Workforce_Reductions_According_to_New_NASFAA_Survey.