strada

EDUCATION FOUNDATION

Statement Before the Senate Health, Education, Labor and Pensions Committee
Hearing on "Financial Transparency in Higher Education"
November 6, 2025

Testimony of Justin Draeger, Senior Vice President, Affordability, Strada Education Foundation

Thank you, Chairman Cassidy, Ranking Member Sanders and distinguished Members of the Committee. My name is Justin Draeger, Senior Vice President, Affordability at Strada Education Foundation. Strada's mission is to connect education to employment and economic opportunity, especially for those with the most standing in their way.

Study after study confirms that college affordability is one of the most important issues facing students today. Price and value transparency are central to affordability because when prices are clear, families can plan ahead, and institutions can compete on price and value. Clear prices turn college hopes into realities.

Without price transparency, students and families are left guessing. They cannot realistically compare options or construct budgets, nor can they make informed choices about borrowing or future work. Today, students and families are navigating a pricing system that feels unknowable and unstable. They are making one of the biggest and most important financial decisions of their lives with information that feels incomplete, confusing, or invisible until too late in the process.

Across the country, students and parents tell us they are increasingly confused by the numbers they see. They see one price in marketing materials, another in financial aid offers, and yet another when the bill finally arrives. Many institutions - both public and private - have long relied on a complex set of pricing, financial aid, and discounting strategies to balance budgets and make up for unstable funding sources, and remain viable in an increasingly competitive market.[1,2] These practices often make sense internally, but from the outside looking in, leave students and families feeling like institutional pricing policies and practices are arbitrary.

Strada's research confirms this. For example, in student and family focus groups conducted this year and which will be published in early 2026, many participants were surprised to learn that

---

[1] Alisa Cunningham, Understanding Institutional Aid and Tuition Discounting at Public Four-Year Institutions (Higher Ed Insight, October 2025), supported by Strada Education Foundation, https://higheredinsight.com/wp-content/uploads/2025/10/Understanding-Institutional-Aid-and-Tuition-Discounting-at-Public-4-Year-Institutions-2.pdf.

[2] National Association of College and University Business Officers (NACUBO), NACUBO Study Finds Private Colleges and Universities Are Offering Record Financial Aid to Students (Press release, January 2025), https://www.nacubo.org/Press-Releases/2025/NACUBO-Study-Finds-Private-Colleges-and-Universities-Are-Offering-Record-Financial-Aid-to-Students.

"sticker prices" and the "actual prices" are rarely the same, and that many colleges discount tuition at different rates for different students. Tuition discounting - the practice of using institutional aid to reduce the published price for some students - began as a way to expand access and affordability through cross-subsidization. Today, it also works to achieve a broad set of enrollment and revenue goals, while tapping into families' powerful desire to feel rewarded through discounts that are labeled scholarships. Institutions market both sticker and net prices for rational reasons: high list prices convey prestige and cover costs for those who can pay, while discounts create a sense of special recognition. The result is a complex pricing system that families often find difficult to decipher.

Upon learning about this practice, students' confidence in the entire pricing system declines. Ironically, the more institutions fine-tune complex financial models to stay financially viable, the more they erode the very trust those degrees depend on.

In our student and family focus groups, one comment summed up what many others echoed: "I believe colleges care about profits." That perception, which institutions would deem unfair, still captures the deep skepticism many families now bring to their college searches. When people lose confidence in the fairness of the system, even institutions that use clear, transparent pricing get painted with an unfair brush.

Opaque and unclear pricing has other unintended consequences, like distorting the market. When no one knows the real price, there's no downward pressure on costs. Families can't plan or compare, let alone estimate the value of the degree or credential they'll receive. Over time, that confusion grows into distrust of the entire system.

Rebuilding affordability and trust in higher education begins with price clarity and transparency. My testimony focuses on how students and families experience affordability, what they want from institutions, and what Congress, states, and schools can each do to align policies and practices that deliver the clarity, predictability, and value students deserve.

How Students and Families Experience Affordability

Often, when we talk about affordability, we reduce the conversation down to tuition and fees, but students and families are viewing this much more holistically. Affordability isn't just a line item on a tuition bill, it's a lived experience that blends upfront costs with student loan debt, time to degree or credential (and the opportunity cost of being out of the workforce), value, and return-on-investment.

In short, they are asking: "Can I afford it?" and: "Is it worth it?"

In a 2024 survey by Strada, only a quarter of adults could correctly identify, from a list of multiple-choice options, that the average tuition and fees at a community college are roughly $5,000-$10,000. Unfortunately, 1 in 5 thinks community college costs more than $20k a year.

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 percent) 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.

The reasons for these overestimates are plentiful, including misunderstanding the difference between sticker and net prices, confusing financial aid processes, and shocking headlines that tout prices at "elite" institutions that very few families actually pay as the norm. Families internalize these signals and assume they apply across all colleges.

The implications of these misconceptions are serious because when students don't know what college costs, or they overestimate its cost, they are much more likely to count themselves out before ever applying. They assume college is financially out of reach and are more likely to choose not to pursue it at all.[3] They may choose to enroll in programs that seem cheaper upfront, but are less likely to lead to completion or stronger earnings. In either case, opaque pricing limits access, stifles mobility, or undermatches talent to opportunity.

"You've got to give families the [actual] price up front instead of a sticker price because they'll have time to figure it out and they'll have time to prep and plan," said one high school parent in a Strada focus group. "When you put the sticker price out there, it deters a lot of people from even applying," they continued.

As to the other part of the affordability equation, students and families in our focus groups put a lot of emphasis on value and return on investment. Students and parents framed value around security, fairness, and earnings. They were not seeking ironclad guarantees, but wanted accurate estimates that the prices would align with tangible outcomes so the risk would feel worth it. That was especially true when student loan debt came into the picture.

"The biggest thing that would make me feel college wasn't worth it is if I ended up with a mountain of debt that didn't translate into real career growth," said one adult learner.

"It's affordable if it's something that isn't going to financially break you when you graduate. If you graduate in suffocating debt, then there's almost no reason to go," said another.

Parents reaffirmed much of what students said, but added an important qualifier: they viewed ROI in generational terms. Many parents want their children to have better economic mobility and opportunity than they did. ROI to parents means a pathway to independence, not just a credential.

[3] National College Attainment Network. "Survey Data Considers Why Students Don't Complete FAFSA." January 17, 2025.
https://www.ncan.org/news/707024/Survey-Data-Considers-Why-Students-Dont-Complete-FAFSA.htm

Students and families view affordability as an equation that includes upfront costs and return on investment. Ultimately, trust was a recurring theme. Not just trust in the price and value, but also trust that the institution is as committed to helping students succeed, finish on time, and keep debt as low as possible.

How Institutional Policies Create Confusion

As state support has fluctuated over the years and enrollment competition has intensified, colleges and universities have become increasingly dependent on tuition discounting and other enrollment management tactics to sustain operations.[4] These are rational, if not predictable, responses to real structural pressures. For many schools, these tactics are viewed by institutional leaders as effective strategies to keep the lights on, support student access, increase institutional prestige, and stabilize enrollment in uncertain times.

But the way these practices are perceived by students and families is often very different. In our focus groups, when participants learned how tuition discounting actually works - that two students sitting in the same classroom might pay vastly different amounts not based on financial need or even fully on merit - they used words like “sleazy” and “unfair,” with one adult learner observing that the discounting practice feels like Black Friday sales. Those reactions reflect animosity beyond individual colleges to the broader broken and opaque pricing system that students and families are left to navigate.

Collectively, and more importantly, these same practices produce confusion for students and families who find themselves lost in jargon and inconsistent practices, even when institutional intent may be well-meaning. Here are just a few examples of institutional pricing policies and practices that feel dishonest to students:

- 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).
- Admitting students with large financial aid gaps and then packaging them with large amounts of loans to fill those gaps.
- Reducing institutional scholarships when students earn external awards leaves families feeling punished for their initiative, even if a school reallocates those internal scholarships to other financially needy families.
- 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.
- Offering generous first-year aid packages that do not keep pace with future cost increases.

[4] State Higher Education Executive Officers Association (SHEEO), State Higher Education Finance (SHEF) Report: FY 2024 (Boulder, CO: SHEEO, 2025), https://shef.sheeo.org/report/.

In each of these scenarios, institutions have rational, often legitimate budgetary reasons for their policies, yet families experience them as opaque, inconsistent, and unfair. Students and families also have a role to play. For as much as they say in focus groups that they want consistent, guaranteed, simple, all-in pricing, in other surveys, they've indicated that they not only like, but have come to expect "scholarships" from institutions, many of which come in the form of institutional discounts.[5]

I raise these examples not as a moment for blame, but as a call for collective action, to rebuild transparency and trust in college pricing, and to design a system that sustains institutions and provides clear, honest pricing for students and families.

Building a Transparent System Families Can Trust

Price and value transparency are foundational to affordability, and there's no one-size-fits-all solution. One of the greatest strengths of the American higher education model is its diversity and capacity for experimentation. What works for one institution, in one state or system, may not be the exact right solution in another. That's not an excuse for inaction. This moment demands progress over perfection.

Today, federal, state, and institutional efforts to improve transparency are well-intentioned but fragmented. Several states have enacted their own disclosure requirements, while various federal administrations have pursued their own transparency goals, often ad hoc, without seeking Congressional cooperation. Meanwhile, institutions have created a patchwork of calculators, aid offer standards, and dashboards.

Taken together, students and families have access to more data than ever before, yet less actionable information. Students need clear, complete information delivered in a timely, consistent way.

The goal should be to align our transparency efforts around clear, consistent, and usable information that helps families plan ahead and make informed choices that meet their individual goals. The federal government can improve the availability of data and set broad guidelines and standards for timing, terminology, and disclosures, while states and institutions can adapt those frameworks to local needs.

If transparency can restore affordability and trust, it must be guided by simple, nonpartisan principles and practices. Here's what Congress can do:

1. **Provide clarity and predictability on financial aid offers.** Congress can require that all financial aid offers include a minimal set of core components, as well as standardized terminology and definitions to ensure clarity and comparability across institutions.

[5] Encoura, How Much Does College Cost Matter to Parents? (Wake-Up Call series, May 20, 2025), https://www.encoura.org/resources/wake-up-call/how-much-does-college-cost-matter-to-parents/.

Many forward-thinking colleges have already taken a step toward this goal by signing on to the College Cost Transparency (CCT) Initiative,[6] a partnership supported by Strada and led by higher education associations and institutions, to ensure transparency, understanding, and clarity around student financial aid offers. The initiative goes beyond a pledge. An independent reviewer examines financial aid offers to ensure schools are correctly using standardized terms and language. Today, more than 730 institutions enrolling 7 million students in all 50 states have implemented these standards in their communications to students and families.

Collectively, these institutions address inconsistencies that have been identified by this Committee and meet the best practices from a 2022 GAO report and the U.S. Department of Education's Shopping Sheet.[7]

Federal efforts to standardize financial aid offers should build on these voluntary efforts by focusing on consistent language and definitions that improve clarity, rather than adding more unhelpful paperwork to the process by expanding the content of financial aid offers to include excessive or tangential information. Starting with the principles and standards from the CCT Initiative can provide a clear and practical roadmap for federal standardization efforts.

2. **Require that program-level outcomes be paired with prices.** Because affordability is inseparable from employment and earnings information, prices should be paired with program-level outcomes, including overall loan debt and a robust set of employment outcomes (e.g., range of typical earnings and the most common occupations), whenever possible. In addition, secondary and postsecondary institutions should ensure that, from before enrolling in a postsecondary program, students have access to quality coaching that helps them understand and use these data to make informed choices about borrowing, program selection, and long-term return on investment. Strada's President and CEO Stephen Moret testified about the importance of outcomes data before the House Subcommittee on Higher Education and Workforce Development in March 2025.[8]

3. **Clarify safe harbors for collaborative transparency practices while maintaining guardrails against price-fixing.** Today, if a large group of institutions were to come together and commit to transparent pricing through actions such as all-in pricing, tuition

---

[6] College Price Transparency Initiative, CollegePrice.org (accessed November 2, 2025), https://www.collegeprice.org/home.

[7] U.S. Government Accountability Office (GAO), Higher Education: Education Needs to Strengthen Oversight of Institutions' Compliance with Financial Aid Requirements (GAO-23-104708, Washington, DC: U.S. Government Accountability Office, July 2023), https://www.gao.gov/products/gao-23-104708.

[8] Stephen Moret, Testimony before the U.S. House Committee on Education and the Workforce, Hearing on "Strengthening WIOA: Improving Outcomes for America's Workforce" (Washington, DC: U.S. House of Representatives, May 22, 2025), https://democrats-edworkforce.house.gov/imo/media/doc/witness_testimony3.pdf .

resets, and standardized price guarantees, they would likely be investigated for 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.

4. **Explore better use of net price calculators.** Despite the availability of federal tools like the College Scorecard and mandated institutional net price calculators, students and their families are not utilizing or effectively internalizing estimated net price information. Strada's research makes this clear: few Americans have an accurate sense of what it actually costs to attend postsecondary education. Even with data readily available, most still dramatically overestimate the price of college.

   The question students and families are asking is: What will college cost *me*? What's needed is better, personalized information delivered throughout the college exploration and enrollment process. Imagine that students and families had access to tools as early as 8th or 9th grade, before they make critical high school course decisions, that show what their family might actually pay to attend local or state colleges and universities.[9] Imagine, too, that later, when students receive direct admission offers, they simultaneously receive an accurate, personalized net price estimate about what it will actually cost to attend institutions in their state.

   This sort of innovation could become a reality, if not at the national level, then certainly through accurate institution-level net price calculators and partnerships with states. Today, institutional net price calculators can be difficult to find or vary in their methodology and usefulness. Another challenge is aggregation. Today, students need to visit each institution separately to find and use a net price calculator. Ensuring that this information is available in one easily accessible place would be much more helpful.

   Strada is currently exploring how states can partner with institutions to deliver just such personalized information to students and families within their state throughout the college exploration and enrollment process. Whether such a tool can ultimately be deployed at the federal level, given existing data restrictions, remains uncertain. But there are promising models in development today, such as those developed by the nonprofit MyinTuition, that show what a universal, personalized net price calculator could make possible using existing state-level institutional datasets.

Affordability Begins with Clarity

Price transparency is foundational to affordability. It begins with clear, consistent, and actionable information about the price and value of postsecondary education. Federal, state, and

[9] Lieber, Ron. "A College Cost Calculator That Tells You the Truth." The New York Times, October 17, 2025. https://www.nytimes.com/2025/10/17/your-money/college-costs-calculator.html.

institutional transparency efforts must be coordinated to avoid overlapping initiatives that confuse or overwhelm students. One of the great strengths of America's higher education system is its diversity, and that diversity requires flexibility. While there may be no perfect solution, we cannot be content with the status quo or with inaction. Clear, honest pricing is a nonpartisan goal that can help restore trust and fairness in the value of postsecondary education for students and families. It is a shared responsibility—and a shared opportunity—for institutions, policymakers, and the public to build a transparent system that expands opportunity for all.