

Written Testimony of Julie Margetta Morgan

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the Administrative State, Regulatory Reform, and Antitrust
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My name is Julie Margetta Morgan, and I am the President of The Century Foundation, a nonprofit public policy organization that conducts research and analysis on a number of issues, including higher education. I am also a former senior official at the U.S. Department of Education and at the Consumer Financial Protection Bureau.

I'd like to focus my testimony on three main points. First, I'll discuss how the issue raised by this hearing—tuition pricing at Ivy League institutions—fits into the larger context of a higher education system that is increasingly unaffordable for average families. Second, I will discuss the tuition discounting practices at the heart of this committee's inquiry and offer suggestions to address them. Finally, I will discuss the consequences of the focus by this committee and the Trump administration on elite higher education institutions.

Proposed cuts to federal financial aid will raise prices at the schools most Americans attend

First, I'd like to put the committee's inquiry into context. The rising cost of education beyond high school in this country is a major concern for many families in the United States. Whether they are looking for an associate's degree in nursing, a vocational certificate to become an HVAC technician, or a four year degree in business, Americans looking to get ahead in the job market are facing tuition bills in the thousands and tens of thousands of dollars.

For most of the twentieth century, families were typically able to pay for college with a mix of grants and their monthly earnings. In many cases, a part-time job was all it took to work your way through school, and generations of Americans were able to become teachers, nurses, and social workers debt-free. Now, most families must cope with the high cost of college by taking on student loan debt that becomes a lifelong burden: average federal student loan debt now stands at just under \$40,000.¹

I applaud the committee's interest in the cost of higher education. However, the focus of this inquiry is misplaced. Ivy League institutions train less than 0.4 percent of undergraduate students in this country, and just 0.2 percent of Pell Grant recipients, whereas the vast majority of students

¹ Derived from Federal Student Aid Data Center, "Federal Student Aid Portfolio Summary." Average reflects federal student loan portfolio as March 31, 2025.

attend public community colleges and open access state colleges.² Looking for a solution to college costs in the Ivy League is like looking for a needle in a haystack while the rest of the haystack is on fire. And this very week, here in Congress, decisions are being made that will raise the cost of post-high school training considerably for average American families.

I fear that focusing your attention on this tiny slice of institutions that, by all accounts, largely educates the children of those with the greatest social and wealth advantages, will at best give the impression that Congress is deeply out of touch with what higher education looks like for most Americans, and at worst, force the conclusion that you are focused on solving problems for the richest and most advantaged among us while allowing the colleges that serve working class families to be gutted.

Adding to the impression that Congress is working on behalf of the wealthy, the House of Representatives recently approved legislation that pays for tax cuts for the richest Americans with provisions that will directly or indirectly increase the cost of education and training for everyone else. The budget reconciliation bill would take federal grants away from 1.4 million students and reduce grants for another 3 million people.³ It would also make student loans more costly for borrowers by eliminating interest subsidies and programs that limit borrowers' monthly payments. These cuts will have devastating effects, and they are far more likely to be felt at Ivy Tech Community College in Indiana, where 40 percent of students receive Pell Grants, than in the Ivy League, where less than 20 percent receive Pell.⁴

Other provisions of the bill are likely to drive up the cost of community colleges and other public schools too, by putting increasing burden on state budgets. For example, the bill is projected to cut Medicaid coverage for 10.3 million people, causing 7.6 million of them to become uninsured. The Congressional Budget Office assumes that states would replace roughly half of the federal cuts with state resources, and if the past is any indication, cutting state support for higher education will be the primary method state legislators will use to cover the gap.⁵ In the past,

² Ivy League percentage derived from Integrated Postsecondary Education Data System. Share reflects total undergraduate enrollment in 2022–23. Pell Grant percentage derived from Federal Student Aid Data Center, "Title IV Program Volume By School: Grant Programs." Share reflects Pell Grant recipients in 2023–24 Award Year.

³ Sara Partridge, "Congressional Republicans' Proposed Budget Reconciliation Bill Imperils 4.4 Million Pell Grant Recipients," Center for American Progress, May 13, 2025, <https://www.americanprogress.org/article/congressional-republicans-proposed-budget-reconciliation-bill-imperils-4-4-million-pell-grant-recipients/>.

⁴ Derived from College Scorecard, accessed June 2025, <https://collegescorecard.ed.gov/>.

⁵ Rhiannon Euhus, Elizabeth Williams, Alice Burns, and Robin Rudowitz, "Allocating CBO's Estimates of Federal Medicaid Spending Reductions and Enrollment Loss Across the States," Kaiser Family Foundation, May 30, 2025, <https://www.kff.org/medicaid/issue-brief/allocating-cbos-estimates-of-federal-medicaid-spending-reductions-and-enrollment-loss-across-the-states/>.

economists have shown a direct relationship between higher health care costs and declines in state support for public higher education.⁶

The committee's inquiry suggests that there may be a trickle-down effect where Ivy League tuition practices radiate out into the rest of higher education. But the open access institutions that educate most Americans—and that have maintained low costs over time—don't take their tuition cues from Harvard and Yale. They take them from state and federal policymakers whose decisions determine their major sources of revenue. However, if you *wanted* to make more schools take their cues from Harvard and Yale, setting tuition high and seeking out maximum revenue from parents, you'd do exactly what the House of Representatives is trying to do right now in the pending tax bill: slash federal funds and suppress state aid.

Lowering college costs requires more federal investment, not less

Next, I'd like to dive deeper into why a focus on antitrust at elite colleges is deeply inadequate for solving the problem of high college prices in America. As discussed above, actions focused on the Ivy League will have no effect on the prices paid by the vast majority of American college students. Additionally, the problem with focusing on antitrust enforcement as a solution is that it can only force changes to parts of a system; it can't change the broken system itself. In fact, attempting to leverage antitrust law as a global fix to college pricing and admissions, while simultaneously slashing federal support for higher education, could very well result in reduced access to college for lower- and middle-income families, not more.

While the Committee's inquiry is aimed at the Ivy League, it targets a set of practices that are not restricted to this handful of universities, but rather part of a business model that sets high tuition prices and uses discounts (the amount of which is not transparent prior to acceptance) to attract families who cannot afford the full price, seeking to maximize both revenue and enrollment yield. This practice is widespread among non-profit colleges and even highly selective state universities.⁷ This tuition discounting model creates a host of negative outcomes, including inhibiting competition based on price by obscuring the true cost, creating incentives for collusion,

⁶ Peter R. Orszag and Thomas J. Kane, "Higher Education Spending: The Role of Medicaid and the Business Cycle," The Brookings Institution, September 19, 2003, <https://www.brookings.edu/articles/higher-education-spending-the-role-of-medicaid-and-the-business-cycle/>.

⁷ Steve Burd, "New Data Analysis Shows How Financial Aid Leveraging Is Harming Low-Income Students at Public Universities," New America, September 24, 2024, <https://www.newamerica.org/education-policy/edcentral/philip-levine-data-analysis/>.

and even incentivizing digital espionage aimed at collecting as much information as possible about students and families to determine their likelihood of enrollment and ability to pay.⁸

The practice of tuition discounting has necessitated massive public policy efforts to convince students to “ignore the sticker price,” including building net price calculators that approximate a family’s likely contribution to college tuition.⁹ It has also given rise to a lucrative industry of enrollment management, where private equity-owned companies collect as much private data as possible about prospective students and feed it into proprietary algorithms to determine who to target and how much financial aid to offer. A senior official at a major enrollment management company referred to these practices as “arbitrage . . . like working in the financial markets.”¹⁰

Some might argue that a tuition discounting model maximizes the revenue that colleges can extract from the sources available to it, including students’ pockets, while also ensuring that colleges can remain accessible to students from a wide range of financial backgrounds. However, the data suggest that this simply is not true. Institutions in the Ivy League continue to enroll a relatively small share of the 6.8 million students that are Pell Grant-eligible (less than one-fifth of Ivy League undergraduates are Pell recipients), while legacy preferences remain largely intact and students from the top 1 percent of wealth in the United States enjoy an admissions preference and overrepresentation in Ivy League schools and other elite institutions.¹¹ At selective public universities, the share of students from low-income families has been steadily falling over time, often driven by a pursuit of out-of-state students who command higher tuition.¹²

⁸ In this testimony, I refer to the practice of setting high tuition prices and marking down those prices on an opaque, student-by-student basis as “tuition discounting.” There are, of course, other models of pricing that discount tuition based on broad and transparent categories (for example, in-state vs. out-of-state residency) that do not necessarily have the same downsides I describe here.

⁹ “What is a Net Price Calculator for calculating college costs?,” Office of Federal Student Aid, accessed June 2025,

<https://studentaid.gov/help-center/answers/article/what-is-net-price-calculator-for-college-costs>.

¹⁰ Ron Lieber, “Colleges Know How Much You’re Willing to Pay. Here’s How,” *New York Times*, May 1, 2025, <https://www.nytimes.com/2025/05/01/business/college-tuition-price-consultants.html>.

¹¹ Pell recipients total derived from Federal Student Aid Data Center, “Aid Recipients Summary,” accessed June 2025. Ivy League Pell shares of enrollment derived from College Scorecard. Overall Pell share of enrollment derived from Integrated Postsecondary Education Data System, “Financial Aid: What is the percent of undergraduate students awarded Pell grants?”

<https://nces.ed.gov/ipeds/trendgenerator/app/build-table/8/35?cid=5/>

Raj Chetty, David J. Deming, and John N. Friedman, “Diversifying Society’s Leaders? The Determinants and Causal Effects of Admission to Highly Selective Private Colleges,” National Bureau of Economic Research, October 2023, https://opportunityinsights.org/wp-content/uploads/2023/07/CollegeAdmissions_Paper.pdf.

¹² Raj Chetty, John N. Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan, “Income Segregation and Intergenerational Mobility Across Colleges in the United States,” *The Quarterly Journal of Economics*, 135 (3), August 2020, <https://academic.oup.com/qje/article/135/3/1567/5741707?login=false>.

Aaron Klein, “The Great Student Swap,” The Brookings Institution, September 2022,

https://www.brookings.edu/wp-content/uploads/2022/08/Final-GreatStudentSwap_9-6-22.pdf.

When we think about what our country needs from its higher education system—a system that produces cutting-edge research that powers economic competitiveness, a system that provides training that serves to boost upward mobility and prepares individuals to earn a favorable income and weather changing workforce needs, a system that reinforces democratic values and provides broader societal benefits—it’s pretty clear that a business model based on revenue maximization that replicates current power structures is woefully inadequate. And this matters greatly, because the federal government is subsidizing this system by providing both grants and loans to support enrollment.

Luckily, Congress has powerful tools at hand that could end the tuition discounting model as we know it and bring much more transparency to both the price of college and the value of the federal government’s significant investments. While it is outside of the jurisdiction of this committee, it is worth noting that the federal government could use its muscular role in higher education finance to the advantage of millions of American families by negotiating the price of college tuition.¹³ There is a strong, bipartisan precedent for this in Medicare, where the federal government assigns payment rates for health care services provided to Medicare beneficiaries. In the higher education context, the most expansive version of this would look like free college tuition, paid for by a mix of federal and state resources, but one could imagine options that include an out-of-pocket component for families as well.

The broader assault on higher education endangers our economy and our society

Lastly, I want to touch on the cumulative effect that inquiries like this one, combined with the sustained series of attacks that the Trump administration has waged on certain elite colleges, has on this country.

What we are seeing at this moment is an attempt at an unprecedented level of government control over the minutiae of university policies and practices, from hiring and promotion to curriculum, to the enforcement of plagiarism policies. Federal officials are openly looking for any punitive measure they can apply to increase the likelihood that universities will comply. There are worrisome parallels between the actions we are seeing today from our country’s leaders and those in authoritarian regimes. The Secretary of Education, Linda McMahon, has declared publicly that universities may only do research if they are “in sync” with the administration’s goals.¹⁴ This is a deeply dangerous assertion, an encroachment into the academic freedom that

¹³ Robert Shireman and Carolyn Fast, “A college tuition cap could be the bipartisan solution we’ve been seeking,” *The Hill*, July 2023, <https://thehill.com/opinion/education/4118160-a-college-tuition-cap-could-be-the-bipartisan-solution-weve-been-seeking/>.

¹⁴ Dan Gooding and Gabe Whisnant, “Linda McMahon Says Colleges Must Be 'In Sync' with Trump Administration,” *Newsweek*, May 28, 2025, <https://www.newsweek.com/linda-mcmahon-says-colleges-must-sync-trump-administration-2078065>.

has made American universities the envy of the world, and a departure from the laws and democratic values that have allowed American higher education to flourish and to produce research that improves our lives and our country's economic competitiveness.

The recent attempts at a government takeover of higher education seem to be largely aimed at weeding out any practices at elite institutions that might increase the admission of non-elite, non-wealthy students, who are already so underrepresented in their ranks.¹⁵ I think it is most reasonably viewed as an attempt to turn back the clock and restore the role of the Harvards and Yales of the world as finishing schools for the children of the wealthy and well-connected rather than knowledge centers that can evaluate and challenge social and political trends.

As I mentioned earlier, these events serve as a distraction from the very real threats to higher education being carried out through the budget reconciliation process, not to mention through DOGE's efforts at the Department of Education. In addition, the steady drumbeat of missives and penalties doled out to a small number of wealthy colleges gives the impression that our country's leaders are not focused on cutting the deeply painful costs American families face every day or using higher education as an engine of economic growth, but rather on bending this handful of wealthy and elite colleges to their will.

That is extraordinarily worrisome, not only because of its effect on these institutions, but also because of its effect on the rest of us. Our higher education system is critical to the country's economic strength, to the strength of our democracy, and to creating more broadly shared prosperity. We need a plan to invest in research that shapes our future and ensure federal dollars yield public benefits. Instead, we see our government wielding research dollars as a cudgel in a power struggle with a few universities. We need a plan to make it easier and cheaper for every American to get the training they need for the job they want—and a plan to make sure those jobs provide the returns our workers deserve. Instead, we see our leaders further hollowing out the funding model for higher education to pay for tax cuts that benefit only the wealthiest Americans. These short-sighted actions will have long-term consequences that are felt not only in colleges and universities, but in the communities they serve across the country.

¹⁵ Peter Granville, Denise A. Smith, and Stefan Redding Lallinger, "College Admissions Are Rigged for the Rich. Trump's Officials Say, 'Keep It That Way,'" The Century Foundation, March 13, 2025, <https://tcf.org/content/commentary/college-admissions-are-rigged-for-the-rich-trumps-officials-say-keep-it-that-way/>.