

The Maine Heritage Policy Center Testimony to Support LD 155 “An Act To Ensure Transparency in College Costs”

Senator Millett, Representative Kornfield, and members of the Committee on Education and Cultural Affairs, my name is Jacob Posik and I serve as Director of Communications at the Maine Heritage Policy Center. Thank you for the opportunity to speak in favor of [LD 155](#).

Price transparency is foundational to any properly-functioning market. Without it, consumers cannot make sound decisions and businesses are tempted to exploit their customers. This is evident in health care and is certainly true in higher education, where prospective students are often misled about the real costs of attendance.

Often, the lack of transparency is most acute when it comes to supplemental fees institutions charge to support specific services or boost general revenue. Orientation fees, student activity fees, transportation fees, health fees, distance learning fees, unified fees, parking fees, development fees -- the list goes on and on. Combined, these costs can reach into the thousands of dollars per year, imposing a significant financial burden on students and their families.

As universities add more and more extraneous charges to students' bills, these fees are representing an ever-growing percentage of the total cost of attendance. According to *The New York Times*, “the average fee at four-year public colleges was almost \$1,700 [during the 2016 school year]. That’s nearly 20 percent of the tuition and fee average.”¹

Yet these expenses are often disclosed to students in unclear or confusing ways -- buried in arcane forms or hidden away in a corner of a website. Each institution has its own approach, making it even more challenging for students to navigate. Consumer Reports has even published an article entitled “How to Decode Your College Financial Aid Offer Letter” in which it warns, “Be sure to account for all expenses. Some schools report total cost as tuition, fees, and room and board. Others include books, transportation, school activity fees, and personal expenses.”²

A recent report by New America and uAspire analyzed thousands of 2016-2017 financial aid letters from 515 colleges and universities in the U.S. and found that more than a third of

¹ The New York Times. <https://www.nytimes.com/2016/11/06/education/edlife/those-hidden-college-fees.html>

² Consumer Reports. <https://www.consumerreports.org/paying-for-college/how-to-decode-your-college-financial-aid-offer/>

institutions didn't include complete costs.³ The researchers also noted inconsistencies in the use of terminology. Of the 455 colleges that offered an unsubsidized student loan, they found 136 unique terms for that loan, including 24 that did not even include the word “loan.”

Students and their families deserve clear, digestible information about their financial obligations and what school functions their fee payments support. By requiring postsecondary institutions in Maine to provide this information on a standardized form, this bill would help families understand the real costs of higher education and make informed decisions instead of being blind-sighted with expenses they never expected.

³ New America. <https://www.newamerica.org/education-policy/policy-papers/decoding-cost-college/>