

PROMOTING COLLEGE AFFORDABILITY

PROPOSAL

Congress should provide private, nonprofit colleges temporary relief from anti-trust restrictions for the purpose of promoting affordability. The exemption would be limited to a 5-year period of time, and would be extended only if it served affordability purposes.

RATIONALE

For more than 20 years, anti-trust restrictions have prevented private, nonprofit colleges from engaging in full discussions of new business models. These restrictions severely limit the sector's ability to explore issues thoroughly, and develop innovative solutions in areas such as financial aid, price, net price, discount rates, and myriad related topics.

For many reasons, these restrictions must be eased:

Need for Creative Solutions:

Private, nonprofit colleges are deeply aware of the growing college pricing crisis, and related strains on both families and institutions: more students from low-income families are attending college; middle-income families are disappearing from the economic landscape; state support for all sectors of higher education has decreased; half of full-time students are borrowing; and the effects of the 2008 economic downturn continue to reverberate for many families and institutions.

Efficiency:

For the past decade, private, nonprofit colleges have continuously identified and implemented efficiencies in delivering a quality education. A growing number have entered into consortia arrangements with other institutions. These partnerships have allowed institutions to maximize their joint purchasing power—and decrease overhead—in such areas as insurance, technology, energy, back-office functions, and cross-institutional academic offerings and calendars. These campus-by-campus efforts, however, are not enough to ensure affordability and access to the diverse options available in higher education across an entire sector.

Maintaining a Competitive Higher Education Marketplace:

Based on the discussion and promotion of free public college, it is conceivable that federal or state governments could set a price of \$0 for the public sector—while still not allowing colleges in the nonprofit sector (that compete directly with state colleges) the ability to discuss their own pricing structures. Public colleges are not restricted by anti-trust rules.

Such an exemption would allow private, nonprofit colleges to develop new business models through mutual collaboration and understanding, while maintaining and enhancing the advantages of a competitive higher education market place. In turn, students and families would be able to better understand price earlier in the college selection process, giving them a better understanding of the cost of the college they want to attend.