

## **The CPR's Fee Waiver Proposal**

The California Performance Review (CPR) Report contains a proposal to eliminate the Cal Grant program, as it is currently structured, in favor of a new fee waiver system. The California Student Aid Commission (CSAC) opposes this recommendation because of the detrimental effect it will have on California's students, families and institutions. *Enactment of the CPR's fee waiver proposal would be:*

### **Harmful to Students and Families**

- Cal Grant A and B programs will cease to exist at CSU and UC campuses and will be replaced by a fee waiver system administered by individual campuses.
- Subsistence awards, which pay for books and supplies for the neediest students, will no longer be awarded, forcing students to seek other lower-cost alternatives, attend school on a part-time basis, increase student work/loan burden, or forfeit college altogether.
- Because the CPR Report is silent on awards for private/independent postsecondary institutions and Cal Grant C awards, these awards would presumably be eliminated.
- A student would have to qualify for a waiver separately at each campus where he/she applies, potentially delaying the process of choosing a college and creating more barriers for students.
- Because of SB 1644, which established the Cal Grant entitlement program, Cal Grant Awards are guaranteed to students for 4 years as long as they continue to meet eligibility criteria. It is unclear whether fee waivers would be guaranteed year-to-year.
- Institutional aid funding, which supplements unmet need for financially needy students, would be cut in order to shift funds to this fee waiver program – in effect, “robbing Peter to pay Paul.”

### **A Burden for Institutions**

- Determining eligibility, documentation, reconciliation and State reporting would all become the responsibility of each individual campus, thus:
  - changes in computer systems would be required, and standards would have to be established, maintained and audited.
  - rather than a centralized eligibility determination as currently performed by CSAC, each campus would have to determine eligibility separately for each student applying.
- Most likely, additional staffing would be required to maintain program integrity and meet student demand.
- CSAC currently serves as an inter-segmental advocate for students in all segments of higher education on financial aid-related issues. If funds were to become restricted for the fee waiver program, this could eliminate the balanced approach to distributing financial aid, and could pit segment against segment.

### **A Bad Deal for Taxpayers and the State**

- The State could lose \$12 million in federal funding, since it is unclear whether the fee waiver program would continue to meet the federal matching requirements for state-administered grant programs. If lost, these funds would have to be recouped either through an increase in General Fund monies or through more cuts to institutional aid.
- Costs for decentralization of the Cal Grant program have been estimated at \$1-\$4 million for implementation, with undetermined ongoing costs due to workload increases at each campus.