

Testimony of Diana Fuentes-Michel  
Executive Director, California Student Aid Commission  
Senate Education Committee Informational Hearing  
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CONSOLIDATION PROPOSAL:

Thank you, members.

The proposal to merge two commissions with totally different functions is not the product of thoughtful analysis, but an apparent attempt to make good the Governor's public promise to "blow up the boxes" in state government, irrespective of whether any money is saved or greater effectiveness achieved.

This proposal would eliminate the state's only independent commission whose paramount goals are to serve students and to increase access to higher education in our state. It would instead turn the financial aid decision making process over to the Department of Finance, which has just proposed, after 50 years, eliminating Cal Grants in their entirety. While the Commission is certainly open to working with the Legislature on thoughtful proposals aimed at better serving students, we urge you to reject this proposal.

The proposal would not only eliminate the commission, it would eliminate the public, deliberative process for making decisions affecting access and affordability for California's students. It would put that policymaking function behind closed doors and into the hands of political appointees who will not put student needs first. It would eliminate transparency, independence and accountability in student financial aid when higher education accessibility is more important than ever to the future economic strength of our state.

None of the functions currently performed by the Commission is duplicative of any work done by the California Postsecondary Education Commission, and consolidating the two commissions would not eliminate the need for continuing our work. It is important that the Student Aid Commission remain as the state's only independent, public voice for students in making and implementing financial aid policy. It is also important to retain CPEC's expertise and participation in policy debate.

In the smoke and heat of the budget battle it may appear as if consolidating two agencies make sense. This does not, nor would it save a single penny.

## TESTIMONY ON DECENTRALIZATION

The proposal to “decentralize” the commission’s functions seems designed more for appearances than for effectiveness. Where is the deliberative process and thoughtful conversation?

There are two proposals before you that have none of our input. The Commission has more than 100 years of combined expertise in delivering financial aid in California yet we have not been consulted, and there is no deference paid to the giants of this legislative body who crafted the Cal Grant program and the Student Aid Commission.

The commission believes it is quite possible to achieve efficiencies, and CSAC has been meeting informally with folks in higher education, with financial aid experts, the all important but sometimes forgotten high school counselors, and others to come up with an alternative proposal, which is included in your materials today.

The University of California, California State University and the Community colleges argue that their institutions are best suited to directly award Cal Grants to students admitted to their institutions. In the face of staggering cuts, they have assured you they will absorb the additional costs. We would instead phase in the awarding of Cal Grants by individual institutions choosing to revamp their financial aid systems, while protecting those centralized functions of the Commission that are critical to meeting student needs.

For example, a critical feature of the Cal Grant program – a feature that has greatly increased opportunities for California’s most vulnerable students – is the fact that Cal Grants are portable. A student can take his or her Cal Grant from one institution to another; changing institutions of higher education does not risk loss of financial aid.

A centralized system for tracking students and Cal Grant awards remains necessary to maintain fiscal integrity of the Cal Grant program,

One proposal positions a plan to remove the State of California’s ability to track student applications for federal and state aid. At a time when California students must answer President Obama’s call to attend at least one year of education or career training beyond high school, California would remove the ability to track and account for our progress. The U.S. Dept of Education has sent clear signals that future funding to states will require centralized systems of tracking and reporting data.

Further, the Commission is a research partner in an ongoing national, \$3 million financial aid study which relies on completion of the Free Application for Federal Student Aid – known as the FAFSA. It will produce powerful research findings that will inform both the public and private sectors.

Under decentralization, California policy makers, institutions, and students would not benefit from this study.

This partnership between the California Student Aid Commission, College Access Foundation, MDRC and the Gates Foundation represents an innovative investment of federal, state and private resources to increase financial aid for low-income California college students.

The College Access Foundation of California has awarded a \$2.9 million grant to support nearly 2,800 college scholarships for low-income California students who apply for a Cal Grant. These scholarships are awarded through California Cash for College.

As to efficiencies, under the Commission's centralized system, a student need file only ONE statutorily required Cal Grant application. Additionally, a student or the student's high school need file a student's Grade Point Average only one time. Maintaining these centralized functions will ensure our students aren't burdened with multiple applications and that our high schools aren't saddled with additional, unnecessary paperwork at a time when their budgets are under enormous stress.

The Commission speaks to all students applying for financial aid in California, providing true one-stop shopping. Under decentralization, tens of thousands of low-income and first generation students will not receive any notification from an institution regarding their aid eligibility, unless they have been accepted to that institution.

Finally, certain specialized programs such as the Chafee Foster Youth and APLE grant programs should continue to be processed by the Commission because they are integrated into the Commission's Grant Delivery System. The Governor's proposal overstates savings and understates costs. Any decentralization proposal will require increased costs for computer programming to maintain tracking of all students. Additional costs will be incurred to modify the existing centralized system.

Any change to the administration of financial aid in California should be in the interest of improving services to students. In point of fact the interests of students in California demand a more cogent analysis of costs and unintended consequences with input from all parties before drastically altering the delivery of financial aid.

The commission urges you to put students ahead of appearances, and to ensure the access to higher education that will keep California on the leading edge for generations to come. Thank you.