



NEWS RELEASE

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RANCHO CORDOVA -- Diana Fuentes-Michel, executive director of the California Student Aid Commission, issued the following statement in response to proposals released today by the California Performance Review. Attached is a fact sheet on the negative impact on students if the CPR proposals are implemented.

The CPR proposals to dismantle the operations of the California Student Aid Commission and to disband the Cal Grant Program for financially needy students at a time of rising college costs are misguided.

These proposals, rather than blowing up a box, would only serve to torpedo college access and affordability for California's middle- and low-income students. They are a bad deal for students and would lead to dramatically reduced college-going rates in California.

For individual students, the proposals would make the state's financial aid system more complex and less reliable – serving fewer students who need financial aid the most. For taxpayers, these proposals would increase taxpayer costs, not reduce them.

The Commission currently operates at no cost to taxpayers. That's because the Commission's entire administrative budget since July 2003 has been funded with revenue generated by its non-profit auxiliary corporation, EDFUND, which handles the daily operations of the Commission's participation in the federal student loan program.

The CPR proposals, however, will likely cost the state's taxpayers several million dollars to implement, with ongoing increased workloads at each UC and CSU campus.

To shut down a state agency that operates without any General Fund money, and which actually provides relief to the General Fund, turns government efficiency on its head.

Today, EDFUND not only generates enough revenue to pay for the Commission's entire administrative budget, it also pays for other public benefits, including the following:

- A Cal Grant public awareness program
- The California Student Opportunity and Access Program (Cal-SOAP)
- Campus- and community-based financial aid assistance preparation programs
- \$146.5 million to restore proposed reductions for Cal Grant awards in fiscal year 2004-05

- more -

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One must question why the CPR would want to eliminate the hundreds of millions of dollars in public benefits now provided by the Commission and EDFUND.

The bottom line is that this recommendation is a bad deal for students and institutions and it undermines California's commitment to provide college access and affordability to the broadest spectrum of students.

The Commission plans to communicate its concerns to Governor Schwarzenegger and his CPR Commission, which should act in the best interests of California students and reject these flawed proposals.

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The California Student Aid Commission is the state's principal provider of intersegmental statewide grant aid to postsecondary students. Founded in 1955 as the California State Scholarship Commission, the Commission's primary programmatic responsibilities include operation of the Cal Grant program, which will distribute about \$759 million to California's college students during the 2004-2005 school year, and several targeted state scholarship and loan forgiveness programs. The 15-member Commission oversees the activities of its nonprofit student loan services auxiliary, EDFUND. The Commission is headquartered in Rancho Cordova, California.

California Student Aid Commission and its associated graphic are the service mark of the California Student Aid Commission.

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