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Diana Fuentes-Michel, Executive Director

June 19, 2012

Robert Shireman  
Director  
California Competes  
50 California Street, Suite 3165  
San Francisco, CA 94111

**Subject: Observations Regarding "The Road Ahead"**

Dear Bob,

As the Executive Director of the California Student Aid Commission, I read "The Road Ahead" with great interest. Because CSAC is the state agency with both operational oversight of the Cal Grant program and primary responsibility for safeguarding the best interests of students, parents and taxpayers when it comes to investment in higher education, I presume we will be intimately involved in any policy discussions that your report stimulates. Therefore, I would like to share my observations with you and the California Competes Council that oversaw "The Road Ahead."

CSAC is aligned with California Competes when it comes to many of your priorities:

- We too see an educated workforce as the bedrock of a healthy California economy.
- We believe it is critical that students receive a high-quality education that develops their critical thinking capability as well as practical skills that are aligned with the employer needs.
- We recognize the importance of collecting and analyzing information from post-secondary institutions so that policy decisions are data-driven and results-tested.

However, CSAC also has core beliefs that are not mentioned in your report that we believe are equally important. These include:

- Providing an effective student-focused (as opposed to institution-centered) system of support that will result in the broadest possible access to the higher education opportunity of the student's choice.
- Ensuring through data analysis and easy-access transparency that students and parents have the information they need to make best-value decisions.
- Protecting the taxpayers' investment in higher education by providing rigorous oversight.

Overall, CSAC believes the goals in "The Road Ahead" are sound but that the implementation plan, as proposed, is flawed.

First, it is not necessary and it would be costly to create a new body (the proposed Higher Education Investment Board) to achieve the goals outlined. As you know, CPEC, with much the same mandate, was eliminated in a cost-saving move. CSAC already has the infrastructure (people and equipment) to perform the required analyses. It would be more cost-efficient to build on what is in place, as the State has already begun to do by empowering CSAC to gather information about enrollment, persistence, graduation rates and post-graduation salaries.

Second, the proposed structure (a nonprofit, public-benefit corporation) has proven to be a poor fit in the past for governmental requirements (e.g., EdFund). Your report does not provide a compelling rationale for selecting a non-governmental structure for what is an essential government function (directing the State's investment in higher education).

Third, as we have argued in the past, decentralization serves the best interest of neither the students nor the taxpayers. It is an institution-centered "solution" that deprives students of early information (long before they have settled on a specific campus) and financial aid portability. In addition, it undermines accountability by splintering responsibility among widely dispersed and inherently different (public, nonprofit, for-profit) institutions.

Finally, the funding mechanism (charging each higher education institution a fee) is unlikely to be absorbed by institutions but instead would be passed on to students in the form of increased tuition or fees. This is hardly the kind of assistance that students need in today's environment of spiraling college costs.

As the body best positioned to evaluate and shed light on the impact of higher education policy on students, parents, taxpayers and employers worried about the future workforce, CSAC is interested in working closely with any organization that wants to improve higher education opportunities. We look forward to a future collaboration with California Competes to address our differences and achieve our mutual goals.

Sincerely,



Diana Fuentes-Michel  
Executive Director

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