

STUDENTS NEED PERKINS LOANS: PRESERVE THEM AND FUND THEM

Save the Perkins Loan Program

- The President's proposed budget for fiscal year 2006 has no funds for the Perkins Loan program and would stop schools from lending existing funds. This would make college less affordable to millions of students who depend on the nation's first student loan program.
- The demand for Perkins Loans always outstrips the supply of loan funds. Stafford Loans are not a substitute; their loan limits – even with the President's proposed increase for freshmen and sophomores – are far too low for many students. Every Perkins Loan dollar goes to a student who needs it. More than 700,000 students got Perkins Loans this year to help pay for their education.
- Raising the Pell Grant \$100 a year, although desirable, is no substitute for the Perkins Loan program, where the average loan is over \$2,100.
- Graduate students are not eligible for Pell Grants – they would be hurt even more by eliminating Perkins.
- Without Perkins Loans, students would be forced to borrow from high-cost alternative sources, such as credit cards or private education loans. Since these loans require good credit or a co-signer with good credit, many low- and even middle-income students are turned down.
- Throughout the history of the Perkins Loan Program, \$7.9 billion in federal contributions has been leveraged to award over \$28.8 billion in loans to students through almost 26 million aid awards.

Fund the Federal Capital Contribution and the Loan Cancellation Accounts

- The \$100 million requested by COHEAO and the Student Aid Alliance for the annual Federal Capital Contribution for Perkins would result in at least \$125 million in new capital for students because schools must match 25% of the federal dollars with their own funds. Many match more than the minimum.
- Federal funding for Perkins Loans is an appropriation that feeds on itself and builds, starting with a school match of a share of the federal funds and continuing for years as the loans are repaid and re-lent.
- Without the federal contribution and its minimum school matches, almost 63,000 additional low-income students across the country won't receive the loans they need for higher education. (\$125 million divided by the average Perkins loan of \$2,000). Failing to fund the contribution means that students from every state will be left out.
- Since the inception of the Federal Perkins Loan Program in 1958, approximately \$1.16 billion in Perkins Loans have been forgiven for students who took advantage of program benefits by working in 12 different public service professions, such as teaching, nursing, the military, law enforcement, corrections and the Peace Corps. Stafford Loan forgiveness is only available for certain teachers.

For More Information: see www.coheao.org or contact COHEAO: Harrison Wadsworth (hwadsworth@wpllc.net) or Andrew Stringer (astringer@wpllc.net) or (202) 289-3910.

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