

ATTACHMENT

A Summary of Perkins Loan-Related Provisions of the Reauthorization Bill

- All existing campus-based programs are continued, including SEOG, Perkins Loans and College Work-Study.
- The expiration dates for the Perkins program as well as the fund return provisions are all extended through the reauthorization period.
- The bill phases out the base guarantees so as to gradually expand the “fair share” provisions in the funding formula for the campus-based programs starting in 2007 and ending in 2014. This will send more money to newer institutions or institutions with expanded enrollment.

Through FY2006 – 100% of previous base guarantee as defined in current HEA (the amount received in FY1999)

FY 2007 and 2008 – 80% of FY2006 base guarantee

FY 2009 and 2010 – 60% of FY2006 base guarantee

FY 2011 and 2012 – 40%

FY 2013 and 2014 – 20%

FY 2015 – 0%

- Perkins Loan annual borrowing limits are increased. Annual loan limits increase to \$5,500 for undergraduates and to \$8,000 for graduate.
- Aggregate loan limits are increased to \$60,000 for graduate students, to \$27,500 for undergraduate students two years into their program and to \$11,000 for all other students.
- Disclosure requirements for consolidation loan lenders are expanded to require disclosure of lost borrower benefits upon consolidation, including loan forgiveness and total interest.
- Books and supplies allowance increase to \$600.
- Forbearance: the “upon written request” clause is struck, bringing Perkins in line with FFELP and Direct Loans.
- Special Repayment Rule Authority: The bill removes the lump sum payment and accompanying qualifications for compromise repayment of defaulted loans, but requires all agreements to be approved by the Department of Education.
- Rehabilitation: changed from 12 to 9 consecutive on-time monthly payments for a loan to be considered rehabilitated. [Note: FFELP borrowers will have 10 months to make nine on-time payments, a provision that may be added for Perkins during Committee consideration.]
- Loan cancellation provisions are expanded in the Perkins loan program for military personnel to make 100% forgiveness possible.