

COHEAO Talking Points

STUDENTS NEED PERKINS LOANS: FUND THEM AND PRESERVE THEM

- The President's proposed budget for fiscal year 2006 proposes no funds for the Perkins Loan program and to stop lending of existing funds. This would make college less affordable to millions of students who depend on the nation's first student loan program to help them finance their education.
- 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.
- Raising the Pell Grant \$100 a year, although desirable, is no substitute for the Perkins Loan program, where the average loan is about \$1,800.
- Graduate students are not eligible for Pell Grants – they would be hurt even more by eliminating Perkins, as the President proposed.
- 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.
- Students often take advantage of the opportunities to have their Perkins Loans forgiven 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.
- 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. More than 600,000 students got Perkins Loans this year to help pay for their education.
- Without the federal contribution and its minimum school matches, almost 70,000 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 \$1,790). Failing to fund the contribution means that students from every state will be left out.
- For More Information: see www.coheao.org or contact COHEAO Executive Director Harrison Wadsworth: hwadsworth@wpllc.net or 202-289-3910.