Campus Partners
Discussion Points

1. President Bush plans to use the money from the Perkins loan program to fund Pell grants. Choosing between Perkins and the Pell program should not be an either/or proposition. Both programs are needed. If the Perkins fund is eliminated, it will only sustain Pell grants for a short time. Then, what happens? Will the Pell program be eliminated, too?

2. To make the elimination more politically acceptable, the administration proposed increasing the maximum limits for Pell Grants and student loans available from the Federal Family Educational Loan Program (FFELP) and the Federal Direct Loan Program (FDLP). The proposal sounds good, but the promise of higher grant and loan limits falls well short of meeting the funding gap that would be created if the Perkins program were eliminated.

3. The average Perkins loan is $1,800, while the proposed Pell grant increase is $100 a year. Similar small increases to other loan programs

4. The Perkins Loan Program is self–sustaining. As borrowers repay their loans, funds are returned to the campus to be loaned to future borrowers. Campuses also match federal dollars with their own funds, thus leveraging the amounts of funds available to needy students.

5. **How many students on your campus currently receive Perkins loans? How many students will be forced to find alternate sources of funding to continue college?** This information will probably make the biggest impression on elected officials.

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7. The average Perkins loan is $1,800, while the proposed Pell grant increase is $100 a year. Similar small increases to other loan programs will not begin to make up the difference in Perkins fund cuts.

8. The Department of Education has targeted the program contending it is ineffective because it only serves 3% of the nation's students. It only serves 3% of students because the government only allocates enough money for 3%. If the government allocated more money, a larger percentage of students would receive Perkins loans. The department also says the loan program is redundant, while it is one of the most unique loans available. The following facts illustrate the strengths of the Perkins program.

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9. The Perkins loan program provides loan cancellation provisions for 12 critically public service professions. Do we really have enough nurses and health care technicians, math and science teachers, HeadStart teachers and social workers, law enforcement or corrections officers, family and children's services workers, special education teachers, and teachers willing to work at low-income schools? The program even offers partial loan cancellation for military personnel serving in combat. Total or partial loan cancellation leads students to pursue careers in fields that are needed, but traditionally not highly paid.

10. This is the only federal student loan program that is a true partnership between the federal government and institutions of higher education; a partnership predicated upon the requirement that participating institutions make matching capital contributions to fund new loans. This is unique among student aid programs.

11. Perkins loans support the neediest students, yet despite their financial condition, the cohort default rate is less than 9.0 % – lower than many other federal loan programs.

12. The program ensures strict accountability and transparency through the careful regulatory oversight and clear program compliance requirements administered through the Department of Education.

13. Stafford loans with their lower loan limits and their limited cancellation benefits are not a substitute for Perkins Loans.

14. All revenues from the program support new loans. In other federal student loan programs, banks or other intermediaries create revenues that may not be reinvested in the loan program. In the Perkins Program, colleges lend to the neediest students and the repayment of the principal and interest funds new loans for other needy students.

15. Families with dependent students comprise the largest percentage of Perkins borrowers. During Award Year 2001-2002, 31% percent of these families had an income under $30,000, and an additional 44% of these families had incomes between $30,000 and $60,000. These families are not well to do. Family size and cost of college attendance affect eligibility for Perkins loans.

16. Twenty-one percent of Perkins Loan borrowers are independent students. Fifty-four percent of these students have incomes below $12,000 with an additional 20% falling in the $12,000$19,999 income range. Thus, 74% of independent students have incomes less than $20,000.

17. The demonstrated need for Perkins loans always outstrips demand. Eliminating the Perkins program means that students will compete for a smaller pool of money. All students will be shortchanged, even if they do not qualify for Perkins funds.