

# Another Raid on Student Aid

*The President follows up the Republican Congress' \$12 billion student aid raid by attacking Perkins Loans.*

As if Republicans in Congress hadn't done enough damage with their \$12 billion student aid cut this year, the President launched another raid on student aid by killing the Perkins Loan program in his 2007 budget.

Low-interest Perkins Loans are a critical resource for college students who demonstrate substantial need. Two-thirds of recipients are from families with annual incomes of \$40,000 or less. These 5 percent interest loans help students fill the gap between what they receive from other financial aid programs and their actual college expenses.



The President would take the axe to the Perkins Loan program, eliminating this aid to 463,000 college students in 2007.

The President would recall \$664 million in Federal Perkins Loan funds from nearly 1,800 colleges in 2007. As a result, 463,000 college students would lose a key part of their financial aid.<sup>x</sup> While the Administration claims that it will "re-evaluate" the program, the fine print of the budget makes clear that the President intends to kill Perkins Loans altogether. If all \$6 billion in Federal Perkins Loan funds are recalled over 10 years as the Administration proposed last year, approximately 2.8 million student loans would be lost.<sup>xi</sup>

Perkins Loan cuts are especially shortsighted because the Federal funds leverage additional aid provided by colleges. These institutions provide one dollar from their own funds to match every three dollars of Federal funds they receive. As Perkins loans are repaid, the funds become available to assist other students, multiplying the impact of the Federal government's initial investment.

Moreover, through loan forgiveness, Perkins recipients are encouraged to pursue public service careers in teaching shortage areas such as special education, math and

science, as well as careers in nursing, law enforcement, VISTA, the Peace Corps, and the military. If the President has his way, these students will not only lose their assistance, the nation might also go without their service.

