



The Torch

September 2, 2005

A bi-weekly report from the Coalition of Higher Education Assistance Organizations

Table of Contents

COHEAO News

- 1) [COHEAO Membership Drive Continues](#)
- 2) [COHEAO Provides Resources for Grassroots Activism](#)
- 3) [Online Letter-Sending Tool Aids COHEAO Grassroots Campaign](#)
- 4) [Go Back To School With COHEAO](#)

Congress

- 1) [Senate Higher Education Act Reauthorization Bill Expected](#)
- 2) [GAO Report Released, "Student Aid and Postsecondary Tax Preferences"](#)

Inside Ed and the Administration

- 1) [U.S. Department of Education, Higher Education Community React to Hurricane Katrina](#)
- 2) [Department Announces Sept. Deadline for FISAP Submissions](#)
- 3) [Office of Federal Student Aid Issues Invitation to Electronic Access Conferences](#)

Industry News

- 1) [ACE, Others Release HEA Position Paper](#)
- 2) [Student Groups Oppose House HEA Bill](#)
- 3) [NASFAA Urges Members to Act on Reconciliation](#)
- 4) [Colorado Higher Education Stands To Lose \\$400 Million If Referendum C Does Not Pass](#)
- 5) [New Research Ranks Colleges On Fostering Academic Success](#)
- 6) [Coalition Update](#)

Attachments

- 1) [Board of Directors](#)
- 2) [Perkins Loan Fact Sheet](#)
- 3) [Talking Points](#)
- 4) [State FCC Totals](#)
- 5) [COHEAO PART Response](#)
- 6) [Loan Cancellation Comparison](#)

COHEAO News

COHEAO Membership Drive Continues

As you know, this has been an exceptional year for COHEAO. The Perkins Loan Program's future was threatened this year with elimination and a recall of the federal share of campus revolving funds. In response to this threat, COHEAO's membership mobilized and was able to make significant gains in protecting the Perkins Loan Program from elimination. However, this fight is not over. With your help, we can ensure continued support for this valuable student loan program.

All COHEAO members are encouraged to urge their colleagues who are not yet part of our organization to consider joining. We have strength in numbers. Working together and with our allies, we think the battle to save the Perkins Loan program is turning in our favor, but our work is far from done. We need the support of as many Perkins Loan Program participants as possible to strengthen our organization and our cause. If you are interested in volunteering to help in the membership drive contact Tom Schmidt at tschm@umn.edu, membership co-chair for institutional, Dave Barton at dabarton@cbegroup.com, membership co-chair commercial, or Andrew Stringer at astringer@wpllc.net.

New members can sign up quickly and easily by going to <http://www.coheao.org> and clicking on the "Join COHEAO" bar on the left, or they can contact COHEAO staff: astringer@wpllc.net, jwolfe@wpllc.net, jcoyle@wpllc.net or hwadsworth@wpllc.net.

COHEAO Provides Resources for Grassroots Activism

Included with every issue of *The Torch* are several resources that are particularly useful for grassroots activism. The following is a description of what they are and how they can be effectively used.

[Fact Sheet](#)

This two-page document provides background on the Perkins Loan Program since its inception in 1958 as the National Defense Student Loan. This is a good document to "leave behind" when you are visiting with staff members or Representatives and Senators.

[Talking Points](#)

The talking points provide clear, easy to use arguments on why the Perkins Loan Program should be reauthorized as part of the Higher Education Act and why the Federal Capital Contribution (FCC) and Loan Cancellation accounts should be funded as part of annual appropriations.

[FCC Totals](#)

This document provides a breakdown of how the FCC is distributed per state under current law at FY2004 appropriations levels (the last time the FCC was funded). This helps make the case of why Congress should fund the FCC.

[PART Response](#)

This is COHEAO's one-page response to the Office of Management and Budget's (OMB) Program Assessment Ratings Tool (PART) evaluation of the Perkins Loan Program. COHEAO maintains that the OMB uses faulty reasoning and comes to inaccurate conclusions about the Perkins Loan program. To view the entire PART evaluation study or to receive COHEAO's more extensive response, contact Andrew Stringer at astringer@wpllc.net.

[Loan Cancellation Comparison](#)

COHEAO has created a one-page document comparing loan cancellation benefits between Perkins Loans (a long list) and Stafford Loans (a very short list). This document aids in making the case that the Perkins Loan Program is not duplicative of other loan programs.

Online Letter-Sending Tool Aids COHEAO Grassroots Campaign

COHEAO's web-based system for contacting your Representatives and Senators has resulted in hundreds of additional letters being sent to Congress. To use the system, visit <http://www.coheao.org> and click on the "Click HERE to send a letter to Congress" link. From there, click on the letter you wish to send and follow the instructions. Simply enter your zip code and the system sends the letter to the correct Senators and Representatives. Be sure to customize the letter in the appropriate sections before clicking "send."

COHEAO encourages individuals to share the system with as many people as possible. The new system is a good way for students to write quick letters to Senators and Representatives explaining how important the Perkins Loan Program is. If you have any questions about the system, contact Andrew Stringer at astringer@wpllc.net.

Also, please continue to use the draft letters available on the COHEAO website. When using the letters, customize them to fit your school or company, including placing the letter on your letterhead, if possible. [If you are not permitted to use letterhead for this purpose, please send the letter on plain paper on your own behalf, simply noting where you work.] It is important to point out that the Perkins Loan Program helps students in your campus and state. In the letter are suggested places to insert this information. At the end, please put down how you can be contacted. Also, if you are at an institution, please get students to send letters designed for them, and ask their parents to send letters too.

To obtain information on the Perkins Loan Program specific to a specific school, go to this address in the Department of Education's IFAP web site:

<http://www.ifap.ed.gov/cbpmaterials/0405CBCongreportApril8CoverLtr.html>. At the bottom of the document are links to information on Perkins FCC awards broken down by individual school, with state totals. If you have any questions or need help accessing the information, contact Andrew Stringer at astringer@wpllc.net or 202-289-3903, Joan Coyle at jcoyle@wpllc.net or Harrison Wadsworth at hwadsworth@wpllc.net.

We also ask that you send the COHEAO office a copy of your letter after you have sent it. You can e-mail the letter to astringer@wpllc.net, jcoyle@wpllc.net or hwadsworth@wpllc.net or fax it to 202-371-0197 or mail it to us at the address below.

Again, if you need any assistance or have any questions, please call 202-289-3903.

Go Back To School With COHEAO

Go back to school with COHEAO clothing from our online store, <http://www.westernprinting.net/coheao>, where you will find high-quality clothing and outerwear bearing the distinctive COHEAO flame logo. The net proceeds from the sale of the clothing will go to the COHEAO scholarship fund, which awards \$1,000 scholarships every year to deserving students with financial need who are attending COHEAO

member institutions of higher education. Check it out today and help yourself – and a student who can really use the assistance.

CONGRESS

Senate Higher Education Act Reauthorization Bill Expected

The Senate Health, Education, Labor and Pensions Committee staff has been working long hours this week in hopes of completing a Higher Education Act reauthorization bill by today, so that a markup of the legislation can proceed as planned next week. Staff for Republican and Democratic senators have been trying to piece together a bi-partisan bill, but the complexities and controversies of the legislation make the job difficult. No specific word on the Perkins Loan Program has been made public, although COHEAO continues to believe – until told otherwise – that the program will be reauthorized by the legislation.

Hanging over the bill is the requirement that it produce \$7 billion in budget savings over the next five years in order to meet the terms of the Congressional Budget Resolution that was passed earlier this year. It is expected that the legislation will include cuts to student loans, especially to student loan lenders in order to achieve those savings. The Resolution requires the HELP Committee to find \$13.6 billion in savings from programs under its jurisdiction, including higher education, pensions, and others.

Word circulating in Washington was that the HELP Committee hoped to mark up reauthorization legislation the afternoon of Thursday, September 8. Under Committee rules, a bill will have to be circulated today in order to meet the seven-day advance notice requirement. However, any legislation circulated today could still be amended during the markup.

Meanwhile, the House Education and Workforce Committee is planning to convene to continue working on legislation to achieve its required budget savings. The Committee has scheduled two mark-ups for Wednesday, September 7 that were called to meet the budget savings target of \$12.6 billion over the next five years. Neither involves student loans. The HEA reauthorization bill passed by the Committee in late July, H.R. 609, was initially scored by the Congressional Budget office as saving \$8.6 billion. Pension legislation passed earlier was reported to save about \$1.4 billion, leaving the committee \$2 billion short of its savings requirement under the budget instruction. It is not known exactly where the Committee plans to turn for the additional savings or if the CBO score of H.R. 609 will change.

The markups on Wednesday will be of changes to the federal pension laws and to the welfare reform laws and the Social Security Act. Both are billed as having to do with the committee's budget instructions.

GAO Report Released, “Student Aid and Postsecondary Tax Preferences”

The Government Accountability Office (GAO) released a report examining how title IV assistance compares to that provided through the tax code, the extent to which tax filers effectively use postsecondary tax preferences and what is known about the effectiveness of federal assistance. The report found that title IV student aid and tax preferences provide assistance to a wide range of students and families in different ways. Highlights from the report are as follows:

- While both help students meet current expenses, tax preferences also assist students and families with saving for and repaying postsecondary costs.

- While both serve students and families with a range of incomes, some forms of title IV aid—grant aid, in particular—provide assistance to those whose incomes are lower, on average, than is the case with tax preferences.
- While both require students and families to fill out forms, tax preferences require more responsibility on the part of students and families because they must identify applicable tax preferences, understand complex rules concerning their use, and correctly calculate and claim credits or deductions.
- While the tax preferences are a newer policy tool, the number of tax filers using them has grown quickly, surpassing the number of students aided under title IV in 2002.
- Some tax filers do not appear to make optimal education-related tax decisions. For example, among the limited number of tax returns available for our analysis, 27 percent of eligible tax filers did not claim either the tuition deduction or a tax credit. In so doing, these tax filers failed to reduce their tax liability by \$169, on average, and 10 percent of these filers could have reduced their tax liability by over \$500.
- One explanation for these taxpayers’ choices may be the complexity of postsecondary tax provisions, which experts have commonly identified as difficult for tax filers to use.
- Little is known about the effectiveness of title IV aid or tax preferences in promoting, for example, postsecondary attendance or choice, in part because of research data and methodological challenges. As a result, policymakers do not have information that would allow them to make the most efficient use of limited federal resources to help students and families.

To view the entire report, visit: <http://www.gao.gov/cgi-bin/getrpt?GAO-05-684>

INSIDE ED AND THE ADMINISTRATION

U.S. Department of Education, Higher Education Community React to Hurricane Katrina

The Department of Education issued some guidance for schools impacted by Hurricane Katrina, and more details are expected as soon as today. The information includes specifics on length of the academic year, permitting displaced students to attend other universities, and contains information on FFELP, Federal Perkins Loan Program and Direct Loan Program forbearance.

Students in affected areas can continue to seek higher education by extending repayment without penalty. ED will grant waivers to affected colleges in terms of meeting reporting and other requirements related to the administering of student financial aid. The latest guidance can be found at <http://ifap.ed.gov/dpclretters/GEN0404.html>. Additional guidance to supplement this 2004 Dear Colleague letter is expected soon.

The following is from the Department of Education regarding Katrina:

“As a result of the extensive damage and disruptions in the southern United States caused by hurricane Katrina, we will publish very shortly a Federal Register Notice extending institutional and applicant filing and reporting deadlines for specific filing and reporting activities. The new dates will apply to institutions or third-party servicers that are located in a federally-declared disaster area and that were adversely affected by hurricane Katrina, and applicants that are adversely affected by the hurricane. We also plan

to post an electronic announcement regarding disaster relief, the contents of which are still being developed, on our ifap website.

Additional guidance and regulatory relief is provided in Dear Colleague Letter GEN-04-04, available at: <http://ifap.ed.gov/dpclretters/GEN0404.html>”

Meanwhile, NASFAA set up a Hurricane Katrina Resource Page on its website to compile student aid-related information. The page is at: at <http://www.NASFAA.org/Katrina.as>. It contains much useful information on how to deal with the situation and what schools and others are doing.

According to the Louisiana Office of Student Financial Assistance, the following Louisiana schools were adversely affected by Hurricane Katrina: Dillard University, New Orleans; LSU Health Sciences Center, New Orleans; Loyola University, New Orleans; Tulane University, New Orleans; University of New Orleans; Xavier University, New Orleans; Nunez Community College, Chalmette; Our Lady of Holy Cross, New Orleans; and, Delgado Community College, New Orleans.

COHEAO extends our sympathy and concern to our colleagues in Louisiana, Mississippi, Alabama and elsewhere who have been affected by the storm.

Department Announces Sept. 30 Deadline for FISAP Submissions

The Department of Education issued an announcement of the upcoming deadline for submitting the Fiscal Operations Report for 2004-2005 and the Application to Participate for 2006-2007 (FISAP) for the Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work-Study (FWS) programs.

The announcement says,

“As announced in the "Notice of the 2005-2006 Award Year Deadline Dates for the Campus-Based Programs," published in the [Federal Register](#) on March 22, 2005 (70 FR 14450), the date by which a school must submit this FISAP is *Friday, September 30, 2005*. This is a change to the October 1st deadline date because October 1st falls on a Saturday this year.

All schools that wish to request funding under the campus-based programs for the 2006-2007 Award Year, and all schools that had campus-based expenditures for the 2004-2005 Award Year, are required to electronically submit a FISAP via the eCampus-Based (eCB) Web site. The eCB Web site allows a school to complete and submit its FISAP online, receive real-time validation edits, and access prior-year data to assist in completing the FISAP. For information about accessing the FISAP on the eCB Web site, refer to Dear Colleague Letter CB-05-09 (<http://www.ifap.ed.gov/dpclretters/CB0509.html>).

The deadline for electronic submission of the FISAP is 11:59 P.M. (ET) on September 30, 2005.

Transmissions must be completed and accepted by 12:00 midnight.

For additional information about the FISAP, contact the Campus-Based Call Center at 877/801-7168.

Customer service representatives are available Monday through Friday from 8:00 A.M. until 8:00 P.M. (ET).”

Office of Federal Student Aid Issues Invitation to Electronic Access Conferences

Terry Shaw, Department chief operating officer and head of the Office of Federal Student Aid, issued a letter August 31 inviting the higher education community to attend an Electronic Access Conference this year. Shaw’s letter says: “

Federal Student Aid invites you and your colleagues to join us at one of our two Electronic Access Conferences (EACs). We are holding these conferences at the Manchester Grand Hyatt in San Diego, California from October 30 to November 2 and at the Marriott Marquis in Atlanta, Georgia from November 29 to December 2, 2005. These conferences provide updates and training on Federal Student Aid's application, eligibility and delivery services and focus on issues related to the administration of Title IV programs.

The conference features informative General Sessions and more than 40 interest sessions. For new EAC participants, be sure to attend the session, "So, This is Your First EAC?" This session will orient you with the conference agenda, so you can attend the sessions you think will be most beneficial to you. Additionally, a computer lab is available, with experts, who can provide personalized training and show you how to use our financial aid software or answer your financial aid questions.

I encourage your active participation at the conference through our "Birds of a Feather" end-of-the-day sessions, where you meet and mingle with your peers to discuss shared financial aid issues. There are also open forums for Tribal Colleges, Hispanic-serving Institutions and HBCUs, as well as a variety of focus groups, and the Town Hall Meeting. Additionally, some of our most popular sessions are featured, such as Common Origination and Disbursement, ISIR Updates, NSLDS, and Return of Title IV Funds. New sessions include: Implementing National College Access Initiatives; Top 10 Reasons Students Call 1-800-4-FED-AID; Self Evaluation Tools; and Techie Terminology and Benefits for FAAs.

Responding to community feedback, the EACs include a technical track designed for technical staff. These session topics vary and are designed to educate participants about current technology used at Federal Student Aid, future technology, and technology-based community standards efforts. Topic areas include Service Oriented Architecture, XML Techie Tools, XML Advanced Concepts and Long Term Vision, Optimizing XML on Your Campus and XML Lessons Learned, E-Authentication, Financial Aid for Techies, Data Transport Standard, and Meteor Implementation.

With over 4,000 attendees expected this year, the annual EAC is a "can't-miss" opportunity. Mark your calendar now for four days of education, career development, networking and more! For current information on registration, sessions and agenda, visit <http://www.ifap.ed.gov> and click on [FSA conferences](#) in the left-hand column.

No registration fees are required to attend this conference. Please register online today. If you have questions regarding the registration process, please call 202-377-3633 or e-mail fsaconferences@ed.gov. You will find hotel and travel information on the conference Web site including instructions on securing lodging at the group rate.

INDUSTRY NEWS

ACE, Others Release HEA Position Paper

The American Council on Education and six other higher education associations sent the Senate Health, Education, Labor and Pensions Committee staff a paper to offer their position on a number of issues regarding the Higher Education Act. The paper, titled, "Further Thoughts on Some Key Higher Education Act Issues Facing the Senate Health, Education, Labor, and Pensions Committee," offers thoughts on student loan programs, the need-based focus of Pell Grants, the 90/10 and 50% rules, the "single definition" of an institution of higher education, college costs, transfer of credit and accreditation. The

paper is intended to influence the pending Senate version of legislation to reauthorize the Higher Education Act and includes criticism of the House committee-reported reauthorization bill, H.R. 609.

Generally, the paper suggests that it would not be good policy to attempt to achieve \$13 billion in savings from the student loan programs as the Committee tries to reach its reconciliation instruction. Further, the associations argue that college costs should be addressed through improved consumer information – not increased federal regulation. It urges Congress to stay out of the transfer-of-credit policies of institutions, and suggests the elimination of the 90/10 rule and establishment of a single definition of an institution of higher education would encourage fraud and abuse in the federal aid programs.

The following is the section of the paper addressing student loan issues:

“Student Loan Programs: Limit Cuts and Provide Greater Student Benefits

“Federal student loan programs are now an essential element of millions of students’ financial aid packages, comprising well over half of all student aid. As the only entitlement program in the HEA, the terms and conditions of the loan programs warrant particular attention in reauthorization, since they cannot be adjusted through the annual appropriations process, and decisions made now will have long-term consequences.

“FY 2006 budget reconciliation legislation instructs the HELP Committee to save \$13.6 billion. This is more than one-third of the \$35 billion in cuts asked of all Senate committees and exceeds that of any other committee, including Finance. In practice, the HELP Committee has only two sources to draw on for savings: federal student aid programs and pension fees. The reconciliation instructions assume that half of the HELP Committee’s savings will come from each of these sources, but this is not a requirement. The House Education and the Workforce Committee derived almost all of its required savings from the loan programs (more than \$11 billion). We urge the HELP Committee to lessen the devastating impact of the House’s cuts and produce no more than half its savings, preferably much less, from student aid.

“If cuts in the loan programs become inevitable, the impact of these cuts to students should be a last recourse. We urge the committee to think creatively, and if increased efficiencies in the student loan programs provide the opportunity, budget savings should be recycled to students, rather than used for deficit reduction. For example, the Administration’s FY 2006 budget proposes saving billions of dollars from the loan programs and channeling them to enhance the maximum Pell Grant – a position recently endorsed by the Senate Appropriations Committee.

“Our associations have different views on how to improve student loan terms and conditions. However, even though loans are not a substitute for grants for needy students, we agree that loan limits need to be raised. An increase in Stafford loan limits is an overdue necessity that will preserve access to college and prevent students from being subject to the vagaries of the private loan market. We also urge the Senate to provide institutions with the authority to reduce loan limits for broad categories of students.

“In addition to minimizing cuts to students and using savings in the loan programs to provide greater student benefits, we urge you to maintain a competitive balance between the Federal Family Education Loan Program (FFEL) and Direct Lending Program (DL). We believe that the House legislation disadvantages the DL program, and, in the process, gratuitously hurts students. In cases where borrower terms and conditions are changed, they should not disadvantage borrowers. We oppose the following provisions in the House HEA legislation: FFEL borrowers should not have to accept lenders’ more expensive income-sensitive terms when they really need income contingent repayment available only through DL consolidation. It should not be made more difficult for FFEL consolidation loan borrowers to reconsolidate into DL to obtain income-contingent repayment. The Department of Education should not

be barred from providing better terms to DL borrowers that FFEL lenders are allowed to provide their borrowers. DL borrowers should not lose their current access to extended repayment in order to match terms currently denied to FFEL borrowers.”

The full paper can be accessed at:

<http://www.acenet.edu/AM/Template.cfm?Section=Home&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=11640>.

Student Groups Oppose House HEA Bill

Several student groups have mobilized to oppose the pending House Higher Education Act reauthorization bill, the College Access & Opportunity Act, H.R. 609. The groups, the State PIRG’s Higher Education Project; the National Education Association (NEA); the United States Student Association (USSA); the American Medical Student Association (AMSA); and the Consumer Federation of America, say they oppose H.R. 609 because it increases the cost of higher education.

Kate Rube of PIRG said the bill includes about \$9 billion in student aid cuts, calling it an “unacceptable raid on student aid.” She claimed that among many harmful provisions in the bill, most disconcerting are the increase in student loan fees, increase in interest rates (the cap on interest rates is not lowered in the bill), and the changes to the consolidation loan program. The groups indicated they are conducting a nationwide initiative to oppose the bill, including a lobby day on September 20 consisting of media outreach and students calling members of Congress urging them to oppose the bill. When asked why the groups are opposing the bill now, the groups responded that reconciliation and timing of the school year has increased the urgency and attention being paid to the measure. They also noted that most students are not aware of the bill and its impact on them.

For more information, please contact acarlton@wpllc.net

NASFAA Urges Members to Act on Reconciliation

In an action letter to its members, the National Association of Student Financial Aid Administrators (NASFAA) explains the current “critical period in congressional reconciliation and funding process” and urges members to contact their representatives in Congress. NASFAA recommends its members meet with, call, fax or email their members of Congress to tell them how a cut in federal education spending will affect them, their programs, school and community. Specifically, NASFAA urges action on two issues:

- Reconciliation – Urge Congress to “make every effort to minimize the impact on benefits to students and to encourage them to use the savings for additional student benefits rather than deficit reduction.”
- Funding – Urge Congress to “restore cuts and make increased education investment a top funding priority.”

To view the entire letter, visit <http://www.nasfaa.org>

Colorado Higher Education Stands To Lose \$400 Million If Referendum C Does Not Pass

November may be one of the most anticipated months of the year for Colorado taxpayers and higher education officials. Referendum C, a bill that would evenly divide tax dollars between education, transportation and healthcare programs, goes to the voting polls. Supporters of Referendum C say the money is needed to upgrade government services and to postpone budget cuts that would have long-term

effects on the state's fiscal health and economy. However, many view Referendum C as an unnecessary tax increase.

The higher education community stands to lose the most if the bill is not approved. More than \$400 million would have to be cut from the state budget over the next two years. Many argue that if Referendum C fails to pass, college education in Colorado will no longer be affordable for students.

To view this article, visit: <http://www.gazette.com/display.php?id=1310107&secid=1>.

New Research Ranks Colleges On Fostering Academic Success

A group of higher education researchers have come up with a new way to rank American colleges and universities based on how well they create a campus culture that fosters academic success. The list is not a ranking of schools. The goal is to identify schools that do an exceptional job of educating students.

The top 20 schools include large public research institutions such as University of Michigan-Ann Arbor to small private liberal arts institutions such as Wofford College in Spartanburg, S.C. According to researchers, student involvement in education is the key component that sets these schools apart from the thousands of institutions of higher education and fosters academic success.

To view this article, visit: <http://www.usatoday.com>

Coalition Update

Due to Congress' August recess, the Committee for Education Funding (CEF), the American Council on Education (ACE) and the Student Aid Alliance (SAA) are not meeting on a regular basis. The three organizations are gearing up for what will be a very busy September.

2005 COHEAO Board of Directors

Alisa Abadinsky

President

University of Illinois at Chicago
809 S. Marshfield Ave. M/C 557
Chicago, IL 60612
312-413-1971
Fax: 312-413-1992
abadins@uic.edu

Bob Caruso

Treasurer

University of California Los Angeles
UCLA Wilshire Center, Suite 720
10920 Wilshire Boulevard
Los Angeles, CA 90024-6509
310-794-2976
Fax: 310-794-2826

Jeanne Dotson

Past President

Concordia College
901 S. 8th St.
Moorhead, MN 56562
218-299-3323
Fax 218-299-4357
dotson@cord.edu

John Lynch

Member-at-Large

Educational Computer Systems Inc.
181 Montour Run Road
Coraopolis, PA 15108
Ph: 412-788-3900
jlynch@ecsi.net

Ralph Hosterman

Member-at-Large

Pennsylvania State University
108 Shields Building
University Park, PA 16802
814-865-0461
Fax 814-865-6535
rrh2@psu.edu

Michael Kahler

Legislative Co-Chair, Technology
Windham Professionals
60 Normandy Drive
Lake St. Louis, MO 63367
800-969-0059, ext. 2909
Fax: 636-625-0231

mkahler@windhampros.com

Robert Perrin

Vice President

Williams & Fudge, Inc.
775 Addison Avenue, Suite 201
Rock Hill, SC 29731
803-329-9791 x 2104
Fax: 803-329-0797
bperrin@wfcorp.com

Bob Frick

Secretary

University Accounting Service
200 S. Executive Drive, 3rd Fl
Brookfield, WI 53005
800-340-1526
Fax: 262-784-9014
Bob.Frick@osioutsourcing.com

Jackie Ito-Woo

Legislative Chair

University of California
Office of the President
Student Financial Support
1111 Franklin St., 9th Floor
Oakland, CA 94607-5200
510-987-9544
Fax: 510-987-9546
jackie.ito-woo@ucop.edu

Lori Hartung

Legislative Co-Chair, Perkins Task Force

Todd, Bremer & Lawson
P.O. Box 808
Rock Hill, SC 29731-6808
800-849-6669
Fax: 803-328-8242
lori.hartung@tbandl.com

Tom Schmidt

Membership Co-Chair, Institutional

University of Minnesota
20 Fraser Hall
106 Pleasant Street, SE
Minneapolis, MN 55455
612-625-1082
Fax: 612-624-2873
t-schm@sossgw.stu.umn.edu

Nora Corralez

Legislative Co-Chair, Regulations and NPRM
ACS, Inc.
One World Trade Center, Suite 2200
Long Beach, CA 90831-2200
310-513-2715
Fax: 310-847-5050
nora.corralez@acs-inc.com

David Barton

Membership Co-Chair, Commercial
CBE Group
P.O. Box 900
Waterloo, IA 50704
800-925-6686
Fax: 319-833-1014
dabarton@cbegroup.com

Robert Matter

Membership Co-Chair, Alliance
Conserve
700 Perinton Hills Office Park (Bx 7)
Fairport, NY 14450-0007
585-421-1000 x 4451
Fax: 585-421-1028
rmatter@conserve-arm.com

David Stocker

Commercial Chair
General Revenue Corporation
11501 Northlake Drive
Cincinnati, OH 45249
513-469-1472 x 2084
Fax: 513-469-1468
dstocker@generalrevenue.com

Carol Tiffany

Operations and Budget Chair
Harvard University
584 Holyoke Center
1350 Massachusetts Avenue
Cambridge, MA 02138
617-495-0802
Fax: 617-495-1858
carol_tiffany@harvard.edu

Harrison Wadsworth

Executive Director
Washington Partners, LLC
1101 Vermont Ave. N.W. Suite 400
Washington, DC 20005-3521
202-289-3903
Fax 202-371-0197
hwadsworth@wpllc.net

THE PERKINS LOAN PROGRAM

Who is Eligible?

Undergraduate and graduate students are eligible for Perkins Loans, without regard to their credit rating. A school must give priority to students with exceptional financial need. Before an undergraduate student can receive a loan, the school must determine his or her eligibility for a Federal Pell grant. A student who has earned a bachelor's or first professional degree may receive a Perkins Loan to pursue an additional undergraduate degree provided that he or she meets the eligibility requirements and has not borrowed the maximum amounts. A student engaged in a program of study abroad also may be eligible for a Perkins Loan. Foreign students are not eligible.

Favorable Loan Terms

Perkins Loans have an interest rate of 5 percent, which begins to accrue 9 months after the borrower ceases to be a student. The loans serve as a unique policy tool to encourage workers to go where they are most needed. Loans can be cancelled for teachers in low-income or shortage areas, or of special education, math, science, foreign languages or in Head Start. Forgiveness is also available to people who work in law enforcement, VISTA, the Peace Corps, the armed forces, or as social workers serving high-risk children.

Program Success¹

In the 2003-2004 academic year, according to the Department of Education, 630,000 students borrowed \$1.46 billion in Perkins loans, with an average amount of \$2,003 awarded per student. As of June 30, 2003, the Perkins Loan Program had a cohort default rate of 8.85 percent², which is low when compared to other federal loan programs and is extremely impressive when you consider the targeted borrower population. The success of the program is a result of the central role of the educational institution that originates the loan, counsels the borrower through repayment, and selects contractors for servicing and collection. The educational institutions tailor their programs to best fit their borrowers' needs. Perkins is a risk-sharing program where institutions provide a match of at least 25% to all federal funds that they receive. Many institutions contribute more than the 25% minimum. This "ownership interest" contributes to the successful management of this vital program.

Since the inception of the Federal Perkins Loan Program in 1958, over \$27 billion dollars in loans have been made to students through almost 25 million aid awards. The revolving fund concept has been successful, especially when it is considered that federal contributions to the program total \$7.8 billion. The Federal Perkins Loan Program has provided substantial loan assistance to millions of students and families across the country.

Additional Information

For additional information about the Federal Perkins Loan Program contact:

**Harrison Wadsworth
COHEAO Executive Director
202-289-3910**

Prepared by the Coalition of Higher Education Assistance Organizations (COHEAO)

¹ See <http://www.ed.gov/finaid/prof/resources/data/databook2003/index.html>

² See <http://www.ed.gov/finaid/prof/resources/data/databook2003/index.html>

Federal Perkins Loan Program Fact Sheet

Program Overview

The Federal Perkins Loan Program, formerly the National Defense Student Loan Program, was first authorized by the National Education Act of 1958. The program offers low interest rates to students of higher education institutions through campus-based revolving funds. New funds are added to the revolving fund by federal capital contributions and matching contributions by institutions.

Why Perkins?

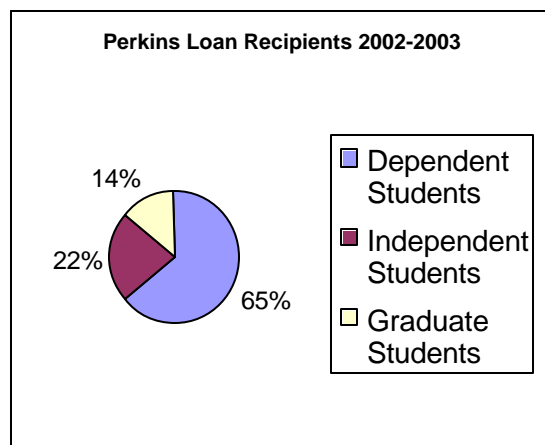
The program fosters access to post-secondary education for low-income students by providing low interest loans with favorable terms during a period of limited grant availability.

Perkins Borrowers Are Unique³

Perkins Loan borrowers are predominantly from lower income families or from financially strapped middle income families. These students are often the first in their family to attend college. The following graph depicts the percentages of Perkins Loan borrowers: Families with Dependent Students (64% of borrowers), Independent Students (22% of borrowers), and Graduate Students (14% of borrowers).

Families with Dependent Students comprise the largest percentage of Perkins borrowers. During Award Year 2002-2003, 29% of these families had an income under \$30,000, and an additional 44% of these families had incomes between \$30,000 and \$60,000

Twenty-two percent of Perkins Loan borrowers are independent students. Fifty-two percent of these students have incomes below \$12,000 with an additional 19% falling in the \$12,000-\$19,999 income range. Thus, 71% of independent students have incomes less than \$20,000.



Income Facts about Perkins Loan Recipients 2002-2003:

- 29% of Families with Dependent Students have incomes below \$30,000.
- 52% of Independent Students have incomes below \$12,000.
- 71% of Independent Students have incomes below \$20,000.

³ See <http://www.ed.gov/finaid/prof/resources/data/databook2003/index.html>

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 600,000 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 \$2,000.
- 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, \$7.8 billion in federal contributions has been leveraged to award over \$25.7 billion in loans to students through almost 25 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 at hwadsworth@wpllc.net, Andrew Stringer at astringer@wpllc.net, or call 202-289-3910.

State Totals of the Federal Capital Contribution for Perkins Loans,
Award Year 2004-2005

<u>State</u>	<u>Perkins FCC</u>		
		Nebraska	967,588
		Nevada	155,997
Alabama	748,265	New Hampshire	797,323
Alaska	0	New Jersey	1,430,803
Arizona	1,463,743	New Mexico	560,641
Arkansas	766,068	New York	8,199,638
California	9,609,684	North Carolina	2,178,803
Colorado	1,557,845	North Dakota	455,839
Connecticut	1,087,800	Ohio	4,097,236
Delaware	120,613	Oklahoma	1,060,801
Florida	2,172,534	Oregon	1,649,537
Georgia	1,158,772	Pennsylvania	5,761,841
Hawaii	274,336	Puerto Rico	934,652
Idaho	435,445	Rhode Island	860,944
Illinois	6,691,410	South Carolina	934,091
Indiana	2,486,359	South Dakota	527,283
Iowa	1,849,040	Tennessee	1,800,133
Kansas	1,294,989	Texas	4,356,576
Kentucky	1,232,242	Utah	1,306,692
Louisiana	1,278,167	Vermont	637,749
Maine	798,664	Virginia	1,579,174
Maryland	1,346,049	Washington	1,956,878
Massachusetts	4,900,524	Washington DC	1,195,148
Michigan	3,529,923	West Virginia	763,643
Minnesota	2,292,287	Wisconsin	3,031,353
Mississippi	1,303,454	Wyoming	203,658
Missouri	2,295,397		
Montana	458,784		
U.S. TOTAL:	98,556,415		

Source: U.S. Department of Education. For Individual School Totals, Go to:
<http://www.ifap.ed.gov/cbpmaterials/0405CBCongreportApril8CoverLtr.html>



Coalition of Higher Education Assistance Organizations
1101 Vermont Avenue N.W., Suite 400
Washington, D.C. 20005-3586
(202) 289-3910 Fax (202) 371-0197

RATING THE RATING TOOL: "PART" FAILS THE PERKINS LOAN PROGRAM

Perkins Loans may be denied to millions of college students because of an inappropriate and unfair evaluation by the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART). A careful review of the 27 questions and answers that make up the Perkins Loan program evaluation reveals that the whole program is rated "ineffective" because it is measured the wrong way. At least 22 of the 27 questions have nothing to do with whether or not the program effectively helps students.

The Perkins Loan Program is a federal-state-private partnership operated by colleges and universities that PART judges as if it was a federal credit program instead of a formula-grant program. As a result of this new and improper classification, OMB wants the Department of Education to change its procedures for analyzing the program. That has not yet happened, so PART gives the Perkins Loan Program an "I" for ineffective. Amazingly, calls for elimination of Perkins Loans are not based on findings of waste or fraud, but on bureaucratic infighting. The future of a program created in 1958 which funds 700,000 students a year should not be based on a one-word conclusion of a terribly flawed analysis. For example:

PART 1.2: The Perkins Loan program does not address a specific need and is redundant with the Federal Family Education Loan (FFEL) and Direct Loan programs.

COHEAO: The Perkins Loan program does not overlap with other financial aid programs, but compliments them by providing loans to students who need funds beyond current and conceivable future loan limits. More than 1,700 schools and over 700,000 students clearly needed the Perkins Loan program.

PART 1.3: The Perkins Loan program does not score favorably when compared to the FFEL and Direct Loan programs.

COHEAO: The PART evaluation acknowledges that the Perkins Loan program is funded as a formula grant program, not a credit program such as Direct Lending or FFEL. Therefore, the Perkins Loan program should be compared with other formula grant programs, not credit programs and evaluated as a formula grant program, not a credit program.

PART 3.1: The Department of Education does not have adequate data for the Perkins Loan program to demonstrate effective performance; its "FISAP" data collection system is not sufficient.

COHEAO: Fix the FISAP. The PART states (in 2.1), "The Department is working with OMB on developing an appropriate efficiency measure." Students should not be punished over bad forms.

PART 2.2: "Does the program have ambitious targets and timeframes for its long-term measures?"

PART 2.4: "Does the program have baselines and ambitious targets for its annual measures?"

COHEAO: PART answered "No" to both questions and took off 24 points. Is it students' fault that these "targets" haven't been set by the Education Department? PART admits that the program was audited and "no material weaknesses or reportable conditions related to Perkins Loans have been identified." Enough said.



Coalition of Higher Education Assistance Organizations
1101 Vermont Avenue N.W., Suite 400
Washington, D.C. 20005-3586
(202) 289-3910 Fax (202) 371-0197

Perkins Loan Program Cancellation Benefits

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 public service professions. Funding the Perkins Loan Cancellation Reimbursements at \$120 million in FY2006 will fully reimburse participating institutions for canceling Perkins Loans.

The Perkins Loan cancellation program is more extensive and flexible compared to loan cancellation benefits under the Stafford Loan program. Perkins Loan holders receive cancellation benefits after their first year of service and continue to receive increasing levels of loan cancellation for each subsequent year of service. Stafford loan holders only receive a lump sum at the end of five consecutive years of service.

The following compares loan cancellation eligibility between the two programs.

Perkins Loans

1. Full-time teacher in a school in a Title I eligible school district
2. Full-time staff in a Head Start program
3. Full-time special education teacher (all schools)
4. Teacher of math, science, foreign language, bilingual or any other subject a state determines there is a shortage of
5. Full-time early intervention service provider (under IDEA)
6. Service provider to high-risk and/or low-income children
7. Nurse or medical technician
8. Member of the armed forces in an area of hostility
9. Peace Corps volunteer
10. Local, state or federal law enforcement or corrections officer

Stafford Loans

1. Math, science, reading or special education teacher in a school in a Title I eligible district
2. Families of victims of the September 11 terrorist attacks

Some articles in this memorandum include links to Internet sites for the convenience of World Wide Web users. COHEAO is not responsible for the availability or content of these external sites, nor does COHEAO endorse, warrant or guarantee the information, services, or products described or offered at these other Internet sites.

The information included in this memorandum is believed to be accurate at the time of issuance, but COHEAO offers no warranty or other guarantee of its correctness. Opinions included in this memorandum represent the views of the professional staff at COHEAO and should not be ascribed to the individual members of COHEAO. Information is intended to supplement other information available to readers and is not legal or consulting advice. COHEAO is not liable for any damages or harm resulting from actions taken as a result of information in this memo. Readers are encouraged to alert COHEAO to any errors identified in this memo by contacting Andrew Stringer at Astringer@wpllc.net or by calling 202-289-3903.

Copyright 2005, COHEAO. Redistribution of this memorandum or its content outside the immediate organization of the intended recipient without the express prior permission of COHEAO is prohibited.

COHEAO, 1101 Vermont Avenue, N.W., Suite 400, Washington, D.C. 20005.

(202) 289-3903