

**Harris-Small, Ellen**

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**From:** ANDREW STRINGER [astringer@wpllc.net]  
**Sent:** Monday, February 06, 2006 10:57 AM  
**To:** ANDREW STRINGER  
**Subject:** COHEAO Update: President Again Calls for End to Perkins Loans

To: COHEAO Members  
From: Harrison Wadsworth, Executive Director  
CC: Alisa Abadinsky  
Andrew Stringer  
Re: President's Department of Education Budget Proposal

President Bush has again proposed the elimination of the Perkins Loan Program in his Fiscal Year 2007 budget request for the Department of Education. The budget asks for zero funding for the Perkins Loan federal capital contribution and for the loan cancellations. In addition, the President's budget calls for all collections of outstanding loans to be transferred to the U.S. government, and for only a few new loans to be made – 61,000 totaling \$133 million in FY 2007 versus 524,000 totaling \$1.135 billion in FY 2006; it is not clear why those loans would be allowed.

The budget summary for the Department of Education says the following:

“A 2003 PART assessment found the Perkins Loan program to be ineffective and duplicative of the larger guaranteed and direct student loan programs. While working with Congress to determine the future of the Perkins Loan program, the Administration proposes recalling the Federal portion of 2007 collections to revolving funds held by participating institutions. The Administration estimates this recall would total \$664 million in fiscal year 2007.”

Obviously, that was bad news, but it was expected by COHEAO. It is critical to remember that this budget is a proposal, not a requirement. Congress has shown that it plans to continue the Perkins Loan program by including its reauthorization in both the House and Senate bills reauthorizing the Higher Education Act (which we hope will be completed this year) and by partially funding reimbursements for loan cancellations for the current fiscal year. But this shows that we will need to continue our grassroots work supporting the half a million students who won't get the loan funds they need if the Perkins Loan program is halted. We also will need to work hard to obtain additional funding for the Perkins program.

Attached is the COHEAO press statement and sample letter-to-the-editor regarding the proposal. We will be continuing to update materials for the grassroots initiatives. In particular, we need COHEAO members to work with students to get their support for continuing and funding the Perkins Loan program.

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