COHEAO

The Coalition of Higher Education Assistance Organizations

The Federal Perkins Loan Program
Critical - Unique - Proven

Program Overview

The Perkins Loan Program was first authorized in 1958 and is the nation's longest running student loan program, providing low-interest loans at highly favorable terms to students with economic need to assist in financing the cost of higher education. Loans are made through campus-based revolving funds established from a combination of Federal and institutional contributions. Interest does not accrue while the student is enrolled or in deferment without a government subsidy. **Today, the Perkins Loan continues to fill a critical gap that exists for approximately 500,000 low income students each year, after federal grants and Stafford loan funds are applied.**

The program is administered at the school level with accountability, transparency, and risk-sharing. **This self-sustaining loan program has operated successfully and remained financially viable even without any Federal contributions for the past 12 years.** In that timeframe, more than 6.7 million students were awarded more than $14 billion in low-cost Perkins loans without the investment of ANY additional taxpayer money.

Moving Perkins Forward

Absent Congressional action, this proven and longstanding loan program will cease providing low-cost loans to students with demonstrated financial need on September 30, 2017. **It is essential that the Perkins Loan Extension Act of 2017 be passed so that the future of Perkins Loans can be considered via reauthorization of the Higher Education Act.** Nearly 60 years of proven success illustrates the necessity and value of this campus-based loan program as a critical component of the student's financial aid package.

Institutional Accountability and Program Success

The success of this loan program is a result of the central role played by the colleges and universities that originate the loans, counsel their students, and work closely with the borrowers throughout their entire repayment process. **Perkins is a risk-sharing loan program in which institutions contribute at least one-third of the funds awarded**. This institutional investment creates "skin in the game" with an ownership interest that contributes to the successful management of this vital campus-based program.

Favorable Loan Terms

Perkins Loans have a fixed 5% interest rate, no origination fees and flexible repayment terms. Interest does not accrue while borrowers are enrolled or in deferment. Perkins loans offer better, targeted and more borrower-friendly loan cancellations with full or partial forgiveness available to borrowers who work in designated, high-need, public-service areas. **During a time of rising student loan indebtedness, the loan forgiveness aspect of this unique program provides financial relief to students and encourages public service in rural and inner-city communities.**

Recipients

In 2015-2016, nearly 500,000 students borrowed more than $1 billion in Perkins loans, with an average loan amount of $2,479 per student. The median adjusted gross income for Perkins borrowers and/or their families was just over $28,000. **There is NO replacement for Perkins. This funding remains critical to students who would not qualify for higher-cost private loans and may be forced to leave school altogether.**

For more information, contact COHEAO at COHEAO@gmail.com/202-289-3910
Harrison Wadsworth, Executive Director of COHEAO: hwadsworth@wpllc.net
Wes Huffman, Associate Director of COHEAO: whuffman@wpllc.net