



Coalition of Higher Education Assistance Organizations  
777 Sixth Street N.W., Suite 510  
Washington, D.C. 20005-3586

January 2020

The Honorable Bobby Scott  
Chairman  
House Education and Labor Committee  
2176 Rayburn House Office Building  
Washington, DC 20515

The Honorable Virginia Foxx  
Ranking Member  
House Education and Labor Committee  
2101 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Scott and Ranking Member Foxx,

We are writing to ask you to include a local campus based servicing option in the new Direct Perkins Loans program created by the College Affordability Act (CAA). We believe a robust, restored, and improved Perkins Loan program is a vitally important component of the Higher Education Act. For 60 years, Perkins Loans proved to be one of the most effective and efficient public-private partnerships in the Federal government with local control, shared responsibility, and most importantly helping students most in need.

Unfortunately, the CAA takes away management of the new Perkins Loan program from campuses and instead puts the Direct Loan servicing contractors in charge of all loan servicing. The local school based servicing of Perkins Loans, a signature piece of the program for decades, has resulted in better repayment rates and improved financial literacy, and it allows schools to focus more on student and borrower well-being.

We believe a campus based servicing option with reasonable criteria for eligibility is critical for several reasons:

1. Schools provide counselling, mentoring, and support to students for student loans and other financial aid issues beyond Perkins.
2. Borrowers are much more likely to accept communications from their schools than from a third party vendor.
3. Borrowers are more trusting of their schools, and when having difficulties will work with their institutions to help get back on track.
4. Campus based servicing for Perkins Loans helps to create an infrastructure that allows schools, particularly large institutions, to service other types of loans as well.
5. Individual schools are uniquely able to understand their students' and former students' needs and can take a holistic approach, especially in helping students stay in school or return to complete their degree.

We greatly appreciate that the CAA contains a new Perkins Loan program, and we know how helpful it will be to ensuring all students have the resources they need to complete a post-secondary degree. As the HEA reauthorization process moves forward, we strongly urge you to include a provision that allows campus based servicing of Perkins Loans to remain an option for schools.

Thank you for your consideration.

Sincerely,

American Council on Education  
The Coalition of Higher Education Assistance Organizations (COHEAO)