

# COHEAO



# Sparks

*Updates on relevant events, hearings, and policy developments from the  
Coalition of Higher Education Assistance Organizations*

*July 3, 2014*

## **Perkins Advocates Must Remain Engaged & Informed as HEA Reauthorization Moves Forward**

Prepared by: *Wes Huffman*  
([whuffman@wpllc.net](mailto:whuffman@wpllc.net))

---

With the release of HELP Committee Chairman Tom Harkin's (D-IA) discussion draft and the introduction and planned markup of three bills in the House, the HEA reauthorization process is officially underway. In terms of the future of the Perkins Loan Program, it was not the best of beginnings to the process, but many legislators remain steadfast supporters of the program (and, in some cases, Perkins Loan recipients), and the situation could be much worse.

### **The Current Situation**

Chairman Harkin's comprehensive discussion draft, which comes in at 785 pages, barely mentions Perkins Loans. At a later meeting of education advocates, Libby Masiuk, Chairman Harkin's point person on higher education, indicated that programs not mentioned in the discussion draft were left untouched.

Masiuk also said the omission of anything regarding the Perkins Loan sunset date was intentional and the Committee planned to make use of the additional year provided by the extension of the program's authorization to September 30, 2015 to "figure out what to do about Perkins." Notably, Harkin's discussion draft did not include the President's plan for expanding the Direct Loan program by \$8.5 billion annually and renaming that additional allocation "Perkins Loans." The President's plan for "expanding and modernizing" Perkins through a Direct Loan expansion has always had trouble garnering support in Congress, a point which was driven home by Harkin's draft proposal.

Bipartisan legislation put forward by Ranking Republican Lamar Alexander (TN) and Sen. Michael Bennet (D-CO) is more troubling for the future of Perkins, however. The Alexander-Bennet legislation, dubbed the "FAST Act," would simplify the FAFSA to two questions—household size and household income. It goes further in its simplification plans by including a proposal for "One Grant-One Loan" and consolidating existing repayment options. Under this plan, Perkins and SEOG would be eliminated to account for one grant (Pell) and one loan (Direct). The Federal Work Study program would remain in place.

House Republicans on the Education and the Workforce Committee have also voiced support for “One Grant-One Loan.” The House is taking a different tack for HEA reauthorization, planning to introduce a series of bills as opposed to one comprehensive legislative proposal. The first three HEA reauthorization bills may be marked up in the House next week. These bills are generally bipartisan in nature and are largely non-controversial, at least among politicians.

Committee Chairman Kline and Subcommittee Chairwoman Foxx have also released a white paper outlining Committee Republicans goals with reauthorization. The paper was relatively light on details, but simplification of the aid programs was a major theme, and it indicated outright support for “One Grant/One Loan.” The following is from the House Republicans’ white paper:

*Over the past 50 years, the federal government has created a confusing amalgam of grant and loan programs that often have duplicative missions or serve similar populations of students. While the goal of each HEA reauthorization has followed the original intent of serving low-income families, this patchwork system of federal student aid has left many students confused about the best options available to responsibly pay for their college education.*

*For example, from the federal government alone a student can receive a Pell Grant, Supplemental Education Opportunity Grant (SEOG), subsidized or unsubsidized Stafford Direct Loan, gradPLUS or parentPLUS Direct Loan, Perkins Loan, and Federal Work Study funds, each with its own set of rules and eligibility requirements. Some programs award aid to a student to attend the institution of his or her choice, while others provide funds directly to institutions that in turn disburse aid to eligible students selected by the institution. On top of all the federal programs, many students are also eligible for state and institutional aid, again with separate sets of rules and eligibility requirements.*

*Confusion has led many students to doubt they can afford to attend a college or university. Research consistently shows one of the greatest barriers to higher education for low-income students is the perception that a postsecondary degree is unaffordable. To make matters worse, many students do not have family members equipped to offer advice, since many parents and relatives never went to college.*

*The financial aid system must be simplified. Converting financial aid to a “one grant and one loan” structure would consolidate existing grant programs into one Pell Grant program and all existing loan programs into one Stafford loan. Simplifying the application and eligibility process for federal student aid, including using income data from two years prior to the date of application, also known as prior-prior year, would provide students more timely information about available aid. Creating a direct link between the online Free Application for Federal Student Aid (FAFSA) form and the Internal Revenue Service would help students more easily complete their applications for federal financial aid.*

*The Federal Work-Study program has also made an important contribution toward the postsecondary careers of students. A simplified student aid system, coupled with more robust financial literacy counseling and continued support for the Federal-Work Study program, will help students and families gain a full understanding of the financial implications of their higher education decision.*

In addition to the budgetary issues associated with the Perkins Loan sunset, it is apparent the campus-based programs must deal with a strong current toward “simplification,” particularly among Republicans. Of course, the [COHEAO Campus Flex Proposal](#) could still fit within the confines of the One Grant-One Loan-One Work Study structure, as it would simply be replacing “One Work Study” with “One Campus Based” allocation which schools could use as funds for grants, work-study, or a revolving fund. In previous

discussions with representatives of COHEAO, the staff for Chairman Kline, Chairwoman Foxx, and Ranking Republican Alexander all have been somewhat amenable to the idea of “Campus Flex,” but it remains to be seen how they will react now that they have publicly stated their support for “One Grant/One Loan/One Work-Study”

## **What COHEAO Is Doing**

While we are very cognizant that reauthorization is still in the early stages, COHEAO is taking these proposals very seriously. In July, several members of the COHEAO Board of Directors are coming to Washington, DC to discuss the current situation with Perkins and how it fits into the HEA reauthorization process with the key players on the education committees in the House and Senate and other legislators that have been highly engaged on student loan and higher education issues.

At these meetings, we will be discussing plans for HEA reauthorization as well as the pending September 30, 2015 sunset. We are also meeting with other higher education and student aid associations here in Washington to see if and how they are willing to support the continuation of the program.

While there may be some disagreement on the long-term future of the program among the DC higher education community, the general sentiment is that Perkins’ future should be considered as part of a broader reauthorization effort—it should not simply be allowed to sunset. The calls to consolidate SEOG into Pell Grants and the lack of legislation behind the President’s Perkins “modernization and expansion” also re-enforce COHEAO’s perspective that once Perkins funds are no longer available to students, they aren’t coming back.

Our meetings will inform our response to Chairman Harkin’s draft proposal. In releasing his draft, Harkin asked stakeholders to provide input by August 29 to a special email address ([HEAA2014@help.senate.gov](mailto:HEAA2014@help.senate.gov)). Upon gathering intelligence from these DC meetings, and discussing them in greater detail at our upcoming Mid-Year Conference in Denver, COHEAO will begin work on our official response. We will share this response with COHEAO members and a growing list of Perkins advocates before submitting it.

## **What You Can Do**

To support COHEAO’s efforts, it is essential to remain engaged with the appropriate staff with your Representatives and Senators. If you have already been in contact after our June 20 teleconference—first off, thank you. Secondly, please remain in contact. It is not something to be done with tremendous frequency, but it is perfectly ok to “check in” with staff from time to time. It shows your genuine interest in the issue and desire to remain informed. If you have yet to send them an initial message on the future of the program, that is ok as well, but please consider doing so now.

Beyond Capitol Hill, please continue to advocate for the Perkins Loan Program on your campus and with your colleagues. As we are dealing with the politics of higher education, positions are always evolving, so it is critical to remind our colleagues on the importance of this program for so many students.

As we are dealing with a fluid situation, it is important that you remain informed. To that end, if you have yet to do so, we would strongly recommend Perkins advocates plan attend this year’s COHEAO Mid-Year Conference. While our Mid-Year Conference remains more focused on matters affecting day-to-day operations on campus, a large portion of this meeting will be devoted to Perkins Loan Program and COHEAO’s efforts to preserve it. Registration and additional information is available online: [https://coheao.site-ym.com/events/event\\_list.asp](https://coheao.site-ym.com/events/event_list.asp)

## **Conclusion & Additional Information**

The Perkins Loan Program has faced significant challenges to its existence in the past. Because it is such a strong program and thanks to the efforts of COHEAO, these threats have not come to fruition. However, the multiple challenges facing the program have the potential to be a significant, if not more so, than anything we've battled in the past, including SAFRA and the President's initial effort to "expand and modernize" the program. If Perkins is to survive this sunset date and the challenges presented by HEA reauthorization, it will be critical for COHEAO and Perkins advocates to remain informed and engaged throughout the process.

- Additional information from COHEAO on Perkins Loan advocacy is available online: <http://www.coheao.com/advocacy/the-future-of-perkins-loans-what-you-can-do-to-help/>
- Additional information on Chairman Harkin's discussion draft is available online: <http://www.help.senate.gov/newsroom/press/release/?id=5d38939d-4dc5-4ca8-9924-5762c9bb30e7&groups=Chair>
- Additional information on Sen. Alexander and Sen. Bennet's "FAST Act" is available online: <http://www.help.senate.gov/newsroom/press/release/?id=0b173481-41c0-4d78-ab29-76b7fded071&groups=Ranking>
- Additional information on the House Education & the Workforce Committee white paper is available online: <http://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=385798>
- Additional information on the first three House HEA bills is available online: <http://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=386108>