



# FEDERAL PERKINS LOAN AND WASHINGTON UPDATE

Presentation By COHEAO

Coalition of Higher Education Assistance Organizations

Lori Hartung

# Agenda

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- Extension Bill Update
- Status of Perkins
- Grassroots - What You Can Do!
- Department of Education Actions



# Perkins Loan Data Nationwide

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- Perkins fund value approximately \$8 Billion
  - Annual expenditures of \$1 Billion
  - 500,000 students awarded each year
    - Average award: \$2,200-\$2,400
    - 1,432 participating schools
      - 58% Private; 36% Public; 6% Proprietary
      - National cohort default rate 11.5%



# Perkins Extension Act of 2017

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- H.R. 2482 – Introduced on 5/17/17
  - 2-year extension as is through 9/30/19
  - Sponsored by Elise Stefanik (R-NY)
  - Original Cosponsors:
    - Pocan (D-WI) (lead co-sponsor)
    - Slaughter (D-NY), Ros-Lehtinen (R-FL),
    - DeSaulnier (D-CA), and Duncan (R-TN)
  - 237+ Cosponsors as of today
    - 218 is magic number, at least symbolically
    - Impressive, but additional cosponsors are needed (particularly Republicans)



# Perkins Extension Act of 2017

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- S. 1808 – Introduced 9/14/14
  - 2-year extension as is through 9/30/19
  - Sponsored by Sen. Tammy Baldwin (D-WI)
  - Original Cosponsors:
    - Portman (R-OH) (lead co-sponsor)
    - Casey (D-PA), Durbin (D-IL), Reed (D-RI), Shaheen (D-NH), Feinstein (D-CA)
    - Collins (R-ME), Johnson (R-WI)
  - 19 Cosponsors as of today
    - More needed, particularly Republicans



# Current Status of Perkins

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- Perkins expired on Sept 30, 2017
  - Loans for AY 2017-18 can still be disbursed through 6/30/18 if 1<sup>st</sup> disbursement was made by 9/30/17.
  - Have students complete loan documents early!
  - Schools will be able to service their loans - no information from the Department on process yet.
  - It can be revived: HEA Reauthorization or late extension can bring Perkins back. Remember December 2015!



# Possible Scenarios

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1. Perkins extension brought up as stand-alone in House, then in Senate – same as in 2015
  - Need a cost offset
2. Perkins extension added as amendment to other legislation, like appropriations bill
3. Perkins extension added to continuing resolution as an “anomaly”
4. Perkins not extended – maybe revived later



# The 115<sup>th</sup> Congress

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## House

- 241 Republicans on 1/3/17
- 194 Democrats
- 114<sup>th</sup> Congress:
  - 247 Republicans
  - 188 Democrats

## Senate

- 52 Republicans
- 46 Democrats
- 2 Independents
- 114<sup>th</sup> Congress:
  - 54 Democrats
  - 46 Republicans





# Senate HELP Committee

## Health, Education, Labor & Pensions

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Chairman  
Lamar Alexander (R-TN)



Ranking Democrat  
Patty Murray (D-WA)

### Key HELP Comm. Members:

Collins (R-ME)

Murray (D-WA)

Baldwin (D-WI)

Burr (R-NC)

Casey (D-PA)

Isakson (R-GA)

Bennet (D-CO)

New: Young (R-IN) Hassan (D-NH)



# House Education & Workforce Committee



**Chairwoman**  
Virginia Foxx (R-NC)



**Ranking Member**  
Bobby Scott (D-VA)

## Key House Ed Members:

Brett Guthrie (R-KY)

J.T. Thompson (R-PA)

Luke Messer (R-IN)

Mike Bishop (R-MI)

Phil Roe (R-TN)

Susan Davis (D-CA)

Jared Polis (D-CO)

Alma Adams (D-NC)

Lou Barletta (R-PA)



# Subcommittee on Higher Education

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Chairman: Brett Guthrie (R-KY)

Ranking Member: Susan Davis (D-CA)



# “A New Foundation for American Greatness”: Administration Budget

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- \$3.6 trillion in federal spending cuts over the next 10 years in order to balance the budget - For Higher Education (Savings are according to OMB over 10 years):
  - Multiple income-driven repayment plans replaced by one. Borrowers to pay 12.5% percent of their income for 15 years for undergraduate borrowers and 30 years for graduate students. Decreases costs for undergraduates, but increase costs for graduate borrowers. Saves \$76.4 billion.
  - Eliminate public service loan forgiveness for new borrowers. Saves \$27.4 billion .
  - Eliminate Subsidized Stafford Loans. Saves \$38.8 billion.
  - Eliminate monthly maintenance fee paid to guarantors on FFEL portfolio. Saves \$443 million.
  - Continue “year-round Pell.” Additional cost covered by reallocating \$3.1 billion in mandatory funding. However, the FY 17 omnibus spending bill already instituted year-round Pell, so it is unclear if this reallocation would go to the Treasury, back into Pell Grants, or another aid program.
  - Perkins Loan Program expected to expire.



# Budget Process and Timeline

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- 2018 Budget year Oct 1, 2017 – Sept 30, 2018
- Administration publishes 2018 budget proposal
  - May 2017
- Budget Resolution – this has instructions for appropriation & reconciliation bill (i.e. Tax Reform)
  - House passed – Sept 2017
  - Senate passed – October 2017
- Appropriation Bills
  - CR passed in Sept 2017 until 12/8/17



# Congressional Agenda

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- Senate confirmation of cabinet, sub-cabinet appointments
- ✓ Senate confirmation of Supreme Court justice
- Repeal and replace Affordable Care Act
- Immigration and trade policy
- ✓ Eliminate Obama Administration regulations
- Finish FY 2018 appropriations
- Pass Tax Reform
- Infrastructure



# Department of Education

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- Secretary DeVos hasn't previously worked in Higher Ed
- Thorough review of all regs taking place at ED
  - Deregulatory executive order: ED seeking proposals and ideas
  - Re-do of defense to repayment, gainful employment metrics
- Discussion of moving management of \$1 trillion student loan portfolio to Treasury
- ED is slow to fill policy-making jobs
  - Acting Undersecretary Jim Manning (formerly at ED)
  - Acting Assistant Secretary for Postsecondary Ed Kathleen Smith (former Senate HELP Committee staff)
  - Assistant Secretary for Legislative Affairs nominee Peter Oppenheim coming from HELP (Alexander).
  - Deputy is Jenny Prescott, formerly higher ed staffer for House Ed and Workforce (Foxx)
  - Recent COO Appointment – Dr. A. Wayne Johnson (Founder, Chairman, former CEO of First Performance Corporation)





# HEA Reauthorization

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- Process began in 2014, but restarted this year.
- Major focus is still Simplification and Risk-Sharing



- Work behind the scenes with staff continuing, not much in public.
- Major focus on HELP Committee was Health Care





# Perkins & Reauthorization Themes

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- Campus Flex: COHEAO idea to merge campus-based programs, unify allocation formulas, broaden availability to more campuses
- “Skin in the game”: Perkins is a long-established risk-sharing program where campuses put up their own money
- Local Control of Funding: Campuses allocate loan funds to students with need on an individual basis according to the situation on the campus and with the student
- Local Responsibility for Management: Perkins is managed by campuses in every state
- Reduced Role for Washington: Campuses can manage Perkins portfolios without the need for large numbers of Department of Education staff involved



# COHEAO's Reauthorization Focus

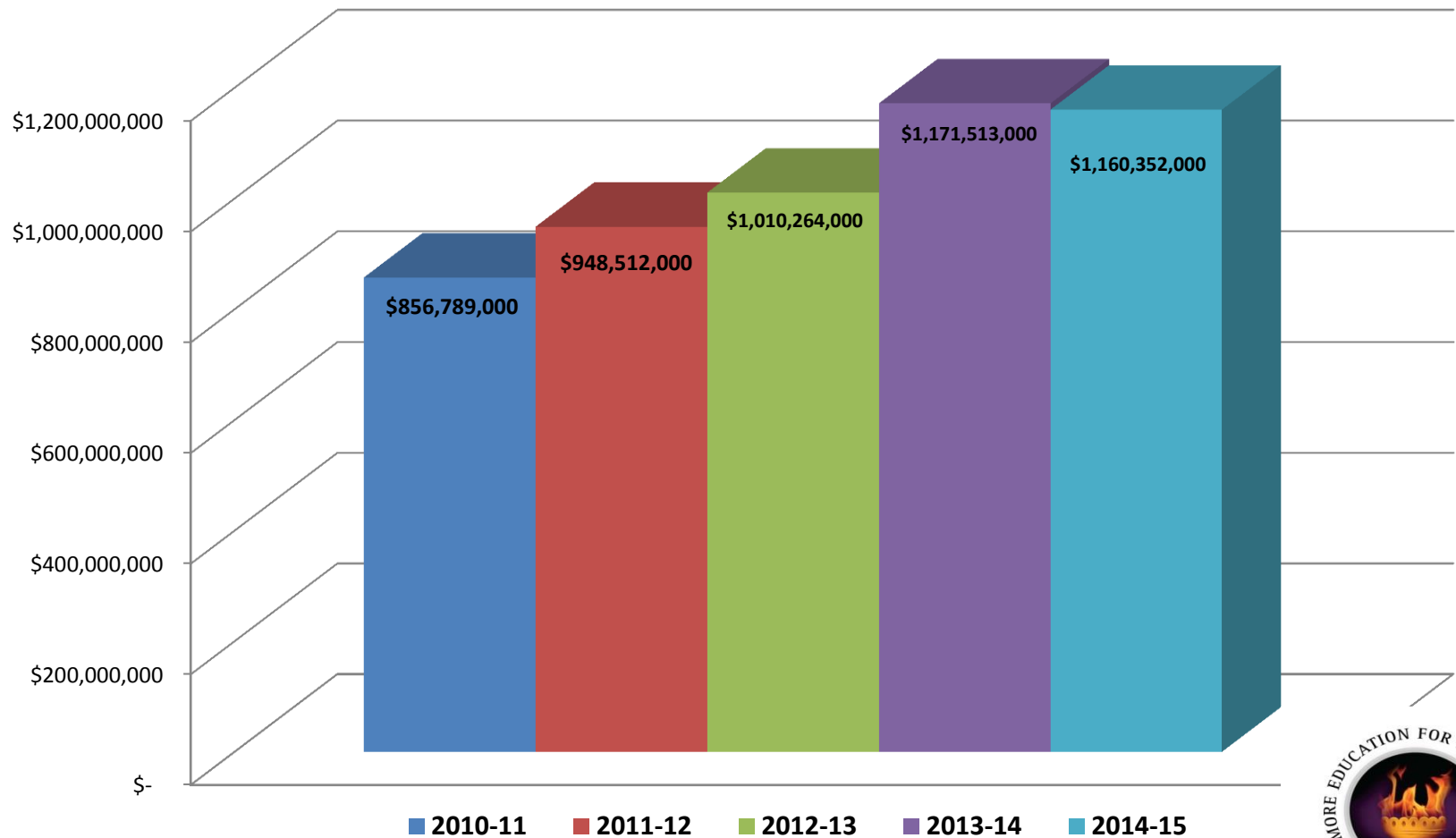
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## Campus Flex Proposal: One Grant, One-Loan, One Campus-Based

- Achieves the goal of **Simplification**
  - Creates one appropriation for the 3 campus-based programs (FWS, FSEOG and Perkins)
  - Schools decide which programs to invest funds based on students' needs – aid demographics
  - Eliminates the base-guarantee– new funds go where greatest need exists
- Achieves the goal of **Risk Sharing & Accountability**
  - Institutions are invested in the C.B. Programs - match Federal Contributions
  - Institutions manage their Perkins portfolio and are responsible for the results
- Achieves the goal of **Reduced Borrowing**
  - Institutions determine need
  - No interest accrues during enrollment, grace and deferment periods
  - Many options for loan forgiveness
- Provides **Institutional Flexibility**: Allows schools to decide how to award funds based on students' needs and aid demographics
- Allows for the **Expansion** of the Perkins Loan Program to more schools
- Reduces CB Underutilization Penalty – More Aid for More Students

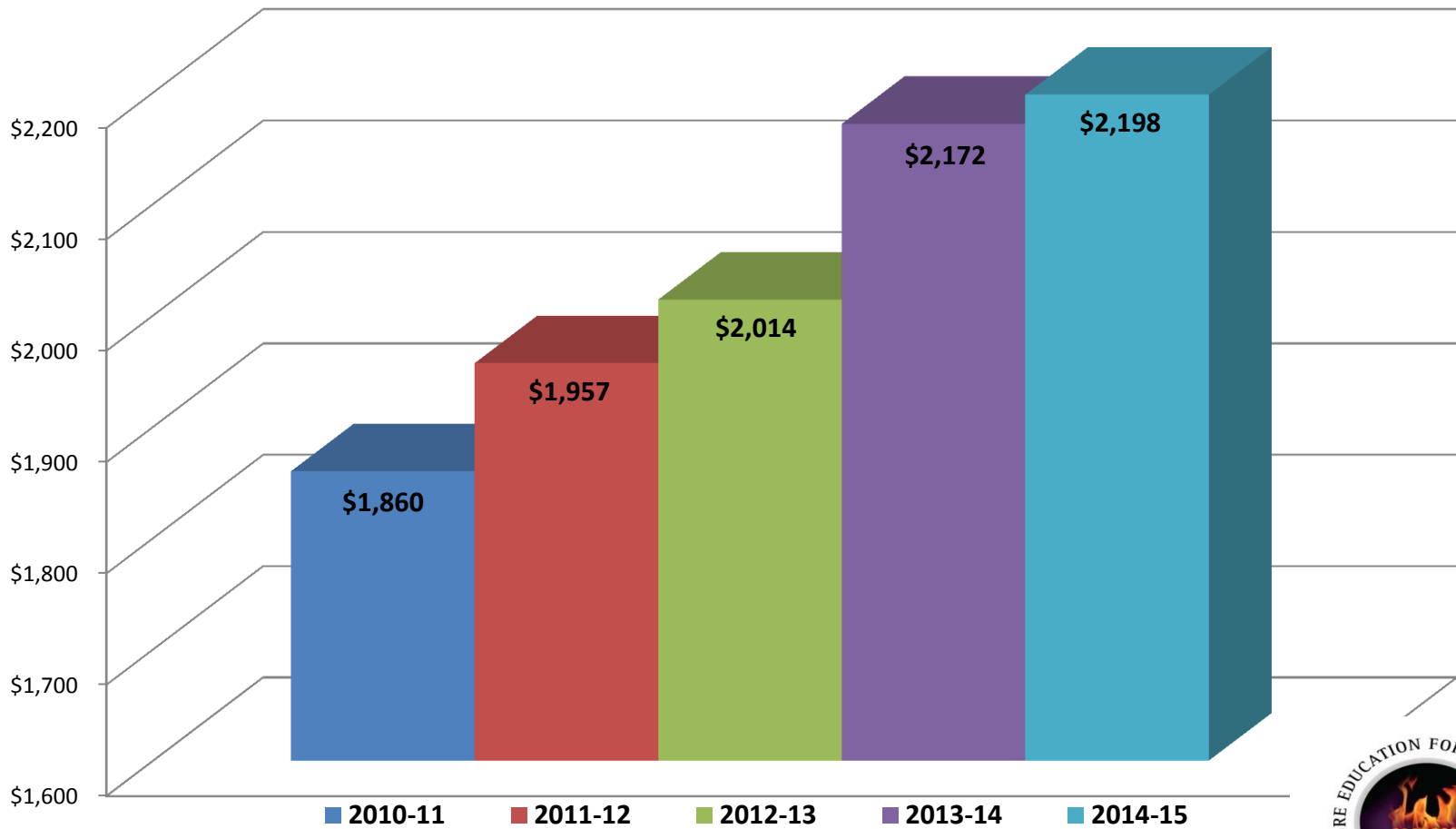


# Perkins Loans - Dollars Awarded



# Average Perkins Loan

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# Campus Flex Makes \$ense

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## Underutilization Penalties in CB Programs

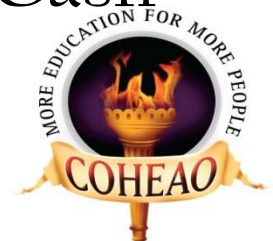
YEAR	FWS	FSEOG	Total
2014-15	\$ 11,682,661	\$ 1,442,993	\$ 13,125,654
2015-16	\$ 4,779,486	\$ 1,093,915	\$ 5,873,401
2016-17	\$ 9,357,644	\$ 1,149,335	\$ 10,506,979
3-Year Totals	\$25,819,791	\$ 3,686,243	\$ 29,506,034



# Perkins Fate not Decided

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- Do not Liquidate your Perkins Fund
  - Worst action school can take
    - Students will lose access to low-cost loans
    - Schools lose all institutional funds (ICC) contributed to their Perkins fund on all loans outstanding
    - Schools lose the potential to recuperate the institutional share of cancelled loans owed by the Department of Education
  - Awarding Perkins sends positive message to Congress and eliminates or reduces Excess Cash penalties



# COHEAO's Grassroots Activity

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- 2017 Grassroots Campaign Underway
  - Build on the momentum in Congress - identify Perkins Champions
  - COHEAO Members had 75 successful Hill meetings in January
  - Continue to promote Campus Flex proposal
  - Coordinate and combine efforts among Higher Ed Associations - NASFAA, PASFAA, NAICU, AJCU, ACE, NACUBO, AAU
  - Advocacy at the State Level - Resolutions
  - Work with the NGA (National Governors Association)
  - Resolve the scoring issue with Congressional Budget Office (CBO)
  - Continue to advocate for restoration of cancellation reimbursement funding



# More Perkins Advocacy

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- Grassroots Advocacy is Critical at all levels
- Strong bipartisan support in Congress
- Allies in Higher Ed Community: NAICU, AAU, NASFAA, NACUBO, NASFAA, AASCU, AJCU & others, many colleges & universities
- Get Your Campus Involved
  - Government Relations
  - President's/Chancellor's Office
  - Students & Parents - Student Service Offices
  - Student Government - Alumni Affairs
- Collect Testimonials via COHEAO survey monkey
- State Legislatures Passing Perkins Resolutions: **South Dakota and Illinois** passed; Introduced in **Minnesota and Pennsylvania**
- COHEAO Actions:
  - Gaining cosponsors for the Extension Bill
  - Long-term reauthorization - Campus Flex Proposal





# You Can Make a Difference

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## What You Can Do:

- First and Foremost - Award your Perkins Funds!
- Share Perkins info with colleagues: Upper Administration, Financial Aid/Student Accounts & Government Relations
- COHEAO's Advocacy Page & Media Center for Resources
  - Statistics
  - Why the Perkins Loan Program is Good for Students and Institutions
  - Perkins Past, Present & Future
  - Campus-Flex Proposal
  - ACE Spotlight on Perkins
- Reach out to your regional and national higher education associations
- Reach out to your Congressional Members – gather impact Info
- Engage your Perkins recipients and their families
- Join COHEAO's Efforts – visit Advocacy Page – [COHEAO.org](http://COHEAO.org)



# Support Perkins - Join COHEAO Today

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## ■ Benefits of a COHEAO Membership

- **Staff Training & Professional Development** – Membership includes three (3) free webinars per year, discounted rates on COHEAO conferences and additional webinars, and participation in the COHEAO Achievement Program (CAP) for professional development recognition.
- **Industry News** - Receiving the Bi-weekly edition of *The Torch*, a newsletter covering current issues in Higher Education. COHEAO's *Spark Notes* provide breaking industry news alerts.
- **Affordable** – Member rates range from \$210 to \$595 and are based on FTE.
- **Unlimited Members** - Extending membership benefits across the institution by designating your staff and colleagues as Associate Members.
- **Professional Collaboration** – Networking with other Institutions of Higher Education and participating in COHEAO's Task Forces and Committees to share challenges, ideas, solutions and best practices.
- **Representation** - Having a voice in DC on the Perkins Loan Program, the Higher Education Act Reauthorization and important regulatory and policy issues that impact your campus and students.
- **Perkins Information** - Staying up to date on Perkins regulatory changes such as excess cash, student deferments, assignments and total and permanent disabilities.
- **Industry Compliance** - Receiving timely updates on regulatory and policy changes, and navigating the compliance requirements within the GLBA, TCPA, CFPB, FERPA, FDCPA, TILA, and Red Flag Rules.



# COHEAO Advocacy Resources

- Visit [www.coheao.org](http://www.coheao.org)
- Resources available – statistics, sample letters, testimonials, talking points, and much more!  
<http://www.coheao.com/advocacy/the-federal-perkins-loan-program-2016-and-beyond/>
- Follow us on Twitter:  
<https://twitter.com/SavePerkins>
- Like Us on Facebook: [Support Perkins](#)
- Sign the Perkins Petition:  
<https://www.change.org/p/save-perkins-now>



# Department Regulatory Action

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- DCL GEN-17-03
  - Revision of the Military Service and Post-Active Duty Student Deferment Request
  - Published revised version OMB #1845-0080 expiration date 11/30/19
  - No major changes, just minor formatting & language
  - Begin use now, must use 7/1/17



# Regulatory Action

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- Electronic Announcement – Aug 1, 2016
  - Perkins Loan Program - Excess Liquid Capital Determinations and Timelines
    - ELC Notification Process
    - ELC Proportional Share Worksheet
    - Requests for Adjustments



# ELC Determinations and Timeline

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- Electronic Announcement – Sept. 6, 2017
  - Department delaying the ELC notification and collection process – Early 2018
  - ELC Proportional Share Worksheet
  - Can request and adjustment

<https://ifap.ed.gov/eannouncements/090617PerkinsLoanPrgmExcEssLiqCapDeterminationsandTimelines20172018.html>



# Campus-Based IFAP Page

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- <https://ifap.ed.gov/ifap/cbp.jsp>
  - Alerts
  - Contact information
  - Perkins Excess Liquid Capital
  - Perkins Wind Down
  - Perkins Liquidation & Assignment
  - FISAP Forms
  - Deadlines
  - Announcements



# Interest Rate Change

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- Beginning July 1<sup>st</sup> 2017

	7/1/16-6/30/17	7/1/17-6/30/18
<b>Direct</b>	3.76%	4.45%
<b>Grad Direct</b>	5.31%	6%
<b>Parent Plus</b>	6.31%	7%





# Disaster Relief

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- Dear Colleague Letter GEN-17-08
  - Over view of standard disaster relief
  - Find list of presidential declared disasters at:  
<https://www.fema.gov/disasters>



# Contact Information

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Lori Hartung

Regional Manager, Todd, Bremer & Lawson

COHEAO Vice President

803-371-2394

[lori.hartung@tbandl.com](mailto:lori.hartung@tbandl.com)

*Todd, Bremer & Lawson, Inc.*

Educational Collections Specialists



# Questions

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