



# *The* **Torch**

**August 20, 2004**

*A bi-weekly report from the Coalition of Higher Education Assistance Organizations*

## **MESSAGE FROM THE PRESIDENT JEANNE F. DOTSON**

Hello everyone! I hope you are enjoying the last “few days of summer” before all of us who have chosen to dedicate all of our waking moments to the students and families on our campus lose touch with reality. I have greeted the football team and the dorm counselors so far. Next week, the rest of the world arrives.

I have an important task for all of you. We really do need to have our membership get involved with the letter-writing campaign to save the Federal Perkins Loan Program. If you have not taken the time to read the letter I received from Secretary of Education, Rod Paige, please do so. It is one of the attachments in this issue of *The Torch*. Many of the schools have sent letters to their Representatives, however we need our members to weigh in on this issue, as well. Please use the letter attached to the *Torch* and may I ask that you forward a copy of the letter to Harrison Wadsworth ([hwadsworth@wpllc.net](mailto:hwadsworth@wpllc.net)) or Andrew Stringer ([astringer@wpllc.net](mailto:astringer@wpllc.net)).

On a different note, have I told you about the reception we held at the Union League of Philadelphia? The mid-year evening event was held at this beautiful and historical location. David Mundy, brother of Mark Mundy, graciously led us on a guided tour of the building. If you missed this, might I suggest you make an effort to include this in your travel plans. What a wonderful experience!

The next time we meet we will be in the midst of a brand new academic year! Here's to all of us!!!!

## Table of Contents

### **COHEAO News**

- 1) [Secretary Paige Responds to COHEAO PART Letter](#)
- 2) [Letter to Support the Perkins Loan Program](#)
- 3) [COHEAO 2003 Annual Reports Now Online](#)
- 4) [Visit The COHEAO Store and Get Cool Stuff for a Good Cause](#)

### **Congress**

- 1) [Congress to Return September 7](#)
- 2) [Rep. Majette To Face Rep. Isakson for Georgia Senate Seat](#)
- 3) [Rep. Alexander to Run for Reelection as a Republican](#)
- 4) [Former Representative William D. Ford Dies](#)

### **Inside Ed and the Administration**

- 1) [Interim Recommendations for Study of Title IV Need Analysis and Application Available](#)
- 2) [Caprio to Become New Commerce Department Chief Privacy Officer](#)
- 3) [Federal Register Notices](#)

### **Industry News**

- 1) [Recent ACE and CEF Activity](#)

### **Attachments**

- 1) [Board of Directors](#)
- 2) [Letter To Secretary Paige](#)
- 3) [Secretary Paige's Response](#)
- 4) [Letter Supporting the Perkins Loan Program](#)
- 5) [Perkins Loan Talking Points](#)
- 6) [State Totals of the Federal Capital Contribution for Perkins Loans, Award Year 2004-2005](#)
- 7) [Annual Meeting Flyer](#)

## COHEAO News

### Secretary Paige Responds to COHEAO PART Letter

On July 27, Secretary of Education Rod Paige responded to COHEAO's July 1 letter asking the Department to reconsider its recommendation to zero out the Perkins Loan Program Federal Capital Contribution (FCC) and contesting the Office of Management and Budget's (OMB) Program Assessment Ratings Tool (PART) evaluation of the Perkins Loan Program.

In the letter, Paige defends the Department's recommendation to zero out the FCC because it is "redundant and duplicative" with other federal student aid programs. In addition, Paige states that the Perkins Loan Program is "less cost-efficient" than other loan programs and that the allocation formula fails to target "the neediest students." The letter also says that fully funding Perkins Loan cancellations is not necessary because "no borrowers will be denied full cancellation benefits for eligible service." According to Paige, shifting resources from the Perkins Loan Program to the Pell Grant program would be more "effective" in aiding students to finance their postsecondary educations.

The letter does not address the PART study directly, but does state that the Department will implement a new "performance measurement approach" to gather data on the Perkins Loan Program.

COHEAO's original letter regarding Perkins Loan Program funding and the PART evaluation and Secretary Paige's response are attached to *The Torch*.

### Letter to Support the Perkins Loan Program

The House Appropriations Committee has recommended eliminating the Federal Capital Contribution for Perkins Loans in the Fiscal Year 2005 federal budget. This would affect schools' 2006-2007 award year if it becomes law. We understand that the full House will consider this legislation in September, and that the Senate Appropriations Committee will also probably consider it then. Your action is essential to preserving funding for Perkins.

Please find attached a draft letter for you to send to all Representatives and Senators in your state asking that they support the Perkins Loan Program. Please take a look at this draft letter and **customize it to fit your school or company**, including placing the letter on your letterhead. It is important to point out that the Perkins Loan Program helps students in your campus and state. In the letter are suggested places to insert this information. At the end, please put down how you can be contacted.

Also attached are talking points on Perkins. These may be especially helpful to your organization's federal or government relations staff, as will a chart with the state-by-state allocation of Perkins Loans for this year. To obtain information on the Perkins Loan Program specific to a specific school, go to this address in the Department of Education's IFAP web site: <http://www.ifap.ed.gov/cbpmaterials/0405CBCongreportApril8CoverLtr.html>. At the bottom of the document are links to information on Perkins FCC awards broken down by individual school,

with state totals. If you have any questions or need help accessing the information, contact Andrew Stringer at [astringer@wpllc.net](mailto:astringer@wpllc.net) or 202-289-3903.

Finally, here is how and where to send the letters. Paper mail is subject to delays, so we strongly suggest that you fax (preferable) or e-mail your letters. Fax numbers are contained in the Congressional directory that COHEAO gave to attendees at the January Annual Meeting. In addition, most Congressional web sites have the fax number, and all should have an email address.

If you don't have a directory, go to the House website for House members sorted by state: [http://www.house.gov/house/MemberWWW\\_by\\_State.html](http://www.house.gov/house/MemberWWW_by_State.html). For your Senators, go to <http://www.senate.gov/> and use the pull-down feature to find who your senators are. If you are from a large state and need help with this project, please let us know.

We also ask that you send us a copy of your letter after you have sent it. You can e-mail the letter to [astringer@wpllc.net](mailto:astringer@wpllc.net) or [hwadsworth@wpllc.net](mailto:hwadsworth@wpllc.net) or fax it to 202-371-0197.

Again, if you need any assistance or have any questions, please contact us at 202-289-3903.

### **COHEAO 2003 Annual Reports Now Online**

The COHEAO Annual Reports for 2003 are now available online in the Members Area section of the COHEAO website. If you have difficulty accessing the Members Area section, please contact Andrew Stringer at [astringer@wpllc.net](mailto:astringer@wpllc.net).

### **Visit [coheaostore.com](http://coheaostore.com) and Get Cool Stuff for a Good Cause**

With summer here, why not find appropriate attire at <http://www.westernprinting.net/coheao>, where you will find high-quality clothing and outerwear bearing the distinctive COHEAO flame logo. The net proceeds from the sale of the clothing will go to the COHEAO scholarship fund, which awards \$1,000 scholarships every year to deserving students with financial need who are attending COHEAO-member institutions of higher education. Check it out today and help yourself – and a student who can really use the assistance.

## **CONGRESS**

### **Congress to Return September 7**

Washington remained relatively quiet this week as the House and Senate continued their August recess. Both chambers are scheduled to return to session on Tuesday, September 7.

The National Journal's *CongressDaily* has reported that the House is planning to bring the \$142.5 billion FY2005 Labor-HHS-Education Appropriations bill to the floor sometime during the week of September 7.

With only one of the 13 appropriations bills currently enacted, it is unlikely that Congress will be able to finish all of the work that is currently on its plate by its October 1 target adjournment date. Therefore, a lame duck session after the November elections in order to deal with this unfinished work appears to be inevitable.

### **Rep. Majette To Face Rep. Isakson for Georgia Senate Seat**

The Capitol Hill newspaper *Roll Call* reported that Representative Denise Majette has been nominated as Georgia's Democratic candidate in the open-seat Senate race. The first term Democrat faces Republican Congressman Johnny Isakson in the battle for the seat in November. According to *Roll Call*, Majette is the first woman and first black Georgian ever nominated for Senate. Both Majette and Isakson are members of the Education and the Workforce Committee.

### **Rep. Alexander to Run for Reelection as a Republican**

In a blow to House Democrats, Louisiana Representative Rodney Alexander (D) switched parties last Friday when he filed for re-election as a Republican, *Congress Daily* reported. Alexander, a conservative who claims he cannot defend his views and voting record as a Democrat, filed for re-election last Wednesday as a Democrat, then re-filed at the last minute on Friday as a Republican. Democrats are considering the legal options they have against Alexander; the House Democratic Caucus stripped Alexander of his assignments on the Armed Services and Agriculture committees and removed him from the caucus. Alexander said he will return any donations given to his campaign from his Democratic colleagues and leaders. All of Alexander's D.C. staff have resigned from his office.

### **Former Representative William D. Ford Dies**

Former U.S. Representative William D. Ford (D-MI), 77, died from complications from a stroke this past Saturday in his hometown of Ypsilanti Township, Michigan. While in office, Ford served as Chairman of the Post Office and Civil Service Committee and Chairman of the Education and Labor Committee.

As well known as Ford was for his work on labor issues, he was also known for his passion on education issues, specifically in helping middle- and low-income students find ways to get through school. He sponsored several key pieces of legislation in line with this goal, specifically, the Elementary and Secondary Education Act of 1965, an important component of President Lyndon Johnson's War on Poverty initiative because it granted special assistance to poor school districts and the Middle Income Student Assistance Act. When Congress created the William D. Ford Direct Loan program in 1994, the program was named after Ford to honor his efforts in increasing educational opportunity for those who needed it most.

Ford served in the U.S. House of Representatives from 1965 to 1995. He served in the Navy during World War II and received his law degree from the University of Denver.

The Ford family asks that in lieu of flowers, contributions be sent to Arbor Hospice, 2366 Oak Valley Drive, Ann Arbor, MI 48103 or to Eastern Michigan University Foundation, William D. Ford Scholarship Fund, 1349 S. Huron Street, Ypsilanti, MI 48197.

## **INSIDE ED AND THE ADMINISTRATION**

### **Interim Recommendations for Study of Title IV Need Analysis and Application Available**

The Advisory Committee on Student Financial Assistance submitted interim legislative recommendations for the Special Study of Simplification of Need Analysis and Application for Title IV to Congress on July 23. The recommendations include: expanding the automatic-zero EFC (auto-zero) by increasing the income threshold to \$25,000; implementing a paper FAFSA-EZ and phasing out the full paper FAFSA; and adjusting the auto-zero income threshold annually using the Consumer Price Index.

A complete list of the Advisory Committee's recommendations is available at:  
[http://www.ed.gov/about/bdscomm/list/acsfa/jgregg\\_SimplificationStudyRecs.pdf](http://www.ed.gov/about/bdscomm/list/acsfa/jgregg_SimplificationStudyRecs.pdf).

### **Caprio to Become New Commerce Department Chief Privacy Officer**

The Commerce Department has appointed Dan Caprio as the agency's new Chief Privacy Officer. Caprio is currently the deputy assistant secretary for technology policy, and will continue in this position along with his new role as privacy officer. Caprio's duties will consist of overseeing all Commerce Department activities involving the development and implementation of federal privacy laws, policies and practices.

### **Federal Register Notices**

#### **Submission of Public Comments - Student Support Services Annual Performance Report**

The Office of Management and Budget (OMB) is accepting public comments on the Student Support Services Annual Performance Report. Student Support Services Program grantees are required to file the report annually. The report evaluates the grantees and is used for data collection as well. Comments are due by October 12, 2004. For more information visit:  
<http://a257.g.akamaitech.net/7/257/2422/06jun20041800/edocket.access.gpo.gov/2004/04-18519.htm>

#### **Submission of Public Comments - Student Aid Internet Gateway Enrollment Document**

The OMB is accepting public comments on the Student Aid Internet Gateway (SAIG) Enrollment Document. The SAIG system allows institutions to share financial aid data with the Department of Education. Comments are due October 12, 2004. For more information visit:  
<http://a257.g.akamaitech.net/7/257/2422/06jun20041800/edocket.access.gpo.gov/2004/04-18363.htm>

#### **Request for Applications - Department of Education Quality Assurance Program**

The OMB is accepting applications for higher education institutions to participate in the Department of Education's Quality Assurance (QA) Program regarding verification of student financial aid data. Applications are due September 8, 2004. For more information visit: <http://a257.g.akamaitech.net/7/257/2422/06jun20041800/edocket.access.gpo.gov/2004/04-18131.htm>

## **INDUSTRY NEWS**

### **Recent ACE and CEF Activity**

With Congress in recess, the American Council on Education (ACE) and the Committee for Education Funding (CEF) will not meet. The organizations will resume their normal activities in September.

## 2004 COHEAO Board of Directors

Jeanne Dotson

*President*

Concordia College  
901 S. 8<sup>th</sup> St.  
Moorhead, MN 56562  
218-299-3323 Fax 218-299-4357  
[dotson@cord.edu](mailto:dotson@cord.edu)

Bob Caruso

*Treasurer*

University of California  
Los Angeles  
UCLA Wilshire Center, Suite 720  
10920 Wilshire Boulevard  
Los Angeles, CA 90024-6509  
310 794-2976 Fax (310) 794-2826  
[bcaruso@saonet.ucla.edu](mailto:bcaruso@saonet.ucla.edu)

Nora Corralez

*Legislative Chair*

ACS, Inc.  
One World Trade Center, Suite 2200  
Long Beach, CA 90831-2200  
310-513-2715 Fax 310-847-5050  
[nora.corralez@acs-inc.com](mailto:nora.corralez@acs-inc.com)

Tom Schmidt

*Legislative Co-Chair – Perkins Task Force*

University of Minnesota  
20 Fraser Hall  
106 Pleasant Street, SE  
Minneapolis, MN 55455  
612-625-1082 Fax 612-624-2873  
[t-schm@sossgw.stu.umn.edu](mailto:t-schm@sossgw.stu.umn.edu)

Scott Nicholson

*Commercial Chair*

Enterprise Recovery Systems, Inc  
2400 S. Wolf Rd. Suite 200  
Westchester, IL 60154  
800-446-4377 Ext. 252  
Fax 630-574-0110  
[snichols@ersinc.com](mailto:snichols@ersinc.com)

Alisa Abadinsky

*Vice President*

University of Illinois at Chicago  
809 S. Marshfield Ave. M/C 557  
Chicago, IL 60612  
312-413-1971 Fax 312-413-1992  
[abadins@uic.edu](mailto:abadins@uic.edu)

Robert Perrin

*Secretary*

Williams & Fudge, Inc.  
775 Addison Avenue, Suite 201  
Rock Hill, SC 29731  
803.329.9791 Ext 2104  
Fax 803.329.0797  
[bperrin@wfcorp.com](mailto:bperrin@wfcorp.com)

Mark P. Mundy

*Legislative Co-Chair*

*Regulations & NPRM*  
RC Services, Inc.  
2739 N. 46<sup>th</sup> Street  
Philadelphia, PA 19131  
610-664-0485 Fax 610-664-0486  
[mark@rcservices.com](mailto:mark@rcservices.com)

Lori Hartung

*Legislative Co-Chair*

*Technology*  
Todd, Bremer & Lawson  
P.O. Box 808  
Rock Hill, SC 29731-6808  
800-849-6669 Fax 803-328-8242  
[lori.hartung@tbandl.com](mailto:lori.hartung@tbandl.com)

David Barton

*Membership Co-Chair --Commercial*

CBE Group  
P.O. Box 900  
Waterloo, IA 50704  
800-925-6686 Fax 319-833-1014  
[dabarton@cbegroup.com](mailto:dabarton@cbegroup.com)

Carol Tiffany  
*Membership Co-Chair – Institutional*  
Harvard University  
584 Holyoke Center  
1350 Massachusetts Avenue  
Cambridge, MA 02138  
Ph: 617-495-0802 Fax 617-495-1858  
[carol\\_tiffany@harvard.edu](mailto:carol_tiffany@harvard.edu)

Bob Frick  
*Operations and Budget Chair*  
University Accounting Service  
200 S. Executive Drive, 3<sup>rd</sup> Fl  
Brookfield, WI 53005  
800-340-1526 Fax 262-784-9014  
[Bob.Frick@osioutsourcing.com](mailto:Bob.Frick@osioutsourcing.com)

Ralph Hosterman  
*Member-at-Large*  
Pennsylvania State University  
108 Shields Building  
University Park, PA 16802  
814-865-0461 Fax 814-865-6535  
[RRH2@PSU.EDU](mailto:RRH2@PSU.EDU)

David Stocker  
*Past President*  
SLM Corporation  
11501 Northlake Drive  
Cincinnati, OH 45249  
513-469-1472 Ext. 2084  
Fax 513-469-1468  
[dstocker@generalrevenue.com](mailto:dstocker@generalrevenue.com)

Michael Richter  
*Membership - Alliance Liaison*  
Weber State University  
1023 University Circle  
Ogden, UT 84408-1023  
801-626-7204 Fax 801-626-7276  
[mrichter1@weber.edu](mailto:mrichter1@weber.edu)

Jackie Ito-Woo  
*Member-at-Large*  
University of California  
Office of the President  
Student Financial Support  
1111 Franklin St., 9<sup>th</sup> Floor  
Oakland, CA 94607-5200  
510-987-9544 Fax 510-987-9546  
[jackie.ito-woo@ucop.edu](mailto:jackie.ito-woo@ucop.edu)

John Lynch  
*Member-at-Large*  
Educational Computer Systems Inc.  
181 Montour Run Road  
Coraopolis, PA 15108  
Ph: 412-788-3900  
[jlynch@ecsi.net](mailto:jlynch@ecsi.net)

Harrison Wadsworth  
*Executive Director*  
Washington Partners, LLC  
1101 Vermont Ave. N.W. Suite 400  
Washington, DC 20005-3521  
202-289-3903 Fax 202-371-0197  
[hwadsworth@wpllc.net](mailto:hwadsworth@wpllc.net)



Coalition of Higher Education Assistance Organizations  
1101 Vermont Avenue N.W., Suite 400  
Washington, D.C. 20005-3586  
(202) 289-3910 Fax (202) 371-0197

July 1, 2004

The Honorable Rod Paige  
Secretary of Education  
400 Maryland Avenue, SW  
Room 7W301  
Washington, DC 20202

Dear Secretary Paige:

The Coalition of Higher Education Assistance Organizations (COHEAO) urges the administration to reconsider its position regarding the Perkins Loan program as expressed in the President's FY 2005 budget proposal and in testimony before the Appropriations Committee by Assistant Secretary for Postsecondary Education Sally Stroup. We believe that the Perkins Loan program remains an essential part of our nation's commitment to ensuring access to higher education for all qualified students, by providing vital additions of loans under favorable terms to students across the country. Every dollar of Perkins Loan funds helps fill the financial aid gap, and the loans are targeted towards the neediest students.

Specifically, we ask that you support the continuation of the federal capital contribution and that you support an increase in loan cancellation funding in order to fully reimburse campus revolving funds so that they can continue to help students enter careers in the relatively low-paying public service professions of teaching, law enforcement, the military, the Peace Corps, nursing and family social services.

COHEAO is a unique coalition comprised of some 300 colleges, universities and commercial organizations with a shared interest in fostering improved access to postsecondary education, particularly through the Perkins Loan Program. We believe – and have seen for ourselves -- that the Perkins program plays a critical role in our nation's financial aid system, especially for the lowest-income students. Stafford loan limits have not increased since 1992, and the budget proposes only a modest increase this year, while the cost of higher education has risen. Perkins Loans help fill the need gap.

More than 2,200 postsecondary institutions have chosen to provide Perkins Loans to their students over the past 43 years because they know the program works. These same institutions have gladly met their matching requirement of at least 25 percent investment on all loans. However, over the past decade funding for new loan capital has decreased, and many institutions have been forced to provide more than the required match for these loans. This illustrates the continued demand for Perkins Loans.

In addition, funding for cancellations over the last several appropriations cycles has not allowed the Department of Education to fully reimburse participating institutions, as is required by law, and continued flat funding of this program will result in approximately 40,000 students being denied much-needed Perkins loans in the coming year.

With fees having already increased nearly 67 percent for private 4-year institutions and 65 percent at public 4-year institutions in the past decade, this is not the time to eliminate the federal capital contribution for Perkins Loans. We believe that appropriating \$140 million for federal capital contributions and \$120 million for the loan cancellation fund will ensure that as many students as possible can afford the opportunity of higher education.

We would also like to express our strong concern that the Office of Management and Budget's Program Assessment Rating Tool (PART) evaluation of the program comes to unfair conclusions about its efficacy. COHEAO agrees that the PART evaluation system could provide the Department, Administration and general public with insight into the value of federal programs. However, we believe that incorrect conclusions, scoring criteria and methodology in the PART evaluation of the Perkins Loan program lead to the program receiving an unjustly low score. Budget priorities and the future of this important program should not be based on the Perkins Loan program PART results.

COHEAO believes that the conclusions reached in questions 1.2 and 1.3 in the PART are incorrect in that the Perkins Loan program addresses a very specific and existing problem. The Perkins Loan program does not overlap with other financial aid programs, but complements them by providing loans to students who need funds beyond current limits in those programs. More than 2,200 schools and 700,000 students clearly need the Perkins Loan program.

In questions 1.2 and 1.3, the PART study compares Perkins Loans with the Direct Lending and FFEL loan programs. In questions 3.CR1 and 3.CR2 the PART evaluation acknowledges that the Perkins Loan program is funded as a formula grant program, not a credit program such as Direct Lending or FFEL. Therefore for the purposes of evaluation, the Perkins Loan program should be compared with other formula grant programs, not credit programs. Also, questions 3.BF1 and 3.BF2 should be substituted for 3.CR1 and 3.CR2 because they are more appropriate questions on which to evaluate the Perkins Loan program.

We contest the PART's evaluation of the Perkins Program in Question 2.2 as well. The question asks if the program has "ambitious targets and timeframes for its long-term measures." In the PART Budget Procedures Memorandum governing the use of the PART (BPM #861), data collection is never listed as a criteria for evaluation; however, the PART final evaluation cites the lack of annual data (resulting from the fact that the targets and timetables are new) as the reason for receiving a "no," a self-executing answer that has no factual basis. This question is not valid in the context of Perkins and should be discarded. The Perkins Loan program should not be subject to additional PART criteria outside what is found in the PART BPM. This same line of reasoning applies to the scoring of question 2.4.

Question 4.1 should receive a score of "N/A" instead of "no" because the program cannot demonstrate progress because the evaluation tools have not yet been given time to generate

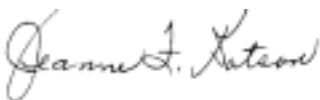
adequate data. Therefore, there is no adequate data for the PART to make a “yes” or “no” evaluation of the Perkins Loan program with regards to this question. More appropriately, the answer should be “yes” since there is no evidence upon which to base a “no” answer.

The same inappropriate structuring and scoring of questions 3.CR1 and 3.CR2 lead to a “no” score in question 4.4. As previously stated, for purposes of program comparison, the Perkins Loan program should be compared with other formula grant programs. The Perkins Loan program should be re-evaluated with the appropriate questions (3.BF1 and 3.BF2).

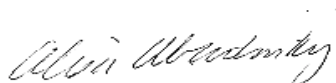
The corrections outlined above would improve the Perkins Loan program’s PART score significantly. Section 1 would receive a score of 60 percent. Section 2 would receive a score of 74 percent. Section 3 would receive a score of 55 percent and Section 4 would receive a score of 33 percent. These scoring adjustments would put the Perkins Loan program in the same range as the Federal Family Education Loan and Direct Lending programs, which received “adequate” ratings, instead of the current Perkins Loan program rating of “ineffective.”

As participants in the Federal Perkins Loan Program, we know firsthand the importance of Perkins loans to low-income borrowers. At a time when access to education is increasingly important, we ask again that you fully support the Perkins Loan program, a key part of our nation’s investment in education. We look forward to working with you and your staff. If you would like to discuss this issue, please contact Executive Director Harrison Wadsworth at 202-289-3903.

Sincerely,



Jeanne Dotson  
President



Alisa Abadinsky  
Vice President



Harrison M. Wadsworth  
Executive Director

CC: The Hon. Sally Stroup  
The Hon. Joshua B. Bolten

July 27, 2004

Ms. Jeanne Dotson  
President  
Coalition of Higher Education  
Assistance Organizations  
1101 Vermont Avenue, N.W., Suite 400  
Washington, DC 20005

Dear Ms. Dotson:

Thank you for your letter of July 1, 2004, urging the Bush Administration to reconsider its FY 2005 budget proposal to eliminate funding for the Federal Capital Contribution (FCC) in the Federal Perkins Loan Program. You request that the Administration and the Department of Education instead support both the continuation of FCC funding and an increase in loan cancellation reimbursement funding for the Federal Perkins Loan Program.

You also contest the Office of Management and Budget's Program Assessment Rating Tool (PART) evaluation of the Perkins Loan Program as "ineffective," which formed the basis for the Administration's decision to eliminate funding for FCC, because you believe the evaluation is based on incorrect conclusions and inappropriate scoring criteria.

We have considered your arguments and the purpose of the Federal Perkins Loan Program, and we continue to believe that funding FCC would be redundant and duplicative given the broad availability of need-based, subsidized, relatively low interest loans through the Federal Family Education Loan (FFEL) and Federal Direct Loan (DL) programs. Moreover, the Perkins Loan Program is less cost-efficient than the FFEL and DL programs, and the current statutory formula for allocating funding to schools that participate in the Perkins Loan Program fails to target aid to the neediest students.

We believe that the current FY 2005 proposal for funding loan cancellation reimbursement adequately addresses institutional needs in the current budget environment, and not that, although the proposal does not fully reimburse institutions for cancelled loans, no borrowers will be denied full cancellation benefits for eligible service.

We believe that needy students will be better served by eliminating funding for the Perkins Loan Program and redirecting funds to more effective student aid programs such as the Pell Grant Program. We also intend, as long as the program exists, to impellent a new performance measurement approach that includes meaningful efficiency measures and the collection of improved program and financial data.

Sincerely,

Rod Paige

cc: Ms. Alisa Abadinsky, Vice President  
Mr. Harrison Wadsworth, Executive Director

August XX, 2004

The Honorable X  
United States X  
X Office Building  
Washington, D.C. X

Dear X:

On behalf of <<insert school name here>>, we urge you to restore the \$98.7 million cut in funding for the Perkins student loan program that is proposed by the House version of the appropriations legislation for the Department of Education. The elimination of most of the funding for Perkins loans will mean that <<your state>> will lose <<insert your state's funding here>> next year. Without this money, a federal capital contribution that is partially matched by school funds, some students in <<your state>> will not receive the student loan funds they need for higher education. This cut is real. And, since Perkins Loans serve the lowest income students, and it will hurt those who need financial aid the most.

The demand for Perkins Loans always outstrips the supply of loan funds. Stafford Loans are not a substitute – their loan limits are far too low for many students. By cutting Perkins loans, you will be forcing students to borrow from high-cost alternative sources, such as credit cards or private education loans. Since these loans require good credit or a co-signer with good credit, many students will be turned down. Please don't deny current and future students the opportunity for higher education by cutting the Perkins Loan Program.

At <<institution>> we receive <<insert FCC>> annually as part of the Perkins Loan Federal Capital Contribution. Without the capital contribution, we will not be able to make <<insert number of loans that your institution would be unable to make without the FCC. If this figure is unavailable, divide your school's FCC by the size of the average Perkins Loan, \$1,790.>> next year.

More than 2,200 postsecondary institutions have chosen to provide Perkins Loans to their students over the past 43 years because they know the program works. We believe -- and have seen for ourselves -- that the Perkins program plays a critical role in our nation's financial aid system, especially for the lowest-income students. The capital contribution is needed to help students now. Because the funds will be repaid and re-lent, Perkins represents a direct investment in our country's future.

At a time when access to education is increasingly important, we again ask that you restore funding for the Perkins Loan Federal Capital Contribution at least to this year's level of \$98.7 million, a level far below the \$250 million authorized by the Higher Education Act. If you would like to discuss this issue further, please contact <<insert contact information>>.

Sincerely,

## SUPPORT FUNDING OF PERKINS LOANS FOR LOW-INCOME STUDENTS

- The demand for Perkins Loans always outstrips the supply of loan funds. Stafford Loans are not a substitute – their loan limits are far too low for many students.
- Federal funding for Perkins Loans is an appropriation that feeds on itself and builds, starting with a school match of a share of the federal funds and continuing for years as the loans are repaid and re-lent.
- Without Perkins Loans, students would be forced to borrow from high-cost alternative sources, such as credit cards or private education loans. Since these loans require good credit or a co-signer with good credit, many low-income students will be turned down.
- Students often take advantage of the opportunities to have their Perkins Loans forgiven by working in 12 different public service professions, such as teaching, nursing, the military, law enforcement, corrections and the Peace Corps. Unless campuses are reimbursed for cancellations, loans will not be available for future generations of students. Additional funding is needed to make up for past shortfalls.
- The \$140 million requested by COHEAO and the Student Aid Alliance for the Federal Capital Contribution would result in at least \$175 million in new capital for students because schools must match 25% of the federal dollars with their own funds. Many match more than the minimum.
- Without the federal contribution and its minimum school matches, almost 100,000 additional low-income students across the country won't receive the loans they need for higher education. (\$175 million divided by the average Perkins loan of \$1,790). Failing to fund the contribution means that students from every state will be left out. Even failing to fund last year's federal contribution of \$98.7 million will, counting the school matches, leave 69,000 students without the funds they need next year.
- Because the Perkins Capital Contribution is forward funded, the FY2004-2005 appropriation funds the 2005-2006 academic year. Any increased funds available from consolidation loan payoffs of Perkins will be gone, since rising interest rates will sharply reduce the desirability of consolidation. Regardless, even with the increased repayments from consolidation loans, schools are lending all of their Perkins money to needy students.
- **Request:** Include in the FY2005 appropriation for the Department of Education \$140 million in funding for the Perkins Student Loan Program Capital Contribution and \$120 million in reimbursements of cancelled loans. The authorized maximum is \$250 million. The FY2004 levels were \$98.7 million for the capital contribution and \$66.7 million for reimbursements.

**State Totals of the Federal Capital Contribution for Perkins Loans,  
Award Year 2004-2005<sup>1</sup>**

<b><u>State</u></b>	<b><u>Perkins FCC</u></b>		
Alabama	748,265	Nebraska	967,588
Alaska	0	Nevada	155,997
Arizona	1,463,743	New Hampshire	797,323
Arkansas	766,068	New Jersey	1,430,803
California	9,609,684	New Mexico	560,641
Colorado	1,557,845	New York	8,199,638
Connecticut	1,087,800	North Carolina	2,178,803
Delaware	120,613	North Dakota	455,839
Florida	2,172,534	Ohio	4,097,236
Georgia	1,158,772	Oklahoma	1,060,801
Hawaii	274,336	Oregon	1,649,537
Idaho	435,445	Pennsylvania	5,761,841
Illinois	6,691,410	Puerto Rico	934,652
Indiana	2,486,359	Rhode Island	860,944
Iowa	1,849,040	South Carolina	934,091
Kansas	1,294,989	South Dakota	527,283
Kentucky	1,232,242	Tennessee	1,800,133
Louisiana	1,278,167	Texas	4,356,576
Maine	798,664	Utah	1,306,692
Maryland	1,346,049	Vermont	637,749
Massachusetts	4,900,524	Virginia	1,579,174
Michigan	3,529,923	Washington	1,956,878
Minnesota	2,292,287	Washington DC	1,195,148
Mississippi	1,303,454	West Virginia	763,643
Missouri	2,295,397	Wisconsin	3,031,353
Montana	458,784	Wyoming	203,658
		<b>U.S. TOTAL:</b>	<b>98,556,415</b>

<sup>1</sup> Source: U.S. Department of Education. For Individual School Totals, Go to:  
<http://www.ifap.ed.gov/cbpmaterials/0405CBReportApril8CoverLtr.html>

**SAVE THE DATE**

*2005 COHEAO  
Annual Meeting*

The Ritz-Carlton Hotel, Pentagon City  
Arlington, Virginia

January 30 - February 2

Some articles in this memorandum include links to Internet sites for the convenience of World Wide Web users. COHEAO is not responsible for the availability or content of these external sites, nor does COHEAO endorse, warrant or guarantee the information, services, or products described or offered at these other Internet sites.

The information included in this memorandum is believed to be accurate at the time of issuance, but COHEAO offers no warranty or other guarantee of its correctness. Opinions included in this memorandum represent the views of the professional staff at COHEAO and should not be ascribed to the individual members of COHEAO. Information is intended to supplement other information available to readers and is not legal or consulting advice. COHEAO is not liable for any damages or harm resulting from actions taken as a result of information in this memo. Readers are encouraged to alert COHEAO to any errors identified in this memo by contacting Andrew Stringer at [Astringer@wpllc.net](mailto:Astringer@wpllc.net) or by calling 202-289-3903.

Copyright 2004, COHEAO. Redistribution of this memorandum or its content outside the immediate organization of the intended recipient without the express prior permission of COHEAO is prohibited.

COHEAO, 1101 Vermont Avenue, N.W., Suite 400, Washington, D.C. 20005.

(202) 289-3903.