



THE FEDERAL PERKINS LOAN PROGRAM AWARDING & DISBURSEMENT GUIDANCE

As Congress works through the process of reauthorizing the HEA and determining the future of the Federal Perkins Loan Program, it is important to understand the current awarding and disbursement parameters.

The Department recently issued a Dear Colleague Letter (GEN 15-03) dated January 30, 2015 with regards to the wind-down of the Federal Perkins Loan Program. To assist in clarifying the rules for awarding and disbursing Perkins Loans in the coming months, below is a summary of the guidance provided in that Dear Colleague Letter.

This guidance was issued as a preparatory measure in the event that the Perkins Loan Program expires on September 30, 2015. **Should Congress reauthorize the Program prior to the expiration, or extend the expiration date while it completes the reauthorization process, this guidance will also change.**

Absent Congressional action, schools may not make Perkins Loans to new borrowers after September 30th, 2015, except in the following circumstances:

1. If a school makes a Perkins Loan first disbursement to ANY eligible student for the 2015-16 award year prior to October 1, 2015, that school may make any remaining disbursements for the 2015-16 award year. Therefore, any eligible student can receive a Perkins Loan in 2015-16 as long as you make the first disbursement by September 30th.
2. In addition, schools may make additional Perkins Loans to already existing and qualifying Perkins borrowers for up to 5 years (through 2020) under a narrow grandfathering provision.

The Department has interpreted the grandfathering provision to include the following conditions:

1. The school must have disbursed at least one Perkins loan to the student by June 30, 2015;
2. The student is enrolled at the same school where their last Perkins loan was disbursed;
3. The student is enrolled in the same academic program as when they received their last Perkins disbursement (based upon the first 4 digits of the CIP code); and
4. The Perkins Loan is awarded to an eligible student who has unmet need and has exhausted all of the subsidized Direct Loan funding for which they are eligible.

The grandfathering provision currently applies only to students who received their first Perkins Loan for the 2014-15 award year or prior. As long as the student continues to meet these criteria, they can receive Perkins awards up until 2020.

Should reauthorization of the Higher Education Act not be completed by September 30, 2015, which is extremely possible, any extension of the HEA that includes Perkins will also likely extend the criteria for grandfathering students going forward.

COHEAO continues to advocate on behalf of the colleges and universities who support the continuation of the Program while actively monitoring the situation and working with Congressional Members and their staffs. For more information, or to join in the nationwide efforts to save the Perkins Program, please visit COHEAO.org.

