

The Federal Perkins Loan Program in 2016: (where we are and how we got here)

Turning



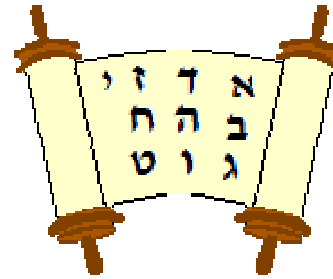
Into



June 6, 2016
VASFAA Summer
Conference
The Woodstock Inn &
Resort
Woodstock, Vermont

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Agenda



- Recent Perkins Loan History
- Federal Perkins Loan Extension Act of 2015
 - Who Can Borrow Perkins Now?
 - What Else Do I Need to Know?
 - New Disclosure Requirements
- Concerns, Questions & Discussion
- What are Schools Doing in 2016-17?
- What Does the Future Hold ?



Recent Perkins Loan History

- The Perkins Loan Program expired 9/30/15
 - DCL GEN-15-03 spelled out wind-down provisions
- Grandfathering provisions went into effect on 10/1/15 with limited ability to disburse Perkins funds.
- Congress enacted the Federal Perkins Loan Program Extension Act of 2015 on 12/18/15
 - New eligibility guidelines, restrictions, end dates, and disclosures.
- Dear Colleague Letter GEN-16-05 issued February 17, 2016
 - Detailed guidance for schools
 - Eliminates the “Grandfathering “ provisions.

...So Who Can Borrow Perkins Now?

A school may make Perkins Loans through—	To an—	Who, on the date of disbursement—	If the school has awarded the student—
September 30, 2017	Eligible current Undergraduate student	Has an outstanding balance on a Perkins Loan made by the school.	All Direct Subsidized Stafford Loan aid for which the student is eligible.
September 30, 2017	Eligible current Undergraduate student	Does not have an outstanding balance on a Perkins Loan made by the school.	All Direct Subsidized and Unsubsidized Stafford Loan aid for which the student is eligible.

**Excerpt from Dear Colleague GEN-16-05, February 17, 2016

...What Else Do I Need to Know...Eligibility

- Awarding Direct Subsidized and Unsubsidized Stafford Loans - An undergraduate student who was awarded a Direct Subsidized Loan and/or a Direct Unsubsidized Loan can decline one or both of the loans (or request a lesser amount). However, the student's Direct Loan eligibility amounts must be included in the calculation of the undergraduate student's Perkins Loan amount, regardless of whether they actually borrow that full amount.
- Perkins Loans That Have Been Consolidated - When a Perkins Loan is consolidated it is paid in full by the Consolidation Loan. An undergraduate student who has consolidated his or her Perkins Loans does not have an outstanding balance on a Perkins Loan, and is therefore treated as a new undergraduate student.
- Subsequent Disbursements for Undergraduate Students - If an eligible undergraduate student borrower receives a disbursement of a Perkins Loan after June 30, 2017, and before October 1, 2017 for the 2017-2018 award year the student may receive any subsequent disbursements of that Perkins Loan.

...So Who Can Borrow Perkins Now?

A school may continue to make Perkins Loans through—	To an—	If the graduate student—	And the new Perkins Loan will—
September 30, 2016	Eligible graduate student who has received a Perkins Loan before October 1, 2015.	Received his or her most recent Perkins Loan from the school, for enrollment in an academic program at the school.	Enable the graduate student to continue or complete the academic program for which the student received his or her most recent Perkins Loan.

**Excerpt from Dear Colleague GEN-16-05, February 17, 2016

...What Else Do I Need to Know...Eligibility

- Subsequent Disbursements for Graduate Students - If an eligible graduate student borrower receives a disbursement of a Perkins Loan after June 30, 2016, and before October 1, 2016, for the 2016-2017 award year, the student may receive any subsequent disbursements of that Perkins Loan.
- Graduate Students Continuing or Completing an Academic Program - We consider a graduate student to be continuing or completing the academic program for which the student received his or her most recent Perkins Loan only if the first four digits of the program's Classification of Instructional Program (CIP) code are identical to the first four digits of the CIP code for the academic program for which the student received his or her most recent Perkins Loan.
 - In the case of graduate programs with different degree objectives, a graduate student meets the eligibility requirement above if the graduate student:
 - Received his or her most recent Perkins Loan for enrollment in a program with one degree objective (e.g., masters);
 - Then enrolled in a program with the same CIP code (the same first four digits of the CIP code); and
 - Was enrolled in a new program that leads to a different degree objective (e.g., Ph.D).

...What Else Do I Need to Know...Disclosures

ADDITIONAL DISCLOSURES

In addition to the disclosures required under 34 CFR 674.16, under the Extension Act, a school must provide the following disclosures to each Perkins Loan borrower before it makes a first disbursement of a Perkins Loan:

- 1) A notice and explanation regarding the end to future availability of Perkins Loan Program loans;
- 2) A notice and explanation that repayment and forgiveness benefits available to Direct Loan borrowers are not available to Perkins Loan borrowers;
- 3) A notice and explanation regarding the borrower's option to consolidate a Perkins Loan into a Direct Consolidation Loan, including any benefit of consolidation;
- 4) *For current undergraduate borrowers* (as described above), a notice and explanation providing a comparison of the interest rates of Perkins Loans and Direct Loans, and informing the borrower that the borrower has reached the maximum annual borrowing limit for Direct Subsidized Stafford Loans for which the borrower is eligible; and
- 5) *For new undergraduate borrowers* (as described above), a notice and explanation providing a comparison of the interest rates of Perkins Loans and Direct Loans, and informing the borrower that the borrower has reached the maximum annual borrowing limit for Direct Subsidized and Unsubsidized Stafford Loans for which the borrower is eligible.

...What Else Do I Need to Know...Disclosures

- COHEAO sample of Perkins Annual Disclosure:
 - <http://www.coheao.com/coheao-releases-model-perkins-loan-act-disclosure-form/>
 - Developed by a workgroup of from numerous schools and industry organizations to apply the new requirements.
- UVM adapted language from the COHEAO sample form and combined it with our existing disclosure to preserve other aspects that we wanted to keep.
- Feel free to use either as a guide to develop an Annual Perkins Disclosure that is compliant and that works for your school.

...What Else Do I Need to Know...

...Excess Liquid Capital

- **DCL GEN_15-19, September 29, 2015**

...Federal Perkins Loan Program Master Promissory Note

- **DCL GEN-15-21, November 12, 2015**

...Let's Talk

- **What Remaining Questions or Concerns Do We Have?**
- **What Are Our Vermont Schools Doing With Perkins Now?**
- **What Do We See in The Future?**
- **Other?**

Thank You and Enjoy the Rest of the Conference!!

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