
- Reauthorizes Perkins Loan Program through 2015.
- Increases the authorized Federal Capital Contribution (FCC) from $250 million per year to $300 million for FY2009-2014
  - “Authorized” does not mean “appropriated,” but authorization is needed before appropriations normally can happen.
- Permits transfer of 25% of annual appropriation of College Work Study funds to Perkins Loan fund, at campus’s discretion
  - Treated as additional FCC -- institutional match required?
  - Transfer from Perkins to CWS, SEOG still permitted
  - Transfer from CWS to SEOG still permitted
- Increases annual Perkins Loan limits to $5,500 for undergraduates, $8,000 for graduate and professional students
- Expands consolidation loan disclosures to require explanation of Perkins Loan benefits that could lost in a consolidation.
- Deletes requirement that forbearance requests be written
- Loan Rehabilitation: 9 on time payments needed, not 12
  - No other changes
- Increases book allowance from $450 to $600 per year in cost of attendance
- Death or disability discharge of Perkins loans made consistent with how a loan is discharged in FFELP and Direct Loans.
- Loan Cancellation Expanded to include, for all Perkins loans, for years of service after enactment:
  - Full-time staff members in a prekindergarten or child care program that is licensed or regulated by the state;
  - Full-time public defenders;
  - Full-time faculty members at a tribally controlled university;
  - Librarians with a master’s degree in library science who are employed in a school served under Title I of the ESEA, or a public library serving a Title I school;
  - Full-time speech language pathologists with a master’s degree working exclusively in Title I schools;
  - Full-time firefighters.
  - Member of the armed forces who served in an area of hostility, at the rate of 15% for the 1st and 2nd years of service; 20% for the 3rd and 4th years of service; and 30% for the 5th year of service.
- ED only permitted to require assignment of a defaulted loan (mandatory assignment) if school knowingly fails to maintain acceptable collection record on the defaulted loan, or
- For voluntarily assigned or referred loans: collected funds MUST BE returned to institution that assigned them every six months, less 30% collection cost.
  - Treated as additional capital contribution
May require an institutional match.

HEAO SEC. 466: “SENSE OF CONGRESS REGARDING FEDERAL PERKINS LOANS.
It is the sense of Congress that the Federal Perkins Loan Program, which provides low-interest loans to help needy students finance the costs of postsecondary education, is an important part of Federal student aid, and should remain a campus-based aid program at colleges and universities.”

From the explanatory “Statement of Managers” of the House-Senate Conference Committee:

“The Conferees note that the Secretary of Education lacks the authority under this section to require assignment of defaulted Perkins loans. Furthermore, it is the intent of the Conferees that any funds collected from defaulted Perkins loans, including loans that have been assigned to the Department of Education for additional collection activities, be returned to the institution’s revolving fund and available for new loans to future students.

“The Conferees intend to prohibit administrative measures that would weaken the program by reducing the Perkins Loan funds available to lend to students. For this reason, the Conferees agreed to provisions clarifying that the Secretary is only permitted to require the assignment of defaulted Perkins Loans to the Secretary when an institution of higher education has knowingly failed to maintain collection records. The fact that a loan has been in default for any period of time does not mean that the institution has failed to perform due diligence in its collection and is not grounds for the Secretary to require the assignment of the loan.”