Ten Reasons Why the Perkins Loan Program Is Good for Students and Institutions

As administrators of the Title IV Student Aid Programs, our primary goal is to help students achieve their educational goals by providing financial resources and removing financial barriers. We should always provide students with the best forms of aid to meet their needs, no matter the administrative burden. Aside from Subsidized Stafford Loans, Perkins Loans are the best deal for students among the federal loan programs.

1. Institutions award Perkins loans to students based on financial need. The median adjusted gross income for Perkins borrowers and/or their families in 2014-15 was just over $28,000.

2. Perkins Loans are an integral part of a student's aid package, reducing overall student debt levels and helping increase student retention and completion. The program provides financial aid administrators with the flexibility to meet their students' financial need with extremely low-cost loans, even in the case of emergencies or last minute adjustments.

3. There is NO replacement for Perkins. Without Perkins Loans, many students would be forced to borrow private loans, or worse, defer their educational plans. Private loans require borrowers to pass a credit check and often require co-signers - two requirements that can be very difficult for borrowers with financial need.

4. The program has no origination fees, a low fixed interest rate of 5%, and a nine-month grace period during which interest does not accrue.

5. Perkins Loans can be cancelled in full after five years of service (with partial cancellation each year) in a variety of public service fields. Perkins Loan cancellation is more beneficial than Public Service Loan Forgiveness for Direct Loans, which require 120 qualifying payments prior to eligibility.

6. Perkins is the only loan program for graduate students where interest does not accrue while the borrower is enrolled or during grace and qualified deferment periods.

7. Perkins institutions work directly with their student borrowers, providing them with assistance throughout repayment. This assistance extends beyond Perkins Loans, as campus-based administrators often help their students and borrowers understand other issues, such as Direct Loans or tuition bills.

8. The program offers an extended repayment period to borrowers facing financial hardship based on ED guidelines. Loans may also be consolidated for access to income-driven repayment plans.

9. Perkins ensures institutional accountability through requiring "skin-in-the game." Perkins is a risk-sharing program where institutions have contributed approximately one-third of the dollars in their Perkins Fund. This ownership interest greatly contributes to the successful management of this program as well as the availability of additional financial resources for students.

10. Institutions advancing funds in the Perkins Loan Program are entitled to an Administrative Cost Allowance (ACA) which can be used to offset the costs of administering the Campus-Based Programs and the Federal Pell Grant Program.