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October 21, 2015

The Hon. Lamar Alexander  
Chairman, Senate Health, Education,  
Labor & Pensions

The Hon. Patty Murray  
Ranking Member, Senate Health,  
Education, Labor & Pensions

The Hon. Tammy Baldwin  
Member, Senate  
Health, Education, Labor & Pensions

The Hon. Ron Johnson  
Chairman, Senate  
Homeland Security & Government Affairs

The Hon. John Kline  
Chairman, House Education and  
the Workforce

The Hon. Robert C. "Bobby" Scott  
Ranking Member, House Education and  
the Workforce

The Hon. Mark Pocan  
Member, House Education and  
the Workforce

The Hon. Glenn Grothman  
Member, House Education and  
the Workforce

Dear Senators Alexander, Murray, Baldwin and Johnson and Representatives Kline, Scott, Pocan and Grothman:

As educators, we are serving the needs of more students with significant financial barriers to higher education. The path to social mobility and economic prosperity winds its way directly through our classrooms. Unless we can accommodate the growing numbers of needy students in the education pipeline, the consequences for students, for higher education, and for our country's economic and social future are enormous. Investing in these students' education is an investment in our nation's workforce and our economic leadership in the global economy.

Recognizing this, it is essential that we ensure the long-term financial solvency and stability of programs designed to help economically disadvantaged students get into and through school. The Federal Perkins Loan Program is such a program.

With the expiration of the program, our students are "caught in the middle." We very much need Congress to extend the Perkins Program until the Higher Education Act is reauthorized and an opportunity for the streamlining of student loan programs in general can be comprehensively discussed.

The Perkins Program has been a critical resource for thousands of the neediest UW System students over the years, dispersing nearly \$29 million to more than 15,800 students in

2013-14 alone. In other words, nearly 1 in every 11 students enrolled in the UW System that year were directly impacted by the Perkins Program. For these students with exceptional financial need, every dollar is essential as they work toward a degree.

Decision makers, rightfully so, often say institutions must put more “skin in the game” in ensuring student success. Perkins is the original “skin in the game” program because institutions must match one-third of the federal government’s investment in the program. Institutions then make loans each year from the revolving fund to needy students who are eligible under the requirements set forth in the Higher Education Act. The HEA also limits how much a student can borrow. Loan payments from previous borrowers go into their school’s revolving fund and are then re-lent to current students. Alumni often tell us that this is their idea of “pay it forward,” so that future students can benefit from a program that also helped them. Since no capital contributions have been made by the government since 2004, the program is actually self-sustaining, with overall loan volume holding steady.

As of today, the following are some of the impacts that we are beginning to hear about from our institutions and the students whom they serve regarding the sudden end to the program:


- There are more than a thousand students from across the University of Wisconsin System who are eligible for Perkins Loans, but have had their loan canceled due to the sudden expiration of the program and not being able to finish their paperwork on time.
- There are thousands of first-time borrowers who will get a Perkins Loan this year, but will not receive a loan next year due to expiration of the program, potentially heightening their cumulative debt load or impeding their progress to completing their degree.
- Because the program expired, schools are now operating under a “grandfathering” clause. This means that to remain eligible for a Perkins Loan, a student must not change academic programs or transfer to another institution. Across the country, 80 percent of students change majors during their college career, so this “grandfather clause” does not help many students and may, in fact, add to the confusion. This is a significant administrative burden for our staff and could be a nightmare for the student borrower who changes programs only to realize later that they are no longer eligible for their Perkins Loan.
- Perhaps, most importantly, many students max out on unsubsidized and subsidized Direct Loans forcing them to seek private loans with higher interest rates or drop out of school altogether. Sadly, this, in turn, contributes to more borrowing, more debt and ever escalating loan repayments. It is important to note that for many of our University of Wisconsin System institutions, Perkins Loans are used strictly for students who have reached the annual maximum on subsidized and unsubsidized Direct Loans – there are no other government loan choices.

The following statement from a student at the University of Wisconsin-Stevens Point succinctly sums up the dilemma that many of our students are facing:

*If I didn't have the Perkins Loan, and other forms of financial assistance, I would not be able to go to college at all. I have very little, if any, disposable income that could be used for education. I want to become a lawyer in Wisconsin and to do that I need to graduate from the University of Wisconsin Law School which requires I have a bachelor's degree in Political Science (or other applicable areas of study, but I chose PoliSci) in order to apply. Right now, I am about two years away from applying to UW-Madison's law school and without the assistance I get from the Perkins Loan I would be left with the "option" of taking out other kinds of student loans in order to pay for my classes (likely with high interest rates), lowering the amount of classes I take (delaying my graduation date), or dropping out (which is the last thing I want to do).*

On behalf of the University of Wisconsin System, it is our sincere hope that you will reconsider the decision to let the Perkins Loan Program expire. The provisions of this vital program should be extended, at least until such time as the broader conversation regarding the structure of federal student loan programs can fully take place as part of the reauthorization of the Higher Education Act. For all those students who are “caught in the middle,” we need to keep this program in place. After all, our job is to help students who would not otherwise be able to attend higher education and to help them overcome barriers, particularly financial barriers, all of which helps to ensure access, retention, completion, and a skilled workforce. These are goals upon which we all can agree.

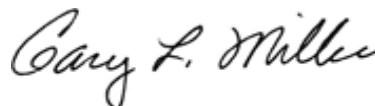
Respectfully,  
The President and Chancellors of the  
University of Wisconsin System



Raymond W. Cross, President



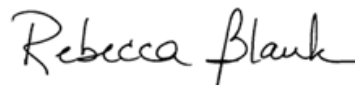
James Schmidt  
Chancellor, UW-Eau Claire



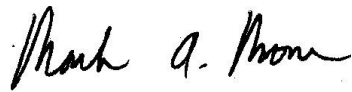
Gary Miller  
Chancellor, UW-Green Bay



Joe Gow  
Chancellor, UW-La Crosse



Rebecca Blank  
Chancellor, UW-Madison



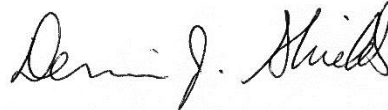
Mark Mone  
Chancellor, UW-Milwaukee



Andrew Leavitt  
Chancellor, UW-Oshkosh



Deborah L. Ford  
Chancellor, UW-Parkside



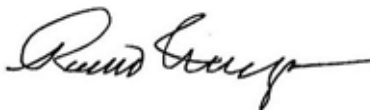
Dennis Shields  
Chancellor, UW-Platteville



Dean Van Galen  
Chancellor, UW-River Falls



Bernie Patterson  
Chancellor, UW-Stevens Point



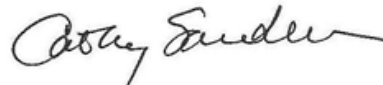
Robert Meyer  
Chancellor, UW-Stout



Renée Wachter  
Chancellor, UW-Superior



Beverly Kopper  
Chancellor, UW-Whitewater



Cathy Sandeen  
Chancellor, UW Colleges/Extension

cc: Wisconsin's Congressional Delegation  
Board of Regents of the UW System  
Provosts  
Financial Aid Officers  
Cabinet