



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF POSTSECONDARY EDUCATION

February 17, 2016

GEN-16-05

Subject: Extension of the Federal Perkins Loan Program

Summary: This letter provides information on the extension of the Federal Perkins Loan Program by the Federal Perkins Loan Program Extension Act of 2015.

Dear Colleague:

This Dear Colleague Letter (DCL) notifies schools that the Federal Perkins Loan Program Extension Act of 2015 (the Extension Act), enacted on December 18, 2015, extends the Perkins Loan Program through September 30, 2017. This DCL supersedes [DCL GEN-15-03](#).

AUTHORITY TO MAKE LOANS

In general, the Extension Act eliminates the Perkins Loan grandfathering provisions that the Department provided guidance on in DCL GEN-15-03. The Extension Act establishes new eligibility requirements for undergraduate and graduate students to receive Perkins Loans. The grandfathering guidance is no longer applicable to the Perkins Loan Program.

Per the changes in the Extension Act, effective December 18, 2015, schools participating in the Perkins Loan Program may make Perkins Loans as specified below:

Undergraduate Students

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	<b>Has</b> an outstanding balance on a Perkins Loan made by the school.	All <b>Direct Subsidized</b> Stafford Loan aid for which the student is eligible.
September 30, 2017	Eligible new undergraduate student	<b>Does not have</b> an outstanding balance on a Perkins Loan made by the school.	All <b>Direct Subsidized and Unsubsidized</b> Stafford Loan aid for which the student is eligible.

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Notes:

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.

Graduate Students

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 <b>most recent</b> 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 <b>most recent</b> Perkins Loan.

Notes:

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).

### 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:

- A notice and explanation regarding the end to future availability of Perkins Loan Program loans;
- A notice and explanation that repayment and forgiveness benefits available to Direct Loan borrowers are not available to Perkins Loan borrowers;
- A notice and explanation regarding the borrower's option to consolidate a Perkins Loan into a Direct Consolidation Loan, including any benefit of consolidation;
- *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
- *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.

### NO ADDITIONAL EXTENSIONS

The Federal Perkins Loan Extension Act prohibits any further extensions of the Perkins Loan Program under section 422(a) of the General Education Provisions Act (GEPA). Schools may not make Perkins Loans to any student on or after October 1, 2017. However, as noted above,

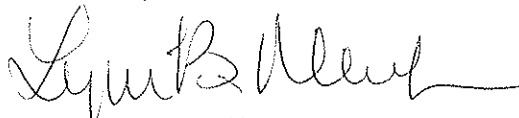
subsequent disbursements of a loan first disbursed to an eligible undergraduate after June 30, 2017, and before October 1, 2017, are allowed.

Distribution of Assets From The Federal Perkins Loan Fund

There are additional provisions of the Federal Perkins Loan Extension Act with regard to the disposition of schools' Perkins Loan Revolving Funds. We plan to provide information on these and other important Perkins Loan Program issues over the next several months.

If you have questions about this letter, or additional questions about the extension of the Federal Perkins Loan Program, please contact Brian Smith at (202) 502-7551.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lynn B. Mahaffie".

Lynn B. Mahaffie  
Deputy Assistant Secretary for  
Policy, Planning, and Innovation  
Delegated the Duties of Assistant Secretary  
for Postsecondary Education