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Plan to cut Perkins loans sparks outcry  
*Students may face loss of financial option*

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CLEMSON -- A proposal to eliminate the federal Perkins student loan program would leave families of college-bound students with one less low-interest option at a time of rising college costs.

Perkins rates, fixed at 5 percent, are the lowest for federal loans to college-bound students this fall. Stafford loans rise to 6.8 percent on July 1 and Plus rates move to 8.5 percent.

The federal government pays the interest on Perkins loans while students are in school and for nine months after graduation.

The program would disappear in 2007 under the budget request President Bush sent to Congress.

**Advertisement**      It's a relatively small loan program, "yet it is a piece that is important to the students who participate," said Marvin Carmichael, director of financial aid at Clemson University.

Clemson students receive about \$1 million annually through the Perkins program, compared to about \$30 million in Stafford loans and about \$50 million in student loans from all sources, Carmichael said.

The University of South Carolina typically loans out about \$3.5 million through the Perkins program annually, and Furman University typically loans out about \$1 million annually, financial aid officers said.

Clemson sophomore Trang Mai, an elementary education major from Greenville, has a Perkins loan of about \$1,000 a year that supplements her state lottery-funded LIFE scholarship and summer paychecks to pay for college. She doubts she could afford Clemson without the Perkins loan.

Her older sister also is at Clemson, studying nursing. Their education is important to their parents, who are Vietnamese immigrants and work at an Easley textile plant where her father is a manager and her mother sews.

"They are super people, and they work hard. These two people work for everything that they have," said Ken Duncan, director of business development at DOT Tiedown and Lifting, where Mai's parents help make the straps that go on tractor-trailers and other products for the trucking and aviation industries.

Without Perkins loans, the alternatives for families such as this "are credit cards and expensive private loans," said Harrison Wadsworth, executive director of the 300-member Coalition of Higher Education Assistance Organizations. The coalition hopes to save the loan program that serves about 750,000 college students each year.

"The Perkins program is one of the most efficient ways to use federal resources -- schools partly match federal capital, and all the money is recycled into loans for future generations. Students need Perkins more than ever," Wadsworth said.

The average 2005 college graduate in South Carolina owed \$19,098, according to Southern Regional Education Board information.

The Perkins program is a revolving fund managed by the schools. As loans are repaid, money is plowed back into new loans. The president's proposal calls for the money -- about \$6 billion -- to be returned to the federal government as loans are repaid rather than going to new college loans, according to coalition figures.

"To take that money back to Washington would remove the money from the system and there's no replacement," Wadsworth said.

Martin Carney, financial aid director at Furman, said the federal government has put little new money into the program in recent years, so abolishing the program won't save that much money.

The federal capital contribution for Perkins loans in South Carolina was \$934,091 for the 2004-05 school year, according to coalition figures.

"We're trying to find the optimal financing opportunities for families of students, so a low-interest rate loan is something we in the financial aid community think we should hang onto," Carney said.

At USC, "a lot of the students are outraged" because it appears the federal government has put education "on the back seat," said junior Tommy Preston, a political science major from Clemson who is president of the Student Government Association.

"In South Carolina, where we have so many underprivileged children who rely on these loans and scholarships to attend college, they aren't going to have the opportunity to do so if the federal government continues to cut the funding," Preston said.

A delegation of 12 USC students plans to meet with Palmetto State lawmakers in Washington, D.C., next month to discuss this and other higher education-related issues, Preston said.

USC financial aid director Ed Miller recently met with a small group of peers from universities across the nation in a brainstorming session that explored ways to help families underwrite the cost of college at a time of little growth in grants and federal loans to meet student needs.

"This nation doesn't seem to place the level of priority on higher education that it once did," Miller said.

"If you are going to take a highly successful program out of existence, you'd like to think the money would be going into a similar program in a balancing act to keep a similar amount of dollars in higher ed."

But the proposed elimination gives no such promise and calls for the money to return to the general budget, Wadsworth said.

Clemson's Carmichael fears it would become one-time money used toward balancing the federal budget and disappear. Wadsworth shares that concern.

"Once it's gone, it will be gone and future students will be the ones that are hurt," Wadsworth said.

Carmichael said he'd support elimination of the Perkins program if there was a single one-source federal loan program that fully addressed student needs, but there isn't.

Perkins loans currently "complement" a "weak" Stafford loan program that even with new higher limits falls

short of meeting student needs in light of today's college costs, Carmichael said.

An executive budget proposal to eliminate the program in 2006 failed, and while Wadsworth and others fear there's more congressional support to end it in 2007, U.S. Rep. Bob Inglis doesn't think that will happen.

"In our quest to balance the budget, we've already asked students to give enough, and we should keep the Perkins program," the Travelers Rest Republican said, referring to the recent budget bill that cuts \$12.7 billion from student loan programs over the next five years.

Third District U.S. Rep. Gresham Barrett said he anticipates "tough decisions" on the budget this year but reserved comments on specific programs this early in the process. "We have a responsibility to ensure all of the programs funded by the federal government are efficient and that the American people are effectively receiving benefits."

U.S. Sen. Lindsey Graham wants to hear more from Clemson and other universities across South Carolina on this issue, said Graham spokesman Kevin Bishop.

U.S. Sen. Jim DeMint hasn't taken a stance on the program and is waiting to see what comes out to the Senate budget committee.

While the presidents' budget "is simply a proposal," DeMint said, "We need to look for better ways to spend our education dollars, and we need to scrutinize every program."

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