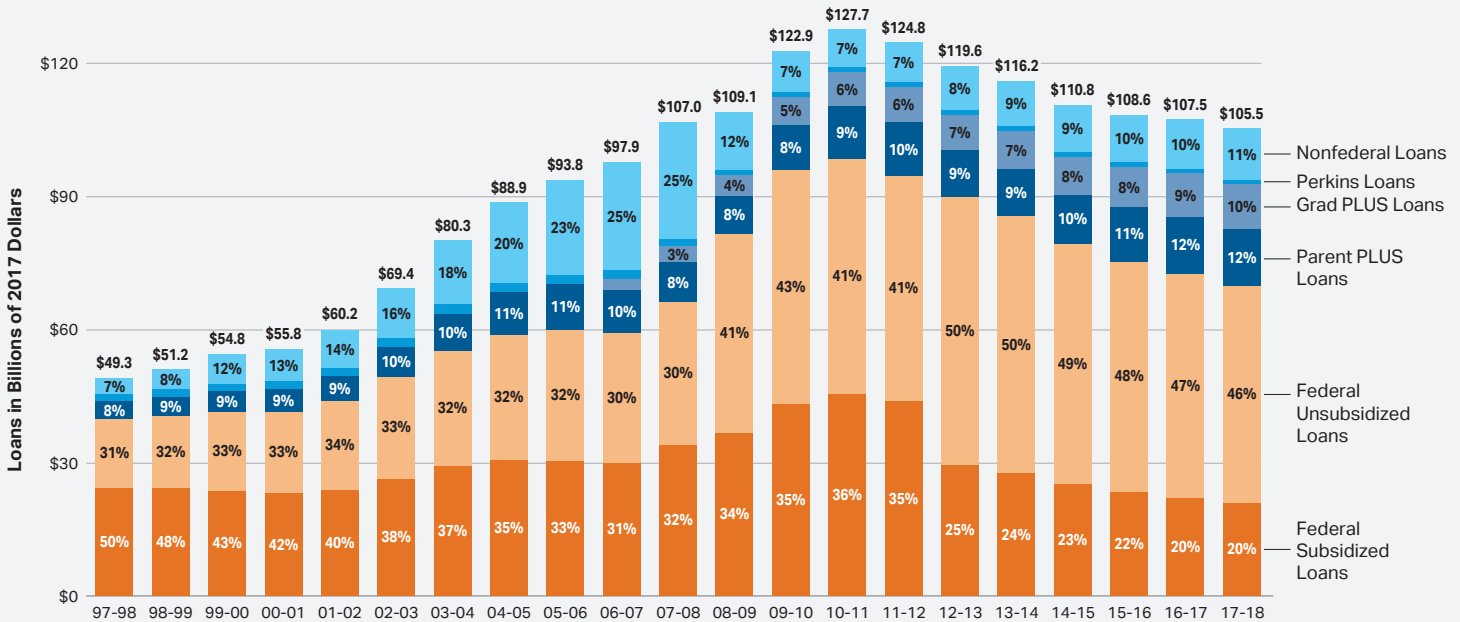


Types of Loans

Total annual student and parent borrowing for postsecondary education declined (in inflation-adjusted dollars) for the seventh consecutive year, to \$105.5 billion in 2017-18.

FIGURE 6 Total Federal and Nonfederal Loans in 2017 Dollars by Type of Loan, 1997-98 to 2017-18



NOTES: Nonfederal loans include loans to students from states and institutions in addition to private loans issued by banks, credit unions, and other lenders. Values for nonfederal loans are best estimates and are less precise than federal loan amounts.

SOURCES: See page 34 for a list of sources for loans included in Figure 6.

- In 1997-98, 61% of Stafford Loans were subsidized loans—the interest is paid by the government while students are in school. This percentage declined to 52% in 2007-08 and to 33% in 2012-13, when graduate students were no longer eligible for the program. In 2017-18, 30% of Stafford Loans were subsidized.
- Between 2012-13 and 2017-18, total annual borrowing from the subsidized and unsubsidized Direct Loan programs declined by 22% to \$70.0 billion. Total annual borrowing from the Parent PLUS Loan program increased by 22% to \$12.8 billion and borrowing from the Grad PLUS program increased by 27% to \$10.3 billion.
- Students borrow nonfederal education loans from banks, credit unions, and other private lenders, including some states and postsecondary institutions. These loans, which are not part of the student aid system and typically do not involve subsidies, fell from about \$26 billion (in 2017 dollars) in 2007-08 to \$9 billion in 2009-10, but increased to almost \$12 billion by 2017-18, when they accounted for about 11% of all education loans.

ALSO IMPORTANT:

- There are no credit requirements for subsidized and unsubsidized Direct Loans or Perkins Loans. To qualify for PLUS loans, borrowers cannot have an "adverse credit history," defined as being 90 days or more delinquent on any debts greater than \$2,085 or being the subject of default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a federal education debt during the five years preceding the date of the credit report.