Undergraduate Debt: Parent PLUS Loans

The shares of 2015-16 dependent degree and certificate recipients graduating with parent PLUS loans ranged from 3% at public two-year colleges to 32% in the for-profit sector.

In all sectors, families with incomes below $35,000 were least likely to have $40,000 or more in parent PLUS loans. Those with incomes of $70,000 or higher were most likely to have borrowed this much.

The share of graduates whose parents had $40,000 or more in PLUS loans was 2% or less among all income groups at public two-year colleges and the lowest-income students at public four-year institutions. This share was between 8% and 13% among students from families with incomes of $35,000 or higher at private nonprofit and for-profit institutions.

More than half of the lowest-income parent PLUS loan borrowers in the public four-year and for-profit sectors accrued less than $10,000 in PLUS loans over their undergraduate years. In the private nonprofit four-year sector, 31% of low-income borrowers had debt levels this low.

**ALSO IMPORTANT:**

- Overall, the parents of 15% of 2015-16 degree and certificate recipients had borrowed through the parent PLUS program.
- In contrast to the Direct Loan program for students, parent PLUS loan eligibility depends on financial standing; some parents are ineligible for federal parent PLUS loans because of adverse credit histories.
- Eligible parents can borrow up to their children's full cost of attendance (including books and supplies and living expenses in addition to tuition and fees) less grant aid received for as long as their children are dependent undergraduate students.
- Like the interest rates on federal student loans, interest rates for new PLUS loans change each year and are fixed for the life of the loan. For loans issued in 2019-20, the interest rate on Direct Subsidized and Unsubsidized loans for undergraduate students is 4.53% (U.S. Department of Education, Federal Student Aid: https://studentaid.ed.gov/sa/types/loans/interest-rates#rates).

**NOTES:** Percentages in parentheses on the vertical axis represent shares of dependent graduates in each sector and shares of dependent graduates in the sector in each family income group. Components may not sum to totals because of rounding.

**SOURCES:** NCES, NPSAS, 2016, calculations by the authors.