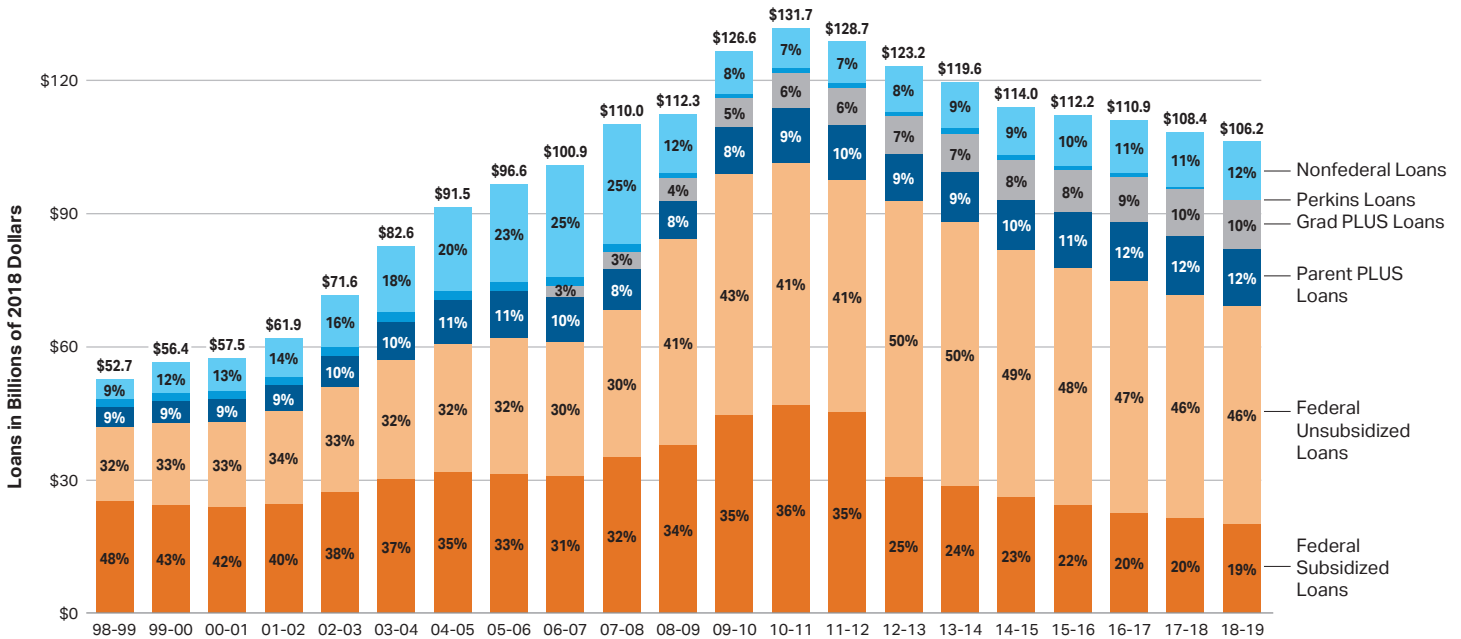


Types of Loans

Total annual student and parent borrowing for postsecondary education declined by 5% (\$6.2 billion in 2018 dollars) between 2008-09 and 2018-19.

FIGURE 6 Total Federal and Nonfederal Loans in 2018 Dollars by Type of Loan, 1998-99 to 2018-19



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.

- Total annual education borrowing declined for the eighth consecutive year in 2018-19.
- Federal Direct student loans fell by \$15.0 billion over the decade. Much of this decline was balanced by increases in the programs without fixed borrowing limits: grad PLUS rose by \$6.0 billion and parent PLUS rose by \$4.1 billion.
- In 1998-99, 60% of Federal Direct loans were subsidized loans—for which interest is paid by the government while students are in school. In 2018-19, 29% of these loans were subsidized.
- Borrowing through the Federal Direct student loan program (subsidized and unsubsidized combined) fell by 32% (\$32.3 billion in 2018 dollars) between 2010-11 and 2018-19, falling from 77% to 65% of total education borrowing. Between 1998-99 and 2010-11, borrowing through this program increased by 142% (\$59.5 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 \$27 billion (in 2018 dollars) in 2007-08 to \$10 billion in 2009-10, but increased to about \$13 billion by 2018-19, when they accounted for about 12% of all education loans.

ALSO IMPORTANT:

- There are no credit requirements for federal subsidized and unsubsidized 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.