Types of Loans

Students and parents borrowed $110.3 billion in education loans in 2012-13, down from a peak of $120.1 billion (in 2012 dollars) in 2010-11.

- Total borrowing from the federal Direct Loan program declined by 3% ($2.9 billion) in 2011-12 and by another 7% ($6.5 billion) in 2012-13. Total borrowing from the PLUS program for parents of undergraduate students declined by 11% ($1.3 billion) over this two-year period.

- The total volume of education loans disbursed increased by 55% in inflation-adjusted dollars between 2002-03 and 2007-08. Because of the decline in borrowing in 2011-12 and 2012-13, total volume increased by only 8% between 2008-09 and 2012-13.

- In 2012-13, nonfederal loans, which usually have less favorable repayment terms than federal loans, totaled an estimated $8.8 billion. Nonfederal borrowing grew from about $10.5 billion (in 2012 dollars) in 2002-03 to $25.5 billion in 2007-08, before falling to $8.1 billion in 2010-11 and 2011-12 and increasing by an estimated $0.7 billion in 2012-13.

- Some colleges and universities make loans to students and parents to supplement their federal loans. While no precise measure of these loans is available, reports from institutions indicate that institutional loans have grown from about $490 million (in 2012 dollars) in 2007-08 to about $710 million in 2012-13.

**ALSO IMPORTANT:**

- As of July 1, 2012, graduate students are no longer eligible for Direct Subsidized Loans.

- The estimate of $8.8 billion in private loans for 2012-13 combines information from the Consumer Bankers Association/MeasureOne and the Consumer Financial Protection Bureau with data from credit unions, estimates of institutional loans, and data on loans provided through states.

- Dependent undergraduates can borrow up to $5,500 in federal Direct Loans (including a maximum of $3,500 in subsidized loans) in their first year, and up to $6,500 (up to $4,500 in subsidized loans) in their second year. The limit for the third year and beyond is $7,500 (up to $5,500 in subsidized loans). Limits for independent undergraduate students are higher.

- Graduate students can borrow up to $20,500 per year in federal Direct Loans. The lifetime maximum for graduate students is $138,500, including their undergraduate borrowing.

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**FIGURE 6**

Growth of Federal and Nonfederal Loan Dollars in 2012 Dollars, 1992-93 to 2012-13, Selected Years

NOTE: Nonfederal loans include loans to students from states and from institutions, in addition to private loans issued by banks, credit unions, and Sallie Mae. Estimates of institutional and state loan volume are included only for academic years 1999-2000 through 2012-13.

SOURCE: Table 1.