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ABSTRACT

This paper analyzes the use of student grants and loans among undergraduates in the 1989-90 academic year. It discusses the issue of using loans to finance undergraduate education, and explores who among current undergraduates receive grants and loans. It also investigates the cumulative amounts of education debt taken on by undergraduate students and examines the burden of that debt by comparing the annual payments with a rough measure of the expected future income of borrowers. The paper found that undergraduates whose families had little ability to pay or who attended relatively expensive schools were more likely to receive aid than other students. Students from low-income families were more likely to receive Pell Grants, while undergraduates attending higher-cost, private four-year colleges, and proprietary schools were most likely to have Stafford Loans. The cumulative amount of debt incurred by students varied considerably, with seniors at private four-year colleges having the largest average amount. Few, however, had educational debt greater than $12,000. Based on what they could expect to earn after leaving school, few students were likely to be overburdened by debt. Three appendixes contain supplementary tables, graphs, and information on the distribution of Stafford Loans. (MDM)

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CBO STAFF MEMORANDUM

THE USE OF GRANTS AND LOANS
TO HELP FINANCE
UNDERGRADUATE EDUCATION

APRIL 1992

HE027 505

CONGRESSIONAL BUDGET OFFICE
SECOND AND D STREETS, S.W.
WASHINGTON, D.C. 20515

This Congressional Budget Office Staff Memorandum analyzes the receipt of student financial assistance in the forms of grants and loans among undergraduates in academic year 1989-1990. It examines who gets what amounts of Pell Grants, Stafford Loans, and other grants and loans. It was prepared in response to a request from the Senate Committee on Labor and Human Resources.

The memorandum was written by Jay Noell of CBO's Human Resources and Community Development Division under the direction of Nancy Gordon and Bruce Vavrichek. Jacquelyn Vander Brug generated the numbers in the tables and graphs and, along with Kimberly Guise and Julia Jacobsen, prepared the graphs. Verdon S. Staines made helpful comments. Roger M. Williams edited the manuscript. Ronald Moore provided administrative assistance for the project and prepared the final version of the manuscript.

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Loans have increased as a share of student aid over the last 15 years. Almost one in two seniors at four-year colleges has taken out a loan to go to school, as have two in five proprietary school students and one in four sophomores at public two-year colleges.[1]

The apparent and growing need for students to go into debt has contributed to a debate about the nation's commitment to equal educational opportunity. The policy of equal educational opportunity is intended to ensure that limited financial resources do not prevent aspiring students from attending college.[2] Having to take out a loan instead of receiving a grant makes college more expensive for students; unlike grants--which are gifts--loans must be repaid.[3]

Those most alarmed about student borrowing worry that lower-income youth, especially minorities, will be reluctant to go to college if they must borrow to do so. Others note, however, that the promise of equal educational opportunity never meant getting grants, only that aspiring students should have access to the financing they need. Young people willing to make the effort to go to college should be able to get funding but should not expect to avoid borrowing in order to do so.

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1. Proprietary schools (also known as career colleges) are for-profit educational institutions that specialize in trade, business, and vocational programs.

2. For a more comprehensive discussion of equal educational opportunity, see Congressional Budget Office, *Student Aid and the Cost of Postsecondary Education* (January 1991).

3. The third type of student aid consists of work-study and assorted other types of aid: for example, teaching and research assistantships, and employer-provided tuition refunds. Student aid comes from the federal and state governments as well as from private sources, including postsecondary institutions and employers.

Because the cost of replacing loans with grants would be so large, the former will probably never be eliminated as a type of student aid.[4] But the amount of debt that students should be asked to bear is another matter. Some observers believe that students may now be borrowing more than they can repay. Rising education debt may portend increasing default rates, and as the guarantors of most student loans, the federal government--that is, the taxpayers--must pay for the costs when students default.

Fortunately, the current evidence on the consequences of the increasing use of educational loans does not confirm the worst fears about their possible results.[5] Although replacing grants with loans raises the cost of college to students, college enrollment and enrollment rates are near or at record-high levels.[6] Studies find that student borrowers with large amounts of debt are no more likely to default than

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4. The cost of loans is their subsidy cost, and the cost of grants is their face value. Loan subsidy costs may include federal interest payments on the loans while students are in school, special allowances to lenders to make student loans, and default claims for those who default. In the case of Stafford Loans, subsidy costs are now estimated to be about 25 cents for every dollar loaned. Thus, four dollars in Stafford Loans can be made for every one dollar in Pell Grant assistance.

5. See Janet S. Hansen, *Student Loans: Are They Overburdening A Generation?* (Washington, D.C.: College Board, February 1987).

6. See Bureau of the Census, *School Enrollment--Social and Economic Characteristics of Students: October 1989*, Current Population Report, series P-20, no. 452 (October 1991). For an alternative view, see Thomas G. Mortenson, *The Impact of Increased Loan Utilization Among Low Family Income Students*, ACT Student Financial Aid Research Report 90-1 (February 1990). Recent evidence also suggests that undergraduate education debt does not affect enrollment in graduate programs. See William C. Weiler, "The Effect of Undergraduate Student Loans on the Decision to Pursue Postbaccalaureate Study," *Educational Evaluation and Policy Analysis*, vol. 13 (Fall 1991), pp. 212-220.

those with small loans. Defaulters tend to have low incomes, do not complete their programs, and were older when they left school.[7]

After reviewing recent trends in the portions of student aid provided as grants and as loans, this memorandum examines the issue of using loans to finance undergraduate education. First, it looks at who among current undergraduates gets grants and who takes loans. The policy of equal educational opportunity requires that student aid be allocated on the basis of financial need. But grant assistance is probably more effective than loans in increasing enrollment. Who gets the limited amount of grant assistance and who is offered loans to finance their college education is thus a central concern. Second, this analysis investigates the cumulative amounts of education debt taken on by undergraduate students today and then considers the burden of that debt by comparing annual repayments with a rough measure of the expected future incomes of borrowers.

The memorandum finds that undergraduates whose families had little ability to pay or who attended relatively expensive schools were more likely to receive aid than other students. Students with low family incomes were most likely to receive Pell Grants; undergraduates attending higher-cost, private four-year colleges and proprietary schools were most likely to take Stafford Loans. The cumulative amount of debt incurred by students also varied considerably across a spectrum of students with various incomes attending different types of schools. On average, seniors at

7. See Congressional Budget Office, "The Experience of the Stafford Loan Program and Options for Change" (December 1991); and General Accounting Office, *Student Loans: Characteristics of Defaulted Borrowers in the Stafford Student Loan Program* (April 1991).

private four-year colleges had the largest educational debt among undergraduate students, but only a fraction of them had education loans greater than $12,000. Based on what they could expect to earn after leaving school, this analysis confirms the findings of earlier studies that few of these students were likely to be overburdened with debt.

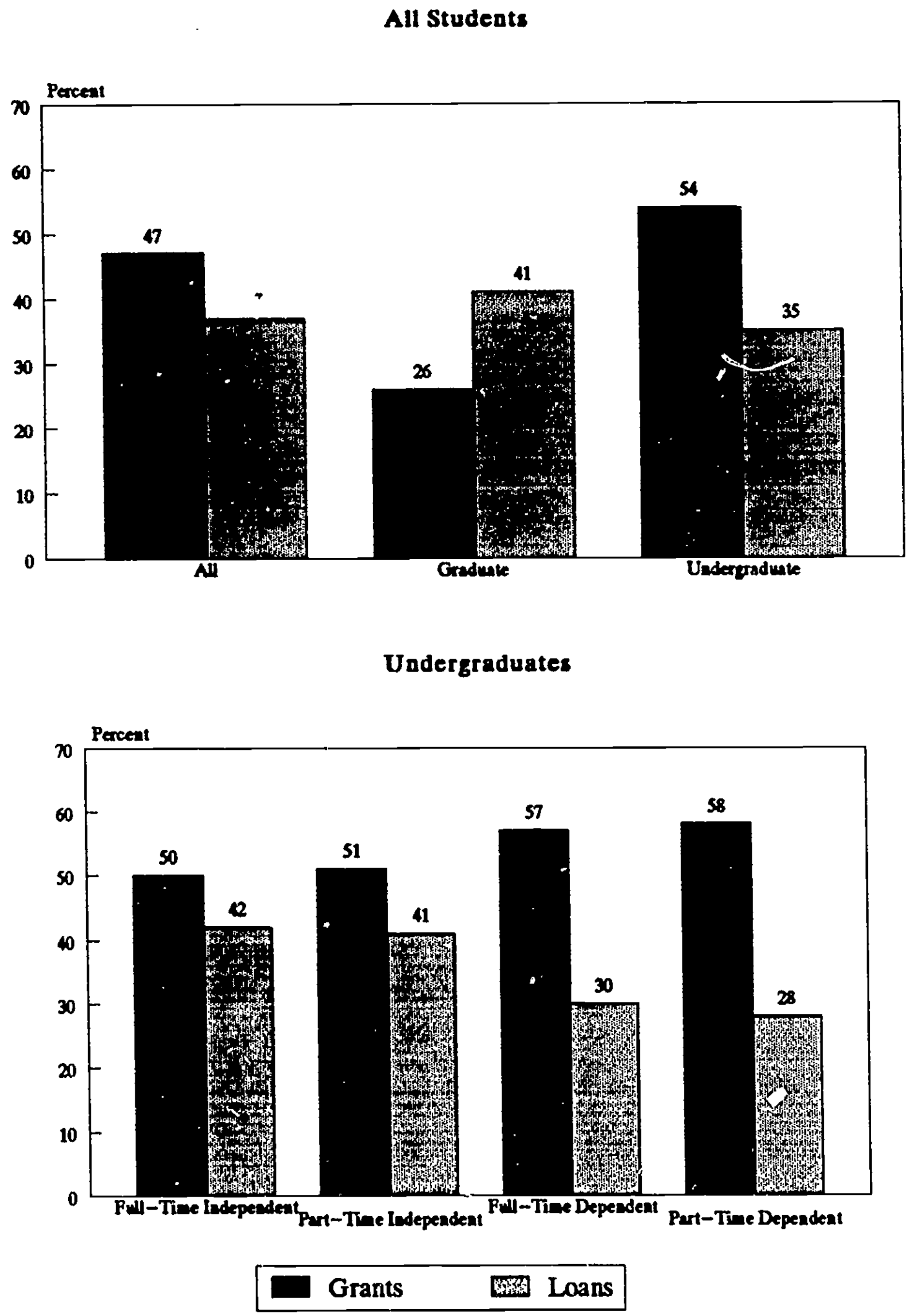
THE TREND FROM GRANTS TO LOANS

Although it is widely believed that loans constitute a larger share of student aid than grants, recent comprehensive data from the Department of Education's 1990 National Postsecondary Student Aid Study indicate that grant assistance makes up a larger share of aid than loans, both overall and for undergraduates (see Figure 1).[8] Grant assistance made up 54 percent of all financial aid to undergraduate students; loans had risen to 35 percent of aid; and work-study and other types of aid made up the remaining 11 percent. (For additional information on the composition of student aid by source, see Appendix A.)

Trend data tabulated by the College Board do show, however, that loans have been increasing as a share of aggregate student aid for most of the last 15 years

8. The 1990 National Postsecondary Student Aid Study, conducted by the Department of Education's National Center for Education Statistics, examined how students and their families paid for postsecondary education in academic year 1989-1990. It included a nationally representative sample of undergraduates, which is used in this report. This Congressionally-mandated study is one in a series that covers aid received by students from all sources over the entire academic year in all major types of postsecondary institutions.

Figure 1.
Percentage of Student Financial Aid as Grants and Loans, Academic Year 1989–1990



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

NOTE: The remaining amounts of aid consist of work–study and assorted other types.

(see the upper panel in Figure 2).[9] Although the share provided as grants reached a high point of 80 percent of the aid in academic year 1975-1976, it dropped below 50 percent in the early 1980s. Correspondingly, although the share as loans dropped to about 17 percent in academic year 1975-1976, it rose to a peak of 52 percent in academic year 1987-1988. For the academic year 1990-1991, loans and grants made up almost equal shares in the aid included by the College Board.[10]

Changes in federal assistance underlay this transformation. Specially directed federal student financial aid declined, and generally available federal student aid increased (see lower panel of Figure 2). The specially directed aid principally includes benefits for undergraduate dependents of Social Security recipients (now eliminated) and veterans.[11] The generally available aid, which is awarded mostly on the basis of financial need, includes Pell Grants (the largest

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9. The College Board has been compiling trend data on student aid since at least 1983. The available data have not covered all aid, however. While the data appear to have portrayed the trends accurately, the proportions of aid as grants or loans at any point in time will be inaccurate because not all aid has been included. In addition, the available trend data cover all students; separate trends for graduates and undergraduates are not available. Because most students and aid recipients are undergraduates, changes in the aid available to undergraduates probably determine the general trends in the composition of all financial aid.

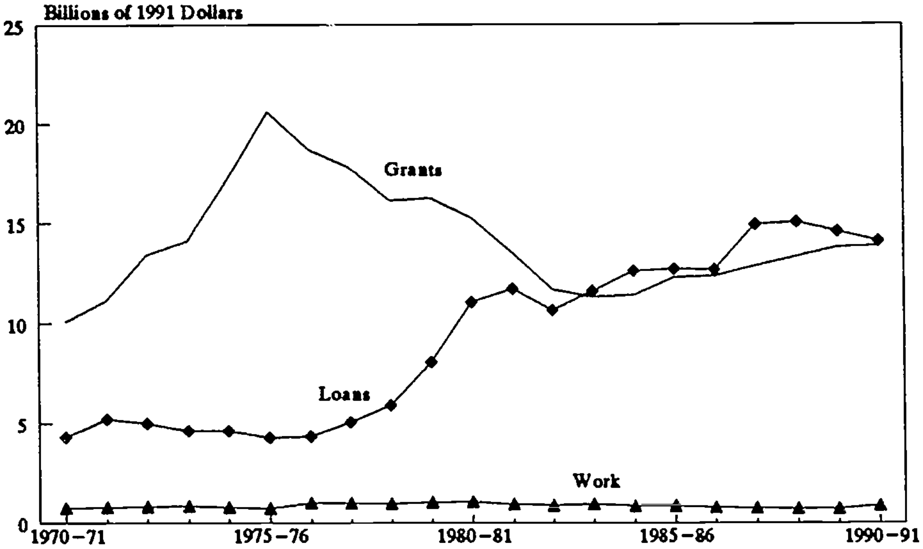
   The College Board figures for loans used in this analysis cover only federal loans. The figures for grants cover assistance from federal, state, and institutional sources. For more details, see College Board, *Trends in Student Aid: 1963 to 1983* (Washington, D.C.: December 1983) and *Trends in Student Aid: 1981 to 1991* (Washington, D.C.: August 1991).

10. The shares of aid as grants and loans were 48 percent and 49 percent, respectively. The remainder is classified as work and consisted mainly of jobs supported through the federal Work-Study Program. Work or subsidized jobs have always constituted less than 5 percent of the aid included in the College Board's reports. See the College Board, *Trends in Student Aid: 1981 to 1991* (Washington, D.C.: August 1991).

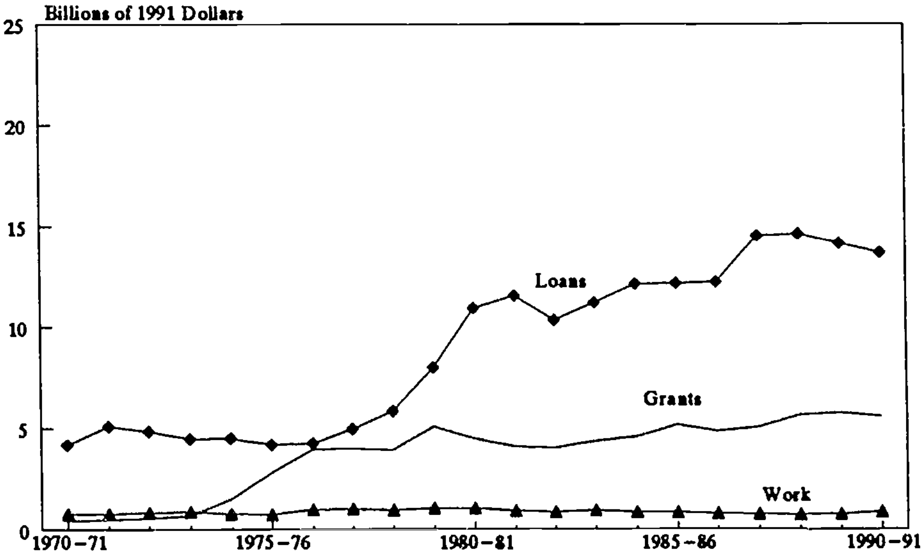
11. This group also includes other military education benefits and assorted forms of assistance. For more details, see College Board, *Trends in Student Aid: 1981 to 1991*.

Figure 2.
Trends in Student Aid, Academic Years 1970–1971 to 1990–1991
(In billions of fiscal year 1991 dollars)

Aggregate Aid



Federal Student Aid That Is Generally Available



SOURCE: Congressional Budget Office tabulations based on data from the College Board, "Trends in Student Aid" (December 1983, August 1989, and August 1991).

NOTE: Aggregate aid includes benefits for undergraduate dependents of Social Security recipients and for veterans in addition to other forms of student aid. Social Security benefits were eliminated in 1981.

federal grant program) and Stafford Loans (federally guaranteed loans that students obtain from private lenders).[12]

Specially directed grants have declined since the mid-1970s for several reasons. Benefits to undergraduates who are dependents of Social Security recipients were eliminated in 1981 (although those funded in that year got continued funding through the 1984-1985 academic year). Those payments made up more than 10 percent of all aid between 1971 and 1982, and they provided more aid than the Pell Program until the 1976-1977 academic year. As late as academic year 1981-1982, Social Security benefits provided almost as much student aid as did Pell Grants.

The aggregate amount of veterans' benefits as a source of aid decreased after 1976 because the number of eligible veterans enrolled in college declined. Veterans' benefits were a significant source of financial aid. At their peak in academic year 1975-1976, they made up 40 percent of aid from all sources and almost 50 percent of all grants. By 1990-1991, however, veterans' aid amounted to only about $700 million, less than 3 percent of all aid.

Although the share of student aid made up of grants increased with the creation and then expansion of the Pell Grant Program in the mid-1970s, loans have

12. Other types of federal aid generally available include so-called campus-based aid (namely, the Perkins Loan Program, the Supplemental Educational Opportunity Grant Program, and the Work-Study Program); the Supplemental Loans for Students Program and the Parental Loans for Undergraduates Program (both of which are part of the Guaranteed Student Loan Program along with the Stafford Loan Program); and the State Student Incentive Grant Program.

been the dominant form of generally available federal aid since the early 1970s. The Stafford Loan Program has grown markedly since the mid-1970s, with loan volume increasing almost tenfold between fiscal years 1976 and 1991. Funding for Pell grants has grown more slowly. In fiscal year 1991, funding for the Pell Grant Program was $5.3 billion, and Stafford Loan volume amounted to $10.6 billion.[13]

Especially at the federal level, budgetary considerations appear to have favored the recent expansion of loans instead of grants.[14] In 1991, one dollar of student aid cost the federal government about 25 cents as a Stafford Loan, but a full dollar as a Pell Grant. That figure includes interest subsidies and the costs of expected defaults.[15] Thus, the Stafford Loan volume of $10.6 billion in fiscal year 1991 involves a federal subsidy cost of only about $2.6 billion.[16]

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13. In fiscal year 1991, the volume of Supplemental Loans for Students was estimated to be $1.9 billion and that of Parental Loans for Undergraduates Students was $1.1 billion. Along with Stafford Loans, the two are part of the Guaranteed Student Loan Program, which provided $13.5 billion in loans.

14. Although the Stafford Loan Program is an entitlement program, the Congress can and has changed the terms under which loans are made. Such changes can control the size of the loan volume and the amount of federal subsidies needed to run the program. The Congress controls the size of the Pell Grant Program, which is not an entitlement, through the authorization process that sets maximum grant levels as well as through the appropriation process that sets annual funding levels.

15. The subsidy cost is the amount of all federal subsidies or expenditures associated with loans made in a given year, reported as net present value. Subsidies are generally paid each year of the life of a loan. The standard term for Stafford Loans is 10 years. Federal funds for Stafford Loans pay for a special allowance for lenders that varies with the interest rate, the in-school interest costs of student borrowers, and default claim payments to guarantors to compensate lenders (or holders of the loans) for losses that stem from defaults. Additional payments are made to cover the death or disability of borrowers. The present value of loans for a fiscal year is calculated on the basis of all loans made in that year. It is computed by reducing the level of projected net cash expenditures associated with the loans by an expected interest rate. The interest rate used is usually the same as that for long-term government loans.

16. An alternative way to look at the cost of grants and loans to the federal government is to compare the amounts available as grants with those provided to subsidize loans. From that perspective, the federal government spends substantially more on grants.

WHO GETS FEDERAL PELL GRANTS AND STAFFORD LOANS?

The Pell Grant Program and the Stafford Loan Program are the federal government's largest student aid programs.[17] Together, they provide over 80 percent of federal aid and almost 45 percent of all student aid. The Pell Grant is widely seen as the most important form of aid to undergraduates with the lowest family income. Stafford Loans also provide funds to students with financial need, enabling many to go to more expensive colleges than they could otherwise afford.

Financial Need

Both Pell Grants and Stafford Loans, along with most other forms of student aid, are awarded on the basis of financial need. The need is simply the difference between the cost of attending a chosen college and the amount that the student and his or her family are able to pay. Total financial need therefore increases with costs of attendance and decreases with ability to pay.

Costs of Attendance. The costs of attendance include tuition and fees, room and board, and miscellaneous expenses (such as books and transportation). Costs vary by type of institution and attendance status. Private four-year colleges are the most expensive institutions, followed by proprietary schools, public four-year colleges, and

17. Only undergraduates can receive Pell grants; both undergraduate and graduate students can get Stafford Loans.

public two-year schools (see Table 1). Full-time attendance costs more than part time because it generally involves higher tuition and fees and often involves additional expenses for room and board.

Among the approximately 15.9 million undergraduates in academic year 1989-1990, the largest share--47 percent--attended four-year institutions.[18] Of that share of students, about 30 percent attended private schools and 70 percent attended public schools. About 44 percent of all undergraduates were at public two-year colleges and 9 percent were at proprietary institutions, which specialize in technical, business, and vocational programs. Roughly 34 percent of undergraduates attended full time and 66 percent attended part time (see Table 2).

Ability to Pay. The student's and family's ability to pay for college depends on their financial resources. Based on those resources, financial aid administrators at the schools apply a formula to determine the actual amount that student and family are expected to contribute toward meeting costs of attendance. Among the approximately 48 percent of students who remain financially dependent on their parents, ability to pay is based on the income and net assets of both. For students financially independent of their parents, the resources of only the student and (if applicable) his or her spouse are considered.[19]

18. Undergraduates enrolled in private two-year colleges are excluded from this analysis because few of them are represented in the Department of Education's 1990 National Postsecondary Student Aid Study, which was used to examine patterns of aid receipt. In addition, enrollment is measured in terms of the number of students ever enrolled, not full-time-equivalent enrollment.

19. An "independent" student must be 24 years of age or older, a veteran of the armed forces, a graduate student not claimed as a dependent by parents, married, have dependents, or meet other specific criteria.

TABLE 1. AVERAGE ANNUAL COSTS OF FULL-TIME UNDERGRADUATE ENROLLMENT, BY TYPE OF COLLEGE AND EXPENDITURE, ACADEMIC YEAR 1989-1990 (In dollars)

Type of College	Tuition and Fees	Room and Board	Miscellaneous	Total
Private Four-Year	8,675	2,845	1,209	12,729
Proprietary	5,096	1,683	1,143	7,922
Public Four-Year	2,088	2,095	1,002	5,185
Public Two-Year	851	2,127	923	3,801

SOURCE: Congressional Budget Office tabulations based on data from the National Postsecondary Student Aid Study, Department of Education, 1990.

Student Aid Packages. After determining financial need, financial aid administrators put together a package of one or more types of aid for each eligible student.[20] Aid administrators generally award Pell Grants first, if the student is eligible, and then other federal, state, and private noninstitutional grants.

If attendance costs exceed the total of applicable grants plus the expected student and family contribution, loans are often considered next. Stafford Loans are the most common. Even if they do not bring resources up to the level of need, many colleges have their own funds (often grants in the form of tuition rebates).

20. For a more detailed discussion of how postsecondary institutions award different forms of student aid from different sources in what are called aid packages, see Congressional Budget Office, *Student Aid and the Cost of Postsecondary Education*.

Although every source of aid has policies governing its award, colleges generally have discretion in mixing the different types to meet students' financial needs. This discretion is especially important in making grant awards. Although colleges try to give students as much grant aid as possible before allowing them to borrow, grant assistance is obviously limited. The maximum Pell Grant was $2,300 in academic year 1989-1990. As that figure indicates, grant aid is usually insufficient

TABLE 2. NUMBER AND PERCENTAGE OF UNDERGRADUATES, BY DEPENDENCY AND ATTENDANCE STATUS, ACADEMIC YEAR 1989-1990

Dependency Status	Total	Full-Time Attendance	Part-Time Attendance
	Number of Undergraduates (Thousands)		
Total	15,915	5,437	10,478
Dependent	7,626	3,896	3,730
Independent	8,289	1,541	6,787
	Percentage of Undergraduates		
Total	100.0	34.2	65.8
Dependent	47.9	24.5	23.4
Independent	52.1	9.7	42.4

SOURCE: Congressional Budget Office tabulations based on data from the National Postsecondary Student Aid Study, Department of Education, 1990.

to meet full financial need, and students increasingly borrow to cover their college costs. In academic year 1989-1990, the maximum Stafford Loan was $2,625 for freshmen and sophomores, and $4,000 for juniors and seniors. Applicants for Stafford Loans are required to have their eligibility for a Pell Grant determined before getting such a loan.

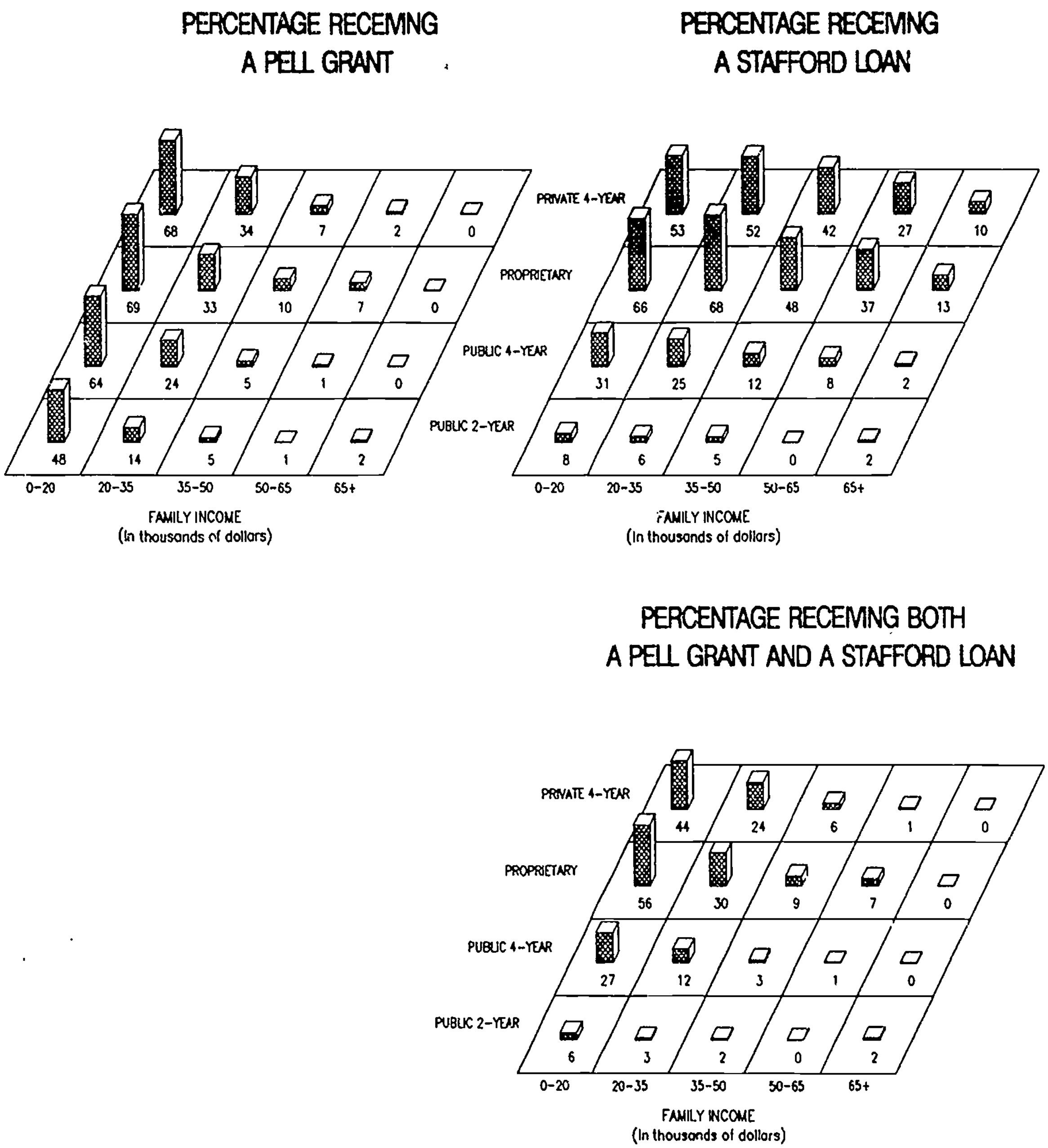
Receipt of Pell Grants

About 20 percent of undergraduates received a Pell Grant in academic year 1989-1990. The awards depended more on financial need stemming from their low income than from the cost of attendance. (See the upper left panel in Figure 3 for receipt of Pell Grants among traditional undergraduates--full-time dependent students--and similar panels on the figures in Appendix B for part-time dependent students, full-time independent students, and part-time independent students.)[21] Pell Grants tended to go to students with the lowest family income. The likelihood of getting a grant increased with the cost of the school involved. Unexpectedly, however, students in proprietary schools were most likely to get Pell Grants.

The pattern of Pell Grant awards reflects the formula used to make them, which limits the role of costs of attendance in determining awards. In academic year

21. This analysis uses student aid patterns among traditional undergraduates--full-time dependent students--to illustrate how student aid is awarded. Appendix B contains graphs illustrating how aid is awarded to other types of students. Unless otherwise noted, however, the discussion in the text covers all undergraduates--except those in private two-year colleges, as noted above. Although the data pertain to academic year 1989-1990, there is no reason to expect that general patterns of aid have changed since then.

Figure 3. Percentage of Full-Time Dependent Undergraduates Receiving Aid, by Family Income and Type of Institution, Academic Year 1989-1990



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

1989-1990, for example, students enrolled in schools costing more than $3,833 (roughly, the average cost of public two-year colleges) were limited to the maximum Pell Grant of $2,300.

Receipt of Stafford Loans

About 16 percent of undergraduates took Stafford Loans in academic year 1989-1990, but the pattern of receipt differed from that of Pell Grants (see Figure 3). Students choosing more expensive private schools were more likely than students in public colleges to take the loans. Students in proprietary schools were the most likely to use them, with 55 percent receiving Stafford Loans.

The proportion of students taking Stafford Loans also increased as their family income decreased. Many middle-income undergraduates at relatively expensive schools borrowed through the Stafford Loan program. But students from lower-income families were more likely than those with higher family income to do so, especially when attending higher-cost schools.

Receipt of Both a Pell Grant and a Stafford Loan

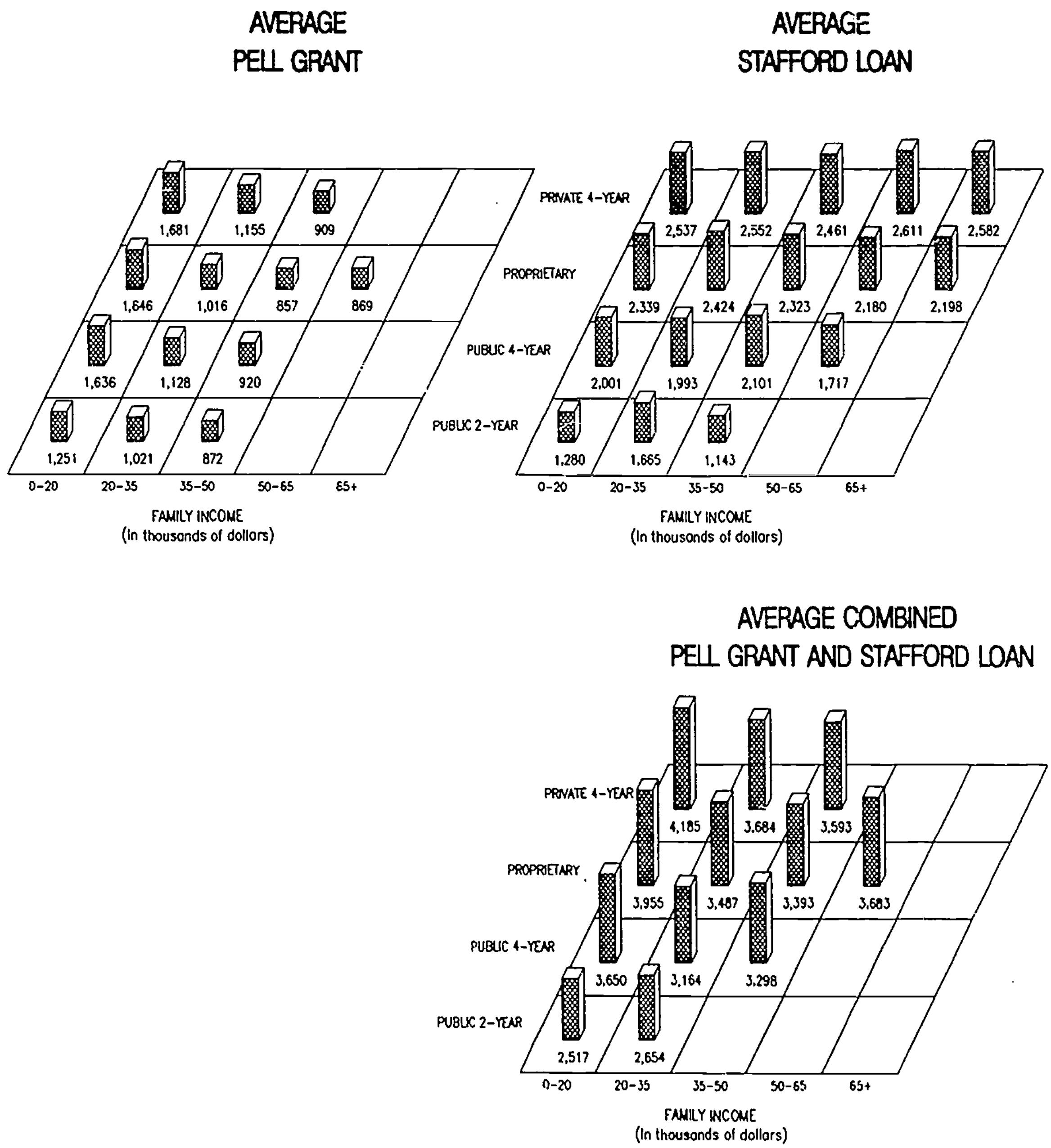
Almost half of the undergraduates who received a Pell Grant also took a Stafford Loan. Many of them were students having the lowest family income and attending high-cost institutions. Students in that group who were enrolled at proprietary schools were strikingly more likely than their counterparts at other more expensive institutions to receive both forms of aid.

Pell Grant Amounts

Because both Pell Grants and Stafford Loans are awarded on the basis of financial need, the amounts that undergraduates receive are expected to vary with the factors that determine that need, just as do the proportions of students receiving such aid. These factors include low income and the high cost of attendance.

Undergraduates in academic year 1989-1990 received an average Pell Grant of about $1,400. Although awards varied as anticipated with family income and type of school attended, they varied less than the likelihood of receiving aid (see upper left panel in Figure 4). And although students from higher-income families are less likely to need aid, those who do get Pell Grants presumably live in extenuating circumstances that result in their getting relatively large awards. As was the case with the proportions of undergraduates receiving this aid, the average awards of recipients were also more sensitive to their families' income than to their cost of attendance.

Figure 4. Average Aid to Full-Time Dependent Undergraduates Receiving Aid, by Family Income and Type of Institution, Academic Year 1989-1990 (In dollars)



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

NOTE: Estimates of aid amounts are provided only when more than two percent of students in the relevant category receive such aid.

Stafford Loan Amounts

Undergraduate borrowers had an average Stafford Loan of about $2,000 in academic year 1989-1990. In contrast with Pell Grants, the average Stafford Loan varied less with the students' family income than with cost of attendance (see upper right panel in Figure 4). Borrowers at private four-year colleges got the largest average loan; those at public two-year schools, the smallest. (For data on the distribution of Stafford Loan amounts, including the proportions of borrowers who take the maximum loan amounts as freshmen and sophomores and as juniors and seniors, see Appendix C.)

Amounts from Joint Receipt of a Pell Grant and a Stafford Loan

Undergraduates who received a Pell Grant and took a Stafford Loan got an average of about $3,850 from the two programs. Average amounts of combined aid also varied by financial need, increasing as family income fell and as costs of attendance rose (see lower panel in Figure 4). For example, traditional undergraduates with the greatest financial need--students with less than $20,000 in family income who were attending private four-year colleges--received an average total of $4,185.

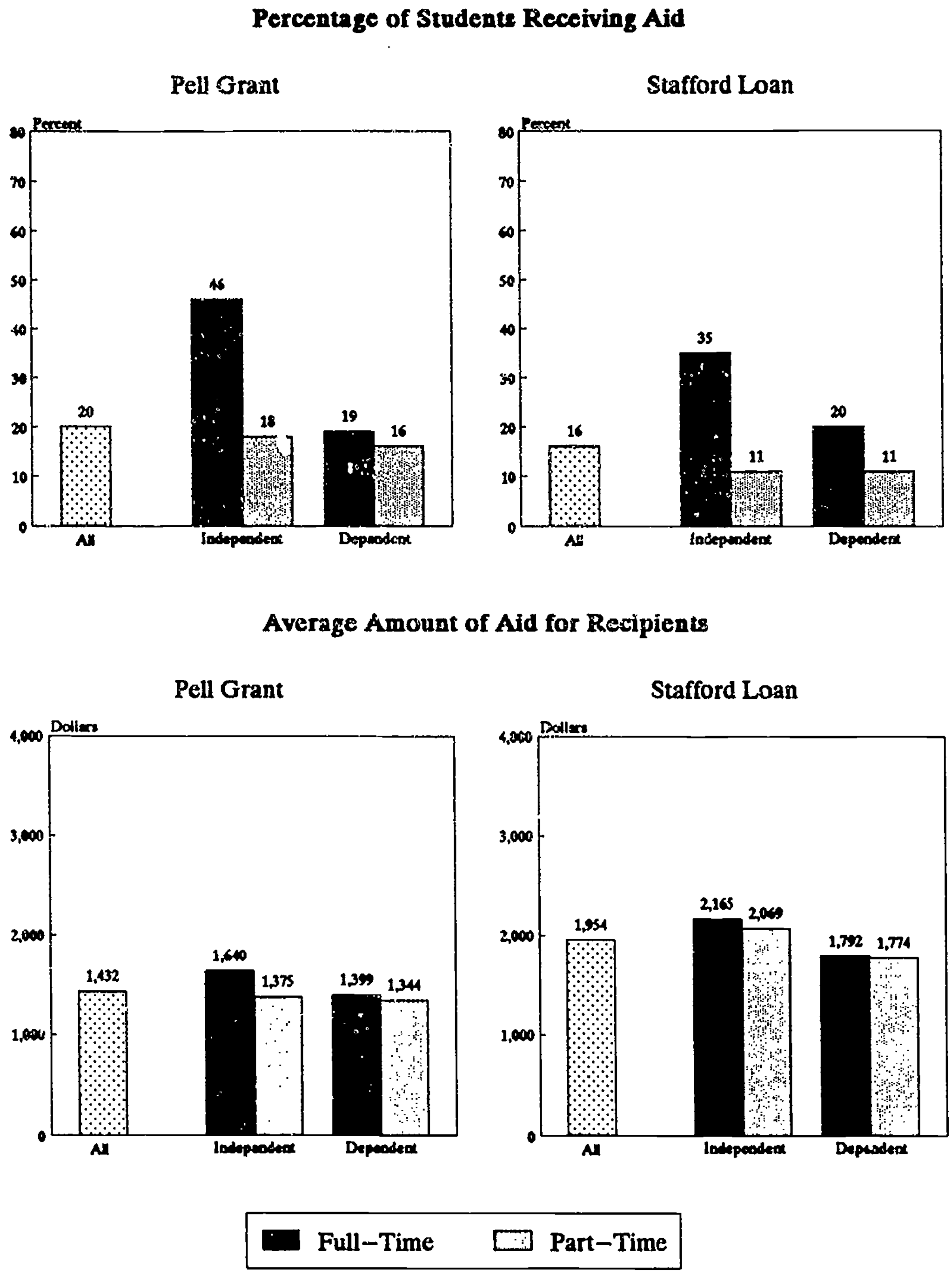
Receipt of Pell Grants and Stafford Loans by Attendance and Dependency Status

Typically, the most needy students are full-time independent students, with their higher attendance costs and lack of parental support, followed by part-time independent students, (traditional) full-time dependent students, and part-time dependent students.

As a result, the receipt of Pell Grants also varied by the financial need of students as indicated by their attendance and dependency status (see upper left panel in Figure 5). Full-time independent students were more than twice as likely as other types of students to get a Pell Grant. Nearly half of this group received Pell Grants, compared with less than 20 percent of all other students. The average amount of Pell Grants followed a pattern resembling that of receipt. Full-time independent recipients got the largest average Pell Grant amount--$1,640; part-time dependent recipients got the smallest--$1,344.

The pattern of Stafford Loans was similar to that of Pell Grants. Full-time independent undergraduates were the most likely to take out Stafford Loans and part-time students the least likely. The average Stafford Loan amounts received by those groups of student borrowers showed little variation from the overall average of about $2,000.

Figure 5.
Pell Grant and Stafford Loan Aid to Undergraduates, by Attendance and Dependency Status, Academic Year 1989–1990



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

WHO RECEIVED GRANTS OR LOANS FROM ANY SOURCE?

Many students receive grants and loans from sources other than the Pell and Stafford programs. Financial need also shapes most of this additional student aid.[22]

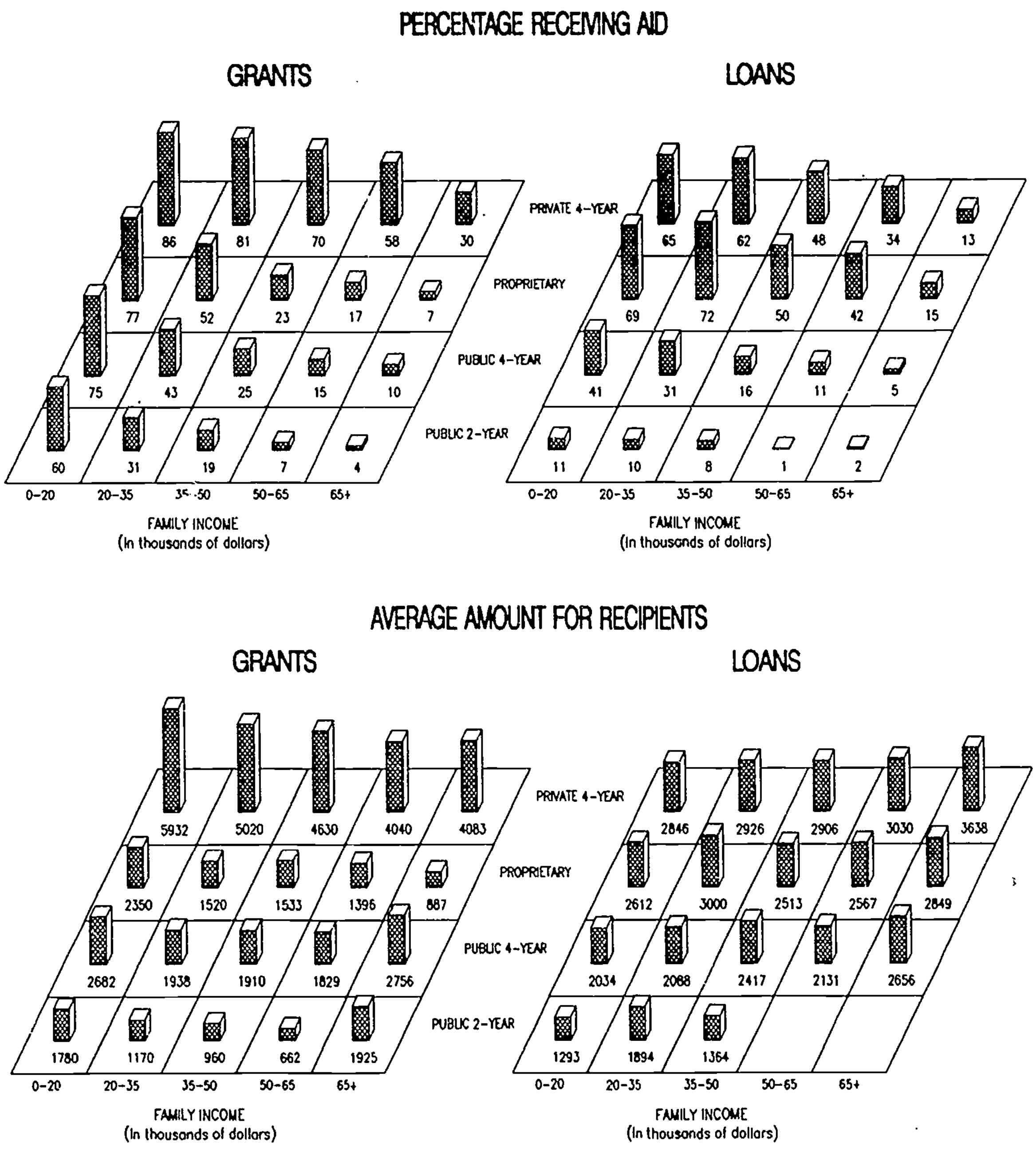
Grant and Loan Receipt

Overall, undergraduates were almost twice as likely to receive grants as to take loans in academic year 1989-1990. About 36 percent of undergraduates received grants, and about 19 percent took loans. Nearly twice as many students got some grant aid other than from the Pell Grant Program, and roughly 20 percent more students borrowed from sources other than the Stafford Loan Program. The average amount borrowed ($2,816) exceeded the average grant received ($2,441). The average total for all grants was about 65 percent greater than the average Pell Grant, but the average total for all loans was only about 40 percent larger than the average Stafford Loan.

Among full-time dependent students, the proportion receiving grants and loans generally followed financial need as indicated jointly by family income and type of institution (see Figure 6). The more costly the college, the larger the proportions of students receiving each type of aid; among students at each type of institution, the

22. A portion of student aid is awarded on the basis of merit (academic, musical, athletic, and so forth) as well as on other criteria.

Figure 6. Aid to Full-Time Dependent Undergraduates, by Family Income and Type of Institution, Academic Year 1989-1990 (Amount in dollars)



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

NOTE: Estimates of aid amounts are provided only when more than two percent of students in the relevant category receive such aid.

lower the family income, the more likely a student was to receive each type of aid. Grants were especially concentrated among lower-income students.

The most notable exception to these patterns is that students at proprietary schools were more likely than those at private four-year colleges to receive loans. In contrast, students at private four-year colleges were strikingly more likely than those at proprietary schools and other institutions to receive grants. That was true even for students with relatively high family income. Much of that grant aid came from the colleges themselves.

Grant and Loan Amounts

Financial need was also a factor in determining the amount of grant assistance received and the average number of dollars borrowed (see the lower panels in Figure 6). Grant amounts increased with cost of attendance; and among students at each type of institution, the lower their family income, the larger the average grant. One exception, as cited above, was that students at proprietary schools received less grant assistance than would otherwise be expected on the basis of their financial need.[23]

23. The length of the programs at proprietary schools may be a factor here. Most programs at these schools run less than two years. Receipt of grants may be more likely in programs lasting four years.

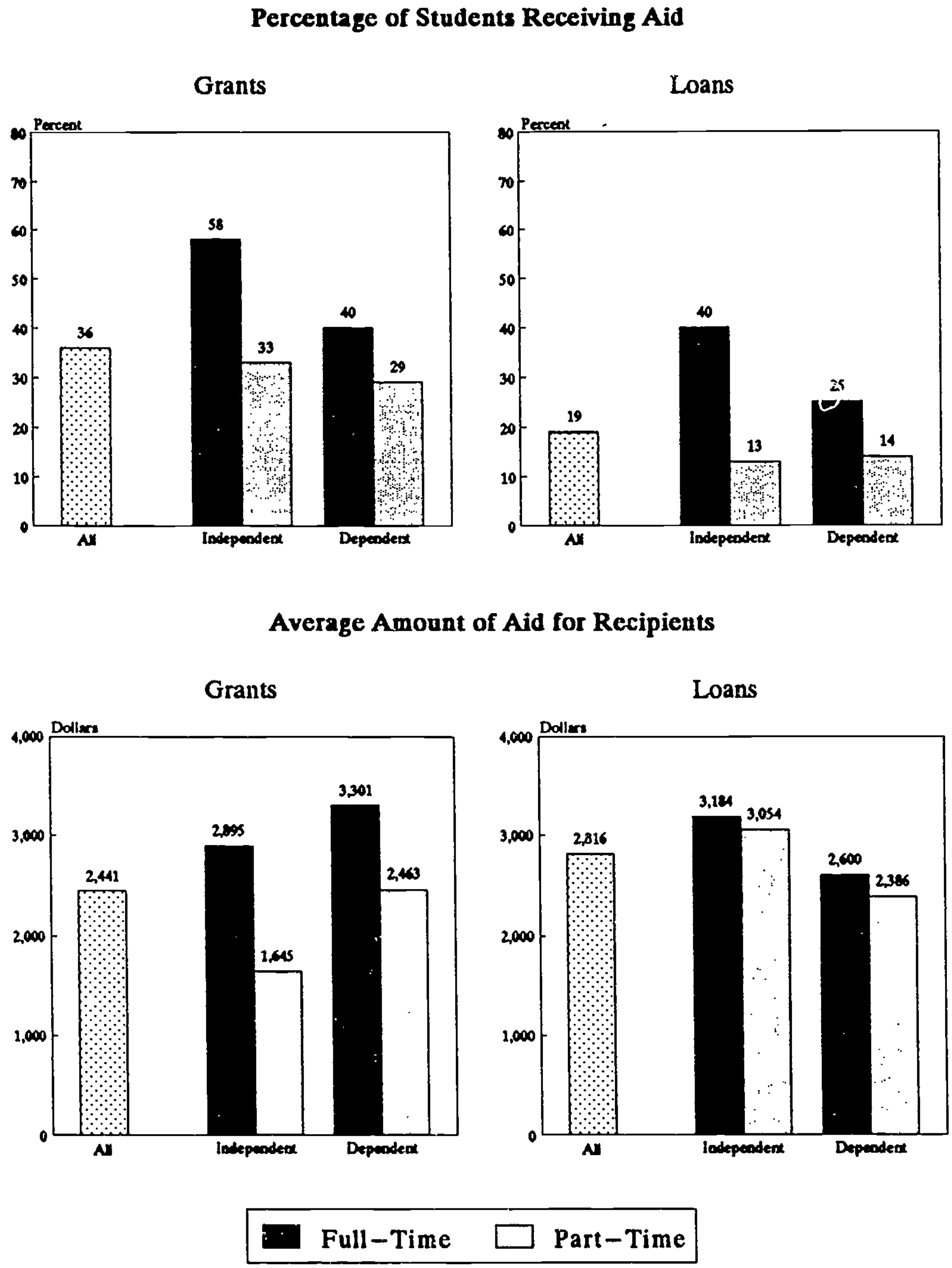
In contrast to the pattern for grant assistance, the average total amount borrowed increased with *both* the cost of attendance and family income. This suggests not only that loans were important in facilitating enrollment in more expensive schools but also that students from families with higher income took relatively larger loan amounts to meet their financial need when grant aid was not available. Relatively few students in those income categories obtained loans, however.

One notable difference occurred between the patterns for Pell Grants and Stafford Loans and for all grants and loans: average total grants decreased, but average total amounts borrowed increased, as family income rose. In contrast, average Pell Grants decreased with increasing family income, but average Stafford Loan amounts were relatively constant, perhaps because of the borrowing restrictions that the Stafford Loan Program imposes.

Receipt of Grants and Loans by Attendance and Dependency Status

Full-time independent students were once again most likely to receive grants and loans (see Figure 7). Unexpectedly, independent students received smaller average grants than dependent students in the same attendance status. Correspondingly, independent students borrowed more money than dependent students.

Figure 7.
Grant and Loan Aid to Undergraduates, by Attendance and Dependency Status, Academic Year 1989–1990



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

The total amount of grants received varied more by attendance and dependency status than did the amount of Pell Grants awarded. That result appears to stem largely from the grant assistance received by students at private four-year colleges, where independent students received grants that were smaller than anticipated. Average grants were also smaller than expected at proprietary schools, probably because the latter tend to award little in institutional grant assistance compared with public or private four-year institutions.

HOW MUCH EDUCATION DEBT DO STUDENTS HAVE?

One can also assess current patterns of student borrowing by examining the cumulative use of loans by undergraduates over their educational careers. Because data following students over the course of their education are not available, this inquiry uses the information on a sample of students in academic year 1989-1990 to determine the share of undergraduates who have *ever* taken out loans and the total amounts they have *ever* borrowed. This inquiry then looks at the distribution of debt among borrowers; average debt levels could be moderate, yet still leave a significant fraction of students with high levels of educational debt. Finally, to put the burden of their educational debt into perspective, this memorandum compares debt levels with the typical income of people in their twenties and thirties who have different levels of education.

How Many Undergraduates Took Out Student Loans?

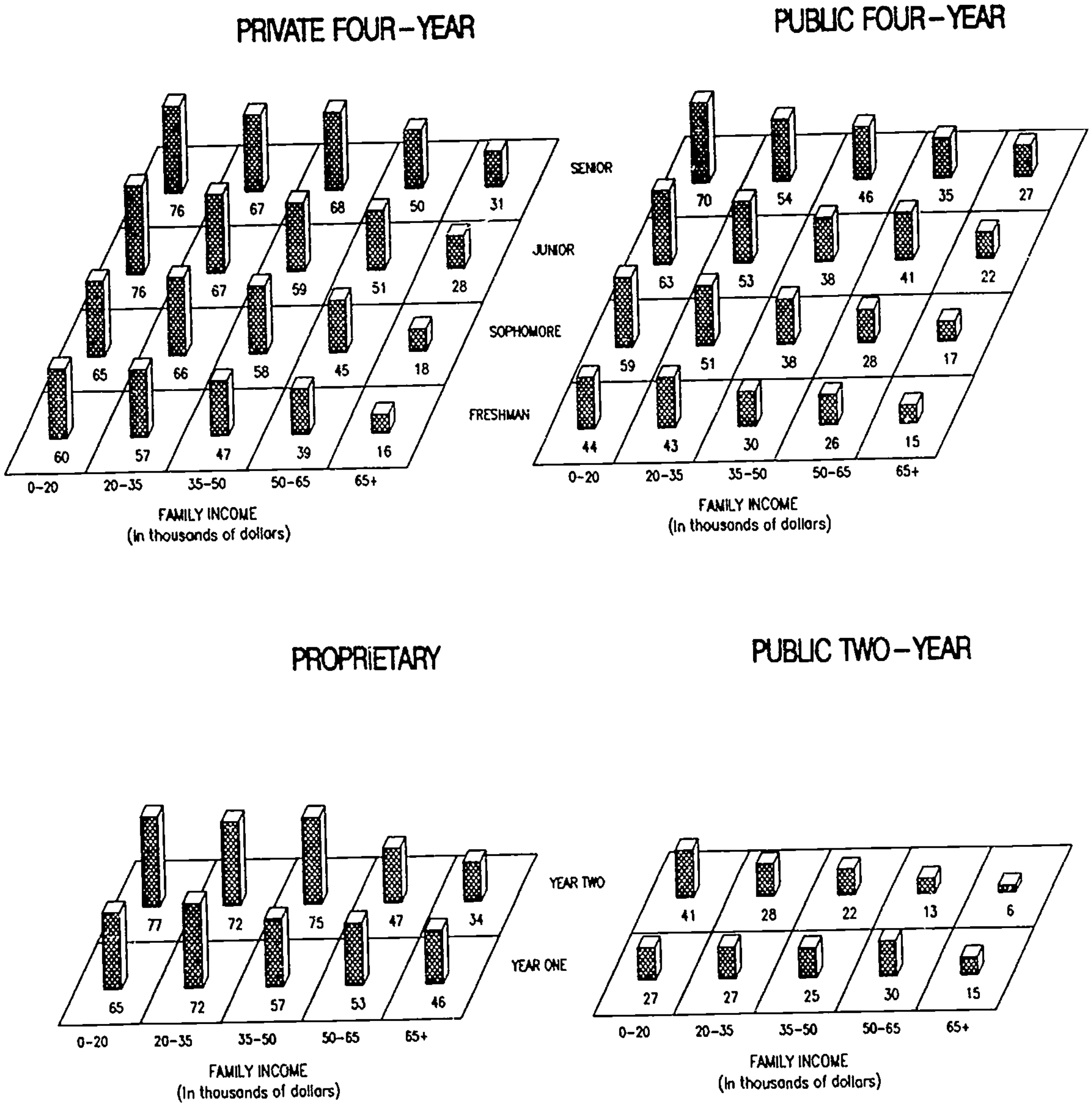
In academic year 1989-1990, one in three undergraduates were either borrowing to finance their college educations or had done so in the past.[24] The proportion who had ever taken a loan varies with the length of time the students were in school and with their financial need (see Figure 8).

The longer a student was in school, the more likely he or she was to have borrowed. For example, while about 31 percent of freshmen at private four-year colleges had taken an education loan at some time in their educational career, about 47 percent of seniors at those schools had done so. Similar patterns hold at the other types of schools.

As expected, the lower the family income, the more likely a student was to have ever obtained a loan; and the higher the costs of attendance, the more likely he or she was to have education debt. For example, students at private four-year colleges and proprietary schools were the most likely to have borrowed, with 39 percent of students at both types of schools having received an education loan. Students at public four-year colleges were nearly as likely to have done so (37 percent), followed by students in public two-year institutions (24 percent).

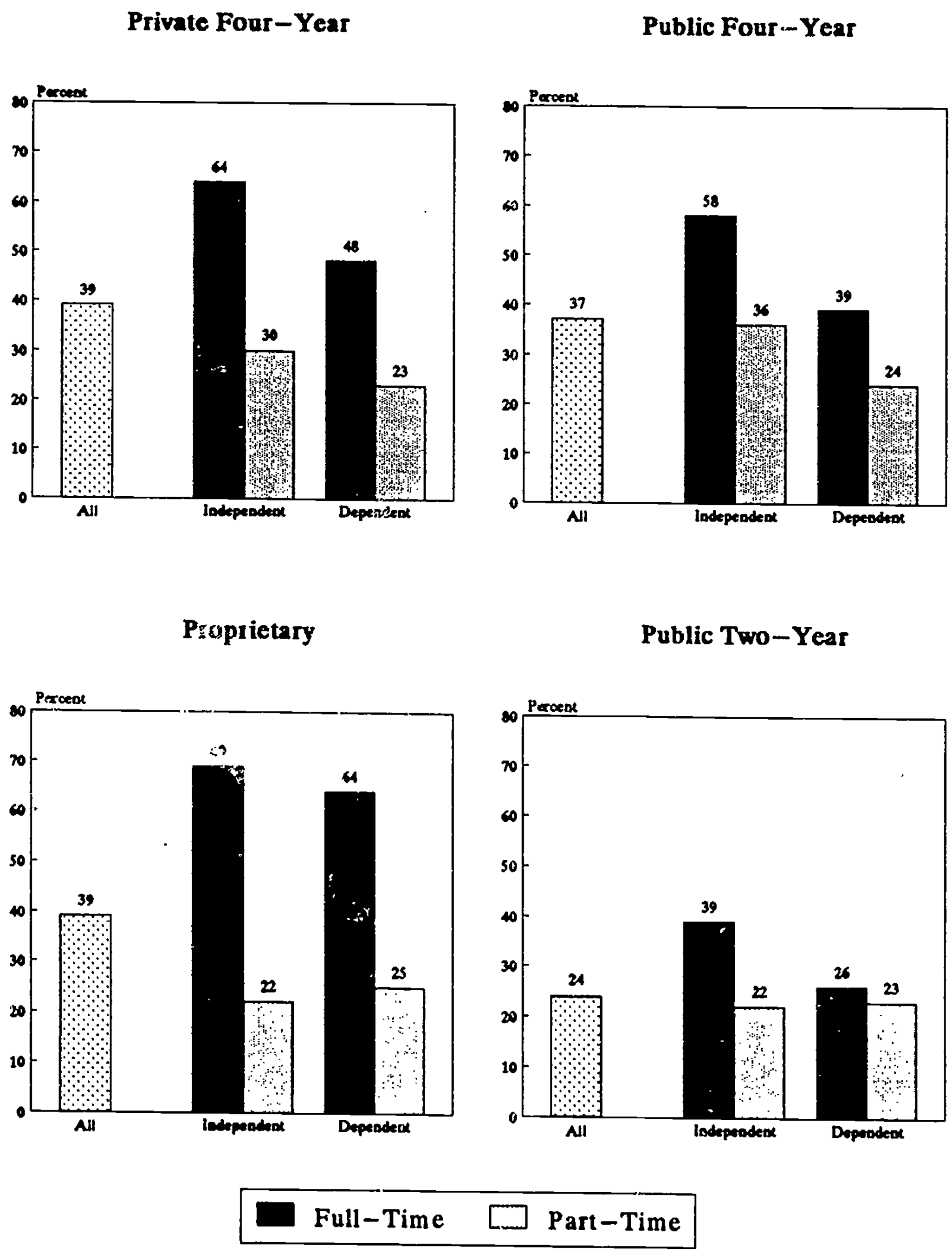
24. The analysis included educational loans obtained at any time. Students may have borrowed to attend an institution other than the one they were currently attending.

Figure 8. Percentage of Full-Time Dependent Undergraduates Who Have Ever Received a Loan, by Year in School, Family Income, and Type of Institution



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

Figure 9.
Percentage of Undergraduates Ever Receiving a Loan, by Attendance and Dependency Status and Type of Institution



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

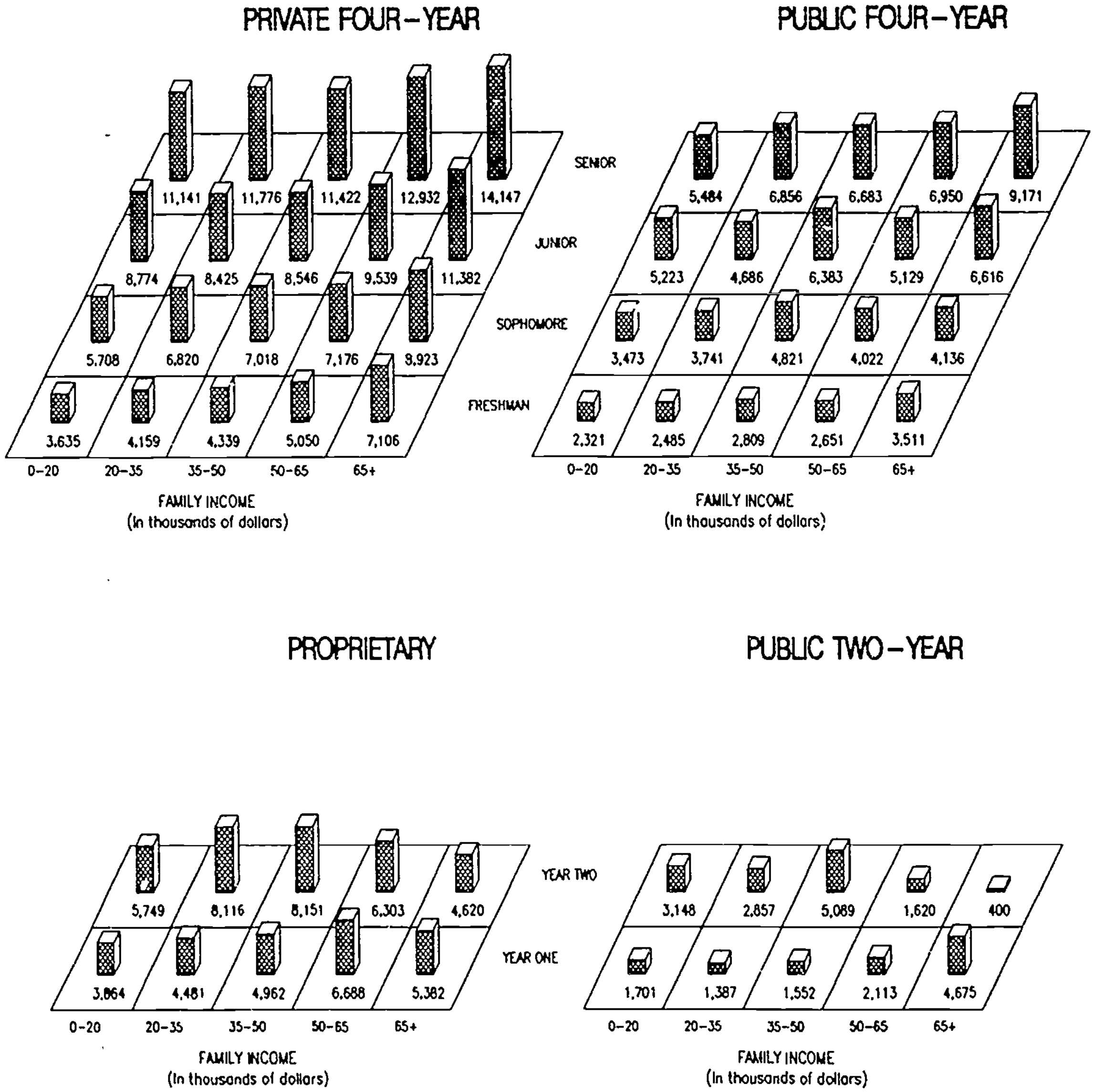
The cumulative impact of the factors affecting the need to borrow is noteworthy. For example, among full-time dependent seniors attending private four-year colleges, fully three out of four with the lowest family income have taken out loans. At proprietary schools, the same proportion have taken a loan by their second year.

Financial need indicated by attendance and dependency status also determined which undergraduates had ever taken out an education loan (see Figure 9). As expected, full-time independent students were the most likely ever to have borrowed, and part-time dependent students were among the least likely to have done so.

How Much Have Undergraduates Borrowed?

The average amount that undergraduate borrowers in academic year 1989-1990 had accumulated in education debt was about $4,900. The longer a student had been in school, the larger was the average amount of his or her total borrowing (see Figure 10). For example, seniors in private four-year colleges had borrowed an average of nearly $10,600 compared with about $4,600 for freshmen. (The average debt was about $12,100 among full-time dependent seniors who had borrowed at those schools, compared with about $4,500 among similar freshmen.)

Figure 10. Average Education Debt Reported by Full-Time Dependent Undergraduates Who Ever Received a Loan, by Year in School, Family Income, and Type of Institution, Academic Year 1989-1990 (In dollars)



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

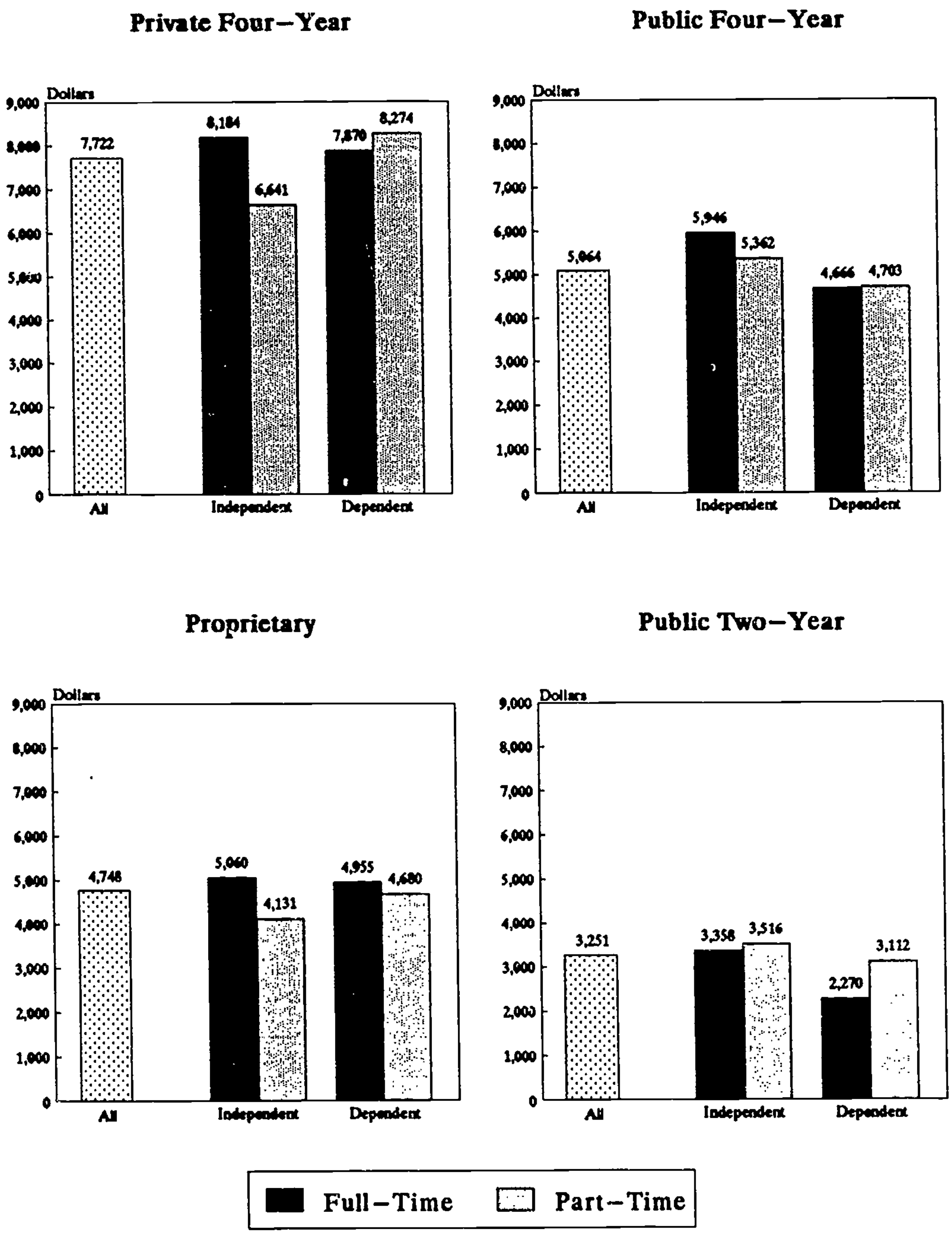
Although both the cost of attendance and family income shaped the amount of education debt, the way in which they did so differed from the way they affected the receipt of education loans. Total amounts borrowed increased with the annual costs of education for all borrowers except those at proprietary schools. Because the latter generally enroll in programs lasting less than two years, they have less need to accumulate debt than do students at four-year colleges. However, the average amount ever borrowed by students in proprietary schools was larger than the amount ever borrowed by students in public two-year colleges.

The amount of education loans ever taken was also related to family income, but the relationship varied between dependent and independent borrowers. Among the former, especially students at four-year schools, the higher their family income, the larger the total amount they borrowed. Among independent borrowers, again especially at four-year schools, the average amount of education debt decreased as family income increased.[25] That suggests colleges may be assuming that their graduates will be able to earn enough to repay the loans or that parents with higher family income will help dependent students repay their loans after they leave school. Independent students with higher income may need to borrow less because they have other resources.

Education debt also varied by attendance and dependency status (see Figure 11). Surprisingly, part-time dependent students borrowed more than full-time dependent students at all except proprietary schools. Moreover, part-time

25. For independent students and part-time dependent students, see Appendix B.

Figure 11.
Average Debt of Undergraduates Ever Receiving a Loan, by Attendance and Dependency Status and Type of Institution, Academic Year 1989–1990



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

independent students had accumulated larger education debt than full-time independent students at public two-year colleges.

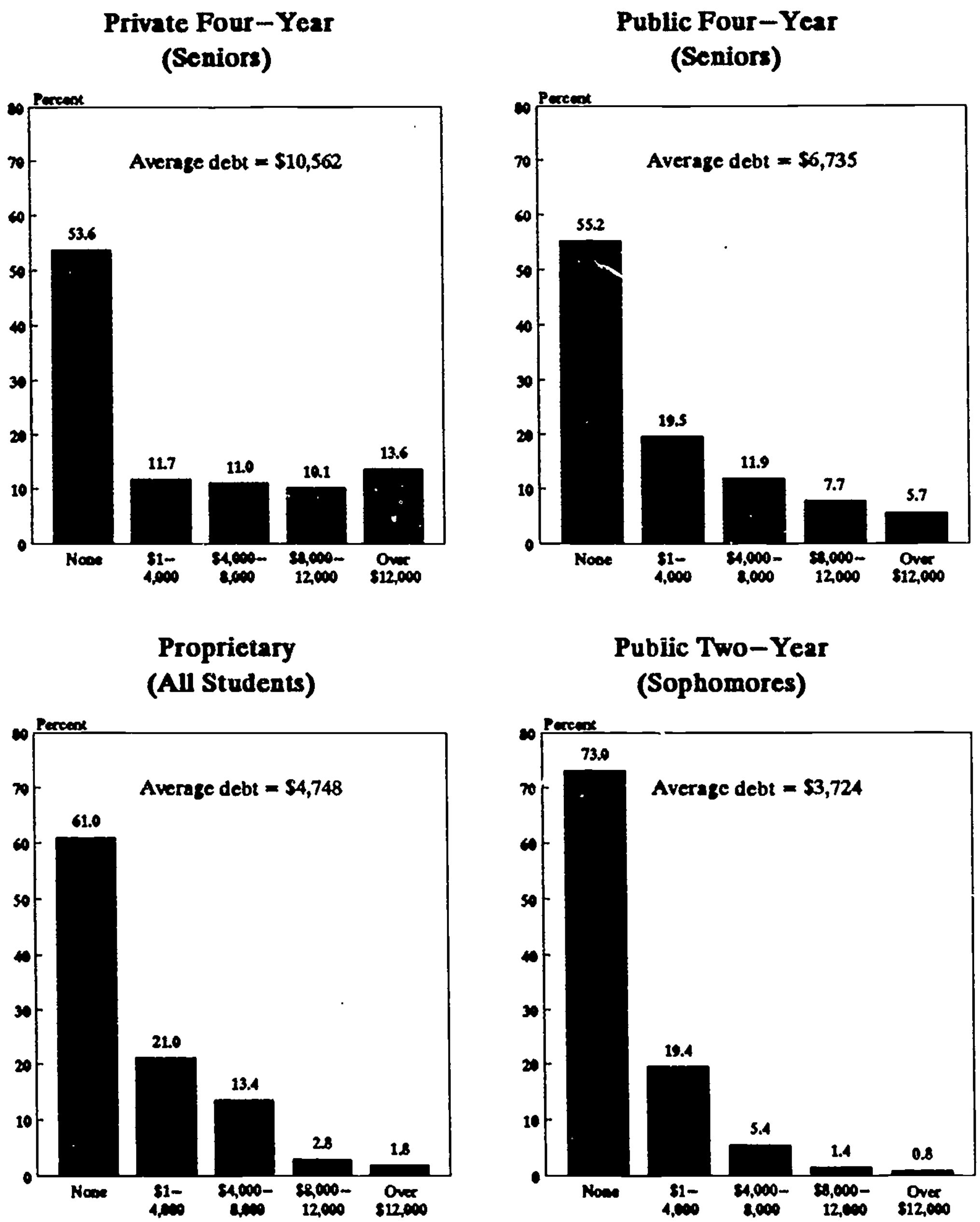
Is Undergraduate Education Debt Too Large?

The impact that education debt has on undergraduates after they leave school can be measured absolutely or relative to future income. In either case, average debt levels are less illuminating than the distributions of debt because few students borrow exactly the average amount.

Distributions of the dollar amounts of educational debt reflect costs of attendance (measured by type of college attended) and length of degree program (see Figure 12). In terms of cost of attendance, the proportion of students with the largest cumulative education loans--those over $12,000--was greatest (at 14 percent) at private four-year colleges. It was less than half as large at public four-year institutions and even lower at proprietary schools and public two-year colleges. One way to assess the relative significance of a $12,000 debt is to compare it with the cost of purchasing a new car. A car can easily cost at least that much, and many buyers borrow to pay for it.[26] The low proportion of students with education debts totaling over $12,000 suggests that relatively few of them who were likely to leave school at the end of academic year 1989-1990 were facing unwieldy amounts of indebtedness.

26. Over 70 percent of new cars sold in 1990 cost more than $12,000. The average amount financed on new cars was almost $12,100, and the average loan term was about 54 months.

Figure 12.
Distribution of Total Education Debt Assumed by Undergraduates, by Type of School, Academic Year 1989–1990



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

NOTE: Total education debt ever incurred includes amounts borrowed in any year.

A more precise way to assess education debt levels, however, is to compare them with the annual income expected after leaving school. That approach entails the calculation of debt burden, which is defined as the proportion of income needed to make annual repayments.

Analysts who have previously examined the issue of the burden of education debt have suggested that education loans become a repayment problem only when they exceed between 10 percent and 15 percent of gross income.[27] They have generally found that few student borrowers have debt that is burdensome to repay. This memorandum replicates the calculation of debt burden found in previous studies using more detailed and current information.

The income prospects of undergraduates in academic year 1989-1990 are approximated by average annual earnings of young adults with varying amounts of education (see Figure 13; also see Table A-2 in Appendix A for the earnings of full-time, year-round workers). Earnings for 18- to 24-year-old females with between one and three years of college--some of whom were still enrolled there and worked only part time--averaged about $7,400; similar males averaged about $8,700. Females of the same age with four years of college had average earnings of about

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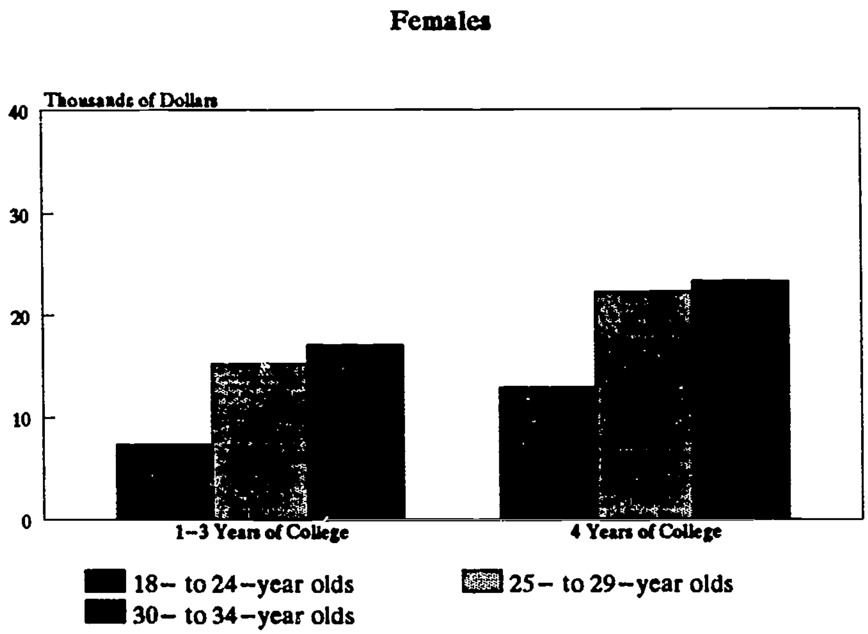
27. See Robert Hartman, *Credit for College* (New York: McGraw-Hill), 1971; W. Lee Hansen and C. Rhodes, "Student Debt Crises: Are Students Incurring Excessive Debt?" *Economics of Education Review*, vol. 7 (1988); and Richard Wabnick, *Debt Burden Facing College Graduates* (Rockville, Md.: Westat, Inc., undated).

    With respect to paying back home mortgages, guidelines from the Federal National Mortgage Association specify a maximum housing-cost-to-income ratio of 28 percent for conventional mortgages. The benchmark for the allowable total-debt-to-income ratio is 36 percent. That implies that--assuming no other consumer debt--an education debt burden of up to 8 percent would not limit access to conventional mortgages.

Figure 13.
Average Earnings, by Age, Gender, and Years of Schooling Completed, 1990



SOURCE: Bureau of the Census, "Money Income of Households, Families, and Persons in the United States: 1990," Current Population Report, series P-60, no. 174 (August 1991).

NOTE: Earnings are mean earnings for all workers.

$13,000, and their male counterparts (who were more likely to work full time) made about $15,000. Over time, all of those people can expect to increase their incomes. Among those who were 30 to 34 years old in 1990, females with between one and three years of college had average earnings of about $17,000, and males with similar years of schooling earned almost $27,700. College graduates in that age range did even better.

The loan repayments that undergraduate borrowers could face are estimated here using the terms of Stafford Loans, currently the most common form of borrowing (see Table 3).[28] These terms require repayment within a 10-year period, with an interest rate of 8 percent over the first four years and 10 percent thereafter. A minimum monthly payment of $50 is also required of students who owe less than $4,132. For example, an undergraduate borrower with an education debt of $5,000 would face a monthly payment of $61 (an annual repayment of $728) for the first four years and a monthly payment of $64 (an annual repayment of $769) thereafter. With $15,000 of education debt, monthly payments would be $182 for the first four years and $192 thereafter (annual repayments of $2,184 and $2,308, respectively).

Estimated debt burden can be calculated by combining possible debt payments with expected income (see Table 4). Using debt burdens of 10 percent to 15 percent as the points at which repaying education loans becomes problematic,

28. Students pay a lower interest rate on federal Perkins Loans than on Stafford Loans. Some students also take out non-federal loans with higher interest rates.

those figures suggest that a burden of 10 percent occurs when loans approximate two-thirds of income and a burden of 15 percent when debt roughly equals income.

Even using a rule of thumb of two-thirds of income to indicate when debt repayments become problematic, people earning as little as $6,000 a year could repay the average debt of sophomores in public two-year colleges; those earning $9,500 could repay the average loan amount of second-year proprietary-school students; those earning about $10,000 could repay the average loan of seniors in public four-year colleges; and those earning about $15,800 a year could repay the average debt of seniors in private four-year colleges.

TABLE 3. ILLUSTRATIVE REPAYMENT AMOUNTS ON LOANS AMORTIZED OVER A 10-YEAR PERIOD (In dollars)

Debt Level	Amount Due in First Four Years at 8 Percent Interest: Monthly	Amount Due in First Four Years at 8 Percent Interest: Annual	Amount Due After Fourth Year at 10 Percent Interest: Monthly	Amount Due After Fourth Year at 10 Percent Interest: Annual
$ 2,000	50	600	a	a
$ 5,000	61	728	64	769
$10,000	121	1,456	128	1,538
$15,000	182	2,184	192	2,308
$20,000	243	2,912	256	3,077
$25,000	303	3,640	320	3,846

SOURCE: Congressional Budget Office simulation.

NOTE: The terms of the simulated loans are similar to the current terms of Stafford Loans. The student's interest rate is 8 percent over the first four years and 10 percent thereafter. The minimum monthly repayment amount is $50, and it covers all loans of less than $4,132.

a. The loan has been paid off by the end of the fourth year.

TABLE 4. ILLUSTRATIVE DEBT BURDEN LEVELS, BY DEBT AMOUNT AND ANNUAL INCOME (In percent)

Income	Debt Amount					
	$2,000	$5,000	$10,000	$15,000	$20,000	$25,000
$10,000	6.0	7.3	14.6	21.8	29.1	36.4
$15,000	4.0	4.9	9.7	14.6	19.4	24.3
$20,000	3.0	3.6	7.3	10.9	14.6	18.2
$25,000	2.4	2.9	5.8	8.7	11.6	14.6
$30,000	2.0	2.4	4.9	7.3	9.7	12.1
$35,000	1.7	2.1	4.2	6.2	8.3	10.4
$40,000	1.5	1.8	3.6	5.5	7.3	9.1

SOURCE: Congressional Budget Office simulation.

NOTE: Debt burden is defined as the annual repayment amount as a percent of annual gross income. The debt burdens in this table use the illustrative repayment amounts in Table 3 for the first four years.

Only a small proportion of undergraduate borrowers--most of them seniors at four-year colleges--had an education debt of greater than $12,000. Given that the average earnings of college graduates aged 18 to 24 exceeded $13,000, it appears unlikely that many students would face debt burdens of more than 15 percent.

Although the findings from this analysis confirm results from other studies, they should not be interpreted as meaning that debt in the pursuit of undergraduate education is not a serious concern or that it causes no financial or personal problems.[29] Some recent college students do have large amounts of loans, and

29. For example, some students who take out large amounts of loans may feel pressured to choose higher-paying occupations.

some will not be able to find a job. As a result, even though Stafford Loans have a six-month grace period during which borrowers do not have to make loan repayments and deferments are possible for those without employment, some student borrowers will be hard pressed to repay their loans. Moreover, this analysis deals only with undergraduates, but many students also have to borrow to attend graduate and professional schools. Their total debt is often substantially greater than that accumulated by undergraduates.

APPENDIX A

SUPPLEMENTARY TABLES

TABLE A-1. STUDENT FINANCIAL AID, BY TYPE AND SOURCE, ACADEMIC YEAR 1989-1990 (In millions of dollars)

Type of Aid	Federal		State		Institutional		Other		Total	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
All Students										
Grants	5,387	16	2,208	7	5,764	18	2,107	6	15,466	47
Loans	10,824	33	289	1	266	1	598	2	11,977	37
Work/Other	788	2	398	1	2,726	8	1,314	4	5,225	16
Total	16,998	52	2,894	9	8,755	27	4,021	12	32,668	100
Undergraduates										
Grants	5,343	22	2,105	9	‘.294	18	1,529	6	13,272	54
Loans	7,668	31	256	1	144	1	465	2	8,534	35
Work/Other	695	3	378	2	501	2	992	4	2,566	11
Total	13,707	56	2,740	11	4,938	20	2,987	12	24,372	100
Graduates										
Grants	43	1	103	1	1,471	18	578	7	2,194	26
Loans	3,155	38	32	0	122	1	134	2	3,443	42
Work/Other	92	1	19	0	2,224	27	323	4	2,659	32
Total	3,291	40	154	2	3,817	46	1,034	12	8,296	100

SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

NOTE: Figures may not add to totals because of rounding.

TABLE A-2. MEAN EARNINGS, BY AGE, SEX, AND YEARS OF EDUCATION, 1990 (In dollars)

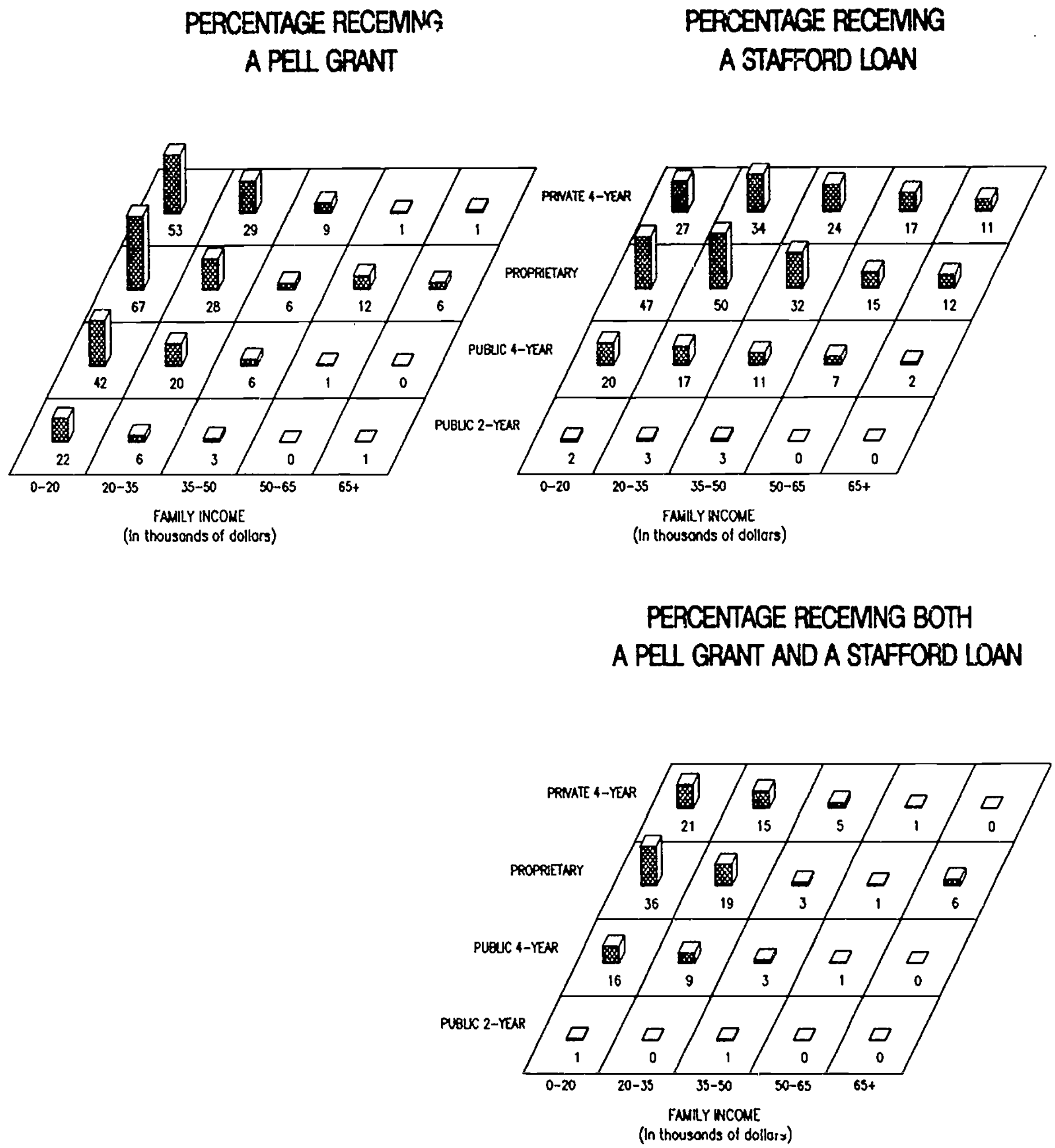
Sex and Age	High School Graduate	One to Three Years of College	Four Years of College
All Earners			
Female			
18 to 24	8,113	7,404	12,951
25 to 29	12,312	15,245	22,237
30 to 34	12,961	17,037	23,273
Male			
18 to 24	11,186	8,723	15,070
25 to 29	19,653	22,421	28,256
30 to 34	22,938	27,667	36,425
Year-Round, Full-Time Earners			
Females			
18 to 24	13,825	14,487	20,238
25 to 29	16,628	20,000	26,023
30 to 34	17,498	21,741	28,713
Males			
18 to 24	15,829	16,799	23,343
25 to 29	22,186	26,077	31,583
30 to 34	25,659	30,292	39,236

SOURCE: Bureau of the Census, *Money Income of Households, Families, and Persons in the United States: 1990*, Current Population Report, series P-60, no. 174 (August 1991).

APPENDIX B

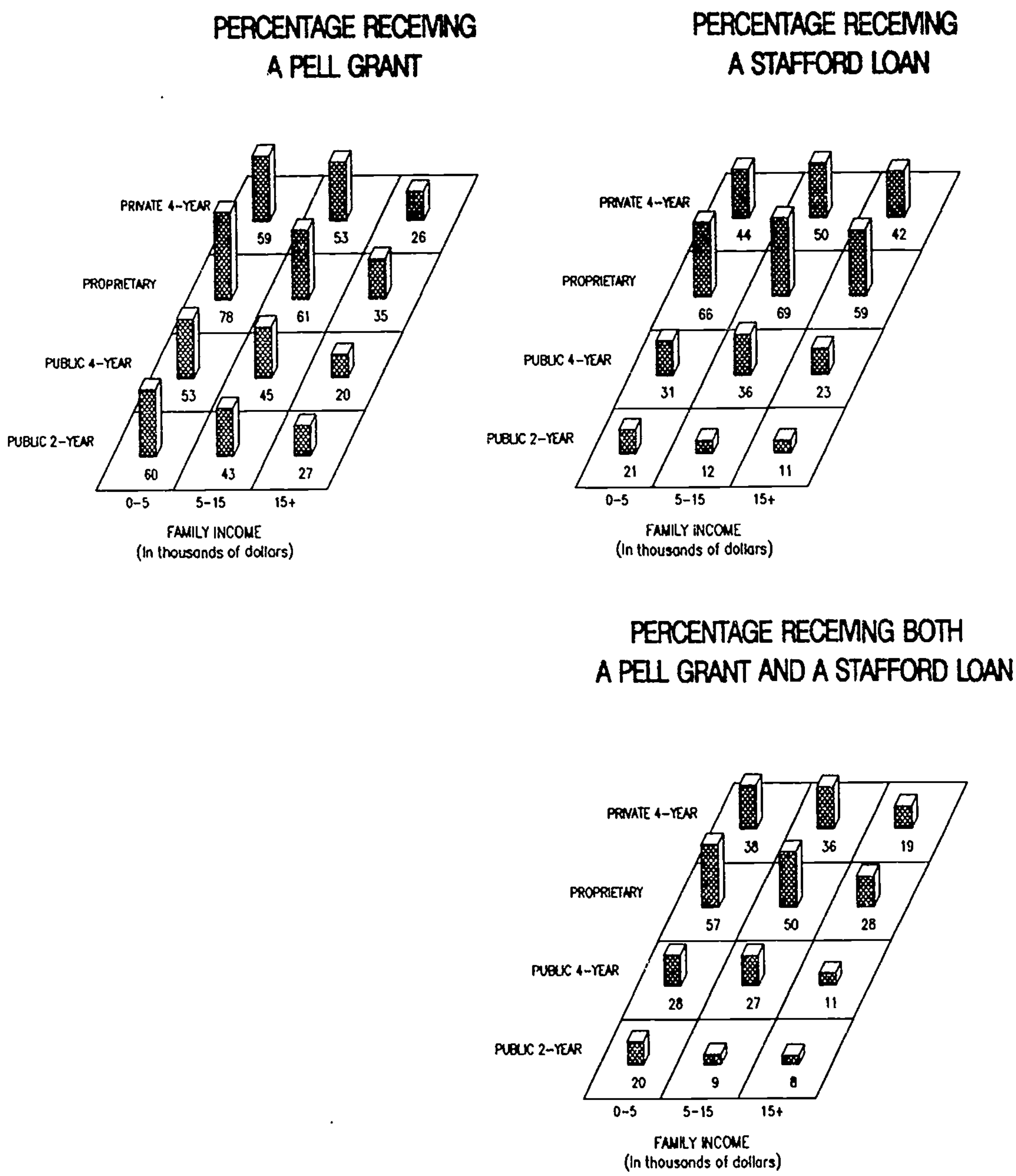
SUPPLEMENTARY GRAPHS

Figure B-1. Percentage of Part-Time Dependent Undergraduates Receiving Aid, by Family Income and Type of Institution, Academic Year 1989-1990



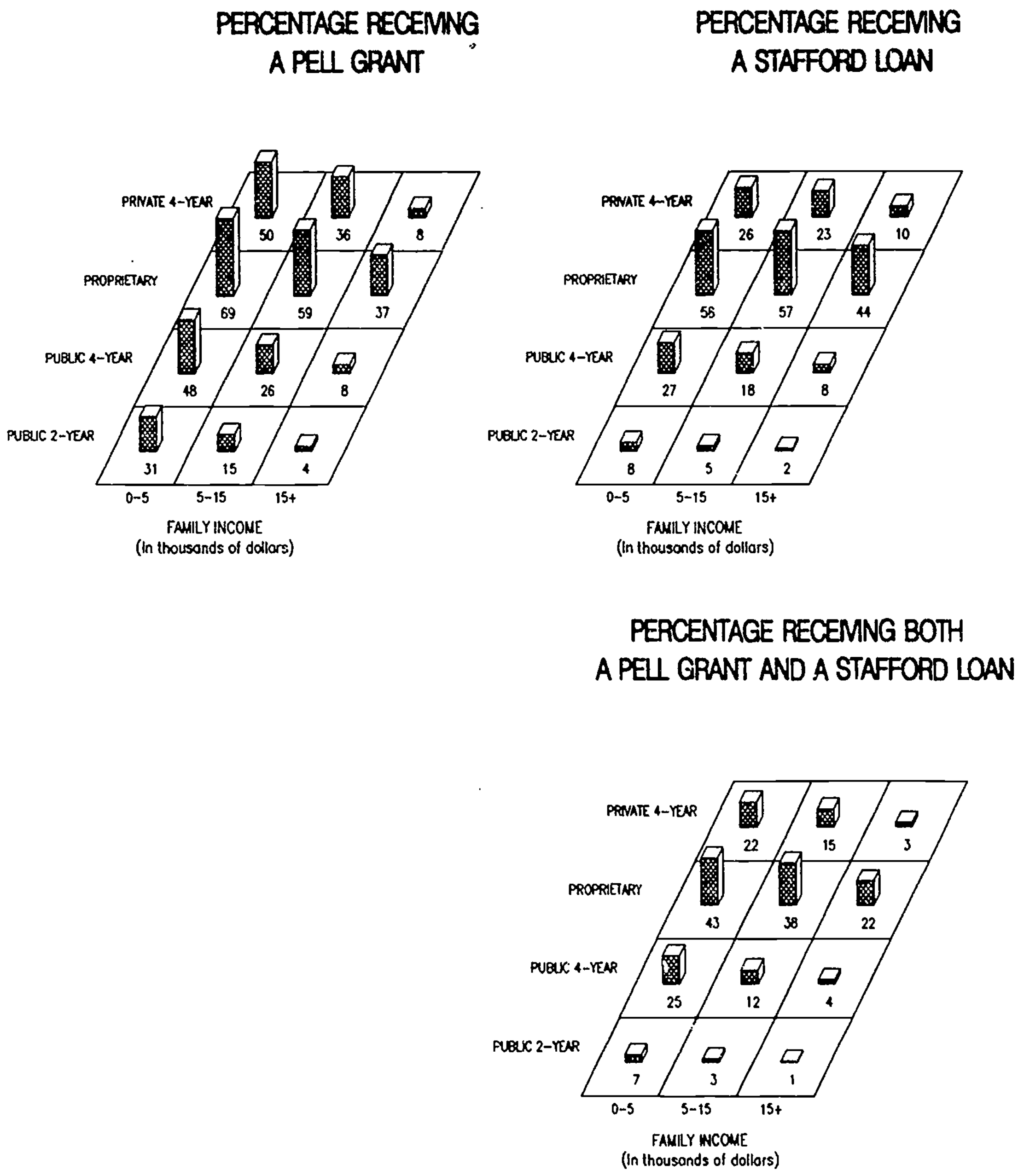
SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

Figure B-2. Percentage of Full-Time Independent Undergraduates Receiving Aid, by Family Income and Type of Institution, Academic Year 1989-1990



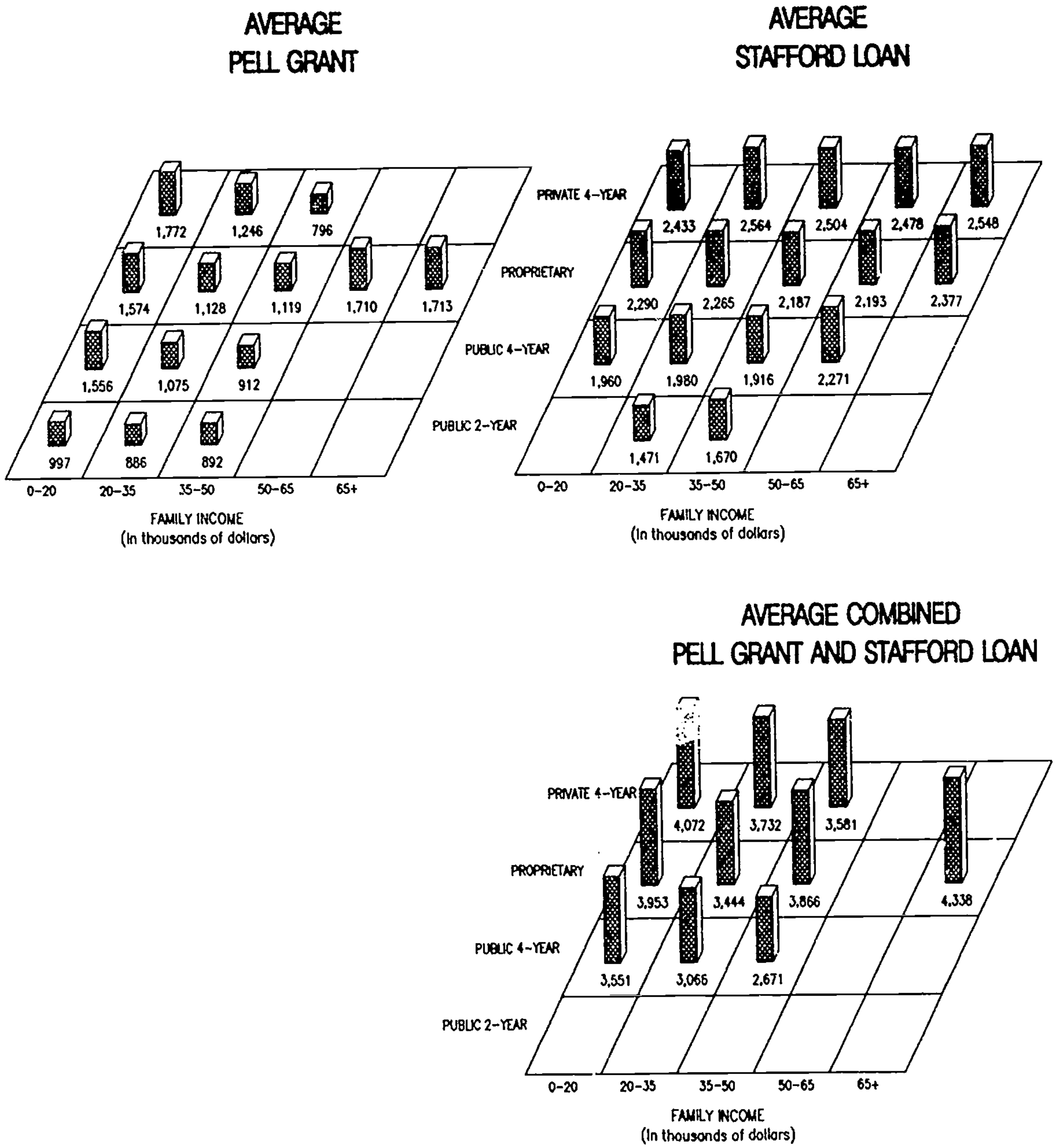
SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

Figure B-3. Percentage of Part-Time Independent Undergraduates Receiving Aid, by Family Income and Type of Institution, Academic Year 1989-1990



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

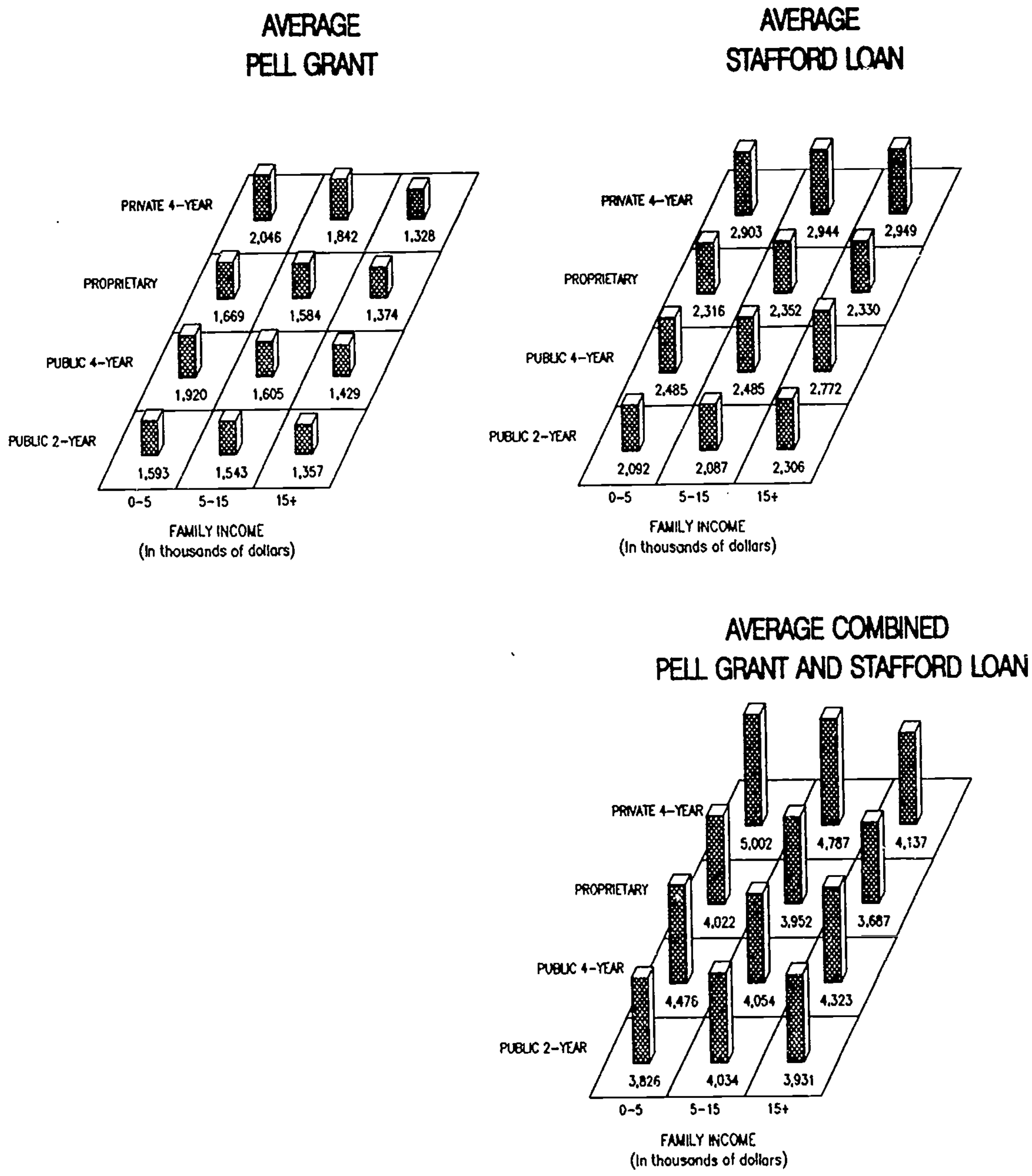
Figure B-4. Average Aid to Part-Time Dependent Undergraduates Receiving Aid, by Family Income and Type of Institution, Academic Year 1989-1990 (In dollars)



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

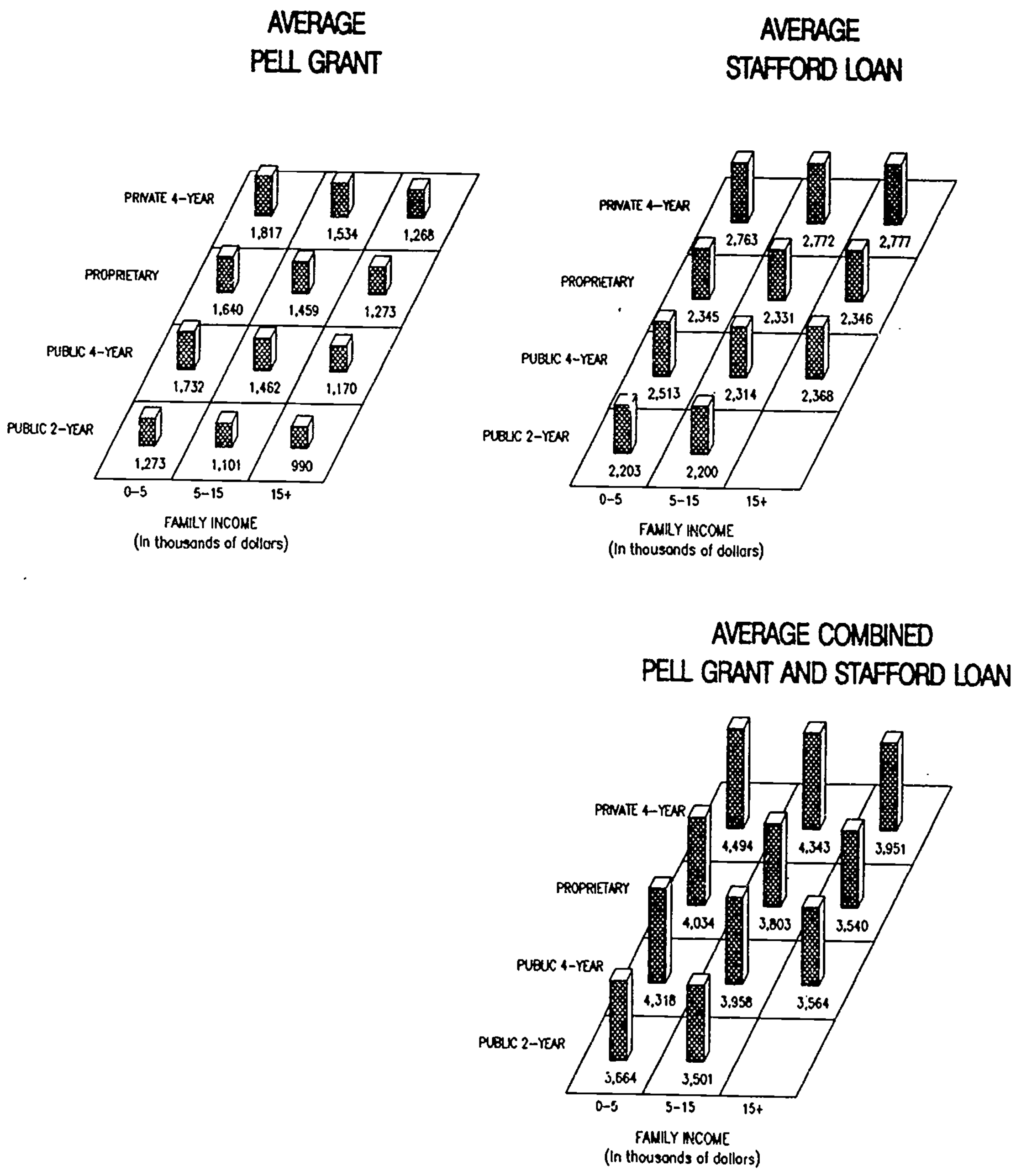
NOTE: Estimates of aid amounts are provided only when more than two percent of students in the relevant category receive such aid.

Figure B-5. Average Aid to Full-Time Independent Undergraduates Receiving Aid, by Family Income and Type of Institution, Academic Year 1989-1990 (In dollars)



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

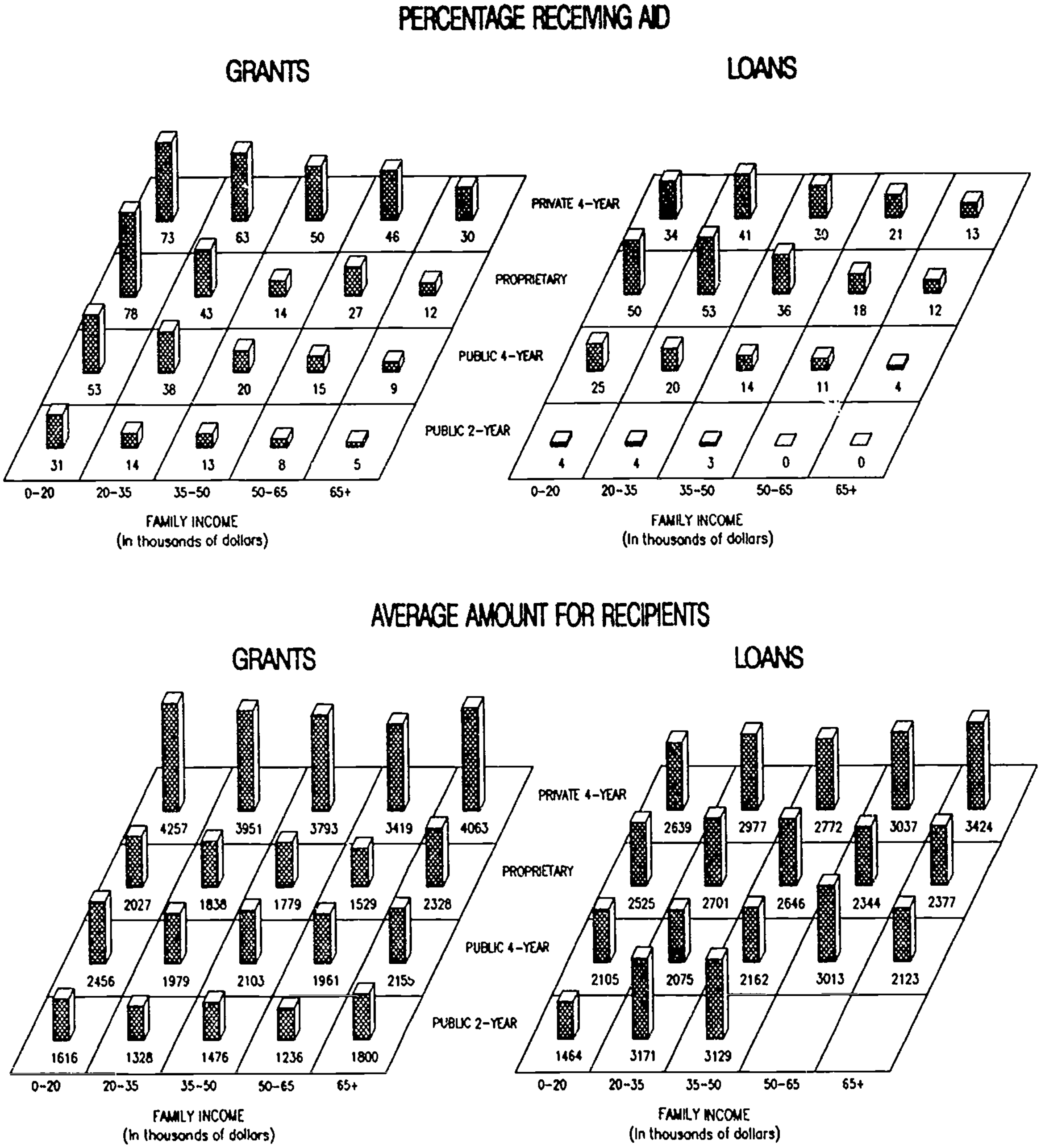
Figure B-6. Average Aid to Part-Time Independent Undergraduates Receiving Aid, by Family Income and Type of Institution, Academic Year 1989-1990 (In dollars)



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

NOTE: Estimates of aid amounts are provided only when more than two percent of students in the relevant category receive such aid.

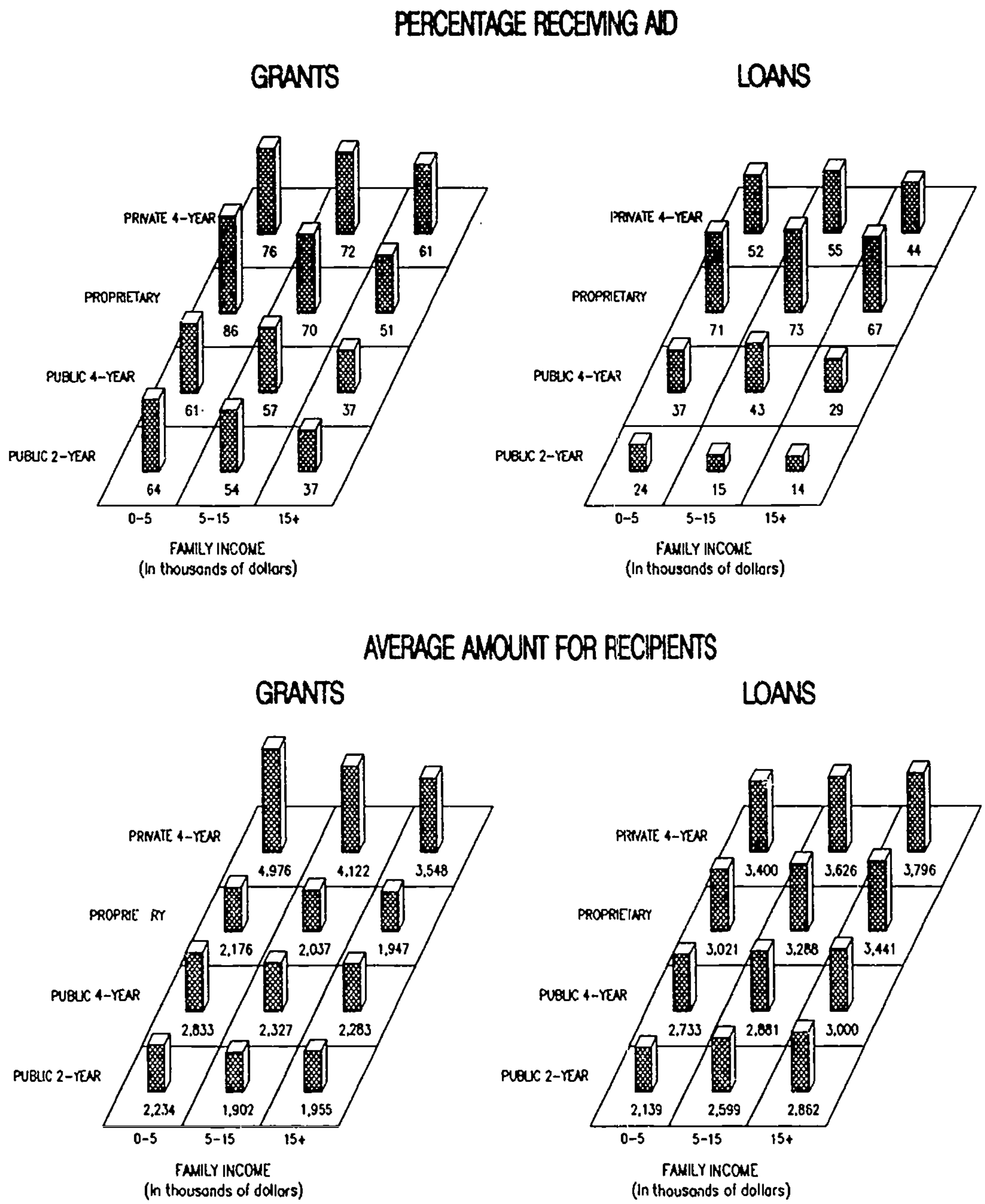
Figure B-7. Aid to Part-Time Dependent Undergraduates, by Family Income and Type of Institution, Academic Year 1989-1990 (Amount in dollars)



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

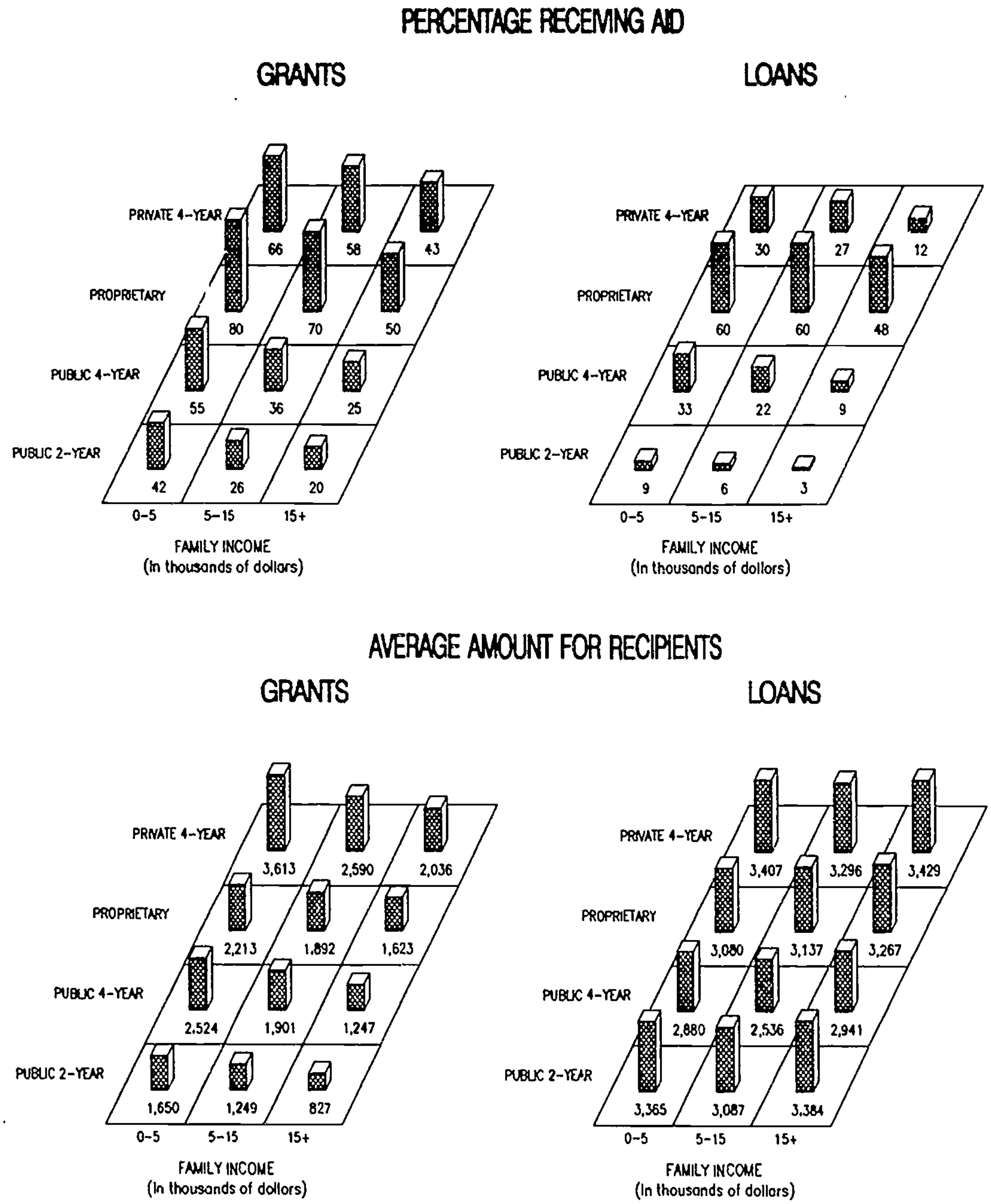
NOTE : Estimates of aid amounts are provided only when more than two percent of students in the relevant category receive such aid.

Figure B-8. Aid to Full-Time Independent Undergraduates, by Family Income and Type of Institution, Academic Year 1989-1990 (Amount in dollars)



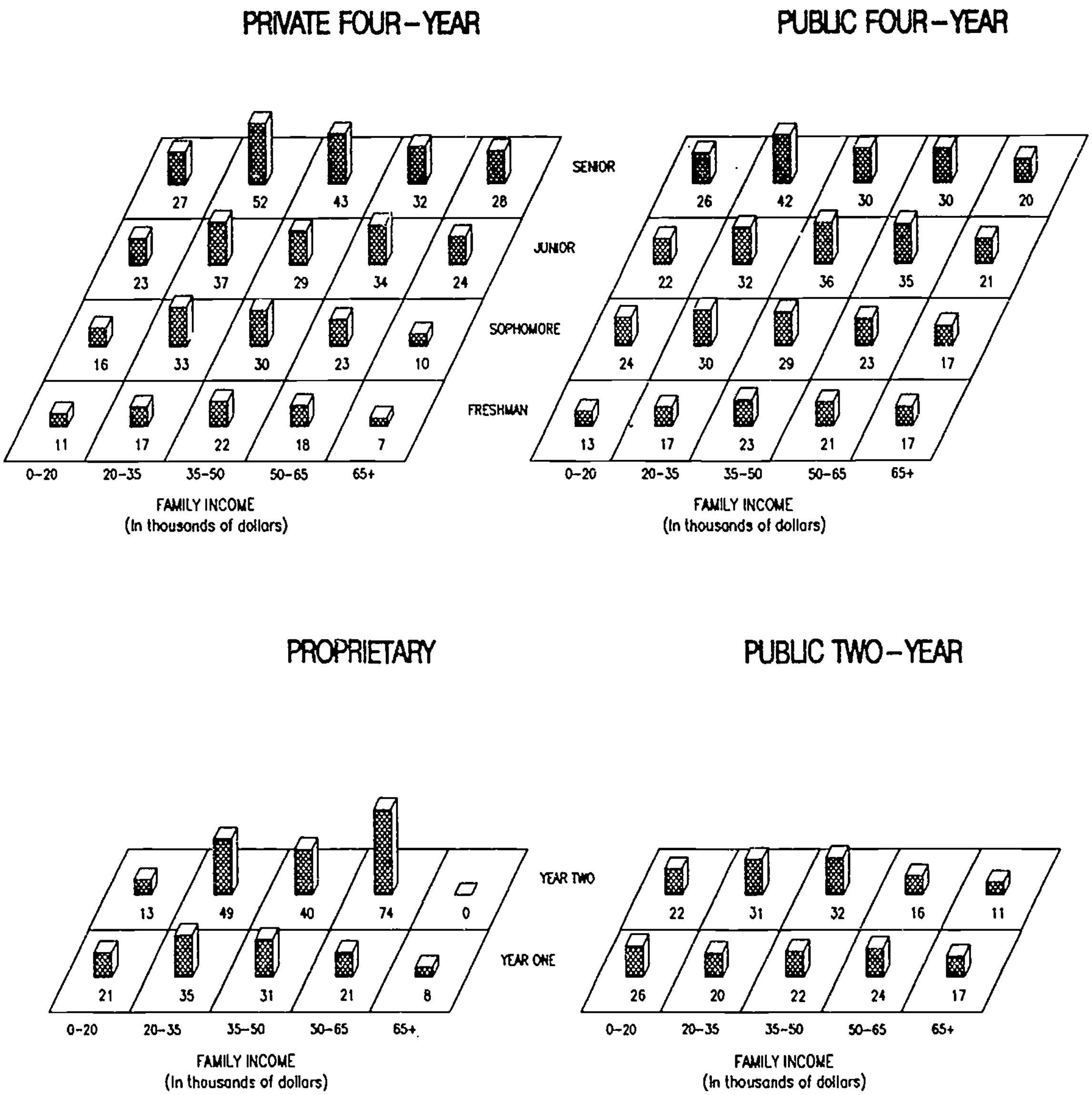
SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

Figure B-9. Aid to Part-Time Independent Undergraduates, by Family Income and Type of Institution, Academic Year 1989-1990 (Amount in dollars)



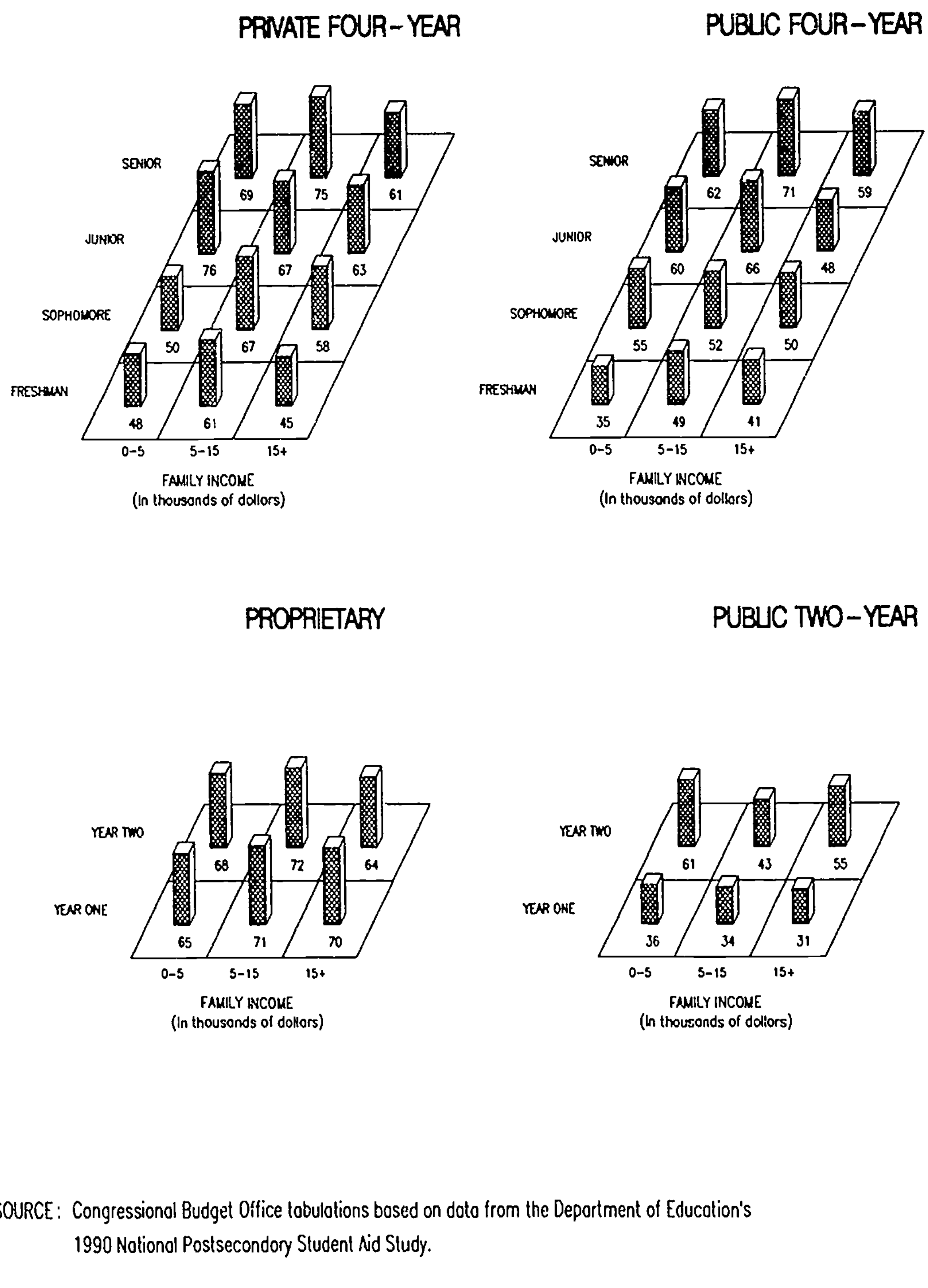
SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

Figure B-10. Percentage of Part-Time Dependent Undergraduates Who Have Ever Received a Loan, by Year in School, Family Income, and Type of Institution



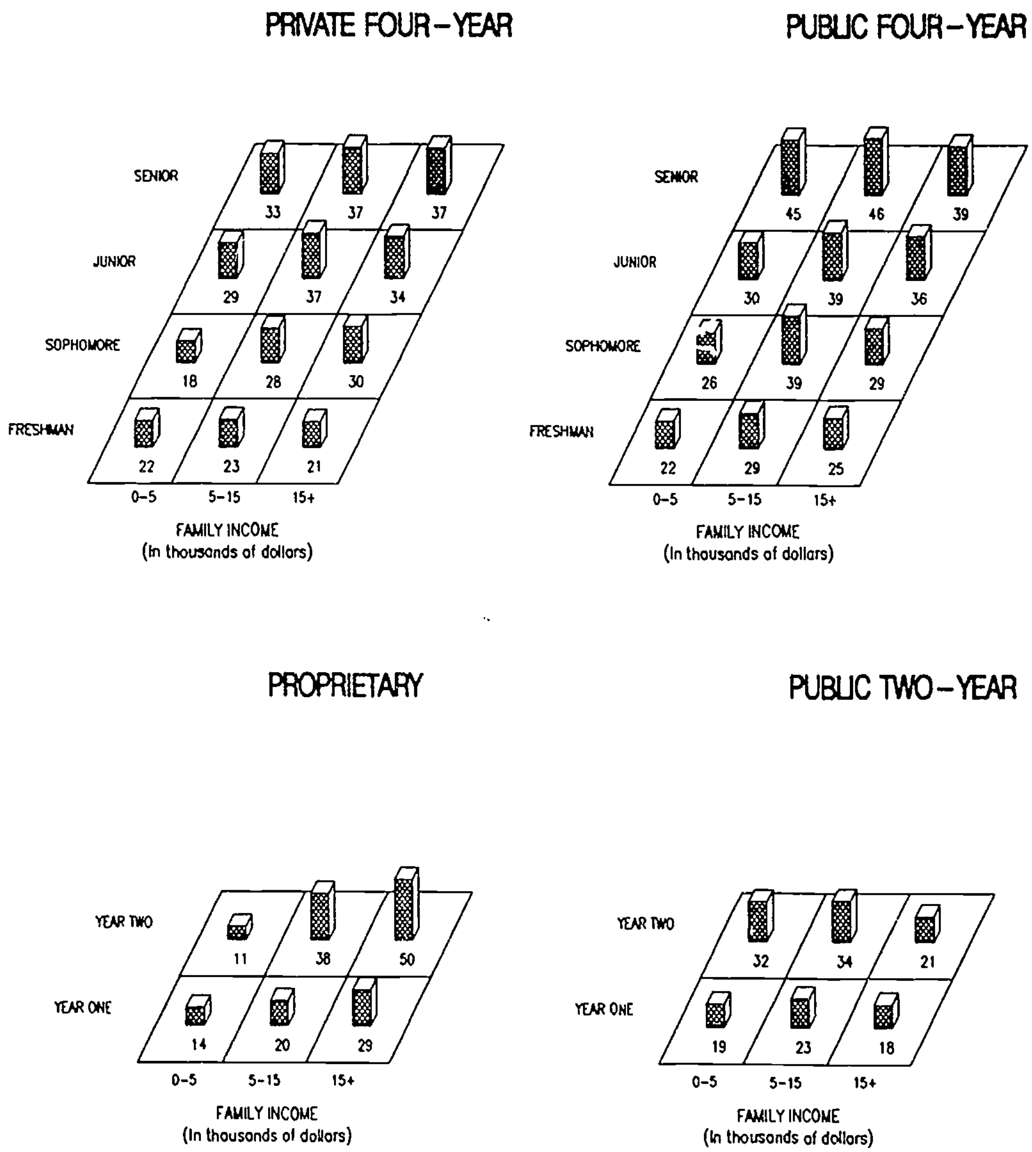
SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

Figure B-11. Percentage of Full-Time Independent Undergraduates Who Have Ever Received a Loan, by Year in School, Family Income, and Type of Institution



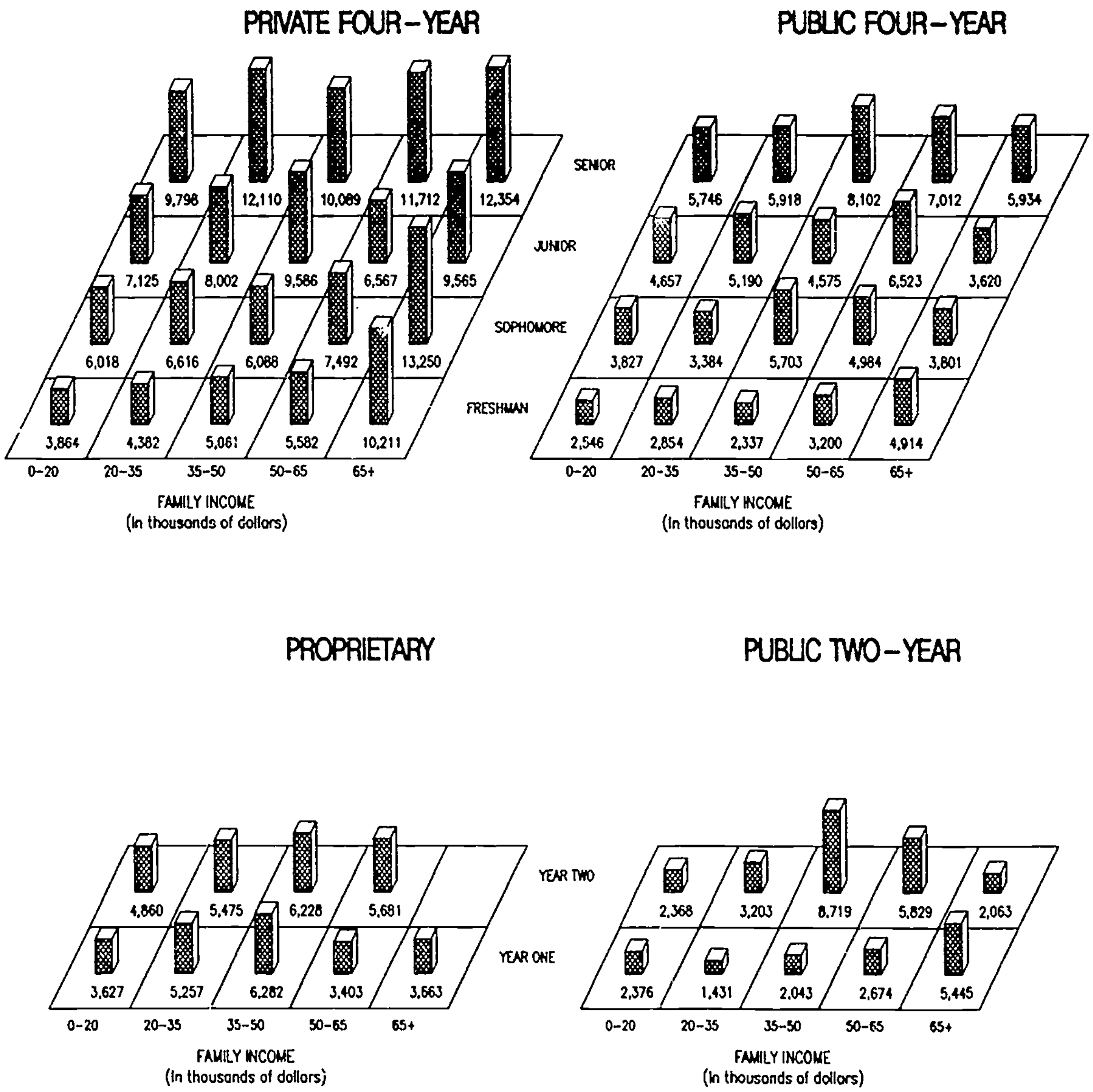
SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

Figure B–12. Percentage of Part–Time Independent Undergraduates Who Have Ever Received a Loan, by Year in School, Family Income, and Type of Institution



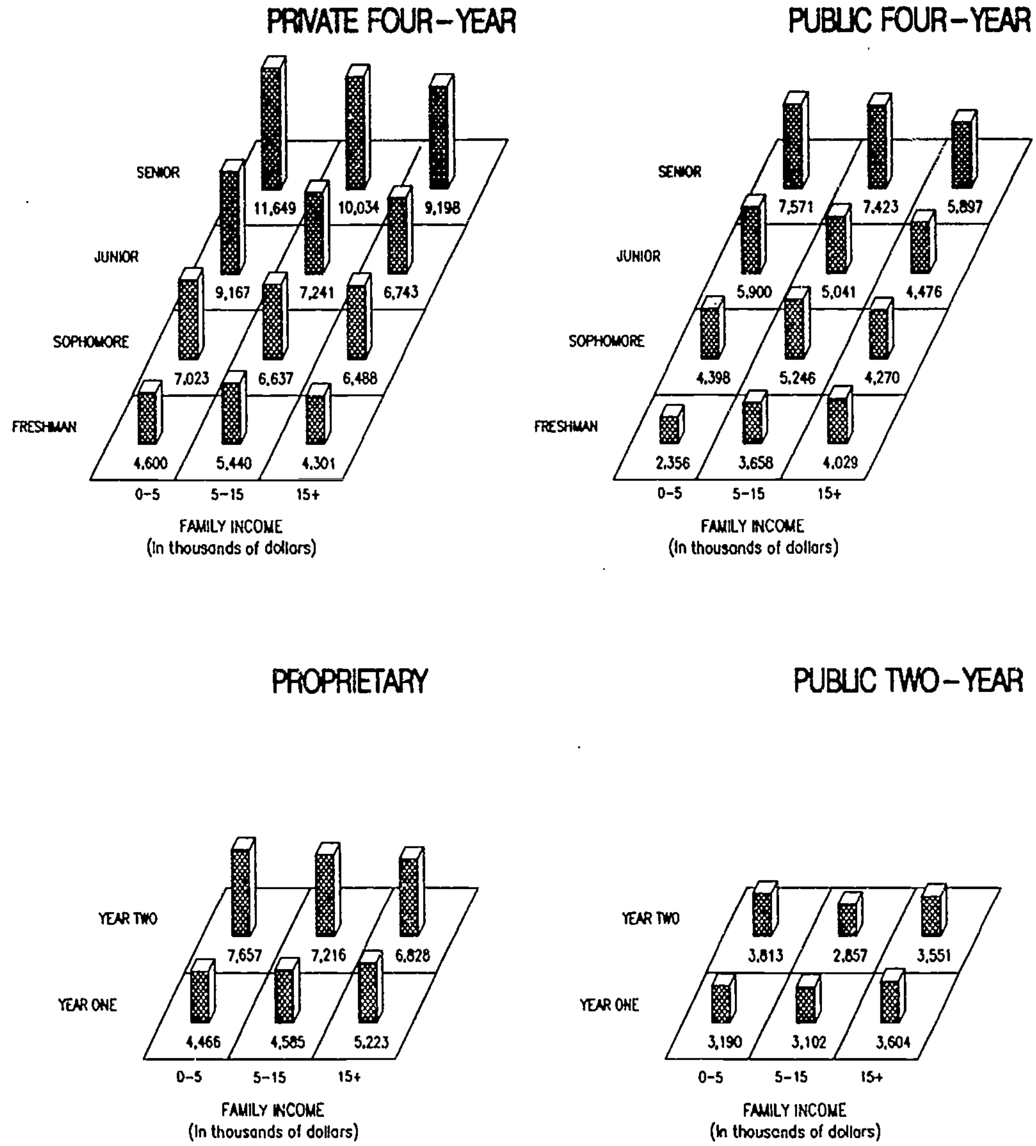
SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

Figure B-13. Average Education Debt Reported by Part-Time Dependent Undergraduates Who Ever Received a Loan, by Year in School, Family Income, and Type of Institution, Academic Year 1989-1990 (In dollars)



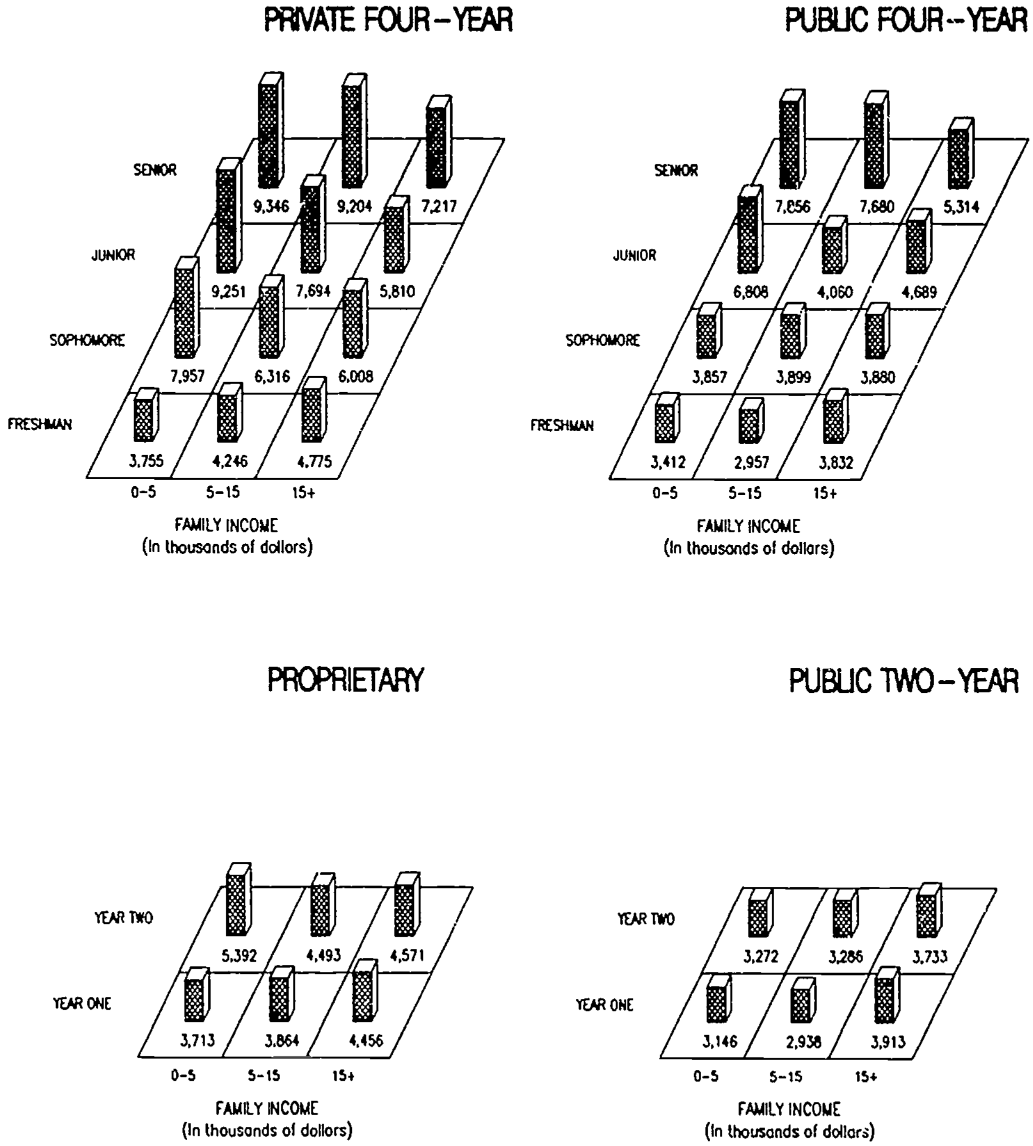
SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

Figure B-14. Average Education Debt Reported by Full-Time Independent Undergraduates Who Ever Received a Loan, by Year in School, Family Income, and Type of Institution, Academic Year 1989-1990 (In dollars)



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

Figure B-15. Average Education Debt Reported by Part-Time Independent Undergraduates Who Ever Received a Loan, by Year in School, Family Income, and Type of Institution, Academic Year 1989-1990 (In dollars)

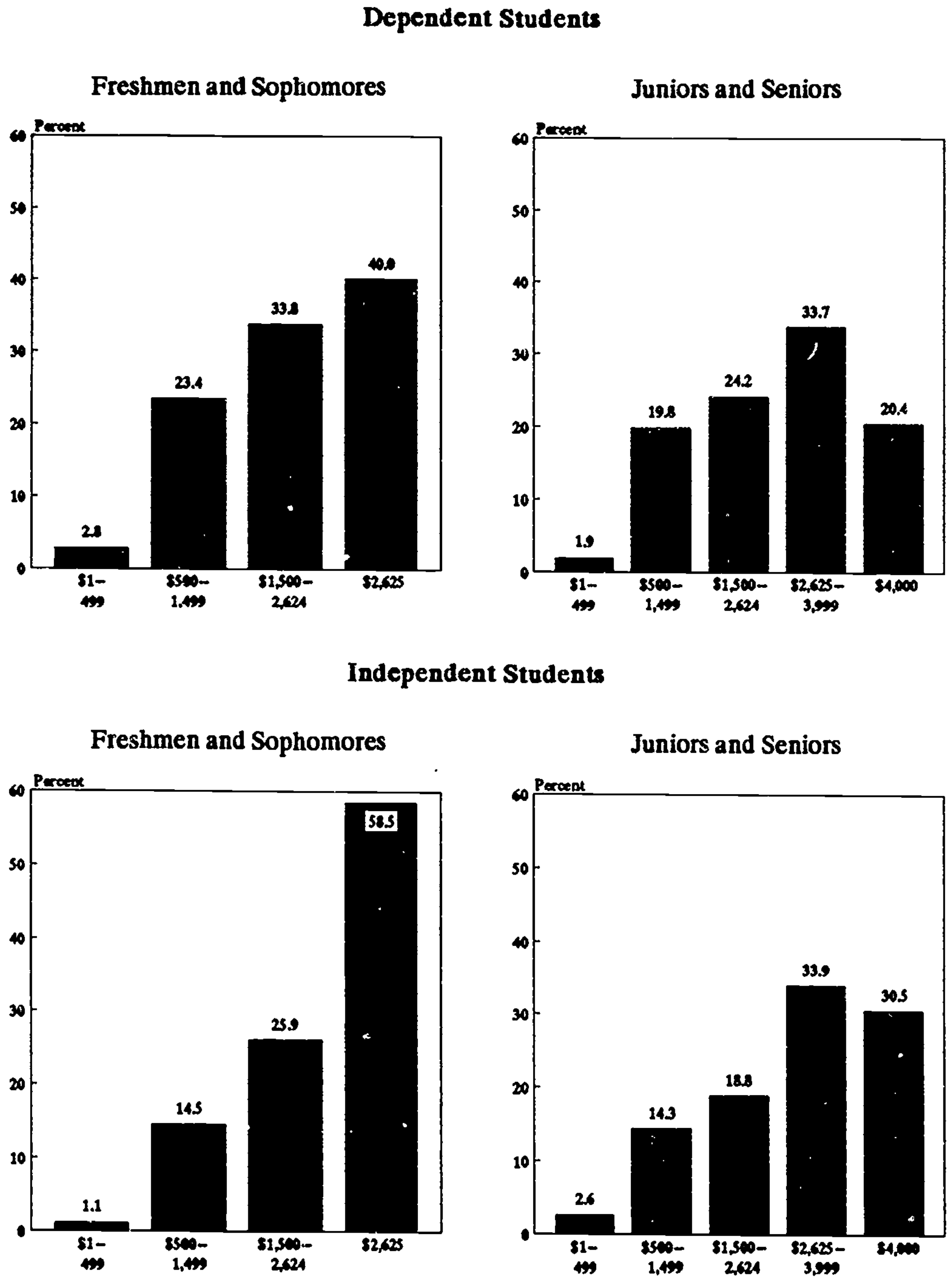


SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

APPENDIX C

DISTRIBUTIONS OF STAFFORD LOAN AMOUNTS

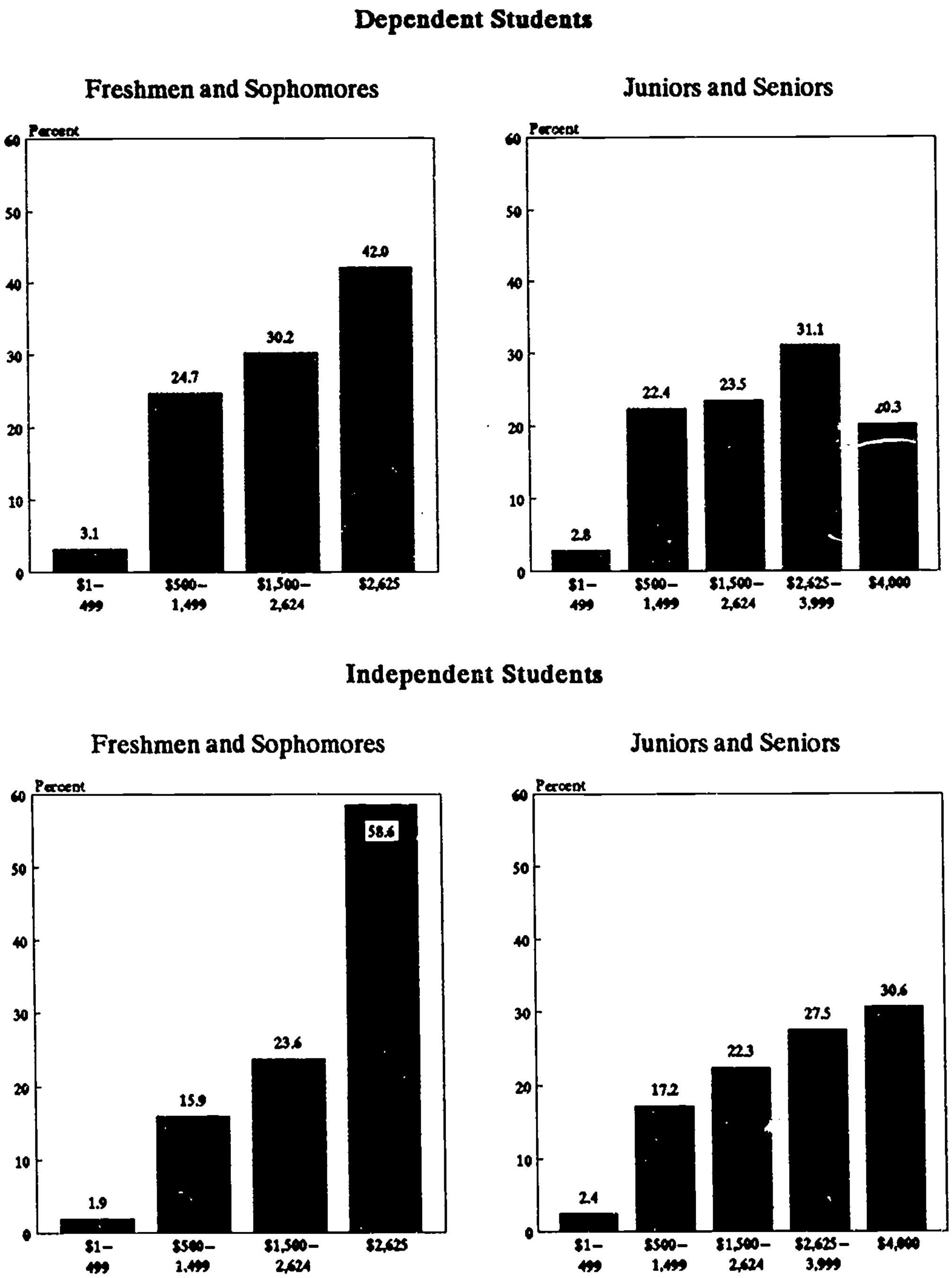
Figure C-1.
Distribution of Stafford Loan Amounts Received by Full-Time Undergraduates, by Years in School, Academic Year 1989-1990



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

NOTE: The maximum Stafford Loan for freshmen and sophomores is $2,625; for juniors and seniors, $4,000.

Figure C–2.
Distribution of Stafford Loan Amounts Received by Part–Time Undergraduates, by Years in School, Academic Year 1989–1990



SOURCE: Congressional Budget Office tabulations based on data from the Department of Education's 1990 National Postsecondary Student Aid Study.

NOTE: The maximum Stafford Loan for freshmen and sophomores is $2,625; for juniors and seniors, $4,000.