



# EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

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## Report Released on Federal Loan Borrowing Trends

By Carina Zaragoza

The National Center for Education Statistics released a report entitled *Trends in Undergraduate Borrowing II: Federal Student Loans in 1995-96, 1999-2000, and 2003-04*. The report tracks and examines the changes in student borrowing over several academic years. Christina Chang Wei and Lutz Berkner authored the report. Among the key findings:

### **1. More Students Are Borrowing.**

The number of undergraduate students who borrowed federal student loans rose from 25% in the 1995-1996 academic year to 33% in the 2003-2004 academic year.

### **2. More Students Are Borrowing Unsubsidized Loans.**

The rate of undergraduate students who borrowed subsidized federal student loans increased from 22% in the 1995-1996 academic year to 26% in the 2003-2004 academic year; the rate more than doubled with respect to unsubsidized federal student loans. In the 1995-1996 academic year, 10% of undergraduate students borrowed unsubsidized federal student loans, but that rate jumped in the 2003-2004 academic year to 21%.

Unsubsidized federal student loans are more expensive for students to borrow as the interest is not paid by the government while the student is attending school and during qualified grace and deferment periods. Interest is only paid for by the government on subsidized federal student loans.

### **3. Middle-Income Students Are Borrowing More.**

Students from middle-income families are borrowing the most, and the rate of students borrowing from this economic bracket has increased. The number of undergraduates who borrowed both subsidized and unsubsidized federal student loans grew from the 1995-1996 academic year to the 2003-2004 academic year by eight points, compared to only two points for low-income students.

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#### **4. Students Attending For-Profit or Career Colleges Are Most Likely to Borrow.**

The study shows students attending for-profit colleges borrow the most out of all students attending two-year, public, or private colleges. In the 2003-2004 academic year, 72% of undergraduates attending career colleges borrowed federal student loans, compared to 11% of students attending two-year schools, 42% attending four-year public schools, and 53% attending four-year private schools.

This report is an update to an earlier report released by NCES that only included data from the 1989-1990, 1992-1993, and 1995-1996 academic years. The updated report also includes borrowing trends by income level, institution type, dependency status, attendance pattern, tuition level, and amount of loans borrowed. The report only takes into consideration borrowing trends of Federal Stafford Loans.

The National Center for Education Statistics was created by a congressional mandate requiring the U.S. Department of Education to "collect, collage, analyze, and report full and complete statistics on the condition of education in the United States." The NCES is charged with the responsibility to provide reports and information on education statuses and trends in the U.S.

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