Private Loans:
Who's Borrowing and Why?

Private Label Borrowing by Students Outside of the Federal Loan Programs

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By Kate Rube

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The State PIRGs' Higher Education Project
218 D Street, SE
Washington, D.C. 20003
(202) 546-9707

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The Higher Education Project was established in 1994 to secure more student aid, with a focus on additional grants, lowering the cost of borrowing, and better service to students in the federal financial aid system.*

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Executive Summary

As the purchasing power of federal and state grants continue to decline in relation to increasing tuition and living expenses, students have increasingly relied on loans in order to finance their college education. Almost 65 percent of college students graduated with federal education loan debt in 1999-2000, and the average undergraduate borrower left school nearly $17,000 in debt with federal student loans.

Federally-backed loan programs, including the Stafford and Perkins programs, were instituted to offer students better terms and conditions on loans than those available in the private market, making it easier for students to afford higher education and later on, more manageable for students to repay loans used to finance their education.

In recent years, however, increases in private education loan borrowing, in which students borrow outside of the federal loan programs, have sparked concerns within the higher education community. Private education loans are not subject to the same interest rate or borrowing caps as federal student loans, nor do they offer the same flexibility in payment plans, which can make repaying private loans a substantial burden for some students. According to the College Board, private label education borrowing has increased 39 percent over the past two years.

This jump in private loan borrowing has led some to conclude that current caps on federal education loans are too low to cover the loan funds now needed by students. However, to fully understand the factors driving private label student borrowing, it is necessary to take a closer look at this population of borrowers.

This report analyzes private label borrowing by students, using data from the 1999-2000 Department of Education's National Postsecondary Student Aid Survey (NPSAS), to better understand what factors drive students to borrow private education loans. Family income, students' costs of attendance, and borrowing in the federal programs are some of the factors discussed in this analysis.

According to the Department of Education's data, private label borrowing accounted for only a small percentage of overall student borrowing, and many private label student borrowers took on private loans without demonstrated financial need and without taking full advantage of loans available through the federal programs.

Key findings:

- Small percentages of students borrowed private label loans: 3.6 percent of students overall took on private debt, and among Stafford borrowers, only 10 percent borrowed private label loans.

- Nearly 24 percent of students with private label debt did not borrow any Stafford loans, and 26 percent borrowed less than the available maximum Stafford loan. The average borrower with Stafford loans below the maximum level could have borrowed about 40 percent more in the Stafford loan program, or $6,623 over the course of a four-year undergraduate education.

- Nearly three quarters of private label borrowers who took on private label debt did not have demonstrated financial need, defined by the federal government as additional costs of attendance beyond federal loan, work-study and grant assistance.

Key Definitions[1]

Cost of attendance (COA): The total amount it should cost the student to go to school, including tuition and fees, room and board, allowances for books and supplies, transportation, and personal and incidental expenses. Loan fees, if applicable, may also be included in the COA. Child-care and expenses for disabilities may also be included at the discretion of the financial aid administrator. Schools establish different standard budget amounts for students living on-campus and off-campus, married and unmarried students, and in-state and out-of-state students.

Dependent Students: For a child or other person to be considered dependent, they must live with a guardian who provides them with more than half of their support. Spouses do not count as dependents in the Federal Methodology.

Expected Family Contribution (EFC): The amount of money that the family is expected to be able to contribute to the student's education, as determined by the Federal Methodology need analysis formula approved by Congress. The EFC includes the parent contribution and the student contribution, and depends on the student's dependency status, family size, number of family members in school, taxable and nontaxable income and assets. The difference between the COA and the EFC is the student's financial need, and is used in determining the student's eligibility for need-based financial aid.

Independent Students: An independent student is at least 24 years old as of January 1 of the academic year, is married, is a graduate or professional student, has a legal dependent other than a spouse, is a veteran of the US Armed Forces, or is an orphan or ward of the court (or was a ward of the court until age 18). A parent refusing to provide support for his/her child's education is not sufficient for the child to be declared independent.

Private Label Loans: Loans disbursed by banks to students outside of the federal programs. These loans are generally more expensive than loans disbursed under the federal programs, as they are not subsidized, can include fees up to 9 percent, and are not subject to any interest rate cap. Most private loans for undergraduate students require a credit history and/or a co-borrower. The limits on these loans vary, but most offer students, at minimum, a limit of $40,000 over the course of their undergraduate career. Increasingly, schools offer private loans with "preferred lenders" through their financial aid offices.

Stafford Loans: The most commonly borrowed federal education loan, Stafford loans may be subsidized or unsubsidized. Subsidized loans are based on need; unsubsidized loans are not. The interest on the subsidized Stafford Loan is paid by the federal government while the student is in school and during the six month grace period. The Subsidized Stafford Loan was formerly known as the Guaranteed Student Loan (GSL). The Unsubsidized Stafford Loan may be used to pay the EFC. Students may borrow in the subsidized and unsubsidized loan programs up to the costs of attendance, less total aid, and not exceeding aggregate and annual limits set for dependent and independent students.

[1] All definitions excluding Private Label Loans are from the FinAid website, a resource on financial aid. Available at *http://www.finaid.org/questions/glossary.phtml#e*

Unmet Need: Students have the following resources available to them to assist in paying for the costs of college: grants, work-study, federal education loans, and the contribution that the federal government expects their family to make (EFC). If the sum of these resources does not total a student's cost of attendance, then that student has unmet need, meaning that they will need to obtain additional funds in order to afford the expenses of the school in question.

Institution Types Discussed in Report[2]

Two-Year Public Institution: Public institutions that do not confer bachelor's degrees, but provide two-year programs that result in a certificate or an associate's degree, or two-year programs that fulfill part of the requirements for a bachelor's degree or higher at a four-year institution.

Four-Year Public Institution: Public institutions that award bachelor's degrees or higher, including doctorate and first-professional degrees.

Four-Year Private Institution: Private, not-for-profit institutions are controlled by an independent governing board and incorporated under section 501(c)(3) of the Internal Revenue Code. Private, not-for-profit institutions offer the same range of degrees as public four-year institutions.

For-Profit Institution: Private for-profits institutions are privately owned and operated as profit-making enterprises. They include career colleges and proprietary institutions. They may be four-year, two-year, or less-than-two year institutions. Less-than-two year institutions offer at least one program that is three months or longer and produces a terminal award or certificate.

[2] These definitions were reported in *Characteristics of Undergraduate Borrowers: 1999-2000*, issued by the Department of Education's National Center for Education Statistics (NCES).

Overview and Key Findings

Despite increases in private label loan volume in recent years, small percentages of students borrow private loans: less than 4 percent of all students borrowed private loans in 1999-2000, according to the Department of Education's National Postsecondary Aid Survey (NPSAS). Private label borrowers took on significant amounts of debt, with the average annual private label loan totaling $5,100. However, much of this borrowing may have been unnecessary, as many private label borrowers took on private debt without demonstrated financial need[3] and without first taking full advantage of loans available through the federal programs.

Analysis of the data shows that private label borrowing is likely driven by different factors among distinct student populations. These factors are discussed in terms of the following groups of private label borrowers:

- high-income students *without* unmet need
- low to moderate-income students *without* unmet need
- low to moderate-income students *with* unmet need

The majority of private label borrowing occurred by students who did not demonstrate unmet need. Nearly three quarters of private label borrowers overall took on private loans *without* unmet need, according to the federal calculation. For students from high-income families, dependent private borrowers with incomes over $100,000, more than 92 percent borrowed without unmet need.

> **UNMET NEED**
> Students have the following resources available to them to assist in paying for the costs of college: grants, work-study, federal education loans, and the contribution that the federal government expects their family to make. If the sum of these resources does not total a student's cost of attendance, then that student has unmet need, meaning that he/she will need to obtain additional funds in order to afford the expenses of the school in question.

Private Label Borrowing by High-Income[4] Students without Unmet Need

Since students with high-incomes borrowed private label loans without demonstrated need it is likely that they borrowed privately for one or both of the following reasons: to cover part or all of their expected family contribution (EFC),[5] or to cover costs above the estimated cost of attendance (COA)[6] at their institution.

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[3] The federal formula for need is defined as the Cost of Attendance, less the expected family contribution (EFC), all federal, state, and institutional grants, and federal loans.

[4] High-income students include students with family incomes over $100,000.

[5] The federal government calculates the amount of money that the family is expected to be able to contribute to the student's education, as determined by the Federal Methodology need analysis formula approved by Congress. The EFC includes the parent contribution and the student contribution, and depends on the student's dependency status, family size, number of family members in school, taxable and nontaxable income and assets. From the FinAid website. *http://www.finaid.org/questions/glossary.phtml#e*

[6] The total amount it should cost the student to go to school, including tuition and fees, room and board, allowances for books and supplies, transportation, and personal and incidental expenses. Schools establish different standard budget amounts for students living on-campus and off-campus, married and unmarried

Similar reasons may be responsible for private label borrowing by low and moderate-income students. More than 58 percent of dependent students with incomes under $30,000 borrowed private loans without unmet need, and more than 66 percent of dependent students with incomes from $60-100,000 borrowed privately without unmet need.

Private Label Borrowing by Low and Moderate-Income Students without Unmet Need

The expected family contribution likely plays less of a role in driving low-income students to borrow private loans. The majority of students with incomes under $30,000 have an EFC of less than $1,000, yet the average private loan among students with these incomes was $4,258.

Many low and moderate-income private label borrowers bypassed borrowing in the Stafford loan program, or borrowed less than the maximum Stafford loan.

Only about half of students with private label loans borrowed the maximum amount of Stafford loan available. Nearly a quarter of all private loan borrowers did not take out any Stafford loans, and more than 26 percent borrowed less than the available amount of Stafford loans. The average private borrower with less than the maximum Stafford could have borrowed about 40 percent more, on average, in Stafford loans.

Low-income private label borrowers were more likely to borrow less than the available maximum Stafford. Among dependent private label borrowers, nearly 25 percent of those with incomes under $30,000 borrowed less than the maximum Stafford, while only 12 percent of private borrowers with incomes over $100,000 borrowed less than the available maximum loan amount.

Independent low-income students were particularly vulnerable to borrowing in the private market without taking on the maximum Stafford loan debt. More than 54 percent of independent students with private loans and incomes under $10,000 borrowed less than the maximum Stafford, and nearly 24 percent of these students did not borrow any Stafford loans.

Private Label Borrowing by Low-Income Students with Need

Most of the private label borrowers with need for these loan funds, as defined by the federal formula, were students from lower incomes: dependent students with incomes under $30,000 and independent students with incomes under $20,000. The average dependent student with a family income under $30,000 borrowed $3,200 in private loans, nearly reflecting the $3,800 average in unmet need with which the average low-income student struggles, according to the Advisory Committee on Student Financial Aid.[7]

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students and in-state and out-of-state students. From the FinAid website. *http://www.finaid.org/questions/glossary.phtml#e*

[7] Even after student aid, including work-study and federal loans, families of low-income undergraduate students face annual unmet need of $3,800. *Empty Promises: The Myth of College Access in America*. A Report of the Advisory Committee on Student Financial Assistance, June 2002.

Recommendations

After analyzing the Department of Education's NPSAS data, it is evident that distinct populations of students take on private label loans for very different reasons, which depend in part on the choices these students make and their use of other available resources. Our analysis indicates that the policy solutions that will assist higher income students who borrow private loans without need are likely different than those that will help students from lower and moderate incomes who borrow because of need.

The low-income population of private label borrowers deserves considerable attention and additional study, as many of these students likely borrow private loans only because all other available resources still fall short of covering their costs of attendance. College qualified low-income students continue to pursue higher education at lower rates than the same population of high-income individuals, and accelerating college tuitions without matched grant increases threaten to leave these students even further behind on the path to a college degree.

Students who borrowed private loans due to actual need represented about 12 percent of the private label borrowing population, and therefore, about 0.67 percent of students overall at all institutions.[8] These students would benefit from additional grant programs, which would best assist these students in their pursuit of higher education.

In response to reported increases in the private label loan market, some have suggested that federal education loan limits should be raised during upcoming reauthorization of the Higher Education Act[9] to accommodate additional borrowing. However, increasing federal loan limits is not only policy that would potentially harm all student borrowers by saddling students with increased amounts of debt, but it is policy that would not most effectively assist that small population of students who need additional financial resources to afford the price of higher education.

Most of the students who borrowed private label loans took on this debt without demonstrating financial need. These students may be borrowing privately to cover expenses beyond the costs of attendance, or they may borrow private loans to replace part or all of their expected family contribution (EFC).

Whether these benchmarks of the federal financial aid system – estimated costs of attendance, the expected family contribution, and the needs formula analysis itself – are accurate and in-step with the needs of today's students and families is a question that requires additional investigation. However, currently, these are the best measures we have to determine the available resources and expenses that a student should have in

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[8] About 15 percent of private label borrowers are dependent students with incomes under $30,000, and about 16 percent are independent students with incomes under $20,000. Within this population of low-income private borrowers, about 40 percent have unmet need, with an average unmet need of about $3,300. Therefore, about 12.4 percent of the private label borrowing population has need for those loans.

[9] Reauthorization of the Higher Education Act, which includes regulations governing federal financial aid, occurs every five years. The reauthorization process will likely begin in 2003, and one of the policy decisions that will be considered concerns current federal education loan limits, and whether these limits should be increased on an annual and aggregate basis.

paying for a college education. Questioning these very definitions, formulas, and the structure and purpose of the loan system itself do not fall within the bounds of this report.

To assist those students who seem to borrow private loans unnecessarily, borrower education, on the part of schools and financial aid offices, in particular, is essential to inform students about their rights to full borrowing in the Stafford loan program, as well as about the risks associated with private loan borrowing. In addition, financial aid offices should closely monitor marketing of private label loans to students.

Every effort should be made to prevent unnecessary borrowing of private loans. Ultimately, however, the private loan market exists for those students who choose to borrow beyond their costs of attendance, and for those families who choose to bypass the federal education loan programs and the use of their own finances to pay for a student's college education.

Methodology

This analysis was based on the 1999-2000 National Postsecondary Student Aid Survey (NPSAS), a nationwide survey conducted by the Department of Education's National Center for Education Statistics. The NPSAS surveys approximately 50,000 undergraduates and represents about 16.5 million undergraduates. The data is based on those students who borrowed private label loans, defined by NPSAS as commercial or private source loans used for education.

Background

Borrowing by college students has increased dramatically over the past decade, as college tuitions and living expenses have risen without matched increases in federal and state aid to needy students. In 1999-2000, almost 65 percent of students borrowed federal education student loans, and the average undergraduate borrower graduated with nearly $17,000 in federal education loan debt.[10]

The majority of students who take on loans in order to help finance their college education borrow through two loan programs overseen by the federal government: the Direct Loan (DL) program, in which the federal government disburses its own funds for student borrowing, and the Family Federal Education Loan (FFEL) program, in which sanctioned lending institutions and banks make loan funds available to students. Stafford loans, the most commonly borrowed federal education loan, are disbursed in each of these programs, which offer similar terms and conditions to borrowers. A small percentage of students, constituting about 3 percent of loan aid, borrow through the Perkins loan program, in which certain participating institutions of higher education make these loans available to students with exceptional need.

In addition, the federal government oversees the Parent Loan for Undergraduate Students (PLUS) program, in which parents can borrow through the FFEL and DL programs to assist in financing their children's college career.

Federal education loans may be "subsidized" or "unsubsidized." If a loan is subsidized, as with a Perkins and subsidized Stafford loans, the federal government pays the interest on the loan while a borrower is in school, making these loans an attractive option available to those students with demonstrated need. PLUS and unsubsidized loans are available to students regardless of need, and borrowers are required while in school to pay interest on these loans.

Federal loan programs were created to offer students and parents loans that have better terms and conditions than those available through the private market, as well as to make funds available to those student borrowers without credit histories, as these students would likely be rejected from the private loan market. Federal loan programs assist millions of students each year in pursuing a higher education that would otherwise be unattainable. This report focuses on private label borrowing by students in relation to borrowing in the Stafford loan program. Borrowing in the Perkins program is not included in this analysis, since the program constitutes such a small part of federal education borrowing overall.

Students and parents can borrow in these federal loan programs up to the cost of attendance at the student's institution, which includes estimated living expenses. To both ensure that students do not borrow beyond their means, as well as to lower the federal

[10] According to 1999-2000 NPSAS data, as reported in *The Burden of Borrowing*, a 2002 state PIRGs' Higher Education Project report.

government's cost of outlaying loan funds, aggregate and annual limits exist on the loan amounts that students can borrow in the DL and FFEL programs.[11]

The Higher Education Act (HEA), which is reauthorized every five years, includes regulations on federal financial aid policy, including the annual and aggregate limits on federal education loans. Reauthorization of the HEA is scheduled to begin this year, and many groups within the higher education community have called for substantial loan limit increases in the federal education loan programs.

Few limits exist, however, on the amounts that students can borrow through the private label loan market to help finance their college education. Although these loans constitute a small percentage of student borrowing overall, recent increases in private borrowing have prompted concerns from schools and higher education associations. According to the College Board, students borrowed about $5 billion in private loans in 2001-02, an increase of 39 percent from the previous year.

Private loans are often disbursed and managed by the same lenders who participate in the FFEL program, including lenders such as Sallie Mae and Wells Fargo. The terms and conditions on these private loans vary widely, and students are subject to credit checks in order to qualify. Private loans are not subject to interest rate or borrowing limits, nor do they always offer the same flexibility in payment programs as federal education loans.

This report seeks to analyze student borrowing in the private market, as well as to generate a detailed portrait of those students who take on private debt in order to help finance their undergraduate education.

[11] The cumulative limit for undergraduate borrowing for dependent students in the federal programs is $23,000, with aggregate limits as follows: first year of school, $2,625; second year, $3,500; third year and beyond, $5,500 per year. Independent students can borrow up to $46,000 cumulatively, with aggregate limits as follows: first year of school, $6,625; second year, $7,500; third year and beyond, $10,500 per year.

Profile of Private Label Loan Borrowers

Relatively small numbers of students borrowed private label loans in 1999-2000, and many private label borrowers appeared to take on these private loans without demonstrated financial need. About 3.6 percent of all students borrowed private loans, and about half of these students borrowed no Stafford loan or borrowed less than the available maximum. In addition, nearly three quarters of private label borrowers took out private loans without demonstrated financial need for those loans.

Students who borrowed private loans took on substantial amounts of debt. The average loan amount for a private label borrower was $5,100, with dependent students taking on slightly lower private loans on average, and independent students borrowing slightly higher private loans on average.

Private label student borrowers were most likely to be dependent students who attend school full-time: 5.4 percent of full-time students took on private loans, as opposed to just 1.7 percent of part-time students, and 4.9 percent of dependent students borrowed privately, compared to less than 2.5 percent of independent students.

Table 1. Private label borrowing at all institutions

Type of Student	Percentage with Private Loans	Average Amount of Private Loan in Dollars
All students	3.6%	$5100
Students with Stafford loans	7.9%	$5274
Dependent Students	4.9%	$4847
Independent Students without dependents	2.5%	$6064
Independent Students with dependents	2.2%	$5287
Exclusively Full-time Students	5.4%	$5180
Part-time Students[12]	1.7%	$4829

Dependent students with low to moderate-incomes were over-represented in the private label borrowing population. While dependent students with family incomes under $30,000 represented only 2.6 percent of the student population as a whole, nearly 15 percent of private label borrowers were dependent students from this lowest income range. Almost 38 percent of private label borrowers were from families with incomes less than $60,000, while these students represented only 27 percent of the student population as a whole.

[12] Includes students who attended school half-time and less than half-time, as well as those students who had mixed patterns of attendance (below predominantly full-time attendance) in 1999-2000.

Although independent students overall were less likely than their dependent counterparts to borrow private label loans, most independent private loan borrowers had low incomes. Two-thirds of independent private label loan borrowers had incomes under $30,000.

Table 2. Income Distribution by Dependency

	Dependent Students				Independent Students			
	Under $30,000	$30-60,000	$60-100,000	Over $100,000	Under $10,000	$10-30,000	$30-50,000	Over $50,000
All Students	11.8%	15.6%	14.4%	8.9%	9.2%	17.3%	10.6%	12.3%
Private Loan Borrowers	14.9%	23.0%	22.7%	8.3%	8.2%	12.6%	5.7%	4.7%

Private Label Borrowing Among Stafford Loan Borrowers

Private loan borrowing by students was low even among the population of students who borrow Stafford loans, the most common type of federal education loan. Only 10 percent of those students who borrowed Stafford loans also borrowed in the private loan market.

Nearly 40 percent of private label borrowers only borrowed federally subsidized Stafford loans, which require demonstrated financial need for qualification. Thirteen percent of private loan borrowers only borrowed unsubsidized loans, while a quarter borrowed in both the subsidized and unsubsidized federal loan programs.

A significant number of private label borrowers, 22 percent, did not borrow any Stafford loans.

Table 3. Private Label Loan Borrowing Among Stafford Borrowers

Type of Student	Percentage with Private Loans	Average Amount of Private Loan
Stafford loan borrowers	10%	$5338

Table 4. Distribution of Stafford Loan Types Among Private Label Loan Borrowers

Type of Federal Loans	Subsidized Loans Only	Unsubsidized Loans Only	Subsidized and Unsubsidized	No Stafford Loans
Percentage of Private Loan Borrowers	38.3%	12.7%	25.2%	23.8%

Private Label Borrowing by Institution Type

The percentage of students that borrowed privately, as well as the average private loan amount, was highest at four-year private institutions and lowest at two-year public schools, likely due to the cost differentials in tuition prices at these types of institutions.

Private Four-Year Institutions

At private four-year schools, about 10 percent of students overall borrowed private label loans, more than double the percentage of students who borrowed privately at four-year public schools. Students at private four-year institutions, on average, borrowed the highest amounts of private label loans, with the average private label loan totaling nearly $6,340. Private four-year institutions also had the highest percentage of their borrowing population take on private label debt: nearly 18 percent of those students who borrowed Stafford loans also borrowed in the private market.

Public Two and Four-Year Institutions

The percentage of students who borrowed at public two and four-year institutions is significantly lower: less than 1 percent of students borrowed private loans at public two-years, and less than 4 percent of students at public four-years borrowed privately. Even with the relatively small percentages of students who borrow through the federal loan system at these schools, the percentage of borrowers who took on private label debt remained low. At public two-year institutions, where about 7 percent of students borrowed Stafford loans, just over 6 percent of these borrowers took on private loans. At public four-year institutions, 7.5 percent of Stafford borrowers borrowed in the private loan market.

For-Profit Institutions

At for-profit institutions, the percentages of students borrowing private label loans were higher than those at public institutions, but lower than the average for private non-profit institutions. At less-than-two-year for-profit institutions, 6.4 percent of students overall borrowed privately, while a slightly higher percentage of students, 6.9 percent, took on private label debt at two-year-or-more for-profit institutions. The average private loan amount at these schools, however, was nearly as high as the average for private four-year schools. At less-than-two-year institutions, the average private label loan was $6,095, and at for-profit institutions that are two years or longer, the average private loan was $6,329.

Table 5. Private Label Borrowing by Institution Type

Institution Type	Percentage of Students Borrowing Private Loans	Average Amount of Private Loan in Dollars
All institutions	3.6%	$5100
Public 2-year	0.96%	$3790
Public 4-year	3.8%	$3920
Private 4-year	9.8%	$6340
Private for-profit, less than 2-year	6.4%	$6095
Private for-profit, 2-year or more	6.9%	$6329

Table 6. Private Label Borrowing Among Stafford Borrowers by Institution Type

Institution Type	Percentage of Students with Stafford Loans	Percentage of Stafford Borrowers with Private Label Loans[13]	Average Amount of Private Loan in Dollars
All institutions	27.6%	10.0%	$5338
Public 2-year	7.1%	6.1%	N/A
Public 4-year	38.0%	7.5%	$4093
Private 4-year	47.4%	17.7%	$6416
Private for-profit	66.4%	8.05 %	$6540

* The presence of an N/A indicates that the pool of students was too low to generate statistically relevant data in NPSAS.

[13] Based on those students receiving Stafford loans at below the maximum, at the maximum, and at the exceptional maximum levels.

Costs of Attendance of Private Loan Borrowers

The costs of attendance[14] for private label borrowers were higher, on average, than the costs of attendance for students overall. More than half of private label borrowers attended schools with costs of attendance in excess of $18,000 per year. Only a quarter of all students attended institutions with a cost of attendance of $18,000 or more.

Nearly 30 percent of private label loan borrowers attended schools with a cost of attendance over $24,000, compared to only 12 percent of students overall who attended these institutions.

These differences in cost of attendance were most pronounced among students at two-year public institutions. For students overall at these institutions, only 7.7 percent reported costs in excess of $12,000 per year. However, among students with private loans at two-year schools, almost a third attended institutions with costs of attendance over $12,000.

Table 7. Distribution for All Students: Costs of Attendance

Institution Type	Under $6,000	$6,000-12,000	$12,000-18,000	$18,000-24,000	Over $24,000
All students	1.1%	48%	25.5%	13.3%	12.1%
Public 2-year	4.8%	87.5%	7.2%	0.3%	0.2%
Public 4-year	0%	52.0%	39.3%	7.4%	1.3%
Private 4-year	0%	10.1%	13.3%	30.6%	46.0%
Private for-profit	0%	6.9%	38.4%	46.5%	8.2%

Table 8. Distribution for Private Label Borrowers: Costs of Attendance

Institution Type	Under $6,000	$6,000-12,000	$12,000-18,000	$18,000-24,000	Over $24,000
All students	0%	25.5%	21.3%	23.4%	29.8%
Public 2-year	0%	67.5%	13.2%	10.3%	9%
Public 4-year	0%	45.1%	39.2%	10.3%	5.4%
Private 4-year	0%	5.1%	7.7%	33.6%	53.6%
Private for-profit	0%	2.2%	36.1%	42.8%	19.0%

[14] Costs of attendance include yearly tuition and fees, and total non-tuition expense allowances. Non-tuition expenses include books and supplies, room and board (or housing and food allowances), transportation and personal expenses.

Income Distribution of Private Label Borrowers

The majority of private label borrowers at all institutions were dependent students. Students with private label loans were more likely to be from higher-income families at four-year private schools. At two and four-year public schools, greater numbers of private label borrowers were from low to moderate-income families, and higher numbers of these students were independent.

Private Four-year Institutions

At four-year private institutions low and moderate-income students were no more likely to borrow private label loans than high-income students. Nearly 40 percent of these borrowers were from families with incomes below $60,000 and just over 40 percent were from families with incomes over $60,000. The highest percentage of those with private label debt at private four-year institutions was from the $60-$100,000 income for dependents, with nearly 29 percent of private label borrowers at these schools falling into that income range. Lower numbers of private borrowers at these private schools were independent students; less than 23 percent of those with private loan debt were non-dependents.

Public Four-Year Institutions

At public four-year institutions, higher numbers of the private loan borrowing population were lower-income. Nearly 43 percent of dependent private loan borrowers were from families under $60,000. Twenty-four percent were from families in the $60-$100,000 income bracket, while less than 8 percent were from families with incomes over $100,000.

Public Two-Year Institutions

Of the small percentage of students who borrowed private loans at two-year public schools, 38.79 percent of those borrowers were from families with incomes under $60,000. Only about 14 percent of dependent private label borrowers were from families with incomes over $60,000. Nearly 47 percent of private loan borrowers at these schools were independent students.

Table 9. Income Distribution of Private Label Borrowers by Institution Type[15]

Income in Dollars	Public 2-year	Public 4-year	Private 4-year	Private for-profit, less than 2-year	Private for-profit, 2-year or more
Dependents					
Under $30,000	12.9%	15.2%	16.3%	18.3%	7.2%
$30-60,000	25.9%	27.5%	20.9%	2.8%	11.8%
$60-100,000	11.7%	23.7%	28.8%	0.3%	11.3%
$100,000 +	2.5%	7.8%	11.7%	0.4%	2.5%
Independents					
Under $10,000	6.0%	10.3%	4.9%	31.8%	12.3%
$10-30,000	25.3%	8.5%	9.5%	22.7%	26.7%
$30-50,000	5.3%	4.2%	4.7%	17.4%	15.6%
$50,000 +	10.5%	2.9%	3.4%	6.3%	12.5%

[15] See Appendix Table 1 for an income distribution by institution type for all students.

Private Label Borrowing by Year in School

Students were most likely to borrow private label loans later in their undergraduate education, with the highest rates of private label borrowing occurring in students' third year and graduating year. First year students were the least likely to borrow private label loans, as only 3 percent of first year students borrowed private label loans, compared to 5.2 percent of graduating students.

The average private loan increased with a student's year, so that first year students took on considerably lower private loans, on average, than graduating senior students.

Public Two-Year Institutions
Higher numbers of students borrowed private label loans during their second year of school at two-year public institutions. Private borrowing increased from less than 1 percent of students taking on private label debt in their first year to about 1 percent taking on private debt in their second year.

Public Four-Year Institutions
In four-year public institutions, the opposite trend occurred: slightly higher percentages of students borrowed private loans during their first and second years, as compared with the percentage who borrowed these loans later in their academic career. For first year students at four-year publics, 4.79 percent borrowed private loans. This percentage dropped slightly to 4.54 percent of second year students, then reached a low of 3.24 percent of third year students who took on private label debt. For graduating students, 3.36 percent borrowed privately.

Private Four-Year Institutions
There is a less discernible pattern for private label borrowing at four-year private institutions; however, the lowest percentage of students who borrow private loans occurred during first year, when 9.1 percent of students take on private debt. This percentage rose slightly to 11.16 percent of all students second year, then dropped slightly for the remaining years of school.

Table 10. Private Label Loan Borrowing By Year in School

Year in school	**All students**	
	% of students with private loans	Average private loan in Dollars
1st	3.0%	$4068
2nd	3.7%	$5003
3rd	4.8%	$5518
4th	4.6%	$5792
5th	4.9%	$5557
Graduating Senior	5.2%	$6218

Table 11. Private Label Loan Borrowing By Year in School and Institution Type

Year in school	Public 2-year		Public 4-year		Private 4-year		For-Profit	
	% of students with private loans	Average private loan in Dollars	% of students with private loans	Average private loan in Dollars	% of students with private loans	Average private loan in Dollars	% of students with private loans	Average private loan in Dollars
1st	0.8%	N/A	4.8%	$3095	9.1%	$4722	7.2%	$5672
2nd	1.4%	N/A	4.5%	$3384	11.2%	$5857	7.4%	N/A
3rd	1.3%	N/A	3.2%	$3845	9.8%	$7314	8.2%	N/A
4th	1.7%	N/A	3.4%	$4543	10.8%	$7097	6.0%	N/A
5th	N/A	N/A	6.1%	N/A	13.9%	N/A	N/A	N/A
Graduating Senior	N/A	N/A	3.4%	$5461	9.2%	$6828	4.2%	N/A

* The presence of an N/A indicates that the pool of students was too low to generate statistically relevant data in NPSAS.

Unmet Need of Private Label Loan Borrowers

The federal formula calculates student financial 'need' according to the cost of attendance at a particular institution, less the funds expected from a student's parental contribution (EFC) and the financial aid they receive. A student's calculated need, then, can vary considerably depending on the costs of attendance, which includes tuition and estimated living expenses, at various schools. It is possible for a high-income student to demonstrate greater need than a low-income student if the costs between the institutions to which they apply vary considerably.

Most students who borrow private label loans did not have unmet need as defined by the following federal formula that determines need:

(Unmet need = Cost of attendance – Expected Family Contribution – Total Aid)[16]

Nearly 75 percent of all private label student borrowers took out private loans without demonstrated need for these loans in their student budgets. Higher numbers of high-income dependent and independent students borrowed private loans without need, as compared to those private label borrowers from lower income brackets.

Among dependent private label borrowers with incomes between $60,000 and $100,000, less than 13 percent had demonstrated need for those loans. The percentage of private borrowers from incomes over $100,000 with unmet need was even smaller: less than 8 percent of these students had demonstrated need for private loan funds.

Several factors likely contribute to this pattern. For some students, the expected family contribution (EFC) may not have been fully contributed by their families. Even if a family neglects to contribute its full EFC, those funds are still calculated as part of the financial resources that a student has available to finance the costs of attendance.

In addition, some students may choose to borrow beyond their student budget[17] to cover living expenses that are higher than those calculated in the budget formula. As NPSAS does not survey actual parental contribution in addition to the expected parental contribution, it is difficult to assess how many private label borrowers are taking on these loans to cover part or all of their families' EFC.

Unmet Need of Private Label Borrowers by Institution Type

Private label borrowing without need was more pronounced among students who attend non-profit schools, as compared to those who attend for-profit institutions. At two and four-year non-profit institutions, about 75 percent of private label borrowers overall took

[16] Total aid includes all federal, state, institutional, and other aid in the form of grants, loans, and work-study. The cost of attendance is adjusted to a student's attendance intensity.
[17] The federal government determines a student's budget as the costs of tuition and estimated living expenses.

on private label debt without demonstrated financial need. At for-profit institutions, 60 percent of private borrowers did not have need.

Higher numbers of lower income private label loan borrowers had unmet need, while higher income students with private loans were more likely to borrow without need for these loan funds.

The average amounts of unmet need were highest at four-year private and for-profit institutions, with private label borrowers having average needs of $4,181 and $4,108 at these types of schools, respectively.

Table 12. Unmet Need of Private Label Borrowers

	All Private Label Borrowers		2-year Public		4-year Public		4-year Private		For-profit	
Income by Dependency	**% with Unmet Need**	**Average Amount of Unmet Need**	**% with Unmet Need**	**Average Amount of Unmet Need**	**% with Unmet Need**	**Average Amount of Unmet Need**	**% with Unmet Need**	**Average Amount of Unmet Need**	**% with Unmet Need**	**Average Amount of Unmet Need**
All students	26.7%	$3440	26.3%	$2938	23.6%	$2305	25.8%	$4181	41.2%	$4108
Dependents										
Under $30,000	41.7%	$3145	N/A	N/A	40%	N/A	43.2%	$4027	N/A	N/A
$30-60,000	33.5%	$3328	N/A	N/A	33.4%	$2213	33.6%	$4100	N/A	N/A
$60-100,000	12.7%	$4021	N/A	N/A	10.4%	N/A	14.7%	$5156	N/A	N/A
$100,000 +	7.9%		N/A	N/A	5.9%	N/A	9.6%	N/A	N/A	N/A
Independents										
Under $10,000	43.4%	$3412	N/A	N/A	22.5%	N/A	60.1%	N/A	56.0%	N/A
$10-30,000	33.9%	$3452	N/A	N/A	29.6%	N/A	27.5%	N/A	46.2%	N/A
$30-50,000	18.6%	N/A	N/A	N/A	N/A	N/A	17.6%	N/A	N/A	N/A
$50,000 +	7.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The presence of an N/A indicates that the pool of students was too low to generate statistically relevant data in NPSAS.

Private Loan Borrowing Among Stafford Borrowers

Stafford loans are the most common type of federal education loan that students borrow to help finance the costs of their college education. Dependent students can borrow up to a cumulative $23,000 in the subsidized and unsubsidized federal loan programs over the course of their college career; independent students can borrow up to $46,000 over the same period.[18] There are also separate yearly limits so that students can borrow up to the following amounts:

Table 13. Undergraduate Stafford Loan Limits

Dependent Students		**Independent Students**	
Annual limits:		Annual limits:	
1st year	$2,625	*1st year*	$6,625
2nd year	$3,500	*2nd year*	$7,500
3rd year and beyond	$5,500	*3rd year and beyond*	$10,500
Aggregate limit:	$23,000	Aggregate limit:	$46,000

Private label loans for students exist, theoretically, to supplement federal education loans for those students who require funds beyond those available through the federal programs. However, about half of all students who borrowed private loans either did not borrow the maximum Stafford loan for which they were eligible or did not borrow any Stafford loans.[19] This problem is one that is more pronounced among low-income and independent students.

This data point to a disturbing trend: that significant numbers of students who take out more expensive private label loans are forgoing the federal Stafford loan dollars to which they are entitled. Concentrations of this problem among lower-income dependent and independent students make this problem even more severe, as these are the students who would potentially struggle the most with private label loans. The terms and conditions, including interest rates and fees, of most private label loans are determined by an individual's credit history or by his co-signer's credit history. Low-income and independent students, therefore, may be more likely to be subject to less favorable terms and higher interest rates because of a lack of credit history or a poor credit history.

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[18] A student is considered independent if he or she is at least 24 years old by December 31 of the award year, is an orphan or ward of the state (or was until age 18), is a veteran of the armed forces, is a graduate or professional students, is married, has dependents other than a spouse, or is deemed independent by a financial aid officer for 'unusual circumstances.'

[19] Students may borrow Stafford loans up to the cost of attendance, less total aid, and not exceeding the annual or aggregate loan limits. Eligibility for subsidized Stafford loans is based on need, while all students may borrow in the unsubsidized Stafford loan program. The total amount borrowed in either the subsidized or unsubsidized programs cannot exceed the annual or aggregate loan limits, or the cost of attendance, less total aid.

Dependent Students

Among dependents, private loan borrowing for students who borrowed less than the maximum Stafford loan was highest among those from family incomes under $30,000. Nearly one quarter of private loan borrowers in this lowest income bracket did not take out the maximum Stafford loan amount available to them and nearly 19 percent of these private label borrowers did not borrow any Stafford loans.

However, even among students with incomes over $100,000, 35 percent of private loan borrowers either did not borrow their maximum Stafford loans or did not borrow any Stafford loans.

Higher income private label borrowers were more likely to forgo borrowing in the Stafford loan program altogether, while low-income private label borrowers were more likely to take out Stafford loans but borrow less than the available maximum. Nearly 23 percent of private loan borrowers with incomes over $100,000 did not take out any Stafford loans.

Independent Students

Independent students were even more likely than their dependent counterparts to forgo borrowing the maximum Stafford loan amount. Among independent private label borrowers overall, 71.9 percent either borrowed no Stafford loan or borrowed less than the available maximum amount. As with dependent students, this problem was more pronounced among those students with lower incomes. For independent private label borrowers with incomes under $10,000, only 21.7 percent borrowed the available maximum Stafford loan.

Table 14. Stafford Borrowing Among Private Loan Borrowers

Total Income in Dollars	Percent with No Stafford	Less Than Maximum Stafford	Maximum Stafford Total	Exceptional Maximum[20]
All Students	23.8%	26.2%	44.9%	5.0%
Dependent Students	*19.8%*	*20.3%*	*52.6%*	*7.4%*
Under $30,000	18.4%	24.8%	46.7%	10.1%
$30-60,000	19.1%	22.8%	50.1%	8.0%
$60-100,000	20.5%	17.7%	56.2%	5.6%
$100,000 +	22.8%	12.2%	60.5%	4.5%
Independent Students	*32.5%*	*39.4%*	*28.0%*	*0.1%*
Under $10,000	24.0%	54.3%	21.7%	0%
$10-30,000	26.8%	41.0%	32.0%	0.2%
$30-50,000	35.6%	28.4%	36.0%	0%
$50,000+	59.3%	22.2%	18.5%	0%

Stafford Loan Borrowing Among Private Label Borrowers by Institution Type

Students at two and four-year public institutions were most likely to take out private loans before they borrowed the maximum in federal loans. Almost 80 percent and 60 percent of private label borrowers two and four-year public schools, respectively, have no Stafford loans or have Stafford loans below the maximum. At two-year public schools, more than half of all private label borrowers did not borrow any Stafford loans.

The higher concentrations of private label borrowing without maximum federal borrowing at two and four-year public institutions may exist due to the lower costs of attendance at these schools. Students may only borrow federal loans up to their costs of attendance, less all other financial aid. A student who chooses to borrow beyond their costs of attendance may have little alternative but to take on private loans.

Lower income students were the most likely to borrow private label loans before they exhausted their federal Stafford loans. At four-year public institutions, about 30 percent of dependent private borrowers with incomes under $30,000 borrowed less than the available maximum Stafford loan, while only 16 percent of students with incomes over $100,000 had Stafford loans below the maximum. At four-year private institutions, 24 percent of dependent private borrowers with incomes under $30,000 borrowed less than

[20] Dependent students with exceptional need, whose parents were unable to qualify for a PLUS loan can qualify for an unsubsidized loan at the independent student maximum. In addition, undergraduates in programs of continuous study lasting longer than nine to ten months of an academic year were eligible for larger amounts than the normal academic year maximum. Students in either of these categories could qualify for Stafford loan at the exceptional maximum.

the available maximum Stafford loan, while only 7 percent of students with incomes over $100,000 had Stafford loans below the maximum

Higher income students, however, were generally more likely to forgo borrowing in the Stafford loan program altogether. At four-year public institutions, 38.4 percent of private label dependent borrowers with incomes over $100,000 did not borrow any Stafford loans.

Table 15. Stafford Loan Borrowing by Private Loan Borrowers at Two-Year Public Institutions[21]

Total Income in Dollars	Percent with No Stafford	Less Than Maximum Stafford	Maximum Stafford Total	Exceptional Maximum
All Students	54.67%	23.83%	21.49%	0%

Table 16. Stafford Borrowing Among Private Loan Borrowers at Four-Year Public Institutions

Total Income in Dollars	Percent with No Stafford	Less Than Maximum Stafford	Maximum Stafford Total	Exceptional Maximum
All Students	25.6%	33.3%	37.8%	3.4%
Dependent Students				
Under $30,000	19.5%	29.7%	43.2%	7.6%
$30-60,000	24.0%	26.8%	44.5%	4.8%
$60-100,000	26.6%	20.8%	49.0%	3.7%
$100,000 +	38.4%	15.9%	45.3%	0.33%
Independent Students				
Under $10,000	14.1%	73.7%	12.3%	0%
$10-30,000	22.6%	58.3%	19.1%	0%
$30-50,000	N/A	N/A	N/A	N/A
$50,000 +	N/A	N/A	N/A	N/A

* The presence of an N/A indicates that the pool of students was too low to generate statistically relevant data in NPSAS.

[21] Due to small numbers of students in this population, all results by dependency and income resulted in the outcome 'low numbers.'

Table 17. Stafford Borrowing Among Private Loan Borrowers at Four-Year Private Institutions

Total Income in Dollars	**Percent with No Stafford**	**Less Than Maximum Stafford**	**Maximum Stafford Total**	**Exceptional Maximum**
All Students	14.0%	19.1%	61.4%	5.5%
Dependent Students				
Under $30,000	9.1%	24.2%	59.9%	6.8%
$30-60,000	5.7%	15.9%	68.0%	10.4%
$60-100,000	12.8%	12.2%	69.7%	5.4%
$100,000 +	10.8%	7.2%	76.9%	5.1%
Independent Students				
Under $10,000	25.7%	55.9%	18.5%	0%
$10-30,000	18.4%	25.1%	55.7%	0.8%
$30-50,000	34.0%	25.0%	41.0%	0%
$50,000 +	N/A	N/A	N/A	N/A

* The presence of an N/A indicates that the pool of students was too low to generate statistically relevant data in NPSAS.

Table 18. Stafford Borrowing Among Private Loan Borrowers at For-Profit Institutions

Total Income in Dollars	**Percent with No Stafford**	**Less Than Maximum Stafford**	**Maximum Stafford Total**	**Exceptional Maximum**
All Students	20.3%	24.7%	45.3%	9.7%
Dependent Students				
Under $30,000	N/A	N/A	N/A	N/A
$30-60,000	N/A	N/A	N/A	N/A
$60-100,000	N/A	N/A	N/A	N/A
$100,000 +	N/A	N/A	N/A	N/A
Independent Students				
Under $10,000	18.8%	28.4%	52.8%	0%
$10-30,000	17.9%	34.5%	47.6%	0%
$30-50,000	N/A	N/A	N/A	N/A
$50,000 +	N/A	N/A	N/A	N/A

* The presence of an N/A indicates that the pool of students was too low to generate statistically relevant data in NPSAS.

Unmet Need of Private Loan Borrowers with Stafford Loans

More than 75 percent of those students who borrowed the maximum Stafford loan did not demonstrate financial need for additional loan funds. For the 23.5 percent of Stafford borrowers with additional need, the average amount of need that they had was about $3,000.

Table 19. Unmet Need of Stafford Loan Borrowers

	Percentage with Unmet Need	Average Amount of Unmet Need
No Stafford	38.2%	$4200
Less than maximum total	22.2%	$3157
Maximum total[22]	23.5%	$3003

[22] Includes borrowers at the Stafford maximum and exceptional maximum.

Private Label Borrowing of Students with Maximum Stafford Loans

About 13 percent of all students who borrowed the maximum Stafford loan amount also took on private label debt, with an average private loan of $5,889. At two and four-year public institutions and for-profit institutions, the percentage of maximum Stafford borrowers who took on private debt is lower, while at private four-year schools, 20 percent of students at the Stafford maximum borrowed private loans.

Students who borrowed the Stafford maximum and took on private label debt borrowed large amounts of combined loan funds. The typical private label borrower with maximum Stafford loans who completes an undergraduate degree in four years would have borrowed $24,054 in private loans over the course of those four years. Combined with the maximum Stafford loan debt for those years, that dependent student would have graduated with $41,179 total student loan debt. A dependent student who pursued an undergraduate degree over five years who borrowed private loans and the maximum available Stafford loan debt would have graduated with a debt total of $53,257.[23]

While these high levels of combined federal and private debt are certainly cause for concern, less than 2 percent of students overall would have borrowed both the Stafford maximum amounts and private loans.[24] In addition, over 75 percent of the students at the Stafford maximum that borrowed private label loans did so without demonstrated financial need for those loans.

Table 20. Private Label Borrowing by Students at Stafford Maximum

Year in School	All Students		2-year Public		4-year Public		4-year Private		For-Profit	
	% with Private Loans	Avg. Amt. Private Loan	% with Private Loans	Avg. Amt. Private Loan	% with Private Loans	Avg. Amt. Private Loan	% with Private Loans	Avg. Amt. Private Loan	% with Private Loans	Avg. Amt. Private Loan
All students	12.5%	$5889	10.4%	$3791	8.4%	$4157	20.1%	$6767	9.8%	$7262
1st year	11.0%	$5071	9.1%	N/A	9.2%	$3568	16.8%	$5325	9.2%	$6467
2nd year	14.9%	$5623	13.0%	N/A	10.5%	$3598	24.0%	$6147	11.4%	N/A
3rd year	13.1%	$6476	N/A	N/A	7.9%	N/A	19.5%	$7649	13.9%	N/A
4th year	10.2%	$6203	N/A	N/A	4.6%	N/A	24.6%	$7467	7.7%	N/A
5th year	17.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Graduating Senior	11.9%	$6884	N/A	N/A	7.3%	$5349	17.5%	$7468	N/A	N/A

[23] The maximum Stafford loan debt for an undergraduate dependent that completes his degree in four years is $17,125. A dependent student who completes this degree over five years may borrow up to a cumulative $23,000 in Stafford loan debt.
[24] 3.6 percent of students overall borrowed private loans, and within this population, only half borrowed the available Stafford loan maximum amount.

Borrowing by Students with Stafford Loans Below the Maximum

Among the private label borrowing population, 26 percent borrowed Stafford loans that were less than the available maximum amount. The average dependent private label borrower in this category could have borrowed about 40 percent more in Stafford loans, or $6,623 over the course of a four-year education. Independent private label borrowers with Stafford loans below the maximum bypassed even more Stafford loan funds on a yearly basis: the average independent borrower in this category could have taken on 50.5% more, on average, in Stafford loans.

Table 21. Average Amounts of Stafford and Private Label Debt of Private Loan Borrowers with Stafford Loans Below the Maximum by Year in School
(Dependent Students)

Year in School	Available Stafford Loan Maximum	Average Stafford Loan	Average Private Label Loan	Amount of Stafford Loans not Borrowed	Percentage of Stafford Loan not Borrowed
1st year undergraduate	$2625	$1637	$3103	$988	37.6%
2nd year undergraduate	$3500	$2328	$3759	$1172	33.5%
3rd year undergraduate	$5500	$3121	$3897	$2379	43.3%
4th year undergraduate	$5500	N/A	N/A	N/A	N/A
5th year undergraduate	$5500	N/A	N/A	N/A	N/A
Graduated in 1999-2000	$5500	$3416	$5675	$2084	37.9%

* The presence of an N/A indicates that the pool of students was too low to generate statistically relevant data in NPSAS.

Table 22. Average Amounts of Stafford and Private Label Debt of Private Loan Borrowers with Stafford Loans Below the Maximum by Year in School
(Independent Students)

Year in School	Available Stafford Loan Maximum	Average Stafford Loan	Average Private Label Loan	Amount of Stafford Loans not Borrowed	Percentage of Stafford Loan not Borrowed
1st year undergraduate	$6625	$3228	$3615	$3397	51.3%
2nd year undergraduate	$7500	N/A	N/A	N/A	N/A
3rd year undergraduate	$10,500	$4791	$4504	$5709	54.4%
4th year undergraduate	$10,500	$5009	$5637	$5491	52.3%
5th year undergraduate	$10,500	N/A	N/A	N/A	N/A
Graduated in 1999-2000	$10,500	$5895	$6187	$4605	43.9%

* The presence of an N/A indicates that the pool of students was too low to generate statistically relevant data in NPSAS.

Private Loan Borrowing by Students with Below the Maximum Stafford Loans by Institution Type

Most of the students – about 73 percent - who took on private label loans without maximizing their Stafford loans attended public two and four-year institutions. However, 73 percent of the students in the NPSAS survey attended public two and four-year institutions, so these students were not over-represented in this category.

The percentage of students who borrowed privately without taking on their full Stafford loan amounts was over-represented at private four-year and for-profit institutions. About 14 percent of all NPSAS students attended private four-year schools; however, about 22 percent of students with private loans and no Stafford loans were enrolled in private four-year institutions. With students who borrowed privately and took on less than the maximum Stafford, more than 27 percent attended private four-year schools.

Table 23. Distribution of Private Label Borrowers with Below the Maximum Stafford Loan Amount by Institution Type[25]

	Public 2-year	Public 4-yr	Private 4-yr	For profit
No Stafford	25.5%	35.4%	22.2%	7.7%
Less than Maximum	10.1%	41.7%	27.4%	8.6%

[25] See Appendix Table 2 for a distribution of all students at institution types.

Appendix

Table 1. Average Income for All Students by Dependency

	Dependent Students				Independent Students			
Institution Type	**Under $30,000**	**$30-60,000**	**$60-100,000**	**Over $100,000**	**Under $10,000**	**$10-30,000**	**$30-50,000**	**Over $50,000**
All students	11.8%	15.6%	14.4%	8.9%	9.2%	17.3%	10.6%	12.3%
Public 2-year	10.6%	12.6%	10.1%	5.1%	8.5%	21.6%	14.7%	17.0%
Public 4-year	13.2%	19.5%	19.0%	12.3%	8.9%	12.7%	6.9%	7.5%
Private 4-year	12.7%	18.0%	18.8%	14.9%	6.3%	11.3%	7.0%	11.0%
Private for-profit	11.7%	8.4%	6.0%	2.0%	23.5%	29.1%	11.0%	8.4%

Table 2. Distribution of Students Across Institution Types

	Public Two-year	**Public Four-year**	**Private Four-year**	**For-profit**
All Students	42.1%	31.3%	14.0%	4.9%