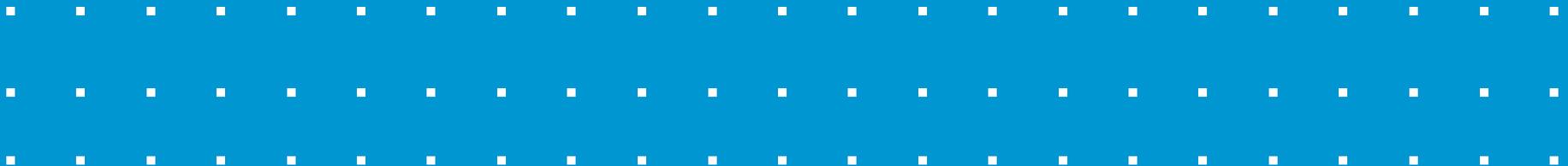




Federal Student Loan Limits

Matthew M. Chingos
Brookings Institution
October 7, 2019



Pros and cons of loan limits

- Pros:
 - Protect students from borrowing too much
 - Protect taxpayers from unpaid loans

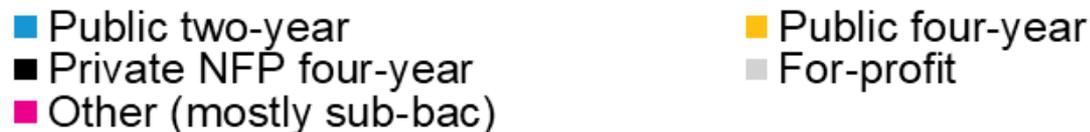
- Cons:
 - Limit students' ability to borrow needed funds
 - One-size-fits-all approach

Current loan limits

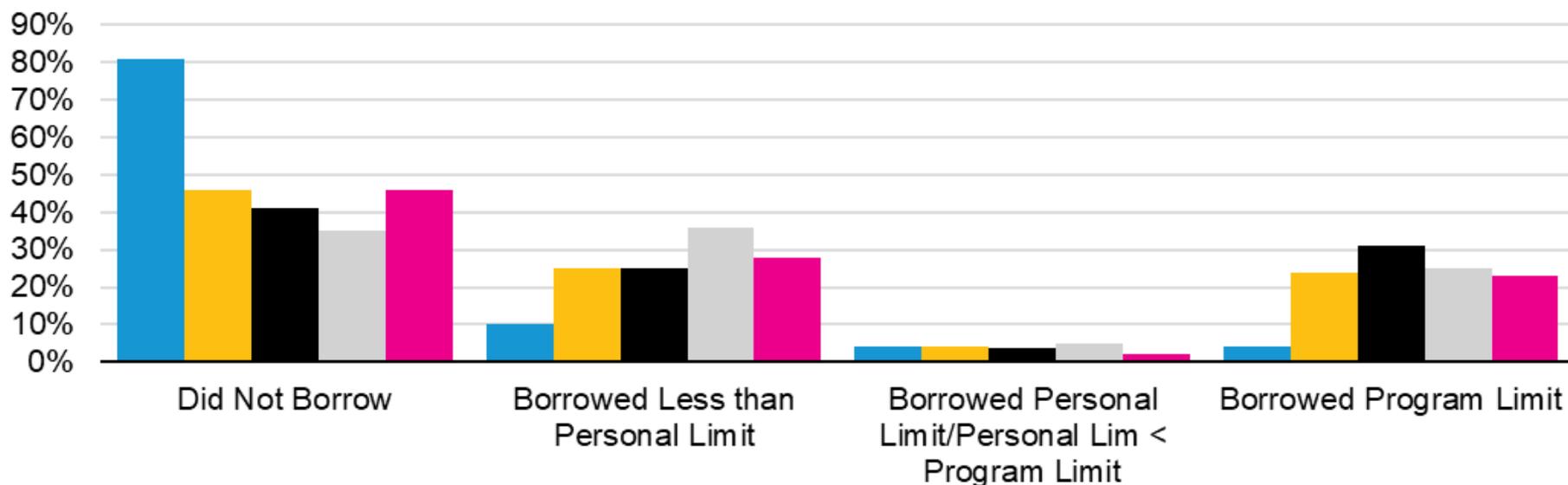
	Dependent	Independent
Annual limits		
1 st -year undergraduate	\$5,500	\$9,500
2 nd -year undergraduate	\$6,500	\$10,500
3 rd + -year undergraduate	\$7,500	\$12,500
Lifetime limit (undergraduates)	\$31,000	\$57,500
Graduate students		Cost of attendance less grants received

Note: Limits are the same for part- and full-time students (students enrolled less than half-time are ineligible).

Annual Amount Borrowed by Sector, Undergraduates



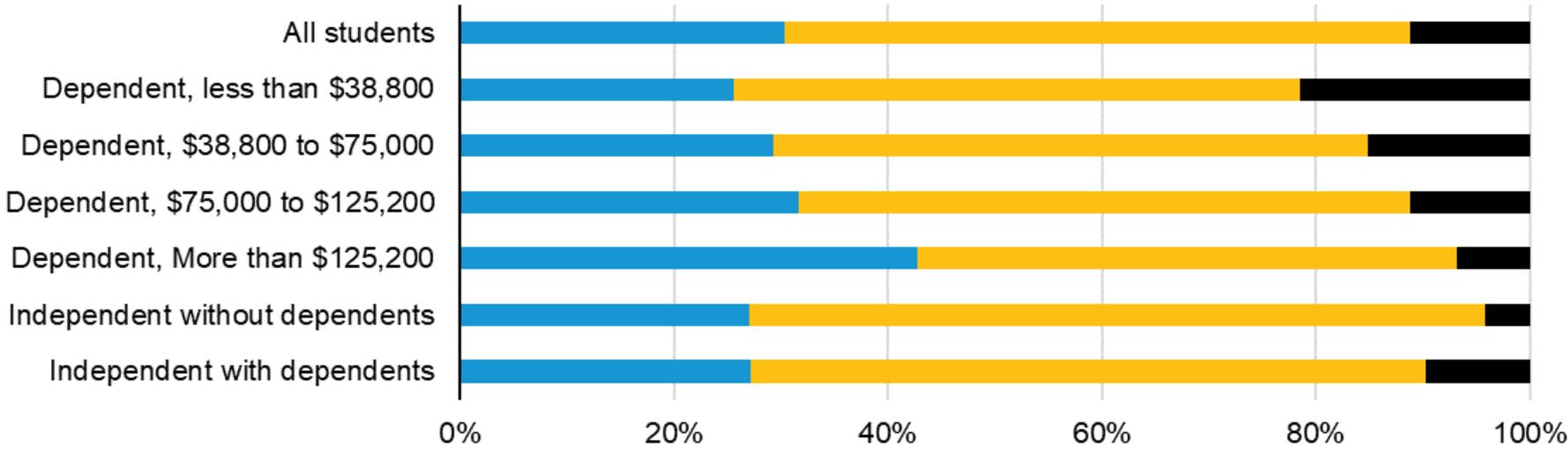
% Students



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Cumulative Amount Borrowed by Income and Dependency, Bachelor's Degree Recipients

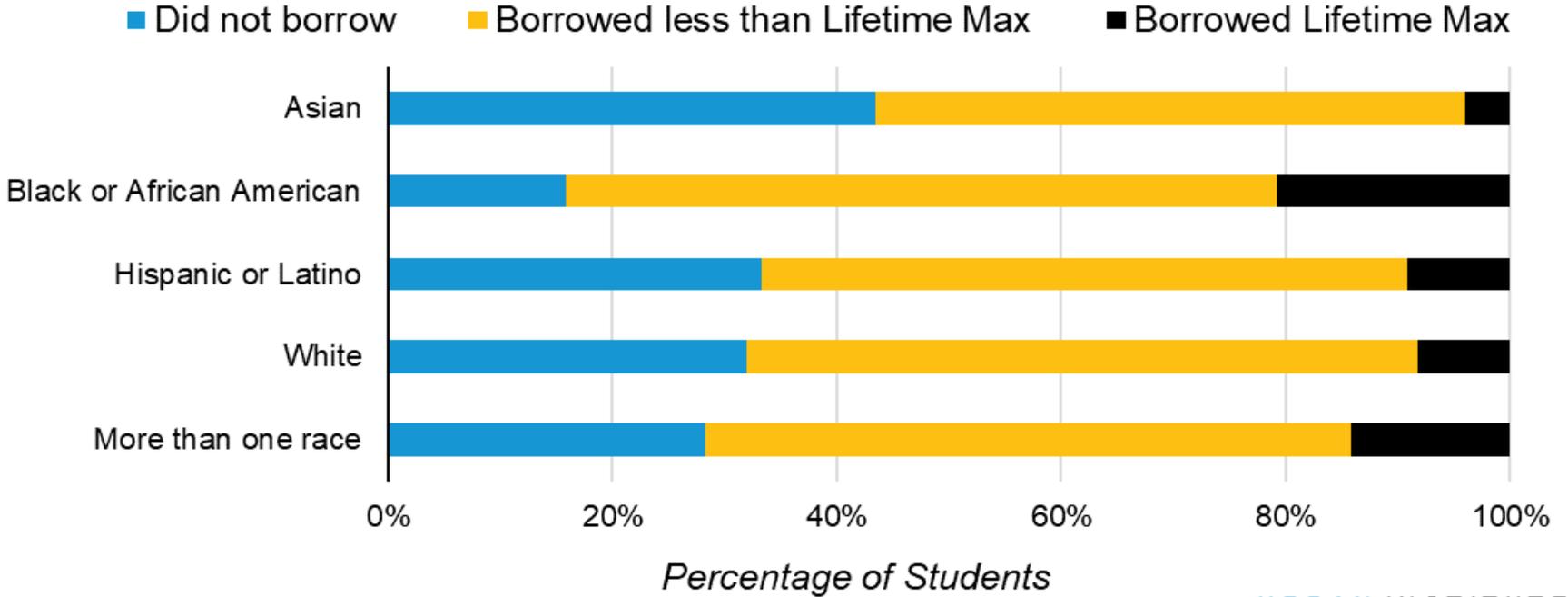
■ Did not borrow ■ Borrowed less than Lifetime Max ■ Borrowed Lifetime Max



Percentage of Students

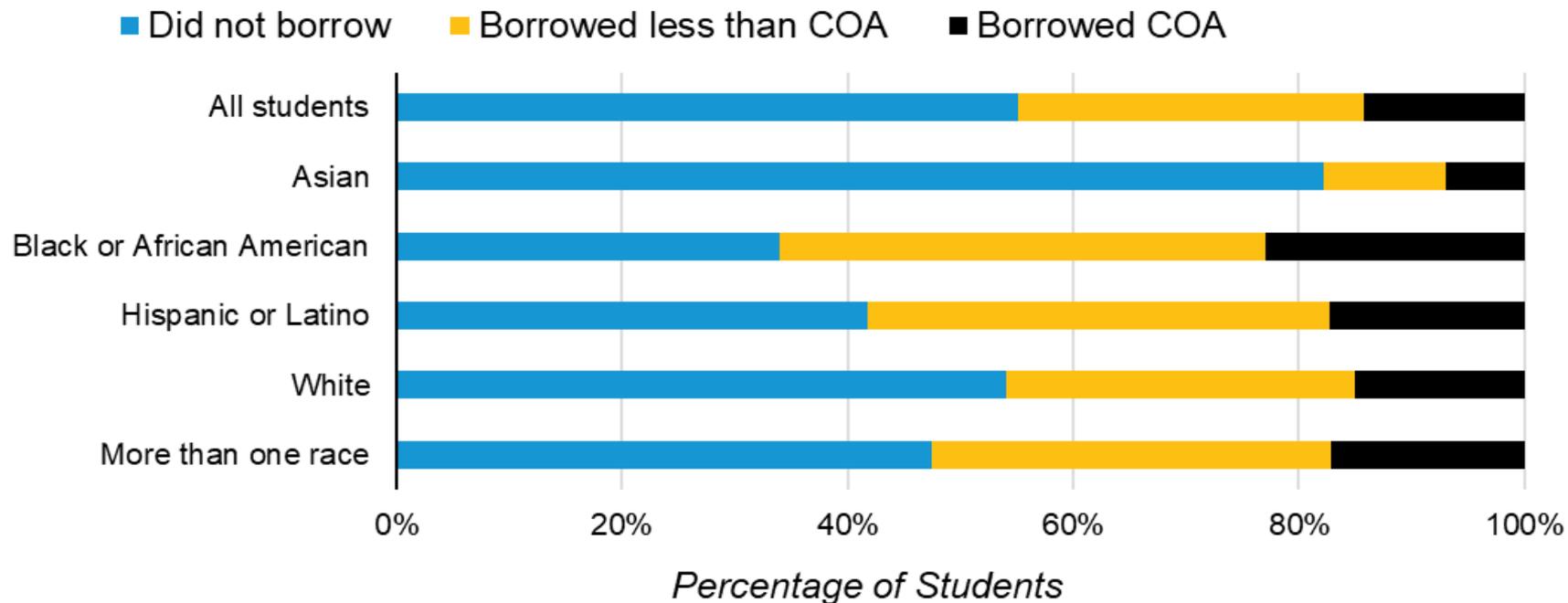
URBAN INSTITUTE

Cumulative Amount Borrowed by Race and Ethnicity, Bachelor's Degree Recipients



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Annual Amount Borrowed by Race and Ethnicity, Graduate Students



URBAN INSTITUTE

Possible changes

- Do not lend to students attending institutions or programs with weak outcomes (labor market and/or loan repayment)
- Reinstate limits on graduate student borrowing (lifted in 2005)
- Allow institutions discretion to raise undergraduate limits on case-by-case basis (perhaps limited to institutions with strong record of repayment)