

## Federal Loan Programs

In FY 2011, the Department made \$116.1 billion in net student loans for postsecondary education to 11.5 million recipients. The *SAFRA Act*, which was included in the *Health Care and Education Reconciliation Act of 2010* and became effective July 1, 2010, provided that no Federal Family Education Loan (FFEL) loans would be originated after June 30, 2010. As a result, there was a greater volume of direct loans in FY 2011. The transition from the FFEL Program to the William D. Ford Federal Direct Loan (Direct Loan) Program resulted in a 44 percent increase in Direct Loan Program disbursements for FY 2011.

Under the FFEL Program, students and parents obtained federal loans through lenders. Guaranty agencies insured these loans, which were, in turn, reinsured by the federal government. Although the passage of the *SAFRA Act* ended the origination of new FFEL Program loans as of July 1, 2010, lenders and guaranty agencies continue to service and collect outstanding FFEL Program loans.

The Federal Perkins Loan Program is one of three campus-based programs through which the Department provides loan funds directly to eligible institutions. Funds provided through this program enable the eligible institutions to offer low-interest loans to students based on need.

Key trends and conditions for the financial aid environment include:

- the rising cost of attendance for postsecondary education,
- a decline in availability of nonfederal sources of postsecondary education funding, and
- an increased role of the federal government in providing funding for postsecondary education.

For additional information on key trends and conditions for the financial aid environment and more on Federal Student Aid, see the Department's Federal Student Aid FY 2011 [Annual Reports](#).

| Loan Programs (dollars in millions)   | 2011<br>Aid Disbursed<br>to Students | 2010<br>Aid Disbursed<br>to Students | Difference       | Percent<br>Difference |
|---------------------------------------|--------------------------------------|--------------------------------------|------------------|-----------------------|
| Federal Direct Loan Program           | \$ 116,098                           | \$ 80,559                            | \$ 35,539        | 44%                   |
| Federal Family Education Loan Program | 0                                    | 19,909                               | (19,909)         | (100)%                |
| Federal Perkins Loan Program          | 971                                  | 1,042                                | (71)             | (7)%                  |
| <b>Subtotal Loans</b>                 | <b>\$ 117,069</b>                    | <b>\$ 101,510</b>                    | <b>\$ 15,559</b> | <b>15%</b>            |

SOURCE: Fiscal Year 2012 Budget Summary