

Topical Heading

Federal Student Aid

Program Title**William D. Ford Federal Direct Loan Program****Also Known as**

Direct Loan program; Direct Loans. Direct Loans includes four components: Direct Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans.

CFDA # (or ED #)

84.268

Administering Office

Federal Student Aid (FSA)

Who May Apply (by category)

Individuals

Who May Apply (specifically)

- Direct Subsidized Stafford: Individuals who are undergraduate, vocational, or graduate students accepted for enrollment at least half-time in participating schools.
- Direct Unsubsidized Stafford: Individuals who are undergraduate, vocational, or graduate students accepted for enrollment at least half-time in participating schools.
- Direct PLUS: Individuals who are parents of dependent students accepted for enrollment at least half-time in participating schools. Beginning July 1, 2006, graduate students are also eligible.
- Direct Consolidation: Individuals who have outstanding student loans or those who have defaulted but have made satisfactory arrangements to repay the loan(s) (or who agree to pay under the income contingent repayment plan).

Type of Assistance (by category)

Loans

Appropriations

Fiscal Year 2006 \$1,806,576,000

Fiscal Year 2007 \$264,613,000

Fiscal Year 2008 \$255,559,000

Note: The appropriations amounts listed provide the federal subsidy costs associated with new Direct Loans each fiscal year. It is the volume of loans made, however, that is often more relevant to those seeking student aid. Loan volume, including Direct Consolidation loans, was \$31.6 billion in FY 2006, \$16.5 billion in FY 2007, and is estimated to be \$18.2 billion in FY 2008.

Fiscal Year 2008 Awards Information

Note: The Department is not bound by any estimates in this notice.

Amount of Aid Available: \$18,220,000,000

Amount of Aid Available represents the amount of funds awarded to participants in the Federal Student Aid programs. Depending upon the program, this total may include federal appropriated dollars, institutional or state matching dollars, and federal or private loan capital. **Number of New Awards Anticipated:**

Loan Type	Amount of Aid Available	Number of New Loans Anticipated	Average Award	Award Range
Direct Stafford	\$6,248,000,000	1,526,000	\$4,093	Up to \$8,500
Direct Unsubsidized Stafford	\$5,307,000,000	1,086,000	\$4,887	Up to \$20,500

Direct PLUS	\$2,549,000,000	245,000	\$10,410	Cost of attendance less other aid
Direct Consolidation	\$4,116,000,000	176,000	\$23,396	Not applicable

Legislative Citation

Higher Education Act of 1965 (HEA), Title IV, Part D, as amended; 20 U. S. C. 1087a–1087h

Program Regulations

34 *CFR* 685

Program Description

Loan Type	Characteristics	Interest Rate for New Loans as of 7/1/06
Direct Subsidized Stafford	Student is not liable for interest when in school and during periods of grace and deferment.	6.8%
Direct Unsubsidized Stafford	Student is liable for interest when in school and during periods of grace and deferment.	6.8%
Federal PLUS	Enables parents to borrow to pay the costs of higher education for their dependent undergraduates; and graduate students to pay their costs.	7.9%
Federal Consolidation	Combines one or more federal education loans into a single loan.	Weighted average of loans rounded upward to nearest 1/8%. Capped at 8.25%.

Interest rate for loans made before July 1, 2006: For Direct Stafford and Direct Unsubsidized Stafford, in-school rate is 91-day T-Bill + 1.7%; in-repayment rate is 91-day T-Bill + 2.3%; both rates are capped at 8.25%. For Direct PLUS, in-repayment rate is 91-day T-Bill + 3.1% and is capped at 9%. For Direct Consolidation, see directly above.

In addition, certain new borrowers after Oct. 1, 1998, who teach for five consecutive years in qualifying schools serving low-income students may qualify for up to \$5,000—and, in the case of highly qualified mathematics, science, and special education teachers, up to \$17,500—in loan forgiveness.

Types of Projects

These are loans.

Education Level (by category)

Postsecondary

Subject Index

Student Financial Aid, Student Loan Programs

Contact Information

Name Federal Student Aid Information Center

Toll-free 1-800-4FED-AID or 1-800-433-3243

Links to Related Web Sites

<http://www.ed.gov/DirectLoan>

<http://www.fafsa.ed.gov>

<http://loanconsolidation.ed.gov>

<http://studentaid.ed.gov>

<http://www.dl.ed.gov>