DEBT PLU$

A PLUS OR A MINUS? A QUALITATIVE EXPLORATION OF STUDENTS, PARENTS, AND FINANCIAL AID ADMINISTRATORS ACROSS INSTITUTIONS

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Executive Summary

Parent PLUS Loans have become an increasingly prominent mechanism for financing undergraduate education. Originally created to help families cover remaining costs after grants and student loans, the program evolved into a widely used tool that allowed parents to borrow up to the full cost of attendance, regardless of income or repayment capacity. Rising tuition, high fixed interest rates, and minimal credit screening have positioned the PLUS program as both a lifeline and a source of long-term financial strain for many families. The 2025 passage of the One Big Beautiful Bill Act (OBBB), which will cap PLUS borrowing beginning in 2026, marks a significant shift in federal policy and raises urgent questions about equity, affordability, and institutional responsibility.

This report is informed by a study that examined the perspectives of 66 participants, including students, parents, and financial aid administrators. These participants represented a diverse group of nine four-year institutions, including public flagships, private universities, faith-based institutions, and HBCUs. Through interviews and focus groups conducted between 2024 and 2025, we sought to understand how families navigate the Parent PLUS borrowing process, how financial aid administrators communicate about these loans and use them in aid packaging, and how recent policy changes are perceived in practice.

Key Findings

1 Families Navigate Financial Aid in a "Fog."

Students and parents consistently described the financial aid system as confusing, fragmented, and difficult to navigate. Many families used PLUS loans because they were easy to access, filled persistent gaps in aid, and felt safer than private loans. Despite this, few fully understood the loan's interest rates, long-term repayment obligations, and future changes in policy. First-generation, immigrant, and non-English-speaking families faced compounded barriers, often leaving students to manage the process alone.

2 PLUS Loans Serve as a De Facto "Gap Filler."

Families relied on PLUS loans to cover remaining tuition and living costs, especially at private institutions and for out-of-state students. Decisions were often made quickly and under pressure, with minimal counseling from financial aid staff. While most parents accepted responsibility for repayment, many expressed anxiety about high interest rates, shifting federal policies, and their long-term ability to manage monthly payments.

3 Borrowing Takes an Emotional and Academic Toll.

Students reported significant stress, guilt, and uncertainty tied to their parents' borrowing. Several mentioned impacts on their mental health, academic performance, and ability to plan for the future. Parents, in turn, felt burdened and stretched thin about taking on large debts to support their children's educational aspirations.

4 Financial Aid Administrators Are Essential but Constrained.

Administrators reported substantial efforts to educate families, yet noted that loan terminology is overly technical and families often misunderstand key obligations. Heavy workloads and limited staff capacity inhibited financial aid staff from providing comprehensive loan counseling. Administrators emphasized that PLUS loans occupy a challenging space, offering critical postsecondary access and opportunity but exposing families to greater financial risk long-term.

Recommendations

Our analysis led to three overarching recommendations, organized around the following themes:

- Confronting Insufficient Grant Aid: Why Families Rely on Parent PLUS Loans to Fill Persistent Funding Gaps
- Reframing Parent PLUS Loans not just as a Financial Issue But as a Student Success and Wellbeing Imperative
- The Need for Consumer Protections Focused on Parents

This report is intended for educational and policy researchers, policy professionals, advocacy organizations, and institutional leaders working to advance equitable financial aid and student success in higher education.

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Introduction: Context and Purpose

In recent decades, Parent PLUS loans have emerged as a critical, yet deeply contested tool for students and parents to finance their college education (Di et al., 2022). Originally enacted in the 1980s to help families bridge the gap between students' financial aid and the full cost of attendance, the PLUS program has evolved in ways that raise questions about repayment, educational equity, long-term sustainability, and public policy (Riskin, 2021).

Prior to the One Big Beautiful Bill Act (OBBB) signed in July 2025, parents could borrow up to the full cost of their child's college attendance, with no universal annual or aggregate cap. Previous PLUS loan stipulations allowed parents to take on additional debt as their children's tuition rose, often viewed as a flexible option for financing a college education (Kim & Delisle, 2014; Riegg Cellini et al., 2019). Interest rates on Parent PLUS loans have also tended to be higher than other federal student loans. For example, in recent years, rates have hovered around 7–8% for PLUS loans, compared to 6-7% for other direct subsidized and unsubsidized federal loans (Kantrowitz, 2023). Moreover, unlike subsidized federal student loans, PLUS loans do not grant interest relief while the student is in school (FinAid.org., n.d.).

An additional complicating factor has been the way credit is evaluated. Rather than income or cash flow, PLUS loan eligibility has mostly depended on credit history (Baum et al., 2019). Until reforms in the early 1990s, PLUS loans carried a modest annual limit (e.g., $3,000) and credit checks were minimal (Riegg Cellini et al., 2019). With the 1992 reauthorization of the Higher Education Act, that cap was removed and stricter credit standards were imposed (Baum et al., 2019).

For many families, PLUS loans provided a way to realize access to selective or private institutions. However, for other families, they became a source of anxiety, as debt accumulated without the safety nets available to typical student borrowers (Baum et al., 2019; Di et al., 2022). Recent policy shifts underscore the urgency of rethinking how Parent PLUS functions. The passage of the OBBB introduces new borrowing limits. Beginning July 2026, parents will be capped at $20,000 per year and $65,000 in total per student (Dharmagadda & Turner, 2025). This is significant given that nationally, the average amount of PLUS loans borrowed per recipient has increased over time to keep pace with rising tuition and fee rates (Wright-Kim et al., 2024). These changes mark a striking departure from decades of relatively unconstrained borrowing, and they raise critical questions about who is most affected, and whether the reform addresses the core problems of risk and repayment. Building on our prior analysis exploring trends in the Parent PLUS program over time by state, sector, and institution type (Wright-Kim et al., 2024), this study extends our work by focusing on lived experiences during a moment of major policy transition.

Within this policy context, we sought to explore the perspectives of students, parents, and financial aid administrators navigating the Parent PLUS process. Through interviews and focus groups conducted across diverse four-year institutional sectors (i.e., public, private, faith-affiliated, and minority-serving), we analyzed insights from borrowers and administrators at a time of notable shifts in the Parent PLUS policy landscape.

This report offers direct insights from borrowers and financial aid administrators to provide a robust understanding of how PLUS loans are shaping the postsecondary landscape, particularly as it relates to college affordability. We conclude with recommendations that higher education leaders and researchers, policy professionals, and organizations can use to advocate for a more equitable and sustainable financial aid landscape.

The Study

This qualitative study explored the experiences and perspectives of financial aid administrators, students, and parents who utilized Parent PLUS loans. It examined the PLUS loan borrowing process from the perspective of students and parents, focusing on how much they understood about these loans and why they chose Parent PLUS loans over other financing options. This study also included financial aid administrators to understand how PLUS loans are discussed in the financial aid packaging process to assist students and families in financing their college education. In doing so, we analyzed how these loans are presented to students and families and how they shape the overall financial aid packaging experience.

We were intentional about capturing a wide range of institutional types, including private, public, faith-based, and minority-serving bachelor's degree granting institutions. Community colleges were not included in this study, as a significant number of these institutions choose not to offer federal loans. This decision is often driven by concerns that elevated cohort default rates could jeopardize the institution's eligibility for federal financial aid programs, including Pell Grants (Park & Scott-Clayton, 2018).

Data Overview

This report draws on interview and focus group data from 66 participants, including 10 parents, 19 students, and 37 financial aid administrators. It is important to note that, due to several limitations, we were unable to interview the parents of every student participant and instead spoke only with those who were successfully recruited. Similarly, although we have financial aid administrators from certain institutions, we were not always able to recruit families from all institutions represented in our participant pool.

Data Collection

We conducted eight focus groups with financial aid administrators, each lasting approximately 60 minutes. One focus group was conducted in person, while the remaining sessions were held virtually (e.g., via Zoom). We also conducted one 60-minute student focus group. The remainder of the data were collected through 30-minute virtual interviews with students and parents. Most interviews were conducted individually; however, when students elected to have a parent join, we conducted dyad interviews to capture shared perspectives.

Recruitment Procedures

Recruitment involved a multi-pronged approach tailored to financial aid administrators, students, and parents. Financial aid administrators were recruited through a systematic outreach process. A comprehensive network of financial aid advisors across participating institutions was contacted and invited to participate in the study.

Parent and student participants were recruited using purposive sampling due to the niche nature of Parent PLUS Loan borrowing. Initial participants were identified through recommendations from financial aid administrators and targeted outreach via physical and virtual recruitment flyers and social media platforms, including social media groups and online student organization directories. As the study progressed, snowball sampling was employed to locate additional PLUS borrowers, given the absence of publicly available information to identify potential participants.

Financial Aid Administrators

We began by leveraging our professional networks to conduct a professional development workshop at the National Association of Student Financial Aid Administrators (NASFAA) annual conference. During this session, we shared preliminary findings from our quantitative study on PLUS loans (see Wright-Kim et al., 2024) and invited attendees to participate in the qualitative portion of this grant-funded study. We also used snowball sampling by requesting referrals from participating administrators. Further participants were identified through our professional connections and targeted social media outreach.

Students

Once financial aid administrators agreed to participate, we asked them to distribute our student recruitment flyer through their institutional listservs. Because campus policies vary on disseminating research materials, not all administrators were able to do so.

To supplement recruitment, we engaged students at other institutions through additional social media outreach, professional connections, and collaboration with student organizations at our home institutions.

Parents

To recruit parents, we first asked student participants to share their parents' contact information. While some students were comfortable doing so, many were not. This led us to expand our outreach through professional networks and social media.

Some students noted that their parents were not English-speaking. In response, we offered interviews in Spanish as needed, and conducted one parent interview in Spanish to support accessibility.

Participant Profiles

Students (n=19)

Students were enrolled at a range of institutions, including two public flagship universities (47%), one private research-intensive HBCU (42%), and one private faith-based research-intensive university (11%). They majored in fields such as biomedical engineering, nursing, mechanical engineering, chemistry, and computer science. Students had completed an average of 57 credit hours (a typical bachelor's degree requires ~120).

Parents (n=10)

Parents had children enrolled at two public flagship institutions, one private research-intensive HBCU, and one faith-based research-intensive university

Financial Aid Administrators (n=37)

Most administrators (59%) were employed at public flagship institutions. Another 8% worked at a faith-based liberal arts college, and 32% represented a range of HBCUs, including two liberal arts HBCUs and one regional comprehensive HBCU.

Participants held roles such as financial aid advisor, student finance counselor, assistant/associate director of financial aid, director of admissions and financial aid, and vice president for enrollment.

Table 1.
Institutional Representation Across Study Participants

Institution Type	Number of Institutions
Research-intensive public flagship institutions	3
Mid-sized faith-based liberal arts college	1
Mid-sized faith-based research-intensive university	1
Research-intensive private HBCU	1
Regional comprehensive public HBCUs	2
Small liberal arts HBCU	1
Total institutions represented	9

Table 2.
Profile of Students and Parents

Category	Students (n=19)	Parents (n=10)
Race and ethnicity		
Black or African American	9	3
White	6	6
Asian or Asian American	2	-
Latinx or Hispanic	1	1
Middle Eastern	1	-
Gender		
Women	14	9
Men	5	1
Plus Loan Borrowing		
More than $30,000	-	4
$20,001-$30,000	-	2
$10,001-$20,000	-	4

Table 3.
Profile of Financial Aid Administrators

Category	%/count
Education	
Bachelor's degree	100%
Master's degree	30%
Terminal degree	1 participant
Gender	
Women	82%
Men	18%
Race and ethnicity	
White	35%
Black or African American	32%
Latinx or Hispanic	14%
Asian or Asian American	8%
Other	Remaining participants

Note. Percentages reflect responses from 37 financial aid administrators

Findings

We present our findings in two sections, beginning with the perspectives of students and parents and followed by insights from financial aid administrators. Throughout these sections, we include illustrative quotes that highlight key themes and draw on the rich, detailed descriptions shared by participants to deepen understanding of their experiences with Parent PLUS Loans.

A. Students and Parents Perspectives

1. Finding Their Way Through the Fog: Understanding How Families Navigate Financial Aid
2. Filling the Gap: Family Decision-Making in the Parent PLUS Loan Process
3. Carrying More Than Debt: The Emotional and Academic Toll of PLUS Borrowing

B. Financial Aid Administrator Perspectives

1. Guiding Families Through Complexity: The Critical but Constrained Role of Financial Aid Administrators
2. Persistent Communication Gaps and Policy Complexity Drive Families Toward PLUS Loans as a Last Resort
3. The Disproportionate Impact of PLUS Loan Denials on Small and Private HBCUs

Student and Parents' Perspectives

1 Finding Their Way Through the Fog: Understanding How Families Navigate Financial Aid

Students and parents consistently described the financial aid process as confusing, overwhelming, and insufficiently supported. Students recalled only vague details about how decisions regarding Parent PLUS Loans were made. For many, their financial aid package and their family's decision-making process felt like "navigating through a thick fog," as one student shared. According to parents, what often set the PLUS Loan apart was its accessibility. Specifically, they associated PLUS loans' accessibility with quick approval for those with adequate credit and ability to fill gaps in unmet need. Families also perceived PLUS loans as more reliable, as families generally viewed federal loans as more credible and less predatory than private alternatives. As articulated by one parent,

"The repayment of [PLUS Loans] is fair. I never trusted private loans ... I don't like loans, but private ones are going to be worse for me than the public ones, it's easier to qualify if you have access."

Students expressed that high school and college counselors could have offered more robust financial literacy guidance. Most were unable to clearly identify where they learned about college financial aid and several relied on their parents to navigate the process. As described by a student at a private HBCU,

> “My mom told me, ‘don't worry about money,’ ... I'll handle it. So she said she'll take the Parent PLUS loan on her behalf and everything. And that's what's been going on so far.”

This student’s account reflected a broader pattern in which parents bore the primary responsibility for financial decision-making, motivated by a desire to shield their children from financial stress. Consistent with prior research (e.g., Di et al., 2022; Riskin, 2021), parents described these loans as either a last resort or an essential bridge to cover unmet financial need. Despite significant anxiety about borrowing substantial amounts of money, parents also discussed several features that made Parent PLUS Loans appealing, including the quick approval process, the flexibility to borrow the full amount needed, and the perceived safety of using a federal loan program rather than a private lender.

While most students had limited understanding of repayment plans or interest rates, parents tended to be more informed. Still, many parents expressed frustration with the high interest rates and persistent anxiety about their ability to manage repayment.

Not all students had the privilege of relying on a parent who understood how to navigate loans.

As one Asian-identifying, first-generation student from a public flagship institution shared, “For me, since I'm a first-generation student, I had to figure out everything myself, because my parents didn’t really speak English either.” Similarly, a Latina-identifying first-generation college student whose parents were Spanish-speaking immigrants explained, “She [my mother] is more comfortable with Spanish...so it was on me to really figure everything out on my own.”

These students’ accounts revealed that PLUS borrowing weighed more heavily on first-generation and non-English-speaking families. This group of parents were often left in the dark, leaving students to navigate the system alone, causing stress that at times overwhelmed them and even affected their academic performance. Even when these parents tried to get more involved to help their children, they were met with resistance. As articulated by this mother,

> “Cuando intenté hacer un pago al préstamo, me explicaron que si empezaba a pagar ahora tendría que comenzar a pagar una cantidad fija mensualmente, así que tuve que dejar de hacerlo.”
>
> English translation: “When I tried to make a payment on the loan, they explained to me that if I started paying now, I would have to begin making a fixed monthly payment, so I had to stop.”

In English, this quote describes a mother's efforts to make payments on her loan while her daughter is still in college, hoping to avoid additional interest. However, when she attempted to set up her payment, the financial aid office informed her that she was only eligible for fixed monthly payments as opposed to a one-time payment, which was her original goal. This constraint made repayment more difficult, as she was unsure she could reliably meet a fixed monthly amount. Both the student and the parent emphasized that much of this information was unfamiliar to them, and they never felt they had the guidance or clarity needed to make critical financial decisions that directly affected their family's wellbeing.

2 Filling the Gap: Family Decision-Making in the Parent PLUS Loan Process

Families turned to PLUS loans to fill the gaps left by insufficient aid. This challenge was especially pronounced for out-of-state students and those attending private institutions. However, their decisions often occurred under pressure with limited understanding of consequences. For example, an HBCU student explained what it felt like to turn to loans with very little understanding of it, especially in terms of repayment,

> “I feel like I understood it, but it wasn't really explained to me. No one sat me down and talked me through what this [PLUS loan] meant and their payment process and all that ... I kind of just had to figure that out on my own. I just did some external research on how Parent Plus loans work, and my mom understood. And so because of that and the external resources, I was able to figure it out.”

In addition to not fully understanding how repayment worked, students discussed the general lack of guidance, and that they mostly relied on parents, peers, or online resources rather than financial aid offices. A first-generation college student from a public flagship explained her experience navigating PLUS loans,

> “I didn't really speak to any financial aid counselors. Specifically, I kind of just filled out the FAFSA and then I realized that even after all of the aid that the school was able to give me, and taking out, like, the maximum amount of loans for undergrad... I kind of just found it [PLUS Loan] on the website...”

This experience was common, and most students moved through the process without knowing what to expect and without meaningful guidance from financial aid staff, as expressed by them.

What was unique about the PLUS loan experience was the student–parent engagement component, where students and parents had to fill in the communication gaps for one another. It also highlights how the PLUS program differs significantly from traditional student loans, including its distinct interest rates and repayment structures. Families decision to take out a PLUS loan was driven largely by the need to cover remaining costs, and neither students nor parents recalled having a detailed conversation about what these loans would mean for their future. Instead, they simply followed the steps presented to them and clicked "accept," hoping it would open a path to enroll in their college of choice.

One parent, who introduced herself as a speech pathologist with a stable income, explained the anxiety she felt about repaying her PLUS loan and the various changes in policy and the administration. In her own words,

> "I would say the interest rates are not great. So I know [the rates] are pretty high for the Parent Plus kind of loan, and then in terms of repayment ... am a little bit nervous about the amount of monthly payments just once that kicks in for them. I know it's based on an income driven repayment plan. So I don't know. I do feel like, with this administration, everything is so crazy and I'm very nervous about all of that as well. So that's kind of in the back of my head, too, in terms of, like, 'Are there going to be any specific changes that you know that are not going to be options in the future?' So that does make me nervous."

Some students talked about having to work significant hours outside of school work to supplement their financial aid, and that most of their decision making revolved around simply having the means to pay for tuition. A student from a public flagship institution shared her experience,

> “So my federal aid doesn’t completely cover my tuition, so literally, all of it goes straight towards my tuition. I have federal work study, so I accept all of my loans, and I work about 15 to 20 hours a week while I’m studenting... But it’s not how it’s worked out, sadly. So that’s why it’s just accept, accept, accept, because I need it to help me pay tuition.”

Lastly, several students talked about turning to Plus Loans as a means to attend their first-choice school and as a “safer” tool they perceived to pay for their choice, especially considering the prevalence of financial scams and online predatory practices that target financially vulnerable families. As described by an HBCU student,

> "For me personally, if I didn't get a Parent PLUS loan, the alternative would have been a private loan, which I know can be really predatory, like their rates can be insane. It can take a really long time to pay those back. And sometimes, let's say, in the like 10, 20 years from now, there's some sort of like student loan forgiveness. If you have a parent, if you have a private loan, you won't be involved in that, or you won't be forgiven. And it was very simple ... after I finished FAFSA, I was eligible for the Parent PLUS loan. So I applied and they gave me everything I needed. So it just felt like an obvious choice."

In summary, families' decisions to use PLUS loans were primarily driven by the need to close persistent gaps in financial aid, especially for students enrolled at their first-choice institutions. This burden was most pronounced for out-of-state students and those attending private colleges, even when they supplemented aid with tools such as federal work study or additional loans. While most parents recognized their responsibility for repayment, few felt confident in fully understanding repayment terms, and both parents and students often viewed the possibility of loan forgiveness as an essential—if uncertain—part of their long-term plan.

3 Carrying More Than Debt: The Emotional and Academic Toll of PLUS Borrowing

Another aspect that emerged from our interviews was the emotional stress of borrowing, which was compounded by the changing landscape of financial aid policy. College debt, including PLUS loans, affected students' mental health, academic performance, and long-term educational plan (e.g., applying to graduate school). Part of the stress that families felt was manifested by their inability to plan long-term. For instance, a student at a public flagship university who relied on PLUS loans to finish out her college education shared,

> "...Knowing that it's kind of at the whim, that it could change at any time ... it's so scary ... it just adds to the stress of it, especially when you're already here and I have where you're going to live next year lined up. So if something were to go wrong at all with my financial aid, it would just be so awful."

This student shared that although she felt somewhat confident about being able to afford her education even with the upcoming cap on PLUS loans (she had less than two years of college left), the uncertainty surrounding these changes continued to cause significant stress. For some students, this stress not only affected their ability to manage everyday expenses but also had consequences on their academic performance. As shared by a first-generation college student at a private university,

> "I know my GPA was affected because of all the anxiety of thinking, 'How am I going to pay for the next few years?' That affected my GPA and caused me to either not get scholarships or get kicked out of scholarship programs."

Most students named college debt as a major factor affecting not only their personal wellbeing but their academics. In addition, several shared that they felt guilty about burdening their parents with PLUS loans. For instance, a student who is the daughter of immigrants who did not speak English, explained,

> "I believe that they [her parents] aren't super that familiar with the whole idea of it [PLUS loans].. I'd say that they're kind of just under the idea that this is just a way for me to pay for school. And I don't think, like that whole responsibility [repayment] is, like, understood by them”

This student shared that she felt guilty about her parents taking out PLUS loans because she wasn’t sure they fully understood that they would be financially responsible for them. Since she navigated the financial aid process on her own, she tried to translate the information for her parents, but the complexity of the system made it difficult for her to be as thorough or transparent as she hoped. Similarly, parents too felt guilty about not being able to pay for their kids’ education, and much of this feeling came from not wanting their kids to start out their lives with huge loads of debt. As explained by a mother of an out of state student at a public flagship during a dyad parent/student interview,

> “As a parent, I just feel like that's just part of our, you know, responsibility. So I didn't expect that, am to pay anything in terms of the loans, in terms of paying me back, I just want them to do well."

While sharing this, the student gently interrupted her mother and, through tears, added, “...which I'm very grateful for. I really appreciate that, because I know that's not the case for other students.” Another student shared a similar situation,

> “I know my dad didn’t want me to be saddled with a bunch of debt … especially this big and expensive university, it is super expensive, especially for out of state students. My parents didn’t want me to have the entire tuition and debt, and I’m still going to have debt, but we were trying to minimize the amount of debt I leave college with …I think my parents were more financially equipped to deal with a debt payment … that was part of their thought process.”

Our conversations about PLUS loan borrowing were often highly emotional, marked by fear and uncertainty. Students expressed deep gratitude for the opportunity to attend college, yet many felt unsure about their future financial prospects and carried guilt about involving their parents in taking on debt. Across the board, students described a persistent, looming worry about their loan burden. For some, this stress had tangible academic consequences, including lost scholarships and difficulty maintaining a strong GPA.

Financial Aid Administrator Perspectives

1 Guiding Families Through Complexity: The Critical but Constrained Role of Financial Aid Administrators

Financial aid administrators emphasized that they play an essential, yet often under-resourced, role in helping families understand the complexity of the financial aid system, especially the Parent PLUS loan. Across institutions, financial aid administrators described extensive efforts to educate families through orientations, one-on-one counseling, email campaigns, and financial literacy workshops.

As described by a financial aid counselor at a large public institution, “[It's] like another language. So they have to want it badly in order to understand it.” In many ways, the perceptions of financial aid administrators matched our families’ realities.

Administrators stressed that clearer, more centralized, and more accessible information from the federal government would significantly reduce misinformation and improve family decision-making. For instance, a loan officer on the federal awards team at a public flagship institution shared his frustration about the lack of centralized and clear messaging their team is able to share with students and families,

> “I just don’t think we have a good source of central materials for them. Like, here’s all the talking points you need to know about loan forgiveness or borrowing in general ... I think that that’s a scary world that you have some buffers and you don’t have."

Like this loan officer, most financial aid administrators expressed feeling limited in how much guidance they can provide to families about borrowing. They emphasized that Parent PLUS loans are not products their institutions actively endorse, and because families' financial circumstances vary widely, financial aid advisors/counselors are cautious about recommending any specific borrowing decisions.

Similarly, an assistant director of financial aid at a mid-sized faith-based institution shared an interesting point about how their office streamlines loan information. This involved maintaining a list of available student loan options for families. When asked about how this list was created, the participant explained:

> "One of our Assistant Directors works solely with our loans program. Each year they put out a call for a Request for Proposal (RFP) to various lenders. I don't have access to the RFP, so I don't know what questions are asked. Our loans team reviews each RFP and scores them. Lenders have to have a minimum score–not sure what the minimum is or what the rubric is–to be added (or kept) on our lender list. Families and students are not required to pick a lender on the list."

The assistant director explained that their office does not have the capacity to match students with specific loans, nor do they recommend any particular lender. Instead, the list is intended simply to offer families a set of options if they need additional funding to cover educational expenses. During meetings with students and parents, the staff walks through each lender and highlights key features of their loan products. They also encourage families to research each option carefully to minimize the number of loan payments they take on.

However, this level of individualized guidance was not typical across institutions. Most financial aid administrators—particularly those at large public universities and under-resourced institutions—reported that they did not have the capacity to provide this degree of detailed loan advising to students and families. In fact, according to our participants, especially those at larger institutions, most financial aid information is presented through their portal systems, with hard copies for first-year students only. Most financial aid staff, especially loan officers, noted the confusion around PLUS loan eligibility and stressed the importance of understanding its high interest rates and repayment responsibilities. Yet, they shared that most families aren't as clear about either.

As articulated by a loan officer at a large public university when talking to students about PLUS loans,

> “I definitely, really stress to students, just make sure that you're really looking into the website. Make sure you're looking into exactly what this is. Make sure you feel comfortable with knowing that the interest rates are so high. Because as somebody just took it out kind of blindly, I think I would have been a lot more uncomfortable if somebody sat me down and explained to me, like, exactly what an interest rate is, exactly like, how much I'm gonna owe, exactly, you know, like, what it can you know. So I really try to explain to students like this, I don't want that. I don't want to freak them out, but just to be prepared for what is going to happen after you have to start paying it off...”

Across institutions, financial aid administrators played a crucial role in helping families navigate the complex and high-stakes landscape of Parent PLUS loans. Yet, their capacity to provide individualized guidance was often constrained by limited resources, institutional policies, and the technical complexity of loan information. While some offices offered detailed overviews of lender options and repayment responsibilities, this level of support was far from universal, leaving many families to interpret confusing information on their own. Administrators consistently emphasized the need for clearer, centralized, and accessible federal guidance, which would enable them to better educate families, reduce confusion, and support informed borrowing decisions. In short, financial aid professionals are essential navigators in the lending process, but structural limitations significantly shape the degree to which they can help families make confident, well-informed choices.

2 Persistent Communication Gaps and Policy Complexity Drive Families Toward PLUS Loans as a Last Resort

Financial aid administrators consistently reported that families often turn to PLUS loans only after exhausting grants, scholarships, subsidized federal loans, and work study. As shared by our families, financial aid administrators too described PLUS loans as a gap-filling mechanism rather than a preferred option. Financial aid administrators shared that families often find the PLUS loan confusing in terms repayment, higher than average interest rates, and changing federal policy. These complexities also contributed to the rising stigma around borrowing, especially private loans, prompting many families to see PLUS loans as the "least risky" choice. Administrators in states with strong aid programs (e.g., Promise programs) noted a clear reduction in PLUS loan reliance, underscoring how state-level investments meaningfully reshape borrowing patterns. In contrast, institutions without strong state grants—particularly private and out-of-state contexts—continue to see high PLUS loan usage. A consistent theme across participants was that out-of-state students are among the highest users of PLUS loans. (Wright-Kim et al., 2024). As shared by a loan processor at a public flagship institution,

> "As my [colleague] mentioned, non-residents, the cost of attendance are much higher, and that's where I think a lot of students would kind of go towards that [PLUS Loan] borrowing context."

In addition to non-residents, some financial aid administrators, especially those at selective institutions, shared that typical PLUS loan borrowers are those with higher income, often borrowing higher amounts. They emphasized the importance of reducing origination fees, increasing Pell Grants, and addressing the "donut hole" in financial aid eligibility.

In the words of a financial aid advisor at a selective institution, “We talk about the ‘donut hole,’ the middle and high incomes, are the ones borrowing.” According to this participant, many middle and higher income families do not qualify for many forms of aid, including Pell Grant eligibility, state aid, and Promise program benefits. So other than PLUS loans and private loans, both with high interest rates, there are few tools at their disposal to finance their education.

Because of persistent communication gaps, many financial aid administrators wished they spent more time educating families about their options, however they felt stretched thin with the high number of cases they serve. Because information about loans in general gets technical very quickly, it’s imperative for at least one member of the family to be as accurately informed as possible. In the words of a financial aid advisor,

> “...a lot of the responsibilities of the education falls on the parent or the student themselves to do that initial research, because we don't have the power of employees the time to, you know, give to counseling all of those parents and students...we just kind of have to process as they come in, and if they have questions, we can answer them. But because we're such a big university and such a big population...we just have to put the onus a little bit on the student and parent to make sure they're well informed.”

Further, even though some participants talked about the “donut hole,” they also shared that PLUS loan trends at their institution are shifting, especially as general affordability has become a greater issue across the country. As shared by an assistant director,

> "...we used to offer Parent PLUS loans to every dependent student who had an unmet cost of attendance. Then we started to see the trend that more of the lower EFC, now called Student Aid Index (SAI), those students were getting a disproportionate amount of Parent PLUS loans because the gap was widening between gift aid, need based aid and the cost of attendance...That also proved to be confusing, because people would say, well, where's my alternative loan? You know, they expected it to just pay out. And so now we have eliminated that. It's and so it's just they, they, they figure it out on their own...

As such, the changing landscape was not only complex for families, but also for financial aid administrators who are supposed to be the experts on this. This is why participants across the board expressed the urgency to be as careful as possible when it came to reading the loans' terms and implications. In many ways, it has become very difficult for families to rely on just one source of information.

3 The Disproportionate Impact of PLUS Loan Denials on Small and Private HBCUs

While administrators across institutions – especially those with historical disinvestment – encounter challenges with PLUS loan denials, small and private HBCUs described disproportionate consequences. Leaders explained that when parents are denied PLUS loans, students often cannot enroll or must stop out, directly affecting institutional revenue and retention. These campuses also tend to serve higher proportions of first-generation and Pell-recipient students (Strayhorn, 2023), making denials more common and more destabilizing (Johnson et al., 2019).

Administrators described the emotional burden of watching students with strong academic motivation lose momentum due to financial constraints. A vice president of enrollment at a small private HBCU in the South discusses the impact of PLUS loans denials,

> “We had a Parent PLUS loan crisis… parents were just being denied. Maybe parents that would have been approved prior years were just being denied … so that caused a lot of angst. In the HBCU space, especially private HBCUs, because we depend a lot on tuition and fees. And then a lot of our students were being denied the Parent PLUS loan. So that left us, or left them, with larger bills… and so it left us with a lower clearance rate for our students, because we were depending on those Parent Plus loans. So… the crisis almost devastated the HBCU space.”

This angst, as described by this HBCU participant, was often articulated by several HBCU financial aid administrators. They shared that as mission-driven universities committed to serving first-generation and Pell-grant recipient students, the pressure to assist families to get the appropriate aid is higher. Moreover, HBCU participants understood well the role that PLUS loans not only had in sustaining their students, but also their institutions’ operational budget.

Because of these concerns, a vice president for student affairs at another small private HBCU in the South—who also oversaw the financial aid office—emphasized the critical role that United Negro College Fund (UNCF) partnerships play in providing gap funding for 35–45% of their students. This participant noted that as families struggle to make ends meet, HBCUs are already experiencing significant challenges in assembling aid packages, particularly as PLUS loan denials become more common.

He described the difficulty of discussing PLUS loans with families at HBCUs, where financial vulnerability is widespread and options for filling aid gaps are often limited,

> “Introducing Parent PLUS loans is always a tough conversation for us—while they offer students a critical last-resort option to close financial gaps, the reality is that denial rates are higher at HBCUs because of the populations we serve. That means our students often hit a wall right at the finish line, and because we’re smaller, tuition-driven, and more affordable institutions, these rejections have a disproportionate impact on our campuses compared to larger or better-endowed universities.”

Financial aid administrators also voiced concerns about fraud risks, and the administrative strain of stricter screening processes. Many described PLUS loans as both essential and imperfect. While these loans have become a lifeline to go to college, they have increasingly become more difficult to manage within a volatile policy environment. Several HBCU participants recommended lowering origination fees, expanding Pell eligibility, and giving institutions more control or earlier insight into families’ borrowing patterns to better support students. A director of admissions at a small rural HBCU stressed the importance of early communication with students and the use of a Customer Relations Management (CRM) system to help administrators better serve their families. She mentioned that at her institution, “enrollment has been declining for five years but has recently increased, attributing this [early communication and use of CRM] to effective financial aid strategies and high contact rates.”

Taken together, these perspectives underscore the precarious dependence of many small and private HBCUs on federal aid programs that were never designed to serve as institutional lifelines (Doubleday, 2013). Administrators described the challenge of supporting families through a complex and often discouraging loan process, while simultaneously protecting their institutions from the enrollment and revenue shocks that accompany high PLUS loan denial rates. Although HBCUs have developed innovative strategies, including but not limited to leveraging UNCF gap-funding partnerships and adopting proactive CRM-based outreach, these efforts operate within a policy environment that places disproportionate pressure on mission-driven institutions such as HBCUs. Ultimately, administrators emphasized that without systemic reforms that reduce origination fees, expand grant aid, and provide institutions clearer insight into family borrowing, HBCUs will continue shouldering inequitable risks that threaten both student persistence and institutional stability.

Recommendations

1 Confronting Insufficient Grant Aid: Why Families Rely on Parent PLUS Loans to Fill Persistent Funding Gaps

Across our data, it became clear that families are not choosing Parent PLUS loans. Instead, they are defaulting to them when all other forms of aid have been exhausted. Treating Parent PLUS loans as an isolated policy issue misses the deeper, systemic problem, which is centered on persistent insufficiency of grant aid particularly at both the state and federal levels.

It is also unrealistic to expect institutional level aid to cover all existing financial aid gaps. While first-generation and low-income families are most affected, rising numbers of middle- and higher-income households are also struggling to cover unmet need. This reality underscores the urgency for meaningful state and federal reform, rather than relying on PLUS loans—or any other federal program—as a stopgap for inadequate grant aid.

Although some institutions have innovated through partnerships with organizations such as UNCF or by leveraging statewide Promise programs, these localized solutions cannot compensate for structural affordability gaps. Our findings suggest that policy conversations must move beyond borrower behavior and instead confront the root cause, such as insufficient public investment in need-based grant aid. Placing responsibility on families who already bear the highest financial burden is not only ineffective but inequitable and counterproductive for long-term policy change.

Researchers, state legislators, policy organizations, and higher education associations should prioritize modeling and advocating for expanded state and federal grant aid, including increases to the Pell Grant and targeted institutional grants for dependent students with high unmet need. Analyses demonstrating how enhanced grant support reduces reliance on Parent PLUS loans can help build bipartisan support for reforms that truly address affordability.

In addition, borrowers urgently need clear, accurate, and timely information about loans.

2 Reframing Parent PLUS Loans not just as a Financial Issue But as a Student Success and Wellbeing Imperative

Our findings indicate that the ramifications of Parent PLUS borrowing extend far beyond family finances, having direct and significant implications for student success and wellbeing. Although our quantitative study found that PLUS borrowing has declined in recent years (Odle et al., 2024), the emotional weight of it remains high. Students described intense stress and guilt associated with knowing that their parents were taking on high amounts of debt, especially when parents faced credit challenges, financial instability, and other personal problems (e.g., health, delayed retirement). This emotional burden also manifested academically. For example, students reported declines in their GPAs and losing academic scholarships due to financial stress and angst about their future. For many, the anxiety tied to borrowing was not episodic but chronic, shaping their sense of belonging, their confidence, and their day-to-day academic performance. These academic disruptions also reduced students' access to merit-based scholarships, further deepening financial need and reinforcing the cycle that drives families toward additional borrowing.

The downstream consequences are even more concerning. Several students indicated they were at risk of delayed graduation because of financial and mental health issues, which forced them to take lighter course loads, stop out temporarily, or juggle additional work hours to avoid requesting larger loans from their families. Yet institutions and policymakers rarely acknowledge this link between borrowing, student success, and wellbeing. As a result, PLUS loan debt remains treated primarily as a financial aid tool rather than a determinant of academic momentum, degree completion, and overall student wellbeing.

Our research underscores that it is critical to address PLUS borrowing not just as a financial and policy problem, but as a pressing student success and wellbeing topic as well.

To respond effectively, institutions and policymakers should broaden the frame through which they understand PLUS borrowing. Researchers and policy professionals can evaluate the academic impact of financial distress by integrating the effects of debt into institutional research and student outcomes analyses and programming. Institutions should also strengthen coordination among academic success centers, financial aid offices, and counseling services to ensure that students are getting the holistic support they deserve. Finally, developing early-warning systems that flag students showing signs of financial instability—similar to academic early-alert models—could help institutions intervene before financial pressures translate into academic setbacks. Reframing PLUS borrowing through a student success and wellbeing lens offers a path toward more equitable outcomes and more responsive institutional policy.

3 The Need Consumer Protections Focused on Parents

Our research shows that Parent PLUS loan decisions rarely operate as isolated "parent choices." Instead, they unfold within complex family ecosystems where parents and students share responsibility, uncertainty, and risk. However, we also learned that not all parties involved receive equal access to information.

Parents routinely misunderstood core aspects of the loan, including their exclusive legal responsibility for repayment, the long-term cost shaped by high interest rates, and the limited eligibility for forgiveness. Many assumed debt in an effort to shield their children from future burden, often without a clear sense of what repayment would require. Some even sought legal advice to interpret shifting federal forgiveness policies, while others described receiving inconsistent or incomplete guidance from institutions. These misunderstandings were the result of a system that places extraordinary informational and financial pressure on families without providing the tools needed to navigate it.

This pattern highlights that although federal regulations frame PLUS borrowing as a parent-centered decision, in practice families often make these choices together. Students typically engage in the process with more eagerness about wanting to attend their college of choice, while parents are left interpreting potentially life-altering financial contracts under urgent timelines and intense emotional stakes. The absence of standardized parent-facing guidance not only exposes families to unnecessary risk but also exacerbates inequities across institutions and student populations, which we saw affecting first-generation and immigrant families the most. As conversations about credit checks, loan caps, and future eligibility restrictions accelerate ahead of 2026, the consequences of this gap will become even more pronounced.

Given these realities, there is a clear need for parent-focused interventions that match the scale and complexity of PLUS borrowing. Institutions, state agencies, and federal policymakers should collaboratively design standardized, plain-language parent resources.

This includes but is not limited to disclosures that clearly explain legal responsibility, projected repayment, interest accrual, and forgiveness eligibility. Parent-centered loan counseling modules, offered both digitally and during enrollment touchpoints, can help families assess affordability before committing to high-cost borrowing. Simple planning worksheets that outline likely repayment scenarios under different borrowing levels could serve as powerful decision aids for families who otherwise feel they are signing blindly. Institutions, particularly small private HBCUs, could pilot outreach models that proactively communicate with parents about credit, loan timelines, and potential alternatives well before bills are due, or even at events for prospective students and families, just like we heard from one of our participants who served as a director of admissions. Developing these supports not only protects families but also strengthens institutional accountability and student success. By reframing PLUS borrowing as a shared family decision that requires tailored, transparent information, institutional leaders can reduce preventable financial harm and better equip families to make informed choices about their children's educational futures.

Conclusion

This report is intended for educational and policy researchers, policy professionals, advocacy organizations, and institutional leaders committed to strengthening equitable financial aid and student success in higher education. While the findings are not meant to be generalized to all institutions or populations, they offer rich, nuanced insights into the lived experiences of students, families, and financial aid administrators navigating Parent PLUS loans. Our goal is for this work to be transferable, and to inform and deepen ongoing efforts to understand PLUS loan use among similar communities and institutional contexts.

Ultimately, we hope these findings prompt educational leaders, policymakers, and advocates to design and enact more equitable, transparent, and student-centered financial aid systems. By addressing the structural barriers illuminated in this report, stakeholders can move toward a higher education landscape where affordability is not a barrier to persistence, wellbeing, or opportunity.

Limitations and Delimitations

Data collection for this study occurred from Fall 2024 through Fall 2025. On January 30, 2024, the U.S. Department of Education announced inflation adjustments to the new 2024–25 FAFSA form, resulting in substantial delays in processing student aid applications. Further, the number of questions had been dramatically reduced, and the traditional Expected Family Contribution (EFC) had been replaced by the Student Aid Index (SAI). These delays created significant strain for financial aid offices, making it difficult to recruit financial aid administrators during this period, as many were focused on meeting heightened operational demands. Some students and parents also experienced financial hardship due to these temporary processing delays.

Consequently, these circumstances posed challenges to data collection and may have shaped participants' experiences and responses. At the same time, collecting data during this period provided access to timely and unique perspectives, particularly given the subsequent passage of the One Big Beautiful Bill Act in July 2025, which have not been widely documented in prior research.

Limitations and Delimitations

This study was intentionally designed to gather perspectives from students, parents, and financial aid administrators across different institutional types, including private, public, faith-based, and minority-serving institutions. Our original plan was to capture a robust sense of how the PLUS loan process operated within each institutional type. However, as data collection progressed, several constraints required us to adjust our approach. Some institutions had strict policies limiting external research recruitment unless the study received IRB approval from their own institution, which was not feasible within our project timeline.

In other settings, students and parents were highly responsive, but financial aid staff were discouraged by supervisors from engaging in activities outside their daily responsibilities due to workload pressures. Additionally, not all students felt comfortable sharing their parents' contact information. Reasons included concerns about their parents' English proficiency, uncertainty about their parents' comfort discussing financial matters, or a desire to protect family privacy.

CONTACT AND FURTHER INFORMATION

The Parent PLUS (or Debt PLUS) Project explores the characteristics, enrollment patterns, and descriptive outcomes of Parent PLUS loans, including how borrowing varies across student, family, and institutional contexts. For additional information, please visit the Debt PLUS website. https://debtplus.wceruw.org/

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