What is Schedule of Reduction (SOR)?

The One Big Beautiful Bill Act (OBBBA) introduced major changes to federal student aid programs. Several provisions affecting student loans became effective July 1, 2026, and include the **Schedule of Reduction (SOR)**, which requires federal student loan eligibility to be reduced when the borrower is enrolled less than full-time.

What does this mean?

Full-time enrollment requires enrollment in 12 or more FA-eligible credits in the fall and spring semesters, or a minimum of 24 credits for the academic year.

Student loan borrowers who are enrolled in 6-11 FA eligible credits require mandatory loan proration and receive reduced Federal Direct Loan proceeds.

Students enrolled in less than 6 credits are ineligible to borrow a federal direct loan.

How is SOR calculated?

At the time of loan disbursement, the total eligible credits will be evaluated, and the loan amount will be adjusted based upon actual semester enrollment.

The SOR formula:

$$\left(\frac{\text{Number of Credit Hours Enrolled for Academic Year}}{\text{Number of Academic Year Credit Hours Considered Full Time for Program}}\right) X\ 100 = \text{Reduced Annual Loan Limit Percentage}$$

What is considered:

- Enrolled course(s) must be required toward your course of study (declared major).
- Requires active participation in all courses.
- We assume your spring enrollment to mimic your fall enrollment. If enrollment increases or decreases in the spring semester, the loan amount will be adjusted accordingly.
- Failing to participate, dropping, withdrawing, or other changes to your enrollment level alters this calculation and may further reduce your loan eligibility – including any undisbursed funds.

Schedule of Reduction (SOR) Calculation Example

Jenny is a first-year undergraduate dependent student eligible for $3,500 in subsidized loan. Jenny enrolls in 9 credits for the fall semester, and 9 credits are assumed for spring semester.

Step 1: Maximum subsidized loan	$3,500
Step 2: SOR percentage	Fall enrollment: 9 credits Spring enrollment: 9 credits $\left(\frac{18}{24}\right) \times 100 = 0.75 \text{ or } 75\%$
Step 3: Annual loan amount	0.75 x $3,500 = $2,625

Step 4: Semester loan amount	$\left(\frac{\$2,625}{2}\right) = \$1,312.5 \text{ per semester}$ Fall Amount = $1,313 ($1,312.5 rounded up) Spring Amount = $1,312 ($1,312.5 rounded down)

Additional Important Information

Financial Aid Guidance:

- We strongly recommend you discuss enrollment changes (withdraws, drops, grading method changes, etc.) with the Office of Financial Aid before doing so.

Adding a course(s):

- Adding course(s) after a loan disbursement will not result in an increase in loan amount in the same semester. Adjustments to increase credits will be made, if necessary, and may impact undisbursed portions of your loan.