Schedule of Reductions (SOR) Adjustment for Direct Loans

Beginning with the 2026-2027 academic year, the U.S. Department of Education (ED) requires institutions to prorate a student's annual loan amounts in direct proportion to the percent of full-time the student is enrolled per academic year. The calculation depends on actual enrollment hours at any point in the semester, not just what was expected when financial aid was originally packaged, in accordance with 34 CFR 685.203(m)(1). Students who are not enrolled full-time (at RCU, the full-time definition is 24 credits per academic year for undergraduates and 18 credits per academic year for graduates) will be subject to SOR on their Federal Direct student loans. Graduate students will be packaged for three semesters, Fall, Spring and Summer as required terms within the academic year. To view loan eligibility based on potential enrollment hour scenarios within an academic year, please visit this SOR calculator.

Key Principals and Institutional Responsibilities

- **Academic Year Evaluation:** If a student is enrolled for hours that meet the full-time definition for the academic year, the student will not be subject to SOR. Enrollment is evaluated at each change of credit hours for the academic year. For undergraduate students, if a student registers for the Fall semester, Spring enrollment is assumed at 12 hours, until the time of actual enrollment. RCU has adopted a policy to use proportional packaging, with additional details outlined later in this document.
- **Single Official Status:** While Financial Services and the Registrar may hold different records, the institution must establish a single, consistent enrollment status for loan borrowers. Other types of financial aid and Satisfactory Academic Progress (SAP) statuses will be based on all attempted hours (withdrawn hours are included, dropped hours are excluded).
- **NSLDS Reporting:** For SOR evaluation, the institution must use the enrollment status that is officially reported to the National Student Loan Data System (NSLDS) through Enrollment Reporting via the National Student Loan Clearinghouse (NSLC). Therefore, dropped and withdrawn hours are not included in the academic year total credit hour calculation for SOR.
- **Additions and Reductions for Mid-Year Adds/Drops and Withdrawals:** If a student add/drops or withdraws from courses during the term, the student's loan SOR calculation must be re-evaluated based on the new total academic year credit hours.
- **Summer Enrollment:** For the 26-27 academic year SOR calculations for undergraduate students do not include summer enrollment. If a student has total loan eligibility left after Fall/Spring loan disbursements are calculated, students may receive those funds during the summer semester, if enrolled at least half time.
- **Enrollment for less than a Full Academic Year:** If a student is graduating in the Fall semester, loans are prorated by taking the number of credits enrolled in the Fall and dividing by the full-time academic year hours (24 for undergraduate and 18 for graduate).
- **Spring Start:** If a student is enrolled in both Spring and Summer, the total enrolled hours will be factored over 24 hours.

- **Spring or Summer Only:** If a student is enrolled Spring only or Summer only, the total enrolled hours will be taken over 12 hours as a one-term loan.
- **College level and/or dependency status loan eligibility changes:** If a student becomes eligible for more loans based on transferred hours and/or earned hours at RCU, the following packaging methodology will apply. If the college level change occurs during the Fall semester loan period, the Fall semester amounts will be updated accordingly. If the college level change occurs after the Fall semester loan period, a one term loan will be offered in the Spring, calculated as Spring hours over 12 hours. This same method will apply for Spring and Summer college level and/or dependency status loan eligibility changes.
- **Fall Full Withdrawals (Return to Title IV):** If a student fully withdraws from the Fall semester, the loan amounts will be locked in at the time of the withdrawal prior to the Return to Title IV (R2T4) process being completed. This includes any SOR formulas that would have been applied for dropped/withdrawn courses prior to the R2T4. For future semester enrollments, loans will be processed as one term loans. This formula will be the enrolled hours over 12 full-time hours per term.

How Grades & Course Statuses Affect Loan Amounts

Course Outcome	Impact on SOR	Explanation
Withdrawn Course ("W")	**Applies SOR**	Counts as a reduction in credit load. Treated identically to a dropped course for loan reduction purposes
Dropped Course	**Applies SOR**	Reduces total credits for the academic year, therefore SOR is re-evaluated for each semester
Earned "F" Grade	**Does NOT trigger SOR**	The student remained enrolled throughout the term and attempted the credits to the end of term. Failure alone does not retroactively reduce enrollment load unless determined to be an unearned withdrawal.
Incomplete ("I")	**Does NOT trigger SOR**	Credits remain part of the student's registered enrollment while coursework is completed.

Course Outcome	Impact on SOR	Explanation
No Credit ("NC")	**Does NOT trigger SOR**	Reflects final grading rather than enrollment status; student maintained registration during the term.

Real-World Example: Mid-Term Withdrawal

Step 1: Fall Term Start (12 Credits - Full-Time)

- Student enrolls in 12 credits for Fall and 12 credits for Spring.
- Initial Direct Loan packages and initial Fall disbursement are processed based on full-time status.

Step 2: Mid-Fall Withdrawal (Drops/Withdraws to 8 Credits - Half-Time)

- Student withdraws from a 4-credit course, earning a "W" grade.
- Registrar updates status to half-time (8 credits) and reports this to NSLDS with the appropriate effective date.

Step 3: Fall Disbursement Evaluation

- Financial Services will reduce Fall and Spring loan disbursements to be 8+12=20 hours versus 24 hours for the academic year
- For the academic year, the student was half-time in Fall and is full-time in Spring.

Step 4: SOR Applied to Fall and Spring Loans

- Because total actual enrollment across the academic year is less than original full-time projections, the institution applies the Schedule of Reductions formula.
- The Fall and Spring disbursements are re-evaluated so that the total annual loan funding matches actual overall enrollment.
- Proportional Packaging methodology applied (additional details later in this document)

Proportional Disbursements

Step 1: Fall Term Start (8 Credits - Half - Time)

- Student enrolls in 8 credits for Fall and 12 credits for Spring.
- Determine if SOR applies
- 8+12=20 which is less than 24, SOR applies

Step 2: Determine SOR %

- 20/24 hours is 83.33% rounded to 83%

Step 3: Determine total loan eligibility if SOR had not applied

- In this example student is a Freshman, Dependent student qualifying for $3,500 Subsidized Loan and $2,000 Unsubsidized loan.
- Multiply those amounts by the SOR % to get $2,905 Subsidized Loan and $1,660 Unsubsidized Loan

Step 4: Determine Proportional Disbursements based on semester enrollment

- 8 hours is .40 of 20 hours, so $2,905 x.40 = $1,162 Subsidized and $664 Unsubsidized Loan
- 12 hours is .60 of 20 hours, so $2905 x.60 = $1,743 Subsidized and $996 Unsubsidized

27-28 Academic Year and Forward Changes

- **Summer Enrollment:** If an undergraduate student is registered for Summer courses, the total credits for the Fall, Spring and Summer semesters would be used to determine academic year loan eligibility for SOR. The numerator for the SOR formula would be hours enrolled for the academic year. The denominator would be 24 hours (full-time hours for academic year).