



July 1, 2026

Dear SBCC Community,

There will be significant changes to federal student loan programs that affect borrowing limits, loan types, repayment options, among other provisions after July 1, 2026. These changes may impact how you finance your education. These updates reflect new federal borrowing rules for undergraduate students and are part of the provisions of the [One Big Beautiful Bill Act \(OBBBA\)](#).

These updates apply to all colleges and universities across the country—not just SBCC.

Whether you're a new or continuing student, the information below will help you understand your loan limits.

What is changing?

1. Your loan amount will depend on how many units you take

If you're taking:

- **12 or more units (full-time)** → You can get **50% of your yearly loan amount each semester**.
- **Less than 12 units (part-time)** → Your loan amount will be reduced based on how many units you're taking.

Example:

A first year student who qualifies for a certain amount of federal loans might receive the full semester amount when taking 12 units, but less money if they take only 6–11 units.

Important: If you drop classes after your loan money is paid out, you may have to pay some (or all) of that money back.

How much of my loan will I get?

Students enrolled in fewer than 12 units, eligibility is prorated as follows:

| Undergraduate Enrollment (per semester) | Percent of Annual Loan Limit | Example Subsidized Loan amount for Dependent freshman student (per semester) | Example Unsubsidized Loan amount for Dependent freshman student (per semester) | Example total loan amount for a Dependent freshman student (per semester) |
|---|------------------------------|--|--|---|
| 12 + credits | 50.00% | \$1,750 * | \$1,000* | \$2,750 |
| 11 credits | 46% | \$1,610 | \$920 | \$2,530 |
| 10 credits | 42% | \$1,470 | \$840 | \$2,310 |
| 9 credits | 38% | \$1,330 | \$760 | \$2,090 |
| 8 credits | 33% | \$1,155 | \$660 | \$1,815 |
| 7 credits | 29% | \$1,015 | \$580 | \$1,595 |
| 6 credits | 25 % | \$875 | \$500 | \$1,375 |
| 5 or less credits | 0% | \$0 | \$0 | \$0 |

2. Students already borrowing before July 1, 2026 may be protected

If you already had federal student loans before July 1, 2026, you may be able to keep the older, more favorable rules. This is referred to as “legacy” status.

However, you must:

- ✓ Stay continuously enrolled
- ✓ Stay in the same degree program/major
- ✓ Finish within the normal time for your program
- ✓ Understand that taking fewer units can still reduce your loan amount

You could lose this protection if you:

- ✗ Leave school
- ✗ Transfer to another program or major
- ✗ Take longer than expected to finish your degree

3. Parent PLUS Loans will have new limits

Parent PLUS Loans are loans that parents can borrow to help pay for their child's education.

New limits:

- **Maximum per year:** \$20,000
- **Maximum total (lifetime):** \$65,000

Example:

If a parent borrows \$20,000 each year, they could reach the \$65,000 lifetime limit in a little over three years. If the student takes longer to graduate, there may not be any Parent PLUS loan money left.

What if federal loans aren't enough?

You may need to consider [alternative student loans](#).

Alternative loans:

- Usually require a credit check.
- Often have higher interest rates.
- May require a co-signer (such as a parent).

Because private loans can be more expensive, students should usually maximize grants, scholarships, work-study, and federal loans first.

If you have questions, please visit the [SBCC Financial Aid Office's website](#) for a variety of ways to connect with staff and advisors, virtually, via phone, email and in person.

The best way to get answers to your specific questions is to contact your assigned financial aid advisor and email them (be sure to email from your SBCC pipeline account and include your full name and Student K#). Advisors are assigned by the letter of your last name or EOPS status. You can find your advisor by viewing our [website](#).

Please be patient, it can take up to 2 weeks for an email response, and we believe with the uncertainty of these new federal regulations we will receive a lot of email over the next several months.

Sincerely,

[Office of Financial Aid](#)

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Santa Barbara, CA 93109

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