

STUDENT LOAN REPAYMENT PROGRAM POLICY

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10 PURPOSE

The Department of Health and Human Services' Student Loan Repayment Program (SLRP) is established as a management tool to facilitate the recruitment and retention of "highly qualified" candidates and employees. The SLRP authorizes the repayment of all or part of an outstanding federally-insured student loan obligation incurred by a current employee or a candidate to whom an offer of employment has been made. The decision to offer student loan repayment is an individual compensation determination that is made on a case-by-case basis based on organizational need, specific case justification, and budgetary limitations without regard to political affiliation, race, color, religion, national origin, sex, marital status, age or disabilities.

NOTE: The SLRP is not an entitlement and is to be used only to the extent that is necessary for effective recruitment and retention purposes.

20 REFERENCES (Legal Authorities):

- A. 5 United States Code, § 5379
- B. 5 Code of Federal Regulations, Part 537
- C. Public Law 106-398 amending 5 USC 5379
- D. Federal Register, Vol. 69, No. 76, Part 537, April 20, 2004

30 DEFINITIONS

A. Student Loan -- A loan made, insured, or guaranteed under parts B, D, or E of Title IV of the Higher Education Act of 1965; or a health education assistance loan made or insured under Part A of Title VII of the Public Health Service Act, or under Part E of Title VIII of that Act.

Loans covered under The Higher Education Act include such loans as:

- 1. Federal Stafford Loans -- including Federal subsidized, Federal unsubsidized, direct subsidized, and direct unsubsidized loans;
- 2. Federal Supplemental Loans for Students;
- 3. Federal Plus Loans -- Federal and Direct Plus Loans;
- 4. Federal Consolidation Loans -- direct subsidized, direct unsubsidized, and Federal Consolidation Loans;
- 5. Defense Loans -- made before July 1, 1972;
- 6. National Direct Student Loans -- made between 7/1/72 and 7/1/87;
- 7. Federal Perkins Loans

Loans covered under the Public Health Service Act include loans made under:

- 1. The Nursing Student Loan Program;
- 2. The Health Profession Student Loan Program; and
- 3. The Health Education Assistance Loan Program

B. Federal Direct Student Loan -- The U. S. Department of Education is the lender for these loans. Direct Loans include Federal Direct PLUS loans and Federal Direct Stafford loans.

C. Federal Family Education Loan Program -- These loans are insured by the Department of Education. Loans are privately issued by a bank, credit union, or other lender that participates in the Federal Family Education Loan Programs.

D. Subsidized Loan -- The U.S. Government pays the interest on the loan while the student is in school, during the 6-month grace period, and during periods of authorized deferment.

E. Unsubsidized Loan -- The student is responsible for paying the interest accrued while the student is in school, during the 6-month grace period, and during authorized periods of deferment.

40 COVERAGE

A. Eligibility – Any “employee” as defined in 5 U.S.C. 2105, who is highly qualified, is eligible to receive a student loan repayment. HHS “employees” on the following types of appointments are eligible to be considered for Federal student loan repayment assistance (see 5 CFR 537.104):

1. Permanent employees;
2. Employees serving on term appointments with at least 3 years remaining on their appointments;
3. Employee serving in excepted appointments that can lead to non-competitive conversion to a term, career, or career-conditional appointments, e.g., Veterans Readjustment Appointments (VRAs), HHS Emerging Leaders, Presidential Management Fellows (PMF), etc.
4. Temporary employees under 5 CFR 315.704 who are serving on appointments leading to conversion to term or permanent appointments;
5. Employees serving on a full-time or part-time schedule.

NOTE: Employees receiving a Physicians Comparability Allowance (PCA) under 5 CFR 595.105(e) are eligible. However, the amount of their PCA must be reduced by an amount equal to any loan repayment assistance received under this program.

B. The following employees are *ineligible* for the Federal Student Loan Repayment Program:

1. Individuals whose student loans are past due, delinquent, or defaulted;
2. Those appointed to positions of a confidential, policy determining, policy making, or policy advocating nature (e.g. under Schedule C or 5 CFR 213.3301);
3. Individuals who received their diplomas/degrees from unaccredited and/or fraudulent institutions (e.g. diploma mills).

NOTE: Commissioned Corp Officers in the Public Health Service are not considered “employees” as per Title 5 U.S.C. 2105, and therefore are ineligible to participate in the Student Loan Repayment Program.

C. Maximum Repayment Amount – Eligible employees may be considered for loan repayment assistance up to \$10,000 per calendar year, with a \$60,000 lifetime maximum for any individual. Individual loans are made on an annual basis and more than one loan may be repaid so long as the combined repayments do not exceed the annual and lifetime limits.

50 CRITERIA FOR JUSTIFYING FEDERAL STUDENT LOAN REPAYMENT(S)

A. Recruitment - Loan repayment may be authorized upon the determination that, in the absence of loan repayment benefits, the Operating Division (OPDIV) would have difficulty filling a position with a highly qualified candidate. Evidence of need may be based on:

1. The success of recent efforts to recruit suitable candidates for similar positions, including such indicators as offer acceptance rates, the proportion of positions filled, and the length of time required to fill positions.
2. Recent turnover in the same or similar positions.
3. Labor market factors that affect the ability to recruit for similar positions.
4. Need to fill position requiring highly specialized skills or qualifications.

OPDIV managerial staff should consider the following criteria in determining the amount of the Student Loan Repayment:

- a. The severity of the recruiting problem.
- b. Salary levels reported in published salary surveys for comparable non-Federal positions.
- c. The criticality of the position to be filled and the effect on the OPDIV if it is not filled or if there is a delay in filling it.
- d. Current salary of the candidate.
- e. Salary documented in a competing job offer (if available).
- f. The disparity in cost-of-living between the candidate's current residence and the proposed duty station.
- g. The projected cost of further recruitment efforts if the candidate does not accept the position.
- h. The extent of the individual's past training and experience that serves to qualify him/her for the position.

NOTE: Each determination for recruitment purposes (including the amount to be paid) must be made before the employee enters on duty. The Student Loan Repayment Program may not be used to recruit an individual from another Federal agency.

B. RETENTION

Loan repayment may be authorized upon determination that, in the absence of loan repayment benefits, the OPDIV would have difficulty retaining a highly qualified employee. Evidence of need may be based on:

1. The unique or high qualifications of the employee or the special need for the employee's skills that makes it essential to retain him/her.
2. The extent to which the employee's departure would affect the OPDIV's ability to carry out an activity or perform a function that is deemed essential to the Agency's mission.

OPDIV managerial staff should consider the following criteria in deciding the amount of the Student Loan Repayment:

- a. Salary levels reported in published salary surveys for comparable non-Federal positions.
- b. Salary documented in a competing job offer.
- c. The criticality of the position and the effect on the OPDIV if the employee were to leave.
- d. The projected cost of recruitment and training associated with replacement of the employee.
- e. Employee's tenure with the OPDIV.

NOTE: All determinations (Recruitment and Retention Student Loan Repayment Requests) must be in writing and attached to the "Request for Student Loan Repayment Benefit Under the Student Loan Repayment Program" (See Appendix -1), and must document the criteria used to determine the amount of the loan repayment benefit.

60 REQUESTS FOR STUDENT LOAN REPAYMENT

OPDIV managers/supervisors recommending an employee for a student loan repayment benefit must complete the "Request for Student Loan Repayment Program Under the Student Loan Repayment Program" document (see Appendix - 1).

70 SERVICE AGREEMENTS

1. Before a loan repayment may be made, the employee must sign a Student Loan Repayment Program Service Agreement (see Appendix - 2) acknowledging the requirement to serve a minimum of three years with the OPDIV, regardless of the amount of repayment authorized. This three-year period will begin when the first payment is made to the holder of the loan. Any additional repayments made during this three-year period do not extend the service agreement. However, if additional payments are made after the initial three-year agreement has been completed, the service agreement will be extended by one year for each payment made beyond the 3rd year. The extended service agreement period begins when the first payment beyond the 3rd year is made to the holder of the loan.

The agreement may also specify employment conditions considered appropriate, e.g., employee's position and the duties he/she is expected to perform, work schedule, or expected level of performance. The service agreement in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service, nor does it limit management's right to take corrective or disciplinary actions as otherwise appropriate.

2. An employee who voluntarily leaves the OPDIV or is separated involuntarily because of performance or misconduct and fails to complete the agreed-upon period of service must refund the full amount of benefits received during the initial three-year period. Employees who fail to complete the period of service under an extension period, (e.g., 4th year, 5th year) must repay the amount of the benefits received in the extension year only. If an employee fails to reimburse the OPDIV, the amount outstanding will be recovered from the employee under established debt collection procedures.

80 APPROVAL OF STUDENT LOAN REPAYMENT(s)

Approval for student loan repayments will be made in accordance with established OPDIV operating procedures.

90 RESPONSIBILITIES

A. Operating Divisions (OPDIV)

1. Funding: Each OPDIV is responsible for funding its own student loan repayment program, and certification of funds must be obtained according to established OPDIV budgetary procedures.

2. Responsible Office: Each OPDIV will designate a SLRP coordinator responsible for:

- a. Developing and disseminating operating procedures governing the OPDIV's use of the Department's Student Loan Repayment Program;
- b. Providing updates when changes are made to the laws governing the student loan repayment program;
- c. Consolidating OPDIV input for reporting purposes;
- d. Ensuring verification that the student loan is federally insured and loan balance before payment is authorized;
- e. Coordinating with lending institution(s); and
- f. Coordinating with the servicing Human Resources Center, and payroll function.

3. Program Controls: Employees may have both eligible and ineligible loans from the same lending institution; OPDIV's will institute follow-up procedures with lenders to ensure that payments are made correctly and only to eligible loans.

4. OPDIV's will track participants to ensure that service agreements are fulfilled, and recoupment procedures will be initiated when a service agreement is not met unless a waiver is requested and approved. (See Appendix – 4)

5. OPDIV's will review participants' loan balances annually to ensure employees are paying his/her share of the debt before any additional SLR is made on the employee's behalf.

6. OPDIV's will confirm participants' performance appraisal prior to each annual payment. (Employees must maintain the equivalent of a "fully successful" performance appraisal to receive SLRP benefits.)

B. Employees

1. The employee is responsible for making payments on the portion of the loan not covered by the HHS SLRP.

2. Payments will be made annually in a single lump sum directly to the financial institution holding the loan, and the employee must obtain a statement from the financial institution stating that the loan is made, insured, or guaranteed under one of the following: parts B, D or E of Title IV of the Higher Education Act of 1965; or a health education assistance loan made or insured under part A of Title VII of the Public Health Service Act or under part E of Title VIII of that Act. Verification that the loan is current (not past due), the loan number, financial institution routing number for electronic transfer of funds (if available) and the payoff amount as of a specific date should be referenced on the statement as well.

C. Human Resources Center(s) (HRC)

Withholding Taxes: The repayment of a student loan is taxable wages. HRCs are responsible for ensuring that tax withholdings are deducted at the time payment is made, e.g., federal income tax, FICA, Medicare withholding, and any applicable state or local income tax.

D. Assistant Secretary for Administration and Management, Office of Human Resources (ASAM/OHR)

1. ASAM/OHR must prepare a report before January 1 of each year of the previous fiscal year's use of the Agency's student loan repayment authority for submission to the Office of Personnel Management (OPM). The report must contain

the number of HHS employees selected to receive the benefit, the job classifications of the recipients, and the cost to the Federal Government to provide the loan repayment.

100 TERMINATION OF BENEFITS

An employee receiving loan repayment benefits will be ineligible for continued benefits if he/she separates from the OPDIV for any reason; fails to maintain a fully satisfactory level of performance; or violates any of the conditions of the service agreement.

110 WAIVER OF STUDENT LOAN INDEBTEDNESS

Repayment of student loan indebtedness may be wholly or partially waived at the discretion of the OPDIV repaying the loan if recovery would be against equity and good conscience or against the public interest. In making the determination, the OPDIV will take into account consistency, fairness, and the cost to the taxpayer of recovering monies owed to the government.

Employees who meet the criteria for a waiver of their student loan indebtedness must;

- 1.** Complete a Waiver of Student Loan Indebtedness Information Request document (Appendix – 4).
- 2.** Attach original Service Agreement (Appendix – 2), along with the loan balance from the lending institution, and written justification as to why recovery of the debt would be against equity, good conscience, and the public interest.
- 3.** The documents will then be forwarded to the OPDIV approving official for final approval according to OPDIV operating procedures.

If the waiver request is approved, the Payroll Office will suspend collection of the debt; a personnel action will be generated by the servicing Human Resources Center to terminate the debt collection, and the employee and his/her supervisor will receive written notification from the OPDIV approving official that the debt has been suspended.

NOTE: When an employee is separated by death or disability retirement, or is unable to continue working because of disability evidenced by acceptable medical documentation, repayment is automatically waived.

120 RECORDKEEPING AND REPORTING REQUIREMENTS

As required in 5 CFR 537.110, OPDIV's must keep a record of each determination made under this part and make such records available for review upon the Department's request. These records may be destroyed after three years or after OPM formally evaluates the program (whichever comes first).

Before January 1 of each year, each OPDIV must submit a written report to the Assistant Secretary for Administration and Management, Office of Human Resources (ASAM/OHR) outlining their previous fiscal year's use of the student loan repayment authority. This report must contain the number of employees selected to receive this benefit; the job classifications of the recipients; and the cost to the OPDIV for providing the loan repayment.

130 EVALUATION OF PROGRAM

Each OPDIV will continually evaluate their participation in the program in order to assess overall program effectiveness, and to ensure regulatory compliance.

**APPENDIX - 1, REQUEST FOR STUDENT LOAN REPAYMENT BENEFIT UNDER THE
 STUDENT LOAN REPAYMENT PROGRAM 5 U.S.C. 5379**

Name		Social Security Number	Date (MM/DD/YY)
Title	Series/Grade/Step		Type of Appointment & NTE Date
Total Amount of Student Loan Repayment Benefit Received to Date (Include the Requested Amount from this Request Form.) \$ _____			
Student Loan Repayment Benefit Amount Requested: \$ _____	Student Loan Repayment Benefit for Year Number: (Circle One) 1 2 3 4 5 6 Other ____ <i>NOTE: Service Agreement must be attached to this Request form.</i>		
Current Balance of Outstanding Loan: \$ _____			
<i>NOTE: Official Documentation from loan holder documenting loan balance and type of loan must be attached to this Request form.</i>			
Compensation*:			
<u>Base/Locality Pay</u>		<u>\$ _____</u>	
Other Continuing Pay, (e.g., PDP, retention allowance)		\$ _____	
* Physician's Comparability Allowance (if applicable)		\$ _____	
Other Payments, e.g., lump sum payments		\$ _____	
Student Loan Repayment Benefit Amount		\$ _____	
TOTAL COMPENSATION		\$ _____	
* Total Title 5 compensation cannot exceed Executive Level 1 salary per calendar year.			
** Physician's Comparability Allowance must be reduced by the amount equal to the loan repayment assistance (5 CFR 595.105).			
Recommending Official	Title	Date	
Certification of Funds	Title	Date	
Approving Official	Title	Date	
Human Resources Official	Title	Date	

APPENDIX - 2, STUDENT LOAN REPAYMENT PROGRAM SERVICE AGREEMENT

NAME (Print or Type – First Middle Last)	SOCIAL SECURITY NUMBER	OPDIV	DATE

In consideration of the student loan repayment benefit for which I qualify under 5 U.S.C. 5379 as implemented by the regulations of the U.S. Office of Personnel Management (5 CFR, Part 537), the policies of the Department of Health and Human Services, and the OPDIV _____, I hereby agree:

1. To serve in _____ for 3 years (initial contract) or 1 year (extensions). (OPDIV)
2. The amount of the student loan repayment benefit is \$ _____ (up to \$10,000). I understand that the commitment to repay my loan is for one year, subject to yearly extensions.
3. If student loan repayment benefits are made in the 2nd or 3rd year, my service agreement will not be extended.
4. If student loan repayment benefits are made beyond 3 years, my service agreement will be extended by one year for each payment made beyond the 3rd year.
5. The service agreement is effective _____ through _____.
(Month/Day/Year) (Month/Day/Year)
6. This service agreement in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service. That acceptance of this agreement does not alter the conditions or terms of my employment; accordingly, this agreement will not preclude nor limit the Agency from effecting personnel actions as may be appropriate.
7. That in the event I voluntarily leave the OPDIV, or in the event that I am involuntarily separated for misconduct or performance before completing the agreed upon period of service, I will be indebted to the Federal Government and must reimburse the OPDIV for the full amount of any student loan repayment benefits received under this service agreement.
8. I am responsible for making loan payments on the portion of the loan that continues to be my responsibility.
9. The student loan repayment benefits made do not exempt me from my responsibility and/or liability for the loan.
10. I am responsible for any income tax obligation resulting from the student loan repayment benefit.
11. HHS/_____ is not responsible for any late fees assessed by the lender if the student loan repayment benefit is not received on time.
12. The student loan repayment benefits made on my behalf from the Federal Government have/will not exceed \$10,000 per annum and \$60,000 in total.

APPENDIX - 2 (Continued)

13. Other condition(s) agreed to by employee and the OPDIV:

I AGREE TO THE TERMS OF THIS SERVICE AGREEMENT:

Signature _____

Name (Print/Type) _____

Date _____

General

This information is provided pursuant to the Privacy Act of 1974 (P.L. 93-597).

Authority for Collection of Information

5 U.S.C 5379 and 31 U.S.C. Section 7701(c)

Purpose and Uses

The main purpose for collecting the information requested on the above mentioned form is to establish the terms under which an individual receives a student loan repayment benefit under the Student Loan Repayment Program. The information collected will be used as a basis for payroll actions. Accordingly, disclosure of identifiable information, including your Social Security Number (SSN), may be made to the Internal Revenue Service for tax withholding purposes, the Department of Treasury for payroll action, and to the Department of Labor for worker compensation claims. This information may also be disclosed to the Department of Justice for other lawful purposes including law enforcement and in the event of litigation. In addition, these records, or information there from, may also be used within DHHS for study purposes, such as projection of staffing needs, and/or creation of non-identifiable statistical data for reports to other Federal agencies and Congress.

Information Regarding Disclosure of Your Social Security Account Number

Disclosure of the SSN is mandatory since it is the identifier used by the Internal Revenue Service and for the withholding of taxes from your salary. The use of the SSN is made necessary because of the large number of present and former employees and applicants who have identical names and birth dates, and whose identities can only be distinguished by the SSN. It is used primarily to identify an employee's personnel, leave, and pay records and to relate on to the other. In this regard, it is also used by the HHS to locate records in order to respond to lawful requests for information from former employers, educational institutes, and financial or other organizations. The information gathered through the use of the number will be used only as necessary in personnel administration processes carried out in accordance with established regulations and published notices of systems of records. The SSN also will be used for the selection of persons to be included in statistical studies of personnel management matters.

Effect of Non-disclosure

Your submission of this agreement is voluntary; however, if the agreement is submitted, omission of significant information requested would preclude continued processing of the agreement for you to receive payment because payroll would be unable to process the necessary actions.

Human Resources Review:

(Signature)

(Print Name)

Date

**APPENDIX - 3, STUDENT LOAN REPAYMENT PROGRAM, OUTSTANDING LOAN
INFORMATION REQUEST**

NAME: _____
SSN: _____
DATE: _____

The following information is required for each lender of a loan(s) being considered under the Student Loan Repayment Program.

1. Loan Information*:

- a. Name of the federally funded loan received, e.g., Federal Stafford Loan, Federal PLUS Loan, Federally Insured Student Loan, etc. _____
- b. Date Loan was Obtained _____
- c. Remaining Balance of Loan _____

*An official document/letter from the loan institution providing the above loan information must be attached to this form.

2. Name, address, and telephone number for the lending institution holder of the loan, i.e., bank, educational institution, etc.

Name _____
Address _____
City/State _____
Telephone _____
EFT Routing Number _____

3. Name, address, and telephone number of servicing agent of the loan to whom payments are sent (if different from #2).

Name _____
Address _____
City/State _____
Telephone Number _____
EFT Routing Number _____

4. Name, job title, and telephone number of authorized official for the Lending Institution.

Name _____
Job Title _____
Telephone Number _____

5. Federal Tax Identification Number or EIN (Required for sending payments).

_____-_____-_____-_____-_____-_____-_____-_____-_____-_____-

Name (Approving Official) Title Date

APPENDIX - 4, WAIVER OF STUDENT LOAN INDEBTNESS INFORMATION REQUEST

Attach a copy of the Student Loan Repayment Service Agreement and the loan balance information from the lending institution to this form. Return form to the employing Human Resources Center and/or Department.

Employee Name (Last, First, MI)	Social Security Number	Date (MM/DD/YY)
Job Title	Agency	Outstanding Loan Balance

Reason for Requesting Waiver of Student Loan Indebtedness: (Explain why the recovery of this debt would be against equity and good conscience or against the public interest). Note: Repayment is automatically waived for those employees separated by death or disability retirement, or an inability to continue working because of disability evidenced by acceptable medical documentation).

Waiver Approved: Yes _____ No _____

OPDIV Approval Signature	Print Name	Date
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