

3 FAM 3820 STUDENT LOAN REPAYMENT PROGRAM (SLRP)

(CT:PER-603; 05-20-2008)

(Office of Origin: HR/ER/EP)

3 FAM 3821 AUTHORITY

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

- a. The authority for the *Student Loan Repayment Program (SLRP)* is found in:
 - (1) 5 CFR Part 537; and
 - (2) 5 U.S.C. 5379.
- b. The definitions for terms used in this subchapter are based on OPM regulations and procedures issued to implement the program.

3 FAM 3822 PURPOSE

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

The *Student Loan Repayment Program (SLRP)* is a recruitment and retention tool used by the Department to attract and retain Civil Service and Foreign Service employees applying for or encumbering specific positions. The program assists employees with payments on student loan debt taken out by them to support courses of study already completed. Payments are made directly to *an employee's lender* or loan servicing organizations.

3 FAM 3823 SCOPE AND ELIGIBILITY CRITERIA

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

- a. In order to qualify, employees in career-type positions must encumber specific pre-qualifying positions, have outstanding loans authorized by Title IV of the Higher Education Act of 1965 and Title VII of the Public Health Service Act (see 3 FAM 3823.3) *with combined balances of \$5,000 or greater*, and have no conduct or performance issues that would otherwise preclude them from eligibility (see 3 FAM 3825.2).
- b. *Employees must make independent payments toward their outstanding Federal student loan debt in the amount that would otherwise be due without the Student Loan Repayment Program (SLRP) benefit. The SLRP lump-sum incentive is intended as a supplement to, not a substitute for, each employee's student loan debt payment. The Department will not pay any late fees or penalties. Employees will not be eligible to participate if they are in default of the loan(s) or fail to make independent payments. Loans in deferral or forbearance status will not be eligible.*

3 FAM 3823.1 Prequalifying *Positions* for Civil Service Employees

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Civil Service Employees Only)

Employees should refer to *Student Loan Repayment Program (SLRP) Policy and Procedures, Appendices A and E, which can be found on the HR/ER Web site*. The occupational series and occupations in specific organization codes at Appendix A are prequalifying Civil Service (CS) positions. Each of these series is subject to annual review to determine if eligibility criteria still apply. The factors considered *in designating prequalifying positions are set forth in Appendix E*.

3 FAM 3823.2 Prequalifying *Positions* for Foreign Service Employees

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service Employees Only)

Employees should refer to *Student Loan Repayment Program (SLRP) Policy and Procedures, Appendices B and C, which can be found on the HR/ER Web site*. Appendix B provides the criteria considered when determining Foreign Service post eligibility. Appendix C lists all posts eligible as of the date of release. Posts may be added *to* or eliminated from this list as differential and danger pay *rates change*. There are no prequalifying domestic positions for Foreign Service employees. Employees *must* have actually arrived at a *designated overseas posting* no later than the last day of the announced annual open season application period *to be eligible*.

3 FAM 3823.3 Loans that Qualify for Repayment

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

- a. The repayment authority is limited to student loans authorized by Title IV of the Higher Education Act of 1965 and Title VII of the Public Health Service Act. These are federally insured loans made by educational institutions, or banks and/or other private lenders. The *following student loan programs are covered by the Higher Education Act and qualify for the Student Loan Repayment Program*:
 - (1) Stafford loans (subsidized and unsubsidized);
 - (2) Supplemental loans;
 - (3) Federal consolidation loans;
 - (4) Defense loans (made before July 1, 1972);
 - (5) National direct student loans (made between 7/1/72 and 7/1/87);
 - (6) William D. Ford direct student loans; *and*
 - (7) Perkins loans.
- b. *Plus loans are covered by the Higher Education Act but do not qualify for the Department's Student Loan Repayment Program.*
- c. The *following student loan programs are covered by the Public Health Service Act and qualify for the Department's Student Loan Repayment Program*:

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

3 FAM 3823.3-1 Limitations on Loan Repayment Amounts

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

The Department *may* repay up to a maximum of \$10,000 per employee per calendar year or up to a lifetime maximum of \$60,000. The Department may determine that no incentive, or less than the annual maximum, will be paid in any year. That determination will be based on funding resources, *recruiting* and/or retention needs.

3 FAM 3823.3-2 Additional Loan Eligibility, Responsibility and Processing Requirements

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

- a. Qualifying loans (see 3 FAM 3823.3) must:
 - (1) Be in the name of the employee;
 - (2) Have been used to support an employee's completed course of study;
 - (3) Be current and not in default, *forbearance or deferment* status;
 - (4) Still be outstanding; and
 - (5) Be subject to other requirements as announced before the annual "open season" application period(s) and as detailed in program Policy and Procedures.
- b. Repayments can only be made on behalf of the employee to the educational or lending institution, or to the loan servicing organization. Repayments are not authorized for reimbursement directly to the employee.
- c. Repayments are subject to normal withholdings to include Federal and State taxes, *Old Age, Survivors, and Disability Insurance (OASDI)*, and Medicare. Withholdings will be deducted or applied at the time any loan repayment is made. Form W-2, *Wage and Tax Statement*, will reflect the amount of any loan repayment made and all deductions withheld. See 3 FAH 3823 for further clarification.

- d. Loans and outstanding loan balances remain the responsibility of the employee. The Department is not responsible for late fees assessed by the educational or lending institutions.

3 FAM 3824 SERVICE COMMITMENT

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

- a. Employees for whom the Department *pays a student repayment incentive* must agree to work for the Department for a period of three years (*see 5 CFR 537.107*). Department policy allows employees to receive two consecutive years of payments without an extension of the three-year commitment. However, in order to receive a third (usually consecutive) year of benefits, the employee must agree and sign a Service Agreement to continue employment with the Department for one additional year. In most instances, employees who continue to qualify each year will have a service commitment of one year longer than the number of years they benefit from the repayments.
- b. The Department considers agreements executed after the initial three-year agreement as separate service commitment periods for purposes of reimbursement.

3 FAM 3824.1 Service Agreement

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

- a. *The* Service Agreement is required as a part of the program's *online* application.
- b. The effective service agreement date will be the last day of the application period in which the employee qualifies and for three years *thereafter* for first-time applicants, and one year hence for applicants, *and one year thereafter for applicants* who have already received benefits for two or more consecutive years.
- c. Employees *also* agree:
 - (1) That the Department may verify the status or other details of an employee's loan;
 - (2) *That the employee will continue to make regularly scheduled independent payments on their qualifying student loans;*
 - (3) To notify the *Bureau of Human Resources, Office of Employee*

- Relations (Employee Programs)*, of any transfer to a new position;
- (4) To notify the *Bureau of Human Resources, Office of Employee Relations (Employee Programs)*, of any intention to voluntarily resign or retire, *transfer to another agency* or be in leave without pay status (LWOP) while subject to the service commitment;
 - (5) To repay the Department the full amount of any student loan repayment incentive received if *the employee leaves* the Department *before fulfilling* the service commitment, *even if the employee transfers to another Federal agency*;
 - (6) That *the employee will* continue to be responsible for the loan obligation, for making payments toward that obligation, and for any income tax obligation resulting from the student loan repayments made by the Department; *and*
 - (7) That the Department is not responsible for late fees assessed by the lender.
- d. *There may be additional terms in the Service Agreement. The terms of service agreements are subject to change annually. Each employee is responsible for reviewing and complying with the terms of each service agreement he or she signs.*

3 FAM 3824.2 Impact of Leave without Pay (LWOP) Status

(CT:PER-603; 05-20-2008)

(State only)

(Applies to Foreign Service and Civil Service Employees)

The service commitment period will be extended when an employee is in LWOP status. Employees are required to notify the Office of Employee Relations (HR/ER) of LWOP periods taken or to be taken. An employee's service commitment will be extended by the equal number of days in a nonpay LWOP status, except in the case of returning reservists who are covered under the Uniformed Services Employment and Reemployment Rights Act (USERRA) and its implementing regulations at 5 CFR Part 353.

3 FAM 3824.3 Relationship to Other Recruitment or Retention Incentives

(CT:PER-603; 05-20-2008)

(State only)

(Applies to Foreign Service and Civil Service Employees)

- a. *The Department may pay a student loan repayment incentive in addition*

to a retention incentive/allowance, or recruitment and/or relocation bonus. The period of service required by a Recruitment Bonus Service Agreement or a Relocation Bonus Service Agreement is exclusive from the period of service required under a Student Loan Repayment Service Agreement.

- b. The period of service required by participation in the Student Loan Repayment Program may run concurrently with other service agreements.*

3 FAM 3824.4 Noncompliance with Terms of a Service Agreement

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

- a. Employees are required to repay funds obligated on their behalf if they voluntarily resign or retire from the Department, transfer to another Federal agency, or are involuntarily separated because of misconduct or poor performance before completing the agreed-upon period of service (see paragraph 13 in the Service Agreement, and 5 CFR 537.109). The Department considers service agreements executed after the initial three-year agreement as separate service commitment periods for purposes of repayment.*
- b. The Office of Employee Relations (HR/ER) will notify the employee in writing of their specific repayment obligation upon notice that the employee will or has voluntarily resigned, retired or transferred to another agency. In most instances, the indebtedness will be the total of all funds obligated less Old Age, Survivors, and Disability Insurance (OASDI) and Medicare contributions.*
- c. When the indebtedness is repaid in full, the Bureau of Resource Management (RM) will provide the employee with a letter of credit that permits the employee to establish eligibility for potential tax refunds associated with the earlier loan repayment.*
- d. Waiver of repayment authority:*
 - (1) The Deputy Assistant Secretary, Global Financial Services, Bureau of Resource Management (RM/GFS), in accordance with Delegation of Authority 266-1, may waive, in whole or in part a right of recovery of any outstanding loan repayment amounts if it is shown that recovery would be against equity and good conscience or against the public interest. See 3 FAH-1 H-3824.4-1 and 4 FAM 494;*
 - (2) Any collection of debt initiated by HR/ER or the Bureau of Resource*

Management, Domestic Payroll Division (RM/GFS/C/APP/DP) will be suspended pending the decision on the waiver request.

3 FAM 3825 INELIGIBILITY

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

Employees *are not eligible for the Student Loan Repayment Program (SLRP)* if they encumber noncareer-type appointments, are subject to specific performance and conduct conditions *as described in this subchapter*, or are in *a* leave without pay status at *the* time of application *to the program*.

3 FAM 3825.1 Noncareer-Type Appointments

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

Employees in the following noncareer-type appointments *are not eligible for participation in the program*:

- (1) Temporary employees serving on agency-unique Schedule B appointments whose terms are legislatively limited to no more than four years;
- (2) Political appointees, including Schedule C employees;
- (3) *Detailees* from other agencies; and
- (4) Eligible family members serving on family member appointments.

3 FAM 3825.2 Impact of Performance and Conduct Issues on Eligibility

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

Employees will not be eligible to participate if any of the following conditions exist:

- (1) A Civil Service employee who has received less than a “fully successful” rating on the most recent performance evaluation report;
- (2) A Foreign Service employee who within the past two years has been referred to the Performance Standards Board directly, not as a

- result of the automatic referral of two low rankings in five years;
- (3) A Civil Service employee who has been issued a decision by letter sustaining disciplinary action for a suspension of greater than five calendar days within the preceding consecutive two years. The employee will not be eligible to receive loan repayments until two years after the end of the suspension of more than five calendar days (see 3 FAM 4500);
 - (4) A Foreign Service employee who has been issued a decision sustaining disciplinary action for a suspension of greater than five days within the preceding consecutive two years. The employee will not be eligible to receive loan repayments until two years after the end of the suspension of more than five working days (see 3 FAM 4300); and
 - (5) Employees under a “Last Chance Agreement” or a “Statement of Understanding” are rendered ineligible during the enforcement period.

3 FAM 3825.3 Leave without Pay Status (LWOP)

(CT:PER-603; 05-20-2008)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

Employees will not be eligible to apply when in leave without pay (LWOP) status, even if otherwise qualified. See [3 FAH-1 H-3824.2](#).

3 FAM 3826 THE APPLICATION PROCESS

(CT:PER-603; 05-20-2008)

(State only)

(Applies to Foreign Service and Civil Service Employees)

Eligible employees must apply or re-apply every year. Please refer to [3 FAH-1 H-3821.2](#) for details *on the application process*.

3 FAM 3827 INCENTIVE REPAYMENT DETAILS

(CT:PER-553; 06-23-2005)

(State Only)

(Applies to Foreign Service and Civil Service Employees)

The incentive is paid in one annual lump sum directly to the employee’s lender or lenders. The amount of the annual repayment is dependent upon

funding availability and the projected number of qualified employees. It is also subject to legislative limits. See 3 FAM 3823.3-1. All employees who qualify in any fiscal year will be entitled to the same lump-sum payment amount unless the amount of the incentive exceeds an employee's outstanding loan balance, or composite loan balance. If the outstanding loan balance is equal to or less than the amount of the announced lump-sum payment the Department will consider the loan to be "paid off" for purposes of this program.

3 FAM 3828 THROUGH 3839 UNASSIGNED