

**NIH POLICY MANUAL 2300-537-1  
STUDENT LOAN REPAYMENT PROGRAM**

**Issuing Office: Office of Human Resources (OHR), Client Services Division,  
Special Programs Branch, (301) 496-0377  
Release Date: 1/29/07**

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1. **Explanation of Material Submitted:** This new chapter outlines NIH policy and procedure for use of the Student Loan Repayment Program. The Student Loan Repayment Program is not to be confused with the NIH Loan Repayment Programs administered by the NIH Division of Loan Repayment (DLR). For information about the DLR programs see: <http://www.lrp.nih.gov/>.
2. **Filing Instructions:**

**Remove:** None

**Insert:** NIH Manual Chapter 2300-537-1 dated 1/29/07

**PLEASE NOTE:**

- Content of this chapter, contact the issuing office listed above
  - NIH Manual System, contact the Division of Management Support, Office of Management Assessment, OM, NIH 301-496-2832, or enter this URL:  
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**A. PURPOSE:**

This issuance summarizes the policies and procedures governing when NIH may repay certain outstanding Federally-insured student loans (*see Section E for list of qualifying loans*) to facilitate the recruitment and retention of highly qualified Federal candidates and employees. Recipients will be determined on a case-by-case basis based on organizational need, specific case justification, and budget limitations.

Employees and candidates who are eligible to apply for the Student Loan Repayment Program (*see Section D*) may be considered for loan repayment assistance up to \$10,000 per calendar year, with a \$60,000 lifetime maximum for any individual. Individual loan repayments are made on an annual basis and more than one loan may be repaid as long as the combined repayments do not exceed the annual and lifetime limits.

Employees receiving recruitment, relocation or retention incentives under 5 C.F.R. Part 575 may also be considered for the Student Loan Repayment Program. Employees receiving a Physicians' Comparability Allowance (PCA) may be considered for student loan repayments. However, 5 C.F.R. 595.105(e) requires a reduction of the allowance by an amount equal to the loan repayment received under this program.

Federal student loan repayments are not subject to the Title 5 aggregate compensation limitation (Executive Level I) under 5 U.S.C. 5307.

**B. LEGAL AUTHORITY/REFERENCES:**

1. 5 United States Code 5379
2. 5 Code of Federal Regulations, Part 537
3. NIH Manual 2300-595-1, Physicians' Comparability Allowances
4. Federal Register, Vol. 69, No. 76, Part 537, April 20, 2004
5. NIH Manual 1130, Delegations of Authority, Program: HR: Pay # 19

**C. POLICY AND OBJECTIVE:**

It is the NIH policy to use the Student Loan Repayment Program authority to recruit highly qualified non-Federal candidates and to retain highly qualified Federal personnel likely to leave for employment outside the Federal service.

The Student Loan Repayment Program will be administered centrally by the Office of Human Resources (OHR), although financial support for the loan repayment will come from the employing NIH Institute or Center (IC).

Each IC that chooses to participate in the Student Loan Repayment Program may establish a Student Loan Repayment Review Committee. This committee would review student loan requests to ensure fairness and equity in the use of student loans to meet the needs of the IC and make recommendations to the delegated approving official (*see NIH Delegations of Authority, Program: HR: Pay # 19*). This review would take into account the merits of each request, the payment criteria required by this policy (*see Section I*), and the IC budget.

#### **D. COVERAGE:**

NIH may offer loan repayment benefits to recruit or retain the following full-time or part-time employees:

- Permanent employees (including Title 42 employees serving on indefinite appointments);
- Employees serving on term or excepted appointments with at least 3 years remaining on their appointments;
- Employees serving on excepted appointments that can lead to non-competitive conversion to term, career, or career-conditional appointments [*e.g., Veterans Readjustment Appointments, HHS Emerging Leaders, Presidential Management Fellows (PMF)*]; or
- Temporary employees under 5 C.F.R. 315.704 who are serving on appointments leading to conversion to term or permanent appointments.

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

- Employees who have been awarded loan repayment through any of the NIH Loan Repayment Programs administered by the NIH OER Division of Loan Repayment. For more information see: <http://www.lrp.nih.gov/about/index.htm>;
- Individuals whose student loans are past due, delinquent, or defaulted; and
- Individuals appointed to positions of a confidential, policy determining, policymaking, or policy advocating nature (e.g., under Schedule C of 5 C.F.R. 213.3301).

#### **E. LOANS QUALIFYING UNDER THIS AUTHORITY:**

Qualifying student loans are ones that are 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:

- **Federal Stafford Loans** - includes Federal subsidized, Federal unsubsidized, direct subsidized, and direct unsubsidized loans;
- **Federal Supplemental Loans for Students;**

- **Federal PLUS Loans** - Federal and Direct PLUS Loans;
- **Federal Consolidation Loans** - direct subsidized, direct unsubsidized, and Federal Consolidation Loans;
- **Defense Loans** - made before July 1, 1972;
- **National Direct Student Loans** - made between July 1, 1972, and July 1, 1987 and
- **Federal Perkins Loans** - made after July 1, 1987.

Loans covered under the Public Health Service Act include such loans as:

- **The Nursing Student Loan Program;**
- **The Health Professions Student Loan Program;** and
- **The Health Education Assistance Loan Program.**

#### **F. DEFINITIONS:**

1. ***Federal Direct Student Loans:*** The U. S. Department of Education is the lender for these loans. Direct loans include Federal Direct PLUS Loans and Federal Direct Stafford Loans. PLUS Loans are loans an employee has for his/her child.
2. ***Federal Family Education Loan Program:*** These loans are insured by the Department of Education. They may be privately issued by a bank, credit union, or other lender participating in the Federal Family Education Loan Program.
3. ***Subsidized Loans:*** The U.S. Government pays the interest on these loans while the student is in school, during the 6-month grace period, and during periods of authorized deferment.
4. ***Unsubsidized Loans:*** The student is responsible for paying the interest accrued on these loans while the student is in school, during the 6-month grace period, and during authorized periods of deferment.

#### **G. RESPONSIBILITIES:**

1. **Institute and Center (IC) Directors or Designees will:**
  - Comply with merit principles and ensure fair and equitable application of the program.
  - Consider the need to maintain a balanced and diverse workforce in selection of employees for the Student Loan Repayment Program.
  - Consider IC needs and budget.
  - Approve selection of employees for the Student Loan Repayment Program.
2. **IC Student Loan Repayment Review Committee (optional) will:**
  - Ensure fair and equitable application of the program and consider the need to maintain a balanced and diverse work force.
  - Make recommendations to the IC Director (or designee) for Student Loan Repayment Awards, based on the criteria listed under *Section I*.
  - Consider IC needs and budget.

**3. NIH Student Loan Repayment Program Coordinator will:**

- Advise and assist applicants during the application process, including completion of required documents.
- Assist the IC program areas and administrative offices in developing the justification memorandum.
- Maintain a central file of all IC Student Loan Repayment recipients.
- Perform periodic evaluation of the program to ensure NIH-wide compliance with regulations.

**4. IC Executive Officers will:**

- Designate a Student Loan Repayment Program contact within the IC Administrative Office.

**5. IC Administrative Offices will:**

- After ensuring that funds are available, prepare a justification memo and forward loan repayment requests to the delegated approving official, through the NIH OER Division of Loan Repayment and the IC Student Loan Repayment Review Committee (optional).
- Forward request to the appropriate HR Operations Branch, Client Services Division, OHR.
- Track service agreements to identify employees who fail to complete the terms of the agreements and take appropriate action under existing collection procedures.
- Contact the Office of Human Resources, Client Services Division, Special Programs Branch, on (301) 496-0377, for assistance or with questions.

**6. NIH OER Division of Loan Repayment will:**

- Verify the financial eligibility of the applicant/candidate and their current loan balance with the specified lenders.

**7. Office of Human Resources, Client Services Division, the relevant HR Operations Branch will:**

- Process an SF-50, Notification of Personnel Action, for each approved employee loan repayment according to the NIH Payroll Processing Plan.
- Forward a copy of the SF-50, signed Service Agreement, and a copy of the lending institution's outstanding loan information verifying the indebtedness as well as the account and Electronic Funds Transfer (EFT) routing numbers to the Defense Finance and Accounting Service (DFAS) Payroll Office, Department of Defense. The documentation may be mailed or faxed to: DFAS Charleston Payroll Office, Post Office Box 33717, Pensacola, Florida 32508-3717 or Toll Free: 1 (866) 401-5849; Commercial: 1 (850) 473-6450.
- Send a copy of the approved loan repayment package to the OHR Client Services Division, Special Programs Branch, within 5 working days of the loan repayment effective date.

**8. Office of Human Resources, Workforce Relations Division will:**

- Ensure that responsibilities under labor relations statutes and union agreements are fulfilled.

**9. Defense Finance and Accounting Service (DFAS) will:**

- Apply total amount of loan repayment to the employee's wages for tax purposes.
- Send balance of loan repayment amount to the specified lender.

**10. Office of Human Resources, Client Services Division, Special Programs Branch will:**

- Develop and disseminate policies governing the use of the Student Loan Repayment Program.
- Provide guidance on the administration of the Student Loan Repayment Program to the Operations Branches, Client Services Division.
- Prepare annual report to the HHS Assistant Secretary for Administration and Management detailing the number of employees receiving benefits under this authority, their job classifications, and the amount of benefits.

**11. Applicants will:**

- Complete the Request for Student Loan Repayment Benefit (Form NIH 2851-1).
- Sign a 3-year or 1-year Student Loan Repayment Program Service Agreement (Form NIH 2851-2), as appropriate.
- Complete the Outstanding Loan Information (Form NIH 2851-3).
- Provide a statement from the lending institution verifying the current loan balance.
- Make payments on the remaining balance of student loans that continue to be their responsibility.
- Pay tax obligations resulting from loan repayment benefits.
- Fulfill the terms and conditions of the service agreement.

**H. FUNDING:**

Each IC is responsible for funding of the Student Loan Repayment Program for its employees. If an employee transfers from one IC to another, the IC that the employee transfers to is obligated to honor the commitment made by the first IC because the service agreement is with NIH, not a specific IC. ICs are not responsible for employees who are not directly assigned to them (e.g., NIH PMFs).

**I. CRITERIA FOR JUSTIFYING STUDENT LOAN REPAYMENT:**

1. **Recruitment:** Student Loan Repayment may be requested for a highly qualified non-Federal candidate to whom an offer of employment has been made, if it is determined that, in the absence of this incentive, the NIH would have difficulty filling the position.

The criteria used to justify the necessity of using the Student Loan Repayment Program as a recruitment incentive and the amount to be paid must be documented in writing. This determination may be based on the success of recent efforts to recruit suitable candidates for similar positions, including indicators such

as:

- Offer acceptance rates;
- Proportion of positions filled versus vacant positions;
- Length of time required to fill positions;
- Recent turnover rates in the same or similar positions;
- Labor market factors that affect the ability to recruit for similar positions;
- Highly specialized skills or qualifications needed for the position.

IC managers should consider the following criteria in determining the amount of the Student Loan Repayment (within the limits specified under Section A. Purpose) necessary for recruitment:

- The severity of the recruiting problem;
- Salary levels reported in published salary surveys for comparable non-Federal positions;
- The importance/criticality of the position to be filled and the effect on the agency if it is not filled or if there is a delay in filling it;
- The current non-Federal salary of the candidate;
- Salary documented by a non-Federal competing job offer, if available;
- The disparity in cost of living between the candidate's current residence and the proposed duty station;
- An appropriate salary survey benchmarked to Federal positions;
- The projected cost of further recruitment efforts if the candidate does not accept the position;
- The extent of the individual's past training and experience that serves to qualify him/her for the position;
- Availability of funds.

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 current Federal employees.

2. **Retention** – Student Loan Repayment may be requested in writing upon determination that, in the absence of loan repayment benefits, the NIH would have difficulty retaining a highly qualified Federal employee.

The criteria used to justify the necessity of using the Student Loan Repayment Program as a retention incentive and the amount to be paid must be documented in writing. This determination must be based on the following:

- The unique or high qualifications of the employee or the special need for the employee's services that makes it essential to retain him/her;
- The likelihood the employee would leave for employment *outside the Federal service* if he/she does not receive loan repayment benefits. It cannot be used for an employee who is likely to leave for another position in the Federal Government;

- The extent to which the employee's departure would affect the NIH's ability to carry out an activity or perform a function that is deemed essential to the mission of the NIH.

IC managers should consider the criteria listed below in determining the amount of Student Loan Repayment (within the limits specified under Section A. Purpose) necessary to retain a particular employee. This determination must document criteria used, such as:

- Salary levels reported in published salary surveys for comparable non-Federal positions;
- Salary documented by a competing non-Federal job offer;
- The importance/criticality of the position and the effect on the NIH if the employee were to leave;
- The projected cost of recruitment and training associated with replacement of the employee;
- Availability of funds; and
- Employee's tenure with the NIH.

Criteria for and selection of employees for loan repayment in the following intern programs are the responsibility of the NIH Administrative Training Committee (ATC): Presidential Management Fellows, HHS Emerging Leaders, and NIH Management Interns.

## **J. PROCESS FOR REQUEST AND APPROVAL OF LOAN REPAYMENTS:**

### **Documentation required:**

1. Request for Student Loan Repayment Benefit (Form NIH 2851-1)
2. Student Loan Repayment Program Service Agreement (Form NIH 2851-2)
3. Outstanding Loan Information (Form NIH 2851-3)
4. Statement from the lending institution verifying the current loan balance
5. Justification Memo

### **Routing and Approval Steps**

- Student Loan Repayment Program Coordinator will assist the applicant in the completion of documents 1, 2 and 3 above.
- Applicant will forward the completed documents to the designated IC Administrative Officer/Office who will work with the program official(s) and the Student Loan Repayment Program Coordinator to develop the Justification Memo (*item 5 above*).
- IC Administrative Office contact will forward the completed request through the NIH OER Division of Loan Repayment and the IC Student Loan Repayment Committee (optional) to the IC Director (or designee) for approval. The address for the Division of Loan Repayment is 6011 Executive Boulevard, Suite 206, MSC 7650, Bethesda, Maryland 20892-7650.
- Complete approved package is forwarded to the appropriate Operations Branch, Client Services Division, OHR, for processing.
- Operations Branch will forward a copy of the processed SF-50, signed

Service Agreement, and a statement from the lending institution verifying the indebtedness as well as the account and EFT routing numbers to the Defense Finance and Accounting Service (DFAS) Payroll Office for final processing.

The documentation may be mailed or faxed to: DFAS Charleston Payroll Office, Post Office Box 33717, Pensacola, Florida 32508-3717 or Toll Free: 1 (866) 401-5849; Commercial: 1 (850) 473-6450.

- Operations Branch will send an information copy of the approved loan repayment package to the Special Programs Branch, Client Services Division, OHR, Building 31, Room 1C39, within 5 working days.

Payment will be made directly to the institution(s) holding the loan(s) on behalf of the employee. One repayment will be made each year for the duration of the service agreement. Payments may be applied only to indebtedness outstanding at the time the agreement is signed, and no payment may be made before an employee enters on duty.

Loan repayment benefits made under this authority are subject to Federal income tax, FICA and Medicare withholding, and any state or local income tax that may be applicable. Tax withholdings will be deducted from the loan repayment amount and the balance will be disbursed to the lending institution. The employee maintains responsibility for making timely payments on the outstanding portion of the loan.

#### **K. SERVICE AGREEMENTS:**

Individual student loan repayments will be paid once a year. A 3-year service agreement is required for the initial loan repayment, regardless of the repayment amount.

Additional loan repayments can be requested on an annual basis during the 3-year service agreement. If approved, these loan repayments will be made at the end of 52 weeks and 104 weeks without extending the initial agreement beyond the 3 years. This 3-year period will begin when the first payment is made to the holder of the loan.

After completion of the initial 3-year service agreement, an employee may be considered for additional loans on an annual basis thereafter. Loan repayments made after the initial 3-year agreement has been completed (e.g., 4<sup>th</sup> year, 5<sup>th</sup> year, 6<sup>th</sup> year) will require a 1-year service agreement for each additional payment made.

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 appropriate corrective or disciplinary actions.

#### **L. TERMINATION OF BENEFITS:**

An employee receiving Student Loan Repayment benefits will be ineligible for additional loan repayments for any of the following reasons:

- Failure to maintain at least a "fully successful" level of performance;
- Separation from the NIH for any reason before completion of the service agreement;

- Violation of any of the conditions imposed by the service agreement.

**M. FAILURE TO COMPLETE A SERVICE AGREEMENT:**

A loan repayment recipient who voluntarily or involuntarily because of performance or misconduct fails to complete the initial 3-year service agreement must refund the full amount of loan repayments received (5 C.F.R. 537.109).

Employees who fail to complete the period of service under an additional 1-year service agreement (made after the initial 3-year service agreement has been fulfilled, e.g., 4<sup>th</sup> year, 5<sup>th</sup> year) must refund the loan repayment amount made in the extension year only.

If an employee fails to complete a service agreement and does not voluntarily reimburse the NIH, the debt will be recovered from the employee under established debt collection procedures.

**N. WAIVER OF INDEBTEDNESS:**

Repayment may be wholly or partially waived by the Director, Office of Human Resources, OM, NIH, who will determine if recovery would be against equity and good conscience or not in the public interest. In making this determination, consistency, fairness, and the cost to the taxpayer of recovering the debt must be considered.

The employee may request a waiver in writing using the Waiver of Student Loan Indebtedness, Form NIH 2851-4, for consideration to the Director, OHR, NIH, through the IC Student Loan Repayment Review Committee (optional), the IC Director (or designee) and the appropriate Operations Branch in the Client Services Division, OHR and the NIH Student Loan Repayment Program Coordinator. The request should include the reason the waiver is being requested, a copy of the employee's Service Agreement, verification of the exact amount of debt to be waived, and a narrative addressing the criteria in the previous paragraph.

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

**O. EVALUATION OF PROGRAM:**

The Student Loan Repayment Program Coordinator will periodically assess usage of this program to ensure NIH-wide effectiveness and regulatory compliance.

**P. RECORDS RETENTION AND DISPOSAL:**

All records (e-mail and non-e-mail) pertaining to this chapter must be retained and disposed of under the authority of NIH Manual Chapter 1743, "Keeping and Destroying Records, Appendix 1, "NIH Records and Control Schedule," Item 2300-537-4. In addition, a record must be kept of all determinations made and such records must be available for review upon Office of Personnel Management (OPM) request. Participant case files may be destroyed 6

years after closeout, and applicant case files may be destroyed 3 years after disapproval or withdrawal.

NIH e-mail messages (messages, including attachments, that are created on NIH computer systems or transmitted over NIH networks) that are evidence of the activities of the agency or have informational value are considered Federal records. These records must be maintained in accordance with current NIH Records Management guidelines. Contact your IC Records Officer for additional information.

All e-mail messages are considered Government property, and, if requested for a legitimate Government purpose, must be provided to the requester. Employees' supervisors, NIH staff conducting official reviews or investigations, and the Office of Inspector General may request access to or copies of the e-mail messages. E-mail messages must also be provided to Congressional oversight committees, if requested, and are subject to Freedom of Information Act requests. Since most e-mail systems have back-up files that are retained for significant periods of time, e-mail messages and attachments are likely to be retrievable from a back-up file after they have been deleted from an individual's computer. The back-up files are subject to the same requests as the original messages.

#### **Q. MANAGEMENT CONTROLS:**

The purpose of this manual issuance is to outline NIH policy and procedure for use of the Student Loan Repayment Program.

1. **Office responsible for reviewing management controls relative to this Chapter:**  
Office of Human Resources
2. **Frequency of Review:** In addition to an annual report on the use of the student loan repayment authority, the program will periodically be evaluated to ensure NIH-wide effectiveness and regulatory compliance.
3. **Method of Review:** There will be the following methods of review: (a) NIH annual report will be prepared for the HHS Assistant Secretary for Administration and Management to submit to OPM on (1) the number of employees receiving benefits under this authority, (2) their job classifications, and (3) the total amount of the NIH benefits paid; and (b) the program will periodically be evaluated to ensure NIH-wide effectiveness and regulatory compliance.
4. **Review Reports are to be sent to:** (a) The NIH annual report will be sent to the HHS Assistant Secretary for Administration and Management to submit to OPM; and (b) A copy of the periodic evaluation to ensure the NIH-wide effectiveness and regulatory compliance will be sent to the Deputy Director for Management, NIH, and the Director, Office of Management Assessment. Reports should indicate that controls are in place and working well or include any management control issues that should be brought to the attention of the report recipients.