NIH Policy Manual

2300-537-1 - NIH Student Loan Repayment Program

Issuing Office: OD/OM/OHR/CPD **Phone:** (301) 496-0377

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Transmittal Notice

1. **Explanation of Material Transmitted:** This chapter outlines NIH policy for use of the Student Loan Repayment Program (SLRP). It differs from the previous manual chapter by allowing initial service agreements to be modified to allow for the repayment of debt accrued after the start of the service agreement. It removes sections E and F, Records Retention and Internal Controls, because they are no longer required by Manual Chapter guidance.
2. **Filing Instructions:**

Remove: NIH Manual Chapter 2300-537-1, dated 02/26/15

Insert: NIH Manual Chapter 2300-537-1, dated 04/10/2018

PLEASE NOTE: For information on:

- Content of this chapter, contact the issuing office listed above.
- NIH Policy Manual, contact the Division of Management Support (DMS), Office of Management Assessment (OMA) on 301-496-4606 or enter this URL: https://oma.od.nih.gov/DMS/Pages/Manual-Chapters.aspx

A. Purpose

The NIH 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 already incurred by a current employee or a candidate to whom an offer of employment has been made, and subject to regulatory annual and lifetime maximums. 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. The SLRP is not an entitlement and is to be used only to the extent that is necessary for effective recruitment and retention purposes.

Note: In this manual chapter, the term "employee" pertains to both employees and candidates with a valid offer of employment.

B. Scope

This policy applies to all NIH Institutes or Centers (ICs) or Office of the Director (OD) offices and any employees who either administer or participate in the SLRP.

C. Background

NIH uses the SLRP authority as cited in 5 United States Code (U.S.C.) 5379 to recruit highly qualified non-Federal candidates and to retain highly qualified NIH employees likely to leave the employment of the Federal service for non-federal employment elsewhere. The program is funded through the individual Institutes or Centers (ICs). If an employee transfers from one IC to another, the employee is obligated to honor the service commitment made with the first IC because the service agreement is with NIH. ICs are not responsible for employees who are not directly assigned to them (e.g. NIH Presidential Management Fellows).

The SLRP is administered centrally by the Office of Management (OM), Office of Human Resources (OHR). The SLRP is not to be confused with NIH Loan Repayment Programs administered by the Division of Loan Repayment (DLR) within the Office of Extramural Research (OER). For additional information go to http://www.lrp.nih.gov/.

Note: The DLR provides assistance to OHR with loan verification and ensures employees are not receiving benefits from both programs concurrently.

D. Policy

1. **Loan Repayment Amounts:**

    Eligible employees may be considered for student loan repayment assistance up to $10,000 per calendar year, with a $60,000 lifetime maximum for any individual. Individual student loan repayments are made as a lump sum to the lending institution (not the employee) and more than one federally insured loan may be repaid as long as the combined repayments do not exceed the annual and lifetime limits. This is a gross amount.This gross amount is applied to annual limits. The lending institution receives a net amount after taxes, e.g. federal income tax, FICA, Medicare Withholding, and any applicable state or local income tax. Loan repayments are taxed at a higher rate as supplemental income. The loan repayment gross amount approved may not be more than the current loan balance. Federal student loan repayments are not subject to the Title 5 aggregate compensation limitation (Executive Level I) under 5 U.S.C. 5307.

1. **Eligibility:**

    a. The following full-time or part-time employees are eligible for the NIH SLRP program:

i. Permanent employees (including Title 42 employees serving on indefinite appointments) ;

ii. Employees serving on term (Title 5) or time-limited (Title 42) appointments that will have at least 3 years remaining on their appointments on the effective date of the initial service agreement and, if yearly extensions, their appointment will extend beyond the terminal date of the service agreement;

iii. Employees serving on excepted service appointments that may lead to non-competitive conversion to term, career, or career-conditional appointments (e.g., Veterans' Recruitment Appointments, Presidential Management Fellows) ; or

iv. Temporary employees under 5 Code of Federal Regulations (CFR) 315.704 who are serving on appointments leading to conversion to term or permanent appointments.

b. Employees receiving recruitment, relocation, or retention incentives under 5 CFR Part 575 may be considered for the SLRP. Employees receiving a Physicians' Comparability Allowance (PCA) may also be considered for student loan repayments. However, 5 CFR. 595.105(e) requires a reduction of the PCA by an amount equal to the loan repayment received under this program. The following employees are ineligible for the SLRP:

i. Employees who are currently receiving loan repayment through any of the NIH Loan Repayment Programs administered by the NIH Division of Loan Repayment (DLR) within the Office of Extramural Research (OER);

ii. Individuals whose student loans are past due, delinquent, or defaulted;

iii. Employees who have reached the yearly or lifetime loan repayment limit;

iv. Current employees with performance ratings lower than "achieved expected results;"

v. Commissioned Corps Officers;

vi. Individuals appointed to positions of a confidential, policy determining, policymaking, or policy advocating nature (e.g., under Schedule C of 5 CFR. 213.3301);

vii. Individuals who received their diplomas/degrees from unaccredited and/or fraudulent institutions (e.g. diploma mills); or

viii. Intramural Research Training Award recipients (IRTAs), Visiting Fellows, Guest Researchers/Special Volunteers.

2. **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 that are health education assistance loans 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. The loan may be for the employee's own educational expenses or for the educational expenses of the employee's child as long as

the loan is under the employee's name. Generally, an employee's consolidated loan is qualifying. However, loans that have been consolidated with loans of another individual, such as a spouse or child, are not qualifying.

There is no restriction on the type or level of degree the individual was/is pursuing for which a loan was previously generated. Restrictions apply only to the type of loan taken out – the loan must be federally-made, insured or guaranteed and the loan must have been disbursed prior to the signing of a service agreement and approval of a SLRP payment, or upon a mutually agreed upon modification of the service agreement.

1. **Criteria for Justifying Student Loan Repayment:**

   a. **Recruitment: The following three conditions must be met to justify the payment of a SLRP benefit based on recruitment needs.** This determination must be made before the individual enters on duty.

      i. The candidate must be highly qualified for the position and eligible for the program;
      ii. In the absence of a SLRP incentive, the candidate would be unwilling to accept the position; and
      iii. The NIH would have difficulty filling the position if the candidate declines the position.

   b. The justification memorandum for the SLRP benefit must address each of the conditions above and that the position would be difficult to fill, as demonstrated by some of the following factors:

      i. Offer acceptance rates;
      ii. Proportion of positions filled versus vacant positions;
      iii. Length of time required to fill the same or similar positions;
      iv. Recent turnover rates in equivalent positions;
      v. Labor market factors that affect the ability to recruit for like positions; and
      vi. Highly specialized skills or qualifications needed for the position.

   c. The following factors may be used to justify the **specific amount** of the student loan repayment. This information must be documented in the justification memorandum along with the justification for using the SLRP as a recruitment incentive as discussed in the first paragraph of this section.

      i. Salary levels reported in published salary surveys for comparable non-Federal positions;
      ii. An appropriate salary survey benchmarked to Federal positions;
      iii. The current non-Federal salary of the candidate;
      iv. Salary documented by a non-Federal competing job offer, if available;
      v. The disparity in cost of living between the candidate's current residence and the proposed duty station;
      vi. The severity of the recruiting problem;

     vii.   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;

    viii.   The projected cost of further recruitment efforts if the candidate does not accept the position; and

    ix.   The extent of the individual's past training and experience that serves to make the employee an exceptional candidate.

d. **Retention: Loan repayment may be authorized upon determination that, in the absence of loan repayment benefits, NIH would have difficulty retaining highly qualified employees. Evidence of need must be addressed in the justification memorandum and may be based on:**

    i.   The unique or high qualifications of the employee or the special need for the employee's services make it essential to retain the employee; and

    ii.   The employee is likely to leave for employment outside the Federal service if the employee does not receive student loan repayment benefits. This likelihood must be demonstrated by direct employee-supervisor communication about job offers, job interviews, or other compelling information. The SLRP cannot be used for an employee who is likely to leave for another position in the Federal Government.

    iii.   The justification memorandum must address these conditions. In addition, the supervisor must take into consideration the extent to which the employee's departure would affect the IC's ability to carry out an activity or perform a function that is deemed essential to the IC's mission.

    iv.   The information listed below is used to determine the **specific amount** of student loan repayment needed to retain a particular employee. The rationale for the amount must be documented in writing along with the two conditions justifying the use of the SLRP benefit as a retention incentive as discussed above.

1. Salary levels reported in published salary surveys for comparable non-Federal positions;
2. Salary documented by a competing non-Federal job offer;
3. The importance/criticality of the position and the effect on the NIH if the employee were to leave;
4. The severity of any recruitment/retention problems associated with the employee's position;
5. The projected cost of recruitment and training associated with replacement of the employee;
6. Employee's tenure with the NIH; and Availability of funds.
7. Note: Selection of Presidential Management Fellows for the SLRP is the responsibility of the NIH Administrative Training Committee (ATC).

2. **Service Agreements:**

A 3-year service agreement is required for initial participation in the SLRP. The service period begins on the effective date of the SF-50, "Notification of Personnel Action," which authorizes the payment. Additional loan repayments can be requested on an annual basis during the 3-year service agreement without the service period being extended. Although a second or third year loan repayment may be requested, a new justification must be written each year and there is no guarantee that another student loan repayment will be approved.

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

[Note: Because the SLRP authorizes the repayment of all or part of an outstanding federally-insured student loan obligation already incurred by a current employee or a candidate to whom an offer of employment has been made, the loan repayment gross amount approved may not be more than the loan balance at the time of the signing of the service agreement or the loan balance upon modification or extension of the service agreement.]

Periods of leave without pay, or other periods during which the employee is not in a pay status, do not count toward completion of the required service period. The service completion date must be extended by the total amount of time spent in non-pay status. However, as provided by 5 CFR 353.107, absence because of uniformed service or compensable injury is considered creditable toward the required service period upon reemployment.

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.

1. **Failure to Complete a Service Agreement:**

   A SLRP participant who voluntarily or involuntarily because of performance or misconduct fails to complete the initial 3-year service agreement must refund the full amount of student loan repayments received during the 3 years (5 CFR 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., 4th, 5th or 6th years) 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 (Refer to the NIH Waiver of Overpayment Standard Operating Procedures).

1. **Termination of Benefits:**

   An employee receiving student loan repayment benefits will be ineligible for additional student loan repayments for any of the following reasons:

   a. Failure to maintain at least an "Achieved Expected Results" level of performance;
   b. Separation from the NIH for any reason before completion of the service agreement; or
   c. Violation of any of the conditions imposed by the service agreement.

1. **Waiver of Indebtedness:**

   Repayment may be wholly or partially waived by the Director, Office of Human Resources, Office of Management, Office of the Director, NIH, who determines 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 by the Director, OHR, through the IC Student Loan Repayment Review Committee (optional), the IC Director (or designee), the appropriate Operations Branch in the OHR/Client Services Division (CSD), and the NIH SLRP Coordinator (OHR/Compensation and Policy Division (CPD)). The request should include the reason the waiver is being requested, a copy of the employee's Service Agreement, and verification of the exact amount of debt to be waived.

   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.

E. Responsibilities

Responsibility for the NIH-wide policy is shared among several entities within NIH. Primary roles and responsibilities are described below, with additional details described within the [NIH SLRP Standard Operating Procedure.](#)

1. SLRP applicant discusses interest in program with supervisor, reviews program guidance and applies for the repayment benefit.
2. IC Officials (including the IC SLRP Review committee, if applicable) review the application for complete content and compliance with program requirements, ensure that funds are available, approve the package, and forward to the OHR Client Services Division (CSD).
3. CSD staff review the package to confirm the employee's eligibility and that the request complies with the program guidelines.   Forward package to the Division of Loan

Repayment (DLR) within the Office of Extramural Research (OER). For additional information go to http://www.lrp.nih.gov/.

4. DLR staff confirm the student's outstanding loan balance and returns to CSD.
5. CSD staff forward the SLRP request to the OHR Workforce Relations Division (WRD) for processing the repayment benefit.

F. References

1. 5 USC 5379, Student Loan Repayments
2. 5 CFR Part 537, Repayment of Student Loans
3. OPM SLRP Information
4. HHS Instruction 537-1, Student Loan Repayment Program Policy
5. NIH Delegations of Authority, HR: Pay No. 19, Student Loan Repayment Program
6. NIH Manual 2300-595-1, Physicians Comparability Allowance
7. NIH Manual 1743, Keeping and Destroying Records, Appendix 1, NIH Records Control Schedule
8. Form NIH 2851-1, Request for Student Loan Repayment
9. Form NIH 2851-2, Student Loan Repayment Program Service Agreement
10. Form NIH 2851-3, Outstanding Loan Information
11. Form NIH 2851-4, Waiver of Student Loan Indebtedness