

GENERAL SERVICES ADMINISTRATION
Washington, DC 20405

HRM 9537.1A
September 9, 2016

GSA ORDER

SUBJECT: GSA Student Loan Repayment Plan

1. Purpose. This Order issues revised policy governing the GSA Student Loan Repayment Plan, which was established to repay employee student loans when necessary to recruit or retain highly qualified professional, technical or administrative personnel.

2. Background. GSA Administrator memorandum dated April 15, 2012, required that all requests to use the Student Loan Repayment Plan receive the joint approval of the Chief Human Capital Officer (CHCO) and Chief Financial Officer (CFO). This directive implements the revised delegation of authority, in addition to making revisions noted below.

3. Scope and applicability.

a. The authority applies to candidates outside of the federal government or current federal employees within GSA who participate in the Student Loan Repayment Program. Exceptions to the agency usage of the student loan repayment program are found in 5 CFR 537.

b. The Office of Inspector General (OIG) has independent personnel authority. See Section 6 of the Inspector General Act of 1978, (5 U.S.C. App. 3), as amended (Inspector General is authorized “to select, appoint, and employ, such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office of Inspector General”) and GSA Order ADM P 5450.39D GSA Delegations of Authority Manual (Delegations Manual), Chapter 2, Part 1 (“the Inspector General has independent authority to formulate policies and make determinations concerning human capital issues within the [OIG] and GSA determinations/delegations do not limit that authority). Similarly, GSA specifically recognizes that the Inspector General has independent authority to formulate policies and make determinations concerning training, employee development, and career management.

4. Cancellation. [CPO 9537.1 CHGE 1.](#)

5. Nature of revision.

a. This Order revises the Student Loan Repayment Service Agreement to clarify action that may be taken in the absence of funding to continue or make additional payments under an existing agreement.

b. Addresses the changes to the SLR service agreement.

c. Removes the signature block from the service agreement that denoted approval/non-approval of an employee's request for waiver of reimbursement to GSA if the employee fails to fulfill the terms of the service agreement. In the event this is needed, it will be addressed and documented separately.

d. Makes numerous non-substantive editorial changes.

e. Establishes the requirement that a Standard Form (SF)-50 be generated to document each SLR payment.

f. Incorporates changes effected through a previous Change Order into the current policy.

6. Implementation under this issuance must be carried out in accordance with applicable laws, regulations, and bargaining agreements

7. Signature.

/S/

ANTONIA T. HARRIS
Chief Human Capital Officer
Office of Human Resources Management

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1. Introduction. The General Services Administration (GSA) Student Loan Repayment Plan is authorized in accordance with 5 U.S.C. 2105 and 5379, and 5 CFR Part 537. Under the GSA Student Loan Repayment (SLR) Plan, certain federally insured student loans may be repaid by GSA through direct payments to the lending institution for an employee or candidate to recruit or retain highly qualified personnel. SLR is not an entitlement, but a recruitment and retention incentive that may be used when GSA would encounter difficulty recruiting, or it would not otherwise be possible to retain, a highly qualified employee with qualifications critical to GSA missions. In return for the SLR, the employee, or candidate upon employment, must sign a minimum of a three year service agreement.

Student loan repayments cannot exceed \$10,000 per calendar year or a total amount of \$60,000 for any one individual. A SLR may be made for an initial lump-sum amount of \$10,000, requiring a three year service agreement. GSA reserves the right to terminate the agreement early in the event that funding is no longer available after the first year. If payments are terminated under these conditions, the minimum period of service is three years, and must be completed or the SLR recipient will be obligated to reimburse GSA under established debt collection procedures. If three years of service have already been completed under this agreement, any remaining service obligation will be terminated at the end of the year in which funding expires.

2. References.

- Title 5 United States Code, sections 2105 and 5379
- Title 5, United States Code 5514
- Title 31, United States Code 3713
- Title 5, Code of Federal Regulations (CFR), Part 537,
- Title 5, Code of Federal Regulations (CFR), Part 550
- Debt Collection Act of 1996

3. Definitions.

a. Approving Official. Chief Human Capital Officer (CHCO) and the Chief Financial Officer (CFO) have joint approval or delegated approval authority.

b. Employee. An “employee” who is eligible for student loan repayment:

- (1) A current permanent employee who is appointed without a time limit;
- (2) A temporary employee who is serving on an appointment leading to conversion to a term or permanent appointment;
- (3) A term employee with at least 3 years left on his or her appointment; or
- (4) An employee serving on an excepted appointment with conversion to a term,

career, or career conditional appointment (including, but not limited to, a Presidential Management Fellow appointment, VRA appointment, Pathways Recent Graduates appointment, etc.).

c. Commuting area. The geographic area normally considered as one area for employment purposes. It includes any population center (or two or more neighboring ones) and the surrounding localities where people live and reasonably can be expected to travel back and forth daily to work.

d. Involuntarily separation. Refers to a separation initiated against an employee's will and without his or her consent, for reasons other than for cause or charges of misconduct or performance. An involuntary separation does not include a separation under 5 CFR 752 procedures or an equivalent procedure for reasons that involve misconduct on the part of the employee. The separation is involuntary if the employee's position description does not provide for such a reassignment. However, an employee's separation is not considered involuntary when a position description is amended to add a requirement for a written mobility agreement and the employee accepts one reassignment outside of the commuting area, but subsequently declines another such reassignment outside of the commuting area. An example of an involuntary separation, as defined here, might be one resulting from a reduction in force.

e. Recruitment candidate. A highly qualified non-federal candidate under consideration for recruitment to a GSA position.

f. Requesting Official. The selecting official or supervisor who is responsible for initiating a request to offer a SLR incentive.

g. Reviewing Official. The official responsible for funds control within an organizational entity. This is usually an official having authority for committing funds for the Recommending Official's organization.

h. Service agreement. A written agreement between GSA and an employee under which the employee (1) agrees to a specified period of employment with GSA, of not less than 3 years, in return for payment toward a qualifying federally insured student loan; and (2) agrees to reimburse GSA if he or she fails to complete the period of employment with the agency specified in the service agreement or comply with any other provisions of the service agreement. The agreement and payment of the Student Loan are subject to the availability of funds. The agreement will be reviewed and recertified annually to ensure that funds are available and to determine the status of the student loan(s). There is no entitlement to automatic renewal or continuation of payments. Please refer to the service agreement (Appendix A).

i. Service agreement offer. An offer of GSA employment to an individual who is not yet a federal employee that includes an offer to enter into a service agreement providing for SLR upon entry on duty for recruitment purposes. Such an offer must include

providing a final service agreement for the candidate's review before entry on duty.

j. Service agreement renewal. The extension of a SLR service agreement based on additional or subsequent payment(s) toward a student loan. Any further repayments made after the first payment has been made will extend the initial service agreement by one additional year for each additional payment made. Each renewal:

(1) Will require recertification each year by the Requesting Official to determine continued need by the agency;

(2) Is subject to approval by the Reviewing and Approving Officials;

(3) Is for a period of one year;

(4) Carries with it all conditions of the original service agreement, and will specify the dollar amount of the repayment, the length of the service period required, the time of payment, and reimbursement requirements;

(5) May be renewed at the option of the Reviewing and Approving Officials to the extent that each annual payment does not exceed \$10,000 and the total SLR payments do not exceed \$60,000;

(6) Must be continuous with the initial SLR service period and/or any previous renewals.

k. 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 part E of Title VIII of that Act. (5 CFR 537.102). (See partial list of covered loans in Appendix B.)

l. Written justification.

(1) In the case of recruitment, a determination in writing submitted by the Requesting Official and approved by the Approving Official before entry on duty that without the SLR there would be difficulty in filling the position with a highly-qualified candidate; or

(2) In the case of retention, a determination that:

(a) There would be difficulty in retaining a highly qualified employee in the position;

(b) The employee's high qualifications or GSA's special need makes retention essential;

(c) Without the SLR the employee would be likely to leave for employment outside of federal service; and

(d) The employee's departure would affect GSA's ability to carry out an activity or perform a function essential to GSA's mission, with a description to the extent of the effect.

4. General provisions. The amount of a student loan repayment (s) is subject to the following maximum limits:

- a. \$10,000 per employee per calendar year; and
- b. A total of \$60,000 per employee.

c. In determining the sum of the loan repayment(s), the Requesting, Reviewing, and Approving Officials should take into consideration the employee's value to GSA. Funds should not be committed for more than one year in advance, and requests and agreements should be reviewed annually to determine if conditions still exist and funding remains available to approve additional payments. All repayment amounts must be specified in the service agreement and any renewals [5 CFR 537.106(c)].

5. Service agreements. Before a loan repayment can be made, a written agreement must be signed by the employee agreeing to continue employment with GSA for a minimum of three years from the date of the first loan repayment.

6. Loss of eligibility for loan repayment benefits.

a. An employee who has received a loan repayment benefit will be ineligible for continued repayments, if the employee:

- (1) Separates from GSA;
- (2) Does not meet work performance levels, as reflected in a performance level of at a minimum of fully successful or its equivalent; or
- (3) Violates any of the conditions of the service agreement, under original and any annual renewal periods;

b. For the purpose of applying paragraph (a) above, the employee's most recent rating of record must be at least at fully successful or equivalent;

c. GSA is not obligated to pay a SLR to an employee based on a SLR service agreement with another agency.

7. Employee reimbursement to GSA.

a. Except as provided in paragraph (c) of this section, an employee who fails to complete the period of three years of employment (or more, exclusive of periods covered by any yearly renewal) or meet other terms as stipulated in the service agreement, will be indebted to GSA and must reimburse GSA for all SLRs made under the service agreement.

b. Failure to complete an initial service period of at least three years with GSA as stated in the service agreement occurs when the employee's employment with GSA terminates before the date specified in the service agreement (exclusive of renewals) because of either of the following circumstances:

(1) The employee is separated involuntarily because of misconduct or performance (as defined in 3d above);

(2) The employee leaves voluntarily;

c. Failure to complete the three-year employment period stated in the service agreement does not occur when the employee:

(1) Is involuntarily separated for reasons other than misconduct or performance (as defined in 3d, above); or

(2) Leaves GSA voluntarily to enter into employment with another federal agency, unless reimbursement to GSA under this condition is specified in the service agreement. Reimbursement is suggested in this situation unless arguments for waiver under subparagraph "f," below, are justified.

d. If an employee fails to reimburse GSA for the amount owed, a sum equal to the total amount paid will be recovered from the employee in accordance with the service agreement, paragraph 5 (above), and federal regulations for collection by offset from an indebted Government employee 5 U.S.C. 5514 and 5 CFR 550, or, if the individual is no longer a federal employee, the Debt Collection Act of 1996 governing debt collection. Reimbursement for any loan payments due GSA will be offset against any and all final salary related payments under 31 U.S. C. 3716.

e. Proposals to activate service agreement provisions allowing internal GSA position movement by an employee under a service agreement that is against the interest of the agreement's approving official may be reviewed by an official at a level that manages both gaining and losing organizations.

f. The Administrator, or his or her designee, may waive, in whole or in part, the right of recovery of an employee's debt if it is determined that recovery would be against equity and good conscience or against the public interest.

g. Any amount repaid, or recovered from, an employee under this section will be credited to the appropriation account from which the amount was originally paid. Any amount so credited will be merged with other sums in such account and will be available for the same purposes and period, and subject to the same limitations as the sums with which merged.

8. Documentation and recordkeeping.

a. The records and documentation for a SLR will be maintained for a minimum of three years. This documentation will be made available for review upon request by OPM or authorized GSA agency officials (e.g., as part of Delegated Examining Unit audits and HR Office and program reviews) or to be provided in response to special requests from OPM or other oversight agency (OIG, GAO).

b. Records of loan repayments may be destroyed three years after reporting. Records may be subject to a longer retention period when potential litigation is involved.

c. A copy of the current signed service agreement and any renewal must be transmitted to the Consolidated Processing Center (CPC), to be filed in the employee's OPF and to the Financial and Payroll Services Division.

**Appendix A. General Services Administration
Student Loan Repayment Service Agreement
Part I: Terms of Agreement**

In accordance with the terms of this agreement, General Services Administration (GSA) Student Loan Repayment Plan, and Federal Regulations including 5 CFR Part 537, GSA agrees to Student Loan Repayment (SLR) on behalf of the following GSA employee, eligible under 5 CFR 537.104, with a qualifying loan (For the purposes of this agreement, "employee" has the same meaning as defined in 5 CFR 537.102):

Employee Name: _____
SSN (last 4 digits): _____
Occupying the Position of (Title, Series, Grade): _____

Appointment Type: _____

Effective date of appointment: _____

Organization Name (with mail symbol): _____

GSA agrees to repay an amount of _____ (no more than \$10,000 in one year) and a total amount of _____ (may be no more than the lesser \$60,000 or the loan balance in Part III, below) on a payment schedule administered by the GSA Office of Finance described in Part II of this agreement, directly to the person or entity described in Part III, below, holder of the qualifying federally insured student loan, on behalf of the employee named as owing the outstanding balance of the total of loan(s) specified in Part III. No repayment may exceed the total balance due on loan(s) at the time of any repayment and repayments may not begin before the employee enters on duty and signs this agreement. The date of the first repayment marks the beginning of the service period. No payments may be made under this agreement for late penalties. An employee who is receiving a loan repayment benefit will be ineligible for continued repayments, if the employee: 1) separates from GSA; or 2) does not maintain a fully successful performance rating or equivalent; or 3) violates any of the conditions of the service agreement under the original and any renewal periods. GSA is not obligated to pay a SLR of an employee based on a SLR service agreement with another agency. The gross repayment amounts are subject to federal, state, and local income tax and social security and Medicare tax withholding, which will be subtracted from the gross amount before the repayment is made to the holder of the loan(s). This service agreement in no way constitutes a right, promise, or entitlement for continued employment or non-competitive conversion to the competitive service. This agreement to make repayments on a loan does not exempt an employee from his or her responsibility or liability for any loan the individual has taken out. Increases of payments made in accordance with this service agreement can be made without requiring the employee to enter into a new service agreement. GSA reserves the right

to terminate the agreement early in the event that funding is no longer available after the first year. If payments are terminated under these conditions, the minimum period of service, 3 years, must be completed or the SLR recipient will be obligated to reimburse GSA under established debt collection procedures for the full amount of the loan payments that it has paid on behalf of the employee pursuant to the agreement. If 3 years of service have already been completed under this agreement, any remaining service obligation will be terminated at the end of the year in which funding expires. There is no entitlement to automatic renewal or continuation of payments. This agreement will be reviewed annually to determine if additional or continued payments are warranted and funding is available.

In return for loan repayments described above, the employee also agrees:

- 1) To remain a GSA employee beginning _____ (date) through _____ (date) (Must be three years or more, beginning from the date of the first repayment). The agreement must be amended to identify the beginning date of the service period once the payment is made.
- 2) To assume complete liability for the payment of any tax due on the repayment amounts, above, in accordance with the provisions of Part II of this agreement.
- 3) To assume complete liability for reimbursement to GSA of any portion of the above loan repayments in accordance with the provisions of Part II of this agreement, if any condition in this agreement is not met.
- 4) To perform assignments within GSA agreed to by the Requesting Official.
- 5) To perform additional assignments within GSA upon approval by an official (or designee) at an organizational level managing both gaining and losing organizations.
- 6) That failure to complete the three year employment period or meet other terms as stipulated in this service agreement will result in indebtedness requiring reimbursement to GSA for all student loan repayments made under this service agreement.
- 7) To the optional annual renewal of the annual repayment amount and annual service period extension upon the completion of the original service period. This renewal is optional to, and requires written approval by, the Reviewing and Approving Official upon completion of the original service period or subsequent annual renewal. Renewal repayment occurs upon completion of the annual renewal service period. Initial service and renewal service under this agreement must be continuous. Yearly renewals may continue only to the extent that the total of all repayments does not exceed \$60,000, the annual review has been completed, and renewal/continuation of payments has been approved, availability of funds has been certified, and the other terms of the service agreement are met.

8) That failure to complete the 3-year service period stated in this service agreement occurs when the employee's employment with GSA terminates before the employee completes the employment period because of either of the following circumstances:

a) The employee is separated involuntarily because of misconduct or performance,
or

b) The employee leaves voluntarily.

9) That failure to complete the 3 year employment period stated in the service agreement does not occur when the employee is involuntarily separated for reasons other than misconduct or performance;

10) To reimburse GSA for all loan repayments upon voluntary transfer to another federal agency unless an authorized official waives reimbursement in writing.

Part II: Payment Schedule, Tax Withholding, and Reimbursement

- 1) The schedule of loan repayments is as follows:
 - a) First loan repayment as soon as possible after submitting the signed service agreement containing complete and accurate remittance information to the Financial and Payroll Services Division, Financial Operations and Disbursement Division.
 - b) Subsequent repayments on or after the anniversary of the first repayment,
 - c) The timing of repayments is the responsibility of the Reviewing Official, who must submit a request for loan repayment to the Financial and Payroll Division,
 - d) Repayments will be transmitted to the loan holder within 30 days of receipt by the Financial and Payroll Division.
- 2) This approved Student Loan Repayment Service Agreement will be forwarded by the Servicing HR office to the Financial and Payroll Division with a request by the Reviewing Official for the first year's payment to be made and the amount of payment. The Financial and Payroll Division will make the payment to the loan holder identified in the repayment agreement.
- 3) Payments to the holder of the student loan will be made by the Financial and Payroll Division at 1 year intervals from the date of the first payment made under this agreement or one year after renewal, provided the Financial and Payroll Division receives a written request from the Reviewing Official that specifies the amount to be made and the request is received within 30 days of the anniversary date of the first payment.
- 4) Repayments are subject to all taxes required payroll deductions (OASDI) to be deducted from the loan repayment stated above before issuing payment to the holder of the loan. Taxes will be withheld at the percentage rates established for supplemental payments by the Internal Revenue Service Publication 15, Circular E. These withholdings will be reflected on the employee's Form W-2 for that year as income and taxes withheld.
- 5) When the service agreement provides for payment to multiple loan holders, the initial and subsequent year's requests for payment submitted to the Financial and Payroll Division by the Reviewing Official will clearly state the amount to be remitted to each loan holder.
- 6) If an employee fails to meet the conditions of this service agreement, he or she will be subject to reimbursing GSA for all of the repayments made unless reimbursement is waived.

- 7) Upon an employee's failure to meet the conditions of this service agreement, the Requesting Official will provide immediate notification (via email or memorandum) to the Financial and Payroll Division.
- 8) The Requesting Official or the Servicing HR office will annotate on the separation SF-52, Request for Personnel Action, to the effect that the employee is separating under a Student Loan Repayment Service Agreement. In any case, the Servicing HR office will determine whether the employee is separating under conditions requiring reimbursement and provide notification to the Financial and Payroll Division.
- 9) Upon notification from the Servicing HR office that the employee is subject to reimburse GSA for any student loan repayment and receipt of the official separation action from the Servicing HR office, the Financial and Payroll Division will determine the amount of any reimbursement and provide this along with the original appropriation under which the student loan repayment was made.
- 10) The Financial and Payroll Division will establish the reimbursement as a debt and provide notification to the employee under procedures outlined in the Debt Collection Act of 1996. Reimbursement towards the debt will be offset against all final salary payments in accordance with 31 U.S.C. 3716.
- 11) The employee is afforded the right to request waiver in whole or part of the debt in accordance with 5 USC 5379 and 5 CFR Part 537. The request for waiver should be submitted to the Financial and Payroll Division within 30 days of notification to the employee. The Financial and Payroll Division will forward the request for waiver to the GSA Administrator or his or her designee for review and approval or denial.

Part III: Loan Holder Information and Loan Verification

The following information pertains to a qualifying loan or loans as defined under 5 CFR 537.102 that are in the name of the employee and subject to repayment under this agreement. It is the responsibility of the employee to assure the accuracy of the information in this part. Only outstanding loan balances existing on the date this service agreement is signed may be repaid under this agreement. If there is more than one loan for repayment under this agreement, indicate by a check mark here: ___ and attach an additional Part III.

Loan Holder/Payee: _____

Payee Employer Identification Number (EIN)

Payee Address: _____

Telephone Number: _____

The foregoing is the current holder of the following type of federally insured loan:

Name of loan type* _____ (refer to the current list of qualifying loans as defined under 5 CFR 537.102)

For Electronic Funds Transfer (EFT), attach 1199a, completing it as follows:

1. Enter personal information in Section 1, A;
2. Enter the name of the person or entity to whom your loan payments are made in Section 1, B;
3. Enter your social security number in Section 1, C and sign;
4. Section 1, D is not applicable;
5. Enter the Employee Loan Account number in Section 1, E;
6. Check "Other" and enter Student Loan Repayment in Section 1, F;
7. Section 1, G is not applicable;
8. Under Section 2, "Government Agency Name" enter GSA Fax: 816-926-7800;
9. Under Section 2, "Government Agency Address" enter 1500 East Bannister Road, Kansas City, MO 64131
10. In Section 3 enter name, address, and routing number of financial institution; and
11. Obtain name, telephone number, and signature of institution representative.

This loan has an outstanding balance of: _____ on (Date) _____

If there is more than one loan subject to repayment under this agreement, provide the total of all loan balances here:

_____ and attach additional Part III information.

*An official document/letter by the loan institution providing the above Loan Information must be attached.

Part IV: Approval or Disapproval

In accordance with the GSA Student Loan Repayment Plan and Federal regulations, including 5 CFR Part 537, by signing, the following parties agree to the above Student Loan Repayment Service Agreement provisions:

Requesting Official:
(Signature) _____ Date: _____
Name (Printed or Typed): _____
Position Title: _____

Reviewing Official: Recommend Approval ____ Recommend Disapproval ____
(Signature) _____ Date: _____
Name (Printed or Typed): _____ Position Title: _____
Renewal(s), if appropriate (upon date shown on page one): **1.** (Initial) _____ Date: _____; **2.** (Initial) _____ Date: _____;
3. (Initial) _____ Date: _____; **4.** (Initial) _____ Date: _____; **5.** (Initial) _____ Date: _____;

HR Concurrence (Servicing HR Office): Recommend Approval ____ Recommend Disapproval ____
(Signature) _____ Date: _____
Name (Printed or Typed): _____ Position Title: Human Resources Director

Approving Official(s): Requires joint approval of both Chief Human Capital Officer and Chief Financial Officer
Chief Human Capital Officer: Approve ____ Disapprove ____
(Signature) _____ Date: _____
Name (Printed or Typed): _____
Chief Financial Officer: Approve ____ Disapprove ____
(Signature) _____ Date: _____
Name (Printed or Typed): _____
Renewal(s), as appropriate (upon date shown on page one): **1.** (Initial) _____ Date: _____; **2.** (Initial) _____ Date: _____; **3.** (Initial) _____ Date: _____; **4.** (Initial) _____ Date: _____; **5.** (Initial) _____ Date: _____;

Employee: Accept ____ Decline ____ (Signature) _____ Date: _____ Name (Printed or Typed): _____
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Upon approval by both Approving Official and Employee, the terms of this agreement are in effect. The original agreement is returned to the Servicing HR Office for forwarding to the Financial and Payroll Services Division, Financial Operations and Disbursement Division.

If disapproved, please provide reasons below and return to Reviewing and Requesting Officials:

Request for waiver of reimbursement: If an employee fails to meet the conditions of this service agreement, the employee may submit a request for waiver. The waiver is submitted to the Financial and Payroll Services Division within 30 days of notification to the employee of the debt. The Financial and Payroll Services Division forward the request for waiver to the GSA Administrator or his or her designee for review and approval or denial. The GSA Administrator (or designee) may waive reimbursement if he or she determines that recovery would be against equity or good conscience or against the public interest.

Appendix B. Loan Eligibility (Examples)

Types of student loans eligible for payment under this authority:

A student loan is eligible if it is made, insured, or guaranteed under parts B, D, or E of Title IV of the Higher Education Act of 1965 or is a health education assistance loan made or insured under part A of title VII or part E of Title VIII of the Public Health Service Act.

Examples of loans that qualify under the student loan repayment program:

Loans made or insured under the Higher Education Act of 1965 include the following:

Federal Family Education Loans (FFEL)

- Subsidized Federal Stafford Loans
- Unsubsidized Federal Stafford Loans
- Federal PLUS Loans
- Federal Consolidation Loans

William D. Ford Direct Loan Program (Direct Loans)

- Direct Subsidized Stafford Loans
- Direct Unsubsidized Stafford Loans
- Direct PLUS Loans
- Direct Subsidized Consolidation Loans
- Direct Unsubsidized Consolidation Loans

Federal Perkins Loan Program

- National Defense Student Loans (made before July 1, 1972)
- National Direct Student Loans (made between July 1, 1972, and July 1, 1987)
- Perkins Loans (made after July 1, 1987)

Loans made or insured under the Public Health Service Act include the following:

- Loans for Disadvantaged Students (LDS)
- Primary Care Loans (PCL)
- Nursing Student Loans (NSL)
- Health Professions Student Loans (HPSL)
- Health Education Assistance Loans (HEAL)

Appendix C. Procedures for Compliance of Student Loan Repayments

1. CRITERIA FOR STUDENT LOAN REPAYMENTS

a. A SLR must be based on a written determination by the Requesting Official that, in the absence of offering a loan repayment, GSA would encounter difficulty either in filling the position with a highly qualified candidate, or in retaining a highly qualified employee.

b. Each determination, for recruitment purposes, should be made before an offer of employment is extended. The service agreement, including amounts to be paid and other optional terms must be provided for the prospective employee's review before the employee is appointed to the position for which he or she was recruited. Student loan repayment benefits may not be authorized to recruit an individual from outside GSA who is currently employed in the Federal civilian service.

c. Payments authorized in order to retain an employee must be based upon a written determination that the high or unique qualifications of the employee or a GSA special need for the employee's services makes it essential to retain the employee, and that, in the absence of offering the repayment of a student loan, the employee would be likely to leave for employment outside the federal service. This determination must be based on a written justification of the extent to which the departure of the employee would affect GSA's ability to carry out an activity or perform a function that is deemed essential to GSA's mission [5 CFR 537.105(c)].

d. Written determinations concerning justification for loan repayment must accompany the service agreement when it is signed by the Reviewing and Approving officials.

e. Loan repayments should not be made to an employee not expected to be converted to a permanent position in the competitive service at the end of a time-limited appointment.

f. When selecting employees to receive a SLR, supervisors must adhere to merit system principles and take into consideration the need to maintain a balanced workforce in which women and members of racial and ethnic minority groups are appropriately represented throughout GSA.

g. Additional selection criteria may be approved as needed by the management officials through whom appointing authority or funds control for the affected positions are delegated. Additional selection criteria may be developed to gain the greatest benefit from SLRs by balancing elements such as the following:

- (1) Achievement of GSA's missions, goals and objectives;

- (2) Best use of available budget resources;
- (3) Minimizing internal competition that is against the interests of GSA as a whole; and
- (4) Development of the greatest GSA human capital value.

2. DETERMINING THE AMOUNT OF LOAN REPAYMENT

a. The Requesting Official must prepare a written justification for the use and amount of the SLR as described.

b. In determining the need for and amount of loan repayments, the Requesting, Reviewing (funds control official), and Approving Officials should consider equity and alignment within GSA. Written determinations and budget approvals supporting the SLR should consider the degree to which the SLR would be extended to other employees meeting the same criteria and budget availability.

c. Payments will be at the discretion of GSA and are subject to such terms, limitations, or conditions as may be mutually agreed to in writing on behalf of GSA by the Approving Official and by the employee. Payments may be applied only to the indebtedness outstanding at the time GSA and the employee enter into an agreement, and may not begin before the employee enters on duty. The employee will be responsible for making loan payments on the portion of the loan(s) that continue to be the employee's responsibility. SLRs do not exempt an employee from his or her responsibility and/or liability for any student loan(s) the individual has taken out. GSA will make every effort to make timely loan repayments, but is not permitted to pay penalty fees for lateness of loan repayments or other reasons, even as a result of GSA action or inaction.

d. Before authorizing a loan repayment, the Reviewing Official must verify with the holder of the loan that the candidate or employee has an outstanding student loan that qualifies for repayment (Appendix A-5). Before each request for payment under the SLR service agreement terms, the Reviewing Official must also verify the remaining balance to ensure that a loan is not overpaid. If an overpayment does occur, the amount of overpayment will be subject to reimbursement to GSA. GSA may agree to repay more than one loan as long as the loan repayments do not exceed the limits identified above. The candidate or employee is responsible for providing loan holder address, telephone, Electronic Funds Transfer (EFT) (if possible), Payee Employer Identification Number (EIN) and other loan remittance information for inclusion in the service agreement prior to entering into an SLR agreement. Separate information must be provided if there are multiple loans paid under a single agreement. The employee also continues to be responsible for assuring that all payments are timely, including GSA payments, and for paying any late fees. Any arrangement for early payment, if necessary, is also the employee's responsibility.

e. SLRs are in addition to basic pay and other forms of compensation, otherwise payable to the employee, and are not subject to the aggregate limitation on pay. The employee will be responsible for any income tax obligations resulting from the loan repayment. Because tax implications may vary, the employee is responsible for being aware of any tax implications before he or she signs the written service agreement.

f. Employees are strongly encouraged to consult with the Internal Revenue Service (IRS) or the employee's financial advisor concerning these options, as well as the tax withholding implications of SLRs.

g. Federal, state, and local income tax, as well as social security and Medicare tax withholdings will be made at the time of each loan repayment. These withholdings will be made at flat rates (Appendix A-3). Tax withholdings may not be spread out over time. GSA will deduct the amount of taxes to be withheld from the loan repayment before issuing payment to the holder of the loan.

3. APPROVING A STUDENT LOAN REPAYMENT SERVICE AGREEMENT

a. The Reviewing Official will:

(1) Concurring on or rejecting requests for payments subsequent to the initial payment, in accordance with the service agreement and the Financial and Payroll Division payment requested procedures.

(2) Concurring on or rejecting, subject to final determination by the Approving Officials, any renewal request by the Requesting Official.

(3) Verifying that the amount of any payment request does not exceed the outstanding student loan total immediately before signing the agreement.

(4) Initiating a Request for Personnel Action to accompany each subsequent payment request using NOAC 817, and entering in the "Award Amount" field the amount of the SLR authorized to be paid as stated on the service agreement.

b. The initial payment request and additional payment requests must be sent in accordance with the specifications of the approved service agreement. This is usually accomplished on an annual basis during the period of the approved service agreement, through the servicing HR office. If both the Reviewing and Approving Officials approve a renewal, the Reviewing Official makes a timely request for payment after the agreed upon period of service, in accordance with the instructions in this section.

c. The Approving Officials will:

(1) Either:

(a) Approve and sign the initial proposal or renewal and send a copy of the approved proposal or renewal to the Servicing HR Office or

(b) Not approve the request and return it to the Requesting Official.

(2) Transmit approved requests and any subsequent renewal approvals to the Servicing HR Office.

(3) In the case of renewal of a service agreement, approve or not approve a renewal request proposed by the Requesting Official through the Reviewing Official.

d. The servicing HR Office, in advance of entry-on-duty and in coordination with the Requesting Official, will:

(1) Provide a copy of the proposed service agreement signed by the appropriate GSA officials to any recruitment candidate approved for SLR and

(2) Obtain an acknowledgement of receipt and confirmation by the Requesting Official that the terms of the service agreement are acceptable or report to the requesting official that there is no confirmation.

e. Upon initial SLR approval, the Servicing HR Office Director will:

(1) For recruitment purposes, provide the recruitment candidate the approved service agreement upon entry on duty for his or her signature. A binding agreement exists upon the employee's signature on the agreement.

(2) For retention purposes, provide the current employee the service agreement for his or her signature. A binding agreement exists upon the employee's signature on the agreement.

(3) Transmit a copy of the approved and signed service agreement and payment request memorandum to the Financial and Payroll Services Division, Financial Operations and Disbursement Branch, along with any other documents specified in Section 6, below. Loan repayment will be made in accordance with the procedures in that section.

(4) Maintain a file containing the original approved and signed service agreement, any renewal, and supporting documentation, and,

(5) Transmit a copy of the approved and signed SLR service agreement and payment request to the Consolidated Processing Center (CPC) for filing in the Official Personnel Folder (OPF) and processing of a Personnel Action, Nature of Action Code

(NOAC), 817, reflecting the total SLR payments during each fiscal year, in accordance with paragraph 9, below.

f. Upon subsequent payments specified under an approved SLR service agreement, including any approved renewals, the servicing HR Office Director will:

(1) Transmit a copy of any specified payment request and a Request for Personnel Action, NOAC 817, containing the actual total fiscal year SLR to the Consolidated Processing Center (CPC) .

(2) Transmit any signed SLR service agreement renewal, or payment request to the CPC for filing in the Official Personnel Folder (OPF) and processing of a Personnel Action, Nature of Action Code (NOAC), 817, reflecting the total SLR payments during each fiscal year, in accordance with paragraph 9, below.

(3) In the "Award Amount" field enter the amount of the SLR authorized to be paid during the fiscal (not calendar) year as stated on the service agreement. No entry in the "Legal Authority" field is needed. This personnel action does not replace or affect the actual SLR payment process.

g. Upon receipt of the servicing HR Office initial SLR payment request and copy of the SLR service agreement, the CPC will process a Personnel Action, NOAC 817.

h. Generally, student loan payments will be made once each year. If more frequent payments are made, each payment must be documented with a SF-50 using Nature of Action Code (NOAC) 817. In the "Award Amount" field enter the amount of the SLR authorized to be paid during the fiscal (not calendar) year. No entry in the "Legal Authority" field is needed. This is the SLR amount that must be entered on the service agreement.

4. APPROVING A STUDENT LOAN REPAYMENT SERVICE AGREEMENT

a. The Requesting Official will prepare a loan repayment proposal, including a written justification (defined above), to the appropriate Reviewing and Approving officials, stipulating why either a newly appointed employee, or a current GSA employee, is qualified and meets the criteria for repayment of a student loan. Loan repayments and other compensation alternatives should be discussed with representatives from a servicing HR office before commitments are made. No formal or informal offer of loan repayment may be made to a recruitment candidate or current employee until the availability of funding is certified by a Reviewing Official and authorization for payment is received from the Approving Official.

b. The Requesting Official will prepare a loan repayment proposal to include:

(1) A proposed service agreement with the requesting official's signature

(Appendix A-1);

(2) Copy of the applicant's resume and proposed position description for a recruitment candidate or a current position description for a current employee, including identification of work experience, education, and other qualifications that warrant loan repayment;

(3) A written determination that:

(a) In the case of recruitment and before entry on duty, that without offering a loan repayment benefit, there would be difficulty in filling the position with a highly qualified candidate; or

(b) In the case of retention:

1. There would be difficulty in retaining a highly qualified employee in the position;

2. The employee's high qualifications or GSA's special need makes retention essential;

3. Without offering a loan repayment benefit, the employee would be likely to leave for employment outside federal service; and

4. The employee's departure would affect GSA's ability to carry out an activity or perform a function essential to GSA's mission, with a description of the extent of that effect.

(4) Additional criteria pertaining to the SLR and how they are met, if needed.

(5) Electronic Funds Transfer (EFT) Form 1199a, completed by the candidate or employee and the holder of the loan, providing GSA the necessary information needed to make the payment via EFT. If sending an EFT is not possible, provide a statement to that effect.

c. The Requesting Official will forward the loan repayment proposal to the Reviewing Official for signed certification that funds are available and any additional management criteria are satisfied.

d. The Requesting Official may make a proposal to renew the SLR service agreement for an additional year, effective upon the end of the initial SLR service period. Further proposals to renew on an annual basis may be made as long as the initial service agreement is extended continuously and the maximum \$60,000 limit has not been met. Renewal requests are subject to approval by the Approving Official for each annual proposal based on a determination that the reasons for SLR continue to be

valid. Any renewal must be approved before the expiration of the initial service period or latest annual renewal period, such that:

(1) A renewal payment amount must be specified in the service agreement, the amount dependent on the remaining loan balance and availability of funds,

(2) An annual renewal extends the service period, without a break in the previous service agreement or renewal period, for one year,

(3) An approved annual renewal payment occurs on the anniversary date (one year after the end of the initial service agreement), or when funds are available, or one year after the previous renewal/extension, if approved, and

(4) No renewal payment will be made if the employee receiving the SLR is not continuously employed throughout the entire renewal period.

e. If the Reviewing Official approves/certifies the amount of the initial SLR proposal, he or she will:

(1) Complete and attach any additional documents necessary to request that the Financial and Payroll Services Division, Financial Operations and Disbursement Branch make initial payment as soon possible after approval of the loan repayment request. This includes any information necessary to correct or change the appropriation account from which the payment will be funded;

(2) Send the SLR proposal with his or her signature recommending that the Approving Officials approve or disapprove the service agreement to the CHCO and CFO for their joint approval.

5. PROCEDURES FOR MAKING STUDENT LOAN REPAYMENTS THROUGH THE FINANCIAL AND PAYROLL SERVICES DIVISION, FINANCIAL OPERATIONS AND DISBURSEMENT BRANCH

a. The approved SLR Service Agreement will be forwarded by the Consolidated Processing Center to the Financial and Payroll Services Division, Financial Operations and Disbursement Branch) with:

(1) A written request for the first payment to be made;

(2) Amount of the payment;

(3) Loan holder remittance information including:

(a) Payee Employer Identification Number (EIN) for each loan holder,

- (b) A copy of the loan balance verification,
 - (c) The accounting coding (i.e., fund, organization code), and
 - (d) EFT information
- (4) A copy of the final signed SLR Service Agreement.
- b. The preferred schedule of loan repayments is as follows:
- (1) First loan repayment as soon as possible after submitting the signed service agreement and payment request containing complete and accurate remittance information to Financial and Payroll Division;
 - (2) Subsequent repayments on or after the anniversary of the first repayment, only after annual review, recertification and approval;
 - (3) The timing of repayments is the responsibility of the Reviewing Official who must submit a request for loan repayment to Financial and Payroll Division;
 - (4) Repayments will be transmitted to the loan holder within 30 days of receipt in Financial and Payroll Division; and
 - (5) Variations from this payment schedule must be approved by the Financial and Payroll Division, must be clearly defined in the service agreement, and repayments must be initiated by the Reviewing Official by submitting a repayment request to Financial and Payroll Division at least 30 days before the target repayment date.
- c. The preferred method of payment to the holder of the student loan will be through Electronic Funds Transfer (EFT). The employee receiving the SLR benefit will be responsible for obtaining the EFT information from the holder of the loan for inclusion in the service agreement.
- d. Financial and Payroll Division will make the payment to the loan holder(s) identified in the service agreement within 30 days of receiving a written loan repayment request from the Reviewing Official.
- e. Before each anniversary of the first loan repayment, the Reviewing Official will verify that the remaining loan balance equals or exceeds the annual loan repayment amount specified in the service agreement and, if so, request payment of that amount after certifying availability of funds and obtaining the necessary approvals. If the remaining loan balance is less than the annual repayment amount specified in the service agreement, the lesser amount will be requested for payment (i.e., the amount repaid cannot exceed the loan balance). As long as the amounts specified in the service agreement, which do not reflect tax withholding, are not exceeded,

arrangements may be made with Financial and Payroll Division to request an amount that approximates the remaining loan balance after taxes are withheld. The Reviewing Official forwards this request to Financial and Payroll Division.

f. Payments made to the holder of the student loan in subsequent years following the initial loan repayment will be made by Financial and Payroll Division at one-year intervals from the date of the first payment made under the SLR Service Agreement. These payments will be made provided:

(1) Financial and Payroll Division receives a request by the Reviewing Official that specifies the amount to be made, loan holder remittance information including Payee Employer Identification Number (EIN) for each loan holder,

(2) A copy of the loan balance verification, the accounting coding (i.e., fund, organization code), documentation of re-certification of funds availability and approving officials' concurrence, and

(3) A copy of the loan repayment agreement, and provided the request is received at least 30 days before the anniversary date of the first payment.

g. Because SLRs are in addition to basic pay and other forms of compensation otherwise payable to the employee, the repayments are subject to all taxes. GSA will withhold the amounts of federal, state, and local income tax, as well as social security, and Medicare taxes from the loan repayment before issuing payment to the holder of the loan. Taxes will be withheld at the percentage rates established for supplemental payments by the Internal Revenue Service Publication 15, Circular E.

h. Upon payment of the SLR by the Financial and Payroll Division, the amount of the SLR and all tax deduction amounts will be forwarded to the National Payroll Center for recording in the employee's payroll records. This will be reflected on the employee's Form W-2 for that year as income and taxes withheld.

i. GSA may agree to repay more than one loan as long as the loan repayments do not exceed the maximum limits established of \$10,000 per calendar year and a total SLR of \$60,000 per individual.

j. When the service agreement provides for payment to multiple loan holders, the initial and subsequent year's requests for payment submitted to Financial and Payroll Division by the Reviewing Official will clearly state the amount to be remitted to each loan holder, and all other information specified in 5a (Appendix C) referenced above.

k. The employee is responsible for making loan payments on the portion of the loans that continue to be the employee's responsibility. The employee is also responsible for any other charges other than payments to reduce the balance of the loan.

l. If an employee separates from GSA under section 7a, b, or c (ii) conditions warranting reimbursement of this directive, he or she will be subject to reimbursement of all SLR benefits received in accordance with the service agreement.

m. Upon notification of an employee's separation under section 7a, b, or c (ii), the Requesting Official will provide immediate notification (via email or memorandum) to the National Payroll Center that the employee is separating from GSA while under a SLR Service Agreement.

n. The Requesting Official will also annotate on the SF-52, Request for Personnel Action, that the employee is separating under a SLR Service Agreement. The servicing HR Office director will determine whether the employee is separating under the guidelines put forth in section 7a, b, or c (ii) and provide notification to the National Payroll Center.

o. Upon notification from the servicing HR Office that the employee is subject to reimburse GSA for the SLR and receipt of the official separation action from the servicing HR Office, National Payroll Center will notify the Financial Operations and Disbursement Branch. The Financial and Payroll Division will determine the amount of reimbursement and provide this information to National Payroll Center along with the original appropriation under which the SLR was made.

p. The National Payroll Center will establish the reimbursement as a debt and provide notification to the employee under procedures outlined in the Debt Collection Act of 1996. Reimbursement towards the debt will be offset against any and all final salary payments in accordance with 31 U.S.C. 3716.

q. The employee is afforded the right to request a waiver in whole or part of the debt in accordance with 5 U.S.C. 5379 and 5 CFR Part 537. The request for waiver should be submitted to the Financial and Payroll Division within 30 days of notification to the employee by the National Payroll Center of the debt. The National Payroll Center will forward the request for waiver to the Administrator, or his or her designee, for review and approval or denial.

r. For the first SLR payment during any fiscal year, the request for payment initiated by the Reviewing Official must be accompanied by a Request for Personnel Action, SF-52, Nature of Action Code (NOAC), 817, Student Loan Repayment, including the under "Award Amount," the total amount to be paid as SLR during that fiscal year in accordance with the service agreement. The NOAC 817 SF-52 should be forwarded with other documentation to the servicing HR office for review and forwarding, along with documents in c., above, to the Consolidated Processing Center.

Appendix D. Student Loan Repayment Q & As

Tax Liability

Are student loan repayment benefits subject to employment taxes?

Yes. Because a student loan payment owed by the employee is made by the Federal Government on behalf of the employee, the payment is includible in the employee's gross income and wages for Federal employment tax purposes even though it is made directly to the loan holder. Consequently, the agency must withhold and pay employment taxes from the employee's regular wages, the loan payment, or a separate payment made by the employee. The applicable employment taxes include Federal income taxes withheld from wages (and, where appropriate, State and local income taxes) and the employee's share of Social Security and Medicare taxes. Tax withholdings must be deducted or applied at the time any loan payment is made. (See 5 CFR 537.106(a)(6).) The agency may choose among several different methods for withholding taxes. Please note the implications of deducting taxes directly from a gross loan payment. For example, if the agency has approved a student loan repayment benefit of \$10,000 and the employee's tax deductions are \$3,000, then the agency will make a loan payment of \$7,000. The full \$10,000 counts toward the maximum limitations described in section 4; *Approving a Student Loan Repayment Service Agreement*.

What options are available to agencies for easing the tax liability on a recipient of the student loan repayment benefits?

Agencies have several options for easing the tax liability on their employees. (See 5 CFR 537.106(a)(6))

Are agencies responsible for reporting their student loan payments to the Internal Revenue Service?

Yes. Agencies must report to the IRS the amount of student loan repayment benefits they have provided to an employee.