

**DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
INTERIM POLICY DOCUMENT**

03-03

Student Loan Repayment Benefit Plan

May 13, 2003

1. Purpose. This document provides policy and guidance to Minerals Management Service (MMS) managers, employees, and Servicing Personnel Offices regarding the repayment of student loans and must be used in conjunction with Department of the Interior (DOI) policy (Personnel Bulletin No. 02-4 (537)).

2. Authority.

- A. Title 5, United States Code (U.S.C.) Section 5379;
- B. Title 5, Code of Federal Regulations (CFR) Part 537; and
- C. Department of the Interior Personnel Bulletin 02-4 (537).

3. Policy. The MMS may offer the student loan repayment benefit to eligible candidates to:

A. Recruit candidates from outside the Federal sector when, in the absence of the benefit, the MMS would encounter difficulty in filling the position with a highly qualified candidate; and

B. Retain current MMS employees when the high or unique qualifications of the employee or a special need of the bureau for the employee's services make it essential to retain the employee, and in the absence of the benefit, the employee would be likely to leave for employment outside the Federal sector.

4. Scope. All MMS employees as defined in title 5 U.S.C. 2105 are eligible for the student loan repayment benefit with the following exceptions:

A. Employees occupying positions that are excepted from the competitive service because of their confidential, policy-determining, policy-making, or policy-advocating nature (i.e., Schedule C appointees) are not eligible.

B. Term employees with less than 3 years remaining on their appointment and temporary employees are not eligible due to the 3-year service requirement.

C. Employees who default on their student loan are not eligible until the loan has been removed from default for at least a 12-month period.

5. Repayment Determinations. The student loan repayment benefit is not an entitlement, but a discretionary management recruitment and retention tool. Determinations related to the payment of this benefit will be made on a case-by-case basis. The amount of the repayment should be the minimum needed to recruit a candidate for employment or retain the current employee.

Payments may be made by the agency up to a gross of \$6,000 per employee per calendar year and a lifetime gross of \$40,000 per employee. Decisions of whether to offer the repayment and the amount to be paid are discretionary, and the determinations are final. Employees have no appeal or grievance rights with respect to disapproval of this benefit or the payment amount. When selecting and approving employees to receive loan repayment benefits, officials 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 in government service.

6. Responsibilities.

A. Selecting Official. The selecting official will:

(1) Determine the need to offer the student loan repayment benefit to recruit and/or retain an employee.

(2) Determine the amount of the repayment.

(3) Prepare the request for the student loan repayment benefit and forward it through established channels for review and approval.

(4) Ensure the funding for the repayment.

B. Approving Official. The decision to approve or disapprove a student loan repayment benefit will be made by the appropriate Associate Director (AD).

C. Servicing Personnel Office. The Servicing Personnel Office (SPO) will:

(1) Provide guidance to selecting officials, approving officials, and employees on the provisions of the student loan repayment benefit.

(2) Review requests for repayments to ensure the necessary criteria is met.

(3) Verify the amount of the outstanding student loan to avoid overpayment.

(4) Ensure the loan is federally insured or guaranteed as defined in 5 CFR 537.102 under the Higher Education Act of 1965 or the Public Health Service Act.

(5) Verify that the loan has been default-free for at least 12 months, or for at least the time the current lender has held the loan.

(6) Work with the manager and employee to complete the service agreement and monitor it once it is in effect.

7. Requests for Repayment.

A. Documentation. Before the request for repayment is made, the employee or candidate selected for the position must provide the SPO with official documentation from the lending institution certifying the following: the current outstanding loan balance (within the previous 30 days); that the loan is authorized for repayment as defined in 5 CFR 537.102; and that the loan has been default-free for at least 12 months, or for at least the time the current lender has held the loan. For recruitment, verification of this documentation must be completed before the employee enters on duty. All requests will be made in writing. Requests will be sent:

- (1) From the selecting official, through appropriate supervisory channels.
- (2) Through the SPO and Personnel Division (PD) for review.
- (3) To the appropriate approving official.

The approving official will forward the request, whether approved or disapproved, to the PD for distribution to the appropriate parties.

B. Requests for Repayment for Recruitment Purposes. Requests for repayment for recruitment purposes will show that, in the absence of the benefit, the selecting official would encounter difficulty in filling the position with a highly qualified candidate. For recruitment, determinations, including the amount to be paid, must be made before the employee enters on duty in the position for which recruited.

C. Requests for Repayment for Retention Purposes. Requests for repayment for retention purposes will show that the high or unique qualifications of the employee or a special need of the bureau for the employee's services make it essential to retain the employee, and in the absence of offering the benefit, the employee would be likely to leave for employment outside the Federal service. The request also must discuss the extent to which the employee's departure would affect the MMS's ability to carry out an activity or perform a function essential to its mission.

8. Service Agreement. Each employee who receives a student loan repayment benefit must sign a service agreement to continue government service with the DOI for a minimum period of 3 years. The SPO will work with the supervisor/manager and employee to complete the service agreement. The attachment contains a sample service agreement that includes the conditions under which the repayment will discontinue and the conditions that will require reimbursement by the employee.

A. Period of Service. The minimum period of continued service is 3 years. Where appropriate, a selecting or approving official may seek an agreement requiring a period of service beyond 3 years. Also, in rare cases, and with the approval of the Chief, PD, a service agreement may be extended due to unforeseen circumstances (e.g., the employee goes on nonpay status, leave without pay for an extended period of time, sabbatical, etc.). The service requirement begins when the MMS makes the first payment to the loan holder.

B. Documenting the Official Personnel Folder (OPF). The service agreement will be filed on the left side of the OPF. A notice that the employee is under a service agreement (including the length of the service requirement) will be placed on top of the documents on the right side of the OPF until the service requirement has been met.

9. Payment Procedures. Payments will be made on an annual basis. The SPO, in coordination with the approving AD, will send the National Business Center's (NBC) Payroll Operations Division a separate, written authorization each year that repayment is authorized.

A. Authorization. The authorization will specify the gross amount authorized to be disbursed to each lender, as well as the name, address, and other information necessary to process the loan repayment. A new service agreement is not necessary for each annual payment. However, for each payment, the employee must provide the SPO with official documentation from the lending institution that certifies the current outstanding loan balance (within the previous 30 days) and that the employee continued to make timely payments during the previous year. The SPO will verify the remaining loan balance to ensure that overpayment is not made.

B. Disbursement of Repayment. To minimize the tax implication on employees, the NBC's Payroll Operations Division will pay the net amount, after all taxes and other assessments have been withheld, to the lending institution. However, the gross amount paid by the MMS will count toward the annual (\$6,000) and lifetime (\$40,000) limits and toward the outstanding loan balance. The MMS is not responsible for any late fees assessed by the loan holder. Employees must agree to make loan repayments on the portion of the loan that continues to be their responsibility.

C. Alternate Payment Procedures. If used, alternate payment procedures must comply with 5 CFR 537.106; must be included in the service agreement; and require prior approval of the NBC's Chief, Payroll Operations Division, and the DOI's Director, Office of Personnel Policy.

10. Reimbursement of Repayments. During the service agreement period, the employee must reimburse the MMS for the entire gross amount of the loan paid by the MMS if their employment with DOI terminates because:

A. The employee is involuntarily separated from DOI due to misconduct or performance.

B. The employee voluntarily leaves the DOI, either directly from the MMS or after transferring to another bureau.

(1) If the employee leaves the DOI. If the employee leaves the DOI either directly from the MMS or after transferring to another bureau before completing the service requirement, the employee is required to reimburse the MMS for the entire gross amount of the loan paid by the MMS under the service agreement. As appropriate, the MMS SPO will contact the gaining bureau or agency to coordinate reimbursement of the loan repayment. Money recouped by a gaining bureau or agency will be transferred to the MMS.

(2) If the employee leaves the MMS for employment in another DOI bureau. If the employee leaves the MMS for employment in another DOI bureau, repayment of the loan will discontinue. (See No. 11 below.) However, the employee is not required to reimburse the MMS for payments made. The MMS SPO will contact the gaining bureau and inform them of the employee's service agreement, so they can monitor the remaining service requirement and ensure that the maximum agency limit of \$40,000 per employee is not exceeded. The bureaus also need to coordinate reimbursement of the loan repayment if that employee leaves the DOI before completing the remaining service requirement.

(3) Debt Collection. Loan repayments made for periods of service that are not completed in accordance with the individual service agreements are subject to the DOI's debt collection process. Reimbursements may be waived, in whole or in part, by Assistant Secretaries or other officials authorized to waive debt recovery when recovery would be against equity and good conscience or against the public interest.

11. Discontinuation of Repayments. Repayment will be discontinued if the employee:

- A. Leaves the MMS (even for employment in another DOI bureau).
- B. Does not maintain an acceptable level of performance.
- C. Fails to make loan payments on the portion of the loan that continues to be their responsibility.
- D. Violates any of the conditions of the service agreement.

12. Gaining Bureau/Agency. In a case where an employee receiving a repayment leaves a DOI bureau for employment in another DOI bureau or another agency, the gaining bureau or agency is not responsible for continuing the repayment. Any loan repayments made by another bureau or agency would require a new service agreement with the employee.

13. For further information. Further information on the Student Loan Repayment Benefit regarding tax liabilities, tax implications, payment procedures, what needs to be included in the written authorization, etc., can be found in the DOI policy (Personnel Bulletin No. 02-4 (537)) and in the OPM Questions and Answers document on OPM's web site, www.opm.gov.

14. Reporting Requirements and Evaluation. The Chief, PD, will coordinate reports as requested by the Office of Personnel Management and the DOI. The PD also will review the use and effectiveness of the student loan repayment authority annually and make changes to this policy as necessary.

15. Cancellation: This IPD will be canceled one year from the date of issuance or when incorporated into the MMS Manual.



Robert E. Brown
Associate Director for Administration
and Budget

SAMPLE

**Minerals Management Service
Student Loan Repayment Benefit Service Agreement**

Title 5 U.S.C. 5379 allows for the repayment of outstanding federally insured or guaranteed student loans that are made by educational institutions or banks and other private lenders as defined in 5 CFR 537.102 under the Higher Education Act of 1965 and the Public Health Service Act. Student loan repayments are made directly to the lender and are subject to the conditions stated in this agreement. This service agreement in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service.

Subject to the conditions stated in this agreement, the Minerals Management Service (MMS) agrees to provide a student loan repayment benefit to:

Employee:

Social Security Number:

Title/Series/Grade:

Conditions of Employment.

As the employee receiving the repayment, I agree to:

- Complete 3 years of service with the Department of the Interior (DOI). *
- Maintain an acceptable level of performance.
- Continue to make timely loan repayments on the portion of the loan that continues to be my responsibility.
- Not violate any of the conditions of this service agreement.

*In rare cases and where appropriate, a selecting or approving official may seek an initial agreement requiring a period of service beyond 3 years, or request that the service agreement be extended beyond 3 years due to unforeseen circumstances (e.g., the employee goes on nonpay status, leave without pay for an extended period of time, sabbatical, etc.).

Conditions of Loan Repayment.

The service period begins when the MMS makes the first payment to: (Lender Name and Address).

The MMS, through the National Business Center's (NBC) Payroll Operations Division, will make payments on my outstanding federally insured or guaranteed loan under the following terms. Payments made by the agency under this part may not exceed \$6,000 each calendar year or a lifetime total of \$40,000. Payments *may be* made each year without a new service

agreement, provided I have given the Servicing Personnel Office official documentation (current within the previous 30 days) from the lending institution that states the outstanding loan balance; that certifies the loan is authorized for repayment; and that verifies my loan has not been in default for at least the past 12 months, or for at least the length of time the current lender has held the loan.

Total amount of the repayment:

Number of years the repayment will be made:

Amount of repayment to be made each calendar year:

Continued Employee Loan Repayment Responsibility.

I understand that it is my responsibility to make loan payments on the portion of the loan(s) that continues to be my responsibility. Failure to continue to make these loan payments violates this agreement and terminates my eligibility for further loan repayment benefits.

I also understand that each year before another repayment can be made, I must provide the Servicing Personnel Office with official documentation (current within the previous 30 days) from the lending institution that shows the current outstanding loan balance (within the previous 30 days) and certifies that I continued to make timely payments during the previous year.

Loan Repayment Procedures.

The NBC's Payroll Operations Division will make payments to (Lender) on an annual basis. The Payroll Operations Division will disburse the net amount of the repayment amount to the loan holder; however, it is the gross amount that is applied to the annual and lifetime payments. Taxes and withholdings will be deducted from the gross amount of the loan repayment amount. I understand that my W-2 Form will show the gross amount of the repayment as wages, and that taxes and other assessments deducted from the gross amount will be shown in their appropriate categories on the W-2 Form. Payments to lenders will be in the form determined by the Payroll Operations Division. Neither the DOI nor the MMS is responsible for any late fees or penalties assessed by the loan holder(s) prior, during, or subsequent to this agreement.

Discontinuation of the Loan Repayment Benefit.

I understand that I no longer will be eligible for the loan repayment incentive if, during the service period, I:

- Separate from the MMS (including leaving the MMS to enter the service of another DOI bureau).
- Do not maintain an acceptable level of performance.
- Fail to make loan payments that continue to be my responsibility.
- Violate any of the conditions of this agreement.

Reimbursement of the Loan Repayment Benefit.

I understand that I am responsible for repaying the MMS the entire gross amount of the loan the bureau paid if, during the service period, I:

- Voluntarily end my employment with the DOI (including voluntarily leaving the MMS to enter the service of another non-DOI Federal agency, or transferring to another DOI bureau and then leaving the DOI).
- Am separated from the DOI due to misconduct or performance.

Certification.

I certify that I have discussed this service agreement with a Personnel Office representative and understand and agree with its conditions.

Typed Employee Name and Signature

Date

Typed Supervisor/Manager Name and Signature

Date

Typed Personnel Officer Name and Signature

Date

This information is subject to the Privacy Act of 1974, as amended.