



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Dear Colleague,

The Amendments to the Individuals with Disabilities Education Act (IDEA) of 1997 contains a requirement commonly referred to as “service obligation”. The relevant section of the Act requires grantee institutions and scholars to enter into an agreement regarding their mutual obligation once the scholars leave the grantees’ programs. The Department has received a number of inquiries regarding complying with the law. In an effort to provide guidance we have grouped these questions around common themes and provided answers. Of necessity, the document is not exhaustive and does not attempt to answer all questions, but hopefully will aid you in complying with the requirements of the regulations.

If additional information is needed, please contact Joseph Clair at 202-205-9503 or Joseph.Clair@ed.gov.

Sincerely,

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Director
Research to Practice Division
Office of Special Education Programs

FREQUENTLY ASKED QUESTIONS

Regarding the Final Regulations Implementing Section 673(h) of the Amendments to the Individuals with Disabilities Education Act (IDEA) of 1997, i.e., Service Obligation and Repayment Requirements

Introduction

On December 9, 1999, the Secretary published in the Federal Register (See 64 FR 69138) the Final Regulations implementing Section 673(h) of the Amendments to the Individuals with Disabilities Education Act (IDEA) of 1997. These regulations are now codified at 34 CFR Part 304. As a condition of receiving funding under the Personnel Preparation to Improve Services and Results for Children with Disabilities program, scholars and institutions are required to comply with the regulations, which outline the grantees' and scholars' responsibilities in regard to the work or repayment requirements of IDEA scholarship assistance. The following questions and answers have been developed to answer often asked questions, but they do not cover all aspects of the regulations and should not be used exclusively. The regulations can be found on the Department of Education's website at the following URL:

www.ed.gov/news/fedregister/finrule/1999-4.html

General Information

1. What are the service obligation and repayment requirements?

The regulations require that individuals that receive scholarship assistance from projects funded under Section 673 of the IDEA are required to complete a service obligation or repay all or part of the costs of such assistance. For each academic year scholars receive assistance they must maintain full-time employment for the equivalent of two years or repay the Federal Government for the assistance they received that is not repaid through service. Scholars whose assistance is provided through grants funded under IDEA are required to provide special education, related services, or early intervention services to children with disabilities, or if they received assistance to support leadership preparation activities, scholars must perform work related to their preparation.

2. How is an academic year defined for purposes of the work or repay requirement?

An academic year means a full-time course of study: (1) taken for a period totaling at least 9 months; or (2) taken for the equivalent of at least 2 semesters, 2 trimesters, or 3 quarters. The grantee will decide what constitutes a "full-time course of study" and what constitutes an "academic year" for its particular institution, as long as the grantee's "academic year" falls within the above-mentioned guidelines established in the regulations at 34 CFR 304.3(b). For a part-time scholar, an academic year is

based on the accumulation of periods of part-time courses of study that are equivalent to the grantee's academic year.

3. What financial aid is included in the work or repay requirement?

The requirement applies to all IDEA financial assistance to a scholar and includes payments for tuition, stipends, books, fees, and travel in conjunction with training assignments. The scholar's service obligation is based on the period for which the individual received financial assistance rather than on the amount of the assistance.

4. If a student receives financial assistance under the grant for work performed as a graduate assistant, does the student have a service obligation requirement?

Any student whose financial assistance under the grant is based on the condition that the student work for the grantee is not subject to the service obligation requirement because such assistance is not "scholarship" assistance. Grantees who propose to use grant funds to pay graduate assistants to assist in facilitating or administering projects must classify those funds as personnel or other nonscholarship costs. Any remuneration paid to graduate assistants cannot be used to meet the applicable percentage of grant funds that must be used to pay for scholarships.

5. When a scholar receives partial funding, what are the work or repay requirements?

The amount of financial assistance disbursed, whether it pays part or all of the costs of an academic year, does not affect the obligation of the scholar to meet an employment commitment. The employment obligation for a scholar will be based upon the "accumulated academic years" of training for which the scholar received any amount or type of scholarship assistance.

Employment Obligation

6. How can scholars calculate the length of their employment obligation?

The length of the employment obligation is the full-time equivalent of 2 years for each academic year of scholarship assistance provided. (See question 2 for definition of academic year). If a scholar receives scholarship assistance for a portion of an academic year, then his or her service obligation will be calculated proportionally. For example, if a scholar receives assistance for one semester at a grantee institution that considers an academic year to be two semesters, then the scholar's service obligation is one year (subject to the provisions in Question 7). The service obligation is based upon the "accumulated academic years" of training for which the scholar received assistance and not the amount of time the scholar spends in the program.

7. What is the work or repay obligation of a scholar who completes less than one full-time academic year of training?

A scholar is eligible to fulfill his or her service obligation requirement only after completing one full-time academic year of training (or full-time equivalent if the student is part-time). Therefore, a scholar who drops out of the program before completing one full-time academic year of training is not eligible to fulfill his or her service obligation requirement, but will instead have to repay the scholarship assistance. An exception to this principle exists, however, if the full-time course of study in which the scholar is enrolled is designed to last less than an academic year, for example, a course leading to certification for special education teachers already in the classroom. In such a case, if the scholar completes the required program, the scholar is eligible to fulfill his or her service obligation requirement. The length of the scholar's service obligation will be calculated based on the portion of the academic year to which the full-time course of study was equivalent. For calculation purposes, see Question 6.

8. How do scholars fulfill their service obligation?

Scholars fulfill their service obligation by providing special education or related services to children with disabilities or early intervention services to infants and toddlers and their families on a full-time basis for a period of two years for every year for which assistance was received.

The period of time that the scholar has in order to satisfy the employment obligation begins immediately upon the completion of the training and lasts for the duration of the employment obligation plus a grace period of three more years.

9. What is full-time employment?

Full-time employment means a full-time position as defined by the individual's employer.

10. Must scholars work on a full-time basis to satisfy their obligations?

A scholar may work on a full- or part-time basis. If a scholar works part-time, he or she still has an obligation to work the full-time equivalent of two years for each academic year for which assistance was received. A scholar who works part-time must fulfill his or her employment obligation within the required period -- the sum of the number of years of service owed plus three additional years.

11. If a scholar engages in qualified employment while in training, will that count toward repayment?

Employment that meets the regulatory requirements and is performed by a scholar subsequent to the completion of one full-time academic year of training (or full-time

equivalent if the student is part-time) can be used to meet, in part, the period of the scholar's service obligation.

Repayment Requirements

12. What is the scholar's repayment obligation?

According to the terms and conditions of the IDEA scholar's written agreement with the grantee (see question 24), he or she must repay the amount of scholarship assistance not satisfied through employment. Also, the scholar will be charged interest on the unpaid balance of the scholarship owed, accruing from the date the scholar is determined to have entered repayment status. The Secretary of Education may also impose reasonable collection costs in accordance with 31 U.S.C. 3717.

13. When does a scholar enter repayment status if the scholar's employment obligation is not completed?

A scholar enters repayment status on the first day of the first calendar month after the earliest of the following dates:

- (1) the date the scholar informs the grantee that he or she does not plan to fulfill the service obligation under the agreement;
- (2) the date the scholar's failure to begin or maintain employment makes it impossible for that individual to complete the service obligation within the number of years required by § 304.23(b);
- (3) the date on which the scholar discontinues enrollment in the course of study under §304.30(a).

14. Under what circumstances may repayment of a scholarship be deferred?

Repayment of a scholarship may be deferred during the time the scholar--

- (a) is engaging in a full-time course of study at an institution of higher education;
- (b) is serving, not in excess of three years, on active duty as a member of the armed services of the United States;
- (c) is serving as a volunteer under the Peace Corps Act;
- (d) is serving as a full-time volunteer under Title I of the Domestic Volunteer Service Act of 1973;
- (e) has a disability which prevents the individual from working, for a period not to exceed three years; or

(f) is unable to secure employment as required by the agreement by reason of the care provided to a disabled family member for a period not to exceed 12 months.

15. Under what circumstances may a scholar receive an exception to the repayment requirements?

An exception to the repayment requirements may be granted, in whole or part, if the scholar-

- (1) Is unable to continue the course of study or perform the service obligation because of a disability that is expected to continue indefinitely; or
- (2) Has died.

16. Who provides a deferral or an exception?

A deferral or an exception to the work or repay requirements can be provided by the training institution that administers the grant upon request by a scholar, if a scholar can show sufficient evidence to substantiate the grounds for a deferral or exception.

Special Scholar Circumstances

17. What standards apply to the service obligation for those scholars who receive scholarships from leadership preparation projects?

Scholars who receive scholarships from leadership preparation projects are required to work on a full-time or full-time equivalent basis for a period of two years for each year of assistance, in a position in which a majority of the scholar's time is expended on work related to his or her training.

18. How are early intervention personnel affected by the service obligation?

Early intervention scholars have the same obligation as other scholars who receive training assistance under an IDEA training grant, but, if the State has elected to serve at-risk infants and toddlers and their families under Part C of IDEA, the early intervention services performed may include services to infants and toddlers who are at risk for experiencing developmental delays and their families, as well as infants and toddlers with identified disabilities and their families.

19. If a general education teacher, principal or paraprofessional receives funding from a training grant, are they affected by the service obligation requirement?

Yes. General education teachers, principals and paraprofessionals who receive funding from a training grant, like all other IDEA-funded scholars, must subsequently work in the special education, related service, or early intervention field

consistent with the requirements of the regulations, or pay back the scholarship. Neither the statute nor the regulations provide an exception to the service obligation for general education teachers, principals and paraprofessionals.

20. If a scholar is dismissed or drops out of a program for academic or non-academic reasons, to what degree will he or she be required to fulfill the work or repay requirement?

The regulations apply to training program drop-outs in the same manner as other scholarship recipients. If the scholar seeks to meet the service obligation through employment, the employment must be in a position in which the individual provides special education or related services to children with disabilities or early intervention services to infants and toddlers and their families. Scholars who receive assistance from an IDEA leadership grant must work in an area related to their training. An individual receiving financial assistance under an IDEA-funded grant who fails to satisfy the service obligation, or who drops out before the completion of one full-time academic year of training, must repay the cost of the assistance. Drop-outs who have received scholarship assistance may not be able to meet their service obligation (and, therefore, must pay back their scholarship) if they are not qualified to fill available special education, related service, or early intervention jobs that meet the requirements in 34 CFR Sections 304.23(b)(2) or (b)(3)(i). Circumstances for deferrals and exceptions are described in the regulations. (See also questions 14, 15, and 16).

21. Can a scholar completing a doctorate funded by a leadership preparation grant count teaching in an undergraduate or Master's level program towards fulfilling the service obligation?

Yes. After completing one year of doctoral level study, scholars in Doctoral programs can count teaching in an undergraduate or Master's level program that is related to the area in which the scholar is training as work toward fulfilling their service obligation required under their leadership preparation assistance.

22. If a scholar is supported during Master's level study by an IDEA-funded grant, other than a leadership preparation grant, and goes on to pursue a doctorate, can the scholar teach other students in a Master's program while completing the doctorate and count that teaching towards fulfilling the service obligation the scholar incurred while studying for his or her masters degree?

No. Because it is expected that scholarship recipients fulfill a service obligation that is sufficiently related to the training for which assistance was provided, the scholar would have to provide special education or related services to children with disabilities or early intervention services to infants and toddlers and their families, rather than teach other students, in order to meet the service obligation requirements of the regulations. The service obligation requirements were adopted in response to the continued shortages of qualified personnel providing special education, related

services, and early intervention services; therefore scholars supported with personnel training funds, other than leadership preparation funds, must fulfill their service obligation in addressing the demand for special education teachers, related service, or early intervention service providers.

Operational

23. Which scholars are affected by the service obligation statutory requirement and regulations?

Because the statutory service obligation requirement was added by the 1997 amendments, any grantee to whom the Department made an initial grant award from October 1, 1997, the effective date of the 1997 amendments, through January 9, 2000 must ensure that scholars who receive a scholarship comply with the work or repay requirement if such a requirement was a part of the Federal request for applications. Any assistance received after January 10, 2000, the effective date of the regulations, is subject to the specific requirements set forth in the regulations. Scholars receiving assistance under a grant initially funded prior to October 1, 1997 are not subject to the work or repay requirements of the 1997 amendments, even if the scholar continues to receive assistance from that grant, because the service obligation applies only to those grantees who applied and were funded after the 1997 amendments.

24. When in the award process must the scholar sign the repayment agreement?

An institution receiving a training grant under IDEA must ensure that any scholar receiving scholarship assistance from the grant signs and dates a "repayment" agreement prior to the initial disbursement of any scholarship funds on his or her behalf, including the payment or crediting of tuition. The institution must fully disclose to the IDEA scholar the terms and conditions of the repayment requirement in the application for an IDEA scholarship. The written agreement must contain the terms and conditions required by the regulations at 34 CFR 304.23.

25. What is the "exit certification" that the grantee must provide in writing when a scholar completes his or her program?

The grantee must establish policies and procedures for receiving written certification from scholars at the time of exit from the program. The certification must identify--

- (1) The number of years the scholar needs to work to satisfy the work requirements of the regulations.
- (2) The total amount of scholarship assistance received subject to the work-or-repay requirements.
- (3) The time period during which the scholar must satisfy the work requirements.

(4) All other obligations of the scholar.

26. To whom must the scholar report his or her whereabouts, jobs, employment settings, or inability to procure or maintain employment?

The grantee that administered the IDEA training grant is responsible for maintaining the location of scholars supported under the training grant, and their employment, until the work or repay requirements are met. Scholars, therefore, are expected to provide any information requested by the institution that is needed to determine whether the scholar has fulfilled the service obligation requirements or needs to repay the scholarship. Moreover, scholars are required to keep their institutions apprised of changes in address, employment settings or job status throughout the period of their service obligation.

27. Must the grantee establish a specific tracking system to follow and monitor former scholars?

A specific tracking system is not required by the regulations. However, grantees must establish policies and procedures, including some sort of system to determine the compliance of their scholars with their service obligations outlined in the required agreement between each scholar and the grantee. Grantees are free to utilize existing practices at their institution, modify these procedures, or develop new procedures specific to graduates of IDEA training programs. In order to facilitate the grantee's responsibility to ensure that the scholar is fulfilling his or her work or repay requirements, the regulations require the scholar to provide information as requested by the grantee. The regulations require the scholar to notify the grantee institution of changes in address and employment status throughout the duration of the service obligation.

28. Who is responsible for notifying the Secretary when a scholar is in repayment status, and how is that responsibility fulfilled?

As soon as the grantee is aware that the scholar will not repay the assistance through employment the grantee must notify the Secretary that the scholar is in repayment status by forwarding the scholar's name, address, social security number and repayment amount due to the following address:

OSEP Service Obligation Contact
U. S. Department of Education
Office of Special Education Programs, 4612 MES
Washington, D.C. 20202-2734.

29. Who collects the funds repaid by a scholar if the scholar does not fulfill the service obligation through qualifying employment?

The Secretary of the Department of Education is responsible for collecting the funds (principal, interest and collection costs) according to a schedule established by the Secretary if a scholar does not comply with his or her service obligation requirements.