



DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM SUPPORT CENTER

STUDENT LOAN REPAYMENT PLAN
(PROGRAM SUPPORT CENTER (PSC) AND
PSC-SERVICED HHS COMPONENTS)

PURPOSE

Section 5379 of Title 5, United States Code, and Part 537 of Title 5, Code of Federal Regulations (CFR), establish the statutory and regulatory authority for the use of student loan repayment of up to \$6,000 per year with a maximum of \$40,000 per employee as a recruitment or retention incentive. This plan provides the parameters for implementation of the incentive for Department of Health and Human Services (HHS), Operating Divisions (OPDIVs) and Staff Divisions (STAFFDIVS) that are serviced by the PSC, Human Resources Service (HRS). PSC-serviced activities may develop supplements to this plan, but such supplementation must be coordinated with PSC.

REFERENCES

The Office of Personnel Management (OPM) has published reference materials on the Federal Student Loan Repayment Program on its Office of Compensation Administration web site at <http://www.opm.gov/oca/pay/StudentLoan>. The materials include: (1) general information about the Federal Student Loan Repayment Program; (2) Student Loan Repayment Program Questions and Answers; (3) Student Loan Repayment Program Questions and Answers on Tax Liability; (4) 5 USC 5479 (the law establishing the Program); and (5) 5 CFR Part 537 (the regulations implementing the Program). Copies of these documents will also be available from HRS/PSC. This plan should be read in conjunction with these references, especially 5 CFR 537 and the Questions and Answers.

APPLICABILITY

This plan applies to any HHS organization that receives human resources services from HRS/PSC, hereafter collectively referred to as PSC-serviced activities.

ELIGIBILITY

Repayment of student loans is limited to those for outstanding federally insured loans made by educational institutions or banks and other private lenders as authorized by the Higher Education Act of 1965 and the Public Health Service Act. A PSC-serviced activity may offer student loan repayment to facilitate the recruitment or retention of highly qualified employees who meet the eligibility criteria established in 5 CFR 537.104.

The incentive may be paid provided there is a written determination by the approving official designated in supplementation to this plan, that, in the absence of student loan repayment, the PSC-serviced activity would encounter difficulty in filling the position or retaining an employee in that position. Determinations for recruitment purposes must be made before the employee enters on duty. Determinations for retention purposes must be based on the qualifications of the employee or the special need of the agency for the employee's services, and that, in the absence of offering loan repayments, the employee would be likely to leave the Federal service. At the discretion of the approving official, this authority may be used to repay student loans on which the employee has defaulted. When selecting employees to be recipients, the PSC-serviced activity shall consider both equitable treatment and diversity of the workforce.

NOTE: Employees receiving a Physicians' Comparability Allowance (PCA) under 5 CFR 595.105(e) are eligible for student loan repayment. However, the PCA amount must be reduced by an amount equal to any loan repayment assistance received under the program.

AUTHORITY AND USE

Heads of the OPDIVs and STAFFDIVS have the authority to approve the repayment of student loans, and may further delegate this authority. Prior to approval, the written determination must be reviewed by PSC/HRS to verify that the employee and the loan meet the criteria established by 5 CFR 575. The request and approval form included as attachment 3 must be used for documenting reviews and approval.

Student loan repayment may be used for **recruitment** any time the OPDIV or STAFFDIV can demonstrate that the potential employee has skills that have been historically difficult to find and that, absent the use of student loan repayment, the potential employee will likely seek employment outside the Federal government.

Student loan repayment may be used for **retention** any time the OPDIV or STAFFDIV can demonstrate that the employee has high or unique qualifications that are essential to the agency, the employee fills a special need of the agency and a replacement would require extensive training and/or recruitment, and that, absent the use of student loan repayment, the employee will likely leave HHS for employment outside the Federal government.

CRITERIA

Criteria that must be met or considered in authorizing loan repayments include the size and timing of the payment and budget considerations. In supplements to this plan, PSC serviced activities may include activity-specific criteria for determining repayments to be authorized.

In determining size of the repayment, the OPDIV or STAFFDIV should consider the type of position occupied by the employee; the difficulty in filling the position; the level of knowledge, skill, or ability possessed by the employee; and any other factor considered relevant by the approving official. Additional considerations may be described in OPDIV/STAFFDIV supplements to this plan.

For PSC-serviced activities, the payment will be a one-time, after-tax, lump sum payment to the creditor in each year that the employee is deemed eligible and for which the payment is approved.

The OPDIV/STAFFDIV will ensure the availability of funds prior to authorizing any student loan payment.

SERVICE AGREEMENT

Before any student loan repayment may be made, the employee must sign a written agreement (*page 3*) requiring a minimum of 3 years employment with the OPDIV or STAFFDIV making the payment. Additional payments made during the 3-year service agreement do not require an extension of the agreement. For each payment made beyond the 3-year service agreement, one additional year of service is required.

The service agreement period begins when the first payment is made to the holder of the loan. Additional conditions are included in the attached service agreement. Employees who do not complete periods of service under the terms of the service agreement are subject to the debt collection process. In addition to waivers authorized by 5 CFR 537, waivers may be considered when an employee accepts a position in a different OPDIV or STAFFDIV, when an employee is separated by death or disability retirement, or in other cases where the approving authority determines that debt recovery would be against equity and good conscience.

PROCEDURES

In order to process the reimbursement request; the following documents must be submitted to HRS/PSC:

- approved written determination that the student loan repayment is necessary.
- Outstanding Loan Information (*page 4*)
- signed Service Agreement; and
- a copy of a statement from the employee's lending institution verifying the indebted amount as well as the account and EFT routing numbers.

DOCUMENTATION AND RECORDKEEPING

The final, approved written determination, the signed service agreement, and a copy of the SF 50 will be maintained in the PSC/HRS for a period of 3 years following completion of the required service or until completion of a formal OPM evaluation of the program, whichever comes first. The SF-50 will be also filed on the permanent side of the employee's Official Personnel Folder, and the Service Agreement will be filed on the temporary side.

For purposes of this program, PSC established Nature of Action Code 9490, Student Loan Reimbursement, with Legal Authority Code ZLM/5 USC 5379. The SF-50 will show the beginning of the current pay period as the effective date, the total amount of the reimbursement in Block 20, and the following statement in the remarks section: "Reimbursement total amount \$ _____."

WITHHOLDING AND POSTING LOAN REPAYMENT

Federal income tax withholding due on supplemental wages is calculated under the flat rate method. The correct amount of Federal income tax withholding is calculated by taking a flat 28 percent of the supplemental wages. State taxes are calculated based on the employee's current withholdings. Social Security tax and Medicare tax withholdings are calculated at the usual rates and are in addition to both the 28 percent Federal income tax withholding and the appropriate state income tax withholdings. The loan repayment is reported as Wages in Box 1 of Form W-2, Wage and Tax Statement, and as Medicare Wages in Box 5 of Form W-2. The repayment is also reported as social security wages in Box 3 of Form W-2.

STUDENT LOAN REPAYMENT SERVICE AGREEMENT

NAME (Print or Type - First, Last, MI)	SOCIAL SECURITY NUMBER	OPDIV/STAFFDIV
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In consideration of the student loan repayment benefit for which I qualify under 5 U.S.C. 5379 as implemented by the regulations of the U.S. Office of Personnel Management (5 CFR, Part 537), the policies of the Department of Health and Human Services, and the

_____, I hereby agree:

1. To serve in _____ for 3 years (initial contract or 1 year extensions).
2. The amount of the student loan repayment benefit is \$ _____ (up to \$6,000). The payment received by my financial institution will not reflect amount of the repayment benefit as stated above. This repayment benefit is taxable. I understand that commitment to repay my loan is for one year, subject to yearly extensions.
3. If the agency provides student loan repayment benefits in the 2nd or 3rd years of the agreement, I am only obligated to serve the three years as stipulated by this agreement.
4. If the agency provides student loan repayment benefits beyond 3 years, I am obligated to serve one additional year for each payment made.
5. The service agreement is effective _____ (mm/dd/yy) through _____ (mm/dd/yy).
6. This service agreement in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service. That acceptance of this agreement does not alter the conditions or terms of my employment; accordingly, this agreement will not preclude nor limit the Agency from effecting personnel actions as may be appropriate.
7. That in the event I voluntarily leave HHS, or in the event that I am involuntarily separated for misconduct or performance before completing the agreed upon period of service, I will be indebted to the Federal Government and must reimburse HHS for the full amount of any student loan repayment benefits received under this service agreement.
8. I am responsible for making loan payments on the portion of the loan that continues to be my responsibility.
9. The student loan repayment benefits made do not exempt me from my responsibility and/or liability for the loan.
10. I am responsible for any income tax obligation resulting from the student loan repayment benefit.
11. HHS/_____ is not responsible for any late fees assessed by the lender if the student loan repayment benefit is not received on time.
12. The student loan repayment benefits made on my behalf from the Federal Government have/will not exceed the maximum amount of \$40,000.
13. Other condition(s) agreed to by employee and the OPDIV:

I AGREE TO THE TERMS OF THIS SERVICE AGREEMENT

SIGNATURE	DATE
NAME (Print/Type)	

STUDENT LOAN REPAYMENT SERVICE AGREEMENT OUTSTANDING LOAN INFORMATION

NAME (<i>Print or Type - First, Last, MI</i>)	SOCIAL SECURITY NUMBER
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NOTE: The following information is required for each lender of loan(s) being considered under the Student Loan Repayment Program.

LOAN INFORMATION *

NAME OF THE FEDERALLY FUNDED LOAN RECEIVED (*Federal Stafford Loan, Federal Plus Loan, Federally Insured Student Loan, etc.*)

DATE LOAN WAS OBTAINED	REMAINING BALANCE OF LOAN
	\$
ACCOUNT NUMBER FOR ELECTRONIC FUND TRANSFER (EFT)	ROUTING TRANSIT NUMBER FOR EFT

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

LENDING INSTITUTION

NAME OF LENDING INSTITUTION (*holder of the loan, i.e., bank, educational institution, etc.*)

ADDRESS	TELEPHONE NUMBER	
	()	
CITY	STATE	ZIP CODE

SERVICING AGENT

NAME OF SERVICING AGENT (*if different from Lending Institution to whom payments are sent*)

ADDRESS	TELEPHONE NUMBER	
	()	
CITY	STATE	ZIP CODE

AUTHORIZED OFFICIAL FOR THE LENDING INSTITUTION

NAME	
TITLE	TELEPHONE NUMBER
	()

FEDERAL TAX INFORMATION

FEDERAL TAX IDENTIFICATION NUMBER OR EMPLOYER IDENTIFICATION NUMBER (EIN)

REQUEST FOR AND APPROVAL OF STUDENT LOAN REPAYMENT BENEFIT UNDER THE STUDENT LOAN REPAYMENT PROGRAM (5 U.S.C. 5379)

NAME (Print or Type - First, Last, MI)		SOCIAL SECURITY NUMBER
TITLE	SERIES/GRADE/STEP	TYPE OF APPOINTMENT
TOTAL AMOUNT OF STUDENT LOAN REPAYMENT BENEFIT RECEIVED TO DATE (Include the Requested Amount) \$ _____		STUDENT LOAN REPAYMENT BENEFIT AMOUNT REQUESTED \$ _____
STUDENT LOAN REPAYMENT BENEFIT FOR YEAR NUMBER (Check One) <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> Other _____		CURRENT BALANCE OF OUTSTANDING LOAN \$ _____
NOTE: Service Agreement must be attached to this Request form.		NOTE: Official Documentation from loan holder documenting loan balance and type of loan must be attached to this Request form.

COMPENSATION

Base/Locality Pay \$ _____

Other Continuing Pay, e.g., PSP, retention allowance \$ _____

Other Payments, e.g., lump sum payments \$ _____

Student Loan Repayment Benefit Amount \$ _____

TOTAL COMPENSATION \$ _____

RECOMMENDING OFFICIAL	TITLE	DATE
CERTIFICATION OF FUNDS	TITLE	DATE
PERSONNEL OFFICIAL	TITLE	DATE
APPROVING OFFICIAL	TITLE	DATE
EFFECTIVE DATE	EXPIRATION DATE	

REIMBURSEMENT FOR PROFESSIONAL LIABILITY INSURANCE

(PROGRAM SUPPORT CENTER (PSC) AND PSC-SERVICED HHS COMPONENTS)

PURPOSE

Section 636 of the Treasury Postal Service, and General Government Appropriations Act, 1997, as amended by Public Law 106-58, Section 642, effective October 1, 1999, requires agencies to use funds appropriated for salaries and expenses to pay an amount not to exceed one-half the costs for eligible employees who purchase professional liability insurance. This instruction sets out the policy and procedures for implementation of this amended legislation in the PSC and in Department of Health and Human Service (HHS) Operating Divisions (OPDIVs) and Staff Divisions (STAFFDIVs) that are serviced by the PSC, Human Resources (HRS). PSC-serviced activities may develop supplements to this plan, but such supplementation must be coordinated with PSC.

BACKGROUND

In 1996, Congress enacted Public Law 104-208 which amend 5 U.S.C. Part III, Subpart D, Ch. 59, Subchapter 4, Historical and Statutory Notes, and authorized agencies to pay not more than one-half of the cost of professional liability insurance for supervisors, management officials, and law enforcement officers. Professional liability insurance, which can be purchased from private organizations by such individuals, generally covers the cost of a legal defense and damages arising from lawsuits against a Federal employee based on the employee's errors or omissions in the performance of his or her job. In the Treasury Appropriation Act for Fy 2000 cited above, the discretionary agency reimbursement authority was made mandatory.

In the majority of situations, the U.S. Department of Justice will defend management officials and supervisors (without charge) when a wrongful act or omission is alleged to have been committed while they are acting within the scope of their Federal employment. It is unlikely that there will be many incidents, if any, where individual supervisors actually need professional liability insurance. However, if managers and supervisors desire this insurance and purchase it, such officials now will be reimbursed for not more than one-half the cost. In accordance with the statute, the beneficiaries of this agency reimbursement obligation are limited to supervisors, management officials and law enforcement officers.

POLICY

Eligible employees who purchase professional liability insurance to cover their work activities, upon submission of required evidence of such purchase, will be reimbursed one-half of the cost of professional liability insurance.

DEFINITIONS

1. **Professional Liability Insurance** means insurance that provides coverage for:
 - a. **Legal liability for damages** due to injuries to other persons, damage to their property, or other damage or loss to such other persons (including the expenses of litigation and settlement) resulting from or arising out of any tortious act, error, or omission of the covered individual (whether common law, statutory or constitutional) while in the performance of such individual's official duties as a qualified [eligible] employee; and
 - b. **The cost of legal representation** for the covered individual in connection with any administrative or judicial proceeding (including any investigation or disciplinary proceeding) relating to any act, error, or omission of the covered individual's official duties as a qualified [eligible] employee, and other legal costs and fees relating to any such administrative or judicial proceeding.
2. **Supervisors and Management Officials** have the respective meanings given them by Section 7103(a) of Title 5. This section defines the terms as follows:
 - a. **Supervisors** are ". . . individuals employed by an agency having authority in the interest of the agency to hire, direct, assign, promote, reward, transfer, furlough, layoff, recall, suspend, discipline, or remove employees, to adjust their grievances, or to effectively recommend such action, if the exercise of the authority is not merely routine or clerical in nature but requires the consistent exercise of independent judgment, except that, with respect to any unit which includes firefighters or nurses, the term "supervisor" includes only those individuals who devote a preponderance of their employment time to exercising such authority."
 - b. **Management Officials** are ". . . individuals employed by the agency in positions the duties and responsibilities of which require or authorize the individuals to formulate, determine, or influence the policies of the agency."

DEFINITIONS *(continued)*

3. **Law Enforcement Officers** are employees, the duties of whose positions are primarily the investigation, apprehension, prosecution, or detention of individuals suspected or convicted of offenses against the criminal laws of the United States.
4. **Eligible Employees** are employees who meet the definitions in paragraphs 2 and 3 above.

PROCEDURES FOR OBTAINING REIMBURSEMENT FOR PROFESSIONAL LIABILITY INSURANCE

Eligible employees wishing to apply for reimbursement of one-half the cost of professional liability insurance must submit Standard Form 1164, Claim for Reimbursement for Expenditures on Official Business, approved by a designated management official of the employee's agency. Along with this form the employee must submit a copy of: (1) the insurance bill in the employee's name indicating that it is for professional liability insurance, the period of this policy, and the full amount of the policy; and (2) a paid receipt for the full cost of the insurance (if a check is used as the paid receipt, a copy of both sides of the cancelled check is required).

The SF-1164 with documentation must be forwarded through normal administrative channels and through PSC/HRS for verification of employee eligibility prior to signature by the Certifying Official to whom the OPDIV/STAFFDIV has delegated authority to approve these reimbursements.

The original of the certified SF-1164 will be forwarded to the General Accounting Branch, Financial Management Service, PSC, for payment. A copy of the certified SF-1164 and attachments must be forwarded to PSC/HRS/DPO, Room 17-27, Parklawn Building, Rockville, Maryland 20857.