



FINANCIAL CRIMES ENFORCEMENT NETWORK

Check one: Issuance Bulletin Manual Supplement Amendment Revision

SUBJECT: Student Loan Repayment Program

1. PURPOSE:

This directive establishes policy for implementing FinCEN's Student Loan Repayment Program. This program permits FinCEN to repay Federally insured student loans to facilitate the recruitment and retention of highly qualified employees.

2. SCOPE:

The following employees are eligible for loan repayment assistance:

- a. permanent employees;
- b. employees on term appointments with at least three years remaining on the appointment;
- c. employees serving in excepted appointments with non-competitive conversion to term, career, or career-conditional appointments (e.g., Presidential Management Interns, Veterans Readjustment Appointment (VRA), and career interns);
- d. temporary employees under 5 CFR §315.704 who are serving on appointments leading to conversion to term or permanent appointments; and
- e. employees in both competitive and excepted service positions, but not employees who serve in a confidential, policy determining, policymaking, or policy advocating positions (i.e. Schedule C employees).

3. AUTHORITIES:

5 U.S.C. §5379; 5 CFR Part 537; Federal Employee Student Loan Assistance Act (S.926) and Treasury Personnel Policy Manual Chapter 537.

4. DEFINITIONS:

- a. Qualified Loans includes loans made, insured or guaranteed under parts B, D, or E of Title IV of the Higher Education Act (HEA) of 1965 or health education assistance loans made or insured under Part A of Title VII of the Public Health Service Act (PHSA) or under Part E of Title VII of that Act.

(1) Loans covered under the Higher Education Act include such loans as:

- Federal Stafford Loans – including Federal subsidized, Federal unsubsidized, direct subsidized, and direct unsubsidized loans;
- Federal Plus Loans – Federal and Direct Plus Loans ;
- Federal Consolidation Loans – direct subsidized, direct unsubsidized, and Federal Consolidation Loans;
- Defense Loans -- made before July 1, 1972;
- National Direct Student Loans--made between July 1, 1972 and July 1, 1987; and
- Federal Perkins Loans.

(2) Loans covered under the Public Health Service Act include loans made under the:

- Nursing Student Loan Program;
- Health Profession Student Loan Program; and
- Health Education Assistance Loan Program loans.

- b. Student Loan Repayment Request (Fin 054) is attached to this directive and is the form used to document the loan repayments requested and the basis for recommending repayment.
- c. Student Loan Repayment Service Agreement (Fin 054a) is attached to this directive and is the form used to document the amount of the repayments authorized, specify the conditions, and obtain signatory approvals by the parties involved.
- d. Loan Repayment Processing (Fin 054b) is attached to this directive and is the form used to:
(a) obtain information from the Loan Holder about the student loans and where to submit payments and (b) submit that information to the National Finance Center.

5. PROGRAM GUIDELINES:

a. Authorized Loan Repayments:

- (1) Must be for one or more of the specified Qualified Loans, as described in the Definition in Section 4.a. of this directive.
- (2) Loans purchased or sold by the original holder are still eligible for repayment, assuming the other conditions of the regulations are met.
- (3) The level of academic degree and achievement of the academic requirements have no bearing on whether a loan qualifies for repayment.
- (4) FinCEN will not exclude an applicant or employee from consideration for loan repayments based on that applicant having previously defaulted on such a loan.
- (5) Repayments are legally authorized for up to \$10,000 per calendar year, with a \$60,000 lifetime maximum for any individual.

- (6) More than one loan may be repaid so long as the combined payments do not exceed the above limits.

b. General Criteria for payment:

- (1) A determination in writing that in the absence of loan repayment benefits FinCEN would have difficulty filling a position with a highly qualified candidate or retaining a highly qualified employee.
- (2) While a student loan repayment incentive may be used in concert with other recruitment and retention incentives, the cost/benefit effects and precedents of using multiple incentives should be prudently evaluated.
- (3) FinCEN will 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.

c. Loan Repayments for Recruitment Purposes:

- (1) Evidence of the need to offer loan repayment may be based on the success of recent efforts to recruit suitable candidates for similar positions as indicated by such factors as:
 - (a) offer acceptance rates;
 - (b) the proportion of positions filled;
 - (c) the length of time in filling positions;
 - (d) recent turnover in similar positions; and
 - (e) any special qualifications needed.
- (2) Considerations in determining the amount that FinCEN will repay include the:
 - (a) criticality of filling the position;
 - (b) difficulty in recruiting good candidates;
 - (c) non-Federal salaries for comparable positions;
 - (d) degree to which the candidate offers superior and unique qualifications;
 - (e) current salary and benefits of the candidate;
 - (f) competing job offers; and

- (g) budget availability.
- (3) Each determination for recruitment purposes and the amount to be paid must be made before the employee enters on duty.
- d. Loan Repayments for Retention Purposes:
 - (1) Evidence of the need to offer loan repayment may be based on the:
 - (a) unique or high qualifications of the employee;
 - (b) special needs that make it essential to retain the services of the employee;
 - (c) likelihood the employee would leave for employment outside the Federal service if a loan repayment benefit is not granted;
 - (d) extent that the employee's departure would affect FinCEN's ability to carry out an activity or perform an essential function.
 - (2) Considerations in determining the amount that FinCEN will repay include the:
 - (a) difficulty, cost, and time involved in refilling the position;
 - (b) criticality of not having the position vacant for a significant period of time;
 - (c) value of the employee's knowledge and insights of FinCEN's operations.
 - (d) salary and benefits of documented competing job offers; and
 - (e) budget availability.
- e. Loan repayment guidelines
 - (1) Payments may be applied only to indebtedness outstanding at the time the agreement is signed.
 - (2) No payment may be made before a selectee enters on duty.
 - (3) FinCEN's agent (i.e. the National Finance Center) will make payments on behalf of the employee directly to the lending institution holding the loan.
 - (4) Payments will be made biweekly in proportion to the annual amount approved.
- f. Termination of benefits:
 - (1) Employees receiving loan repayment benefits will be ineligible for continued benefits if they fail to maintain a fully satisfactory level of performance, violate any of the conditions of the service agreement, or separate from FinCEN for any reason.

- (2) FinCEN has the right to terminate this agreement at any time, for any reason, including lack or shortage of funds.
- g. Service Agreement: Before any loan repayments may be made, the employee must sign the Student Loan Repayment Service Agreement (Fin 054a). If the period of loan repayments is extended beyond three years, a further agreement is not necessary, because FinCEN's biweekly loan repayments will be made only so long as the employment with FinCEN continues.
- h. Failure to complete the terms of the service agreement:
- (1) The Student Loan Repayment Service Agreement specifies the conditions under which repayment by the employee is required. An employee must reimburse FinCEN for loan repayments that FinCEN has made on behalf of the employee if the employee fails to complete the service agreement because the employee:
- (a) voluntarily separates from Federal civilian service;
 - (b) is separated involuntarily because of performance or misconduct;
 - (c) transfers to work for an organization outside of Treasury; or
 - (d) does not maintain an acceptable level of performance as indicated by a rating below fully successful or being placed on a performance improvement plan.
- (2) If an employee fails to reimburse FinCEN in accordance with the provisions of the service agreement, the amount outstanding will be recovered from the employee under established debt collection procedures.
- (3) If an employee leaves FinCEN for a position elsewhere in the Department of the Treasury and completes three year service of service with the Department of the Treasury (without a break), repayment to FinCEN is not required. However, no further loan repayments are made when the employee leaves FinCEN.
- i. Waiver of Repayment
- (1) When an employee is separated by death or disability retirement, or is unable to continue working because of disability evidenced by acceptable medical documentation, repayment is automatically waived.
- (2) Repayment may be wholly or partially waived at the discretion of FinCEN if recovery would not be in the public interest or would be against equity and good conscience.

6. RESPONSIBILITIES:

- a. Human Resources Section is responsible for the overall program administration and:
- (1) provides guidance and assistance to managers and supervisors in the interpretation and implementation of legal, regulatory and procedural program requirements;

- (2) provides and explains information about the program features to interested applicants and employees;
 - (3) provides and transmits the necessary forms and other related documents to the appropriate individuals/organizations and assures that they are complete and accurate;
 - (4) maintains records and prepares reports related to the program; and
 - (5) evaluates program operations on a continuing basis and at periodic intervals to assure that the program is effectively accomplishing its purpose.
- b. Supervisors and Management Officials are responsible for initiating recommendations for student loan repayments based on an assessment that in the absence of loan repayment benefits it would be difficult to recruit or retain a highly qualified employee.

7. APPROVING OFFICIALS:

- a. Director of FinCEN or the appropriate Deputy Director approves the agreement.
- b. Human Resources Staff - Advises the approving official as to legal, regulatory, consistency, and equity considerations bearing on approval.

8. APPROVAL PROCESS

- a. When a Supervisor determines that an SLRP incentive may be necessary to recruit or retain an individual, that supervisor should:
 - (1) Consult with the individual who will serve as the recommending official, generally an Assistant Director or equivalent.
 - (2) Consult with the HR staff to determine whether the specific situation appears to meet the SLRP criteria.
 - (3) Initiate the Student Loan Repayment Request form and submit it to HR.
- b. HR explains the provisions of the program to the applicant/employee and has the individual complete and sign the Student Loan Repayment Request form.
- c. HR Officer (or designee) determines that the proposed loan repayment meets legal, regulatory and policy requirements, checks funds availability, and submits both the Student Loan Repayment Request form and the Loan Repayment Processing form to the lender(s) to certify the loan information.
- d. When the loan is certified by the lender, the HR Officer submits the Agreement to the Director of FinCEN or appropriate Deputy Director for official approval.

- e. When the request is officially approved, the HR staff:
 - (1) Notifies the appropriate Assistant Director and subordinate manager.
 - (2) Informs the selectee (or employee) of the approval.
 - (3) Submits the Loan Repayment Processing form to the paying office (NFC) when the appointment date is set.

9. RECORDS AND REPORTS:

Human Resources will maintain all documents relating to the approval or disapproval of student loan repayments and conduct analyses and prepare reports of student loan repayment usage for internal use and consideration and to respond to external requests.

10. OFFICE OF PRIMARY INTEREST: Human Resources Section, Office of Management

/s/
James F.Sloan
Director

