



DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY OPERATIONS SUPPORT COMMAND
1 ROCK ISLAND ARSENAL
ROCK ISLAND, IL 61299-6000

REPLY TO
ATTENTION OF:

AMSOS-HR (690-300)

17 APR 2002

MEMORANDUM FOR All OSC Commanders and Civilian Personnel Advisory Centers

SUBJECT: Guidance on Repayment of Student Loans

1. Reference memorandum, HQ AMC, AMCPE-F, 3 Apr 02, SAB (encl).

2. Referenced memorandum, with enclosures, transmits basic guidance from DOD and DA regarding this program and delegates authority for the program to officials who exercise personnel appointing authority at your installations. You can use the program as both a recruitment and retention tool for recruiting or retaining high quality candidates/employees. A couple of the critical elements of the delegations are:

a. You must establish criteria for candidate selection and loan repayment determinations before approval of the loan repayment incentive.

b. You must use the authority for highly qualified candidates/employees only.

c. You must verify the existence of and the balance remaining on qualifying outstanding loans.

d. You must assess whether the employee would be likely to leave the Federal Service. Our interpretation of this provision is that it applies when using the program as a retention incentive with current employees.

e. You must keep records for post-audit and reporting purposes. Our interpretation of this provision is that it applies to all uses of the program.

f. You must meet any statutory and contractual labor relations obligations as they apply to this program in local applications.

AMSOS-HR

SUBJECT: Guidance on Repayment of Student Loans

3. An element not mentioned in the delegations but just as critical is the need for you to work with your Resource Management offices to ensure that funding is available before commitment to candidates/employees. Since no funds are provided with the delegations, we recommend that you jointly develop plans locally on how many incentives or what total dollar figure you can afford in use of the program each year. In developing those plans, we suggest that you consider the basic intents of the program that are to recruit and to retain highly qualified individuals. In that light, you need to consider developing your local program such that you not only are able to attract high quality candidates, but that you also are able to retain them after they pay back their loans. One example would be to bring GS candidates in at GS-05 or GS-07 with a target of GS-11 or GS-12 with a loan repayment period of 6 years. At the end of the period, the employee would have a salary in the range of \$48,000 to \$58,000 and 6 years invested in the retirement program. That hopefully makes the salary and benefits comparable to those in the private sector and encourages the employee to make a career in the Federal Government.

4. The POC is Mr. Dan Dickman, AMSOS-HRC, DSN 793-4497, e-mail dickmand@osc.army.mil.

Encl

Diana L. Balmer

DIANA L. BALMER

Director for Human Resources
and Employee Wellness



DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND
5001 EISENHOWER AVENUE, ALEXANDRIA, VA 22333 - 0001

REPLY TO
ATTENTION OF

AMCPE-F

03 APR 2002

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Guidance on Repayment of Student Loans

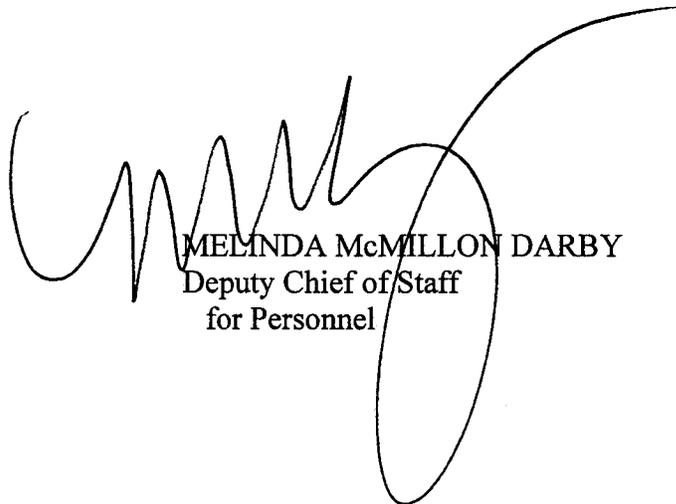
1. The enclosed memorandum, dated November 26, 2001, is forwarded for your information and action, as required.
2. We have enclosed the Department of the Army and the Department of Defense Student Loan Repayment Plans for your immediate implementation. This authority is delegated to the official(s) who exercise(s) personnel appointing authority, normally, the head of the installation or activity. These officials are encouraged to use this authority in their reshaping efforts, especially to recruit and retain high quality candidates. When using the authority, officials must assess whether the employee would be likely to leave the Federal Service and keep records for post-audit and reporting purposes. Payments shall not exceed \$6,000 per calendar year up to a lifetime total of \$40,000 per person.
3. Where this program impacts bargaining unit employees' conditions of employment, activities are reminded of their statutory and contractual labor relations obligations.
4. The point of contact is Ray Paige, DSN 767-3550, or commercial (703) 617-3550.

FOR THE COMMANDER:

2 Encls

Distribution:

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B



MELINDA McMILLON DARBY
Deputy Chief of Staff
for Personnel

Encl

November 26, 2001

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Guidance on Repayment of Student Loans

On October 17, 2001, the Office of the Assistant Secretary of Defense authorized the Department of the Army authority to approve student loan repayments. Enclosed is a copy of the delegated authority and the Department of Defense Student Loan Repayment Plan for immediate implementation. Under this program agencies are allowed to pay all or part of an outstanding federally insured student loan to recruit and retain highly qualified employees. The repayment of student loans can be used in conjunction with other recruitment incentives.

The repayment of student loan guidance issued by DoD was written to allow agencies maximum flexibility. As such, the following information should be used along with the DoD guidance and Title 5 U.S.C. § 5379 when determining eligibility and criteria.

Within the Department of the Army, authority to approve repayment of student loans may be delegated to the lowest practical level.

Managers will verify the existence of, and the balance remaining on qualifying outstanding loans by requesting the candidate/employee provide a letter from the loan holder containing this information.

Managers will provide the Customer Service Representative a copy of the signed service agreement for forwarding to the Defense Finance and Accounting Service in order to begin payments to the loan holder.

A copy of the verification of the employee's outstanding federally insured student loan, the manager's justification for authorizing the loan repayment, and a copy of the service agreement will be maintained on the left -hand side of the Official Personnel Folder.

Where this program impacts bargaining unit employees' conditions of employment, activities should be reminded of their statutory and contractual labor relations obligations.

//Elizabeth B. Throckmorton signed for//
David L. Snyder
Deputy Assistant Secretary
(Civilian Personnel Policy)

Enclosure: DoD Memo: Authority Delegation - Student Loan Repayment Approval

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DEPUTY CHIEF OF STAFF FOR INTELLIGENCE, ATTN: DAMICP
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OFFICE OF THE JUDGE ADVOCATE GENERAL, ATTN: MS. NUGENT

DIRECTOR

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CIVILIAN PERSONNEL EVALUATION AGENCY
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DIVISION
PLANS AND STRATEGIES DIVISION
POLICY AND PROGRAM DEVELOPMENT DIVISION
PROGRAM SUPPORT DIVISION
SENIOR EXECUTIVE SERVICE OFFICE



FORCE MANAGEMENT
POLICY

ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000



October 17, 2001

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Authority Delegation - Student Loan Repayment Approval

In response to concerns about the human capital challenges facing the Federal government, the Office of Personnel Management (OPM) published final regulations implementing section 5379 of title 5, United States Code. The OPM regulations allow agencies to enhance workforce planning through the use of student loan repayment as a recruitment and retention tool. Effective immediately, the authority to approve student loan repayments is delegated to the heads of the Department of Defense (DoD) Components, as defined in the attached DoD Student Loan Repayment Plan.

The plan requires that the DoD Components establish criteria for candidate selection and loan repayment determinations, prior to approval of the loan repayment incentive. Once criteria are established, DoD Components may immediately apply the plan. A DoD Civilian Personnel Manual subchapter is being drafted.

/original signed/

J. L. Schrader

Acting Deputy Assistant Secretary
Civilian Personnel Policy

Attachment: As stated

-  **Enclosure 2** Qualifying Loans for Repayment of Student Loan Incentive (MS Word)
-  **Enclosure 3** Final Service Agreement (MS Word)
-  **Enclosure 4** Final Student Loan Plan (MS Word)

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encl 2

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QUALIFYING LOANS FOR REPAYMENT OF STUDENT LOAN INCENTIVE

The Higher Education Act covers three families of loans, such as:

Loans covered under the Public Health Service Act include:

Federal Family Education Loans (FFEL)

- Subsidized Federal Stafford Loans;
- Unsubsidized Federal Stafford Loans;
- Federal Plus Loans; and
- Federal Consolidation Loans;

William D. Ford Direct Loan Programs (Direct Loans)

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

Federal Perkins Loan Program

- National Defense Student Loans (made before July 1, 1972);
- National Direct Student Loans (made between 7/1/72 and 7/1/87);
- Perkins Loans (made after July 1, 1987)

Loans covered under the Public Health Service Act include:

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

**DEPARTMENT OF DEFENSE
SAMPLE STUDENT LOAN REPAYMENT SERVICE AGREEMENT**

Title 5 USC 5379 allows repayment of outstanding federally insured student 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. Student loan repayments are made directly to the lender subject to the conditions stated in this agreement. Use of this authority in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service.

CONDITIONS OF EMPLOYMENT

_____ (COMPONENT) _____ agrees to provide a student loan repayment benefit to:

EMPLOYEE	SOCIAL SECURITY NUMBER	POSITION

subject to the conditions of employment stated in this document.

(STATE CONDITIONS OF EMPLOYMENT SPECIFIC TO EACH AGREEMENT AS DESCRIBED IN 5 CFR 537.107(a) HERE OR ATTACH AS SEPARATE PAGE).

CONDITIONS OF LOAN REPAYMENT

I agree to complete _____ (MINIMUM OF THREE YEARS SERVICE) _____. My period of service begins on _____ (DATE) _____. In return, _____ (COMPONENT) _____ will make payments on my outstanding federally insured loan to:

(LENDER NAME AND ADDRESS)

REPAYMENT AMOUNT	YEARS	TOTAL

Increases or renewals made under this part not to exceed \$6000 each calendar year up to a lifetime total of \$40,000 (may/may not) be made without requiring a new period of service. If increases or renewals are made, however, the Department of Defense (DoD) Component shall document the changes on a revised service agreement. The DoD Component shall provide the Defense Finance and Accounting Service (DFAS) with a

copy of the amended service agreement to ensure the size and duration of payments to the loan holder are adjusted accordingly.

LOAN REPAYMENT PROCEDURES

DFAS will make payments to the lender on a biweekly basis. It will determine the amount to be paid by dividing the annual repayment amount by the number of pay periods in the year for which payments are made. This usually will be 26 payments per year, except for years having 27 pay periods. In those cases, 27 biweekly payments will be made. The loan repayment amount will be considered as taxable wages and tax withholding will be made on a biweekly basis as appropriate. The Department of Defense is not responsible for any late fees or penalties assessed by the loan holder(s) prior to, during, or subsequent to this agreement.

LOSS OF ELIGIBILITY FOR LOAN REPAYMENT BENEFIT

I understand I will no longer be eligible for the loan repayment incentive if I voluntarily end my employment with _____ (COMPONENT) _____, am separated for reasons of misconduct or performance, fail to maintain an acceptable level of performance (as defined by each DoD Component), or in any way violate the terms of this agreement.

REIMBURSEMENT OF LOAN REPAYMENT BENEFIT

If I leave DoD before I complete the period of service specified in this agreement, I will reimburse DoD for the entire amount of all loan repayments considered as taxable wages that DoD has made in my behalf.

EMPLOYEE SIGNATURE

DATE

I certify that I have discussed the conditions of the student loan repayment program with this employee.

HRO REPRESENTATIVE SIGNATURE

DATE

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