



# Student Loan Repayment Program (SLRP)

OHR Standard Operating Procedure

Effective Date 09/25/2009

Most Recently Updated 08/25/2015

OFFICE of HUMAN RESOURCES

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## DOCUMENT CHANGE HISTORY

*Record all SOP versions and revisions*

Version Number	Release Date	Summary of Changes	Section	Changes Made By
1	09/25/2009	Creation of SOP.	N/A	CSSED/OHR Jennifer Fry 301-451-7346 fryj@od.nih.gov
2	08/19/2010	Minor edits to document for clarification purposes, addition of form.	All	CSSED/OHR Jennifer Fry 301-451-7346 fryj@od.nih.gov
3	04/13/11	Change in routing procedures and minor edits throughout.	All	CSSED/OHR Jennifer Fry 301-451-7346 fryj@od.nih.gov
4	04/11/2012	Added information about checking with lender to ensure payment went to correct loan account.	Roles and Responsibilities and Procedures and Processes	CSSED/OHR Jennifer Fry 301-451-7346 fryj@od.nih.gov
5	04/23/2013	Allows electronic submission to CSSED of final, approved cases, deletes Appendix, and replaces Student Loan Repayment form.	Roles and Responsibilities, Procedures and Processes, and References	CSSED/OHR Sandy Loether 301-435-7787 loethers@od.nih.gov
6.	06/16/2015	Allows eligibility for current employees who previously received OER repayment loans. Minor edits and clarification of policy.	Coverage - Eligibility; All	CSSED/OHR Sandy Loether 301-435-7877 loethers@od.nih.gov
7.	08/25/2015	Added language about consolidated loans.	Roles and Responsibilities - "SLRP Applicant"	CSSED/OHR Sandy Loether 301-435-7787 loethers@od.nih.gov



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For assistance, please contact OHR, Compensation and Senior/Scientific Employment Division (CSSED), 301-496-0377.

## INTRODUCTION

### *Purpose*

This Standard Operating Procedure (SOP) provides procedures for repaying eligible outstanding federally made, insured, or guaranteed student loans to facilitate the recruitment and retention of highly qualified NIH job candidates and employees.

The Student Loan Repayment Program (SLRP) is not to be confused with any of the NIH Loan Repayment Programs (LRPs) administered by the NIH Office of Extramural Research (OER), Division of Loan Repayment (DLR) for both the Office of Intramural Research (OIR) and the Office of Extramural Research (OER), both of which are administered by the NIH Office of Extramural Research (OER), Division of Loan Repayment (DLR). These programs have different eligibility criteria and procedures. For information about these programs visit the loan repayment program website at <http://www.lrp.nih.gov/>.

### *References*

- [5 United States Code 5379](#)
- [5 Code of Federal Regulations, Part 537](#)
- [OPM SLRP Information](#)
- [HHS Instruction 537-1](#)
- [NIH Manual 2300-537-1, NIH Student Loan Repayment Program](#)
- NIH Manual 1130, Delegations of Authority, [Program: HR: Pay # 19](#)
- “Request for Student Loan Repayment Benefit” ([Form NIH 2851-1](#))
- “Student Loan Repayment Program Service Agreement” ([Form NIH 2851-2](#))
- “Outstanding Loan Information” ([Form NIH 2851-3](#))
- “Waiver of Student Loan Indebtedness” ([Form NIH 2851-4](#))
- [“Student Loan Repayment Form”](#)

### *Background*

NIH employees and job candidates who are eligible for the Student Loan Repayment Program may be considered for loan repayment assistance up to \$10,000 per calendar year, with a \$60,000 lifetime maximum for any individual. Loan repayments are made by lump sum directly to the institution(s) holding the loan(s) on behalf of the employee. More than one federally made, insured, or guaranteed loan may be repaid as long as the combined repayments do not exceed the annual and lifetime limits. Payments may be applied only to indebtedness **outstanding (already disbursed)** at the time the service agreement is signed by the employee and the SLRP request is forwarded to the recommending official for approval. **The SLRP payment authorized may not be greater than the employee’s loan balance (or balance of combined**

08/25/2015

**loans).** Individuals will be considered for participation in the Student Loan Repayment Program on a case-by-case basis based on organizational need, specific case justification, and budget limitations. **The SLRP is not an entitlement and is to be used only to the extent necessary for effective recruitment and retention.**

**Loans Qualifying Under this Authority:** Qualifying student loans are ones that are **made, insured, or guaranteed** under parts B, D, or E of Title IV of the Higher Education Act of 1965; or a health education assistance loan made or insured under Part A of Title VII of the Public Health Service Act, or under Part E of Title VIII of that Act. Non-Federal loans made by educational institutions, banks or other private lenders are eligible as long as they are **insured or guaranteed** by the Federal government. Loans covered under The Higher Education Act include such loans as:

- **Federal Stafford Loans** - includes Federal subsidized, Federal unsubsidized, direct subsidized, and direct unsubsidized loans;
- **Federal Supplemental Loans for Students;**
- **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** – made after July 1, 1987.

Loans covered under the Public Health Service Act include such loans as:

- The Nursing Student Loan Program;
- The Health Professions Student Loan Program; and
- The Health Education Assistance Loan Program.

Note: When an SLRP applicant's loan is consolidated with another individual's loan (e.g. a spouse's) the resulting consolidated loan does not qualify for the Student Loan Repayment Program.

Loan repayment benefits made under this authority are considered to be supplemental income and are subject to Federal income tax, FICA and Medicare withholding, and any state or local income tax that may be applicable. Tax withholdings are deducted from the gross loan repayment amount before the net balance is disbursed to the lending institution. Federal student loan repayments are not subject to the Title 5 aggregate compensation limitation (Executive Level I) under 5 U.S.C. 5307.

## Coverage

NIH may offer student loan repayments to recruit or retain the following full-time or part-time employees:

- Permanent employees (including Title 42 employees serving on indefinite appointments);
- Employees serving on term or excepted appointments with at least 3 years remaining on their appointments (T5 term or Title 42 employees on indefinite appointments);
- Employees serving on excepted appointments that can lead to non-competitive conversion to term, career, or career-conditional appointments (e.g., Veterans' Recruitment Appointments, Presidential Management Fellows); or
- Temporary employees under 5 C.F.R. 315.704 who are serving on appointments leading to conversion to term or permanent appointments.

The following individuals are **ineligible** for the NIH Student Loan Repayment Program:

- Employees who are currently receiving loan repayment through any of the NIH Loan Repayment Programs administered by the NIH OER, Division of Loan Repayment;

- Employees who have reached the yearly or lifetime loan repayment limit;
- Individuals whose student loans are past due, delinquent, or defaulted (but deferred loans and loans in forbearance are eligible);
- Current employees with performance ratings lower than “fully successful;”
- Employees serving on term or excepted appointments with less than 3 years remaining on their appointments at the beginning of the service agreement;
- Employees serving on temporary or excepted appointments that cannot lead to non-competitive conversion to term or permanent appointments;
- Individuals appointed to positions of a confidential, policy determining, policymaking, or policy advocating nature (e.g., under Schedule C of 5 C.F.R. 213.3301);
- Commissioned Corps Officers;
- Individuals who received their diplomas/degrees from unaccredited and/or fraudulent institutions (e.g., diploma mills); and
- Intramural Research Training Award recipients (IRTAs), Visiting Fellows, Guest Researchers/Special Volunteers.

Institutes and Centers (ICs) should consider, in consultation with OHR and as applicable, any labor relations statutes and bargaining unit agreements prior to submitting a SLRP request.

Due to the developmental nature of such programs, it is inappropriate to recommend participation in the SLRP for individuals in programs such as the Pathways Program, or comparable entry level, developmental programs.

## ROLES AND RESPONSIBILITIES

### *SLRP Applicant:*

- Reviews program regulations and applies for repayment of **outstanding** loans that are **federally made, insured, or guaranteed** only.
- Completes forms NIH 2851-1, NIH 2851-2, NIH 2851-3, and the “Student Loan Repayment” form.
- On the NIH-2851-2 form, leaves the service agreement dates blank (dates will be filled in at the end of the process by the Benefits and Payroll Liaison Branch (BPLB), Workforce Relations Division (WRD), OHR).
- Obtains official loan information from lending institution that documents **loan approval date, type of loan, loan balance, and repayment status**. This information must be current and complete. When OER reviews the loan documentation towards the end of the approval process the information may not be older than 90 days. Consolidation promissory notes should show the borrower’s name, list of loans included in the consolidation and their loan types, borrower’s signature, and loan date. PLUS promissory notes should show the borrower’s name, student’s name, borrower’s signature, and loan date. In lieu of the promissory note, an official statement from the lender indicating the required information described above will suffice.
- Submits a new NIH 2851-1, NIH 2851-3, “Student Loan Repayment” form, and loan documentation each year they are applying for the SLRP. For participation in years two and three already under a service agreement, provide a copy of the original request package.
- Forwards all forms to the IC Administrative Officer (AO) or Recommending Official per internal IC procedures.
- Makes payments on the remaining balance of student loans that continue to be their responsibility.
- Pays tax obligations resulting from any loan repayment authorized.
- Fulfills the terms and conditions of their service agreement (three years initially and one year increments subsequently). Notifies their supervisor if they are unable to fulfill the service agreement.
- Maintains “fully successful” (or above) performance rating.

### *Recommending Official:*

- Complies with merit principles and ensures fair and equitable application of SLRP program regulations and procedures.
- Provides specific rationale for justifying a student loan repayment for a job candidate or employee based on the criteria found in NIH Manual Chapter 2300-537-1. Writes the justification memorandum for the SLRP and signs form NIH 2851-1.
- Notifies their servicing Office of Human Resources (OHR), Client Services Division (CSD) Branch if the employee violates any condition of their service agreement.

### *IC Administrative Officer:*

- Certifies that sufficient funds are available for this benefit.
- Ensures that the justification memorandum contains all necessary elements to justify the employee participating in the program.
- Tracks the approval and routing of the student loan repayment request package both internally within the IC, and externally with OHR and OER.
- Monitors employee service agreements to identify employees who fail to complete the terms of the agreements and notifies their servicing OHR Client Services Division (CSD) Branch.

### *IC Student Loan Repayment Program Review Committee (optional):*

- Ensures fair and equitable application of SLRP program regulations and procedures and considers the need to maintain a balanced and diverse work force when advising or making recommendations on the SLRP.
- Makes recommendations to the IC Director (or designee) for Student Loan Repayment Program benefits, based on criteria described in NIH Manual Chapter 2300-537-1.

### *IC Director or Designee:*

- Complies with merit principles and ensures fair and equitable application of SLRP program regulations and procedures.
- Considers the need to maintain a balanced and diverse workforce when selecting employees for the Student Loan Repayment Program.
- Takes into account IC workforce needs and budget.
- May establish a Student Loan Repayment Program Review Committee to participate in the SLRP application review process.
- Approves candidates/employees to receive benefits under the Student Loan Repayment Program.

### *Office of Human Resources, Client Services Division, HR Operations Branch:*

- Certifies by signing form NIH 2851-1 that the justification for the student loan repayment satisfies NIH policy as outlined in Manual Chapter 2300-537-1; that the job candidate/employee is eligible for the program; and that the loan is an eligible loan (federally made, insured, or guaranteed). Also signs form NIH 2851-2, page 2.
- Checks employee's prior student loan repayment amounts to ensure they have not reached the \$10,000 calendar year limit or the \$60,000 lifetime maximum. Also checks date of last repayment so that current SF-50 processing date is not prior to 52 weeks.
- Confirms that loan originated/was disbursed prior to the individual's signing a service agreement. Ensures that the SLRP benefit requested is not greater than the loan balance documented by the lending institution. Also reviews payment history on loan documentation to ensure employee

is current on loan payments. Verifies that an applicant's consolidated loan, if applicable, does not include loans from a third party.

- Forwards request package to OER, DLR for their review and approval. Serves as liaison to OER, DLR on individual case file questions.
- When the completed service agreement is returned by WRD/BPLB (with the actual service agreement dates filled in), ensures that both the AO and the employee receive a copy.
- Maintains individual files on all employees receiving SLRP benefits.
- After payment is processed, follows up with the lending institution if the SLRP applicant has both eligible and ineligible loans to guarantee that NIH does not accidentally repay an ineligible loan.

### *NIH Office of Extramural Research, Division of Loan Repayment:*

- Examines the SLRP applicant's loan information and returns the SLRP request package to CSD if there is missing information or any question on the loan eligibility, loan start date, loan balance, or currency of payments. Loan information submitted must be current within the last 90 days for OER to sign form NIH-2851-1.
- Confirms that the employee does not currently have loan repayment through any of the NIH loan repayment programs administered by OER.
- Drafts a letter to BPLB confirming balance of loan and that loan complies with the provisions of the SLRP.
- Director of Loan Repayment signs form NIH 2851-1.
- Forwards case to BPLB and notifies CSD by email that case has been forwarded.

### *Office of Human Resources, Workforce Relations Division, Benefits and Payroll Liaison Branch:*

- Fills in the actual service agreement dates and processes the Student Loan Repayment SF-50, "Notification of Personnel Action".
- Works with the Department of Health and Human Services (DHHS) Program Support Center/Payroll Services Division and the Division of Financial Advisory Services (DFAS) on processing of payment and any issues regarding the SLRP payment.
- Forwards CSD the completed service agreement (with service dates filled in to match the SF-50), the SF-50, the signed form NIH 2851-1, and the OER letter which confirms loan balance and that loan complies with the provisions of SLRP, to retain with the case copy maintained by CSD.
- Sends an electronic copy of completed SLRP packages, including a copy of the final, approved SF-50, to the Compensation and Senior/Scientific Employment Division (CSSED).

### *Office of Human Resources, Compensation and Senior/Scientific Employment Division/NIH Student Loan Repayment Program Coordinator:*

- Provides general advice on the SLRP to applicants, IC staff, and OHR staff.
- Develops and disseminates policies governing the use of the Student Loan Repayment Program.
- Maintains a central file of all NIH Student Loan Repayment Program request packages.
- As requested, prepares annual calendar year report to the DHHS detailing the number of employees receiving benefits under this authority, their job classifications, and the amount of benefits.
- Performs periodic SLRP evaluations to ensure NIH-wide compliance with regulations and to improve effectiveness of the program.

## PROCEDURES AND PROCESSES

### *Documentation required:*

- “Request for Student Loan Repayment Benefit” (form NIH 2851-1);
- “Student Loan Repayment Program Service Agreement” (form NIH 2851-2);
- “Outstanding Loan Information” (form NIH 2851-3);
- “Student Loan Repayment” form;
- Official loan documentation from lending institution; and
- Justification Memorandum signed by the Recommending Official.

### **IMPORTANT SUBMISSION DETAILS:**

- **For a new SLRP request package**, or extensions into years 4, 5, or 6, the recommending official is required to justify that the employee’s continued retention is required even if the employee is already participating in the program and previously signed a three-year service agreement. This yearly application is necessary to review applicant eligibility, obtain the current loan balance, verify that the SLRP participant has been making payments as required, and to ensure that the **original justification for the SLRP benefit still holds true**. It is possible under this program to sign a three-year service agreement but to receive a loan repayment for only one or two years based on changing retention needs or other factors. However, the employee is still required to fulfill the service agreement period of three years (the minimum initial service agreement period).
- If requests for the SLRP benefit are made after year 1, the package must include copies of the initial three-year service agreement, a copy of the SF50 documenting the initial service agreement period, and the initial OER loan balance confirmation letter.
- If additional loans have been incurred while under a service agreement, then a new three-year service agreement may be considered upon completion of the first three-year service agreement.

### *Routing and Approval Steps:*

**NOTE:** Those ICs that have a SLRP Review Committee have an additional step to obtain their input as governed by internal IC procedures.

- 1) The SLRP applicant gathers loan information from their financial institution and completes the documents listed above. On form NIH 2851-2 the SLRP applicant checks the box for three years or one year as appropriate. This agreement begins from the effective date for loan repayment as shown on the SF-50, but until that date is determined, the date fields in item 5 are left blank. The SLRP applicant forwards these items to the Recommending Official (typically the applicant’s supervisor) or IC Administrative Officer, per internal IC procedures.
- 2) The Recommending Official develops the justification memorandum and signs form NIH 2851-1.
- 3) The Administrative Officer (AO) ensures that the SLRP request package is complete and signs the line indicating that funds are available on form NIH 2851-1. The AO forwards the package to IC Director or Designee to obtain their approval as demonstrated by his or her signature on the form. **Please note that a SLRP for recruitment purposes must be signed by the IC Director/Designee before the employee enters on duty.** The payment, however, cannot be made until after the employee’s start date.
- 4) The finalized SLRP request package is sent from the IC to the CSD Operations Branch.
- 5) The CSD Branch Chief or designee reviews the package for completeness and for eligibility of applicant and type of loan. The CSD Branch Chief approves by signing form NIH 2851-1 and NIH

form 2851-2 (page 2). The package is then forwarded from CSD to the NIH OER, Division of Loan Repayment.

- 6) The designated OER, DLR representative reviews the loan documentation including balance, currency of payments, and loan type. The OER representative confirms that the SLRP applicant is not currently receiving benefits under the OER LRP (which would make him or her ineligible for SLRP benefits).
- 7) If the package is complete, the OER, DLR representative signs form NIH 2851-1 and forwards the request package to the BPLB. If the package is incomplete or if there are questions of eligibility, the OER, DLR representative will return the package to CSD.
- 8) The BPLB representative ensures that the current loan balance is not less than the SLRP amount requested. If the loan balance is less than the request, the BPLB representative will coordinate the correct amount of loan repayment benefit with CSD and the IC before processing the payment.
- 9) A designated BPLB staff member initiates the SF-50 in Capital HR with the following notations:
  - Block 5-A “Code” – 817
  - Block 5-B “Nature of Action” – Student Loan Repayment
  - Block 20 “Total Salary/Award” – Amount of loan repayment benefit
  - Remark: “Employee signed a three-year service agreement effective XX/XX/XX to XX/XX/XX”, or
  - Remark: “Employee signed a one-year extension agreement effective XX/XX/XX to XX/XX/XX”
- 10) Another designated BPLB position staff member authorizes the action.
- 11) After final processing, BPLB faxes a cover sheet, the DFAS “Student Loan Payment” form, and SF-50 to DFAS Imaging.
- 12) BPLB sends an e-mail notification to DHHS/Program Support Center/Payroll Services Division after faxing to DFAS so that the action may be monitored.
- 13) DFAS processes the payment, i.e., makes tax deductions from the loan repayment benefit according to Federal regulations and distributes the balance of funds in a lump sum to the lending institution.
- 14) BPLB fills in the service agreement dates so that they are congruent with the SF-50 effective date and then sends the original, completed service agreement, SF-50, OER loan confirmation letter, and the signed form NIH 2851-1 to CSD, and an electronic copy of the entire package to CSSD.
- 15) Upon receipt of the package, a CSD Human Resources Specialist (HRS) sends copies of the updated service agreement to the AO and to the employee. The employee is required to serve at NIH for the service agreement period (the initial service agreement period is 3 years).
- 16) The HRS must contact the lending institution if the employee has a known combination of eligible and ineligible loans to ensure that the lending institution has applied the student loan repayment fund to the correct loan account.

## RECORDS/RETENTION AND DISPOSAL

The SF-50 will be filed on the **left side** of the OPF. A complete copy of the approved SLRP package will be maintained by the servicing OHR CSD Branch for at least three years after the effective date of the loan repayment.