

Breadcrumb

1. [Home](#)
2. Print
3. Pdf
4. Node
5. Entity Print

# **HRDG 4537 - Repayment of Student Loans - Section B**

Last Modified:

**Subchapter 4537 - Repayment of Student Loans**  
**Section B - How to Repay Student Loans**

- [Procedures Chart](#)
- [Developing Written Justification](#)
- [Service Agreements](#)
- [Service Agreement Violations](#)

[Back to 4537 Table of Contents](#)

**Step Who:**

**Does What:**

Decides to repay a student loan and checks the web site below to see if a loan qualifies for repayment.

This program is limited to student loans authorized under the Higher Education Act of 1965 or the Public Health Service Act. These are Federally-insured loans made by educational institutions or banks and other private lenders. A list of qualifying loans is located on the internet at:

**Procedures Chart**

1

Recommending Official

**OPM**

Since this list will be occasionally updated, remember to check the website before making any decision to offer the incentive. Examples of qualifying loans: Stafford Loans and/or Nursing Student Loan Program loans.

**AMS only:**

- Approval to repay a student loan must be obtained prior to making an offer.
- All Service Agreements must note that “Repayment of the loan is subject to the availability of funds each fiscal year.”

2

Recommending Official

Develops a written justification and attaches it to **MRP Form 252-R** (96.09 KB), Recommendation and Approval of the Repayment of Student Loan(s).

Confirms employee debt with candidate's/employee's loan institution. This means:

- 3      Recommending Official
- Having your candidate/employee sign [MRP Form 250-R](#) (40.29 KB), Release to Obtain Student Loan Information.
  - Contacting the loan holder and verifying that your employee has an outstanding loan that qualifies for repayment.
  - Verifying the remaining balances to ensure loans are not overpaid.

4      Recommending Official

Submits the above documents through appropriate channels to the approving official.

5      Approving Official

Reviews request. Approves request by signing [MRP Form 252-R](#) (96.09 KB) noting the decision and any additional comments / changes.

When request is approved:

- 6      Recommending Official
- Completes written service agreement ( [MRP Form 251-R](#) (49.75 KB)) with the candidate / employee.
  - Discusses the conditions of the service agreement with the candidate / employee.

~~Activates initial payment by~~ Submits an SF-52, Notification of Personnel Action, in eTracker using Nature of Action (NOA) 817 attaching the following required documentation: ~~sending the Servicing Personnel Office a copy of:~~

- Approved Request ([MRP Form 252-R](#) (96.09 KB))
- Written justification
- Service Agreement ([MRP Form 251-R](#))

While developing written justification for a loan repayment, supervisors may want to address the following to further support the justification:

**Developing  
Written  
Justification**

**For new employees, consider:**

- Qualifications such as subject matter knowledge, skills, abilities, etc.
- Prevailing or forecasted labor-market conditions.
- Recent turnover in similar positions.
- The success of recent efforts to recruit high quality candidates.
- Impact on the morale of current employees.

**For current employees, consider:**

- The success of recent efforts to retain employees with similar qualifications in similar positions.
- The availability in the labor market of candidates for employment, who with minimal training or disruption of services to the public, could perform the full range of duties and responsibilities assigned to the position held by the employee.
- Effects on morale of co-workers.
- Explain your knowledge of the employee's efforts to find employment outside the Federal Service and the results of those

**Payments to retain an employee must be based on a written determination that:**

- The high or unique qualifications of the employee or special need of the agency for the employee's services makes it essential to retain him/her **and,**
- In the absence of offering this benefit, the employee would be likely to leave for employment outside the Federal service.
- The written justification must describe the extent to which the employee's declination of a job offer or departure would affect the agency's ability to carry out an activity or perform a

Before receiving this benefit, your employee must sign a service agreement agreeing to:

- Remain employed with the Agency (i.e., AMS or APHIS) for a **minimum of 3 years** and,
- Repay the agency if he/she fails to fulfill the terms of the service agreement.

The service agreement may also include specific employment conditions such as:

- Position and the associated duties he/she is expected to perform,
- Work schedule while employed, and/or
- Level of performance to be maintained

Any additional limitations or conditions mutually agreed to, in writing, must be attached to the service agreement. The 3-year duration of the service agreement is established in statute and may not be changed, no matter how much of a student loan is repaid. The 3-years begins on the date the service agreement is signed. This means that if your employee leaves the Agency and as a result violates the service agreement, he/she must repay the benefit in full (gross before any tax deductions from the loan payment).

## **Service Agreements**

For Example: If your employee's agreement states that s/he will receive \$6,000 per year for 3 years, and s/he leaves with 6 months remaining on the service agreement after receiving \$15,000 in loan repayment benefits, your employee must reimburse the Agency for \$15,000.

Increases or renewals of the benefit can be made without requiring your employee to enter into a new service agreement. This should be clearly stated in your initial agreement (and any subsequent agreement). Any subsequent changes (increases or renewals) must be documented.

This service agreement must state that it in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service.

**Note:** Prior Federal Service may not count towards the 3 year service agreement.

Any employee who violates any condition of the service agreement, is no longer eligible for loan repayment benefits.

<b>If you:</b>	<b>Then you have violated your service agreement and must repay the loan benefit.</b>	<b>Then you have not violated your service agreement.</b>
Are involuntarily separated due to misconduct or performance	X	
Are involuntarily separated and it is not due to misconduct or performance		X
Receive retirement disability or leave Federal service due to a disabling condition	X	
Voluntarily leave the Agency for a job (including promotion or reassignment to a position with greater promotion potential) with another USDA or any other Federal agency.	X	
Voluntarily leave the Agency (i.e., leave Federal Service)	X	
Violate any additional mutually agreed to written conditions	X	

You have to repay a loan incentive if you become ineligible for the benefit. This means that if you receive \$6,000/yr for 3 years and you violate your service agreement 6 months before it expires after receiving \$15,000, you are obligated to repay the full incentive received of \$15,000.

If you violate your service agreement and fail to repay your loan, any monies owed by you will be recovered under USDA's regulations for collection by offset from an indebted government employee under 5 USC 5514, and 5 CFR 550 Subpart K, or through the appropriate

[Return to 4537 Table of Contents](#)

[Print](#)