

# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Montana State Office  
5001 Southgate Drive, P.O. Box 36800  
Billings, Montana 59107-6800

In Reply To:

<http://www.mt.blm.gov/>

1400-550 (933.MP) P

January 29, 2004

EMAIL TRANSMISSION - 01/30/04  
Instruction Memorandum No. MT-2004-023  
Expires: 09/30/05

To: State Management Team  
From: State Director  
Subject: Student Loan Repayment Benefit Plan Policy

The Bureau of Land Management (BLM) has authorized the use of the Student Loan Repayment Benefit Plan. States may either pay all, or a portion of, any outstanding federally insured student loans or loans previously taken out by a candidate to whom an offer of employment has been made, and to current BLM employees. During our July 2003 meeting, we agreed on a strategy to implement the Student Loan Repayment Benefit Plan. The plan should be used as a management tool, which is available for use on a limited, case-by-case basis, where concerns relative to recruitment or employee retention exist. Use of the Student Loan Repayment Benefit Plan is subject to initial approval of the Montana/Dakotas Personnel Management Committee (PMC) and ultimate approval from the Assistant Director, Human Resources Management (AD-700).

#### Process:

The appropriate SMT member must make an initial review and tentative approval determination, considering the factors identified below, prior to submitting the application to the Montana/Dakotas PMC. Upon concurring with an application, managers must submit a written justification for consideration by the Montana/Dakotas PMC (Attachment 3). The justification for seeking approval should be "absolutely compelling" as it relates to the guidance outlined in WO IM No. 2003-083 (Attachment 1). The submission to the PMC should consist of thorough written documentation as to why this employee and/or position warrants the benefits entitled under the Student Loan Repayment Benefit Plan. The justification should specify the total amount requested, how much each year, any high or unique qualifications of the employee, and/or the special needs and concerns of BLM. Additional factors which may be applicable are listed below.

In preparing your justification, you should consider the following criteria when recruiting for a position for which you are considering the Student Loan Repayment Program:

- Recent turnover in the same or similar positions;
- Labor market factors that affect the ability to recruit for similar positions;
- The success of recent efforts to recruit suitable candidates for similar positions, including such indicators as offer acceptance rates, the proportion of positions filled, and the length of time required to fill positions; and

- Any special qualifications needed.

You should consider the following criteria in deciding what amount to request:

- The severity of the recruiting problem;
- Salary levels reported in published salary surveys for comparable Non-Federal positions;
- The importance/criticality of the position to be filled and the effect on the agency if it is not filled or if there is a delay in filling it;
- Current salary of the candidate;
- Salary documented in a competing job offer;
- The disparity of the cost of living between the candidates current residence and the proposed duty station;
- The projected cost of further recruitment effort if the candidate does not accept the position;
- The extent of the individual's past training and experience that serves to qualify him/her for the position; and
- Budget availability.

You should consider the following criteria in cases where you are considering this program to retain a current employee:

- The unique or high qualifications of the employee or special need for the employee's services that makes it essential to retain him/her; and
- The extent to which the employee's departure would affect the agency's ability to carry out an activity or perform a function that is deemed critical to the Agency's mission.

Requests to utilize the Student Loan Repayment Benefit Plan must have Field Manager or Deputy State Director (DSD) approval prior to being submitted to the PMC. Upon PMC concurrence and approval, the request and justification will be forwarded by the Branch of Human Resources to the AD-700 (Washington Office) for final approval. The delegation of authority to approve Student Loan Repayment Benefits has not been delegated below the Assistant Director level. Requests should be submitted to the MT PMC email box.

Attachment 2 is a list of OPM Questions & Answers relevant to the Student Loan Repayment Benefit that can also be used to help you determine if your staffing concern is appropriate for using this program. Please inform and discuss this management tool with your first and second level supervisors and all employees.

If you have any questions regarding the Student Loan Repayment Benefit, please contact Matt Proctor, Human Resource Specialist, at (406) 896-5230.

Signed by: A. Jerry Meredith, Acting

Authenticated by: Donna K. Zentz, MT-933

### 3 Attachments

- 1-WO IM No. 2003-083 (8 pp in its entirety)
- 2-Questions & Answers on Student Loan Repayment Program (3 pp)
- 3-Student Loan Repayment Program Written Justification Form (1 p)

Distribution w/attm.

Assistant Field Manager, Glasgow Field Station  
Assistant Filed Manager, Havre Field Station

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
WASHINGTON, D.C. 20240  
<http://www.blm.gov>

February 6, 2003

In Reply Refer To:  
1400-550 (WO-710) P

EMS TRANSMISSION 02/12/2003  
Instruction Memorandum No. 2003-083  
Expires: 09/30/2004

To: State Directors, Center Directors, Assistant Directors  
Attention: Servicing Personnel Officers

From: Assistant Director, Human Resources Management

Subject: Student Loan Repayment Benefit Plan

**Program Area:** Human Resource Management

**Purpose:** This Instruction Memorandum establishes the Bureau of Land Management's (BLM) policy on the repayment of federally insured student loans when necessary to recruit or retain highly qualified employees.

**Authority:** Title 5 USC Section 5379 and Title 5 CFR Part 537

**Policy/Actions:** In order to recruit or retain highly qualified personnel, BLM may offer to repay all or a part of any outstanding federally insured student loan or loans previously taken out by a candidate to whom an offer of employment has been made, or a current employee of the BLM. The maximum amount that an employee may be offered is \$6,000 per calendar year and a lifetime total of \$40,000 per employee. Employees who defaulted on student loans are not eligible for the incentive until the loan is removed from default.

**Approving Official:**

Decisions to approve or disapprove a student loan repayment benefit for eligible employees has been delegated to the Assistant Director, Human Resources Management.

**Loan Repayment Program:**

A. Eligibility. The following employees meet the eligibility requirements for loan repayment benefits:

Attachment 1

1. Temporary employees who are serving on appointments leading to conversion to term or permanent appointments;
2. Term employees with at least three (3) years left on their appointment;
3. Permanent employees; or
4. Employees serving on excepted appointments with conversion to term, career, or career conditional appointments.

B. Criteria for Payment. Loan repayments must be based on a written determination that in the absence of offering the loan repayment benefits, the BLM would encounter difficulty either in filling the position with a highly qualified candidate or retaining a highly qualified employee in that position. Written requests must be forwarded through the appropriate State/Center or WO Assistant Director to the approving official.

1. Determination for Recruitment. Each determination for recruitment purposes must be made before the employee actually enters on duty in the position for which he or she was recruited.

2. Determination for Retention. Payments authorized to retain an employee must be based on a written determination that the high or unique qualifications of the employee or the special needs of the BLM for the employee's services make it essential to retain the employee and that in the absence of offering a student loan repayment benefits, the employee would be likely to leave for employment outside the Federal service. This determination must be based on the extent to which the employee's departure would affect the BLM's ability to carry out an activity or perform a function essential to its mission.

3. Employee Selection. When selecting employees to receive loan repayment benefits, the State/Center, Washington Office Assistant Director must adhere to merit system principles and take into consideration the need to maintain a balanced workforce, in which women and minority groups are appropriately represented.

C. Procedures for Making Loan Repayments.

1. Conditions for Payments. Payments are subject to the terms, limitations and/or conditions stipulated in the service agreement between the State/Center/Washington Office and the employee (see Paragraph D). Payments may be applied only to the indebtedness outstanding at the time the BLM and the employee enter into an agreement and may not begin before the employee enters on duty with the BLM. Student loan repayment benefits are in addition to basic pay and any other form of compensation otherwise payable to the employee. Taxes and other assessments will be deducted when the payment is made. Loan payments are the responsibility of the employing State/Center or Washington Office.

## 2. Loans to be Repaid.

a. Prior to authorizing a loan repayment, the State/Center/Washington Office must verify with the holder of the loan the amount of the employee's outstanding student loan that qualifies for repayment under this program. Once that amount has been verified, the approving official should determine the total amount that will be repaid on the entire loan and establish a loan repayment schedule. This repayment schedule will preclude the BLM from overpaying the loan since the amount paid to the lender is a net rather than a gross amount as the employee is taxed on the gross amount approved for repayment. For accounting purposes, the gross amount is used when determining the amount that the BLM has applied toward that loan, not the net amount. A copy of the loan verification and a schedule of payments will be included and/or attached to the service agreement.

b. More than one loan may be repaid as long as the loan repayments do not exceed the legally prescribed limits.

## 3. Payment Procedures.

a. Request for Disbursement of Funds. Annually, a letter must be prepared for the signature of the authorizing official and submitted to the DOI National Business Center's Payroll Operations Division requesting payment to the lender. This letter must include the name and address of the lender and other information to process the loan repayment, i.e., loan number, the gross payment amount authorized to be disbursed to the lender, and the cost account number that the amount is to be charged. A separate letter, containing the same information, is required each year that a disbursement is authorized.

b. The DOI National Business Center's Payroll Operations Division will disburse payment to the lender on an annual basis following receipt of the written authorization from the approving official. The loan repayment amount disbursed to the lender will be the net amount after all taxes and other assessments have been withheld. The BLM is not responsible for any late fees assessed by the loan holder.

D. Service Agreement. The employee will be required to sign a service agreement for each loan, increase, or renewal. The agreement will consist of the following components:

1. Continued Service. The minimum period for continued service by the employee is three years for each service agreement. The service requirement begins when the bureau makes the first payment to the holder of the loan. For each loan, increase, or renewal, a new service agreement is required.

2. Conditions of Employment. Conditions of employment, such as the employee's position and the duties he/she is expected to perform, work schedule, and the expected level of performance must be specified in the service agreement.

3. Loan Verification and Schedule of Payments. A copy of the Loan Verification and schedule of payments must be included and/or attached to the Service Agreement.

E. Loss of Eligibility for Loan Repayment Benefits. An employee receiving loan repayment benefits will become ineligible for continued benefits if the employee:

1. Separates from the agency;
2. Does not maintain an acceptable level of performance as determined by the standards and procedures prescribed for the DOI; or
3. Violates any of the conditions of the service agreement.

F. Employee Reimbursement to the BLM.

1. Except as provided in paragraph 4 of this section, an employee who fails to complete the period of employment established under the service agreement will be indebted to the Federal government and must reimburse the BLM for the amount of any student loan repayment benefit he/she received.

2. Failure to complete the period of employment established under the service agreements occurs when the employee's service with the BLM terminates before the employee completes the period of employment specified in the service agreement because:

a. The employee is separated involuntarily on account of misconduct or performance; or

b. The employee leaves BLM voluntarily.

3. If the employee fails to reimburse the BLM for the amount owed under paragraph 1 of this section, collections will be accomplished in accordance with Public Law 104-134, the Debt Collection Improvement Act of 1996.

4. The provisions of Paragraph 1 of this section do not apply when the employee fails to complete a period of employment established under the service agreement because:

a. The employee is involuntarily separated for reasons other than Misconduct or performance; or

b. The employee leaves the BLM voluntarily to enter into the service of another Federal agency, unless reimbursement to the BLM is otherwise specified in the service agreement.

5. The State/Center Director or Washington Office Assistant Director may waive the employee's debt if he/she determines that recovery would be against equity and good conscience or against the public interest.

6. Any amount repaid or recovered from an employee under this section will be credited to the appropriation account from which the amount involved was originally paid.

### **Records and Reports**

A. Records. A record of each written determination must be maintained and made available for submission upon request.

B. Reports. By October 30 of each year, State/Center and Washington Offices must submit a report to the Office of the Assistant Director, Human Resources Management, Attn: WO-710-SLRB. This report will be compiled and submitted to the Department's Office of Personnel Policy. The report must contain the following information:

1. The number of employees selected to receive this benefit;
2. The cost to the State/Center/Washington Office for providing benefits under this plan;
3. The job classifications of the employees selected to receive loan repayment benefits.

**Program Oversight and Evaluation.** Annually, the Office of the Assistant Director, Human Resources Management will be responsible for reviewing the use and effectiveness of the program.

**Timeframe:** Effective immediately.

**Budget Impact:** A maximum of \$6,000 per year, not to exceed a lifetime total of \$40,000 for each employee whose Student Loan Repayment Benefit is approved. Impact will depend on the use of the program and the number of employee service agreements that are approved.

**Background.** Public Law 101-510 (National Defense Authorization Act for Fiscal year 1991) amended Title 5, U.S.C. by adding section 5379 which established the statutory authority for repayment of student loans. This Instruction Memorandum implements the provisions of 5 U.S.C. 5379, as amended by the Floyd D. Spence National Defense Authorization Act for Fiscal year 2001. This benefit is limited to outstanding federally issued or guaranteed loans, as defined in 5 CFR 537.102, made by higher education institutions or banks and other private lenders as authorized by the Higher Education Act of 1965 and the Public Health Service Act.

**Manual/Handbook Sections Affected:** None

**Coordination:** State/Center/WO Assistant Directors, ELT

**Contact:** Questions from Servicing Personnel Offices concerning this policy should be addressed to Linda Behlin, Executive Initiatives/Services Group, at (202) 208-6551 or by e-mail at [Linda\\_Behlin@blm.gov](mailto:Linda_Behlin@blm.gov). Questions from Servicing Personnel Offices regarding procedures or operations should be directed to Teresa Milner, National Human Resources Management Center, at (303) 236-3569 or by e-mail at [Teresa\\_Milner@blm.gov](mailto:Teresa_Milner@blm.gov). All other questions should be directed to your Servicing Personnel Office. All other questions should be directed to your Servicing Personnel Office.

Signed by:  
Concetta B. Stewart  
Acting, Assistant Director  
Human Resources Management

Authenticated by:  
Robert M. Williams  
Policy and Records Group,WO-560

1 Attachment

1 - BLM Student Loan Repayment Agreement (2 pp)



4. TERMINATION AND REIMBURSEMENT OF LOAN REPAYMENT BENEFIT

I understand I will no longer be eligible for the loan repayment incentive if I voluntarily end my employment with DOI, am separated for reasons of misconduct or performance, fail to maintain an acceptable level of performance, or in any way violate the terms of this agreement. Further, I understand that if my employment with the Department of the Interior terminates, for the aforementioned reasons, including when I leave DOI to accept employment in another federal agency, before I have completed the period of service specified in this agreement, I will be indebted to the DOI.

5. CONTINUED EMPLOYEE LOAN REPAYMENT RESPONSIBILITY

I understand that it is my responsibility, and I agree, to make loan payments on the portion of the loan(s) that continues to be my responsibility. I understand that my failure to continue to make these loan payments violates this agreement and terminates my eligibility for further loan repayment benefits.

I CERTIFY THAT I HAVE DISCUSSED THE CONDITIONS OF THE STUDENT LOAN REPAYMENT PROGRAM WITH THE HUMAN RESOURCES OFFICE REPRESENTATIVE. I AGREE THAT, IF I FAIL TO COMPLETE THE PRESCRIBED PERIOD OF SERVICE UNDER THE TERMS OF THE SERVICE AGREEMENT, WITH THE DEPARTMENT OF THE INTERIOR, I WILL REIMBURSE THE BLM FOR THE ENTIRE AMOUNT OF ALL LOAN REPAYMENTS (GROSS, BEFORE TAXES, AND DEDUCTIONS) THE BLM MADE ON MY BEHALF UNDER THIS AGREEMENT.

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EMPLOYEE SIGNATURE

DATE

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STATE/CENTER DIRECTOR OR WO AD

DATE

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HRO REPRESENTATIVE SIGNATURE

DATE

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

# **STUDENT LOAN REPAYMENT PROGRAM QUESTIONS AND ANSWERS**

## **General**

### **1. Are employees entitled to a student loan repayment?**

No. An agency has discretionary authority to repay certain types of Federally insured student loans as a recruitment or retention incentive for highly qualified candidates or current employees.

### **2. Who receives the actual loan repayment check?**

The employing agency makes student loan payments directly to the loan holder. Student loan payments are not paid to employees.

### **3. May an agency make a loan repayment for a student loan that was previously repaid by the employee?**

No. An agency may not make a loan repayment for a student loan that was previously repaid by the employee. (See 5 U.S.C. 5379(b)(3). Student loan repayments may be paid only for outstanding student loans.

### **4. May an agency agree to repay any future student loans accrued by an employee?**

No. An agency may agree only to make payments on those student loans taken out prior to the student loan repayment agreement. (See 5 U.S.C. 5379(b)(1).

### **5. May an agency offer student loan repayment benefits in addition to existing bonuses and incentives?**

Agencies may offer student loan repayment benefits in conjunction with recruitment and relocation bonuses and retention allowances. Agencies may also use student loan repayment benefits in conjunction with a physicians' comparability allowance (PCA). However, 5 CFR 595.105(e) requires that the amount of the PCA be reduced by the amount of the student loan repayment.

### **6. What types of academic degrees and/or levels are covered by the student loan repayment program?**

The types of academic degrees and/or levels covered by the program are not specified in law. Agencies are encouraged to tailor their plans to recruit highly qualified candidates and/or retain highly qualified employees in their current positions. Therefore, an agency may specify the types of degrees and levels necessary to attain this goal.

**7. Is a degree, diploma, or certificate required for the candidate or employee to qualify for student loan repayment benefits?**

The law does not require that a candidate or employee earn a degree, diploma, or certificate to be eligible for a student loan repayment benefit. However, an agency may require a degree, diploma, or certificate as part of its individual agency plan. Agencies are encouraged to tailor their plans to fit their specific needs.

**8. May an agency offer a student loan repayment benefit to retain an employee likely to leave for a position in another Federal agency?**

Agencies may not offer to repay a student loan for an employee who is likely to leave for any position in any branch of the Federal Government. (See 5 CFR 537.105(c).

**9. May an agency offer a student loan repayment benefit to recruit an individual from another Federal agency?**

The intent of this authority is to help agencies recruit individuals for Federal service, not for agencies to compete with one another for employees. Thus, agencies should not use this authority to recruit current Federal employees from other agencies.

**10. Are employees who have defaulted on their student loans eligible for this program?**

The student loan repayment authority itself does not preclude payments for employees who have defaulted on their student loans. However, agencies may exclude them by so specifying in their agency plans.

**11. Is an agency required to make loan payments in one lump sum?**

Agencies are not required to make loan payments in one lump sum. In fact, making a loan payment in one lump sum to the loan holder on behalf of the employee accelerates the employee's tax liability and may increase the resulting tax burden.

**12. Are student loan repayment benefits subject to employment taxes?**

Yes. Although a student loan payment is paid directly to the loan holder on behalf of the employee, the payment is nonetheless includible in the employee's gross income and wages for Federal employment tax purposes. Consequently, the agency must withhold and pay employment taxes from either the employee's regular wages, the loan payment, or a separate payment made by the employee. The applicable employment taxes include Federal income taxes withheld from wages (and, where appropriate, State and local income taxes) and the employee's share of social security and Medicare taxes. Tax withholdings must be deducted or applied at the time any loan payment is made. (See 5 CFR 537.106(a). The agency may choose among several different methods for withholding taxes. (See [Questions and Answers on Tax Liability.](#)) Please note the implications of deducting taxes directly from a gross loan payment. For example, if the agency has approved a student loan repayment benefit of \$6,000 and the employee's tax deductions are \$2,000, then the agency will make a loan payment of \$4,000. The full \$6,000 counts toward the maximum limitations described in question #4.

**13. If an employee fails to complete the service requirement because of disability retirement or leaves Federal service because of a disabling condition, is he or she still subject to the reimbursement requirements?**

Any employee who does not satisfy the terms of the service agreement is required to reimburse the Government for all loan payments received. However, agencies may waive recovery if they determine it to be against equity and good conscience or contrary to the public interest. (See 5 U.S.C. 5379(c)(3) and 5 CFR 537.109.)

**Bureau of Land Management – Montana/Dakotas**

**Student Loan Repayment Program Written Justification Form**

<b>Employee/Position</b>	<b>Social Security Number</b>	<b>Title and Series</b>	<b>Location</b>

Please provide a thorough written justification as to why this employee and/or position warrant the benefits entitled under the Student Loan Repayment Program. Be sure to include the total amount to be paid and how much per year, if applicable.

\_\_\_\_\_  
1<sup>st</sup> Level Supervisor

\_\_\_\_\_  
Date

\_\_\_\_\_  
2<sup>nd</sup> Level Supervisor

\_\_\_\_\_  
Date

\_\_\_\_\_  
SMT Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
PMC

\_\_\_\_\_  
Date

Approved

Not Approved

Approved with Modification as Stated: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
AD-HRM

\_\_\_\_\_  
Date