

ARTICLE 21 STUDENT LOAN REPAYMENT PROGRAM

Section 21.01 - General. The Department shall administer a Student Loan Repayment Program (SLRP), subject to appropriations, any other applicable laws and regulations, and the Department's Pay Administration Handbook 550.2, Chg 1, Chapter 4, dated January 2008, for the purpose of employee recruitment and retention. If changes are made to the handbook, bargaining will take place if applicable under Article 49.

Concurrently with the Secretary, the Deputy Secretary or designee has the authority to approve/disapprove and/or recertify the repayment of a student loan benefit up to a statutorily designated limit per calendar year, not to exceed an aggregate, based on statute, per employee as a maximum career benefit, subject to change. The Department may not repay more of an employee's student loan than the balance outstanding at the time of the most current agreement between the Department and the employee.

Section 21.02 - Eligible Student Loan Repayment. SLRP eligible Student Loans are made, insured, or guaranteed under parts B, D, E of Title IV of the Higher Education Act of 1965 or are health education assistance loans made or insured under part A of Title VII or part E of Title VIII of the Public Health Service Act.

Section 21.03 - Current Employees' Eligibility to Receive Student Loan Repayment (Retention Benefit). Any employee (as defined in 5 U.S.C. 2105) who has an eligible loan, has been in federal government service for at least 12 months prior to the anticipated date of benefit payment, and has a current performance rating of at least "fully successful" or equivalent is eligible to receive a student loan repayment. "Equivalent" is defined as the last annual performance rating received. If an employee has not received an annual performance rating, the employee's eligibility with respect to performance shall be the employee's most recent mid-year or other interim performance rating. If the official has not provided a timely rating, the employee will be deemed eligible.

Section 21.04 - Increases. The maximum annual or aggregate benefit per employee will increase to the maximum allowable amount whenever the Department is directed to increase it by law, regulation, or Executive Order.

Section 21.05 - Applying for Student Loan Repayment Program. In order to be considered for SLRP, an employee will submit an Application for Repayment of Student Loan(s) and a Service Agreement for Receipt of Repayment of Student Loan(s). The employee shall provide the Department with the Student Loan Verification Form with the following information: qualifying loans and dates executed, loan account number identified, lender EFT routing number, current and outstanding balance for each loan, the status of loan, such as forbearance, deferment, or default from the lender. The employee may provide their most current billing statement from the lender and self-certification that the information is accurate.

The SLRP application window will be open for at least forty-five (45) days, if practicable. Management may administer an electronic application.

Section 21.06 - Criteria for Payment of SLRP. The Department must make a written determination that (1) the employee is highly qualified and (2) the Department would have difficulty in filling the position with a highly qualified individual or the employee is likely to leave the agency for employment outside the Federal service and the employee's departure would affect the agency's ability to carry out an activity or perform a function that is deemed essential to its mission.

The second criterion for payment is addressed in part by incorporating the following statement in the SLRP application: "I certify that upon submitting my application, I am informing the Department that I am likely to leave for employment outside federal service, but would remain as an employee of the Department in consideration of a student loan repayment benefit."

Section 21.07 - Formula for Individual Repayment. Subject to funding, the Department's Student Loan Repayment Program shall be based on the employee's qualified debt amount as of the time of enrollment in the program as compared to the employee's annual gross salary (actual salary amount) which is calculated as follows:

- (1) The Outstanding Loans total is divided by the Annual Salary
- (2) If the Outstanding Loan to Annual Salary ratio (L/S) is greater than 1 it is reduced to 1
- (3) The Maximum Payment Allowed is multiplied by the L/S factor to get the Max Allocation
- (4) The Max Allocation is multiplied by the Current Proration to get the Current Estimated Repayment
- (5) The Current Estimated Repayment can be reduced if its addition to Career Total Payments exceeds the maximum career benefit allowed by the Department
- (6) The Estimated Net Funds Disbursed is the Current Estimated Repayment multiplied by the applicable After Tax Rate.

When the pool of accepted applications is final, the actual payment amount to the employee is adjusted so that the total of Student Loan Repayments equals, as far as possible, the total funding available for the year.

Section 21.08 - Review Panel. Applicants with eligible loans and complete applications will receive a SLRP benefit. The division that administers that SLRP determines the employee's eligibility. The Department will forward all rejected applications to a review panel comprised of a representative from a Program office as designated by the Assistant Secretary of that office, a representative of the Office of the Chief Financial Officer (OCFO), and a representative of the union, selected by the Council President. A representative from the policy office shall serve as the Subject Matter Expert (SME) for review. The review panel will review rejected applications prior to the distribution deadline.

Section 21.09 - Receipt of Student Loan Repayment. Upon approval of the SLRP application and receipt and review of all applicable documents from Servicing Human Resources Office (SHRO), HUD will initiate action to have the National Finance Center (NFC) issue a lump sum repayment directly to the lender in accordance with NFC guidelines. The lump sum payment of the SLRP is considered supplemental wages and appropriate taxes will be withheld. The employee will receive notice of the amount of taxes withheld, unless there is a change in law that makes student loan repayment non-taxable.

Section 21.10 - Employee Responsibility. The employee must continue to make all scheduled loan payments in accordance with the terms of their agreement with their lender(s). Repayments made by the Department are in addition to a normal loan payment(s) not in lieu of payment(s). Repayments will reduce the balance of the loan amount and duration of the loan and will not alter then terms of the borrower's loan. The Department is not responsible for late fees assessed by the holder due to repayment issuance not being received by the due date or any other reason.

Section 21.11 - Recruitment Incentive. The SLRP shall be used as a recruitment tool to fill an Agency position it would otherwise encounter difficulty filling with a highly qualified individual consistent with the standard operating procedures.

Section 21.12 - Information Request and Meeting. Upon request, the Department agrees to provide the Union with information on SLRP applications including whether the application is complete, accepted or rejected, benefit provided, geographical location of the employee, and office of the employee. Upon request, the Council will receive an annual report on recipients of the SLRP. The Department agrees to conduct a meeting via conference call with the Union during the second or third quarter of each fiscal year, to exchange information on the SLRP.

Section 21.13 - Information Regarding Program. The Department agrees to maintain the most recent information on the SLRP via the hud@work website or successor. All employees and supervisors are encouraged to review this information.

Section 21.14 - Overall Benefit. The funding allocation for the Student Loan Repayment Program will be determined by the Department's authorizing official in consultation with the Union on an annual basis. The results of this decision and/or status of the funding allocation will be discussed during a meeting or teleconference with the union.

Section 21.15 - Continuation of Service Agreements. Any employee who does not satisfy the terms of the service agreement is required to reimburse the Department for all loan payments received. However, the Department may waive recovery if they determine it to be against equity and good conscience or contrary to the public interest. (Employees should contact the Internal Revenue Service with respect to the repayment of SLRP funds used to pay federal income taxes.) Failure to complete the required service agreement period can be waived if the employee involuntarily separated for reasons other than misconduct, unacceptable performance, or a negative suitability determination under 5 CFR Part 731.