

DEPARTMENT OF THE INTERIOR
BUREAU OF OCEAN ENERGY MANAGEMENT

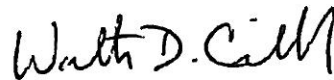
TRANSMITTAL SHEET

Version No. 1

SUBJECT: Administrative
Part 370: Personnel
Chapter 537: Student Loan Repayment Benefit Program

EXPLANATION OF MATERIAL TRANSMITTED:

This chapter provides policy and guidance to Bureau of Ocean Energy Management (BOEM) managers, employees, and Servicing Human Resources Offices (SHROs) regarding the repayment of federally insured or guaranteed student loans.



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FILING INSTRUCTIONS:

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Part Chapter Pages Version

370 537 10 1

OPR: BSEE Office of Administration, Human Resources Division

Date: **MAY 16 2012**

Bureau of Ocean Energy Management Manual

Effective Date: 05/16/12

Version No: 1

Series: Administrative

Part 370: Personnel

Chapter 537: Student Loan Repayment Benefit Program

Originating Office: Servicing Human Resources Office, BSEE Administration

1. Purpose. This chapter provides policy and guidance to Bureau of Ocean Energy Management (BOEM) managers, employees, and Servicing Human Resources Offices (SHROs) regarding the repayment of federally insured or guaranteed student loans. It supersedes any previous Minerals Management Service/Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) IPD (No. 08-10) or internal criteria. It must be used in conjunction with Department of the Interior (DOI) policy (Personnel Bulletins No. 02-4 (537) and No. 04-08 (537)).

2. Scope. All BOEM employees are eligible for the student loan repayment benefit including employees who were placed into BOEM due to the reorganization of BOEMRE effective October 1, 2011.

3. Definitions.

A. Employee. As defined in title 5 U.S.C. 2105 with the exceptions as follows:

(1) Employees occupying positions that are excepted from the competitive service because of their confidential, policy-determining, policy-making, or policy-advocating nature (i.e., Schedule C appointees) are not eligible.

(2) Term employees with less than 3 years remaining on their appointment and temporary employees are not eligible due to the 3-year service requirement (see discussion of Service Agreement in Section 10 below).

(3) Employees who default on their student loans are not eligible until the loans have been removed from default for at least a 12-month period.

B. Federally Insured or Guaranteed Student Loan. As defined in 5 CFR 537.102 and 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.

4. Authority.

A. Title 5, United States Code (U.S.C.) Section 5379;

- B. Title 5, Code of Federal Regulations (CFR) Part 537;
- C. Department of the Interior Personnel Bulletin No. 02-4 (537); and
- D. Department of the Interior Personnel Bulletin No. 04-08 (537).

5. Policy. BOEM may offer the student loan repayment benefit to eligible candidates/employees to:

- A. Recruit candidates from outside the Federal sector when, in the absence of the benefit, BOEM would encounter difficulty in filling the position with a highly qualified candidate; and
- B. Retain current BOEM employees when the high or unique qualifications of the employee or a special need of the bureau for the employee's services make it essential to retain the employee, and in the absence of the benefit, the employee would be likely to leave for employment outside the Federal sector.

6. Bases for Requests for Repayment.

- A. Requests for Repayment for Recruitment Purposes. Requests for repayment for recruitment purposes must show that, in the absence of the benefit, the selecting official would encounter difficulty in filling the position with a highly qualified candidate. For recruitment, determinations (including the amount to be paid) must be made by the approving official before the candidate enters on duty in the position for which recruited.
- B. Requests for Repayment for Retention Purposes. Requests for repayment for retention purposes must show that the high or unique qualifications of the employee—or a special need of the bureau for the employee's services—make it essential to retain the employee and that, in the absence of the benefit, the employee would be likely to leave for employment outside the Federal service. The request also must discuss the extent to which the employee's departure would affect BOEM's ability to carry out an activity or perform a function essential to its mission.

7. Repayment Determinations. The student loan repayment benefit is not guaranteed, but may be offered on a case by case basis as a recruitment or retention tool. The amount of the repayment should be determined based on needs and recruitment/retention goals, and in consideration of the importance of limiting total agency costs to the extent practicable. Payments may be made by the agency up to a gross of \$10,000 per employee per calendar year and a lifetime gross of \$60,000 per employee. More than one loan may be repaid as long as the loan repayments do not exceed these limits. Decisions of whether to offer the repayment and the amount to be paid are at management's discretion, and the determinations are final. Candidates/employees have no appeal or grievance rights with respect to disapproval of this benefit or, if approved, the payment amount. When selecting and approving candidates/employees to receive loan repayment benefits, officials must adhere to merit system principles and take into consideration the need to maintain a balanced workforce in which

women and members of racial and ethnic minority groups are appropriately represented in Government service.

8. Responsibilities.

A. Selecting/Requesting Official. The selecting/requesting official will:

- (1) Confer with the SHRO regarding the procedures for requesting student loan repayment and the appropriate communications to have with the candidate/employee.
- (2) Recommend the amount of repayment.
- (3) Ensure the availability of funding for the repayment and provide the accounting cost code information for loan repayment.
- (4) Prepare the written request describing the need to offer the student loan repayment benefit to recruit and/or retain an employee and forward it to the SHRO. Requests for recruitment purposes must be made before the employee actually enters on duty in the position for which he or she was recruited.
- (5) Ensure a Request for Personnel Action (SF-52) is submitted through the Federal Personnel/Payroll System (FPPS) upon initial authorization and payment of student loan repayment benefits and in any subsequent year in which benefits are authorized and paid.

B. Servicing Human Resources Office. The SHRO will:

- (1) Provide guidance to selecting/requesting officials, approving officials, job candidates, and employees on the provisions of the student loan repayment benefit and the requirements for submitting requests.
- (2) Review requests for repayments to ensure the necessary criteria are met.
- (3) Forward acceptable requests to the appropriate approving official.
- (4) Work with the manager and employee to complete the service agreement and monitor it once it is in effect.
- (5) Once received in FPPS, the SF-52 will be processed as a Nature of Action 817. The resulting SF-50 will be uploaded into the employee's electronic Official Personnel Folder (e-OPF).

C. Approving Official. The decision to approve, modify, or disapprove a student loan repayment benefit will be made by Office Heads, Regional Directors, or by the Deputy Director if the request is made in the Directorate.

9. Procedures.

A. The selecting/requesting official will perform the functions described above at paragraph 8A to initiate the written request for student loan repayment benefit and forward it to the SHRO through supervisory channels.

B. The SHRO will:

(1) Work with the candidate/employee to obtain the required documentation, specifically: the current outstanding loan balance (within the previous 30 days); authorization of the loan for repayment as defined in CFR 537.102; and default-free status of the loan for at least 12 months, or for at least the time the current lender has held the loan. For candidates, verification of this documentation must be received by the SHRO before the candidate enters on duty.

(2) Verify the amount of any outstanding student loan to avoid overpayment.

(3) Ensure the loan is federally insured or guaranteed as defined in 5 CFR 537.102 under the Higher Education Act of 1965 or the Public Health Service Act.

(4) Verify that the loan has been default-free for at least 12 months, or for at least the time the current lender has held the loan.

(5) Ensure the request is complete and includes the required documentation.

C. The SHRO will forward the request to the appropriate approving official.

D. The approving official will return the decision on the request, whether approved, modified or disapproved, to the SHRO.

E. The SHRO will work with the manager and candidate/employee to complete the service agreement and monitor it once it is in effect, including sending an authorization to the National Business Center's (NBC) Payroll Operations Division as described in paragraph 11 below. If the request has been disapproved or modified, the SHRO will assist the manager in discussing this with the candidate/employee.

10. Service Agreement. Each job candidate or employee who receives a student loan repayment benefit must sign a service agreement to continue Government service with DOI for a minimum period of 3 years from the date of the first payment by BOEM to the educational institution or lender. The SHRO will work with the selecting/requesting official and the candidate/employee to complete the service agreement. Appendix A provides a sample service agreement that includes the conditions under which the repayment will discontinue and the conditions that will require repayment.

A. **Period of Service.** The minimum period required for continued service is 3 years. The service requirement begins when BOEM makes the first payment to the loan holder. Where appropriate, a selecting/approving official may seek an agreement requiring a period of service beyond 3 years. Also, in rare cases, and with the approval of the Headquarters HR Officer, a service agreement may be extended due to unforeseen circumstances (e.g., the employee goes on

nonpay status, leave without pay for an extended period of time, sabbatical, etc.). Provision for such an extension should be addressed in the service agreement.

B. Documenting the Personnel Files. All service agreements will be maintained in the SHRO. The SF-50 documenting the student loan repayment will be uploaded into the employee's e-OPF.

11. Payment Procedures. Payments will be made based on calendar year. The SHRO, in coordination with the appropriate approving official, will send the NBC Payroll Operations Division a separate, written authorization each year that payment is authorized. Appendix B provides a sample authorizing memorandum.

A. Authorization. The authorization will specify the gross amount authorized to be disbursed to each lender, as well as the name, address, tax ID, and other information necessary to process the loan repayment. A new service agreement is not necessary for each calendar year payment. However, for each payment the employee must provide the SHRO with official documentation from the lending institution that provides the current outstanding loan balance (within the previous 30 days) and that the employee continued to make timely payments during the previous year. The SHRO will verify the remaining loan balance to ensure that overpayment is not made.

B. Disbursement of Repayment. In accordance with the tax liability rules governed by the IRS, the Agency must withhold and pay Federal income tax on the loan repayment amount. To minimize the tax implication on employees, the NBC's Payroll Operations Division will pay the net amount, after taxes and other assessments have been withheld, to the lending institution. However, the gross amount paid by BOEM will count toward the calendar year (\$10,000) and lifetime (\$60,000) limits and toward the outstanding loan balance. BOEM is not responsible for any late fees assessed by the loan holder. Employees must agree to make loan repayments on the portion of the loan that continues to be their responsibility.

C. Alternate Payment Procedures. If used, alternate payment procedures must comply with 5 CFR 537.106; must be included in the service agreement; and require prior approval of the NBC's Chief, Payroll Operations Division, and DOI's Director, Office of Human Resources.

12. Discontinuation of Repayments. Repayment will discontinue if the employee:

A. Leaves BOEM (including employment in another DOI bureau).

(1) If the employee leaves BOEM for employment in another DOI bureau, repayment of the loan will discontinue. However, the employee is not required to reimburse BOEM for payments made. The SHRO will contact the gaining bureau and inform them of the employee's service agreement, so they can monitor the remaining service requirement and ensure that the maximum agency limit of \$60,000 is not exceeded. The bureaus also need to coordinate reimbursement of the loan repayment if the employee leaves DOI before completing the remaining service requirement.

(2) In a case where an employee receiving a repayment leaves BOEM for employment in another DOI bureau, the gaining bureau is not responsible for continuing the repayment. Any

loan repayments made by another bureau or agency would require a new service agreement with the employee.

(3) In a case where an employee receiving a repayment leaves BOEM for employment outside of DOI, the gaining agency is not responsible for continuing the repayment. Any loan repayments made by another bureau or agency would require a new service agreement with the employee.

B. Does not maintain an acceptable level of performance. (The employee's most recent rating of record must be at least Level 3, Fully Successful.)

C. Fails to make loan payments on the portion of the loan that continues to be his/her responsibility.

D. Violates any of the conditions of the service agreement.

13. Reimbursement of Repayments. During the service agreement period, the employee must reimburse BOEM for the entire gross amount of the loan paid by BOEM if his/her employment with DOI terminates because:

A. The employee is involuntarily separated from DOI due to misconduct or performance.

B. The employee leaves DOI. If the employee leaves DOI either directly from BOEM or after transferring to another DOI bureau before completing the service requirement, repayment of the loan will discontinue and the employee is required to reimburse BOEM for the entire gross amount of the loan paid by BOEM under the service agreement. As appropriate, the SHRO will contact the gaining agency to coordinate reimbursement of the loan repayment. Money recouped by a gaining agency will be transferred to BOEM.

C. Loan repayments made for periods of service that are not completed in accordance with the individual service agreements are subject to BOEM's and DOI's debt collection process. Reimbursements may be waived, in whole or in part, by Assistant Secretaries or other officials authorized to waive debt recovery when recovery would be against equity and good conscience or against public interest.

14. For Further Information. Further information on the Student Loan Repayment Benefit regarding tax liabilities, tax implications, payment procedures, what needs to be included in the written authorization, etc., can be found in the DOI policies (Personnel Bulletins No. 02-4 (537) and No. 04-08 (537)) and in the Office of Personnel Management's (OPM) questions and answers document on OPM's web site at www.opm.gov.

15. Reporting Requirements and Evaluation. The SHRO will coordinate reports as requested by OPM and DOI. The SHRO also will review the use and effectiveness of the student loan repayment authority annually and make changes to this policy as necessary.

**Bureau of Ocean Energy Management
Student Loan Repayment Benefit Service Agreement**

Title 5 U.S.C. 5379 allows for the repayment of outstanding federally insured or guaranteed student loans that are made by educational institutions or banks and other private lenders as defined in 5 CFR 537.102 under the Higher Education Act of 1965 and the Public Health Service Act. Student loan repayments are made directly to the lender and are subject to the conditions stated in this agreement. This service agreement in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service.

Subject to the conditions stated in this agreement, the Bureau of Ocean Energy Management (BOEM) agrees to provide a student loan repayment benefit to:

Employee:

Social Security Number:

Title/Series/Grade:

Conditions of Employment

As the employee receiving the repayment, I agree to:

1. Complete 3 years of service with the Department of the Interior (DOI) from the date of the first payment by BOEM to the educational institution or lender.
2. Maintain an acceptable level of performance (at least Level 3—Fully Successful).
3. Continue to make timely loan repayments on the portion of the loan that continues to be my responsibility.
4. Not violate any of the conditions of this service agreement.

Conditions of Loan Repayment

I understand that the service period begins when BOEM makes the first payment to: (Lender Name, Tax ID and Address).

BOEM, through the National Business Center's (NBC) Payroll Operations Division, will make payments on my outstanding federally insured or guaranteed loan under the following terms: payments made by the agency under this part may not exceed \$10,000 each calendar year or a lifetime total of \$60,000. Payments may be made each year without a new service agreement provided I have given the Servicing Human Resources Office (SHRO) official documentation (current within the previous 30 days) from the lending institution that states the outstanding loan balance; that confirms the loan is authorized for repayment; and that verifies my loan has not been in default for at least the past 12 months, or for at least the length of time the current lender has held the loan.

Total amount of the repayment:

Number of years the repayment will be made:

Amount of repayment to be made each calendar year:

Continued Employee Loan Repayment Responsibility

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

I also understand that each year before another repayment can be made, I must provide the SHRO with documentation (current within the previous 30 days) from the lending institution that shows the current outstanding loan balance (within the previous 30 days) and documents that I continued to make timely payments during the previous year.

Loan Repayment Procedures

The NBC's Payroll Operations Division will make payments to (Lender) on an annual basis. The Payroll Operations Division will disburse the net amount of the repayment amount to the loan holder; however, it is the gross amount that is applied to the annual and lifetime payments. Taxes and withholdings will be deducted from the gross amount of the loan repayment amount. I understand that my W-2 Form will show the gross amount of the repayment as wages, and that taxes and other assessments deducted from the gross amount will be shown in their appropriate categories on the W-2 Form. Payments to lenders will be in the form determined by the Payroll Operations Division. Neither DOI nor BOEM is responsible for any late fees or penalties assessed by the loan holder(s) prior, during, or subsequent to this agreement.

Discontinuation of the Loan Repayment Benefit

I understand that I no longer will be eligible for the loan repayment benefit if, during the service period, I:

1. Separate from BOEM (including leaving BOEM to enter the service of another DOI bureau).
2. Do not maintain an acceptable level of performance (at least Level 3—Fully Successful).
3. Fail to make loan payments that continue to be my responsibility.
4. Violate any of the conditions of this agreement.

Reimbursement of the Loan Repayment Benefit

I understand that I am responsible for repaying to BOEM the entire gross amount of the loan the bureau paid if, during the service period I:

1. Voluntarily end my employment with DOI (including voluntarily leaving BOEM to enter the service of another non-DOI Federal agency, or taking a position at another DOI bureau and then leaving DOI).
2. Am separated from DOI due to misconduct or performance.

Certification

I certify that I have discussed this service agreement with a SHRO representative and understand and agree with its conditions.

Typed Employee Name and Signature

Date

Typed Supervisor/Manager Name and Signature

Date

Typed Chief, Servicing Human Resources Office Name and Signature

Date

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

Sample Memorandum to Payroll Operations Division

Memorandum

To: Payroll Operations Division
Mail Code: D-2662
Attn: _____

From: (Name of HR Specialist)
Human Resources Specialist

Subject: Other Taxable Income—Student Loan Repayment Benefit

Please disburse the Student Loan Repayment as authorized below:

Employee Name:

Social Security Number:

Department:

Bureau:

Lender:

Lender Tax ID:

Address:

Loan Number:

Gross Payment Amount:

Cost Account Number:

Authorized by:

Name:

Title:

Date:

Telephone: