DEPARTMENT OF THE NAVY
COMMANDER NAVY REGION SOUTHWEST
937 NO. HARBOR DR.
SAN DIEGO, CA 92132-0058

IN REPLY REFER TO:

COMNAVREGSWINST 12537.1
N04R
MAY 0 1 2002

COMNAVREGSW INSTRUCTION 12537.1

Subj: STUDENT LOAN REPAYMENT PLAN

Ref: (a) 5 USC 5379
(b) 5 CFR Part 537
(c) DoD Repayment of Student Loan Benefit Plan of 17 Oct 01
(d) DoN Repayment of Student Loan Benefit Plan of 1 Nov 01

Encl: (1) DoN Student Loan Repayment Application
(2) Student Loan Repayment Service Agreement

1. Purpose. To establish policy and procedures for the use of the Student Loan Repayment incentive as a recruitment and/or retention tool. This instruction applies to the Commander, Navy Region Southwest and can be adopted for use by other Navy Commands in the Southwest Region.

2. Discussion. References (a) through (d) establish the provisions for the repayment of student loans to assist in the recruitment or retention of employees in occupations in which the Government has determined are "hard-to-fill," or anticipates a shortage of qualified personnel, especially in occupations involving critical skills. Repayment is limited to outstanding federally insured loans made by educational institutions, banks, or private lenders as authorized by the Higher Education Act of 1965 and the Public Health Act. This incentive can be used in conjunction with other recruitment and retention incentives.

3. Eligibility. Applicants for employment to temporary appointments leading to conversion to term or permanent appointments; or term appointments with at least three years remaining on their appointments; or permanent appointments and excepted appointments with conversion to term, career or career conditional. Current employees may be eligible under the same conditions as a retention incentive.

4. Approving Officials. Managers and supervisors responsible for managing activity or command operating funds are delegated

the authority to approve the repayment of student loans per references (a) through (d).

5. Procedures.

a. Managers and supervisors

(1) Funding and Payment. Managers and Supervisors should forecast anticipated use of the student loan repayment incentive and budget for this expense as part of the annual activity or command budgeting process. Managers and supervisors who approve activity or command expenditure of funds have approval authority for setting the amount of loan repayment consistent with the factors described below and available activity or command funding.

(2) Documentation. Managers and supervisors will document in writing the basis for the repayment of any student loan.

(a) The justification for the repayment of a student loan in a recruitment action must include a narrative of the previous difficulties encountered when recruiting for this position and a statement that "In absence of offering this incentive, it would be difficult to fill the subject position with a highly qualified employees."

(b) When student loan repayment is used as a retention tool, the Manager will provide a written justification addressing the special skills, unique qualifications of the employee, or the special needs of the activity and how the employee's potential departure would affect the mission.

(3) Terms and written agreement. Repayment of student loans up to $6,000 in one year and a $40,000 maximum per employee lifetime limit may be authorized by the Manager. In return, the employee is required to sign a written agreement to serve a minimum 3-year commitment to Federal service. The use of the student loan repayment as a recruitment incentive and the total amount authorized must be approved prior to the date the employee enters on duty. The total amount authorized can be no more than the outstanding debt at the time the employee and the activity enter into an agreement.

b. Human Resources Office is responsible for:

(1) providing advice and guidance to the Managers and supervisors in regard to the various recruitment options available for "hard-to-fill" positions, to include recruitment and retention incentives and the student loan repayment incentive when appropriate;

(2) providing assistance with the written justification for use of the student loan repayment incentive;

(3) verifying the existence of, and the balance remaining on qualifying outstanding loans by requesting the applicant/employee complete the DoN Student Loan Repayment Application, enclosure (1), and forwarding the application to the loan holder for verification;

(4) ensuring the employee understands and signs a written service agreement, enclosure (2);

(5) sending the signed service agreement and documentation to the Comptroller/Financial Officer who will forward the service agreement to the Defense Finance and Accounting Service for payment to the loan holder on a bi-weekly basis;

(6) a copy of the signed service agreement will also be sent to the Human Resources Service Center for filing in the employee's official personnel folder at:

HUMAN RESOURCES SERVICE CENTER, SOUTHWEST
CODE 536
525 B STREET, SUITE 600
SAN DIEGO CA 92101-4418

(7) maintaining documentation of each student loan repayment which includes the manager's justification; the verification of the employee's outstanding student loan; and a copy of the signed service agreement;

(8) submitting an annual report each fiscal year to the Office of the Deputy Assistant Secretary of the Navy (Civilian Personnel/Equal Employment Opportunity) via the Director of Civilian Personnel Programs at Commander In Chief, U.S. Pacific Fleet. The report will include the number of employees receiving the loan repayment incentive, the job classification of the recipients, and the total cost of the student loan repayment incentive;

(9) evaluating the use of this authority during the periodic assessment of Human Resources programs.

c. Employees. Employees receiving the benefit of the student loan repayment incentive are responsible for continuing to make loan payments on the portion of the loan for which they are responsible. The Employee is also responsible for any income tax obligations resulting from the student loan repayment benefit. Employees can lose their entitlement to continued benefits if the employee:

(1) separates from the agency, or

(2) does not maintain an acceptable level of competence, i.e. a successful performance rating, or

(3) violates the conditions set forth in the service agreement.

An employee who is separated from Federal service for reasons of misconduct or performance, or leaves DoD voluntarily before completion of the service agreement will reimburse DoD for the entire amount of any student loan repayment received.

6. Forms

a. DoN Student Loan Repayment Application (CNRSW 12537/1).

b. Student Loan Repayment Service Agreement(CNRSW 12537/2).

D. C. KENDALL
Deputy and
Chief of Staff

Distribution:
www.cnrsw.navy.mil/admin/menu.htm

DON STUDENT LOAN REPAYMENT PROGRAM APPLICATION

SECTION 1: (To be Completed by Applicant)

a). EMPLOYEE NAME	b). POSITION, TITLE, GRADE	c). For multiple loans: Loan _____ of
d). Social Security Number	e). TELEPHONE	f). AGENCY
g). UNPAID BALANCE OF LOAN(S) (Approx.)	h). AMOUNT REQUESTED TO BE REPAID BY AGENCY	i). LOAN ACCOUNT NUMBER
J). NAME OF LOANHOLDER (LENDER):		k). ADDRESS
l). TELEPHONE		
I authorize the release of my financial data by lender/holder to complete the entries in SECTION 2. (A copy of this form should be deemed as the original for authorization purposes.)	m). SIGNATURE	DATE

SECTION 2:

LOAN STATUS CONFIRMATION Loan holder: Please verify the information below and provide correct information, where missing.
Please return form to:

(1). STATUS:	(2). TYPE OF LOAN:	(3). OUTSTANDING BALANCE	(4). DATA SHOWS CONSOLIDATION (when multiple loans are involved)
____IN DEFAULT ____ PAYMENTS BEING MADE ____ DEFERRED	___HEA OF 1965 ___PUBLIC HEALTH SERVICES ACT		_____ Yes _____ No Date_____

INSTITUTION WHERE PAYMENT IS TO BE SENT

(5). NAME	ADDRESS	
TELEPHONE	(6). Routing Number	(7). Account Number
(8). ADDITIONAL INFORMATION		

CERTIFICATION: As an official of the holding institution, I verify that the information in SECTION 2 is correct and current. Copy of the promissory note(s) is/are enclosed.

(9). NAME AND TITLE	SIGNATURE AND DATE

SECTION 3: TO BE COMPLETED BY HUMAN RESOURCES OFFICE–O.K. for Processing

Effective Date	Annual Amount	Number of Years	Total Repayment Amount

PERSONNEL OFFICER OR DESIGNEE	DATE	SIGNATURE

Privacy Act Statement: The collection of this information is authorized by 5 U.S.C. 5379 in order to facilitate the repayment of student loans, where authorized. Providing this information is voluntary, but choosing not to provide the requested information will preclude the payments by the Department of the Navy.

STUDENT LOAN REPAYMENT SERVICE AGREEMENT

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

CONDITIONS OF EMPLOYMENT

The Department of the Navy agrees to provide a student loan repayment benefit to:

Subject to the conditions of employment stated in this document.

(STATE CONDITIONS OF EMPLOYMENT SPECIFIC TO EACH AGREEMENT AS DESCRIBED IN 5 CFR 537.107(A) HERE OR ATTACH AS SEPARATE PAGE).

CONDITIONS OF LOAN REPAYMENT

I agree to complete ____Years (MINIMUM OF THREE YEARS) **Service. My period of service begins on the date DFAS makes the first payment to the holder of my loan. In return, the Department of the Navy will make payments on my outstanding federally insured loan to:** (LENDERS NAME AND ADDRESS)

_____

_____

_____

REPAYMENT AMOUNT	YEARS	TOTAL

Increases or renewals made under this part not to exceed $6,000 each calendar year up to a lifetime total of $40,000 (may/may not) be made without requiring a new period of service. If increases or renewals are made, Defense Finance and Accounting Service (DFAS) will be provided a new, revised copy of this service agreement reflecting the amendments.

LOAN REPAYMENT PROCEDURES

DFAS will make payments to the lender on a bi-weekly basis. It will determine the amount to be paid by dividing the annual repayment amount by the number of pay periods in the year for which payments are made. This usually will be 26 payments per year, except for years having 27 pay periods. In those cases, 27 bi-weekly payments will be made. The loan repayment amount will be considered as taxable wages and tax withholding will be made on a bi-weekly basis as appropriate. The Department of Defense (DoD) is not responsible for any late fees or penalties assessed by the loan holder(s) prior to, during, or subsequent to this agreement.

LOSS OF ELIGIBILITY FOR LOAN REPAYMENT BENEFIT

I understand I will no longer be eligible for the loan repayment incentive if I voluntarily end my employment with the Department of the Navy, am separated for reasons of misconduct or performance, fail to maintain an acceptable level of performance (as defined by each DoD Component), or in any way violate the terms of this agreement.

REIMBURSEMENT OF LOAN REPAYMENT BENEFIT

If I am separated from DoD for reasons of misconduct or performance, or if I leave DoD voluntarily before I complete the period of service specified in this agreement, I will reimburse DoD for the entire amount of all loan repayments considered as taxable wages that DoD has made in my behalf.

_____ _____

EMPLOYEE SIGNATURE **DATE**

I CERTIFY THAT I HAVE DISCUSSED THE CONDITIONS OF THE STUDENT LOAN REPAYMENT PROGRAM WITH THE EMPLOYEE.

_____ _____

HRO REPRESENTATIVE SIGNATURE **DATE**

"THIS INFORMATION IS SUBJECT TO THE PRIVACY ACT OF 1974, AS AMENDED."