



**DEPARTMENT OF THE ARMY**  
**HEADQUARTERS UNITED STATES ARMY TRAINING AND DOCTRINE COMMAND**  
**FORT MONROE VIRGINIA 23651-5000**

REPLY TO  
ATTENTION OF

ATBO-C

*12 APRIL 2005*

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Delegation of Student Loan Repayment Program

1. References:

a. Memorandum, HQDA, DAPE-CP, 22 March 2005, subject: Department of Defense (DoD) Student Loan Repayment Program.

b. Memorandum, TRADOC, ATBO-C, 4 December 2001, subject: Guidance on Repayment of Student Loans.

2. Authority to approve Student Loan Repayment is delegated to:

a. Major Subordinate Commanders.

b. TRADOC School Commandants.

c. Commanders/Directors of Special Activities who report directly to HQ TRADOC.

d. TRADOC Deputy Chiefs of General and Chiefs of Special Staff Offices.

3. Policy contained in reference 1b is rescinded. New delegation of Student Loan Repayment Program authority and the updated DoD Student Loan Repayment Plan which incorporates new monetary limitations on payment and other changes are enclosed.

4. This authority may be re-delegated to subordinate supervisors and managers.

5. Local labor relations obligations must be met prior to implementation.

FOR THE COMMANDER:

Encl

ANTHONY R. JONES  
Lieutenant General, U.S. Army  
Deputy Commanding General/  
Chief of Staff

ATBO-C

SUBJECT: Delegation of Student Loan Repayment Program

DISTRIBUTION:

Commander

U.S. Army Accessions Command

U.S. Army Combined Arms Center

U.S. Army Combined Arms Support Command

Commandants, TRADOC Schools

Director

Futures Center

U.S. Army TRADOC Analysis Center

U.S. Army Aeronautical Services Agency

U.S. Army Nuclear and Chemical Agency

Deputy Chiefs of General and Chiefs of Special Staff  
Offices, HQ TRADOC



**DEPARTMENT OF THE ARMY**  
**OFFICE OF THE DEPUTY CHIEF OF STAFF, G-1**  
**300 ARMY PENTAGON**  
**WASHINGTON DC 20310-0300**

REPLY TO  
ATTENTION OF:

DAPE-CP

**MAR 22 2005**

**MEMORANDUM FOR SEE DISTRIBUTION**

**SUBJECT: Department of Defense (DoD) Student Loan Repayment Program**

1. The Deputy Under Secretary of Defense for Civilian Personnel Policy has delegated authority to approve student loan repayments and reissued and updated the DoD Student Loan Repayment Plan to incorporate new monetary limitations on payments (Enclosure 1). The updated Plan also provides procedures for implementing new Nature of Action Code 817 and incorporates reporting and accountability requirements. For your convenience, a copy of DoD's sample service agreement is provided, updated to reflect the revised statutory limits on the amounts that may be paid by an agency (Enclosure 2). Examples of the types of student loans eligible for repayment are available on the Office of Personnel Management's website at [www.opm.gov/oca/PAY/StudentLoan/index.asp](http://www.opm.gov/oca/PAY/StudentLoan/index.asp).
2. Pursuant to personnel authorities delegated to my office, I delegate the authority to approve student loan repayments to Commanders of Major Army Commands and the Administrative Assistant to the Secretary of the Army. This authority may be further delegated to the lowest practicable level, but no lower than managers and supervisors, and officials managing centralized intern or training programs.
3. The guidance in Enclosure 1 will be used to execute the student loan repayment authority. Officials using the authority must ensure the student attended an accredited institution. The balance on eligible loans will be verified by documentation from the lender. To the extent this changes local bargaining unit employees' conditions of employment, activities should be reminded to meet their labor relations obligations prior to implementation.
4. Department of the Army, Office of the Assistant Secretary (Manpower and Reserve Affairs) memorandum, 26 November 2001, subject: Guidance on Repayment of Student Loans, is hereby superseded.



ENCL

DAPE-CP-PPD

SUBJECT: Department of Defense (DoD) Student Loan Repayment Program

5. My point of contact is Richard Maitz, 703-325-6816, e-mail [richard.maitz@us.army.mil](mailto:richard.maitz@us.army.mil).

2 Encls

1. DUSD memo, 30 Sep 04
2. Service agreement

  
MELINDA McMILLON DARBY  
Assistant G-1 for Civilian Personnel  
Policy

DISTRIBUTION:

ADMINISTRATIVE ASSISTANT TO THE SECRETARY OF THE ARMY

COMMANDER

US ARMY EUROPE AND SEVENTH ARMY

EIGHTH US ARMY

US ARMY FORCES COMMAND

US ARMY MATERIEL COMMAND

US ARMY TRAINING AND DOCTRINE COMMAND

US ARMY CORPS OF ENGINEERS

US ARMY PACIFIC

MILITARY SURFACE DEPLOYMENT AND DISTRIBUTION COMMAND

US ARMY CRIMINAL INVESTIGATION COMMAND

US ARMY MEDICAL COMMAND

US MILITARY ENTRANCE PROCESSING COMMAND

US ARMY SPECIAL OPERATIONS COMMAND

US ARMY INTELLIGENCE AND SECURITY COMMAND

US ARMY SPACE AND MISSILE DEFENSE COMMAND

CF:

SUPERINTENDENT, US MILITARY ACADEMY

DIRECTOR

U.S.ARMY INSTALLATION MANAGEMENT AGENCY

CIVILIAN HUMAN RESOURCES AGENCY

CIVILIAN PERSONNEL EVALUATION AGENCY

OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY (MANPOWER AND RESERVE AFFAIRS), ATTN: MS. BEATTY

OFFICE OF THE GENERAL COUNSEL, ATTN: SAGC (MS. JOHNSON)

OFFICE OF THE JUDGE ADVOCATE GENERAL, ATTN: DAJA-LE (MS. NUGENT)





OFFICE OF THE UNDER SECRETARY OF DEFENSE  
4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

30 SEP 2004

PERSONNEL AND  
READINESS

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Department of Defense (DoD) Student Loan Repayment Program

Section 1123 of the National Defense Authorization Act for Fiscal Year 2004 (Pub. L. 108-136), November 23, 2003, and the Federal Employee Student Loan Assistance Act (Pub. L. 108-123), November 11, 2003, amended 5 U.S.C. 5379(b)(2) to increase the maximum amount Federal Agencies are authorized to repay under the Federal student loan repayment program from \$6,000 to \$10,000 per employee for any one calendar year and to increase the aggregate limitation from \$40,000 to \$60,000 for any one employee. The authority provides the Department of Defense with flexibility to attract, develop and maintain a talented, agile civilian workforce to meet the challenges of the 21<sup>st</sup> century.

The Secretaries of the Military Departments and Heads of Defense Agencies, and DoD Field Activities with independent appointing authority for themselves and their serviced organizations are hereby delegated the authority to approve student loan repayments. These designees may further redelegate this authority to managers and supervisors, and officials managing centralized intern or training programs.

The attached guidance reissues and updates the DoD Student Loan Repayment Plan issued by OASD(FMP) memorandum, October 17, 2001, to incorporate the new payment limitations consistent with the amended provisions of 5 U.S.C. 5379(b)(2). In addition, it provides updated processing procedures for implementing the new Nature of Action (NOA) Code established by the Office of Personnel Management on October 27, 2003, and incorporates the reporting and accountability requirements. The new NOA Code and processing procedures became available for use on June 4, 2004.

  
Ginger Groeber  
Deputy Under Secretary  
Civilian Personnel Policy

Attachment:  
As stated

Encl. 1

DISTRIBUTION: ASSISTANT G-1 FOR CIVILIAN PERSONNEL POLICY,  
DEPARTMENT OF THE ARMY  
DIRECTOR, PLANS, PROGRAMS, AND DIVERSITY,  
DEPARTMENT OF THE NAVY  
DIRECTOR, PERSONNEL POLICY (DEPARTMENT OF THE AIR  
FORCE)  
DIRECTOR FOR MANPOWER AND PERSONNEL (J-1),  
JOINT CHIEFS OF STAFF  
DIRECTOR, PERSONNEL AND SECURITY,  
DEPARTMENT OF DEFENSE INSPECTOR GENERAL  
DIRECTOR, HUMAN RESOURCES MANAGEMENT, DEFENSE  
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CHIEF, HUMAN RESOURCES MANAGEMENT DIVISION,  
DEFENSE CONTRACT AUDIT AGENCY  
DIRECTOR FOR CORPORATE RESOURCES,  
DEFENSE FINANCE AND ACCOUNTING SERVICE  
CHIEF, CIVILIAN PERSONNEL DIVISION, DEFENSE  
INFORMATION SYSTEMS AGENCY  
CHIEF, OFFICE OF HUMAN RESOURCES,  
DEFENSE INTELLIGENCE AGENCY  
DIRECTOR, HUMAN RESOURCES,  
DEFENSE LOGISTICS AGENCY  
EXECUTIVE DIRECTOR, HUMAN RESOURCES, DEFENSE  
CONTRACT MANAGEMENT AGENCY  
DIRECTOR, HUMAN RESOURCES, DEFENSE SECURITY  
SERVICE  
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NATIONAL GEOSPATIAL - INTELLIGENCE AGENCY  
DIRECTOR, HUMAN RESOURCES SERVICES,  
NATIONAL SECURITY AGENCY  
DIRECTOR, PERSONNEL CENTER, DEPARTMENT OF DEFENSE  
EDUCATION ACTIVITY  
DIRECTOR FOR PERSONNEL AND SECURITY,  
WASHINGTON HEADQUARTERS SERVICES  
DIRECTOR, CIVILIAN HUMAN RESOURCES MANAGEMENT,  
UNIFORMED SERVICES UNIVERSITY OF THE HEALTH  
SCIENCES  
DIRECTOR FOR HUMAN RESOURCES, NATIONAL GUARD  
BUREAU  
COMMANDER, HEADQUARTERS, ARMY AND AIR FORCE  
EXCHANGE SERVICE

## Department of Defense

### Student Loan Repayment Plan

#### A. General Information

1. Section 5379 of title 5, United States Code (U.S.C.), and Part 537 of title 5, Code of Federal Regulations (CFR), establish the statutory and regulatory authority for the use of student loan repayment as a recruitment or retention incentive. Repayment is limited to outstanding federally insured loans made by educational institutions or banks, and other private lenders as made or insured under the Higher Education Act of 1965 or titles VII or VIII of the Public Health Service Act.
2. This guidance replaces the DoD Student Loan Repayment Plan, dated October 17, 2001, issued by Office the Assistant Secretary of Defense (FMP) memorandum, to increase the student loan repayment limits, to provide new processing procedures for authorizing loan repayment actions, and to incorporate reporting and accountability requirements. Section 1123 of the National Defense Authorization Act for Fiscal Year 2004 (Pub. L. 108-136), November 24, 2003, amended 5 U.S.C. 5379(b)(2) to increase the maximum amount Federal Agencies are authorized to repay under the Federal student loan repayment program from \$6,000 to \$10,000 per employee for any one calendar year. The Federal Employee Student Loan Assistance Act (Pub. L. 108-123), November 11, 2003, previously increased the annual limitation from \$6,000 to \$10,000 per employee in any calendar year and in aggregate limitation from \$40,000 to \$60,000 for any one employee.
3. Designees. Secretaries of the Military Departments and heads of Defense Agencies and DoD Field Activities with independent appointing authority for themselves and their serviced organizations may approve student loan repayments. These designees may redelegate this authority to managers and supervisors for use in accordance with this guidance. Officials managing centralized intern or training programs may also exercise this authority as determined/authorized by the authorized designee (hereafter referred to as the "loan approving official").
4. This authority allows DoD Components to use the incentive as part of their workforce reshaping efforts.
5. An authorized management official may offer student loan repayment to facilitate the recruitment or retention of highly qualified employees. Any

highly qualified employee in the competitive or excepted service is eligible to receive a student loan repayment, excluding those employees who currently occupy or will occupy a position excepted from the competitive service because of its confidential, policy-determining, policy-making, or policy-advocating character (e.g., employees serving under Schedule C appointments). Student loan repayment incentives may be paid, but are not restricted to, the following employee categories:

- a. General Schedule employees or equivalent;
- b. Federal Wage System employees;
- c. Senior Executive Service members;
- d. Employees covered by administratively determined pay systems;
- e. Temporary employees who are serving on appointments leading to conversion to term or permanent appointments;
- f. Term employees with at least three years left on their appointment;
- g. Permanent employees (including part-time employees); and
- h. Employees serving on excepted appointments with conversion to term, career, or career conditional appointments.

When selecting employees to be recipients, an authorized management official will adhere to the merit system principles outlined in 5 U.S.C. 2301(b).

6. DoD Components must update their existing plans for the use of this authority to comply with the new maximum statutory limitations found in 5 U.S.C. 5379. These plans establish criteria that must be met or considered in authorizing the incentive, including criteria for determining the amount of a payment to comply with 5 CFR 537.105.
7. DoD Components may repay more than one loan per employee as long as the payments do not exceed the legally prescribed limits, but they shall not authorize payments to cover accrued penalties associated with any loans.

## **B. Approval Procedures**

1. The requesting official must prepare a written determination that, in the absence of student loan repayment, the activity would encounter difficulty in filling the position or retaining an employee in that position.
  - a. Determinations for recruitment purposes must be made before the employee enters on duty in the position for which loan repayment is authorized. An activity may not use this authority to recruit current Federal employees from other agencies.



Department of Defense Financial Management Regulation (DoDFMR), Volume 8, while that for debtors no longer in Government service is found in DoDFMR, Volume 5.

- e) The employee's debt may be waived, in whole or in part, if the authorized loan-approving official determines that recovery would be against equity and good conscience, or against the public interest.

### **C. Processing Procedures**

1. The requesting official will submit a Request for Personnel Action (RPA) and a copy of the written service agreement to the supporting Human Resources Office (HRO) to initiate the repayment action. These documents must be submitted for each employee at the time the employee is initially authorized to receive the student loan repayment incentive.
2. The RPA will include, at a minimum, the following: the employee's position (title, occupational series, and grade or pay band level); the period of service specified in the service agreement; the repayment amount authorized; the effective date of the agreement; and the mailing address of the loan holder.
3. The supporting HRO will follow Defense Civilian Personnel Data System (DCPDS) processing instructions and submit a Nature of Action (NOA) code 817 to the Dynamics File of the Office of Personnel Management's (OPM) Central Personnel Data File (CPDF) based on the RPA information provided by the approving official. A Notice of Personnel Action (NPA) is not required.
4. The supporting HRO will submit an NOA code 817 for each employee upon the initial authorization of student loan repayment incentives and in any subsequent fiscal year in which payment of the incentives are authorized.
5. The supporting HRO then will transmit the data on the RPA and a copy of the service agreement to the appropriate DFAS payroll office to initiate payments.
6. If the loan-approving official increases, decreases, extends, or renews payments, or otherwise amends the conditions specified in an existing service agreement, whether initially given for recruitment or for retention purposes, the amended service agreement will be sent to the supporting HRO for transmission to DFAS.

### **D. Payment Procedures**

1. DFAS remits the student loan repayment directly to the lender under the terms, limitations, and conditions of the written service agreement. The incentive is paid biweekly using procedures developed by the appropriate payroll office and is in addition to basic pay or any other form of compensation payable to the employee.
2. Student loan repayments shall not exceed \$10,000 for each full year of the employee's service requirement. DFAS will determine the amount to be paid each pay period by dividing the repayment amount authorized for each full year of the service requirement by the number of pay periods in the year that corresponds to the dates of the employee's yearly service requirement.
3. As an example, if the employee's service agreement is signed, and thus the period of service begins, on July 11 of a given year, the authorized repayment amount will be divided by the number of pay periods required to pay the total amount authorized in the first repayment year by July 10 of the following year. Payments for a \$10,000 annual benefit are calculated as follows:

July 11 - December 31 (12 pay periods at \$384.61)

December 31 - July 10 (14 pay periods at \$384.62)

Generally, there are 26 payments for each year of the employee's service requirement, except for years having 27 pay periods. In such cases, 27 biweekly payments are made.

4. Since the loan repayment amount is considered as taxable wages, the loan holder receives the full amount of the loan repayment and taxes are withheld from the employee's biweekly pay, as appropriate.
5. Loan repayments will not continue for periods of leave without pay that result in no basic pay, including locality payments, due to the employee during a biweekly pay period. The suspension of loan repayments during periods of leave without pay reduces the employee's total loan repayment incentive unless the authorized loan-approving official extends the service agreement or grants an exception (e.g., employee returns from uniform service or make full recovery from a compensable injury).
6. The Department is not responsible for any late fees or penalties assessed by loan holders prior to, during, or subsequent to this agreement.

#### **E. Documentation**

1. Each authorized loan-approving official is responsible for ensuring that the justification for each student loan repayment incentive is documented and records are maintained in accordance with 5 CFR, Part 537. Documentation will include verification that the employee's outstanding student loan qualifies for repayment and will contain the written determinations of recipient eligibility as required by 5 CFR 537.105.
2. Each supporting HRO will maintain the data necessary to verify the number of employees receiving the loan repayment incentive, the pay plan, series, grade/band level of each recipient, and the total cost of the student loan repayment incentive for each fiscal year.
3. Data will be maintained in the Defense Civilian Personnel Data System (DCPDS) electronically through the use of NOA code 817. In addition, a copy of the RPA and service agreement will be retained on the left side of the recipient's Official Personnel Folder until such time as the employee separates from the Department.

#### **F. Reporting Requirements**

1. The Deputy Under Secretary of Defense (Civilian Personnel Policy) (DUSD(CPP)) is responsible for oversight and evaluation of the policy throughout the Department. Each DoD Component shall furnish the DUSD(CPP) with a copy of implementing guidance when issued or revised.
2. Upon request, DoD Components will provide the Department with fiscal year data on the number of employees receiving the loan repayment incentive, the pay plan, series, grade/band level of each recipient, and the total cost of the student loan repayment incentive.

#### **G. Accountability**

Managers and supervisors throughout the Department are responsible for the appropriate use of this authority to support mission requirements. Designees are accountable for the use and oversight of this authority.

**DEPARTMENT OF DEFENSE  
SAMPLE 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**

\_\_\_\_\_ (COMPONENT) \_\_\_\_\_ agrees to provide a student loan repayment benefit to:

<b>EMPLOYEE</b>	<b>SOCIAL SECURITY NUMBER</b>	<b>POSITION</b>

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 \_\_\_\_\_ (MINIMUM OF THREE YEARS SERVICE) \_\_\_\_\_. My period of service begins on \_\_\_\_\_ (DATE) \_\_\_\_\_. In return, \_\_\_\_\_ (COMPONENT) \_\_\_\_\_ will make payments on my outstanding federally insured loan to:

(LENDER NAME AND ADDRESS)

<b>REPAYMENT AMOUNT</b>	<b>YEARS</b>	<b>TOTAL</b>

Increases or renewals made under this part not to exceed \$10,000 each calendar year up to a lifetime total of \$60,000 (may/may not) be made without requiring a new period of service. If increases or renewals are made, however, the Department of Defense (DoD) Component shall document the changes on a revised service agreement. The DoD Component shall provide the Defense Finance and Accounting Service (DFAS) with a

copy of the amended service agreement to ensure the size and duration of payments to the loan holder are adjusted accordingly.

**LOAN REPAYMENT PROCEDURES**

DFAS will make payments to the lender on a biweekly 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 biweekly payments will be made. The loan repayment amount will be considered as taxable wages and tax withholding will be made on a biweekly basis as appropriate. The Department of Defense 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 \_\_\_\_\_(COMPONENT)\_\_\_\_\_, 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 leave DoD 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 this employee.

\_\_\_\_\_  
HRO REPRESENTATIVE SIGNATURE

\_\_\_\_\_  
DATE

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