United States Department of Veterans Affairs  
STUDENT LOAN REPAYMENT PROGRAM

Qualified:
Student loan repayments may be authorized for employees in full- and part-time positions who are:
(a) Temporary employees serving on appointments leading to conversion to term or permanent appointments
(b) Term employees with at least 3 years left on their appointment
(c) Permanent employees
(d) Employees serving on excepted appointments with conversion to term, career, or career conditional appointments

Exclusions: A student loan may not be paid for a position excepted from the competitive service. Title 38, hybrid, and General Schedule employees in health care positions are not eligible. However hybrid positions under 38 U.S.C. 7401 positions do qualify for student loan repayments. Employees may apply if outstanding PLUS loans remain for children but not for parents.

Service Agreement:
• Sign a written Employee Service Agreement (ESA) with all details of loan repayment and required 3-year employment service with VA
• Loan repayments only apply to loans taken prior to ESA
• Checks paid directly to loan company NOT to employee
• Employee must maintain an acceptable level of performance
• Employee must also agree to reimburse VA for any loan repayments if any conditions of the service agreement are not met.
• Unless required by the service agreement, if leaves for another Federal agency before completing service, not required to return repayments to VA; new agency not required to make loan payments.

Criteria for Authorization:
• When recommending candidates, all management officials must adhere to merit system principles.
• A written determination must state that with absence of repayment offer, VA would find difficulty in filling the position or retaining a highly qualified employee in that position. (see attached appendix)

Amount Limitations:
• Payment made on an annual or biweekly basis
• The maximum annual gross amount (before taxes) in a year is $10,000
• Total lifetime gross amount: $60,000.
• Repayment magnitude depends on employee’s value to VA and current funds

Relationship to Other Payments:
• Student loan repayment may be paid in addition to another incentive.
• The 3-year agreement may begin and run concurrently with other service agreements.

Employee Responsibilities:
• Provide evidence of valid loan obligations
• Provide information about offers of employment and career plans
• Make timely loan payments on portion of the loan(s) that continue to be the employee’s responsibility
• Tax obligations result from the student loan repayment

The agency must:
• Pay the employer's share of social security and Medicare taxes on the loan repayment
• Withhold and pay Federal income tax withholding (and appropriate State and local income tax withholding) on the loan repayment
• Withhold and pay the employee's share of social security and Medicare taxes on the loan repayment
• Report the loan repayment and taxes withheld and paid as required under Federal law and applicable State and local laws.

Taxes/Fees
• If for recruitment, repayment quantity must be determined before employee begins job
• Agency not responsible for late fees
• If agency repays student loan, repayment includible in employee’s gross income and in wages for Federal employment tax purposes
• Tax withholdings deducted/applied at time payment made
• Student loan repayment benefits subject to employment taxes

For more detailed information visit the U.S. Office of Personal Management (OPM) at http://www.opm.gov/oca/pay/studentloan/index.asp