



# U.S. Chemical Safety and Hazard Investigation Board

**SUBJECT:** Student Loan Repayment Program

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1. **PURPOSE.** This Order establishes policies and procedures for the Chemical Safety and Hazard Investigation Board (CSB) student loan repayment program.
2. **EFFECTIVE DATE.** This Order is effective upon passage by the Board.
3. **SCOPE.** The provisions of this Order apply to candidates for employment with the CSB and to current employees of the CSB, subject to the eligibility requirements explained in this Order.
4. **REFERENCES.** This Order implements the provisions of 5 U.S.C. § 5379 and 5 C.F.R. Part 537.
5. **POLICY.** It is the policy of the Board to use the student loan repayment program as a tool to recruit or retain highly qualified personnel for positions within the CSB. It is further the policy of the Board that all aspects of the student loan repayment program shall be carried out with full adherence to the merit system principles and without regard to any factor, the consideration of which is prohibited by law.
6. **DEFINITIONS.**
  - a. **Candidate** – an individual, not currently an employee of any branch of the Federal government, who has been selected to receive an offer of appointment to an eligible position within the CSB.
  - b. **Servicing payroll office** – the agency or agency component which provides payroll processing services to the CSB.
  - c. **Student loan** – an education loan made, insured, or guaranteed by the Federal government that is eligible for repayment under the student loan repayment program. See section 9 and Appendix A of this Order for a detailed description and list of eligible loans. In this Order, the terms “student loan” and “loan” are used interchangeably and have the same meaning.
7. **RESPONSIBILITIES.**
  - a. **The Board** – determines and sets the annual funding for the student loan repayment program by approving a line item in the CSB operating budget.
  - b. **Employees** – those employees who are receiving student loan repayment benefits are responsible for:
    - (1) Meeting all terms, conditions, and obligations of their student loans, including making payments on the loans and/or portions of loans not being directly repaid by the CSB.

- (2) Paying any federal, state, and local income taxes and the employee's share of applicable employment taxes resulting from the loan repayments.
- (3) Signing a service agreement as described in section 15 of this Order.
- (4) Reimbursing the CSB, as specified in section 17 of this Order, if he/she fails to complete the period of employment established under the service agreement.
- (5) Notifying the servicing payroll office of any changes in the loan information described in section 10 of this Order.

8. **ELIGIBLE EMPLOYEES.**

- a. The following types of employees are eligible to receive student loan repayment benefits:
  - (1) Temporary employees who are serving on appointments leading to conversion to term or permanent appointments;
  - (2) Term employees with at least three years left on their appointment;
  - (3) Permanent employees;
  - (4) Employees serving on excepted appointments with conversion to term, career, or career-conditional appointments (including, but not limited to, Career Intern or Presidential Management Intern appointments).
- b. Candidates for employment in any of the categories described in paragraph a., above, are eligible to receive student loan repayment benefits.
- c. Employees serving in positions excepted from the competitive service because of their confidential, policy-determining, policy-making, or policy-advocating character (i.e., Schedule C, Noncareer SES) are ineligible for the student loan repayment program.

9. **ELIGIBLE LOANS.** To be eligible for direct repayment by the government, an employee's or candidate's loans must have been made, insured, or guaranteed under parts B, D, or E of title IV (Student Assistance) of the Higher Education Act of 1965, or made or insured under part A of title VII of the Public Health Service Act, or under part E of title VIII of that Act (health education assistance loans). Appendix A of this Order contains a list of the loans, identified by their popular or common names, eligible for direct repayment by the government under this program.

10. **REQUIRED INFORMATION.** To be considered for receipt of student loan repayment benefits, candidates and employees must supply, for each loan they wish to be repaid, the following items of information to the CSB at the time they request consideration:
- a. Type of loan;
  - b. Loan number and/or account number;
  - c. Total loan amount, amount already paid, and amount still outstanding;
  - d. Name and address of lender or current loan holder;
  - e. Name and telephone number for a point of contact at the lender or current loan holder; and
  - f. EFT (electronic funds transfer) routing number for lender or current loan holder.
11. **TIMING.** When loan repayment is to be offered to a candidate as a recruitment incentive, all recommendations and determinations necessary to support the loan repayment must be completed before the employee actually enters on duty (i.e., is officially appointed) in the position for which he or she was recruited. When loan repayment is to be offered to a current employee as a retention incentive, all recommendations and determinations necessary to support the loan repayment must be completed before the first loan payment is made by the CSB on the employee's behalf.
12. **RECOMMENDATION FOR LOAN REPAYMENT.** To be considered for loan repayment benefits, a candidate or employee must first be recommended by his or her Office Director. Office Directors are authorized to recommend candidates or employees to receive student loan repayment benefits, and to recommend the amount to be repaid and repayment term. Recommendations for loan repayment benefits shall be made using Part A of the Loan Repayment Recommendation and Approval Form (Appendix B). The recommendation prepared by the Office Director must contain one of the following determinations:
- a. **Determination for recruitment.** The Office Director must determine or document, in writing, that:
    - (1) The candidate has an outstanding student loan or loans and is not currently in default, and has not previously defaulted, on those loans;
    - (2) The candidate is highly qualified for the position being recruited; and
    - (3) In the absence of repayments, the CSB would encounter difficulty in filling the position with a highly qualified candidate.

- b. **Determination for retention.** The Office Director must determine, in writing, that:
- (1) The employee has an outstanding student loan or loans and is not currently in default, and has not previously defaulted, on those loans;
  - (2) The high or unique qualifications of the employee and/or the special needs of the CSB for the employee's services make it essential to retain the employee (including a description of the extent to which the employee's departure would affect the agency's ability to carry out an activity or perform a function essential to the CSB's mission);
  - (3) In the absence of such repayments, the employee would be likely to leave for employment outside of the Federal service;
  - (4) The employee has a summary rating of "Fully Successful" or better for the most recently completed performance appraisal period.

### 13. **APPROVAL OF LOAN REPAYMENT.**

- a. **Approving officials.** A recommendation for loan repayment benefits and amount and term of repayment must be approved by the management official at the next-higher level in the recommending Office Director's supervisory chain. All CSB management officials who directly supervise Office Directors are hereby authorized to approve recommendations as to loan repayments. Such management officials are further authorized to make a final determination as the amount and terms of repayments.
- b. **Determination.** When deciding which candidates/employees to approve for loan repayment benefits, an approving official must adhere to merit systems 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. The approving official shall also consider the following factors:
- (1) The value of the particular candidate or employee and the importance of that person's position to agency mission accomplishment.
  - (2) The difficulty of recruiting or retaining highly qualified candidates in the same or similar occupations;
  - (3) Labor market conditions affecting recruitment or retention efforts;
  - (4) The appropriateness of using the loan repayment incentive in lieu of or in addition to other incentives, such as superior qualifications appointments, recruitment bonuses, or retention allowances;

- (5) The cost of hiring and training new employee versus retaining a current employee (where applicable);
- (6) The availability of funds.
- c. **Documentation.** The approving official shall document his or her determination as to whether or not to approve loan repayment for a particular candidate or employee, in terms of the factors enumerated in paragraph b., above, in Part B of the Loan Repayment Recommendation and Approval Form (Appendix B).

14. **DETERMINATION OF REPAYMENT AMOUNT.**

- a. Loan repayments are subject to the following statutory maximum limits: (1) \$6,000 per employee per calendar year, and (2) a lifetime aggregate of \$40,000 per employee. Within those limits, and subject to budgetary constraints, the determination of the repayment amount for a particular candidate or employee is within the discretion of the approving management official. The amount of loan repayments and the continuation of the loan repayment program is at all times subject to the availability of funds.
- b. **Initial determination.** At the time the loan repayment benefit is first authorized for each candidate or employee, the approving management official will set the amount to be repaid for a one year period, and also set the total number of years for which repayment will be offered. In determining the amount and term of loan repayments, the approving management official shall consider the following factors:
  - (1) The value of the candidate or employee to the organization;
  - (2) How far in advance the CSB can obligate funds (including budgetary constraints).
- c. **Renewal.** After an employee has received loan repayment benefits for the first year, the benefits may be renewed for subsequent one year periods, for the length of the repayment term initially established by the approving management official. At the time of renewal, the approving management official may, in his or her discretion, adjust the previous year's repayment amount upward or downward. In determining renewal amounts, the approving management official shall consider the factors enumerated in paragraph b. of this section.
- d. **Documentation.** The approving management official must document, in Part B of the Loan Repayment Recommendation and Approval Form (Appendix B), sufficient facts to justify the determination of the candidate's relative value to the agency and to establish a clear connection between the candidate's relative value and the loan repayment amount and term authorized.

- e. More than one loan may be repaid, as long as the total for the loan repayments does not exceed the statutory maximum limits set forth in paragraph a. of this section.

15. **LOAN REPAYMENT PROCEDURES.**

- a. Payments may only be applied to indebtedness that is outstanding at the time the CSB and the employee enter into an agreement, and may not begin before the employee enters on duty with the agency. Loan repayment benefits cannot be used to reimburse a candidate or employee for payments already made by the individual. Loan repayment benefits can be applied only to loans outstanding at the time the CSB and the employee/candidate enter into an agreement, not to any loans the employee/candidate may take out in the future.
- b. All loan repayments on behalf of the employee (minus applicable tax payments, for which the employee is responsible) will be made directly to the holder of the loan by the servicing payroll office. If multiple loans are being repaid on behalf of a single employee, the employee is responsible for informing the payroll office of the amount to be paid for each loan, either as a dollar amount or percentage of the total loan payment.
- c. The CSB is not responsible for late fees assessed by the holder of an employee's student loan. However, the CSB will make reasonable efforts to ensure that its servicing payroll office disburses payments in a timely manner.
- d. The CSB will verify with each lender/note holder that the employee has one or more outstanding student loans eligible for repayment under this plan, and the amount of the outstanding balance. The CSB will verify the remaining balance to ensure that loans are not in arrears or default and are not overpaid. At least annually thereafter, the CSB will determine the status of loans to make sure that they still have an outstanding balance and are not in arrears or default.
- e. **Payment schedule.** Employees may elect, subject to agreement by their lender/note holder, to have their loan repayments disbursed in one of the two following ways:
  - (1) As a lump sum amount during the first pay period that the service agreement is effective and annually thereafter (subject to renewal); or
  - (2) On a biweekly basis.

Under either payment schedule option, employees can choose to have applicable tax withholdings deducted from the gross loan payment amount, in which case the agency will make a net payment to the lender. Alternatively, employees can choose to have applicable tax withholdings deducted from their regular salary, thereby reducing their usual take-home pay. Employees should carefully consider

the tax and financial consequences of each option before making a choice. For example, if an employee elects to have the loan repayment disbursed in a lump sum and to have tax withholdings deducted from his/her regular salary, the full amount of withholding will be deducted from his/her salary for the pay period in which the lump sum is paid, potentially resulting in a significant reduction in take-home pay for that pay period.

- f. Employees are responsible for paying federal, state, and local income tax withholding on student loan repayment benefits, in accordance with the rates prescribed by the Internal Revenue Service and state and local tax authorities. The employee portion of Medicare and Social Security will also be withheld at the established rate. Tax withholdings will be deducted or applied at the time the loan repayment is made. Extensions on tax withholdings are not permitted.

16. **SERVICE AGREEMENTS.**

- a. Before any loan repayments may be made, a candidate or employee must sign a written agreement to complete a specified period of employment with the CSB and to reimburse the CSB for loan repayment benefits if he or she fails to satisfy the agreement. The service agreement will also specify the level of performance to be maintained and may specify any other conditions of employment the CSB determines to be appropriate.
- b. The minimum period of employment to be established under a service agreement must be three continuous years, regardless of the amount of loan repayment authorized. The approving management official may, in his or her discretion, require a longer period of employment. The service obligation commences on the first day of the pay period for which the initial loan payment is to be disbursed.
- c. The annual renewal of the loan repayment benefit, including any change in the amount of repayment, does not require the CSB to enter into a new service agreement with the employee receiving the benefit.
- d. A service agreement made pursuant to the student loan repayment authority in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service.

17. **LOSS OF ELIGIBILITY.** An employee receiving loan repayment benefits will be ineligible for continued benefits if the employee:

- a. Separates from the CSB (including transfer to another federal agency);
- b. Does not maintain a summary performance rating of “Fully Successful” or better;
- c. Engages in unacceptable conduct for which an appealable disciplinary action is taken;



- d. Violates any of the conditions of the service agreement; or
- e. Is determined by the CSB to have defaulted on the student loan(s) being repaid prior to or during the period of the agreement with the CSB.

18. **EMPLOYEE REIMBURSEMENTS TO THE GOVERNMENT.**

- a. An employee who fails to complete the full period of employment established under a service agreement or otherwise becomes ineligible for loan repayment benefits will be indebted to the Federal Government and must repay to the CSB the entire amount (including withholding) of any loan payments made by the CSB to the loan's holder on behalf of the employee.
- b. Failure to complete the period of employment established under a service agreement occurs when the employee's service with the CSB terminates before the employee completes the period of employment specified in the service agreement because:
  - (1) The employee is separated involuntarily on account of performance or misconduct; or
  - (2) The employee leaves the CSB voluntarily, even if to take another position in the Federal service.
- c. Failure to reimburse the CSB for the full amount owed will result in a collection offset from an indebted Government employee under 5 U.S.C. §5514 and 5 C.F.R. §550, subpart K or through the appropriate provisions governing debt collection if the individual is no longer a federal employee.
- d. Any amount repaid, or recovered from, an employee under this section will be credited to the appropriation account from which the amount involved was originally paid. Any amount so credited will be merged with other sums in such account and will be available for the same purposes and period, and subject to the same limitations (if any) as the sums with which merged.
- e. An employee does not have to repay the amount of any student loan repayment made by the CSB when the employee fails to complete a period of employment established under a service agreement because the employee is involuntarily separated for reasons other than misconduct or performance.
- f. The Chairperson may waive, in whole or in part, a right of recovery of an employee's debt if he or she determines that recovery would be against equity and good conscience or against the public interest.

19. **RECORDS AND REPORTS.**

- a. The CSB will record each determination made pursuant to this Order and make such records available for review upon request by OPM. These records may be destroyed after three years or after OPM formally evaluates the program, whichever comes first.
- b. Before January 1 of each year, the CSB will submit a written report to OPM stating when the CSB made student loan repayments on behalf of an employee during the previous fiscal year. Each report must include:
  - (1) The number of employees selected to receive this benefit;
  - (2) The job classifications of the employees selected to receive benefits under this part; and
  - (3) The cost to the Federal government for providing benefits under this part.

**U.S. CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD**

October 15, 2002

**Examples of Eligible Loans**

**Loans made or insured under the Higher Education Act of 1965 include:**

Federal Family Education Loans (FFEL)

- Subsidized Federal Stafford Loans
- Unsubsidized Federal Stafford Loans
- Federal PLUS Loans
- Federal Consolidation Loans

William D. Ford Direct Loan Program (Direct Loans)

- Direct Subsidized Stafford Loans
- Direct Unsubsidized Stafford Loans
- Direct PLUS Loans
- Direct Subsidized Consolidation Loans
- Direct Unsubsidized Consolidation Loans

Federal Perkins Loan Program

- National Defense Student Loans (made before July 1, 1972)
- National Direct Student Loans (made between July 1, 1972, and July 1, 1987)
- Perkins Loans (made after July 1, 1987)

**Loans made or insured under the Public Health Service Act include:**

- Loans for Disadvantaged Students (LDS)
- Primary Care Loans (PCL)
- Nursing Student Loans (NSL)
- Health Professions Student Loans (HPSL)
- Health Education Assistance Loans (HEAL)

## **APPENDIX B – Recommendation and Approval Form**