

## Student Loan Repayment Program – Frequently Asked Questions

The Committee on House Administration has established a Student Loan Repayment Program (the "Program"). The purpose of the Program is to provide House employing offices an additional tool with which to recruit and retain qualified staff in the service of the House. In general, the Program enables participating House employing offices to authorize repayment of qualifying student loans on behalf of eligible employees who agree in writing to remain in their employment for a period of one year. Additional questions regarding this Program may be directed to the Office Payroll and Benefits at (202) 225-1435. The fax number is (202) 226-9343.

### Terminology you should know

- **Student Loan Repayment Program (SLRP)** – the “Program” which enables the House to make payments on qualifying student loans on behalf of House staff members.
- **Student Loan Repayment Agreement (SLRA)** – the contract establishing the terms and conditions applicable to an individual participant in the SLRP.
- **Employing Office** – the office of the Member/Committee/Leadership or House Officer that has the authority to establish SLRP participation criteria and enter into SLRA’s with their staff.
- **Chief Administrative Officer (CAO)** – the CAO administers the SLRP for the Employing Offices. The CAO has the authority to reduce SLRA amounts and terminate SLRA contracts if the Employing Office exceeds their Program spending limits or if the participating staff member does not comply with the Program requirements.
- **Annual/Monthly Aggregate Payment Limit** – the total allocation of funds available to the Employing Office for use in paying the SLRA’s for their employees. This allocation is determined based on office budget figures and cannot be exceeded. Should the aggregate value of the SLRA payments for an Employing Office exceed their Annual or Monthly Aggregate Payment Limit, the CAO Office of Payroll and Benefits will reduce the value of the individual SLRA’s for each participating staff member in the Employing Office.

### Q **What is the House of Representatives Student Loan Repayment Program?**

A It is a Program established by the Committee on House Administration for the House of Representatives to allow House employing offices to repay outstanding Federally-insured student loans for eligible employees.

### Q **What are examples of the loans that qualify under the Student Loan Repayment Program?**

- A Loans eligible for this program must meet ALL of the following requirements:
- **Federal Student Loan** (private loans are not eligible)
  - **In the House employee's name** (not parents, spouse, etc.)
  - **In active, required repayment** (not in-school, deferment, grace, forbearance, etc.)
  - **With a current balance** (not for a loan that is paid-in-full)

Examples of 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)

Q **Who is eligible for the Program?**

- A The Program states that only full-time House employees are eligible for this program. In addition to program eligibility requirements, Employing Offices have the discretion of establishing additional criteria for eligibility such as performance, years of service, etc.

Any student loan payment made under this Program may not result in the sum of the payment and the compensation of the employee for that month exceeding 1/12th of the Speaker's Pay Order limits.

Interns, volunteers and unpaid staff are not eligible, nor are Members eligible.

Q **Are all House employees entitled to a student loan repayment?**

A Not necessarily. Each House employing office is an individual employer; therefore, the decision whether to offer loan payments to an employee as well as the amount of the payments, is within the sole discretion of each House employing office, subject to the limitations of the law and the required administrative process described in the Student Loan Repayment Agreement.

Q **How does an eligible employee go about applying for a student loan repayment?**

A Eligible employees must contact their employing office for further information.

Q **What is the maximum amount of a student loan repayment?**

A Subject to the annual aggregate limits for the office, an employing office may agree to provide student loan repayment benefits of up to \$833 per month, subject to a cumulative maximum amount of \$60,000 per employee. Any student loan payment made under the Program on behalf of an employee in any month may not result in the sum of the payment and the compensation of the employee for that month exceeding 1/12th of the applicable limitation on the maximum gross compensation of the employee for the year.

Q **Who receives the actual loan repayment check?**

A The Chief Administrative Office of the House of Representatives makes student loan payments directly to the loan holder. Student loan payments are not paid to employees. All payments to student loan holders are made through Electronic Funds Transfer (EFT).

Q **Can the Chief Administrative Officer make a loan repayment for a student loan that was previously repaid by the employee?**

- A No. The Chief Administrative Officer may not make a loan repayment for a student loan that was previously repaid by the employee. Student loan repayments are made to outstanding student loans (in good standing).

## **EMPLOYING OFFICE INFORMATION**

### **Q What are our responsibilities as the Employing Office?**

- A The Program requires that Employing Offices must ensure that:
- Participants in the SLRP understand that they (the employee) remain liable and responsible for the management of his/her loans and they (the employee) must continue to pay any portion of the loan payments due in excess of the payments made on behalf of the Employing Office.
  - Participants in the SLRP adhere to the SLRA, including, but not limited to, ensuring loans are in good standing, are in repayment status, and have a positive balance due.
  - The sum of the student loan payments and the employee's pay (including bonuses) in a given month may not exceed 1/12th of the applicable Speaker's Pay Order limitation for the year.

### **Q What are the Criteria and Conditions of the Program?**

- A Within the limits of the Program regulations, each employing office has the discretion to:
- Establish its own criteria for staff participation in the Program,
  - Set SLRA repayment amounts for participating staff members,
  - Discontinue SLRA's for participating staff members,

### **Q What must the Employing Office do to establish a Student Loan Repayment Agreement with a member of our staff?**

- A The steps to participate in the Student Loan Repayment Program are as follows:
- Eligible Staff and Employing Office complete the Student Loan Repayment Agreement.
    - SLRA must be complete, executed (signed) by both the Eligible Participant and the Authorized Individual within the Employing Office (e.g. The Member.)
    - All appropriate loan documents must be submitted with the SLRA.
  - The Employing Office must submit a copy of the executed SLRA and supporting documents to the Office of Payroll and Benefits.

- The Employing Office retains the original Student Loan Repayment Agreement and attachments.
- The executed SLRA is a contract between the Eligible Participant and the Employing Office.
  - Neither the House of Representatives nor the Office of the Chief Administrative Officer are parties to the Agreement.

**Q Can an employing office agree to repay any future student loans accrued by an employee?**

A No. An employing office may agree only to make payments on qualified student loans that are outstanding at the time the employing office and the employee enter into the Student Loan Repayment Agreement.

**Q Where do the funds come from to pay for the Student Loan Repayment Program?**

A The funds used to pay for the House Student Loan Repayment Program comes from a central account administered by the Chief Administrative Officer -- not from your Office or Committee budget. Employing Offices receive notice of a separate allocation of resources available to the office for loan repayments during the calendar year. Each employing office has an "annual aggregate payment limit" for Student Loan Repayment Program payments.

The "annual aggregate payment limit" for a calendar year with respect to an employing office:

(1) for Member offices is an amount equal to 3.5 percent of the average Member's Representational Allowance for all Member offices; and

(2) for all other employing offices is an amount equal to 3.5 percent of the total amount made available for salaries and expenses for such office.

The "monthly aggregate payment limit" is an amount equal to 1/12th of the annual aggregate payment limit.

The sum of all repayments made during a year under all Student Loan Repayment Agreements entered into by an employing office may not exceed their annual or monthly aggregate payment limits.

Offices are notified via letter (as email attachment) as to their allocation for the Student Loan Repayment Program.

Q **What happens if an Office has Inadequate Funds to Make the Payments?**

A As part of the verification process, the Office of Payroll and Benefits will confirm that the employing office has sufficient funds to cover the total amount of all repayments for their office. If an office does not have sufficient funds to cover all the loan repayments, the CAO will reduce the amount of each monthly repayment made on behalf of eligible employees of the office.

Q **Under what conditions might Payments Stop or Student Loan Repayment Agreements Terminate?**

A Payments on SLRA's will terminate if the Congress does not appropriate funds for the Program, if an Employing Office ceases to exist, if the contract is terminated by the Employing Office, if the terms of the contract are breached by the Employee, or if eligible employees have reached the annual or lifetime maximum benefit.

The following are examples of why a Student Loan Repayment Agreement will be terminated:

- The employee's employment with the employing office terminates,
- The employee enters part-time or unpaid status (including status as an employee on leave without pay), or temporary status (including status as an intern) with the employing office,
- The employee fails to fulfill any other terms of the Agreement; or
- The employee and the employing office execute a written agreement to terminate the Agreement.

It is the responsibility of an Employing Office to notify the Office of Payroll and Benefits immediately upon termination of a Student Loan Repayment Agreement.

If the Employing Office does not notify Payroll and Benefits upon termination of a Student Loan Repayment Agreement, and a repayment is made on behalf of an employee or former employee, the employing office, and not the employee or former employee or Office of Payroll and Benefits, will be responsible for reimbursing the fund.

- Q **Can an employing office offer student loan repayment benefits in addition to existing bonuses?**
- A Yes, employing offices may offer student loan repayment benefits in conjunction with bonuses, however, in any month the sum of the payment and the compensation of the employee for that month may not exceed 1/12th of the applicable limitation on the maximum gross compensation of the employee for the year.
- Q **Do PLUS loan obligations qualify for loan repayment benefits under the Student Loan Repayment Program?**
- A The regulations of this Program state that the Program is to be used for employees of a House employing office who have outstanding student loans. Thus, if the employee has a PLUS loan for his or her child, the employee would be eligible. The loan must be in the employee's name.
- Q **Are employees who have defaulted on their student loans eligible for this Program?**
- A No, an employee that is in arrears or in default of the loan is not eligible for the Program.
- Q **Is a degree, diploma, or certificate required for the employee to qualify for student loan repayment benefits?**
- A The regulations do not require that an eligible employee earn a degree, diploma, or certificate to be eligible for a student loan repayment benefit. However, employing offices may place such limits on program participants within their office. Employing offices are encouraged to tailor their plans to fit their specific needs.
- Q **What types of student loans are eligible for payment under this Program?**
- A A student loan is eligible if it is made, insured, or guaranteed under parts B, D, or E of title IV of the Higher Education Act of 1965 or is a health education assistance loan made or insured under part A of title VII or part E of title VIII of the Public Health Service Act.
- Q **Are loans that were purchased or sold by the original holder eligible for payment?**

A Loans purchased or sold by the original holder are eligible for payment, assuming the other conditions of the regulations are met.

Q **What types of academic degrees and/or levels does the Student Loan Repayment Program cover?**

A The Program does not specifically include/exclude any type of academic degrees and/or levels covered by the Program. However, employing offices may place such limits on program participants within their office.

### **Procedures for Making Payments**

Q **Is the Chief Administrative Officer responsible for any late fees assessed by the loan holder if the student loan payment is not received on time?**

A No. The Chief Administrative Officer is not responsible for late fees assessed by the holder of an employee's student loan. This is stated in the Student Loan Repayment Agreement.

Q **When will the Chief Administrative Officer make the student loan payment?**

A The Chief Administrative Officer (CAO) will make payments on/around the 15th business day of the month, beginning with the first month after an employee's eligibility is verified in accordance with the regulations. All payments to student loan holders shall be made through Electronic Funds Transfer (EFT). Employees need to ensure that the timing of their payment to the loan holder coincides with the date the loan payment is due. Where the standard payment date is after the loan payment due date, the Employee is responsible for making any catch-up payments or paying any late fees incurred.

Q **Are student loan payments subject to the aggregate limitation on pay under the Speaker's Pay Order?**

A Yes. Student loan payments are subject to the aggregate limitation under the Speaker's Pay Order. The sum of the student loan payments and the employee's pay in a given month may not exceed 1/12th of the applicable limitation on the maximum gross compensation for the employee for the year.

Q **Are student loan repayment benefits subject to employment taxes?**

A Student loan payments under the Program are a taxable benefit. The value of the student loan payments are taxed according to IRS regulations.

### **Student Loan Repayment Agreements**

Q **What is the minimum period time for a Student Loan Repayment Agreement for an employee to receive student loan repayment benefits?**

A The minimum Student Loan Repayment Agreement is one (1) year.

Q **Can the service requirement be prorated according to the dollar amount of the student loan repayment benefit offered?**

A The minimum service requirement is established in regulations and may not be prorated.

### **Employee Reimbursements**

Q **If an employee does not satisfy the terms of the Student Loan Repayment Agreement, how much of the total amount of payment is he or she required to reimburse the paying agency?**

A If a Student Loan Repayment Agreement between an employee and an employing office terminates prior to the end of the Student Loan Repayment Agreement year because the employee was terminated for cause or voluntarily separates from employment, the employee shall reimburse the House of Representatives for the amount of all student loan payments made on behalf of the employee under the current Student Loan Repayment Agreement. An employing office may waive the application of this paragraph with respect to the employee.

Q **If an employee fails to complete the service requirement because of disability retirement or leaves House service because of a disabling condition, is he or she still subject to the reimbursement requirements?**

A Any employee who does not satisfy the terms of the Student Loan Repayment Agreement is required to reimburse the House for all loan payments received. However, the employing office

may waive recovery if they determine it to be against equity and good conscience or contrary to the public interest.