



DEPARTMENT OF THE NAVY
BUREAU OF NAVAL PERSONNEL
5720 INTEGRITY DRIVE
MILLINGTON, TN 38055-0000

BUPERSINST 12300.3A
BUPERS-05
19 Sep 2017

BUPERS INSTRUCTION 12300.3A

From: Chief of Naval Personnel

Subj: STUDENT LOAN REPAYMENT PROGRAM

Ref: (a) 5 U.S.C.
(b) 5 CFR 537
(c) Title IV of the Higher Education Act of 1965, Parts B, D, and E, 20 U.S.C. 1070 et seq.
(d) Title VII of the Public Health Service Act, Parts A and E, 42 U.S.C. 292 et seq.
(e) OUSD memo, DoD Student Loan Repayment Program of 20 Sep 04

Encl: (1) Manager's Checklist

1. Purpose

a. To provide policy and guidance on the use of the Student Loan Repayment Program for employees and managers within the Bureau of Naval Personnel (BUPERS).

b. Major revision includes an increase in the yearly maximum for the initial loan repayment. This instruction is a complete revision and should be read in its entirety.

2. Cancellation. BUPERSINST 12300.3.

3. Scope and Applicability. This instruction is applicable to all BUPERS commands and subordinate activities.

4. Discussion

a. Reference (a), section 5379, and reference (b) provide conditions under which agencies may, in order to recruit or retain highly qualified personnel, agree to repay student loans by direct payments on behalf of the employee. Repayment is limited to a loan made, insured, or guaranteed under reference (c); or a health education assistance loan made or insured under reference (d).

b. Reference (e) provides delegation and implementation guidance until superseded by a Department of Defense (DoD) Civilian Personnel Management chapter. Additional information and answers to frequently asked questions for both managers and employees are located at the Office of Personnel Management (OPM) Web site <http://www.opm.gov/oca/pay/studentloan/HTML/QandAs.htm>.

c. Enclosure (1) is a checklist to guide managers through the process of requesting the use of the loan repayment program.

5. Policy. BUPERS utilizes this program primarily for hard to fill positions. This program can be used in coordination with other recruitment and retention incentives.

6. Procedures

a. For recruiting purposes, use of the loan repayment incentive must be authorized before the employee recruited enters on duty.

b. For retention purposes, the approving official must determine that, in the absence of offering to repay a student loan, the employee would be likely to leave for employment outside of the Federal service. Because of the way this program is structured, loan repayments cannot be used to retain an employee who would otherwise leave for another Federal agency.

c. The initial loan repayment of any amount **up to** the yearly maximum of \$10,000 incurs a 3-year commitment. All participating employees must agree to serve that commitment in the activity that approved the loan repayment. Repayment will cease if the employee leaves the activity. Also, for each additional increment of \$10,000 paid, the employee will be expected to serve an additional 1-year of service. (The maximum payment allowable in 1 year is \$10,000, with a total of \$60,000 per employee). For example, if a \$20,000 loan were repaid, the employee would agree to serve 4 years.

NOTE: Although repayment of a loan is contingent upon employees remaining with their activity, reimbursement of loan repayments may not be initiated unless the employee separates from DoD.

d. In selecting employees for repayment of their student loans, approving officials must consider both equitable treatment and diversity of the workforce. Also, there should be a determination of the employee's value to the activity and budgetary considerations.

e. Prior to repayment of student loan, the employee is required to sign NAVPERS 12300/22 Student Loan Repayment Service Agreement.

f. Eligible employees are responsible for continuing to make loan payments on the portion of the loan for which they are responsible and for any income tax obligation resulting from the student loan benefit.

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

h. The authorizing officials may waive all or part of a recovery if they feel the recovery would be against equity and good conscience or against the public interest.

i. Eligible employees include temporary employees on appointments leading to conversion to term or permanent appointments; or term employees with at least 3 years remaining on their appointments; or permanent employees and employees serving on excepted appointments with conversion to term, career, or career conditional.

j. Loss of eligibility. Employees lose entitlement to continued benefits if they:

(1) Separate from the activity.

(2) Do not maintain an acceptable level of competence.

(3) Violate the conditions outlined in signed NAVPERS 12300/22.

k. NAVPERS 12300/22 can specify other employment conditions for continued authorization. These can include a requirement that the employee perform specific duties, or meet all conditions of the employment for the position. These conditions must be defined on the first page of NAVPERS 12300/22 under “Conditions of Employment”.

l. The bi-weekly student loan payment will be reflected on the employee’s leave and earning statement in the Current Earning Block as “Foreign Language Proficiency Pay”. This is the authorized pay period amount. The same amount is remitted to the loan holder and will be reflected as “Non-Duty Voluntary Indebtedness” in the Deductions Block. The loan payment benefit will be added to regular wages and taxed at the normal withholding rate. As a result, an employee’s current total take-home pay may be reduced by the amount of the additional tax liability.

7. Responsibilities

a. Deputy Chief of Naval Personnel is the approving official for the BUPERS Student Loan Repayment Program.

b. BUPERS, Director, Total Force Human Resources and Manpower (BUPERS-05) must:

(1) Ensure student loan repayment program objectives are accomplished and comply with applicable polices contained in this instruction.

(2) Develop policy, objectives, and guidance for the student loan repayment program and maintaining oversight.

(3) Provide advice and assistance to serviced activities on the use of the loan repayment program.

(4) Maintain documentation for each student loan repayment to include verification of the employee's outstanding student loan.

c. Command Comptroller must:

(1) Verify the existence of, and the balance remaining on qualifying outstanding loans as required by reference (b). This can be accomplished by requesting the candidate or employee complete NAVPERS 12300/21 DON Student Loan Repayment Application and forwarding it to the loan holder for verification.

(2) Verify funds are available in the authorized budget to repay student loans. Authorize the use of the loan repayment program by certifying the billet fill checklist.

d. The head of the organizational unit (e.g., department head, officer in charge, or commanding officer) must:

(1) Identify in writing the basis for the repayment of any student loan. When used as a recruitment tool, the justification must include a statement that:

(a) States that in the absence of offering this incentive, the activity would encounter difficulty in filling the position with a highly qualified employee.

(b) Provide details on difficulties faced in previous recruitment efforts. A statement may be added to job announcements when student loan repayments are authorized as a recruitment incentive, but is not required.

(2) When used as a retention tool, the justification will address the special skills, unique qualification of the employee, or needs of the agency and how the employee's departure or potential departure would affect the activity's mission.

(3) Provide information requested by BUPERS-05 and respond to assessment findings, recommendations, and required actions within required timeframes.

e. Addressees must ensure adherence to program and reporting requirements.

8. Records Management. Records created as a result of this instruction, regardless of media and format, must be managed per Secretary of the Navy (SECNAV) Manual 5210.1 of January 2012.

9. Review and Effective Date. Per OPNAVINST 5215.17A, BUPERS-05 will review this instruction annually on the anniversary of its issuance date to ensure applicability, currency, and consistency with Federal, DoD, SECNAV, and Navy policy and statutory authority using OPNAV 5215/40 Review of Instruction. This instruction will automatically expire 5 years after its issuance date unless reissued for canceled prior to the 5-year anniversary date, or an extension has been granted.

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10. **Forms.** The following forms are available for download at
<http://www.public.navy.mil/bupers-npc/reference/forms/NAVPERS/Pages/default.aspx>:

- a. NAVPERS 12300/21 DON Student Loan Repayment Application
- b. NAVPERS 12300/22 DON Student Loan Repayment Service Agreement

A handwritten signature in black ink, appearing to read 'RAB', with a long horizontal flourish extending to the right.

R. A. BROWN

Deputy Chief of Naval Personnel

Releasability and distribution:

This instruction is cleared for public release and is available electronically only via BUPERS Web site, <http://www.public.navy.mil/bupers-npc/reference/Pages/default.aspx>

MANAGER'S CHECKLIST

This checklist will guide you through the process of requesting the use of the Student Loan Repayment Program. The loan repayment incentive can be used as both a recruitment and retention incentive and can be offered in conjunction with other incentives. Use this checklist to gather the justification and documentation needed for approval of the repayment incentive. Please contact BUPERS-05 at MILL_BUPERS-05_FAQ@navy.mil if you have questions regarding any of these checklist items.

Determine Eligibility:

_____ The repayment incentive is not being considered to recruit a current Federal employee.

_____ The repayment incentive is not being considered to retain a current Federal employee because he or she may leave for another Federal civil service position.

Prepare a brief, but succinct, justification that includes the following:

_____ The special needs of the command or activity to fill this position.

_____ How the command or activity would otherwise encounter difficulty in filling the position with a highly qualified employee.

_____ Provide details on difficulties faced in previous recruitment or retention efforts.

If requesting a retention incentive, address the following:

_____ The special skills, unique qualifications of the employee.

_____ How the employee's departure would affect the command or activity's mission.

_____ A determination that, in the absence of loan repayment, the employee would likely leave for a position in the private sector. Explain the rationale for that determination; e.g., job search activity, past losses to the private sector from that occupation, etc.

_____ How employees or applicants considered for repayment received equal consideration.

MANAGER'S CHECKLIST (continued)

Determine the amount of the loan repayment:

_____ Although \$10,000 is the maximum payment allowable in 1 year, an activity may authorize a lower amount based on the amount owed, the employee's contribution to the activity, and budgetary consideration. The lifetime maximum amount that can be paid is \$60,000 per employee.

_____ Certify that funds are available for the loan repayment.

Service Agreement Terms:

_____ A minimum of 3 years of service is required for any amount up to the yearly maximum of \$10,000. An additional year of service is required for each additional increment of \$10,000.

_____ Repayment will be terminated if the employee leaves the activity.