



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Tuesday, May 25, 2004
CPM 2004-10

MEMORANDUM FOR: Heads Of Executive Departments And Agencies

FROM: KAY COLES JAMES, Director

Subject: Federal Student Loan Repayment Program

The Office of Personnel Management (OPM) recently issued its annual report to Congress on the use of the Federal student loan repayment program. We are excited to report that Federal agencies used student loan repayments to recruit and retain three times as many employees in FY 2003 as in FY 2002 and invested nearly three times as much funding in this valuable human capital management tool. During FY 2003, Federal agencies provided more than \$9.1 million in student loan repayment benefits to 2,077 employees. (The complete report is available on OPM's Web site at www.opm.gov/oca/PAY/StudentLoan/index.asp.)

As a recruitment or retention incentive for highly qualified candidates or current employees, agencies are authorized to establish a program under which they may repay certain types of Federally made, insured, or guaranteed student loans. Agencies may agree to repay as much as \$10,000 for an employee in a calendar year, up to an aggregate maximum of \$60,000 for any one employee. In return, the employee must sign a service agreement to remain in the service of the paying agency for a period of at least 3 years.

We are pleased by Federal agencies' increased use of the student loan repayment program in FY 2003. Several agencies have indicated that the program has assisted them in competing for top notch talent. However, we believe student loan repayments can be used even more to encourage the best and brightest to pursue or remain in the Federal service. In FY 2003, only 24 agencies provided student loan repayment benefits to their employees. Six additional agencies reported that they have established an agency student loan repayment plan, and two agencies are in the process of establishing a plan. We strongly encourage all Federal agencies to consider using the student loan repayment program as a tool to manage their workforce strategically. We also encourage all agencies to develop a budget plan for using recruitment and retention incentives, including student loan repayments.

Information on the Federal student loan repayment program-including two sample agency loan repayment plans to assist agencies in developing their own plan-is available on OPM's Web site at <https://www.opm.gov/policy-data-oversight/pay-leave/student-loan-repayment/#url=Overview>. For additional guidance or assistance in developing a student loan repayment plan, agency Chief Human Capital Officers and Human Resources Directors may contact their assigned OPM Human Capital Officers. Employees should contact their agency human resources offices for information.

cc: Chief Human Capital Officers
Human Resources Directors

- [FY 03 Report to Congress](#)
- [FY 03 Report to Congress \(PDF - requires Adobe Acrobat Reader 6.0 and higher\)](#)