

EDUCATION DEBT REDUCTION PROGRAM

1. REASON FOR ISSUE. This Veterans Health Administration (VHA) Directive is issued to implement the Department of Veterans Affairs (VA) Education Debt Reduction Program (EDRP) policy as authorized in title 38, United States Code, §§ 7681 to 7683.

2. SUMMARY OF CHANGES. This VHA Directive sets forth the regulations and policy for VHA to implement EDRP; the changes include:

a. The maximum amount of the award has increased from \$53,545 to \$60,000 over 5 years of service. Reimbursements may not be more than \$12,000 in a given year, this is an increase from the current \$10,000 per year limitation.

b. The Secretary of Veterans Affairs, or designee, is authorized to make exceptions to the financial cap and 5-year repayment limitation in certain cases. The participant must be serving in a position that has a shortage of qualified employees by reason of either location or requirements of the position. Prior to Public Law 111-163 no individual or VA office had this authority.

3. RELATED DOCUMENTS. VHA Directive 1020, VHA Handbook 1020 and VHA Handbook 1021.01.

4. RESPONSIBLE OFFICE. The Healthcare Retention and Recruitment Office (10A2A7) is responsible for the contents of this Directive. Questions may be referred to (504) 565-4900.

5. RESCISSIONS. VHA Directive 1021 dated April 25, 2008, is rescinded.

6. RECERTIFICATION. This VHA Directive is scheduled for recertification on or before the last working day of May 2017.

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1. PURPOSE: This Veterans Health Administration (VHA) Directive establishes policy for implementing the Department of Veterans Affairs (VA) Education Debt Reduction Program (EDRP).

2. BACKGROUND: EDRP authorizes VA to make debt reduction payments to certain permanently appointed employees in VHA facilities, community-based outpatient clinics or Consolidated Mail Out Pharmacies who have outstanding-qualifying educational loans. It endeavors to assist VHA in meeting its current or anticipated staffing needs in certain health care occupations for which recruitment or retention is difficult. By statute, the maximum amount of an EDRP award is 60,000 for 5 years of service. An award may be provided in one to five payments, with no more than \$12,000 awarded in any service periods of an employee's participation in the program. Certain exceptions to the award cap may be made by the Secretary of Veterans Affairs, or designee (see subpar, 6b(3)). An award payment may not exceed the actual amount of principal and interest that a participant paid on a qualifying loan during the specific period of service covered by such payment. As a condition of participating in EDRP, an employee must sign a VA Form 10-0394B, Education Debt Reduction Program (EDRP) Acceptance of Conditions. **Authority:** The Secretary of Veterans Affairs has delegated authority to the Under Secretary for Health to issue regulations implementing the Health Professionals Education Assistance Program (HPEAP), title 38 United States Code (U.S.C.) Chapter 76, in accordance with 38, U.S.C., §§ 501, 512, and 7421. This Directive constitutes VA's regulations implementing the EDRP component of HPEAP.

3. POLICY: It is VHA policy to establish and implement EDRP, as authorized in title 38, U.S.C., §§ 7681 to 7683. **NOTE:** *VHA Handbook 1021.01 contains additional information regarding the program, including a copy of VA Form 10-0394B.*

4. RESPONSIBILITIES

a. **Director, Healthcare Retention and Recruitment Office (HRRO).** The Director, HRRO (10A2A7) is responsible for:

(1) Nationally implementing and managing EDRP. This includes, but is not limited to: policy development and implementation, funding allocation, and program oversight and evaluation.

(2) Ensuring Veterans Integrated Service Networks (VISN) or facilities that fail to properly administer EDRP in accordance with the EDRP Directive and Handbook are held financially responsible for payment of any EDRP award that would have been approved by HRRO, but for such failure as: untimely submission of EDRP applications, failure to include EDRP award offer in vacancy announcement, etc. In making a determination that such a failure occurred, HRRO has the authority to obtain and review all relevant documents and information. When this occurs, VISNs or facilities must enter into a Memorandum of Understanding (MOU) with HRRO (see App. E, VHA Handbook 1021.01). The MOU must be prepared by the VISN or facility EDRP Liaison when required.

b. **Facility Director.** The Facility Director is responsible for:

(1) Implementing and managing the facility EDRP consistent with this Directive and its related Handbook.

(2) Ensuring that local policies and procedures related to EDRP are developed and implemented with involvement and/or negotiation with the exclusive Labor Representatives, as appropriate, in accordance with current VHA policy, governing labor-management agreements, and applicable laws and regulations.

(3) Identifying health care staffing needs that can be met through use of EDRP.

(4) Ensuring that EDRP payments are provided only to eligible employees who are approved under this program, consistent with statutory authority and VHA Handbook 1021.01.

(5) Ensuring that the facility does not reappoint or reassign employees for the sole purpose of qualifying them for education debt reduction awards.

(6) Assigning EDRP oversight to the Human Resources Management Officer.

(7) Ensuring an employee meets the following requirements to be eligible to participate in EDRP.

(a) The individual must be appointed under one of the following authorities:

1. Title 38 U.S.C. 7401 as a permanent full-time VHA employee; or

2. Title 38 U.S.C. 7405 as a part-time VHA employee without a time limitation (excludes individuals serving in positions as without compensation (WOC) or other time-limited appointments).

(b) The individual must be appointed to a designated position (see VHA Handbook 1021.01) for which personnel recruitment and retention of qualified personnel is difficult or scarce.

(c) The individual must owe any amount of principal and interest under a loan, the proceeds of which were used by or on behalf of that individual to pay costs relating to a course of education or training which led to a degree that was required, used, and qualified the individual for a position listed in VHA Handbook 1021.01.

(d) The educational debt for the one degree, based on VHA qualification standards, used to qualify the individual for a position that qualified the applicant for an EDRP award and must have been from an accredited school or institution.

c. **Applicant or Participant Responsibility.** All applicants and participants are responsible for carefully reviewing the material contained in this Directive and VHA Handbook 1021.01 to ensure that they fully understand the nature of the program, its benefits and limitations, and participant responsibilities. It is the responsibility of the applicant or participant to submit all required information, including required documents and to meet defined performance and

conduct expectations, as defined in VHA Handbook 1021.01 while in receipt of EDRP. This includes:

- (1) Completing a VA Form 10-0394, Education Debt Reduction Program (EDRP) Application.
- (2) Submitting the completed application to the facility Program Coordinator.
- (3) Signing VA Form 10-0349B.
- (4) Satisfying all requirements specified in VA Form 10-0349.
- (5) Maintaining an acceptable level of performance in the position held.
- (6) Maintaining acceptable conduct, which is defined as having no sustained formal disciplinary or adverse action when in the position appointed to and held during a service period.
- (7) Providing a copy of the loan instrument(s) and payment records to validate the indebtedness and justify the EDRP payments for each service period covered under VA Form 10-0394A, Education Debt Reduction Program (EDRP) Loan Verification Form.

5. REFERENCES

- a. Title 38 U.S.C. Sections 501, 512, 7401, 7405, 7421, and 7681 through 7683.
- b. Public Law 105-368.
- c. Public Law 107-135.
- d. Public Law 111-163.
- e. VA Handbook 5007/20 Part VI. Chapter 3. Retention Incentives.

6. DEFINITIONS

a. Allowable Debt Reduction Expenses

(1) An EDRP award may cover certain amounts paid to reduce the balance on qualifying educational loans for:

- (a) Tuition expenses;
- (b) All other reasonable educational expenses, including expenses for general fees, books, and laboratory fees; and
- (c) Reasonable living expenses. **NOTE:** *Luxury item, such as motorized vehicles, etc., do not qualify as reasonable living expenses.*

(2) An education debt reduction payment may not exceed the actual amount of principal and interest that a participant paid to reduce the balance on a qualifying educational loan or loans during a specific period of service covered by an EDRP Acceptance of Conditions form. The amount of an EDRP payment in a service period cannot exceed the award limit established by HRRO. Participants must provide appropriate and acceptable documentation to substantiate any amounts that they paid and were credited by the lender during a service period to reduce the principal and interest on their loans. **NOTE:** *Acceptable documentation is defined in VHA Handbook 1021.01.* These amounts may not include payments that have been reimbursed, or can be reasonably expected to be reimbursed, by any other party or payer. **NOTE:** *Further delineation of the funding limits on EDRP awards is included in subparagraph 7b.*

(3) Educational loans that qualify for coverage under the EDRP are limited to Government (Federal, state, local) and commercial loans for the health professional education that qualified the applicant for the specific position based on VHA qualification standards. Additionally, the health professional education covered by such loans must meet applicable requirements specified in the VA qualification standard that covers the position to which the program participant was appointed.

(4) Some individuals may have consolidated two or more educational loans under a single loan. The EDRP only covers loans for education that qualified participants for appointments to specified health positions. Accordingly, applicants who have consolidated their outstanding educational loans must provide documentation to verify the portion of the balances on their consolidated loans that may be covered under EDRP.

b. Education Debt Reduction Payments

(1) By statute, the maximum amount of debt reduction payments that may be awarded to an employee is limited to \$60,000 for a full-time employee. A program participant may not receive more than five education debt reduction payments, and no more than \$12,000 may be awarded in each of the fourth and fifth years of an employee's participation in the program. Each debt reduction payment is made at the conclusion of a 12-month service period in a paid status. The first, and in some cases the only, service period begins on the day after an EDRP Acceptance of Conditions form is consummated.

(2) Although the maximum EDRP award amount is \$60,000, as adjusted, HRRO, VISN and/or medical facility management is not required to award this amount to a participant, but may award any amount up to this statutory cap limit based on availability of funds.

(3) The Secretary of Veterans Affairs is authorized by law to make exceptions to the financial cap limitations and 5-year repayment limitations in certain cases. A waiver may be approved in the case of a participant who is determined by the Secretary of Veterans Affairs, or designee, as serving in a position for which there is a shortage of qualified employees by reason of either location or requirements of the position. In the case of such a waiver, the total amount of education debt repayment payable to that participant is the total amount of the principal and the interest on the participant's loan. **NOTE:** *Provisions for processing waivers is described in VHA Handbook 1021.01.*

(4) Education debt reduction payments to part-time employees are pro-rated based on the proportion of their regular part-time schedules to full-time employment. The prior approval by HRRO (10A2A7) is required for a part-time participant's work schedule to be adjusted during a period covered under an EDRP Acceptance of Conditions.

(5) Participants are ineligible to receive debt reduction payments for the time that they are in a non-pay status. The time that a participant spends in a non-pay status, during a 12-month service period covered under VA Form 10-0394B, must be made up with paid service before a payment is made to the participant. A participant may not receive an education debt reduction payment for a service period covered under VA Form 10-0394B, until the participant has completed 12 months of paid service in the specified duty status for that particular period. For each 8 hours of leave without pay, or absent without leave, the participant's service period must be extended by 1 calendar day.

(6) If an EDRP award covers two or more service periods, the participant must continuously serve in the position for which the award was authorized until all of the periods of service have been completed. The second service period begins on the day after the first one ends and each subsequent period begins the day after the prior one ends.

(7) Total payments of less than 75 percent of the approved service period amount results in a 25 percent reduction of award amounts for all remaining service periods of the EDRP award. A participant who makes no loan payments during a service period is to be terminated from EDRP.

(8) A participant who does not maintain an acceptable level of performance and/or conduct, in the position covered by their VA Form 10-0394B is not eligible to receive education debt reduction payments. Annual performance or proficiency ratings are used to determine if participants' performance levels are acceptable.

(a) A performance appraisal of fully-successful or higher, or a proficiency rating or report of satisfactory, fully successful or higher, constitutes an acceptable level of performance for an EDRP participant.

(b) A participant who receives a performance rating of less than fully successful, or a proficiency rating of less than satisfactory, during an EDRP service period is not eligible to receive an education debt reduction award and is terminated from the program.

(c) A participant who receives a sustained disciplinary or adverse action is terminated from the EDRP.

(9) Education debt reduction payments are exempt from taxation.

(10) An education debt reduction payment must be paid directly to the participant and not to the lending institution.

c. **Funding.** Education debt reduction awards are based on the availability of VHA HRRO, VISN, facility funds, and Department need. Debt reduction awards are prioritized to allow as many employees (who have outstanding loans for education or training in specified health care

disciplines for which recruitment or retention is difficult) as possible to receive them. Local and national staffing issues must be considered in making effective EDRP funding decisions.

d. **Academic Curricula**

(1) Education debt reduction payments under EDRP are limited to that loan that supported the academic curriculum that is required, used, and qualified the participant for appointment to one of the designated positions in VHA Handbook 1021.01.

(2) The education and training supported by loans for which EDRP payments are made must meet applicable requirements specified in the VA qualification standard that covers the position to which the program participant was appointed.

e. **Program Length.** A participant in the program may not receive education debt reduction payments for more than five consecutive 12-month periods of paid service absent a waiver as described in subparagraph 6b(1).

f. **Service Period Extensions.** Extensions are only allowed for periods of leave without pay. For each 8 hours of leave without pay, or fraction thereof, the participant's service period must be extended by 1 calendar day.

g. **Program Application.** Each candidate must complete a VA Form 10-0394, Education Debt Reduction Program (EDRP) Application, provide required documents, and submit a complete package to the facility Program Coordinator.

h. **Program Selections.** Selections of EDRP participants must be based on merit without regard to race, creed, color, national origin, sex, sexual preference, marital status, age, or disability.

i. **Program Acceptance of Conditions.** A decision to provide an education debt reduction award under EDRP cannot be finalized until an official VA Form 10-0394B is first signed by the employee and then accepted and signed by the Under Secretary for Health, or designee.

j. **Program Commencement Date.** The program commencement date is the day after the date that a participant's EDRP Acceptance of Conditions form is signed by the Under Secretary for Health, or designee.

k. **Relationship of Other Educational Assistance Programs.** Awards authorized to EDRP participants may be in addition to assistance available to participants under other components of the Educational Assistance Program covered in 38 U.S.C. Chapter 76.

l. **Early Termination of EDRP Participation.**

(1) If a program participant vacates the health care professional position for which an education debt reduction award is authorized (e.g., resigns, changes positions, converts to a title 5 appointment, converts to a title 38 or Hybrid title 38 position, reassigned or leaves the occupational series to which they were appointed, etc.) before fully completing a 12-month period of paid service under VA Form 10-0394B, the payment for that period is reduced by the

amount that equates to the proportion of time that was not served during that period. No payments are authorized for subsequent periods covered under the program, even if the candidate returns to the position for which the award was authorized. **NOTE:** *There is one exception, if a program participant transfers to the same position at another VHA facility, the participant may be eligible to continue to receive EDRP payments, provided that EDRP was offered in the vacancy announcement and the participant follows the EDRP transfer procedures in accordance with VHA Handbook 1021.01, Appendix D. Failure to follow the prescribed procedures results in early termination of EDRP participation.*

(2) A participant who is separated due to a staffing adjustment or a reduction in force before completing a service period covered under VA Form 10-0349B must receive a pro-rated payment based on the proportion of time served in a paid duty status to the total time in the service period. No payments are to be authorized for subsequent periods covered under the program.

(3) In cases when it is considered to be in the best interest of VA to reassign an employee to a position that is not covered by EDRP, the participant is entitled to reimbursement as specified in preceding subparagraph 6l(1).

(4) A participant who receives a performance appraisal of less than fully successful or a proficiency rating of less than satisfactory or less than fully successful during an EDRP service period is not eligible to receive an education debt reduction payment for the service period in which the rating occurred, or for any subsequent service periods covered by the EDRP award.

(5) A participant whose conduct results in a sustained formal disciplinary or adverse action is not eligible to receive an education debt reduction payment for the service period in which the personnel action occurred or for any subsequent service periods covered by the EDRP award.

m. **Retention Incentive.** EDRP may be authorized as a retention incentive when the VISN or medical facility management determines that the unusually high or unique qualifications of the employee or a special need of the medical facility for the employee's services make it essential to retain the employee (see VHA Handbook 1021.01 for details regarding utilizing EDRP as a retention incentive).

n. **Appeals.** EDRP decisions must be consistent with applicable law and VA policy. A participant may not appeal, seek waiver, exception, or reconsideration of any administrative decision made regarding the administration of EDRP.