

# Rehabilitation Services Administration, Rehabilitation Long Term Training Payback Requirements Frequently Asked Questions

## Introduction to the Payback Requirements FAQs

The purpose of these Frequently Asked Questions is to provide both grantees, also commonly referred to as Project Directors, and Rehabilitation Services Administration (RSA) scholars with crucial information concerning the Rehabilitation Long-Term training (RLTT) program, sometimes referred to as the “payback” program. As background, the RLTT program is authorized under the Rehabilitation Act of 1973, as amended (Act), and the implementing regulations can be found at 34 CFR Part 386 (81 FR 55619, August 19, 2016). The RLTT program provides financial assistance to states and public and nonprofit agencies and organizations, including institutions of higher education (IHEs), to pay all or part of the cost of conducting training programs (34 CFR 386.1). The program specifically directs funds to projects that provide academic training leading to a certificate or degree (e.g., Bachelor’s, Master’s, or Doctorate) in various fields of rehabilitation found in 34 CFR 386.1. The regulations require trainees who receive financial assistance through the RLTT program, referred to as RSA scholars, to pay back such assistance either by maintaining acceptable employment in public or private nonprofit rehabilitation agencies for a designated period of time after they complete their training, or by making a cash repayment to the Federal government. More specifically, **RSA scholars who receive funding under the RLTT program must work two years for every one year of funding received upon completing their program. Work payback must be completed within the sum of the number of years owed plus two additional years, often referred to as the grace period.** Scholars who receive funds from more than one project should be aware that there is only one two-year grace period. RSA strongly encourages scholars to be aware of their total financial indebtedness and service obligation dates so that they can avoid potential monetary repayment if the service obligation is not fulfilled by the established date.

Because the RLTT program is quite complex, the FAQs that follow are divided into two sections designed to provide clear and specific guidance. The first section contains frequently asked questions and responses RSA has provided. The second section discusses repayment in great detail, and may be of particular interest to scholars. There is another set of FAQs that address using the Payback Information Management System (PIMS). While RSA and PIMS staff developed this document in response to questions frequently asked by grantees and scholars, it does not cover all aspects of the regulations and should not be used alone.

## General Information

### **1. At what point in the scholarship award process must the scholar sign the Payback Agreement?**

An IHE receiving a RLTT grant from RSA must ensure that any student receiving scholarship assistance from the grant signs and dates a "payback" agreement **prior to the initial disbursement of any scholarship funds** on his/her behalf, including the payment or crediting of tuition. **The IHE must fully disclose to the RSA scholar the terms and conditions of the payback requirement in the application for an RSA scholarship.** The written agreement must contain the terms and conditions required by the regulations (34 CFR 386.40).

### **2. Are Payback Agreements and Exit Certifications legally binding?**

Yes. Grantees/Project Directors are responsible for the accuracy of the Payback Agreements and Exit Certifications which are legally binding documents as long as they are consistent with the requirements in the program regulations (34 CFR 386.40).

**3. What financial assistance is included in the payback requirement?**

The payback requirement applies to all RSA financial assistance to a scholar pursuing a RLTT program leading to a certificate or degree. Regardless of the amount of the financial assistance, the scholar must pay back each year of assistance with two years of service. The financial assistance covers payments for tuition and fees, stipends, books and supplies, and travel in conjunction with training assignments (34 CFR 386.32). The amount of scholarship made to scholars will vary not only depending on the amount of the grant awarded to the IHE and the cost of attendance at the IHE, but also the terms and conditions of the application RSA approved for funding. Please also note, however, that grantees are required to spend 65% of the grant award on scholarships.

**4. How is an academic year defined for purposes of the payback requirement?**

An academic year means a full-time course of study: (1) taken for a period totaling at least 9 months; or (2) taken for the equivalent of at least 2 semesters, 2 trimesters, or 3 quarters. If a scholar attends school from September to June, this equates to one academic year and two full years for the payback obligation. (34 CFR 386.4(b); 386.40(a) (7); 386.40(c))

**5. How is the employment obligation of a part-time scholar determined?**

The employment obligation for a part-time scholar is based upon the equivalent total of actual academic years of training received (34 CFR 386.40(c)). For instance, for every year a half-time scholar receives assistance, that scholar would have to repay one year of service.

**6. What is the relationship between the amount of time that a student receives a scholarship and the length of time that he/she must maintain employment to meet payback requirements? Also, how much time is the student given to meet the payback requirements?**

In accordance with 34 CFR 386.40(a) (7) and (8), the student must satisfy the following employment obligation:

- (a) The student must work in a State VR agency or a related agency, including a professional practice group, where the agency has a service arrangement with the State VR agency;
- (b) The student must maintain employment in the field of study in which training was received or where the field of study is directly relevant to the job functions performed;
- (c) The length of the employment obligation is the full-time equivalent of 2 years for each year of scholarship assistance provided;
- (d) The period of time that the student has in order to satisfy the employment obligation begins immediately upon the completion of the training and lasts for the duration of the employment obligation plus a grace period of two more years.

**7. When a full-time scholar receives partial funding, what are the payback requirements?**

The amount of financial assistance disbursed to a full-time scholar, whether partial or full, does not affect the obligation of the scholar to meet an employment commitment. The scholar must repay every year of financial assistance with two years of service (34 CFR 386.40(a) (7))

**8. What happens when the scholar receives support from more than one RLTT grant?**

Scholars who may have received scholarship assistance from more than one RLTT grant have a separate payback requirement for each grant. These scholars are encouraged to work closely with the respective Project Director or designee at the sponsoring agency and/or RSA Project Officer in accurately recording the payback obligation. Any service obligation completed by a scholar must first be applied to the older grant. Scholars who receive funds from more than one RLTT grant should be aware that there is only one two-year grace period.

**9. If a scholar is dismissed or drops out of a program for academic or non-academic reasons, to what degree will he/she be responsible for payback?**

The scholar is responsible for repayment of the costs received whether he/she is dismissed or voluntarily leaves the program for academic or non-academic reasons. The scholar is in a repayment status on the first day of the next month after leaving the program. If the scholar drops out prior to completing the program, and does not complete one year of the program, the scholar must repay the assistance through financial repayment. If the program is more than one year in length and the scholar drops out after completing at least one year, the scholar may pay back the obligation through service or through financial repayment. (34 CFR 386.40(b) (1))

**10. Must scholars work on a full-time basis in a qualifying agency?**

No. A scholar may work on a full- or part-time basis for either the State VR agency or a related agency. If a scholar works part-time, he/she still has an obligation to work the full-time equivalent of two years for each year for which assistance was provided within a period of not more than the sum of the number of years owed and two additional years. Therefore, depending on the length of the service obligation, it may not be possible for a scholar to meet all of his/her service obligation while working part-time. (34 CFR 386.40(a) (7))

**11. Who is responsible for tracking the scholar's employment information?**

Scholars are responsible for submitting their employment information annually in the Payback Information Management System (PIMS). Once scholars save and submit their employment record, Project Directors receive an automated e-mail notification to approve the qualifying employment. If the Project Director approves the employment the system sends the employer a verification request email. Once the employer verifies the scholar's employment the scholar will receive credit towards fulfilling his/her service obligation.

Scholars are encouraged to communicate with Project Directors prior to accepting a position to discuss whether it is qualifying employment. Further, because many State VR agencies have established relationships with universities Project Directors can assist scholars in the employment verification process with employers.

**12. What is meant by qualifying employment?**

State-Federal programs of VR, supported employment, and independent living are the programs intended to benefit from the payback provision. The employment obligation may also be met by obtaining and maintaining employment in a related agency providing services **under a formal or informal agreement with the State VR agency.** (34 CFR 386.40(g))

**13. What is meant by a "related agency?"**

Congress also recognized that State VR agencies often accomplish their mission through formal or informal agreements with other programs. Thus, the employment obligation may be met by obtaining and maintaining employment in the field in which the scholar was trained in a related agency providing services under an agreement with a State VR agency. A related agency may include a Federal or State agency, a nonprofit organization, or a for-profit professional corporation or professional practice group, so long as there is an informal or formal agreement with the State VR agency. (34 CFR 386.4)

**14. What is considered acceptable qualifying employment for scholars who successfully complete a doctoral program?**

Acceptable qualifying employment for scholars who successfully complete an RSA funded doctoral program may be fulfilled in a "related agency." For example, a college or university employing scholars meets the definition of a related agency by providing services to individuals with disabilities under an agreement with a State VR agency and who are employed in the area of specialty for which Federal support for their training was provided. Examples of suitable work activities at an IHE may include but are not limited to the following tasks: 1) supervising students in training; 2) serving as an advisor or consultant to a State agency; 3) providing direct services to students, including the instruction of individuals with disabilities; 4) conducting research in the VR field as a Post-Doctoral Fellow or Research Assistant, provided that the activity is in the area of specialty for which training was provided.

Scholars who are hired full- or part-time at an IHE only for the purposes of working to obtain grant funds or in conducting administrative activities do not meet the requirement for acceptable qualifying employment.

**15. Does volunteer work count towards the payback requirement?**

No. Volunteer work does not count towards the payback work requirement.

**16. Does Graduate Assistant work count towards the payback requirement?**

No. A scholar performing the duties of a Graduate Assistant cannot use this experience towards the payback work requirement.

**17. Must scholars serve State VR clients exclusively in full- or part-time employment in a related agency?**

If a scholar works for a related agency, he/she is not required to serve only rehabilitation clients of the State-Federal programs of VR, supported employment, or independent living in his/her job. Rather, the requirement can be met if he/she is employed on a full- or part-time basis by the qualifying organization and the work is as a consultant or practitioner serving rehabilitation clients under an agreement with a State VR agency. (34 CFR 386.4; 34 CFR 386.40)

**18. If a scholar engages in employment for a State VR agency or related agency while in training, will that count toward payback?**

No. Rehabilitation employment while in training for which the scholarship was awarded **does not** meet the work requirement. The regulations clearly state that the scholar will maintain employment in a qualifying agency "beginning **after** the recipient completes the training for which the scholarship was awarded." (34 CFR 386.40)

**19. Does RSA specify the geographical location in which the work requirement must be satisfied?**

Regulations implementing the payback requirement **do not** specify the geographical location in which the work requirement must be satisfied. An RSA scholar may select where he/she wishes to seek and maintain employment, provided that within the required period of time following the completion of his or her training, the employment obligation is fulfilled with a State VR agency or related agency. (34 CFR 386.40). RSA scholars should be aware that in light of recent economic conditions, it is not uncommon for scholars to relocate in order to secure qualifying employment.

**20. What is the "Exit Certification" that the grantee must provide in writing when a scholar completes his/her program?**

According to 34 CFR 386.34(f), the granting institution is required to maintain the following information on file for each scholarship:

- (a) The scholar's name and the number of the federal grant that provided the scholarship;
- (b) The scholar's field of study and the obligation of the scholar to perform the service obligation with employment that meets the requirements in 34 CFR 386.40(a)(7)(i);
- (c) The total amount of scholarship assistance received subject to 34 CFR 386.40(a)(7);
- (d) The number of years the scholar needs to work to satisfy the work requirements in 34 CFR 386.40(a)(7);
- (e) The time period during which the scholar must satisfy the work requirements in 34 CFR 386.40(a)(7);
- (f) As applicable, all other obligations of the scholar in 34 CFR 386.40, such as the need to inform the IHE of any change of name, address, employment status, and information documenting how he/she has satisfied the terms of his/her scholarship agreement.

The Exit Certification must include written verification from the scholar acknowledging that the information in his/her file is accurate and that he/she is aware of his/her work-or-repay obligation.

**21. Under what circumstances may a scholar receive an exception (i.e., waiver) to the payback requirements?**

Scholars may request a waiver of repayment if they are unable to continue their course of study or complete their employment due to a permanent disability. (34 CFR 386.41(a)) To formally request a waiver of repayment for permanent disability, the scholar should make the request and submit supporting medical documentation in the Payback Information Management System (PIMS). The medical documentation must be current (within the past three months), prepared on official stationery, signed by the treating qualified physician or other medical professional, and contain the scholar's diagnosis, prognosis, and ability to work in any capacity in the field of rehabilitation. The documentation must include a statement that a reasonable work accommodation cannot be made to complete the employment obligation -- such as part-time work, teleworking, or utilizing assistive technology to support the necessary job functions. The submission of Social Security documentation or other disability determinations alone is insufficient documentation and will result in denial of the request.

A disability in and of itself is not sufficient to serve as the basis of the waiver. An individual's disability must have worsened since entry into the program of study or the individual must have acquired additional disabilities in order for a waiver to be granted.

A waiver of repayment is also available in cases where a scholar has died. Documentation to substantiate this waiver must include a death certificate or other evidence conclusive under State law.

## **22. Under what circumstances may repayment of a scholarship be deferred?**

Repayment of a scholarship may be deferred during the time the scholar is:

- (a) engaging in a full-time course of study in the field of rehabilitation at an IHE;
- (b) serving, not in excess of four years, on active duty as a member of the armed services of the United States;
- (c) serving as a volunteer under the Peace Corps Act;
- (d) serving as a full-time volunteer under Title I of the Domestic Volunteer Service Act of 1973; or
- (e) temporarily totally disabled, for a period not to exceed three years. (386.41(b))

Scholars wishing to make a request for deferment should submit a request for a deferral through the Payback Information Management System (PIMS) along with the appropriate supporting documentation. If the basis for requesting a deferral is due to full-time enrollment in a program of study, the scholar must include official proof of enrollment, i.e., documentation from the Office of the Registrar, along with the scholar's expected date of graduation or program completion.

If the basis of the deferral is for any other circumstance, the appropriate documentation must be submitted to support the request. Medical documentation must be within the past three months.

**Deferrals are not automatic; rather they must be officially approved by RSA.**

Under limited circumstances as determined by RSA and based upon credible evidence submitted on behalf of the scholar, an exception to, or deferral of, the requirement to repay a scholarship may be granted in instances not specified in 386.41(a) and 386.41(b). These instances could include, but are not limited to, the care of a disabled spouse, partner, or child or the need to accompany a spouse or partner on active duty in the Armed Forces. (386.41(c))

## **23. Where can I obtain additional information regarding scholar and university responsibilities in complying with the payback requirements?**

Scholars and IHEs must become familiar with the final regulations at 34 CFR Part 386, published in the FEDERAL REGISTER on August 19, 2016 (81 FR 55619). As a condition of receiving this grant, scholars and IHEs are required to comply with the rules. The regulations spell out the payback provisions and the scholar's requirements to comply with them. IHEs should also identify additional rehabilitation information, such as names and addresses of qualifying employers, for use in assisting scholars.

### **Repayment Requirements**

Because repayment is an important topic, this section is dedicated to providing clarity about when a scholar must be submitted for repayment and shares a number of commonly asked questions with RSA's responses.

#### **1. When must a scholar be submitted for repayment?**

There are several instances in which a scholar must be submitted for repayment.

- 1) Scholar drops out voluntarily or is removed for academic or non-academic reasons from the program. If either occurs:
  - ✓ Scholars who have completed at least one year of a multiple-year program have the option of performing qualifying employment OR remitting repayment of the scholarship. Scholars failing to complete one year of a program may not repay the obligation through service but must remit payment of the scholarship.
- 2) Two-year grace period has passed:
  - ✓ If a scholar has not obtained qualifying employment within the two-year grace period, he/she must be submitted for repayment.
  - ✓ Failure to obtain qualifying employment is not a basis for an extension of the grace period or a deferral request.
- 3) Financial repayment status begins when it is apparent that all or part of the employment obligation will not be fulfilled by the payback completion date. If an RSA scholar partially meets his/her employment requirements, he/she must repay a prorated sum based upon the years/months of the unmet employment obligation specified in the Payback Agreement.

According to the terms and conditions of the RSA scholar's written agreement with the IHE, he/she must repay the amount of scholarship not satisfied through employment, as well as the interest on the unpaid balance of the scholarship owed, and reasonable collection costs, as determined by the Secretary of Education. Interest charged is variable and is based on language contained in 34 CFR 386.40 and 34 CFR 386.43; 31 U.S.C. 3717.

## **2. Who collects the funds if a scholar does not fulfill the payback requirement through qualifying employment?**

The Secretary of the U.S. Department of Education is responsible for collecting the funds if a scholar does not comply with the regulations. (34 CFR 386.43) More specifically, staff in the Department's Accounts Receivable and Bank Management Division (ARBMD) will act as the Secretary's agent to collect funds.

## **3. What happens if an RSA scholar is submitted for repayment?**

When an RSA scholar is submitted for repayment, a formal letter requesting repayment is issued to the scholar from RSA and the scholar is assigned a control number for tracking purposes.

- The scholar has 15 days from the date stamped on the letter to respond.
- If the scholar responds within 15 days as requested, RSA and/or PIMS staff will work with the scholar to resolve the matter.
  - ✓ If RSA and/or PIMS staff determine referral is necessary to ARBMD, who contracts with Centralized Receivables Service (CRS), the scholar is expected to establish repayment arrangements. In doing so, the scholar will be required to sign a promissory note and held liable to the terms and conditions of the agreement. Interest will be assessed according to the daily average rate.
- If the scholar does not respond to the initial Repayment Letter within the 15-day timeframe, billing is established through the ARBMD. The ARBMD or its agent, thereafter, will send the scholar three more invoices and one Due Process notice.
- If the scholar fails to respond, the ARBMD or its agent transfers the debt to the U.S. Department of Treasury (Treasury) for further collection action.

- Once the debt is officially transferred to the Treasury, the following actions will be taken:
  - ✓ The debt will be placed in the Treasury's Tax Offset Program. As a result, any income tax refund due to the scholar will be offset and applied to the debt.
  - ✓ The Treasury will assess additional fees and penalties up to 28%.
  - ✓ Debts will be reported to the Credit Bureaus.
  - ✓ If the debtor is employed, the Treasury may initiate wage garnishment in order to repay the debt.

**4. What documentation is required to submit a scholar for repayment?**

Project Directors must upload required documentation into the PIMS for every scholar. Such documentation includes the completed and signed Payback Agreement form (be sure the PR Award Number, the amount owed, and an accurate mailing address for the scholar are included) and the completed and signed Exit Certification. Please redact the scholar's social security number before uploading the documents. The Project Director is responsible for ensuring the documents are properly signed and completed before uploading them in the PIMS.

**5. Can a scholar receiving financial assistance under the Comprehensive System of Personnel Development (CSPD) grants (84.129W) be submitted for repayment?**

Scholars who receive financial assistance under the CSPD program are required to be current employees in a State VR agency; however, this does not preclude them from being submitted for repayment when they voluntarily leave or are academically removed from the CSPD program. While RSA recognizes that CSPD scholars customarily complete their service obligation in their current positions, RSA wants to track and monitor all such instances and is requiring Project Directors or their designees to adhere to the same protocol established for submitting scholars under other RLTT grants for repayment.

**6. Who has responsibility for calculating the amount owed by the scholar?**

The PIMS calculates and displays the amount owed by the scholar on the Scholar Main Menu. For example, if a scholar owes \$5,000 in repayment with a two-year service obligation and has completed one year of the service obligation, the amount owed would be \$2,500, which would be displayed in Section E of the Scholar Main Menu. If a scholar owed \$5,000 in repayment, completed 15 months (\$1,562.51) of the 48 months owed toward the service obligation, the amount owed would be \$3,437.49, which would be displayed in Section E of the Scholar Main Menu.

**7. What if staff at the IHE is unable to locate the signed Payback Agreement?**

The signed Payback Agreement is a legally binding document that allows the Department to pursue scholar repayment. If a scholar needs to be submitted for repayment and there is no signed Payback Agreement, RSA may hold the IHE responsible and accountable for repayment. (34 CFR 386.36)

**8. What recourse does a scholar have to appeal a finding of non-compliance with the regulations for the payback provision?**

If a formal demand for repayment is made, and upon receipt of the letter, if the scholar clearly has a compelling reason to request a waiver of repayment or if the scholar provides evidence of satisfying his/her service obligation, the scholar must advise the PIMS Help Desk of the situation as soon as possible. RSA and/or PIMS staff will work closely with the scholar to resolve the issue at hand. If the scholar fails to respond to the demand letter requesting repayment and billing is established, a cancellation letter will only be issued if the scholar follows the procedures for requesting a waiver and



the waiver is officially approved by the RSA Commissioner or if the scholar furnishes evidence indicating that the service obligation has been fulfilled and the grantee approves it as qualified employment. A scholar will remain in repayment otherwise.

Should an RSA scholar elect to submit a request for a waiver, RSA strongly recommends submitting such requests electronically via the PIMS in the interest of time. If electronic submission poses a hardship, scholars should direct an appeal to the RSA Commissioner, U.S. Department of Education, 550 12th Street SW, Room #5086, Washington, DC 20202-5076. RSA scholars should include the name of the IHE that provided the scholarship and grant number, if available. Once the request is reviewed, a decision will be rendered in writing.