Effectively Managing your Payback Service Obligation
Guide for RSA Scholars

October, 2011

<u>What do I need to know before I become an RSA Scholar in the Long-Term Training Grant Program?</u>

1. Prior to signing the Payback Agreement Form, individuals interested in receiving an RSA scholarship should meet with the Project Director of the Long-Term Training grant(s) and fully understand the terms and conditions of the Payback Service Obligation and what is meant by "a qualifying employment setting." In addition, the individual should carefully review the Payback Regulations [see 34 CFR (Code of Federal Regulations) Part 386].

2. Individuals <u>should not</u> be officially admitted as RSA scholars into the Long-Term Training Grant program without a signed Payback Agreement. All RSA scholars should receive a copy of this signed Payback Agreement and maintain this copy for their records.

3. RSA scholars should be aware of the type/focus of the Long-Term Training Grant that is providing the scholarship funds. In other words, RSA scholars should be aware of their course of study (i.e., Master's Program, Vocational Evaluation, or certificate).

4. RSA scholars <u>should always be aware of the following</u>: 1) scholarship amount received in totality; 2) service obligation owed (two years for every year of funding); 3) timeframe when service obligation must begin (no later than two years after exiting from the program, i.e., some time within the two-year grace period); and 4) timeframe when the service obligation must be completed.

<u>What are some common mistakes to AVOID</u>

- Failure to communicate with the grant Project Director on a regular basis as a current scholar, and at a minimum, annually upon completion of the degree.

- Failure to alert the Project Director in a timely manner to any issues or concerns regarding your ability to successfully complete the program.

- Dropping out of the program without providing any notice to the Project Director.

- Failure to discuss options/plans for pursuing qualifying employment and failure to provide the Project Director with documentation to justify qualifying employment. **RSA scholars should never assume that employment meets the qualifications established in the Payback Regulations without first discussing the employment opportunity with the Project Director.**

- Failure to provide the Project Director with required documentation such as annual verification of qualifying employment or a transcript to verify full-time course of study if in a deferral status.

- Failure to update the Project Director on changes to contact information such as current address, email address, telephone number, etc.

- Failure to maintain documentation from the Project Director such as: 1) signed Payback Agreement, 2) signed Exit Form, and 3) documentation submitted to the Project Director at his or her request.

What do I need to understand about obtaining qualifying employment to meet my service obligation?

RSA scholars should review the Payback Regulations in **34 CFR Part 386.** As of June 1, 1992, the student must satisfy the following employment obligation:

- The student must work in a State vocational rehabilitation agency, a non-profit rehabilitation (VR) agency, or a related agency, including a professional practice group through which the individual has a service agreement with the State VR agency.

- State-Federal programs of VR, supported employment, and independent living are the programs intended to benefit from the payback provision.

- **The employer of the scholar should be able to provide information regarding whether the program, agency, or facility provides services to clients of the State VR agency, or whether it has a cooperative working agreement regarding the referral or provision of services to VR clients.**

- The employment obligation may also be met by obtaining and maintaining employment in the field in which the scholar was trained in a non-profit or related agency providing services under an agreement with the State VR agency.

- Based on 34 CFR 386.4 (b), a for-profit organization may qualify as a professional corporation or professional practice group provided it meets the acceptable definition in the Federal regulations (i.e., provides services to State VR agency clients).

Under what circumstances am I responsible for repayment of my scholarship?

There are two instances in which scholar repayment must be submitted:

1) Scholar drops out, is dismissed or removed from the program, or voluntarily leaves the program:

  - Two-Year grace period does not apply.
  - Scholar may obtain qualifying employment and must supply documentation to support employment OR provide repayment 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 or she must be submitted for repayment.
  - **Failure to obtain qualifying employment does not qualify the scholar for an extension of the grace period or a deferral request.**

What can I expect to receive if I am to repay my scholarship?

- Scholars can expect to receive an official Repayment Letter from the Rehabilitation Services Administration that is signed by Dr. Thomas E. Finch, Director of the Training and Service Programs Division.

- The Repayment Letter establishes the amount owed by the scholar and provides the rationale for why the scholar was submitted for repayment. RSA also cites 34 CFR Part 386 where necessary to remind the scholar of his or her Payback obligation.

- The Repayment Letter provides detailed instructions for setting up repayment.

- The RSA Scholar receives the original signed hard copy Repayment Letter and supporting documentation (i.e., signed Payback Agreement Form, Exit Form, and any other relevant documentation) via U.S. Postal mail and or email.

- The Project Director receives a copy of the Repayment Letter and all supporting documentation via email OR U.S. Postal mail.

- The RSA Project Officer, the Office of the Chief Financial Officer (OCFO), and the Payback Coordinator all receive copies of the Repayment Letter and all supporting documentation.

What is the established process for scholar repayment?

- The RSA Scholar has 30 days from the date stamped on the letter to respond to the Office of the Chief Financial Officer (OCFO).

- If the scholar does not respond to the initial Repayment Letter within the 30-day timeframe, the OCFO will send the scholar 3 more invoices and 1 Due Process notice.

- If the scholar fails to respond, the OCFO transfers the debt to the U.S. Treasury (Treasury) for further collection action.

What if I fail to respond to the OCFO?

- 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 return 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.

What other processes and procedures should I be aware of?

Deferral Requests

Deferrals must be formally requested and are approved by RSA. Please note that there are no guarantees of approval.

Step 1: The Project Director reviews 34 CFR 386.41 (b) with the scholar to confirm that the scholar's request for a deferral is an acceptable circumstance. **In addition, the Project Director and the scholar will also discuss the scholar's intent to obtain qualifying employment after the period of deferment.**

Step 2: If the request is an acceptable circumstance, the Project Director will email the deferral request to the RSA Project Officer and include the following:

- Completed Deferral Request Form.
- Copy of the signed Payback Agreement Form.
- Supporting documentation, as necessary. For example, if a scholar is requesting a deferral to pursue additional education, a copy of the scholar's transcript, to verify full-time course of study is required for the request and on an annual basis until the additional education is complete.
- Other documentation, as applicable, depending on the circumstances.

If the deferral request is approved, there is only one two-year grace period.

Exceptions

Exception requests are reviewed and approved by the RSA Commissioner.
Note: Do not send exception requests directly to the RSA Commissioner. These requests are submitted to RSA from your Project Director.

Step 1: The Project Director determines the scholar's request for an exception pursuant to 34 CFR 386.41 (a).

Step 2: The Project Director communicates directly with the scholar to ensure that the scholar is aware of the exception review and approval process and that the scholar provides the Project Director with the following required documentation:

- **Letter from physician documenting the severe disability that is expected to continue indefinitely and prohibits the scholar from obtaining or retaining employment.**

Step 3: The Project Director will submit to the RSA Project Officer the following:

- Signed Payback Agreement Form;
- Signed Exit Form, if applicable;
- Physician documentation; and
- Letter from the scholar (optional) providing rationale for exception request.

Note: There are no guarantees with regard to the approval of exception requests.