

## ***Frequently Asked Questions (FAQs) about the SmartWork Student Loan Repayment Plan***

### **1. *What is the SmartWork Student Loan Repayment Plan?***

The Student Loan Repayment Plan (SLRP or the Plan) is a new initiative begun by the State of Maryland to financially assist eligible State employees with one of their biggest financial burdens – repaying their student loan debt. Governor Hogan issued an Executive Order in June 2018 directing the establishment of this program – administered by the Department of Budget and Management’s (DBM) Office of Personnel Services and Benefits – that offers assistance to employees and enhances the State’s ability to hire and retain individuals in certain hard-to-hire and hard-to-retain job classifications within State government.

### **2. *How do I determine if I am eligible to participate?***

Not all State employees are eligible to participate. Certain full-time employees in hard-to-fill/hard-to-retain classifications within the State Personnel Management System and the Transportation Service Human Resource System and certain classifications agreed to through collective bargaining will be permitted to participate in the SLRP. A complete listing of eligible job classes is available on [DBM’s website](#).

### **3. *How does the SLRP work?***

All eligible State employees start on a level playing field, with benefits starting as early as **January 1, 2019**, which is considered the Start Date for the Plan. Employees do not receive credit for any time on the State payroll prior to January 1, 2019. Participation in the Plan is a two-step process: step one - an SLRP application and step two - a request for repayment at the end of each repayment interval. Once an SLRP application has been approved (step one) and the applicable repayment interval has been completed, the employee submits a *Request for Repayment* (step two). Eligible employees could be reimbursed up to \$20,000 in total if they remain employed by the State over 10 years from the first day of eligibility. SLRP participants receive reimbursement only for the amount of loan payments made during the repayment interval, up to the maximum allowed amount for the repayment interval, as shown below.

<u>Repayment Interval</u>	<u>Maximum Allowable</u>
After one year:	\$2,000
After three years:	\$2,000
After five years:	\$4,000
After seven years:	\$6,000
After ten years:	<u>\$6,000</u>
<b>Total</b>	<b>\$20,000</b>

### **4. *What kind of information do you need from employees who are interested in applying?***

A completed *Application* and *Obligated Service Agreement* should be submitted by an employee who wishes to apply to participate in the Student Loan Repayment Plan. The *Application* must be notarized, and your appointing authority must sign your *Obligated Service Agreement*. Please check with your human resources coordinator's office to identify the specific individual.

**5. *What is the process once an application is submitted to participate in the Student Loan Repayment Plan?***

Once an *Application* and *Obligated Service Agreement* are submitted, the Plan Administrator will determine if the employee is eligible to participate in the SLRP by verifying that the employee is a full-time employee in an eligible classification within a participating agency (i.e., an agency within the State Personnel Management System or the Transportation Service Human Resource System). The employee will be advised whether the *Application* is approved or denied.

Employees who are approved to participate in the SLRP will be advised to submit a *Request for Repayment* to the Plan Administrator at the conclusion of the repayment interval, along with proof of qualifying loan payments made to a lender, including dates, account number(s), and amount repaid. Qualifying loans must be from a financial institution and in the name of the employee.

**6. *How is my repayment interval determined?***

For the first repayment interval, if you are approved for participation in the Student Loan Repayment Plan, your eligibility will begin on the date of receipt of your completed application and will end one year after that date. The second repayment interval will begin one year after your eligibility date, and end three years after your eligibility date. Subsequent intervals follow the same pattern. After the completion of each interval, if you remain in an eligible classification, you may file a *Request for Repayment* after your repayment interval has ended.

**7. *Do I need to reapply every year?***

No. You apply for the SLRP once and, once that application is approved, you send in your *Request for Repayment* at the end of each payment interval. Your request will be reviewed, along with your job history, to determine whether you've been and remain in a qualified classification throughout the relevant interval period.

**8. *What happens if I transfer to another agency?***

For employees transferring to another State agency, it is the responsibility of the employee to consult with the new agency to determine whether the new agency will allow the employee to continue participating in the Student Loan Repayment Plan.

**9. *Does the Plan cover both "old" student loan debt that has already been paid, or does it include only current debt?***

Only current debt is included. Example: You have been paying down a student loan that had an original balance of \$15,000. As of your eligibility date of March 30, 2020, you had a remaining balance of \$7,200. Between March 30, 2020, and March 30, 2021, you make 12 monthly payments

of \$240.20 equaling \$2,882.40 for the year. You send in your Request for Repayment, with proof of payments made during the interval. Under the Plan, you would be reimbursed \$2,000 at the conclusion of your first one-year repayment interval to reimburse you for the payments made towards your overall debt payments of \$2,882.40.

**10. *Can employees claim the benefits if they are paying for a child's student loan debt?***

Yes, if the child is 25 years of age or younger when you apply for the SLRP and the loan is in the name of the employee. We may require additional documentation establishing the eligibility of the child.

**11. *Can I receive reimbursement for non-traditional post-secondary educational payments, such as a trade school?***

Yes, the benefits apply to both traditional schools like colleges and universities, as well as non-traditional post-secondary education, such as trade schools.

**12. *How long does it take to be approved once my application is received?***

Due to the volume of applications received and issues around COVID-19, processing times have been slower than anticipated. Please contact the Plan administrator with questions. Once we're beyond the current situation, we expect approvals will not take longer than a few days during a slower period, and during a busier period, we expect the process to take no longer than 2-3 weeks.

**13. *How will I receive my reimbursement, once my Request for Repayment is submitted?***

Your reimbursement will be direct deposited into the financial institution that you designated for payroll purposes; it is paid as part of wages.

**14. *If I leave State service before my ten year service commitment is fulfilled, will I owe back the money?***

In the event an employee leaves State service or becomes ineligible to continue participation in the Student Loan Repayment Plan, the State will not recapture prior repayments made to the employee.

**15. *Can I receive a partial payment?***

The State will make repayments only upon full completion of a repayment interval; there will be no prorated payments for partial completion of a repayment interval.

**16. *Are repayments made through the Student Loan Repayment Plan taxable at the State and federal levels?***

Yes.

**17. *Who is my appointing authority?***

Generally, your appointing authority is the person or persons authorized to sign off on personnel actions. Please check with your human resources office to identify the specific individual.

18. ***How do I obtain more information?***

Visit the Maryland Department of Budget and Management's website at <https://dbm.maryland.gov/employees/Pages/SmartWork.aspx>, or contact [SmartWork.SLRP@maryland.gov](mailto:SmartWork.SLRP@maryland.gov) .