

Program Contract is executed; (b) assures that the applicant is or will be engaged in qualifying research for 50 percent of his/her time, *i.e.*, not less than 20 hours per week; (c) certifies that the institution is non-profit (exempt from tax under 26 U.S.C. 501) or is a U.S. or other government agency (Federal, State, local); and (d) provides the applicant's institutional base salary.

Program Administration and Details

Under the Pediatric Research Loan Repayment Program the NIH will repay a portion of the extant qualified educational loan debt incurred to pay for the researcher's undergraduate, graduate, and/or health professional school educational expenses. Individuals must have total qualified educational debt that equals or exceeds 20 percent of their institutional base salary on the date of program eligibility. This is called the debt threshold. The formula used to calculate the potential annual loan repayment amount is total educational debt less the participant obligation (an amount equal to 10 percent of institutional base salary), which yields the total repayable debt; the total repayable debt is divided by 25 percent, which yields the potential annual repayment amount (up to \$35,000). Participants are encouraged to pay the participant obligation during the contract period.

Following is an example of loan repayment calculations: An applicant has a loan debt of \$100,000 and a university compensation of \$40,000. Since the loan debt exceeds the debt threshold (20 percent of university compensation = \$8,000), the applicant has sufficient debt for loan repayment consideration. The participant obligation is 10 percent of the institutional base salary, in this case \$4,000. Thus, repayment of the \$4,000 debt is the applicant's responsibility. The remaining amount, in this example \$96,000 (total repayable debt) will be considered for repayment on a graduated basis. In this case, the maximum to be repaid in the initial two-year contract is \$48,000 or \$24,000 per year, plus tax reimbursement benefits.

The total repayable debt will be paid at the rate of one-quarter per year, subject to a statutory limit of \$35,000 per year, for each year of obligated service. Individuals are required to initially engage in 2 years of qualified pediatric research.

Following conclusion of the initial two-year contract, participants may competitively apply for renewal contracts if they continue to engage in qualified pediatric research. These

continuation contracts may be approved on a year-to-year basis, subject to a finding by NIH that the applicant's pediatric research accomplishments are acceptable, qualified pediatric research continues, and non-profit institutional or U.S. or other government agency (Federal, State, or local) support has been assured. Renewal applications are competitively reviewed and the submission of a renewal application does not assure the award of benefits. Funding of renewal contracts is also contingent upon an appropriation and/or allocation of funds from the U.S. Congress and/or the NIH or the NIH Institutes and Centers.

In return for the repayment of their educational loans, participants must agree to (1) engage in qualified pediatric research for a minimum period of two years; (2) engage in such research for at least 50 percent of their time, *i.e.*, not less than 20 hours per week; (3) make payments to lenders on their own behalf for periods of Leave Without Pay (LWOP); (4) pay monetary damages as required for breach of contract; and (5) satisfy other terms and conditions of the LRP contract. Applicants must submit a signed contract, prepared by the NIH, agreeing to engage in qualified pediatric research at the time they submit an application. Substantial monetary penalties will be imposed for breach of contract.

The NIH will repay lenders for the extant principal, interest, and related expenses (such as the required insurance premiums on the unpaid balances of some loans) of qualified U.S. or other government (Federal, State, local), academic institutions, and commercial or other chartered U.S. lending institution educational loans obtained by participants for the following:

- (1) Undergraduate, graduate, and health professional school tuition expenses;
- (2) Other reasonable educational expenses required by the school(s) attended, including fees, books, supplies, educational equipment and materials, and laboratory expenses; and
- (3) Reasonable living expenses, including the cost of room and board, transportation and commuting costs, and other living expenses as determined by the Secretary.

Repayments are made directly to lenders, following receipt of (1) the Principal Investigator, Program Director, or Research Supervisor's verification of completion of the prior period of research, and (2) lender verification of the crediting of prior loan repayments, including the resulting account balances and current account status. The NIH

will repay loans in the following order, unless the Secretary determines that significant savings would result from a different order of priority:

(1) Loans guaranteed by the U.S. Department of Health and Human Services:

- Health Education Assistance Loan (HEAL);
- Health Professions Student Loan (HPSL);
- Loans for Disadvantaged Students (LDS); and
- Nursing Student Loan Program (NSL);

(2) Loans guaranteed by the U.S. Department of Education:

- Direct Subsidized Stafford Loan;
- Direct Unsubsidized Stafford Loan;
- Direct Consolidation Loan;
- Perkins Loan;
- FFEL Subsidized Stafford Loan;
- FFEL Unsubsidized Stafford Loan; and
- FFEL Consolidation Loan;

(3) Loans made or guaranteed by a State, the District of Columbia, the Commonwealth of Puerto Rico, or a territory or possession of the United States;

(4) Loans made by academic institutions; and

(5) Private ("Alternative") Educational Loans:

- MEDLOANS; and
- Private (non-guaranteed) Consolidation Loans.

The following loans are NOT repayable under the Pediatric Research Loan Repayment Program:

(1) Loans not obtained from a U.S. or other government entity (Federal, State, local), academic institution, or a commercial or other chartered U.S. lending institution, such as loans from friends, relatives, or other individuals, and non-educational loans, such as home equity loans;

(2) Loans for which contemporaneous documentation (current account statement, and promissory note or lender disclosure statement) is not available;

(3) Loans that have been consolidated with loans of other individuals, such as a spouse or child;

(4) Loans or portions of loans obtained for educational or living expenses, which exceed a reasonable level, as determined by the standard school budget for the year in which the loan was made, and are not determined by the LRP to be reasonable based on additional contemporaneous documentation provided by the applicant;

(5) Loans, financial debts, or service obligations incurred under the following