**DoD Instruction 1304.36**  
**Education Loan Repayment Program**

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<tr>
<th>Originating Component:</th>
<th>Office of the Under Secretary of Defense for Personnel and Readiness</th>
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<td>Assistant Secretary of Defense for Reserve Affairs Memorandum, “Enhancements to the Reserve Component Incentive Programs,” April 14, 2006</td>
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<td>Approved by:</td>
<td>Stephanie Barna, Performing the Duties of the Under Secretary of Defense for Personnel and Readiness</td>
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**Purpose:** In accordance with the authority in DoD Directive 5124.02, this issuance establishes policy, assigns responsibilities, and identifies procedures for implementation of education loan repayment programs, in accordance with Sections 2171, 16301, and 16303 of Title 10, United States Code (U.S.C.).
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SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY. This issuance applies to OSD, the Military Departments (including the Coast Guard at all times, including when it is a Service in the Department of Homeland Security by agreement with that Department), the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this issuance as the “DoD Components”).

1.2. POLICY.

   a. The Loan Repayment Program is an incentive to encourage enlistment, affiliation, and retention in designated military career fields and skills for specified periods of obligated service in support of DoD personnel requirements.

   b. The Loan Repayment Program should be used in the most cost-effective manner to support force management objectives.

   c. This issuance applies to loan repayment programs authorized under Chapters 109 and 1609 of Title 10, U.S.C., except for DoD health professional loan repayment programs administered under Sections 2173 and 16302 of Title 10, U.S.C. Education loan repayment programs for Regular and Reserve Component health profession officers are addressed in DoD Instruction (DoDI) 6000.13 and DoDI 1205.21, respectively.
SECTION 2: RESPONSIBILITIES

2.1. ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER AND RESERVE AFFAIRS. Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness (USD(P&R)), the Assistant Secretary of Defense for Manpower and Reserve Affairs:

   a. Oversees the administration, monitoring, and compliance of the policies established in this issuance and develops additional procedures as required by the USD(P&R).

   b. Prescribes procedures for administering and managing the Education Loan Repayment Program.

2.2. DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICES. Under the authority, direction, and control of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense, the Director, Defense Finance and Accounting Services develops and publishes regulations pertaining to repayment of unearned bonuses and similar benefits in Volume 7A of Department of Defense Financial Management Regulation 7000.14-R. Chapter 2 of that volume prescribes procedures for disposition or repayment of unearned portions of education loan repayment benefits. These procedures apply to unearned benefits provided under Sections 2171, 16301, and 16303 of Title 10, U.S.C., and this issuance.

2.3. SECRETARIES OF THE MILITARY DEPARTMENTS AND COMMANDANT OF THE UNITED STATES COAST GUARD (USCG). The Secretaries of the Military Departments and the Commandant of the USCG:

   a. Implement and ensure compliance with the education loan repayment procedures outlined in this issuance.

   b. Specify the military specialties eligible for the education loan repayment program in accordance with Section 2171 of Title 10, U.S.C. and Section 16301 of Title 10, U.S.C.

   c. Prescribe additional requirements and standards regarding eligibility, and recommend changes to this issuance to the USD(P&R).

   d. Disseminate information regarding the education loan repayment program to raise program awareness among Service members and other eligible persons.

   e. Implement procedures to effectively manage the service obligations of individuals receiving a loan repayment incentive.

   f. Ensure all payback periods and other requirements contained in agreements within this issuance are met, and that recoupment measures are implemented for non-compliance.

   g. Review the education loan repayment program procedures, requirements, and conditions described in Section 3 annually to recommend changes.
SECTION 3: PROCEDURES

3.1. SERVICE MEMBER ELIGIBILITY.

a. Regular and Reserve Component Service Members Other Than Service Members in the Chaplain Candidate Program. The Secretary of the Military Department concerned, or the Commandant of the USCG, may repay loans in the case of any Service member who:

   (1) Possesses a skill or specialty code that was identified by the Secretary of the Military Department concerned, or the Commandant of the USCG as being eligible for the loan repayment program;

   (2) Signs a written agreement to serve on active duty or in the Selected Reserve for a period specified by the Secretary of the Military Department concerned or Commandant of the USCG;

   (3) Agrees to serve as a member in an officer program; or

   (4) Enlists in a military specialty specified by the Secretary of the Military Department concerned, or the Commandant of the USCG, and submits a loan repayment request using DD Form 2475, “Education Loan Repayment Program (LRP) Annual Application.”

b. Chaplain Candidates. In accordance with Section 16303(b) of Title 10, U.S.C., a person serving in a “chaplain candidate program” is not eligible for loan repayment. Accordingly, the Secretary of the Military Department concerned may not repay education loans for any Service member enrolled in the Chaplain Candidate Program, unless the member:

   (1) Satisfies the requirements for accessing and commissioning of chaplains, as prescribed in DoDI 1304.28;

   (2) Holds, or is fully qualified for, an appointment as a chaplain in a Reserve Component;

   (3) Signs a written agreement with the Secretary of the Military Department concerned to serve for a period of not less than 3 years in the Selected Reserve; and

   (4) Submits a loan repayment request using DD Form 2475.

c. Health Professions Officers. The DoD health professional loan repayment programs is not governed by this issuance; see Paragraph 1.2.c of this issuance.

3.2. LOAN ELIGIBILITY. The Secretary of the Military Department concerned, or the Commandant of the USCG, may only repay loans made to the Service member himself or herself. Repayment is not authorized for loans taken out by other persons on behalf of a Service member. Loans eligible for repayment must be:

a. Made, insured, or guaranteed in accordance with Section 1071 of Title 20, U.S.C.
3.3. **AMOUNT REPAYABLE.** Repayment of eligible loans is made on the basis of each complete year of service performed by the Service member borrower.

**a. Regular Component Members.** The portion or amount of a loan that may be repaid is $33\frac{1}{3}$ percent or $1,500, whichever is greater, for each year of service.

(1) The appropriate portion of the loan will be repaid annually upon completion of each year of obligated service pursuant to the agreement.

(2) There is no statutory limit to the total amount that may be repaid.

(3) The Military Departments must clearly state the total amount to be repaid in the signed loan repayment agreement with the Service member. The amount repaid will not exceed the value of the loan.

**b. Reserve Component Members.**

(1) **Reserve Component Service Members Other Than Service Members in a Chaplain Candidate Program.** The portion or amount of a loan that may be repaid is 15 percent or $500, whichever is greater, for each year of service, plus the amount of any interest that may accrue during the current year.

(a) The appropriate portion of the loan will be repaid annually upon completion of each year of obligated service pursuant to the agreement.

(b) There is no statutory limit to the total amount that can be repaid.

(c) The Military Departments must clearly state the total amount to be repaid in the signed loan repayment agreement with the Service member. The amount repaid will not exceed the value of the loan.
(2) Service Members in the Chaplain Candidate Program. The amount of any repayment
of a loan made under Section 3.2 on behalf of a person may not exceed $20,000 for each 3 year
period of obligated service that the person agrees to serve in an agreement described in Section
3.1(b)(3).

(a) Of such amount, not more than an amount equal to 50 percent of such amount may
be paid before the completion by the person of the first year of obligated service pursuant to the
agreement.

(b) The balance of such amount must be payable at such time or times as are
prescribed in regulations.

c. Transfers Between Regular and Reserve Components. A Service member eligible for
education loan repayment who transfers between Regular and Reserve Components during a year
will receive a fractional repayment of the education loan from the Department concerned to the
approved lender, for each portion of the year served.

d. Refunding a Repayment. The Secretary of the Military Department concerned or the
Commandant of the USCG will only repay outstanding loan balances. No part of the original
loan balance that has previously been repaid will be refunded.

3.4. RECOUPEMENT. A Service member who fails to meet the Service obligation as described
in Paragraphs 3.1.a. or 3.1.b. must repay the unearned portion of his or her loan in accordance
with Sections 303a and 373 of Title 37, U.S.C., and Chapter 2 of Volume 7A of DoDI 7000.14-R.
Glossary

G.1. Acronyms.

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<td>DoDI</td>
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<td>USCG</td>
<td>United States Coast Guard</td>
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<td>USD(P&amp;R)</td>
<td>Under Secretary of Defense for Personnel and Readiness</td>
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G.2. Definitions. These terms and their definitions are for the purpose of this issuance only.

**Military Specialty.** Any military occupational specialty, rate, rating, or Air Force Specialty Code designated by the Secretary of the Military Department concerned as a skill that is needed to meet readiness requirements and for which the Secretary concerned has determined the use of an incentive would improve readiness posture.

**Selected Reserves.** A category of the Ready Reserve in each of the Reserve Components. The Selected Reserves consists of units and, as designated by the Secretary of the Military Department concerned, of individual Reserve Service members trained, as prescribed in Section 10147 of Title 10, U.S.C.
REFERENCES

DoD Instruction 1205.21, “Reserve Component Incentive Programs Procedures,” September 20, 1999
DoD Instruction 1304.28, “Guidance for the Appointment of Chaplains for the Military Departments,” June 11, 2004, as amended
DoD Instruction 6000.13, “Accession and Retention Policies, Programs, and Incentives for Military Health Professions Officers (HPOs),” December 30, 2015, as amended
United States Code, Title 10
United States Code, Title 20, Section 1071
United States Code, Title 20, Chapter 28, subchapter IV
United States Code, Title 37