

**FREQUENTLY ASKED QUESTIONS
SERVICE OBLIGATION AND REPAYMENT REQUIREMENTS**

FOR GRANTS AWARDED IN FISCAL YEAR 2006 AND ANY YEAR THEREAFTER

**Regarding the Final Regulations Implementing 662(h) of the Individuals with Disabilities
Education Act**

Three Sets of Service Obligation Rules Apply to Grants Awarded in Different Years:

- 1) For grants awarded in fiscal year (FY) 2004, or earlier, the version of the regulations published on December 9, 1999 implementing section 673(h) of the Individuals with Disabilities Education Act (IDEA), (see 34 CFR part 304) that was in effect at that time apply, including the requirement that grantees track the service obligations of scholarship recipients;
- 2) For grants awarded in FY 2005, the "Additional Requirements" section of the Personnel Preparation To Improve Services and Results for Children With Disabilities--Combined Priority for Personnel Preparation and Preparation of Leadership Personnel notice (the "notice"), published in the Federal Register on March 25, 2005 apply, including the requirement that the Secretary track the service obligations of scholarship recipients;
- 3) **For grants awarded in FY 2006 and any year thereafter, the regulations published on June 5, 2006 implementing section 662(h) of IDEA (see 34 CFR part 304) apply, including the requirement that the Secretary track the service obligations of scholarship recipients.**

For any particular grant, the rules in effect in the year that the grant (not a specific scholarship) was initially awarded apply to all future years of the grant.

Introduction to FAQs Based on the 2006 Service Obligation Regulations

On June 5, 2006, the Secretary published final regulations implementing section 662(h) of the IDEA in the Federal Register (see 71 FR pp. 32395-32400). These regulations, which became effective July 5, 2006, are now codified as 34 CFR part 304. As a condition of participating in the Personnel Development to Improve Services and Results for Children with Disabilities Program, scholars and institutions are required to comply with the service obligation rules and requirements outlined in these regulations. These regulations also implement the new service obligation tracking requirements, which shift the burden for ensuring that scholars comply with their service obligation from grantees to the Secretary. While the U.S. Department of Education (ED) developed the following guidance document in response to questions frequently asked by grantees and scholars/obligees, it does not cover all aspects of the regulations and should not be used alone.

To implement the new service obligation tracking requirements, ED established the National Center on Service Obligations (NCSO). Beginning in 2009, NCSO will track the status of the service obligations of scholars who receive scholarships from grants awarded in FY 2005 or later. The regulations can be found on the NCSO Web site at: <http://www.serviceobligations.ed.gov>.

General Information

1. Who is required to perform the service obligation?

Individuals that receive scholarship assistance from projects funded under IDEA are required to complete a service obligation or repay all or part of the costs of such assistance. For each academic year scholars receive assistance they must maintain full-time employment for the equivalent of two years (see question 10), or repay the Federal government for the portion of assistance they received that has not been repaid through service (see question 21).

2. How is the term “academic year” defined for purposes of the service obligation work or repayment requirement?

Because there is a great deal of variation in how grantees and institutions of higher education (IHEs) utilize the term “academic year,” the definition of this term provided in section 304.3(a) of the regulations is only intended to establish general guidelines. As defined in the regulations, “academic year” means a full-time course of study taken for: (1) a period totaling at least 9 months; or (2) the equivalent of at least 2 semesters, 2 trimesters, or 3 quarters. It is up to each individual grantee to determine what constitutes a “full-time course of study” and what constitutes an “academic year” for their particular institution. The determination that individual grantees make must fall within the above-mentioned guidelines established in section 304.3(a) of the regulations. For part-time scholars, the definition of “academic year” should be based on the accumulation of part-time courses of study that are equivalent to the grantee’s academic year.

3. Does the work or repayment requirement apply to all categories of financial aid or scholarship assistance, or just certain kinds of financial aid or scholarship assistance?

The requirement only applies to IDEA scholarship assistance that is provided through a grant to an institution of higher education (IHE) under section 662 of IDEA, and includes all disbursements or credits intended to cover the cost of attendance, including tuition and fees allowances for books, supplies, transportation, miscellaneous personal expenses, and allowances for room and board, stipends, and travel in conjunction with training assignments. The scholar’s service obligation is based on the period for which the individual received financial assistance rather than on the amount of the assistance.

4. If a student receives financial assistance under the grant for work performed as a graduate assistant, does the student have a service obligation requirement?

No. Any student whose financial assistance under the grant is based on the condition that the student work for the grantee is not subject to the service obligation requirement because such assistance is not “scholarship” assistance. Grantees who propose to use grant funds to pay graduate assistants to assist in facilitating or administering projects must classify those funds as personnel or other non-scholarship costs. Any remuneration paid to graduate assistants cannot be used to meet the applicable percentage of grant funds that must be used to pay for scholarships.

5. When a scholar receives partial funding, what are the work or repayment requirements?

The service obligation for individual scholars is calculated based solely on the number of academic years of training for which the scholar received scholarship assistance. The amount of financial assistance disbursed, whether such financial assistance is used to cover part or all of a student’s costs incurred during an academic year, has no affect on an individual scholar’s employment commitments.

6. Are scholar/obligee pre-scholarship agreements and exit certifications legally binding?

Yes. Institutions of Higher Education (IHE) are responsible for the accuracy of the pre-scholarship agreements and exit certifications which are legally binding documents as long as they are consistent with the requirements in part 304 of the regulations available on the NCSO Web site at (<http://www.serviceobligations.ed.gov/ProgramRegs2006.cfm#reqagreement>). Please refer to frequently asked question (FAQ) 35 regarding the information to be provided in exit certification.

Service Obligation

7. Can Institutions of Higher Education (IHEs) add stipulations or specific requirements to the service obligation of scholars?

For scholars who are funded 100 percent by an IDEA grant, Institutions of Higher Education (IHEs) are not allowed to extend the scope of or create any stipulations to the IDEA service obligation requirements that apply. However, with respect to any additional funds that an IHE may give to a scholar who is not 100 percent funded by an IDEA grant, Federal law and regulations do not prohibit the IHE from adding its own service obligation or other requirements to those additional funds.

8. How do scholars fulfill their service obligation?

Regardless of the training received or degree obtained, obligees can fulfill their service obligation through eligible employment providing indirect or direct service to students with disabilities. All eligible employment must provide compensation and meet the following criteria:

1) Must provide compensation;

If providing direct service the employment positions must meet the following criteria:

- At least 51 percent of the infants, toddlers, and children to whom the individual provides services are receiving special education, related services, or early intervention services from the individual; or
- The individual spends at least 51 percent of his or her time providing special education, related services, or early intervention services to infants, toddlers, and children with disabilities; and
- If serving children, the children served must fall under the definition of eligible children as described in section 602(3) of IDEA <http://www.serviceobligations.ed.gov/ProgramRegsIDEA602.cfm#childdisability> for the IDEA definition), or

If providing indirect service the employment position must meet the following criteria:

- If the position involves supervision including in the capacity of a principal, teaching at the postsecondary level, research, policy, technical assistance, program development, or administration, the individual spends at least 51 percent of his or her time performing work related to the training for which a scholarship was received under [section 662 of the Act](#).
- If the position involves supervision including in the capacity of a principal, teaching at the postsecondary level, research, policy, technical assistance, program development, or administration, the individual spends at least 51 percent of his or her time performing work related to the training for which a scholarship was received under section 662 of the Act available on the NCSO Web site at: <http://www.serviceobligations.ed.gov/ProgramRegsIDEA662.cfm>.

9. How does the Department define research for purposes of the service obligation?

Any definition of research that is current and acceptable in the field may be used, such as the definitions of “applied research” and “basic research” in Section 102 (2) and (3) of the Education Sciences Reform Act (ESRA). In this Act, the term “applied research” means research:

- (1) to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met; and
- (2) that is specifically directed to the advancement of practice in the field of education.

Likewise, the term “basic research” means research:

- (1) to gain fundamental knowledge or understanding of phenomena and observable facts, without specific application toward processes or products; and
- (2) for the advancement of knowledge in the field of education.

10. How is the length of the service obligation calculated?

The length of the service obligation is the full-time equivalent of 2 years for each academic year of scholarship assistance provided. (See question 2 for definition of academic year). If a scholar receives scholarship assistance for a portion of an academic year, then his or her service obligation will be calculated proportionally. For example, if a scholar receives assistance for three semesters at a grantee institution that considers an academic year to be two semesters, then the scholar’s service obligation is three years. The service obligation is based upon the “accumulated academic years” of training for which the scholar received assistance, not the amount of time the scholar spends in the program.

11. What is the minimum amount of academic training a scholar must complete before he or she may start to fulfill the service obligation through employment?

Except as follows, individual scholars must complete at least one-full academic year of training (or the full-time equivalent of one-full academic year if the scholar is part-time) before he or she may begin to fulfill the service obligation through employment. Therefore, any individual who fails to complete at least one full-time academic year of training will not be eligible to fulfill his or her service obligation requirement through employment, but will instead have to repay the entire amount of scholarship assistance received. However, it is worth noting that scholars who complete at least one full academic year of training (or the full-time equivalency of one year if the scholar is part-time) but who fail to complete a program or obtain full certification in their State will not necessarily be considered qualified to fill available special education, related service, or early intervention jobs that meet the requirements in section 304.30(e).

The primary exception to this rule is when the full-time course of study in which the scholar is enrolled is designed to last less than one full academic year. For example, courses leading to various certifications for special education teachers who are already employed on a full-time or part-time basis, and are currently working in the classroom, are typically designed to last less than one full academic year. In such cases, if the scholar completes the required program, the scholar is eligible to fulfill his or her service obligation requirement. The length of the scholar's service obligation will be calculated based on the portion of the academic year to which the full-time course of study was equivalent. For calculation purposes, see Question 8.

12. If a scholar is dismissed or drops out of a program for an academic or non-academic reason, will he or she be required to fulfill the employment or repayment requirement?

Yes. The regulations apply to scholars who are dismissed or drop out of a program in the same manner that they apply to other scholarship recipients (See question 11).

13. When does the service obligation begin?

Unless there is a basis for a deferral or an exception (See questions 23-25), the service obligation begins immediately upon exiting the program.

14. How long do scholars/obligees have to complete their service obligations?

The period of time within which any individual who owes a service obligation (an obligee) must fulfill his or her obligation is calculated by determining the sum of the number of years of service owed plus a grace period of five additional years.

15. What is full-time employment?

Full-time employment means a full-time position, as defined by the individual's employer or by the agencies served by the individual.

16. Must obligees work on a full-time basis to satisfy their obligations?

No. Obligees may fulfill the obligation through full- or part-time employment. If an obligee works part-time, he or she still must work the full-time equivalent of two years for each academic year for which assistance was received. Further, obligees who work on a part-time basis must also fulfill the obligation within the required period which is calculated by determining the sum of the number of years of service owed plus five additional years.

17. Can a scholar begin working to satisfy the service obligation while still receiving the academic training for which the scholarship was awarded?

Employment that meets the regulatory requirements and is performed by a scholar subsequent to the completion of one full-time academic year of training (or full-time equivalent if the student is part-time) may be used to meet, in part, the scholar's service obligation.

18. Can the service obligation be satisfied by working with children with disabilities in a country outside of the United States, its territories and the Freely Associated States?

No, unless the employment in question takes place in a Department of Defense school, any service obligation to be fulfilled by working directly with children with disabilities must occur within a school that is covered by IDEA. IDEA only applies to State Educational Agencies (SEAs) and Local Educational Agencies (LEAs) that receive funds under IDEA. IDEA does not have extra-territorial effect because schools outside the US, its territories, and the Freely Associated States (i.e., American Samoa, Guam, Puerto Rico, the US Virgin Islands, and the Commonwealth of the Northern Marianas, Republic of the Marshall Islands, Federated States of Micronesia, and the Republic of Palau) do not qualify as SEAs or LEAs and may not receive IDEA funds.

19. What is the legal basis for the U.S. Department of Education, to require Institutions of Higher Education to provide Social Security numbers to the National Center on Service Obligations, operated by contractor, Optimal Solutions Group?

In order to ensure that scholars/obligees comply with their service obligation (See section 662(h)(3)(A) of IDEA), ED requires IHEs to provide to NCSO the SSNs of students who receive OSEP Personnel Development Program scholarships. This is authorized under 34 CFR § 99.31(a)(4)(i), which states that an IHE may disclose personally identifiable information from records of a student without the student's consent if the disclosure is in connection with financial aid of the student and is necessary to "[e]nforce the terms and conditions of the aid." Given that the funding provided to scholars/obligees in the Personnel Development Program by their IHEs is considered financial assistance, and ED through NCSO is responsible for tracking the service obligation requirement and/or repayment of that financial assistance, this provision authorizes IHEs to provide the SSNs of scholars/obligees to NCSO.

<http://www.ed.gov/policy/gen/guid/fpco/ferpa/index.html>

20. Can the service obligation be satisfied by working as post-secondary faculty at a university or college in a country outside of the United States, its territories and the Freely Associated States ?

Generally no, but there is a very narrow exception. According to section 304.30(f)(3), in order to fulfill the service obligation by teaching at the postsecondary level, an obligee must spend at least 51 percent of his or her time "performing work related to the training for which the scholarship was received." Thus, obligees performing their service obligation through faculty positions must teach students to serve children with disabilities under the Individuals with Disabilities Education Act (IDEA) or teach IDEA requirements and strategies to students, such as Ph.D. candidates or students who will perform in administrative positions. The teaching that satisfies these requirements must occur at an institution of higher education (IHE) located in the United States its territories, or one of the Freely Associated States (i.e., American Samoa, Guam, Puerto Rico, the US Virgin Islands, and the Commonwealth of the Northern Marianas, Republic of the Marshall Islands, Federated States of Micronesia, and the Republic of Palau). Teaching that occurs in IHEs in foreign countries can be eligible only if the obligee receives prior approval from the Office of Special Education Programs. Any request for such prior approval must establish that the students being taught either intend to provide special education services in IDEA-eligible schools in a manner consistent with section 304.30(e)(1) and (2) or to otherwise work in IDEA positions consistent with section 304.30(e)(3).

Repayment Requirements

21. What are the consequences of an obligee's failure to satisfy the service obligation?

According to the terms and conditions of the scholar's written agreement with the grantee, he or she must repay the amount of scholarship assistance not satisfied through employment. Also, the obligee will be charged interest on the unpaid balance of the scholarship owed; accruing from the date he or she is determined to have entered repayment status. The Secretary of Education may also impose reasonable collection costs in accordance with 31 U.S.C. 3717.

22. When does an obligee enter repayment status?

Any service obligee who fails to meet the service obligation through eligible employment enters repayment status on the first day of the first calendar month after the earliest of the following dates:

- (1) the date the obligee informs the grantee or the Secretary that he or she does not plan to fulfill the service obligation under the agreement;
- (2) the date the obligee's failure to begin or maintain employment makes it impossible for that individual to complete the service obligation within the number of years required by section 304.30(f); or
- (3) the date on which the scholar discontinues enrollment in the course of study prior to finishing at least one year.

If the NCSO does not receive regular employment status reports, obligees will be referred to ED for repayment.

23. On what basis may the Secretary grant a deferral or an exception?

The Secretary may grant a deferral or an exception to the work or repayment requirements upon request, if a scholar or an obligee can provide sufficient evidence to substantiate eligibility for a deferral or exception. The circumstances under which deferrals and exceptions may be granted are provided in Questions 24 and 25.

24. Under what circumstances may repayment of a scholarship be deferred?

The Secretary may grant a deferral for repayment of a scholarship under any circumstance in which a scholar or an obligee:

- (1) is engaging in a full-time course of study at an institution of higher education;
- (2) is serving on active duty as a member of the armed services of the United States;
- (3) is serving as a volunteer under the Peace Corps Act; or
- (4) is serving as a full-time volunteer under Title I of the Domestic Volunteer Service Act of 1973.

25. Under what circumstances may an obligee receive an exception to the repayment requirement?

The Secretary may grant an exception to the repayment requirements in whole or part, if a scholar or an obligee:

- (1) is unable to continue the course of study or perform the service obligation because of a permanent disability; or
- (2) has died.

26. How do scholars/obligees request a deferral or exception for their service obligation?

Requests for deferral/exception must state the reason for the request and the applicable dates and be delivered to the Office of Special Education Programs (OSEP) or the National Center on Service Obligations (NCSO). Requests can also be submitted on the Service Obligation Tracking System (SOTS).

Scholars/obligees are required to submit supporting documentation with their deferral or exception request. Evidence to support a deferral request must include official documentation from the appropriate entity, such as an Institution of Higher Education (IHE), the armed services, or volunteer organization. Evidence to support an exception request must also contain official documentation, such as a death certificate or a statement from a medical professional, as appropriate.

Special Circumstances

27. How are early intervention personnel affected by the service obligation requirements?

Scholars who receive training in the area of early intervention have the same obligation as other scholars who receive training assistance under an IDEA training grant. However, if the State has elected to serve at-risk infants and toddlers and their families under Part C of IDEA, the early intervention services performed may include services to infants and toddlers who are at risk for experiencing developmental delays and their families, as well as infants and toddlers with identified disabilities and their families.

28. If a general education teacher or paraprofessional receives funding from a training grant, are they affected by the service obligation requirement?

Yes. General education teachers and paraprofessionals, who receive funding from a training grant, like all other IDEA-funded scholars, must subsequently work in the special education, related service, or early intervention field consistent with the requirements of the regulations, or repay the scholarship. Neither the statute nor the regulations provide an exception to the service obligation for general education teachers, principals, and paraprofessionals.

29. Will any remaining service obligation be waived for obligees who pursue a doctoral level degree after completing a Master's level program for which they received a scholarship?

No. Obligees may fulfill the service obligation accrued during their Master's level program in any of the ways described in Question 8.

30. Can a scholar who was supported at the Master's level by an IDEA-funded grant teach in an undergraduate or Master's program while completing a doctorate?

It depends. Scholarship recipients must fulfill a service obligation through employment that is sufficiently related to the training for which assistance was provided. Thus, if the scholarship was for a program to train personnel for teaching at the undergraduate or Master's level, a scholar could teach while getting a doctorate and satisfy the service obligation for the Master's program. However, if the scholarship was for a program to provide direct services, the scholar would have to provide special education or related services to children with disabilities or early intervention services to infants and toddlers and their families in order to meet the service obligation requirements of the regulations (See questions 8 and 18).

31. If scholars/obligees receive grant funding from both the Individuals with Disabilities Education Act (IDEA) and the Teacher Education Assistance for College and Higher Education (TEACH) programs, can they satisfy service obligations under both programs at the same time?

Yes. Section 304.30(b) of the regulations prohibits scholars from accepting additional financial assistance only if that assistance "conflicts with the scholar's obligation." Scholars/obligees may complete their service obligation requirements associated with grant funding under IDEA and TEACH grants concurrently. Please note, however, that scholars/obligees receiving only partial funding under an IDEA grant are still required to fulfill a two-year service obligation for every one year of academic funding received.

Operational

32. What is a grantee's obligation with respect to scholar repayment agreements?

An IHE receiving a training grant under IDEA must ensure that any scholar receiving scholarship assistance from the grant signs and dates a "repayment" agreement prior to the initial disbursement of any scholarship funds on his or her behalf, including the payment or crediting of tuition. The institution must fully disclose to the IDEA scholar the terms and conditions of the repayment requirement in the application for an IDEA scholarship. The written agreement must contain the terms and conditions required by the regulations.

33. Does research performed overseas qualify as eligible employment and will it fulfill my service obligation?

It depends. Research performed overseas may qualify as eligible employment for the fulfillment of the service obligation. Such research must meet any current and acceptable definition of research (see question 9) as well as the regulatory standard that the individual spends, “at least 51 percent of his or her time performing work related to the training for which a scholarship was received...” (Section 304.30(e)(3) of the 2006 Regulations, Section F(e)(5) of the 2005 Requirements).

34. Can Personnel Development Program grants be used to fund foreign scholars?

Yes. A scholar/obligee must satisfy the citizenship/resident requirements outlined in the 2006 Regulations (<http://www.serviceobligations.ed.gov/ProgramRegs2006.cfm>) governing their grant. Institutions of Higher Education (IHE) are responsible for ensuring the compliance of their scholars with these requirements and, if necessary, must seek clarity with the Department of Homeland Security to ensure that the proper documentation has been completed.

IHEs must ensure that the scholar/obligee:

- (1) Is a citizen or national of the United States; or
- (2) Is a permanent resident of:
 - a. Puerto Rico, United States Virgin Islands, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands; or
 - b. The Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau during the period in which these entities are eligible to receive an award under the Personnel Development to Improve Services and Results for Children with Disabilities program; or
- (3) Provides and maintains evidence for the U.S. Department of Homeland Security that the individual is—
 - a. A lawful permanent resident of the United States; or
 - b. In the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident.

35. What is the "exit certification" that the grantee must receive from the scholar when a scholar completes his or her program?

The grantee must provide notification (certification) to the scholar at the time of exit from the program that includes all of the obligee's obligations under section 304.30. Upon receipt of such notification, the obligee must also certify, in writing, that the information is correct (see section 304.23(c)). The required certification must identify—

- (1) the number of years the individual obligee must to work to satisfy the service obligation requirements of the regulations;
- (2) the total amount of scholarship assistance received that is subject to the work-or repayment requirements;
- (3) the time period during which the obligee must satisfy the service obligation;
- (4) all other obligations of the obligee, as applicable.

Upon receipt of such written certification from individual obligees, the grantee administering the grant through which individual scholarships have been provided must enter in the NCSO web-based Service Obligation Tracking System (SOTS) the information contained in items 1 through 4 above, each obligee's name, address, e-mail address, social security number, and complete written certification as well as any other information that is necessary to carry out the Secretary's functions under section 662 of IDEA. If the grantee is aware that any scholar has chosen not to fulfill or will be unable to fulfill the obligation under section 304.30(d) of the regulations, the grantee must enter the relevant information in the SOTS when the scholar exits the program.

36. Which entity is responsible for receiving and maintaining information and tracking the service obligation of the scholars/obligees?

ED is responsible for tracking scholars who exit programs supported by grants initially awarded beginning in FY 2005. ED has contracted with Optimal Solutions Group, LLC (Optimal) to establish the NCSO to track and verify the service obligation fulfillment of all scholars/obligees.

37. To whom must the obligee report his or her whereabouts, employment settings, or employment status?

Once a record is submitted for an exited or completed scholar/obligee, the scholar/obligee is given access to the database for input of employment information. Once an obligee has exited the program, he or she must return the signed exit certification to the grantee (See question 35). Obligees are required to provide all information that the Secretary needs to monitor their service obligation within 60 days after exiting the program, and as necessary thereafter for any changes (including any change related to an obligee choosing not to fulfill or being unable to fulfill the obligation). This includes: social security number, address, employment setting, and employment status. Any changes to the information above must be submitted on an annual basis.

38. How will the service obligations of obligees be monitored?

NCSO was established to monitor the fulfillment of service obligations required of students who received scholarship assistance from federally funded university projects through the Office of Special Education Programs Personnel Development Program. NCSO tracks the scholarships funded by grants awarded to IHEs in federal fiscal year 2005 and any year thereafter. NCSO is available to answer questions and provide technical support for the SOTS.

39. Who collects the funds repaid by an obligee if he or she does not fulfill the service obligation through eligible employment?

If an obligee does not comply with the service obligation requirements by fulfilling the terms of his or her obligation, ED is responsible for collecting any funds to be repaid (scholarship, interest, and collection costs) according to a schedule established by the Secretary. Interest is charged in accordance with the Debt Collection Act of 1982, as amended 31 U.S.C. 3717.

NCSO CONTACT INFORMATION

National Center on Service Obligations

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Landover Hills, Maryland 20784-9335

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For TTY, dial 701 when connected.

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24 hour e-mail support: info@serviceobligation.org

The NCSO Web site and the Service Obligation Tracking System are located at <http://serviceobligations.ed.gov>