

(Added Pub. L. 105-368, title VIII, §802(a), Nov. 11, 1998, 112 Stat. 3354.)

**§ 7675. Breach of agreement: liability**

(a) LIQUIDATED DAMAGES.—A participant in the Program (other than a participant described in subsection (b)) who fails to accept payment, or instructs the educational institution in which the participant is enrolled not to accept payment, in whole or in part, of a scholarship under the agreement entered into under section 7603 of this title shall be liable to the United States for liquidated damages in the amount of \$1,500. Such liability is in addition to any period of obligated service or other obligation or liability under the agreement.

(b) LIABILITY DURING COURSE OF EDUCATION OR TRAINING.—(1) Except as provided in subsection (d), a participant in the Program shall be liable to the United States for the amount which has been paid to or on behalf of the participant under the agreement if any of the following occurs:

(A) The participant fails to maintain an acceptable level of academic standing in the educational institution in which the participant is enrolled (as determined by the educational institution under regulations prescribed by the Secretary).

(B) The participant is dismissed from such educational institution for disciplinary reasons.

(C) The participant voluntarily terminates the course of education or training in such educational institution before the completion of such course of education or training.

(D) The participant fails to become licensed to practice medicine, osteopathy, dentistry, podiatry, or optometry in a State, fails to become licensed as a registered nurse in a State, or fails to meet any applicable licensure requirement in the case of any other health-care personnel who provide either direct patient-care services or services incident to direct patient-care services, during a period of time determined under regulations prescribed by the Secretary.

(E) The participant fails to maintain employment, while enrolled in the course of training being pursued by the participant, as a Department employee.

(2) Liability under this subsection is in lieu of any service obligation arising under a participant's agreement.

(c) LIABILITY DURING PERIOD OF OBLIGATED SERVICE.—(1) Except as provided in subsection (d), if a participant in the Program breaches the agreement by failing for any reason to complete such participant's period of obligated service, the United States shall be entitled to recover from the participant an amount determined in accordance with the following formula:

$$A=3\Phi \left( \frac{t-s}{t} \right)$$

(2) In such formula:

(A) "A" is the amount the United States is entitled to recover.

(B) "Φ" is the sum of—

(i) the amounts paid under this subchapter to or on behalf of the participant; and

(ii) the interest on such amounts which would be payable if at the time the amounts were paid they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States.

(C) "t" is the total number of months in the participant's period of obligated service, including any additional period of obligated service in accordance with section 7673(c)(2) of this title.

(D) "s" is the number of months of such period served by the participant in accordance with section 7673 of this title.

(d) LIMITATION ON LIABILITY FOR REDUCTIONS-IN-FORCE.—Liability shall not arise under subsection (b)(1)(E) or (c) in the case of a participant otherwise covered by the subsection concerned if the participant fails to maintain employment as a Department employee due to a staffing adjustment.

(e) PERIOD FOR PAYMENT OF DAMAGES.—Any amount of damages which the United States is entitled to recover under this section shall be paid to the United States within the 1-year period beginning on the date of the breach of the agreement.

(Added Pub. L. 105-368, title VIII, §802(a), Nov. 11, 1998, 112 Stat. 3355; amended Pub. L. 114-315, title VI, §616, Dec. 16, 2016, 130 Stat. 1577.)

**Editorial Notes**

AMENDMENTS

2016—Subsec. (b)(1)(E). Pub. L. 114-315 substituted "The" for "In the case of a participant who is a part-time student, the".

**§ 7676. Repealed. Pub. L. 107-135, title I, § 101(a)(1), Jan. 23, 2002, 115 Stat. 2447**

Section, added Pub. L. 105-368, title VIII, §802(a), Nov. 11, 1998, 112 Stat. 3356, provided that the Secretary could not furnish scholarships to individuals who had not commenced participation in the Program before Dec. 31, 2001.

SUBCHAPTER VII—EDUCATION DEBT REDUCTION PROGRAM

**§ 7681. Authority for program**

(a) IN GENERAL.—(1) As part of the Educational Assistance Program, the Secretary may carry out an education debt reduction program under this subchapter. The program shall be known as the Department of Veterans Affairs Education Debt Reduction Program (hereinafter in this subchapter referred to as the "Education Debt Reduction Program").

(2) The purpose of the Education Debt Reduction Program is to assist in the recruitment and retention of qualified health care professionals for positions in the Veterans Health Administration for which recruitment or retention of an adequate supply of qualified personnel is difficult.

(b) RELATIONSHIP TO EDUCATIONAL ASSISTANCE PROGRAM.—Education debt reduction payments under the Education Debt Reduction Program may be in addition to other assistance available to individuals under the Educational Assistance Program.

(Added Pub. L. 105-368, title VIII, §803(a), Nov. 11, 1998, 112 Stat. 3357; amended Pub. L. 107-14, §8(a)(16), June 5, 2001, 115 Stat. 35; Pub. L. 111-163, title III, §301(a), May 5, 2010, 124 Stat. 1146.)

### Editorial Notes

#### AMENDMENTS

2010—Subsec. (a)(2). Pub. L. 111-163 inserted “and retention” after “assist in the recruitment”.

2001—Subsec. (a)(1). Pub. L. 107-14 substituted “hereinafter” for “hereafter”.

### Statutory Notes and Related Subsidiaries

#### EXPANSION OF EDUCATION DEBT REDUCTION PROGRAM

Pub. L. 117-328, div. V, title I, §104(b), Dec. 29, 2022, 136 Stat. 5500, provided that:

“(1) IN GENERAL.—Beginning in fiscal year 2022, the Secretary shall provide not fewer than an additional (as compared to fiscal year 2021) 200 debt reduction awards per year under the Department of Veterans Affairs Education Debt Reduction Program under subchapter VII of chapter 76 of title 38, United States Code, to be used to recruit mental health professionals to the Department of Veterans Affairs in disciplines that include psychiatry, psychology, advanced practice nursing (with a focus on mental health or substance use disorder), and social work.

“(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary of Veterans Affairs \$8,000,000 per year to carry out the additional awards under paragraph (1).”

#### PILOT PROGRAM FOR REPAYMENT OF EDUCATIONAL LOANS FOR CERTAIN PSYCHIATRISTS OF VETERANS HEALTH ADMINISTRATION

Pub. L. 114-2, §4, Feb. 12, 2015, 129 Stat. 32, provided that:

“(a) ESTABLISHMENT.—The Secretary of Veterans Affairs shall carry out a pilot program to repay loans of individuals described in subsection (b) that—

“(1) were used by such individuals to finance education relating to psychiatric medicine, including education leading to—

“(A) a degree of doctor of medicine; or

“(B) a degree of doctor of osteopathy; and

“(2) were obtained from any of the following:

“(A) A governmental entity.

“(B) A private financial institution.

“(C) A school.

“(D) Any other authorized entity as determined by the Secretary.

“(b) ELIGIBLE INDIVIDUALS.—

“(1) IN GENERAL.—Subject to paragraph (2), an individual eligible for participation in the pilot program is an individual who—

“(A) either—

“(i) is licensed or eligible for licensure to practice psychiatric medicine in the Veterans Health Administration of the Department of Veterans Affairs; or

“(ii) is enrolled in the final year of a residency program leading to a specialty qualification in psychiatric medicine that is approved by the Accreditation Council for Graduate Medical Education; and

“(B) demonstrates a commitment to a long-term career as a psychiatrist in the Veterans Health Administration, as determined by the Secretary.

“(2) PROHIBITION ON SIMULTANEOUS ELIGIBILITY.—An individual who is participating in any other program of the Federal Government that repays the educational loans of the individual is not eligible to participate in the pilot program.

“(c) SELECTION.—The Secretary shall select not less than 10 individuals described in subsection (b) to par-

ticipate in the pilot program for each year in which the Secretary carries out the pilot program.

“(d) PERIOD OF OBLIGATED SERVICE.—The Secretary shall enter into an agreement with each individual selected under subsection (c) in which such individual agrees to serve a period of 2 or more years of obligated service for the Veterans Health Administration in the field of psychiatric medicine, as determined by the Secretary.

“(e) LOAN REPAYMENTS.—

“(1) AMOUNTS.—Subject to paragraph (2), a loan repayment under this section may consist of payment of the principal, interest, and related expenses of a loan obtained by an individual who is participating in the pilot program for all educational expenses (including tuition, fees, books, and laboratory expenses) of such individual relating to education described in subsection (a)(1).

“(2) LIMIT.—For each year of obligated service that an individual who is participating in the pilot program agrees to serve under subsection (d), the Secretary may pay not more than \$30,000 in loan repayment on behalf of such individual.

“(f) BREACH.—

“(1) LIABILITY.—An individual who participates in the pilot program and fails to satisfy the period of obligated service under subsection (d) shall be liable to the United States, in lieu of such obligated service, for the amount that has been paid or is payable to or on behalf of the individual under the pilot program, reduced by the proportion that the number of days served for completion of the period of obligated service bears to the total number of days in the period of obligated service of such individual.

“(2) REPAYMENT PERIOD.—Any amount of damages that the United States is entitled to recover under this subsection shall be paid to the United States not later than 1 year after the date of the breach of the agreement.

“(g) REPORT.—

“(1) INITIAL REPORT.—Not later than 2 years after the date on which the pilot program under subsection (a) commences, the Secretary shall submit to the Committee on Veterans' Affairs of the Senate and the Committee on Veterans' Affairs of the House of Representatives a report on the pilot program.

“(2) ELEMENTS.—The report required by paragraph (1) shall include the following:

“(A) The number of individuals who participated in the pilot program, including the number of new hires.

“(B) The locations in which such individuals were employed by the Department, including how many such locations were rural or urban locations.

“(C) An assessment of the quality of the work performed by such individuals in the course of such employment, including the performance reviews of such individuals.

“(D) The number of psychiatrists the Secretary determines is needed by the Department in the future.

“(3) FINAL REPORT.—Not later than 90 days before the date on which the pilot program terminates under subsection (i), the Secretary shall submit to the Committee on Veterans' Affairs of the Senate and the Committee on Veterans' Affairs of the House of Representatives an update to the report submitted under paragraph (1) and any recommendations that the Secretary considers appropriate.

“(h) REGULATIONS.—The Secretary shall prescribe regulations to carry out this section, including standards for qualified loans and authorized payees and other terms and conditions for the making of loan repayments.

“(i) TERMINATION.—The authority to carry out the pilot program shall expire on the date that is 3 years after the date on which the Secretary commences the pilot program.”

LOAN REPAYMENT PROGRAM FOR CLINICAL  
RESEARCHERS FROM DISADVANTAGED BACKGROUNDS

Pub. L. 111-163, title VI, §604, May 5, 2010, 124 Stat. 1174, provided that:

“(a) IN GENERAL.—The Secretary of Veterans Affairs may, in consultation with the Secretary of Health and Human Services, use the authorities available in [former] section 487E of the Public Health Service Act ([former] 42 U.S.C. 288-5) for the repayment of the principal and interest of educational loans of appropriately qualified health professionals who are from disadvantaged backgrounds in order to secure clinical research by such professionals for the Veterans Health Administration.

“(b) LIMITATIONS.—The exercise by the Secretary of Veterans Affairs of the authorities referred to in subsection (a) shall be subject to the conditions and limitations specified in paragraphs (2) and (3) of [former] section 487E(a) of the Public Health Service Act ([former] 42 U.S.C. 288-5(a)(2) and (3)).

“(c) FUNDING.—Amounts for the repayment of principal and interest of educational loans under this section shall be derived from amounts available to the Secretary of Veterans Affairs for the Veterans Health Administration for Medical Services.”

### § 7682. Eligibility

(a) ELIGIBILITY.—An individual is eligible to participate in the Education Debt Reduction Program if the individual—

(1) is an employee in the Veterans Health Administration serving in a position (as determined by the Secretary) providing direct-patient care services or services incident to direct-patient care services for which recruitment or retention of qualified health-care personnel (as so determined) is difficult; and

(2) owes any amount of principal or interest under a loan, the proceeds of which were used by or on behalf of that individual to pay costs relating to a course of education or training which led to a degree that qualified the individual for the position referred to in paragraph (1).

(b) COVERED COSTS.—For purposes of subsection (a)(2), costs relating to a course of education or training include—

(1) tuition expenses;

(2) all other reasonable educational expenses, including expenses for fees, books, and laboratory expenses; and

(3) reasonable living expenses.

(Added Pub. L. 105-368, title VIII, §803(a), Nov. 11, 1998, 112 Stat. 3357; amended Pub. L. 107-135, title I, §102(b), Jan. 23, 2002, 115 Stat. 2448; Pub. L. 111-163, title III, §301(b), May 5, 2010, 124 Stat. 1146.)

### Editorial Notes

#### AMENDMENTS

2010—Subsec. (a)(1). Pub. L. 111-163, §301(b)(1), substituted “an” for “a recently appointed”.

Subsec. (c). Pub. L. 111-163, §301(b)(2), struck out subsec. (c). Text read as follows: “For purposes of subsection (a), an individual shall be considered to be recently appointed to a position if the individual has held that position for less than 6 months.”

2002—Subsec. (a)(1). Pub. L. 107-135 substituted “in a position (as determined by the Secretary) providing direct-patient care services or services incident to direct-patient care services” for “under an appointment under section 7402(b) of this title in a position” and “(as so determined)” for “(as determined by the Secretary)”.

### Statutory Notes and Related Subsidiaries

INCLUSION OF VET CENTER EMPLOYEES IN EDUCATION  
DEBT REDUCTION PROGRAM OF DEPARTMENT OF VET-  
ERANS AFFAIRS

Pub. L. 115-182, title III, §306, June 6, 2018, 132 Stat. 1470, provided that:

“(a) IN GENERAL.—The Secretary of Veterans Affairs shall ensure that clinical staff working at Vet Centers are eligible to participate in the Education Debt Reduction Program of the Department of Veterans Affairs under subchapter VII of chapter 76 of title 38, United States Code.

“(b) REPORT.—Not later than 1 year after the date of the enactment of this Act [June 6, 2018], the Secretary shall submit to the Committee on Veterans' Affairs of the Senate and the Committee on Veterans' Affairs of the House of Representatives a report on the number of participants in the Education Debt Reduction Program of the Department under such subchapter who work at Vet Centers.

“(c) VET CENTER DEFINED.—In this section, the term ‘Vet Center’ has the meaning given that term in section 1712A(h) of title 38, United States Code.”

TEMPORARY EXPANSION OF INDIVIDUALS ELIGIBLE FOR  
PARTICIPATION IN PROGRAM

Pub. L. 107-135, title I, §102(e), Jan. 23, 2002, 115 Stat. 2449, granted the Secretary of Veterans Affairs authority to treat certain individuals as recently appointed employees in the Veterans Health Administration under subsec. (a) of this section for purposes of eligibility in the Education Debt Reduction Program under this subchapter but prohibited exercise of this authority after June 30, 2002.

### § 7683. Education debt reduction

(a) IN GENERAL.—Education debt reduction payments under the Education Debt Reduction Program shall consist of—

(1) payments to individuals selected to participate in the program of principal and interest on loans described in section 7682(a)(2) of this title; or

(2) payments for the principal and interest on such loans of such individuals to the holders of such loans.

(b) FREQUENCY OF PAYMENT.—(1) The Secretary may make education debt reduction payments to or for any given participant in the Education Debt Reduction Program on a monthly or annual basis, as determined by the Secretary.

(2) The Secretary shall make such payments at the end of the period determined by the Secretary under paragraph (1).

(c) PERFORMANCE REQUIREMENT.—The Secretary may make education debt reduction payments to or for a participant in the Education Debt Reduction Program for a period only if the Secretary determines that the individual maintained an acceptable level of performance in the position or positions served by the participant during the period.

(d) MAXIMUM ANNUAL AMOUNT.—(1) The amount of education debt reduction payments made to or for a participant under the Education Debt Reduction Program may not exceed \$200,000 over a total of five years of participation in the Program, of which not more than \$40,000 of such payments may be made in each year of participation in the Program.

(2)(A) The Secretary may waive the limitations under paragraph (1) in the case of a participant described in subparagraph (B). In the case