



Management Directive

Commonwealth of Pennsylvania

Governor's Office

Management Directive 315.15 Amended – Withholding of Pennsylvania Higher Education Assistance Agency Loans from Employee Pay

Date: November 1, 2021

By Direction of: 
Greg Thall, Secretary of the Budget

Contact Agency: Office of the Budget
Office of Comptroller Operations
Bureau of Commonwealth Payroll Operations
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This directive establishes policy, responsibilities, and procedures for processing payroll deductions to ensure Employees repay their loans from the Pennsylvania Higher Education Assistance Agency (PHEAA). This amendment updates the scope, definitions and contact agency phone number.

1. PURPOSE.

To establish policy, responsibilities, and procedures for processing payroll deductions to ensure Employees repay their loans from PHEAA.

2. SCOPE.

This directive applies to all departments, offices, boards, commissions, and councils under the governor's jurisdiction and to independent agencies using the SAP Human Resources and Payroll module (hereinafter referred to as "agencies").

3. OBJECTIVES.

To ensure any Employee who has received a loan from PHEAA repays such loan.

4. DEFINITIONS.

- a. **Disposable Pay.** Gross pay less any amounts required by law to be withheld, including, but not limited to local, state, and federal income taxes, FICA taxes, union dues, pre-tax medical deductions, and retirement contributions.
- b. **Employee.** A person employed by an agency within the scope of this directive.

5. POLICY.

- a. In accordance with *Section 4.2 of the Act of August 7, 1963, P. L. 549, as amended*, commonly referred to as the *Pennsylvania Higher Education Assistance Agency Act, 24 P.S. § 5104.2*, any Employee who has received a loan from PHEAA shall be deemed to have agreed as a condition of their employment to repay such loan via voluntary or involuntary withholding of wages.
- b. Any Employee who defaults on the repayment of a loan from PHEAA shall be given the opportunity to establish a loan repayment schedule that is agreed upon by PHEAA and the Employee. If the Employee fails to establish a repayment schedule or fails to meet the terms and conditions of the agreed-upon repayment schedule, such Employee shall be deemed, in accordance with the *Pennsylvania Higher Education Assistance Agency Act, 24 P.S. § 5104.2*, to have consented to involuntary withholding of wages or salary for the repayment of the loan from PHEAA.
- c. In accordance with federal law wage garnishment requirements (*20 U.S.C. § 1095a*), the amount deducted for any pay period may not exceed 15 percent of the Employee's Disposable Pay, except that a greater percentage may be deducted with the written consent of the Employee. Amounts deducted in accordance with this directive shall be remitted to PHEAA biweekly.
- d. In accordance with *Section 4 of the Pennsylvania Higher Education Assistance Agency Act, 24 P.S. § 5104*, PHEAA has the power to execute by writ of execution upon wages and salaries to enforce money judgments for the repayment of loans. The Commonwealth shall, upon receipt of a writ of execution, deduct an amount determined by PHEAA, not to exceed 15 percent of an Employee's Disposable Pay in a pay period, and remit that amount to PHEAA until the writ of execution has been satisfied.

6. RESPONSIBILITIES.

- a. **PHEAA shall:**
 - (1) Establish agreed-upon repayment schedules with Employees for voluntary repayments of loans or execute writs of execution in order to enforce money judgments for the repayment of loans from PHEAA.
 - (2) Forward letters authorizing payroll deductions and writs of execution to the Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations (BCPO).

- b. BCPO shall:**
 - (1) Notify Employees of the receipt of agreements authorizing payroll deductions or of the receipt of writs of execution and the total amounts owed.
 - (2) Refer Employees to PHEAA regarding repayment schedules or writs of execution.
 - (3) Establish a payroll deduction for each voluntary and involuntary withholding until the total amount of each loan obligation to PHEAA has been satisfied.
- c. Remit the amount withheld to PHEAA biweekly.

7. PROCEDURE.

- a. PHEAA shall:**
 - (1) Attempt to reach an agreement with the Employee to establish a repayment schedule for voluntary withholding.
 - (2) If a repayment schedule is agreed upon, forward a letter to BCPO that includes authorization for payroll deductions, the Employee name, and the amount of voluntary withholding.
 - (3) If the Employee fails to agree to a repayment schedule or is in default on a previously agreed-upon repayment schedule, execute a writ of execution for involuntary withholding and provide a copy of the writ of execution to BCPO.
- b. BCPO shall:**
 - (1) Provide the Employee with a copy of the letter authorizing payroll deductions or the writ of execution and written notification that payroll deductions will begin on a specified pay date.
 - (2) Establish payroll deductions in the SAP Human Resources and Payroll module for the amounts authorized by a repayment schedule or, for involuntary withholding, the amount determined by PHEAA not to exceed 15 percent of the Employee's Disposable Pay. If the Employee is no longer employed by the Commonwealth, return the letter or writ of execution to PHEAA with appropriate notation.

NOTE: SAP automatically calculates the amount withheld from the Employee's Disposable Pay based on the percentage entered by BCPO in the SAP Human Resources and Payroll module. The dollar amount is recalculated whenever Disposable Pay changes.
 - (3) Forward the amount of payroll deduction via direct deposit, along with an electronic file containing detailed information regarding the payroll deductions, to PHEAA.

- (4) File the original letter authorizing payroll deductions or the writ of execution in a completed file in accordance with applicable records retention and disposition schedules when the loan obligation to PHEAA has been satisfied.
- (5) Refer Employees with questions concerning the letter authorizing payroll deductions or the writ of execution to PHEAA.

This directive replaces, in its entirety, Management Directive 315.15, dated August 30, 2011.