

SC1702. SUBCHAPTER 1702

VOLUNTARY SEPARATION PROGRAMS

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SC1702. SUBCHAPTER 1702

VOLUNTARY SEPARATION PROGRAMS

- References:
- (a) DoD Directive 5124.02, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," June 23, 2008
 - (b) DoD 1400.25-M, "Department of Defense Civilian Personnel Manual," Subchapter 100, "General Information," December 3, 1996, and Subchapter 1900, "National Security Personnel System," April 28, 2006
 - (c) Sections 3502, 5595, 5724, 9902; 9903 Chapters 83 and 84; and Appendix to title 5, United States Code
 - (d) DoD 7000.14-R, "Department of Defense Financial Management Regulation," Volume 12, "Special Accounts, Funds and Programs," November 2007, Chapters 10 and 13
 - (e) through (j), see Enclosure 1

SC1702.1. GENERAL

SC1702.1.1. According to the guidance in References (a) through (d), DoD Instruction 1400.20 (Reference (e)), and part 351 of title 5 Code of Federal Regulations (Reference (f)), this subchapter implements authority to approve separation incentives that may be used to encourage designated civilian employees to separate voluntarily from the Department of Defense. Available separation incentives include Voluntary Separation Incentive Pay (VSIP), VSIP Phase II, Voluntary Early Retirement Authority (VERA), Outplacement Subsidy, and Voluntary Reduction in Force (VRIF).

SC1702.1.2. Subject to the guidance and procedures set forth in this subchapter, these incentives may be used to reduce or restructure the DoD civilian workforce, create vacancies for the placement of employees subject to involuntary separation by reduction in force (RIF), avoid the need for involuntary separations during RIF, and encourage non-DoD employers to hire employees being terminated because of base closure or realignment.

SC1702.1.3. Section 9902(g), of Reference (c) provides the Secretary of Defense permanent authority to establish a program within the Department of Defense under which employees may be eligible for VERA or offered VSIP (commonly known as a buyout), or both, to voluntarily separate from service.

SC1702.1.3.1. This authority may be used to reduce the number of personnel employed by the Department of Defense or to restructure the workforce to meet mission objectives without reducing the overall number of personnel.

SC1702.1.3.2. This authority is in addition to, and notwithstanding, any other authorities established by law or regulation for such programs.

SC1702.1.3.3. Because early retirement authority is now permanent, it may be used to project multi-year VERA usage. However, when used in combination with the buyout authority,

the fiscal year buyout limitation must also be applied (see limitation in subparagraph SC1702.3.1.3.). As a result, the buyout limit may constrain combined use of VERA and VSIP.

SC1702.1.3.4. Receipt of a buyout or an early retirement is not an employee entitlement.

SC1702.2. AUTHORITY

SC1702.2.1. Under the authority of Reference (a) and section 9902(g) of Reference (c), the Secretaries of the Military Departments, and the Director of Washington Headquarters Services (WHS) acting for the Heads of the DoD Components outside the Military Departments, are delegated authority to approve early retirement and VSIP for employees occupying positions up to the General Schedule (GS)-15 level (or equivalent) or any positions under the National Security Personnel System (NSPS) (Subchapter 1900 of Reference (b)). (See paragraph SC1702.3.3. for guidance concerning executive-level employees occupying positions above the GS-15 level or under NSPS.)

SC1702.2.2. Under the authority of Reference (a), the Heads of the DoD Components are also delegated authority to approve nonappropriated fund (NAF) VSIP in accordance with Subchapter 1417 of this Manual.

SC1702.2.3. These authorities may be redelegated in writing to the lowest practicable level, but not lower than the local installation commander or activity head.

SC1702.3. VSIP

SC1702.3.1. Guidance

SC1702.3.1.1. Section 9902(g) of Reference (c) authorizes the Secretary of Defense to establish a buyout program to reduce the number of personnel employed by the Department of Defense or to restructure the workforce to meet mission objectives without reducing the overall number of personnel.

SC1702.3.1.2. Eligible employees may separate from service voluntarily (either by retirement or resignation) to avoid or minimize the need for involuntary separations due to RIF or for workforce restructuring.

SC1702.3.1.3. Under section 9902(g) of Reference (c), the Secretary of Defense may not authorize the payment of VSIP to more than 25,000 employees in any fiscal year. Each buyout payment (whether by resignation, early or optional retirement, or for restructuring or downsizing) counts toward the statutory limitation. This limitation does not apply to payment of buyouts related to closure or realignment of a military installation according to Public Law 101-510 (Reference (g)) (the "Defense Base Closure and Realignment Act of 1990"), as amended by sections 3001 through 3008 of Public Law 107-107 (Reference (h)), or to NAF employees.

SC1702.3.1.3.1. At the beginning of each fiscal year, the DoD Components are allocated a share of the 25,000 limitation based on projected prior fiscal year end-strength.

SC1702.3.1.3.2. Under the authority of Reference (a) and section 9902(g) of Reference (c), the Secretaries of the Military Departments, and the Director of Washington Headquarters Services (WHS) acting for the Heads of the DoD Components outside the Military Departments, are responsible for assigning allocations to organizations under their purview and ensuring allocations are not exceeded.

SC1702.3.1.4. The downsizing buyout may be offered at any time and location where the acceptance of an incentive avoids civilian involuntary separations.

SC1702.3.1.5. To avoid any appearance of misuse or misunderstanding of purpose, installations deciding to use buyouts to avoid civilian involuntary separations must offer the buyouts at least 30 days before RIF notices are issued.

SC1702.3.1.6. Workforce restructuring buyouts allow the Department of Defense to reshape its workforce without resorting to RIF, a RIF avoidance action, or the loss of a position. The application and use of the buyout must be tied directly to workforce restructuring actions in which management offers the buyout to create vacancies that shall be reshaped to meet mission objectives of the Department of Defense.

SC1702.3.1.6.1. Workforce restructuring buyouts may be used to correct skill imbalances or to reduce managerial or supervisory positions.

SC1702.3.1.6.2. Position restructuring is restricted to the vacancy created by application of the buyout. The resulting vacancy shall reflect a change in grade, pay band, dominant position duties, occupation, or supervisory status. Each resulting vacancy must be filled in accordance with all applicable staffing and mandatory placement requirements.

SC1702.3.1.7. According to section 9902(g) of Reference (c), the buyout payment is equivalent to the amount the employee would be entitled to as severance pay under section 5595(c) of Reference (c), if the employee were entitled to severance pay under that section, up to a maximum of \$25,000 (before taxes and deductions) paid on the voluntary resignation, early retirement, or optional retirement of a designated civilian employee. The amount of separation pay is not discretionary. Supporting human resources offices (HROs) shall calculate the amount using the severance pay formula specified in section 5595(c) of Reference (c), which includes a reduction in the maximum entitlement based on severance pay previously received. The buyout may be paid in a lump sum or in installments.

SC1702.3.1.8. An employee does not have to be eligible for severance pay to receive a buyout. The receipt of a buyout does not affect any subsequent entitlement to severance pay as provided in section 9902(g)(5)(B) of Reference (c).

SC1702.3.1.9. Employees accepting early retirement under authorities other than an approved VERA are not eligible for buyouts.

SC1702.3.1.10. Employees accepting early or optional retirement in conjunction with a buyout must meet the age and years of service requirements for retirement eligibility by the effective date of their retirement.

SC1702.3.1.11. When the number of employees applying for VSIP exceeds the offers available, applications shall be processed in order of seniority using the service computation date-leave (SCD-LV).

SC1702.3.1.12. The Department of Labor, Office of Workers' Compensation Programs (OWCP), must be notified prior to payment of a buyout to any employee who is currently receiving injury compensation payments. After the buyout action is effected, the supporting HRO shall send a copy of the SF 50, "Notification of Personnel Action," to OWCP. OWCP shall suspend wage loss benefits for total disability for the number of weeks for which the separation incentive pay represents the salary of the employee at the time of the effective date of separation or retirement.

SC1702.3.1.13. DoD Components must ensure supporting HROs establish pre-appointment procedures to identify job applicants subject to reemployment restrictions or VSIP repayment requirements.

SC1702.3.1.14. When reemployment requires VSIP repayment (see subparagraph SC1702.3.4.2.), the employing activity must contact and coordinate collection efforts with the agency making the payment. In these instances, the employing activity must contact its supporting Defense Finance and Accounting Office, or other payroll support office, prior to appointment so the amount of the VSIP repayment may be calculated and collection of the debt may occur.

SC1702.3.2. Eligibility

SC1702.3.2.1. Only U.S. citizen employees, as defined by section 9902(g) of Reference (c), and NAF employees are eligible for buyouts. In addition, an employee must be serving under an appointment without time limitation, and must have been employed by the Department of Defense for a continuous period of at least 12 months immediately preceding the effective date of separation.

SC1702.3.2.2. An employee meeting any of the following criteria is ineligible for a buyout.

SC1702.3.2.2.1. Is a reemployed annuitant according to subchapter III of Chapters 83 or 84 of Reference (c), or according to any other retirement system for employees of the Federal Government.

SC1702.3.2.2.2. Is or would be eligible for disability retirement under any Federal employee retirement system.

SC1702.3.2.2.3. Is on a Schedule C excepted appointment.

SC1702.3.2.2.4. Is a non-compensated employee.

SC1702.3.2.2.5. Has accepted a position with another Federal agency.

SC1702.3.2.2.6. Has received a specific notice of RIF separation.

SC1702.3.2.2.7. Has declined to relocate with his or her position or declined a transfer of function.

SC1702.3.2.2.8. Has received a decision notice of involuntary separation for misconduct or unacceptable performance.

SC1702.3.2.2.9. Has previously received a buyout.

SC1702.3.2.3. Absent a waiver, an employee meeting any of the following criteria is ineligible for a buyout.

SC1702.3.2.3.1. Is covered by a written service agreement such as, but not necessarily limited to, those required in conjunction with permanent change of station (PCS), training, student loan repayments, critical acquisition positions, or recruitment, relocation, or retention incentives.

SC1702.3.2.3.2. Is receiving a retention incentive.

SC1702.3.2.3.3. Is occupying a position for which special salary rates or targeted local market supplements under NSPS are approved.

SC1702.3.2.3.4. Is occupying a position defined as “hard to fill.”

SC1702.3.2.4. Exceptions to subparagraphs SC1702.3.2.3.1. through SC1702.3.2.3.4. may be granted in writing on a case-by-case basis by the VSIP approving authority (see paragraph SC1702.2.) when that official determines an offer of the buyout is in the best interest of the offering installation. Such an exception establishes eligibility for a buyout, but does not waive the terms of the written service agreements, which must be addressed separately according to applicable guidance.

SC1702.3.3. Executive Employee Coverage

SC1702.3.3.1. Members of the Senior Executive Service (SES) and equivalent employees (e.g., Senior Level, Scientific and Technical, Defense Intelligence Senior Executive Service (DISES), Defense Intelligence Senior Level (DISL), those in payband positions above the GS-15 or highest NSPS pay band, and NAF executives in pay band NF-6) are not eligible for buyout or early retirement unless the Principal Deputy Under Secretary of Defense for Personnel and Readiness (PDUSD(P&R)) approves the voluntary separation to avoid a RIF action or to restructure the workforce. According to the Appendix to Reference (c) (the “Inspector General Act of 1978”), buyout or early retirement requests for Inspector General SES or equivalent employees must be approved by the Inspector General of the Department of Defense before submission to the PDUSD(P&R). Highly Qualified Experts appointed under section 9903(b) of Reference (c) are not eligible for buyout or early retirement.

SC1702.3.3.2. When the buyout is offered to avoid a RIF action, the vacancy created by the buyout or an essentially equivalent position in the organization must be abolished.

SC1702.3.3.3. Restructuring may result from a change in position title, occupational series, dominant position duties, or pay level.

SC1702.3.3.4. The DoD Components shall submit requests for executive-level buyouts and/or early retirement to the Office of the Deputy Under Secretary of Defense for Civilian Personnel Policy for transmittal to the PDUSD(P&R). Approval requests concerning DISES and DISL employees must be coordinated with the Under Secretary of Defense for Intelligence before being submitted for PDUSD(P&R) approval.

SC1702.3.3.5. Request packages must contain all of the following information and documents, as a minimum.

SC1702.3.3.5.1. A history encompassing the last 3 years of the executive member's presidential rank awards, performance awards, or other bonuses unique to the executive level.

SC1702.3.3.5.2. A copy of the current position description.

SC1702.3.3.5.3. A copy of the position description for the restructured position, if any.

SC1702.3.3.5.4. A copy of the executive member's resume.

SC1702.3.3.5.5. A concise justification outlining the reasons why the executive member does not meet the position qualification requirements of the restructured position, where appropriate.

SC1702.3.3.5.6. The title, series, and grade of the position being abolished when accommodating a downsizing action.

SC1702.3.3.5.7. The date of eligibility for optional or early retirement.

SC1702.3.4. Restrictions

SC1702.3.4.1. When accepting a buyout, the following restrictions on reemployment within the Federal Government apply.

SC1702.3.4.2. According to section 9902(g)(6)(B) of Reference (c), an employee receiving VSIP on or after March 30, 1994, who accepts employment with the Government of the United States (including employment in NAF instrumentalities or with an agency of the United States through a personal services contract with the United States) within 5 years after the date of separation on which payment of the buyout is based, shall be required to repay the entire amount of the buyout (before taxes and deductions) to the Department of Defense.

SC1702.3.4.3. A DoD employee who receives a buyout may not be reemployed by the Department of Defense (including NAF employment or through a personal services contract) for a 12-month period beginning on the effective date of the employee's separation. The Secretary of Defense or designee may approve exceptions on a case-by-case basis.

SC1702.3.4.4. A DoD employee approved for payment of a buyout is prohibited from registering in the DoD Priority Placement Program (PPP). If registered in error, the employee must be immediately removed from the program.

SC1702.3.5. VSIP Repayment Waivers

SC1702.3.5.1. When the reemployment is within the Department of Defense, the Secretary of Defense may approve waivers to the repayment provision. Waivers shall be justified only when the individual for whom the waiver is being sought is the only qualified applicant for the position.

SC1702.3.5.2. Repayment waiver requests should be submitted through the Secretaries of the Military Departments or, for the DoD Components outside the Military Departments, through the Director, WHS.

SC1702.3.6. Procedures

SC1702.3.6.1. Employee Notification. The DoD Components shall issue a notice to each employee offered an incentive. The notice shall specify the time limit for accepting the offer and the restrictions in paragraph SC1702.3.4.

SC1702.3.6.2. Processing Personnel Actions

SC1702.3.6.2.1. Supporting HROs shall process personnel actions for buyouts in accordance with standard procedures using the following nature of action and authority codes established on the Office of Personnel Management (OPM) and DoD Civilian Personnel Management Service (CPMS) Web sites (References (i) and (j)).

SC1702.3.6.2.1.1. Nature of Action Code: “825”

SC1702.3.6.2.1.2. Nature of Action: “Separation Incentive”

SC1702.3.6.2.1.3. Authority Code: “VWN”

SC1702.3.6.2.1.4. Authority: “5 U.S.C. 9902(g)”

SC1702.3.6.2.2. Employees receiving downsizing buyouts must separate on or before the effective date of the RIF action. For those receiving restructuring buyouts, the separation may be effective on any date approved by the installation commander or activity head.

SC1702.3.6.2.3. Employees accepting an incentive must sign a statement on a VSIP agreement confirming the voluntary nature of the action and indicating an understanding of the reemployment restrictions resulting from acceptance of the buyout. DD Form 2903-1, “Voluntary Separation Incentive Pay Agreement Lump Sum Payment”; DD Form 2903-2, “Voluntary Separation Incentive Pay Agreement Bi-Weekly Installment Payment”; or DD Form 2903-3, “Voluntary Separation Incentive Pay Agreement 6-Month Installation Payment” shall be used. (See <http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>.) The agreement must indicate the request for personnel action is irrevocable and identify the incentive payment terms (i.e., lump sum payment or installments).

SC1702.3.6.3. Payments

SC1702.3.6.3.1. In addition to lump sum payment, two installment payment options are authorized. Under the first option, employees may receive the buyout in bi-weekly payments in equal amounts at a rate selected by the employee. The bi-weekly installment payments may not extend beyond 1 year from the date of separation. Under the second option, employees shall receive one half of their buyout 6 months following their separation, and the remaining half 6 months later.

SC1702.3.6.3.2. Buyouts, if paid in installments, shall cease to be paid on the recipient's acceptance of employment with the Federal Government in any capacity, including NAF employment or under a personal services contract.

SC1702.3.6.3.3. The special remarks provided shall be used on the SF 50 when the buyout is paid by installment. No remark is necessary when payment is by lump sum.

SC1702.3.6.3.3.1. Remark to be used with the bi-weekly installment option: "Entitled to (\$ amount) separation incentive pay to be paid at the rate of (\$ amount) bi-weekly."

SC1702.3.6.3.3.2. Remark to be used with the 6-month installment option: "Entitled to (\$ amount) separation incentive pay to be paid in two equal installments at the rate of (\$ amount) on (date) and (date)." Inserted dates shall be the beginning of the first pay period 6 months after the separation date and the beginning of the first pay period 6 months after the first payment.

SC1702.3.7. Funding Policy

SC1702.3.7.1. General. DoD activities may pay up to \$25,000 for VSIP from appropriations, funds, or accounts available for such purposes to avoid an involuntary separation, effect a workforce restructuring action, or create a vacancy for another employee. The source of VSIP funds may include a Defense Working Capital Fund (DWCF) for employees of a DWCF-funded activity. DoD central account funding is not provided.

SC1702.3.7.2. Base Realignment and Closure Act. The DoD Base Closure Account discussed in paragraph 130501.A.3. of Reference (d) is available for VSIP payments when determined necessary to implement a BRAC recommendation. Paragraph 100303 of Reference (d) authorizes payment of separation incentives from base closure funds when determined necessary to implement a BRAC recommendation.

SC1702.3.7.3. Funding Procedures. DoD activities with questions concerning the funding of VSIP shall contact their Component comptroller. The DoD Components with questions concerning the funding of VSIP shall contact the Office of the Under Secretary of Defense (Comptroller/Chief Financial Officer).

SC1702.4. VSIP PHASE II

SC1702.4.1. General

SC1702.4.1.1. According to section 9902(g)(7) of Reference (c), VSIP may only be offered pursuant to regulations established by the Secretary of Defense. Section 9902(g) of Reference (c) implements VSIP Phase II, which is designed to expand the use of buyouts beyond the boundaries of individual activities and across DoD Component lines. This program authorizes managers at non-downsizing activities to use buyouts to create vacancies for employees who register in the DoD PPP after being scheduled for RIF separation. VSIP Phase II utilizes PPP to fill positions vacated by buyout recipients. The policy and procedures in paragraphs SC1702.4.1., SC1702.4.2., and SC1702.4.3. are not applicable to DoD agencies exempt from PPP according to Reference (e).

SC1702.4.1.2. While the vacancy created by the payment of the buyout must be used to place eligible PPP Priority 1 registrants, it may be restructured as described in subparagraph SC1702.4.2.1.3. This allows management to reshape the workforce so that newly created positions match the activity's current skills requirements.

SC1702.4.1.3. The separation payment and any reimbursable travel and transportation costs shall be paid by the downsizing activity where the eligible PPP registrant was being displaced by RIF.

SC1702.4.1.4. VSIP Phase II allows non-downsizing activities to offer the benefit of separation pay and early retirement to many employees who may otherwise not have an opportunity to participate.

SC1702.4.2. Gaining Activity Procedures

SC1702.4.2.1. Procedures for All Activities

SC1702.4.2.1.1. Under the authority of Reference (a) and section 9902(g) of Reference (c), the Secretaries of the Military Departments, and the Director of Washington Headquarters Services (WHS) acting for the Heads of the DoD Components outside the Military Departments as prescribed in SC100 of this Manual, determine when and to what extent their activities will participate as potential gaining activities. This authority may be redelegated in writing to the lowest practicable level, but not lower than the local installation commander or activity head. The Components shall exercise this authority with the understanding that VSIP Phase II is beneficial to the Department as a means of retaining skilled employees and reducing involuntary separations. Although prospective gaining activities are not obligated to participate as a matter of DoD policy, commanders or heads of downsizing activities shall actively solicit participation by all non-downsizing activities within the same commuting area to maximize placement opportunities for employees facing RIF separation.

SC1702.4.2.1.2. To determine whether there are potential VSIP Phase II matches for their employees, supporting HROs should monitor the availability of eligible PPP registrants by regularly reviewing the VSIP Listing on the Automated Stopper and Referral System, which is a password protected Web site. This listing, which shows the number of available PPP registrants by occupational series and grade or pay band, provides the basis for surveying the workforce. Employees whose skills and grades or pay bands match those on the VSIP Listing are potential VSIP volunteers provided they meet the basic eligibility requirements in SC1702.3.2. They should be canvassed to determine whether they are interested in accepting VSIP to create vacancies for PPP registrants who would otherwise be involuntarily separated. Activities may

use the sample canvass format at Appendix 1. A positive response to the survey does not constitute an application for voluntary separation. Employees must be advised of future employment restrictions outlined in paragraph SC1702.3.4.

SC1702.4.2.1.3. HROs supporting participating activities should submit PPP requisitions to match the positions of canvass respondents with eligible PPP registrants. An exact match of skills and grades or pay bands is not required when filling positions vacated by incentive takers. If the gaining activity intends to fill a position at a grade or pay band or in a skill other than that held by the incentive taker, the requisition should be submitted accordingly. For example, an activity with a surplus of machinists and a shortage of welders may elect to submit requisitions for welders when machinists respond to the VSIP canvass. This flexibility allows activities to correct skill imbalances and avoid involuntary separations within the Department of Defense. Supporting HROs may establish periodic cutoffs for the receipt of canvass responses, allowing as many positions as possible in the same skill to be requisitioned simultaneously. Requisitions shall not be submitted for positions expected to last less than 24 months.

SC1702.4.2.1.4. When a requisition results in the referral of Priority 1 registrants, the supporting HRO shall contact the canvass respondent and offer the opportunity to formally apply for VSIP using the VSIP Phase II application DD Form 2904, "Application for Voluntary Separation Incentive Pay Under VSIP Phase II." (See <http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>.) If the respondent is still interested and applies, the application is not considered approved until the PPP registrant accepts the employment offer and a reporting date has been established. Otherwise, the application may be withdrawn. If there are fewer PPP referrals than survey respondents, applications shall be solicited in descending SCD-LV order.

SC1702.4.2.1.5. Upon receipt of a VSIP Phase II application, the gaining activity shall select from among the referred PPP registrants for the purpose of initiating a joint qualifications determination with the registering activity. The gaining activity retains the right to dispute a registrant's qualifications in accordance with the PPP procedures prescribed in SC1800 of this Manual, providing the issue is raised during the qualifications determination process and before the job offer is extended.

SC1702.4.2.1.6. When a selection has been made, the gaining HRO shall contact the appropriate registering HRO to determine qualifications and initiate a job offer. Standard PPP policy as prescribed in SC1800 of this Manual shall apply except that offers are not mandatory unless the registrant's current permanent grade or pay band is identical to the position being filled. Offers to registrants outside the commuting area are authorized only when there are no equally qualified registrants within the commuting area.

SC1702.4.2.1.7. If the number of PPP referrals exceeds the number of VSIP applications, the gaining activity shall determine the order in which offers shall be made. When the losing activity's HRO advises the gaining activity's HRO that the offer has been accepted, and a reporting date has been established for the PPP registrant, the VSIP applicant is committed to voluntary separation and is eligible to receive the cash incentive upon separation.

SC1702.4.2.1.8. If a PPP registrant accepts and subsequently declines a job offer after a reporting date has been established, the commitment to the VSIP applicant is still binding.

In this case, withdrawal of the application shall be permitted, if requested. If the applicant does not withdraw the application, the position shall be offered to another Priority 1 registrant. If no additional registrants were referred, the VSIP requisition shall be closed. The vacancy then becomes subject to matching against PPP, as dictated by the follow-on recruitment action.

SC1702.4.2.1.9. For employees receiving VSIP, the effective date of the personnel action may be any date agreed to by the installation commander, or his or her designee, during the fiscal year in which the buyout is offered.

SC1702.4.2.1.10. Employees accepting a buyout must sign a statement on a VSIP agreement (DD Forms 2903-1, 2903-2, or 2903-3) confirming the voluntary nature of the action and indicating an understanding of the reemployment restrictions resulting from acceptance of the buyout. The agreement must indicate the request for personnel action is irrevocable and identify the payment terms of the incentive (i.e., lump sum payment or installments).

SC1702.4.2.2. Additional Procedures for Activities Outside the Continental United States (OCONUS)

SC1702.4.2.2.1. For the purposes of this subchapter, OCONUS activities include those outside the 48 contiguous states and the District of Columbia.

SC1702.4.2.2.2. Employees assigned to OCONUS activities are not eligible for buyouts under VSIP Phase II if they do not meet the basic eligibility requirements in paragraph SC1702.3.2. or if they are:

SC1702.4.2.2.2.1. Employees on temporary or term overseas limited appointments;

SC1702.4.2.2.2.2. Family members on Schedule A appointments; or

SC1702.4.2.2.2.3. Employees who register in PPP as nondisplaced overseas registrants and receive valid job offers.

SC1702.4.2.2.3. To be eligible for buyouts under VSIP Phase II, OCONUS employees who are subject to the 5-year limitation on overseas employment must be:

SC1702.4.2.2.3.1. Within 6 months of completing a standard 3-year tour or any extension thereof;

SC1702.4.2.2.3.2. Within 4 months of completing a standard 2-year tour or within 6 months of completing any extension thereof;

SC1702.4.2.2.3.3. Within 3 months of completing a standard 18-month tour or within 5 months of completing any extension thereof; or

SC1702.4.2.2.3.4. Within 2 months of completing a standard 1-year tour or within 4 months of completing any extension thereof.

SC1702.4.2.2.4. OCONUS employees who are subject to the 5-year limitation on overseas employment are not subject to the requirements in subparagraph SC1702.4.2.2.3. if they:

SC1702.4.2.2.4.1. Have completed a standard tour but did not accept renewal agreement travel; or

SC1702.4.2.2.4.2. Are released from the remainder of their tour obligation, except when curtailment is due to performance, conduct, or suitability.

SC1702.4.3. Losing Activity Procedures

SC1702.4.3.1. Procedures for All Activities

SC1702.4.3.1.1. DoD employees must be registered in PPP to be referred through VSIP Phase II. Additionally, they must be scheduled for separation within 120 days and be either in receipt of a RIF notice with no offer of continued employment or scheduled to receive such a notice.

SC1702.4.3.1.2. Under the authority of Reference (a) and section 9902(g) of Reference (c), the Secretaries of the Military Departments, and the Director of Washington Headquarters Services (WHS) acting for the Heads of the DoD Components outside the Military Departments, are hereby authorized to extend the time period in subparagraph SC1702.4.3.1.1.1. from 120 days to a maximum of 180 days. This may be redelegated in writing to the lowest practicable level, but not lower than the local installation commander or activity head.

SC1702.4.3.1.3. PPP Priority 1 registrants are eligible for only one valid incentive-based offer. If a registrant entitled to severance pay declines an incentive-based offer outside the commuting area, the employee is still subject to mandatory registration for activities within the commuting area upon receipt of a specific RIF notice. Nevertheless, no further incentive-based offers shall be authorized. If the position declined is within the commuting area and meets the OPM definition of a reasonable offer, the employee is no longer entitled to severance pay and is removed from PPP. Employees who are not entitled to severance pay are removed from PPP if they decline a valid offer, regardless of whether the offer is within the commuting area.

SC1702.4.3.1.4. Qualifications determinations, qualifications disputes, and job offers under this program shall be processed in accordance with standard PPP procedures as prescribed in SC1800 of this Manual. When extending job offers, the supporting HRO shall advise registrants that placements are contingent upon the voluntary separation of employees at the gaining activities. Each selectee must understand that until the supporting HRO notifies the gaining activity that the offer has been accepted and a reporting date has been established, the VSIP application may be withdrawn. If the application is withdrawn and there are no other VSIP applicants whose positions may be used to effect the placement, the offer shall be voided and the registrant shall remain in the PPP.

SC1702.4.3.2. Additional Procedures for OCONUS Activities

SC1702.4.3.2.1. PPP Priority 1 registrants who are being separated from OCONUS activities are eligible for placement through VSIP Phase II if they meet the requirements of subparagraph SC1702.4.3.1.1.

SC1702.4.3.2.2. OCONUS employees are ineligible for placement through VSIP Phase II if they are:

SC1702.4.3.2.2.1. Employees with return rights to a position in the United States;

SC1702.4.3.2.2.2. Family member employees not serving under their own rotation agreements, regardless of appointment type; or

SC1702.4.3.2.2.3. Employees on overseas limited appointments.

SC1702.4.3.2.3. Eligible PPP Priority 1 registrants may be placed through VSIP Phase II within the same overseas theater provided they can complete the equivalent of one full renewal tour without exceeding the 5-year limitation on overseas employment.

SC1702.4.3.2.4. Eligible PPP Priority 1 registrants from foreign and non-foreign OCONUS activities shall be considered for placement at CONUS activities through VSIP Phase II in the same manner as registrants from CONUS activities. Employees with return rights and family member employees not serving under their own rotation agreements are excluded, since these employees are ineligible for Priority 1 referral to CONUS activities.

SC1702.5. VERA

SC1702.5.1. General

SC1702.5.1.1. Section 9902(g) of Reference (c) authorizes the Secretary of Defense to establish a voluntary early retirement program to reduce the number of personnel employed by the Department of Defense or to restructure the workforce to meet mission objectives without reducing the overall number of personnel.

SC1702.5.1.2. The reasons for approving a VERA include substantial delayering, reorganization, or RIF. VERA is not authorized in conjunction with transfer of function unless there are fewer positions in the gaining competitive area and employees would otherwise be separated by RIF.

SC1702.5.1.3. VERA may be based on occupation; grade or pay band; skills, knowledge, or other factors related to a position; organizational, geographical, and nonpersonal and objective factors; or any combination of these factors.

SC1702.5.1.4. An employee shall not be forced or coerced in any way to retire under VERA.

SC1702.5.2. Eligibility. Employees must be at least 50 years of age and have completed 20 years of creditable service, or be any age with at least 25 years of creditable service. In addition, employees must meet all of the following conditions:

SC1702.5.2.1. Be serving under an appointment without time limitation;

SC1702.5.2.2. Have been continuously employed within the Department of Defense for more than 30 days before the date on which the determination to conduct a workforce reduction or restructuring action is approved;

SC1702.5.2.3. Not have received a specific RIF separation notice, or a decision notice of involuntary separation for misconduct or unacceptable performance; and

SC1702.5.2.4. Not be retiring as a result of declining a transfer of function, directed reassignment, or other management-initiated relocation outside the commuting area.

SC1702.5.3. Procedures

SC1702.5.3.1. Each DoD installation using VERA shall determine and publicize the maximum number of locally authorized VERA approvals and the anticipated multiple windows of opportunity required.

SC1702.5.3.2. Multiple windows of opportunity may be used to better meet organizational needs.

SC1702.5.3.3. The organization may choose to open one or several windows of opportunity to achieve the total retirements within its overall requirements. For example, 25 applications may be solicited and approved during open windows to reach the desired total. Local VERA limits may be constrained if used in conjunction with buyouts.

SC1702.5.3.4. When multiple windows are used, the covered employees must be informed, by announcement prior to receipt of applications, of these limitations and the separate opportunity windows. When approved nonpersonal factors other than SCD-LV are used to determine early retirement eligibility, these factors must be included in the announcement.

SC1702.5.3.5. General announcements of single VERA opportunity windows shall indicate the opening and closing dates, the number of anticipated VERAs, and any approved nonpersonal and objective factors being considered.

SC1702.5.3.6. Usage may cover more than one organizational element and more than one geographic location.

SC1702.5.3.7. When VERA is used for downsizing, the retiring employees must separate on or before the RIF effective date, except when retained in a non-duty status as provided in subparagraph SC1702.5.3.7.1. VERA recipients may not be retained in a duty status after the effective date of the respective RIF for any reason.

SC1702.5.3.7.1. If the downsizing VERA is not used in conjunction with a buyout, the effective date of the early retirement may be extended beyond the RIF effective date to allow the employee to use annual leave to establish initial eligibility for early retirement. (See section SC1704.2.)

SC1702.5.3.7.2. There is no provision for using annual leave to attain eligibility for voluntary early retirement with a buyout. (See subparagraph SC1702.3.6.2.2.)

SC1702.5.3.8. Processing Personnel Actions

SC1702.5.3.8.1. For each voluntary early retirement, the individual retirement record (SF 2806, "Individual Retirement Record," for the Civil Service Retirement System (CSRS), and SF 3100, "Individual Retirement Record, Federal Employees' Retirement System," for the Federal Employees Retirement System (FERS)) must show the appropriate CSRS or FERS authority. A statement similar to the following shall appear in the last line of the service history portion on both forms: "RET 5 U.S.C. 9902(g)."

SC1702.5.3.8.2. Personnel actions used to separate employees retiring under this authority must reflect the appropriate nature of action and legal authority codes established in References (i) and (j), shown in Table SC1702.T1.

Table SC1702.T1. Codes for Processing Personnel Actions Under VERA

Block	Code-CSRS	Code-FERS
5-A	303	303
5-B	Retirement-Special Option	Retirement-Special Option
5-C	ZLM	USM and AZM
5-D	5 U.S.C. 9902(g)	5 U.S.C. 9902(g)

SC1702.5.4. Combined Use of VSIP and VERA

SC1702.5.4.1. Targeting buyouts based on occupational series and grade or pay band continues to be an effective management tool. Employees who receive VSIP may or may not be the same as those who retire under VERA.

SC1702.5.4.2. As authorized in section 9902(g) of Reference (c), VERA may be used in conjunction with the VSIP Phase II Program.

SC1702.6. OUTPLACEMENT SUBSIDY

SC1702.6.1. As an incentive, subject to availability of funds, DoD Components may pay up to \$20,000 in PCS costs, as authorized by section 5724(e) of Reference (c), incurred by another Federal agency when that agency hires any DoD employee in a surplus skill category who is subject to RIF.

SC1702.6.2. Eligible employees are responsible for applying for vacant positions in other Federal agencies, and for advising those agencies of the outplacement subsidy available to them.

SC1702.6.3. The supporting HRO shall provide employees information about the subsidy to include with their job applications. A sample letter is provided at Appendix 2.

SC1702.6.4. Employees who decline valid job offers through PPP are not eligible for the outplacement subsidy.

SC1702.7. VRIF

SC1702.7.1. General

SC1702.7.1.1. Section 3502(f) of Reference (c) authorizes the Secretary of Defense to allow the release of an employee volunteering for RIF separation even if the employee is not otherwise subject to RIF separation. The use of this provision allows DoD activities and installations to minimize the impact of downsizing by encouraging employees to volunteer for RIF separation in place of employees who are scheduled to be involuntarily separated by RIF. Some employees whose retention standing prevents separation may volunteer to be separated by RIF to become eligible for entitlements such as severance pay or continued health benefits coverage.

SC1702.7.1.2. Activity heads may use VRIF when acceptance of a volunteer will result in retaining an employee otherwise scheduled for RIF separation.

SC1702.7.1.3. Voluntary separation through VRIF may be effected only during formal RIF, when official RIF notices have been issued.

SC1702.7.1.4. Both employees must be in the same competitive area.

SC1702.7.1.5. Matches of separation volunteers with those directly affected by RIF shall be based on the similarity of their positions. Any position may be used for VRIF if the separation of the RIF volunteer would result in the cancellation of a RIF separation action or the subsequent placement of a RIF-affected employee. The placement may not result in promotion. HROs shall determine the best match for placement considering qualifications for placement in the volunteer's position, the ability of the RIF-affected employee to do the work of the similar position, and cost effectiveness.

SC1702.7.1.5.1. When there are more volunteers than needed and all are equally good matches for placement, HROs shall process voluntary RIF applicants in order of SCD-LV seniority.

SC1702.7.1.5.2. When there are fewer volunteers than needed and all are equally good matches for placement, HROs shall select RIF-affected employees for placement in order of RIF retention standing.

SC1702.7.1.6. If, at any point in the RIF process, it is determined that the voluntary separation would not result in saving a RIF-affected employee, the voluntary separation shall be canceled. Volunteering for separation under VRIF does not confer RIF assignment rights.

SC1702.7.1.7. Volunteering for RIF separation under VRIF is strictly a voluntary action on the part of any employee to whom this option is offered. An employee shall not be forced or coerced in any way to volunteer for RIF separation.

SC1702.7.2. Authority

SC1702.7.2.1. Section 3502(f) of Reference (c) authorizes installation commanders and activity heads to offer voluntary RIF separation to eligible individuals in accordance with paragraph SC1702.7.1.

SC1702.7.2.2. This statutory authority expires as provided in section 3502(f)(5) of Reference (c).

SC1702.7.3. Eligibility

SC1702.7.3.1. Only U.S. citizen employees of the Department of Defense who meet the definition of a competing employee in section 351.203 of Reference (f) are eligible for VRIF. In addition, RIF separation volunteers shall:

SC1702.7.3.1.1. Be serving under an appointment without time limitation;

SC1702.7.3.1.2. Not be a reemployed annuitant; and

SC1702.7.3.1.3. Not have a pending or approved application for disability retirement.

SC1702.7.3.2. VRIF volunteers are ineligible for VSIP or to register in the PPP. VRIF volunteers who are reemployed by the Federal Government are subject to the rules governing repayment of severance pay.

SC1702.7.3.3. Generally, employees occupying critical or hard-to-fill positions, or with critical knowledge or skills, shall not be allowed to participate unless an exception is made by the installation commander or activity head. Employee participation in the VRIF program is not an entitlement.

SC1702.7.4. Procedures

SC1702.7.4.1. VRIF volunteers shall be issued RIF separation notices effective on the RIF effective date. The notice shall advise them of their RIF entitlements.

SC1702.7.4.2. Volunteers must sign a statement that they realize the action is irrevocable once they have been issued a RIF separation notice. However, activities may cancel the action if necessary.

SC1702.7.4.3. VRIF volunteers shall be provided all entitlements available to an employee being involuntarily separated except for eligibility of VSIP and the PPP.

SC1702.E1. ENCLOSURE

REFERENCES, continued

- (e) DoD Instruction 1400.20, “DoD Program for Stability of Civilian Employment,”
September 26, 2006
- (f) Part 351 of title 5, Code of Federal Regulations
- (g) Public Law 101-510, “Defense Base Closure and Realignment Act of 1990,”
November 5, 1990, as amended
- (h) Public Law 107-107, “National Defense Authorization Act for Fiscal Year 2002,”
December 28, 2001
- (i) U.S. Office of Personnel Management Web Site, “Guide to Processing Personnel Actions”¹
- (j) DoD, Civilian Personnel Management Service Web Site, “Guide to Processing Personnel
Actions NSPS Supplement”²

¹ <http://www.opm.gov/feddata/gppa.asp>

² <http://www.cpms.osd.mil/ASSETS/C3ED4C440D264A2992B1AA1A821BF3EF/GPPA%20Suppl%20-%20TOC.pdf>

SC1702.AP1. APPENDIX 1 TO SUBCHAPTER 1702

SAMPLE INSTRUCTIONS AND SURVEY INSTRUMENT FOR VSIP PHASE II
WORKFORCE CANVASS

SAMPLE CANVASS INSTRUCTIONS
VOLUNTARY SEPARATION INCENTIVE PAY (VSIP)
PHASE II WORKFORCE CANVASS FOR GENERAL INTEREST

According to the authority in 5 U.S.C. 9902(g), the Department of Defense implemented an expanded VSIP Program referred to as VSIP Phase II. VSIP and voluntary early retirement may be offered to employees in permanent continuing positions to create vacancies for the placement of DoD employees from other activities subject to involuntary separation by RIF. The purpose of this canvass is to identify employees willing to retire or resign if they receive a cash incentive and the Department of Defense can place a surplus employee in their position. **THIS IS NOT AN APPLICATION FOR RETIREMENT OR RESIGNATION.** It is only a preliminary canvass of general employee interest.

Please refer to the attached information sheet if you are interested in VSIP.

[ATTACH A CUSTOMIZED INFORMATION SHEET TO THIS SURVEY. INCLUDE THE PROPOSED ELECTION PERIOD, SEPARATION DATES, AND OTHER SEPARATION BENEFITS THAT MAY BE AVAILABLE TO VSIP PHASE II TAKERS]

Your supporting Human Resources Office (HRO) will use the results of the canvass to determine the kinds of positions potentially available for placement of surplus DoD employees. If surplus employees are available for placement in your position, your supporting HRO shall contact you and offer you individual retirement counseling and specific information about the amount of your incentive payment and annuity, if appropriate. At that time, you shall have the opportunity to submit a formal VSIP Phase II application. If the number of employees interested in VSIP exceeds the number of available surplus employees, applications shall be accepted in order of seniority based on Leave Service Computation Date.

If you respond to this general interest canvass and are later allowed to submit an application for retirement or resignation under VSIP Phase II, your position shall be offered to a qualified surplus employee. Your incentive shall not be approved until the employee accepts the job offer and his or her reporting date has been established. You may withdraw your application for voluntary separation at any time prior to acceptance of the job offer by the surplus employee.

PLEASE RETURN THE GENERAL INTEREST CANVASS ON THE NEXT PAGE TO:
[ENTER ACTIVITY POINT OF CONTACT AND OFFICE LOCATION]

You must add a Privacy Act Statement to any form you develop prior to canvassing workforce.

**SAMPLE SURVEY INSTRUMENT
VOLUNTARY SEPARATION INCENTIVE PAY (VSIP)
PHASE II GENERAL INTEREST CANVASS**

___ I am NOT interested in VSIP Phase II at this time

___ YES, I am interested in VSIP Phase II. If you can identify a surplus DoD employee willing to assume my position, contact me. At that time, I shall either submit a VSIP application or withdraw from further consideration. I understand that, until a surplus employee is available for my position, you shall not be in a position to offer retirement counseling or give more specific information on the amount of my incentive.

I also understand that returning this form does not obligate me to retire or resign nor does it obligate the Department of Defense to pay me VSIP.

– Please complete the highlighted box below.

NAME_____	
ORGANIZATION_____	DUTY PHONE_____
JOB TITLE, SERIES, GRADE_____	
SIGNATURE_____	DATE_____

You must add a Privacy Act Statement to any form you develop prior to canvassing workforce.

SC1702.AP2. APPENDIX 2 TO SUBCHAPTER 1702

SAMPLE LETTER FOR EMPLOYEES ELIGIBLE FOR OUTPLACEMENT SUBSIDY

[DATE]

From: [INSTALLATION COMMANDER]

To: [EMPLOYEE'S NAME]

Subject: Outplacement Subsidy

The Department of Defense is committed to placing employees to reduce the number of individuals subject to separation by reduction in force. Therefore, if another Federal agency hires you and agrees to pay relocation costs, we may reimburse that agency for up to \$20,000 toward allowable permanent change of station expenses.

To encourage Federal managers and supervisors to consider you for employment, please include this letter with your application for positions with other Federal agencies. It alerts the selecting official that, if you are selected and relocation is authorized, a subsidy may be paid. Selecting agency officials may contact [DESIGNATED CONTACT NAME] at [PHONE NUMBER] for additional information about this subsidy.

[SIGNATURE]

[TITLE]