



OFFICE OF THE UNDER SECRETARY OF DEFENSE
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WASHINGTON, D.C. 20301-4000

SEP 15 2006

PERSONNEL AND
READINESS

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Department of Defense (DoD) – Voluntary Separation Incentive Pay (VSIP)
Allocations for Fiscal Year (FY) 2007

This memorandum assigns Component VSIP allocations for FY 2007. The VSIP and Voluntary Early Retirement Authority policy, dated December 30, 2003, is unchanged. In accordance with section 9902(i) of title 5, United States Code (U.S.C.), annual usage of both downsizing and restructuring buyouts within the Department is limited to 25,000. However, the limitation does not apply to actions resulting from Base Realignment and Closure. Based on FY 2006 full-time equivalent end strengths projected in the “President’s Budget”, the Military Departments and the Fourth Estate are provided the following buyout allocations for FY 2007: Army – 8,313; Navy/Marine Corps – 6,859; Air Force – 5,902; and the Fourth Estate – 3,926.

As specified in the referenced policy memorandum, which is available at <http://www.cpms.osd.mil/CARE/docs/nsps-vsip-vera.pdf>, the Military Departments and the Washington Headquarters Services, acting for the Fourth Estate, are responsible for assigning allocations to organizations under their purview and ensuring the allocations are not exceeded. This includes senior level positions (Senior Executive Service, Senior Level, Scientific and Technical, Defense Intelligence Senior Level, Defense Intelligence Senior Executive Service and those pay-banded positions above the GS-15).

In addition, a recent audit by the Defense Finance and Accounting Service indicates former DoD employees have been rehired within 5 years of receiving a VSIP without the repayment process being initiated. Under 5 U.S.C. 9902(i)(6)(A), reemployment by a DoD agency is prohibited within 12 months of receiving a separation incentive without a waiver by the Secretary of Defense. Under 5 U.S.C. 9902(i)(6)(B), reemployment by any Federal agency within 5 years of receiving a separation incentive, including under a personal services contract, requires repayment of the gross amount of the approved separation incentive. Please ensure this information is communicated in writing to all employees receiving a VSIP and that your Component has appropriate policies and procedures in place to identify former DoD employees rehired during the restricted period and to notify DFAS to initiate the repayment process. Guidance on notifying DFAS is in DoD Personnel/Payroll Advisory Letter, Issuance Number: 2006-1, dated June 30, 2006, at http://www.cpms.osd.mil/regmod/index_enterprise.html.

If you require additional information, please contact the Civilian Personnel Management Service, Civilian Assistance and Re-Employment Division at (703) 696-1799 (DSN: 426).



Patricia S. Bradshaw
Deputy Under Secretary
Civilian Personnel Policy

Deputy Under Secretary of Defense (Civilian Personnel Policy)
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