

U.S. OFFICE OF PERSONNEL MANAGEMENT

WORKFORCE RESTRUCTURING VOLUNTARY SEPARATION INCENTIVE PAYMENTS

Description

The Voluntary Separation Incentive Payment Authority, also known as buyout authority, allows agencies that are downsizing or restructuring to offer employees lump-sum payments up to \$25,000 as an incentive to voluntarily separate. When authorized by the Office of Personnel Management (OPM), an agency may offer VSIP to employees who are in surplus positions or have skills that are no longer needed in the workforce who volunteer to separate by resignation, optional retirement, or by voluntary early retirement, if approved. By allowing employees to volunteer to leave the Government, agencies can minimize or avoid involuntary separations through the use of costly and disruptive reductions in force (RIFs). Agencies such as the Department of Defense that have been granted agency-specific VSIP authority are not required to seek OPM approval for their use of this option.

Employee Coverage

When an agency has received approval from OPM to offer VSIPs, any employee (as defined in 5 U.S.C. 2105) who meets these general eligibility requirements may receive an offer. The employee must:

1. Be serving in an appointment without time limit;
2. Be currently employed by the Executive Branch of the Federal Government for a continuous period of at least 3 years;
3. Be serving in a position covered by an agency VSIP plan (i.e., in the specific geographic area, organization, series and grade);
4. Apply for and receive approval for a VSIP from the agency making the VSIP offer; and
5. Not be included in any of the ineligibility categories listed below.

Employees in the following categories are not eligible for a VSIP:

1. Are reemployed annuitants;
2. Have a disability such that the individual is or would be eligible for disability retirement;
3. Have received a decision notice of involuntary separation for misconduct or poor performance;
4. Previously received any VSIP from the Federal Government;
5. During the 36-month period preceding the date of separation, performed service for which a student loan repayment benefit was paid, or is to be paid;
6. During the 24-month period preceding the date of separation, performed service for which a recruitment or relocation incentive was paid, or is to be paid; and
7. During the 12-month period preceding the date of separation, performed service for which a retention incentive was paid, or is to be paid.

Computation of Incentive Payment

An agency computes a Voluntary Separation Incentive Payment on the basis of the lesser of:

1. An amount equal to the amount of severance pay the employee would be entitled to receive, as computed under 5 U.S.C. 5595(c), without adjustment for any previous payment made; or
2. An amount determined by the agency head, not to exceed \$25,000.

The amount that the employee actually receives is less than the amount determined using the above computations because of the deduction of taxes, including Federal, state, social security, and Medicare, as appropriate.

Discretionary Authority

As with any incentive, when approved by OPM, this authority is used at the discretion of the agency. Each agency must develop a VSIP plan to describe why the program is needed, how it will be implemented, and which employees will be eligible.

Repayment Requirement

An employee who receives a VSIP and later accepts employment for compensation with the Government of the United States within 5 years of the date of the separation on which the VSIP is based, including work under a personal services contract or other direct contract, must repay the entire amount of the VSIP to the agency that paid it - before the individual's first day of reemployment.

If the proposed employment is with an agency other than the General Accounting Office, the United States Postal Service, or the Postal Rate Commission, the Director of the Office of Personnel Management may, at the request of the head of the agency, waive the repayment if:

1. The proposed reemployment is with an executive branch agency;
2. The individual involved possesses unique abilities and is the only qualified applicant available for the position; or
3. In case of emergency involving a direct threat to life or property, the individual:
 - a. Has skills directly related to resolving the emergency; and
 - b. Will serve on a temporary basis only as long as the individual's services are made necessary by the emergency.

References

- 5 U.S.C. 3521
- 5 CFR Part 576
- 5 U.S.C. 2105

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Related Information

- [VISIP Guide \(PDF file\)](#)
- [VSIP Request Template \(PDF file\)](#)
- [Top 10 FAQs \(PDF file\)](#)