



OFFICE OF THE DIRECTOR

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, DC 20415-0001

NOV 18 2005

The Honorable Alphonso Jackson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410

Dear Secretary Jackson:

The Office of Personnel Management (OPM) has approved your request for voluntary separation incentive payment (VSIP) authority dated August 25, 2005, for the Office of Administration. This will allow you to meet the allocated full-time equivalent ceiling, to address workforce imbalances, and to continue efforts to improve upon your Human Capital Management initiative outlined in the President's Management Agenda.

VSIP payments are made in accordance with sections 3521 through 3525, of title 5, United States Code, and part 576 of title 5, Code of Federal Regulations. Consistent with your plan, you may offer incentives from the date of this letter up through December 31, 2005. Your VSIP authority number is 2006-020. Enclosure 1 contains the implementing instructions for using the VSIP authority. Enclosure 2 contains the instructions for submitting reports to OPM on the use of the VSIP authority.

If the circumstances outlined in your plan change significantly, you must notify OPM of the changes. We may revise this authority accordingly. Your staff should not hesitate to address questions concerning this authority to Jill Rajace, your OPM Human Capital Officer. She can be reached at 202-606-0836 or by email at jill.rajace@opm.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda M. Springer", written over a horizontal line.

Linda M. Springer
Director

2 Enclosures

INSTRUCTIONS FOR USE OF THIS VSIP

1. Coverage. You may offer VSIP to employees covered by the geographic area(s), organization(s), series and/or grade(s), or other qualifying factors specified in your VSIP plan. You may only offer VSIP to employees who are serving under appointments without time limitation, and have been currently employed by the Federal Government for a continuous period of at least 3 years.

2. Open Periods. You may establish the periods during which you will offer VSIP. You may establish these periods for any duration covered by this authority. You may limit window periods by establishing an opening and closing date, or a specified number of VSIP applications received. You must announce to your employees the inclusions and/or exclusions you intend to use whenever you offer VSIP. You may subsequently establish and publicize a revised closing date, or a revised number of applications to be received, if a change in management's need to offer VSIP occurs. The revised closing date, or number of applications to be received, may be applicable to the entire authority or only to employees in specific organizational unit(s), occupational series or level(s), or geographic area(s) specifically covered by the authority. The notice of the revised closing date or number of applications to be received must be publicized in the same manner and to the same group(s) of employees as the original notice.

3. Changes. You must notify OPM if, at any time, further use of this VSIP authority will no longer accomplish the objectives stated in your VSIP plan. OPM may suspend or terminate a VSIP authority if we determine that your agency is not operating its VSIP program in a manner consistent with applicable laws or regulatory requirements. Also, OPM may suspend or terminate an authority if the agency fails to comply with the reporting requirements included in this letter.

4. Limit on payments. Section 3523(b)(3) of title 5, United States Code (U.S.C.), provides that VSIPs shall be equal to the lesser of (1) the severance pay an employee would have received under 5 U.S.C. 5595(c), or (2) an amount to be determined by the agency head, not to exceed \$25,000.

5. Personnel Processing. Refer to Rule 18 on page 29-7 of Chapter 29 of the Guide to Processing Personnel Actions. The nature of action code is 825, the authority code is ZAA, and the authority is Public Law 107-296. See note 1 concerning documenting the separation incentive and the retirement or resignation on the same Standard Form (SF) 50. The SF 50 should be annotated with the VSIP authority number.

6. Retirement and Insurance Issues. Those retiring in conjunction with this authority must have been covered under the Federal Employees Health Benefits (FEHB) and Federal Employees' Group Life Insurance (FGLI) programs (1) for the last 5 years of their Federal civilian service in order to continue such coverage in retirement, or (2) if less than 5 years, for all service since the employee was eligible for these benefits unless these requirements are waived.

For FEHB only, OPM will grant pre-approved waivers to employees who have been:

- Covered under the FEHB Program continuously since the beginning date of the agency's latest statutory VSIP authority, or OPM-approved VSIP or VERA authority, and
- Retire during the statutory VSIP or OPM-approved VSIP/VERA period, and
- Receive a VSIP; or
- Take early optional retirement; or
- Take discontinued service retirement based on an involuntary separation due to RIF, directed reassignment, reclassification to a lower grade, or abolishment of position.

Employees who meet these requirements do not need to write a letter requesting a waiver. Instead, agencies must attach a memorandum to the employee's retirement application stating that the employee meets the requirements for a pre-approved waiver by OPM as set forth in these instructions. Please provide the Public Law number granting your agency VSIP authority, or the VSIP or VERA approval number that OPM assigned to your agency. Also, include the beginning and ending dates of your agency's VSIP or VERA period.

Some employees who retire during a VSIP or VERA period may not be eligible for a pre-approved waiver. These include employees who retire on a regular optional retirement but were not offered a VSIP. Employees who do not qualify for a pre-approved waiver may request a waiver on a case-by-case basis by asking OPM to waive the participation requirement in their case. OPM, in its discretion, may grant waivers in appropriate cases.

These employees should send OPM the following information:

- Explanation of why the employee believes OPM should consider granting a waiver (e.g., why employee cannot meet the 5-year requirement or why meeting it would be harmful);
- All health benefit enrollment forms (SF 2809's and SF 2810's) or electronic enrollment verification;
- Service history SF 2801-1 for CSRS or SF 3107-1 for FERS;
- Proof of coverage under CHAMPUS/TRICARE;
- Copy of agency VSIP or VERA authority letter from OPM;
- Retirement date; and
- If an employee or a family member has a medical condition that is a factor in the decision to retire, include any medical documentation the employee wants OPM to consider.

The employee should send the waiver request to the following address:

Office of Personnel Management
Division for Human Resources Products and Services
Retirement Benefits Branch
1900 E Street, NW
Washington, DC 20415-3532
Fax: 202-606-1640 or 202-606-4931

7. Reemployment with the Federal Government. 5 U.S.C. 3524(b) requires repayment of the gross amount of a voluntary separation incentive payment if the former employee accepts any employment for compensation with the Government of the United States within 5 years of the date of the separation on which the payment is based. The individual must repay the entire amount of the voluntary separation incentive payment to the agency that paid the VSIP before the individual's first day of reemployment. The Director of the Office of Personnel Management may, at the request of the head of the agency, waive the buyout repayment required if: (A) the individual involved possesses unique abilities and is the only qualified applicant available for the position; or (B) in case of an emergency involving a direct threat to life or property, the individual has skills directly related to resolving the emergency, and will serve on a temporary basis only so long as that individual's services are made necessary by the emergency.

8. Personal Services and Other Direct Contracts. 5 U.S.C. 3524(b) requires repayment of the gross amount of a voluntary separation incentive payment if the former employee provides services for the Government of the United States under a personal services contract, or other direct contract, within 5 years of separating with an incentive payment. Section 37.104 of title 48, Code of Federal Regulations, defines "personal services contract." An individual who separated for an incentive payment should contact the legal staff of the agency that is offering the contract for an interpretation of whether the repayment provisions would apply to the proposed contract.

9. General. Please ensure that agency managers or employees do not coerce employees who are eligible for VSIP. Be sure to include employees who are eligible for VSIP and retirement in your regular retirement counseling activities.

10. Reporting. Please use the reporting format provided in this enclosure to furnish reports on the use of this authority. OPM may suspend or terminate your authority if you fail to submit the required interim reports.

INSTRUCTIONS FOR REPORTS TO OPM ON USE OF VOLUNTARY SEPARATION INCENTIVE PAYMENT AUTHORITY

1. Agencies must provide quarterly and final VSIP reports on a timely basis so that OPM can track and evaluate trends, help anticipate staffing needs in OPM's Retirement and Insurance Service (to allow prompt processing of retirement applications), and meet other reporting requirements.
2. Types of Reports
 - a) Quarterly Reports: A quarterly report is due 30 days after the end of each quarter following approval of the authority. The report should include data specific to the quarter that just closed as well as cumulative fiscal year data (as of the end of the quarter the report covers). At the beginning of a new fiscal year, the report should include data concerning VSIP in the new fiscal year only (i.e., there is no need to report cumulative data which covers multiple fiscal years).
 - b) Final Reports: A final report is due 60 days following the closing date of the authority.
3. Agencies should submit a completed report to OPM even if there has been no VSIP activity in the agency.
4. Send to:

Office of Personnel Management
Marta Brito Pérez
Associate Director
Division for Human Capital Leadership and Merit System Accountability
Room 7470
1900 E Street, NW
Washington, DC 20415

You may fax your reports to 202-606-1798.

5. Reporting Schedule

QUARTER	QUARTER ENDING DATE	REPORT DUE BY
First	December 31	January 30
Second	March 31	April 30
Third	June 30	July 30
Fourth (FINAL for FY)	September 30	November 30

(Note that final FY report is due 60 days after end of FY)

**REPORT TO OPM ON USE OF VOLUNTARY
SEPARATION INCENTIVE PAYMENT AUTHORITY**

VOLUNTARY SEPARATION INCENTIVE PAYMENTS PAID:

Department or Agency: Department of Housing and Urban Development
Date of Report: _____
VSIP Authority Number: 2006-020

QUARTER
1st 2nd 3rd 4th
(circle quarter) **FISCAL**
YEAR
TOTAL

**Geographic Org: Org. Series: Grade: *Average *Average # of VSIPs
Area: **Unit:** **Age:** **Grade:** **Paid:****

Table with 8 columns: Geographic Area, Org, Org Unit, Series, Grade, Average Age, Average Grade, # of VSIPs Paid. The table contains 15 empty rows for data entry.

* Average Age and Average Grade are Optional.