



DEPARTMENT OF THE NAVY  
BUREAU OF MEDICINE AND SURGERY  
7700 ARLINGTON BOULEVARD  
FALLS CHURCH VA 22042

BUMEDINST 12351.1C  
BUMED- N1  
31 Mar 2025

BUMED INSTRUCTION 12351.1C

From: Chief, Bureau of Medicine and Surgery

Subj: WORKFORCE SHAPING, REDUCTION-IN-FORCE, VOLUNTARY SEPARATION  
INCENTIVE PAY, AND VOLUNTARY EARLY RETIREMENT AUTHORITY

Ref: (a) DoD Instruction 1400.25, Volume 351 of 24 June 2021  
(b) DoD Instruction 1400.25, Volume 1702 of 13 June 2008  
(c) OSD memo New RIF Procedures of 19 January 2017  
(d) SECNAVINST 12351.5G  
(e) DON memo Workforce Shaping Playbook of October 2021

Encl: (1) Acronym Listing  
(2) Reduction-In-Force Policies and Procedures  
(3) Voluntary Separation Incentive Pay/Voluntary Early Retirement Authority Policies  
and Procedures  
(4) Voluntary Separation Incentive Pay Phase II Policies and Procedures  
(5) Definitions

1. Purpose. To establish policy and procedures for workforce restructuring, involuntary downsizing, voluntary downsizing, and utilization of Reduction in Force (RIF), Voluntary Separation Incentive Pay (VSIP), Voluntary Early Retirement Authority (VERA), and other workforce shaping actions, per references (a) through (e). Enclosure (1) is provided for information and clarification. This instruction is a complete revision and should be reviewed in its entirety.

2. Cancellation. BUMEDINST 12351.1B.

3. Scope and Applicability. This instruction applies to all Navy Medicine commands, detachments, and activities with assigned civilian personnel.

4. Policy

a. Bureau of Medicine and Surgery (BUMED) policies and procedures for RIF, VSIP, and VERA are set forth in enclosures (2) through (5).

b. All workforce restructuring that requires the downsizing and separation of civilian personnel, whether voluntary or involuntary, requires Congressional notification via the annual RIF data call process. BUMED Headquarters (HQ) codes and Naval Medical Forces regional commanders, will submit a consolidated report for all planned or projected downsizing requirements for the commands and activities in their area of responsibility in response to the

Department of Navy (DON) annual RIF data call announcement for the upcoming calendar year (CY). The DON announcement is typically received in the first quarter of the fiscal year (FY). The DON notice of Congressional approval will normally be received in the February through March timeframe of the applicable CY.

c. The projected downsizings must be executed within the CY. RIF and other termination notices will not be issued or made effective between 15 December and 3 January, the traditional holiday period. Due to required and lengthy notification requirements pertaining to RIF and VSIP, commands must be particularly mindful of the time-sensitive nature of downsizing actions and plan accordingly.

5. Discussion. Navy Medicine commands and activities should systematically evaluate their civilian personnel workforce requirements as a part of their ongoing human capital strategy. The actions required to downsize or restructure the workforce based on mission needs must be well planned in advance. Whether the situation requires involuntary or voluntary downsizing, the actions are complex and often emotionally charged. Laws and regulations prescribe detailed procedures and processes that must be performed in specific sequence. Responsibility for these processes is shared between the activity, the BUMED Civilian Human Resources Office (BUMED-N11), the Office of Civilian Human Resources Operations Center, and the Civilian Benefits Center. It is essential that all components work closely together, and it is incumbent upon management to have thorough knowledge of their responsibilities and the processes involved.

6. Roles and Responsibilities

a. Director, Manpower and Personnel (BUMED-N1):

(1) Will provide policy guidance and oversight for voluntary and involuntary downsizings.

(2) Will establish competitive areas for competition during RIF.

(3) Will issue the annual RIF data call guidance.

(4) Will submit the Navy Medicine consolidated RIF data call downsizing projection report for incorporation in the DON's notification to Congress.

(5) Will promulgate the annual VSIP and VERA guidance and maintain centralized control of VSIP allocations.

(6) Will grant authority to individual commands and activities to conduct RIF, VSIP, and VERA actions upon requests submitted per the provisions of this instruction.

(7) Will notify appropriate BUMED N-Code Director if there are planned or projected workforce reductions that represent five percent or more of the total work years for a particular occupation (e.g., financial management 500 series). This includes military, civilian, and contractor support when calculating the impact of potential reductions.

b. Director, Headquarters Operations (BUMED-N02B), Directors, Maritime Headquarters (BUMED-N03), Director, Maritime Operations (BUMED-N04), Director, Corps Chiefs (BUMED-N01C), and Director, Commander's Action Group (BUMED-N00Z):

(1) Will maintain oversight of human resources within their activities in their area of responsibility to ensure optimal efficiency and effectiveness of the civilian workforce.

(2) Will review and endorse all activity RIF, VSIP, and VERA requests prior to submission to BUMED-N1.

(3) Will submit a consolidated annual RIF data call report to BUMED-N1 for their command and their subordinate activities.

c. Echelon 3 Commanders:

(1) Will maintain oversight of human resources within their activities in their area of responsibility to ensure optimal efficiency and effectiveness of the civilian workforce.

(2) Will review and endorse all activity RIF, VSIP, and VERA requests prior to submission to BUMED-N1.

(3) Will submit a consolidated annual RIF data call report to BUMED-N1 for their command and their subordinate activities.

c. Commanders, Commanding Officers (COs), and Officers in Charge (OIC):

(1) Will comply with the policies and procedures prescribed by this instruction.

(2) Will systematically evaluate their civilian workforce structure as a key component of their human capital management strategy.

(3) Will utilize a variety of strategies such as voluntary and management directed reassignments, cross-training, VERA, and VSIP to reduce involuntary separations.

(4) When employees are displaced due to workforce restructuring or workforce downsizing, commanders, COs, or officers in charge should support placement of displaced employees into vacant positions for which they are qualified.

(5) Will involve the Civilian Human Resources Office (BUMED-N11) early in workforce shaping plans to identify alternatives, set expected timeframes, and identify recommended course of action.

(6) Will coordinate with Director, Resource Management (BUMED-N8) on the funding for VSIP and severance pay.

(7) Will prepare and submit formal requests for RIF, VSIP, and VERA via chain of command to BUMED-N1 for approval.

(8) Will develop internal processes for the management and control of VSIP and VERA. This should include an assessment of employee interest in VSIP and VERA.

(9) Will submit planned or projected RIFs, voluntary downsizings, and transfer of functions in the annual CY RIF data call to BUMED-N1 via their appropriate chain of command.

d. BUMED-N11:

(1) Will advise COs on workforce shaping options and procedures.

(2) Will prepare, review, and approve VSIP, VERA, or RIF offer letters per applicable regulations to ensure technical accuracy for CO's signature and presentation to employees.

(3) Will ensure competitive levels are appropriately documented and applied to BUMED positions.

7. Records Management

a. Records created because of this instruction, regardless of format or media, must be maintained and dispositioned per the records disposition schedules located on the DON Directorate for Administration, Logistics, and Operations, Directives and Records Management

Division portal page at: <https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved%20Record%20Schedules/Forms/AllItems.aspx>.

b. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact the local records manager or the OPNAV Records Management Program (DNS-16).

8. Review and Effective Date. Per OPNAVINST 5215.17A, BUMED-N1 will review this instruction annually around the anniversary of its issuance date to ensure applicability, currency, and consistency with Federal, Department of Defense (DoD), Secretary of the Navy and Navy policy and statutory authority using OPNAV 5215/40 Review of Instruction. This instruction will be in effect for 10 years, unless revised or cancelled in the interim and will be reissued by the 10-year anniversary date if it is still required, unless it meets 4 BUMEDINST 1001.2E 19 Feb 2025 one of the exceptions in OPNAVINST 5215.17A, paragraph 9. Otherwise, if the instruction is no longer required, it will be processed for cancellation as soon as the need for cancellation is known following the guidance in OPNAV Manual 5215.1 of May 2016.

9. Forms and Information Management Control

a. Forms. The forms listed in subparagraphs 9a through 9e can be found electronically at the source of supply:

(1) DD Form 2903-1 Voluntary Separation Incentive Pay Agreement Lump Sum Payment available at: [https://www.esd.whs.mil/Directives/forms/dd2500\\_2999/](https://www.esd.whs.mil/Directives/forms/dd2500_2999/).

(2) DD Form 2903-2 Voluntary Separation Incentive Pay Agreement Bi-Weekly Installment Payment available at: [https://www.esd.whs.mil/Directives/forms/dd2500\\_2999/](https://www.esd.whs.mil/Directives/forms/dd2500_2999/).

(3) DD Form 2903-3 (OCT 2005), Voluntary Separation Incentive Pay Agreement 6-Month Installment Payment available at: [https://www.esd.whs.mil/Directives/forms/dd2500\\_2999/](https://www.esd.whs.mil/Directives/forms/dd2500_2999/).

(4) SF Form 52 Request for Personnel Action available at: [https://www.opm.gov/forms/pdf\\_fill/sf52.pdf](https://www.opm.gov/forms/pdf_fill/sf52.pdf).

(5) SECNAV 12351/1 RIF/TOF/Furlough Fact and Justification Sheet available at: <https://www.secnave.navy.mil/doni/NFOL/Forms/AllItems.aspx>.

BUMEDINST 12351.1C  
31 Mar 2025

b. Information Management Control. Reports required in subparagraphs 4b, 6b, 6c, 9j, and enclosure (1) paragraph 1 of this instruction are exempt from reports control per Secretary of the Navy Manual 5214.1 of December 2005, part IV, subparagraph 7k.



D. K. VIA

Releasability and Distribution:

This instruction is cleared for public release and is available electronically only via the Navy Medicine Web site, <http://www.med.navy.mil/Directives>

ACRONYM LISTING

1. Area of Responsibility	AOR
2. Bureau of Medicine and Surgery	BUMED
3. Commanding Officer	CO
4. Calendar Year	CY
5. Department of Defense	DoD
6. Department of the Navy	DON
7. Fiscal Year	FY
8. General Schedule	GS
9. Human Resources Office	HRO
10. Nonappropriated Funds	NAF
11. Office of Civilian Human Resources	OCHR
12. Priority Placement Program	PPP
13. Reduction in Force	RIF
14. United States Code	USC
15. Voluntary Early Retirement Authority	VERA
16. Voluntary Separation Incentive Pay	VSIP

REDUCTION-IN-FORCE POLICIES AND PROCEDURES

1. Policy

a. Planned or potential RIF actions and downsizings must be approved on an annual basis by Congress. On or about the end of each FY, DON will announce the annual RIF data call for the upcoming CY. This report serves to provide official notice to Congress of all planned or projected actions involving the involuntary separation of appropriated funded and non-appropriated funded civilian employees, voluntary downsizings, and transfer of work or function (TOF), and other transfer actions that will result in the relocation of civilian employees outside the local commuting area. These numbers must be reported by each activity through their single digit codes or echelon 3 commands to BUMED-N1, along with the reasons for the action.

b. A realignment, TOF and other related transfer of fewer than 50 civilian employees outside of the commute area, RIF necessitated by a base realignment and closure, or a RIF resulting in the involuntary separation of fewer than 50 civilian employees must be approved by Heads of echelon 1 or 2 commands and may not be re-delegated further. RIF affecting more than 50 civilians requires Congressional approval.

c. Whenever possible, required civilian employee reductions will be mitigated through planned attrition, use of VSIP, VERA, hiring freezes, and management directed reassignments, placement in vacant positions, termination of temporary employees, reduction in work hours, or curtailment of discretionary spending. Civilian employees will be involuntarily separated or furloughed only when other prudent actions cannot produce the required results.

d. The process of data capture, review, analysis, approval, and announcement to Congress involves extensive time up front. Therefore, activities must project approximately 15 months in advance and submit data based on downsizing requirements reasonably expected to occur during the ensuing CY. Sometimes the data will be based on events which have not fully developed. It is always best to err on the side of caution. Congressionally approved downsizing actions do not have to be executed if circumstances change, and it is no longer required. Requests for downsizing actions not on the Congressionally approved list in a particular CY must be approved by the DON OCHR and, depending on the circumstances, the requested action may be deferred to the next CY.

e. Activities must involve their BUMED-N11 representative as soon as possible in the planning, coordination and execution of planned workforce shaping. Actions such as RIF, VSIP, VERA, and other workforce shaping actions require a specific sequence of events that must be adhered to. Early planning and placement may negate the need for a RIF.

f. Furloughs are normally considered as a last resort to other workforce shaping actions as remedies for long-term workload or funding reductions. When funding for employee compensation will not be available in future years, other possible corrective actions should be explored, including releasing temporary employees, reducing overtime, or RIF.

2. Procedures

a. When the official DON data call is announced, BUMED-N11 will provide guidance on format and specific submission procedures. Because of the potential sensitivity of employment within Congressional districts, positions affected must be identified by specific location. Navy Medicine Readiness and Training Units must be listed separately from the Navy Medicine Readiness and Training Commands or parent command.

b. An anticipated downsizing of 50 or more appropriated fund employees from an activity will require a separate justification sheet explaining the criteria and methods used to support the decision, actions taken to mitigate the reduction, the funding impact, effect on local economy, and any proposed press announcement.

c. Notification of congressional approval will normally be received early in the first quarter of the CY (January through February), at which time BUMED-N1 will provide official notification through the BUMED HQ N-Codes and Naval Medical Forces regional commands. Activities will confirm the need for the action and prepare a formal request and SECNAV 12351/1 RIF/TOF/Furlough Fact and Justification Sheet, to BUMED-N1 via the single digit codes, regional commands, and client executive commands. See subparagraph 9e of this instruction for information to access SECNAV 12351/1.

d. If it is determined that the RIF is no longer required, or affected employees accept VSIP, then SECNAV 12351/1 is not required.

e. If the RIF action proceeds, the activity will coordinate as early as possible with the BUMED-N11, and the OCHR Operations Center. Union notification procedures must take place per the local collective bargaining agreement, if applicable. Also, an impact analysis must be performed to assess the impact on workforce diversity.

f. The OCHR Operations Center will verify employee data, competitive areas, competitive levels, and run a mock RIF, if necessary. The OCHR Operations Center will conduct the actual RIF per regulations and procedures per references (b) through (d).

g. At least 90 calendar days prior to the RIF target date, the activity should offer a VSIP (provided a properly submitted request was approved), a VERA, or both to affected employees, ensuring that the employee(s) have at least 30 calendar days to make a decision as to whether to accept a VSIP, VERA or both in lieu of RIF. At least 60 calendar days prior to the RIF target date (not counting notice delivery dates and effective dates), the affected employee(s) will be given the formal RIF letter of notification. The prohibition against RIF during the traditional holiday period (15 December through 3 January) will be strictly enforced.

h. Employees given a RIF notice and who have not been offered an equivalent position in the competitive area or local commuting area may be placed on the DoD Priority Placement Program (PPP), per reference (b). This must be accomplished prior to separation. The PPP provides the affected employee a vehicle for priority placement throughout DoD.

i. Separations expected because of Base Realignment and Closure may serve as justification for early registration of some personnel on the PPP. Early registration should be discussed with BUMED-N11 and the OCHR Operations Center as soon as projected downsizing or closure dates are clear.

VOLUNTARY SEPARATION INCENTIVE PAY AND VOLUNTARY  
EARLY RETIREMENT AUTHORITY POLICIES AND PROCEDURE

1. Policy

a. At the beginning of each FY, the DON will normally publish the number of VSIP allocations for each echelon 2 command, along with updated policy and procedural guidance. BUMED-N1 will maintain centralized control of VSIP allocations and provide both VSIP and VERA authority upon request. There is no limit to the number of VERA that may be authorized. Receipt of VSIP or VERA is not an employee entitlement, regardless of the availability of sufficient allocations. Activities must apply workforce-shaping management tools following the policies set forth in this instruction.

b. An employee may not be forced or coerced in any way to accept a VSIP or to retire under VERA.

2. VSIP or VERA Use

a. Workforce Restructuring Buyouts

(1) VSIP and VERA may be used separately or together for workforce restructuring buyouts, which allows an activity to reshape its workforce without resorting to a RIF and the loss of a position. The workforce restructuring buyouts must be tied directly to a restructuring action in which the buyout creates a vacancy reshaped to meet mission needs.

(2) A workforce restructuring buyout may be used to correct skill imbalances or to "de-layer" by reducing the number of high grade, managerial or supervisory positions.

(3) The position vacated by an employee accepting a buyout must be restructured. The position vacancy should be at a lower grade when feasible; however, restructuring to the same grade or even a higher grade is possible (although rare) due to an emerging requirement. Each resulting vacancy must be filled per all the applicable staffing and placement requirements.

b. Workforce Restructuring Buyouts Examples

(1) Example #1: An activity desires to flatten its organizational hierarchy by eliminating a managerial layer due to reorganization. The activity has excess supervisors and needs the position converted to a lower-level staff position. There are no lateral movement opportunities for the supervisors, and they prefer to accept voluntary buyout as opposed to taking a position at a lower grade level.

(2) Example #2: An activity needs to enhance its information technology capability. It no longer needs a General Schedule (GS)-0343, Management Analyst position and would like to

convert the position to a GS-2210, Information Technology Specialist position. The GS-0343 incumbent indicated in the command's VSIP interest survey conducted early in the year that he was interested in a buyout. The command offers the buyout and restructures the position at a lower grade level.

c. RIF. In almost all cases VSIP, VERA, or a combination of both will be offered to employees to avoid or minimize involuntary separations under a required workforce shaping action. Employees eligible for VERA or optional retirement may be offered VSIP in conjunction with retirement. Employees facing a RIF action must be informed of the DoD and Federal Government re-employment restrictions associated with receiving VSIP.

### 3 VERA Eligibility

a. An employee who is at least 50 years of age with 20 or more years of creditable service, or any age with at least 25 years of creditable service.

b. An employee up to the GS-15 level who has been continuously employed within DoD for more than 30 calendar days before the date an activity receives approval to downsize or restructure.

c. An employee serving under an appointment without time limitation.

d. An employee who has not received a specific RIF separation notice, or a decision for involuntary separation for misconduct or unsatisfactory performance.

e. An employee who must not be retiring as a result of declining a transfer of function, directed reassignment, or other management-initiated relocation outside the commuting area.

4. VSIP Eligibility. Only United States citizen employees as defined by section 9902(g) of Title 5, U.S. Code, are eligible for buyouts. In addition, an employee must be serving on an appropriated or non-appropriated fund appointment without time limitation and must have been employed by DoD for a continuous period of at least 12 months immediately preceding the effective date of separation.

5. VSIP Ineligibility. An employee meeting any of the listed criteria is not eligible for a VSIP:

a. A re-employed annuitant under subchapter III, chapters 83 or 84 of Title 5, U.S. Code or any other retirement system for employees of the Federal Government, or an employee who is, or would be, eligible for disability retirement under any Federal employee retirement system. Note: The annuitant restriction does not apply to a person who has retired from Military Service.

b. An employee who has received a specific notice of RIF separation, has declined a transfer of function outside the commuting area with his or her position, or has accepted a position in another Federal agency.

c. An employee who has previously received a separation incentive pay or has received a decision notice of involuntary separation for misconduct or unacceptable performance.

d. An employee who is covered by a written service agreement resulting from permanent change of station or training support, is in receipt of a recruitment or relocation incentive, is receiving a retention incentive, is occupying a position for which a special salary rate is in place or is occupying a position defined as "hard to fill."

6. Ineligibility Waivers

a. Upon request, BUMED-N1 may grant a waiver for an employee who is otherwise ineligible for VSIP under subparagraph 5d of this instruction.

b. The employee must be eligible in all other respects, and it must be determined that the offer of VSIP is in the best interest of the command and be endorsed by the BUMED HQ N-Code director or the regional commander.

7. Re-employment Restrictions for Employees Receiving VSIP

a. An employee who receives VSIP and then accepts employment with the Federal Government, including nonappropriated funds (NAF) positions and personal services contracts, within 5 years after the date of separation in which VSIP was based, should be required to repay the entire amount of VSIP.

b. A DoD employee who receives VSIP may not be re-employed by DoD in any capacity for a 12-month period from the date of VSIP. This includes NAF positions and personal services contracts. The Secretary of Defense (or designee) may approve exceptions on a case-by-case basis if the employee is the only qualified applicant.

b. A DoD employee who receives VSIP is prohibited from registering in the PPP.

8. Re-employment Restrictions Waivers

a. Waivers for repayment for employees per enclosure (3), subparagraph 7a of this instruction may be granted by DoD when it has been determined that the employee is the only qualified applicant for the position.

b. Waiver requests must be submitted to the Secretary of Defense via the Secretary of the Navy.

9. VSIP and VERA Procedures

a. Planning and Coordination

(1) Activities should conduct a total force analysis and develop a well-thought-out plan that may involve downsizing, restructuring, or both of the civilian workforce that coincides with the annual RIF and VSIP announcements.

(2) An essential component of the planning process is consultation and coordination with the BUMED-N11. The Human Resource specialists will help management formulate a VSIP, VERA or combination plan which may include interest surveys and windows of opportunity, depending on the downsizing or restructuring situation.

(3) Multiple windows of opportunity, especially for VSIP or VERA, may be used to better meet organizational needs and workforce restructuring. The activity may choose to open one or several windows of opportunity to achieve the total separations within its overall requirements.

b. Request for Authority

(1) Activities must receive VSIP and VERA authority by submitting a request to BUMED-N1. Echelon 4 activities will submit the request via their parent echelon 3 command. Requests may be submitted at any time, but downsizing actions may only commence after receipt of Congressional notification, which usually occurs in the February through March timeframe. Restructuring buyouts are not dependent upon Congressional notification. Requests for downsizings not included in the annual RIF data call notice must be approved by the DON OCHR. In the majority of cases, downsizing actions not on the Congressional approved list must be re-submitted as an action for the next CY.

(2) Each VSIP request to BUMED-N1 must specify position title, occupational series, grade, and step of the affected positions, as well as the reason for the VSIP (and VERA, if applicable) and effective date of resignation or retirement. If the request is for a workforce restructuring buyout, it must describe the mission change, skill imbalance, or layering and why the incumbent position does not meet the requirements.

c. Coordination with the BUMED-N11 and Civilian Benefits Center.

(1) BUMED-N11 will coordinate with the OCHR Operations Center and the Civilian Benefits Center on behalf of the command or activity. Reference (d) prescribes the Common Business Process, a set of standard procedures to be followed by the Civilian Benefits Center and the activity when processing VSIP or VERA actions. The Civilian Benefits Center will provide

guidance and assistance in the formulation of a VSIP, VERA or combination plan. This is essential to ensure that downsizing or restructuring can be executed according to plan given required notification and processing timelines.

(2) BUMED-N11 will also provide expert advice on union notification obligations and the requirement to assess the impact on diversity of any significant downsizing or restructuring action, particularly if large segments of the civilian workforce are affected.

d. Employee Notice

(1) Commands and activities will issue a written notice of the VSIP to the affected employee. The notice should specify the time period limit for accepting the offer as well as the employment restrictions as specified in paragraph 8 of enclosure (3).

(2) Employees receiving VSIP in lieu of involuntary downsizing must separate on or before the effective date of the RIF action. For those receiving restructuring buyouts, the separation date may be effective on any date approved by the commanding officer.

(3) To avoid any appearance of misuse or misunderstanding of purpose, activities deciding to use buyouts to avoid civilian involuntary separations must offer the buyouts at least 30 calendar days before RIF notices are issued.

e. VSIP Agreement. Employees accepting an incentive must sign DD Form 2903-1, DD Form 2903-2, or DD Form 2903-3 confirming the voluntary nature of the action, indicating an understanding of the re-employment restrictions resulting from their acceptance of the incentive, and knowledge that the request for personnel action is voluntary and irrevocable. The agreement will also include the VSIP payment method.

f. VSIP Payment Options

(1) There are three VSIP Agreements, DD Form 2903, each with a different payment option:

(a) DD Form 2903-1, Voluntary Separation Incentive Pay Agreement Lump Sum Payment.

(b) DD Form 2903-2, Voluntary Separation Incentive Pay Agreement Bi-weekly Installment Payment.

(c) DD Form 2903-3, Voluntary Separation Incentive Pay Agreement 6-month Installment Payment.

(2) Description of Payment Options: The lump-sum option consists of the full VSIP amount (less taxes) in a single up-front payment. Under the bi-weekly option the employee receives VSIP in bi-weekly payments in equal amounts at a rate selected by the employee.

Payments may not extend beyond 1 year from the date of separation. Under the final option, the employee receives one-half of their VSIP 6 months following their separation and the other half 6 months later. VSIP, if paid in installments, will cease to be paid upon the employee's acceptance of employment with the Federal Government in any capacity including work under a personal services contract.

g. Payment Amount. VSIP payment is equivalent to an employee's severance pay entitlement up to a maximum of \$25,000 (gross before taxes and deductions). The amount of separation pay is not discretionary. The Civilian Benefit Center should calculate the VSIP amount using the severance pay formula as specified in section 5595(c) of Title 5 U.S. Code.

h. Processing VSIP Actions. The servicing BUMED-N11, the OCHR Operations Center, and the Civilian Benefit Center will process the actions for separation incentives per procedures using the proper nature of action and authority codes.

i. Department of the Labor. The Department of Labor, Office of Workers' Compensation, must be notified prior to any employee who is currently receiving injury compensation payments being paid a buyout.

j. Reports. Activities who have obtained approval for VSIP, VERA, or both, will provide a status report to BUMED-N11 within 10 working days after completion of the VSIP or VERA action. The report should describe the series, grade, and title of each employee who was offered, and accepted, a VSIP, a VERA, or both. It should include the amount of VSIP offered to each employee and the age and years of creditable service for employees receiving VERA.

VOLUNTARY SEPARATION INCENTIVE PAY PHASE II POLICIES AND PROCEDURES

1. Policy

a. VSIP phase II expands the use of separation incentives beyond the boundaries of individual activities. VSIP phase II increases the employment opportunities of individuals placed on the DoD PPP as a result of involuntary downsizing.

b. VSIP phase II allows a non-downsizing activity to offer an employee the opportunity of VSIP to create vacancies for employees facing RIF separation at downsizing activities who are registered in the PPP. Unlike regular VSIP and VERA, the activity does not have to restructure, delay, or downsize a position(s) in order to offer a separation incentive.

c. While the vacancy created by the payment of the separation incentive must be used to place eligible priority one PPP registrants, it may be restructured to a different series or grade for this purpose, which allows management to reshape the workforce to meet requirements.

d. The separation payment and any reimbursable travel and transportation costs will be paid by the downsizing activity where the eligible PPP registrant was displaced.

e. VSIP phase II allows non-downsizing activities to offer certain employees the benefit of separation pay and early retirement. Phase II provides the only method for offering these benefits to employees who would otherwise not be authorized. Interested employees must understand that there is no guarantee of a buyout simply by registering for a VSIP phase II.

2. Procedures

a. Interested employees encumbered in positions in which restructuring or downsizing cannot be accomplished may be candidates for VSIP phase II.

b. VSIP phase II may also be used if funding is an issue or if the desire is to provide an employment opportunity for individuals on the PPP. These circumstances may be important considerations if the activity would like to restructure the position to a different grade or series.

c. Activities should coordinate with their servicing BUMED-N11 to monitor the VSIP skills list on the Automated Stopper and Referral System to check for matches for employees interested in a VSIP Phase II buyout. If a match is identified, BUMED-N11 and OCHR Operations Center will follow established procedures for PPP registrant placement and coordinate the payment of VSIP.

d. 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

BUMEDINST 12351.1C  
31 Mar 2025

understanding of the reemployment restrictions resulting from acceptance of the buyout. The agreement must indicate that the request for personnel action is irrevocable and identify the payment terms of the incentive (i.e., lump sum payment or installments).

## DEFINITIONS

1. Reduction in Force (RIF). The involuntary separation or downgrading of an employee due to workload, overhead reductions, reorganization, realignment, program termination, reassignment, shortage of funds, insufficient personnel authorizations, the exercise of certain re-employment or restoration rights, outsourcing, and Base Realignment and Closure. A RIF action may also involve the release of an employee from his or her competitive level by non-emergency furlough for more than 30 calendar days or 22 consecutive workdays.
2. Voluntary Separation Incentive Pay (VSIP). A monetary incentive that may be used to encourage an eligible Federal employee to separate voluntarily by resignation or retirement (optional or early) to avoid an involuntary separation and specified workforce restructuring action but does not include employees declining a transfer of function. The amount of VSIP is equal to what the employee is eligible to receive in severance pay, but currently cannot exceed \$25,000. Payment can be made in a lump sum or in installments. VSIP may be paid in conjunction with a VERA to an eligible employee. VSIP is often referred to as a "Buyout."
3. Voluntary Early Retirement Authority (VERA). A separation incentive that authorizes early retirement for a Federal employee who is at least 50 years old with 20 or more years of creditable service, or an employee of any age with at least 25 years of creditable service.
4. VSIP Phase II. This program authorizes managers at non-downsizing activities to use separation incentive payments to create vacancies for employees facing RIF separation at downsizing Department of Defense (DoD) activities who are registered in the DoD Priority Placement Program (PPP). The VSIP costs are paid by the downsizing activity.
5. Furlough. The placing of an employee in a temporary, non-duty, non-pay status because of lack of work, lack of funds, or other non-disciplinary reasons.
6. Transfer of Function. A transfer of the performance of a continuing function from one competitive area and its addition to one or more other competitive areas where the work is not currently being performed.
7. Transfer of Work. A transfer of the performance of a continuing function from one competitive area and its addition to one or more other competitive areas where the work already exists.
8. Voluntary Downsizing. The reduction in civilian personnel through VSIP or VERA. Voluntary downsizing projections must be submitted in the annual RIF data call.
9. Naval Medical Forces. The echelon 3 commands that oversee subordinate activities, including all Navy Medical Readiness and Training Commands, Navy Medical Readiness and Training Units, Navy Medical Research Command, Naval Medical Research Units, Naval Medical Readiness Logistics Command, Navy and Marine Corps Force Health Protection

Command, Navy Environmental and Preventive Medicine Units, Navy Drug Screen Laboratories (NDLs), Navy Medicine Operational Training Command, and Naval Medical Training Support Command.

10. Priority Placement Program. The PPP is an automated mandatory placement program managed by DoD and used to match eligible and well-qualified employees, most of whom are subject to displacement, with vacant DoD positions. It enables DoD and DON to maintain a relatively stable workforce during base realignment and closure, RIF, and other displacement actions, and minimizes the adverse effect of these actions on employees who, to no fault of their own, are being displaced. The PPP has long been the most effective placement program of its kind in the Federal Government.