



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

The Director

Friday, March 12, 2004

**MEMORANDUM FOR: HEADS OF DEPARTMENTS AND AGENCIES**

FROM: KAY COLES JAMES, Director

Subject: Use of Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payments (VSIP) Authority

Prior to the passage of the Chief Human Capital Officers Act of 2002 (the Act), agencies could only request Voluntary Early Retirement Authority (VERA) to offer early outs based on a need to downsize and were required to seek individual statutory authority to offer Voluntary Separation Incentive Payments (VSIP). With the expanded authority under the Act, agencies may now request OPM to grant VERA based on a need to delayer, restructure or reshape their workforce and may request OPM approval to provide VSIP offers to their employees. As you pursue your reshaping and restructuring efforts, OPM, through your assigned Human Capital Officer, is available to support you, and I urge you to take advantage of the expertise we have to offer.

I am impressed with your efforts to implement the President's Management Agenda (PMA) initiative to improve the strategic management of human capital and strategically align your human resources practices with mission accomplishment through your deliberate use of flexibilities such as VERA and VSIP. For example, in 2001, early retirement offers were made to 80,564 employees compared to approximately 97,150 offers made in the seven-month period from June 2003 to the present, as part of agencies' workforce reshaping efforts. Agencies are using these flexibilities as part of their overall strategic planning processes and are making offers to ensure they have the right people in the right jobs, close skills gaps, and transform their workforces to meet their changing mission needs.

To remain consistent with the objectives of the PMA and the Merit System Principles, any reshaping of your workforce must be objective, mission-based, and strategic in nature. Agencies are required to provide quarterly and final reports to OPM on the use of VERAs and VSIPs. To ensure that agencies are using these authorities properly, these reports to OPM should contain demographic information, including age, gender, race or national origin, and veterans' preference categories on those employees receiving and accepting VERA and VSIP offers. New data collection forms will be sent to your Chief Human Capital Officer and Human Resources Directors.

Please do not hesitate to have your Chief Human Capital Officer or Human Resources Director contact the OPM Human Capital Leadership and Merit System Accountability Division Deputy Associate Director for your agency for additional guidance or to address any concerns about this

new reporting requirement. Staff may contact your agency's OPM Human Capital Officer directly at (202) 606-2131.

cc:

Chief Human Capital Officers

Technical Assistants to Chief Human Capital Officers

Human Resources Directors