

**VOLUME 12, CHAPTER 10: “FUNDING CIVILIAN SEPARATION INCENTIVES
AND CIVILIAN PERSONNEL TRANSITION INITIATIVE”**

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [April 2015](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
1.2 (100102)	Updated title to “Authoritative Guidance” and included additional authoritative sources.	Revision
100202 (deleted)	Deleted section titled “Limitation of Funding” insufficient language/context; updated chapter numbering thereafter.	Deletion
2.3 (100203)	Deleted the referencing to the “DoD USSGL transaction library” and replaced with reference to the “DoD Standard Reporting Chart of Accounts.”	Revision
3.1 (100301)	Provided more context as to how separation pay is funded.	Revision
100302 (deleted)	Deleted section titled “Working Capital Fund Employees” insufficient language/context; updated chapter numbering thereafter.	Deletion
3.2 (100302)	Added additional language/ context in reference to the BRAC program and funds used.	Revision

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CHAPTER 10

**FUNDING CIVILIAN SEPARATION INCENTIVES
AND CIVILIAN PERSONNEL TRANSITION INITIATIVES**

1.0 GENERAL (1001)

1.1 Purpose (100101)

The purpose of this policy is to provide definitions and funding requirements to implement civilian separation incentives and civilian personnel transition initiatives.

*1.2 Authoritative Guidance (100102)

The financial management policy and related requirements prescribed in this chapter are in accordance with the applicable provisions of the following sources:

1.2.1. **Public Law 101-510**, “National Defense Authorization Act for Fiscal Year 1991.”

1.2.2. Title 5, United States Code, Section 5724, **(5 U.S.C. § 5724)**, “Travel and transportation expenses of employees transferred; advancement of funds; reimbursement on commuted basis.”

1.2.3. **5 U.S.C. § 9902 (f)**, “Department of Defense personnel authorities.”

1.2.4. Department of Defense Instruction **(DoDI) 1400.25, Volume 1700**, “DoD Civilian Personnel Management System: Civilian Assistance and Re-Employment (CARE) Program.”

1.2.5. **DoDI 1400.25, Volume 1702**, “DoD Civilian Personnel Management System: Voluntary Separation Programs.”

2.0 OVERALL FUNDING POLICY DEFINITIONS (1002)

2.1 Separation Incentives/Outplacement Subsidies (100201)

For the purpose of this policy, the term “civilian separation incentives” means resignation and retirement incentives and outplacement subsidies. The Department of Defense (DoD) activities may pay up to \$25,000 for separation incentives or up to \$20,000 for outplacement subsidies from appropriations, funds, or accounts available for such purposes to an employee and/or to create a vacancy for another employee.

2.2 Audit Readiness/Internal Procedures (100202)

Each DoD Component **must** develop and implement internal operating procedures and/or guidance to implement this overarching policy in a manner that ensures accurate, timely, and relevant reporting of financial data. Relevant records supporting financial statements **must** be maintained and made available during financial statement audits.

*2.3 Recording Funding Obligations (100203)

Funds for separation incentives and outplacement subsidies **must** be obligated when an employee accepts the offer of an incentive payment. The obligation **must** be recorded in DoD Standard General Ledger account 640000, “Benefit Expense,” and reported as object class 13.0, “Benefits for former personnel” for separation incentive and object class 12.1 for outplacement subsidies. Refer to the [DoD Standard Reporting Chart of Accounts](#) for additional information on account descriptions, and Office of Management and Budget ([OMB Circular A-11, Section 83](#)) for additional information on object class codes.

3.0 SPECIFIC FUNDING POLICIES FOR DIFFERENT TYPES OF EMPLOYEES (1003)

*3.1 Civilian Separation (100301)

A DoD Component that offers civilian separation incentives to an employee, in order to induce the voluntary separation of that employee and/or to create a vacancy for another employee of the same DoD Component, **must** fund the resulting separation payments from the applicable appropriation, fund or account that otherwise is available to pay for salaries and expenses of that DoD Component. [The source of voluntary separation incentive pay \(VSIP\) funds may include a Defense Working Capital Fund \(DWCF\) for employees of a DWCF-funded activity. DoD central account funding is not provided.](#)

*3.2 Base Realignment and Closure (BRAC) Act (100302)

[Congress amended the BRAC statute in the Fiscal Year 2013 National Defense Authorization Act and created a single Treasury account known as the “Department of Defense Base Closure Account” to improve the BRAC program’s overall efficiency and effectiveness. The Defense Base Closure Account is available for payment of separation incentives **when determined necessary to implement a BRAC recommendation.** The departmental policy contained in Volume 2B, \[Chapter 7\]\(#\), paragraph \[070201\]\(#\) provides the general criterion to apply costs to the DoD Base Realignment and Closure Account.](#)

3.3 Foreign Military Sales Trust Fund (100303)

For employees paid from, or whose salaries are fully reimbursed by, the Foreign Military Sales (FMS) Trust Fund, an offer of separation incentives or civilian personnel transition initiatives (either to an FMS Fund civilian employee or to a non-FMS Fund civilian employee to benefit an FMS Fund civilian employee) **must** be funded as follows:

3.3.1. Separation incentives offered to an FMS civilian employee, in order to induce a voluntary separation of the FMS civilian employee, with the elimination of that FMS civilian employee position, **must** be paid by the FMS Fund.

3.3.2. Separation incentives offered to an FMS civilian employee, in order to create a vacancy within the same DoD Component for another FMS civilian employee who otherwise would be separated, **must** be paid by the FMS Fund.

3.3.3. Separation incentives offered to a non-FMS civilian employee, in order to create a vacancy for an FMS civilian employee who otherwise would have been separated, where the FMS civilian employee continues fully to support the FMS program, **must** be paid by the FMS Fund.

3.3.4. Any costs of outplacement subsidy described in paragraph 3.4, for an FMS civilian employee, **must** be funded by the FMS Fund.

3.3.5. No other separation payments are chargeable to the FMS Fund.

3.4 Placements Outside the Department (100304)

DoD activities may pay up to \$20,000 (subject to the availability of funds) in outplacement subsidy for Permanent Change of Station (PCS) costs associated with placement of a surplus DoD employee with another Federal Agency as authorized under [5 U.S.C. §5724](#) and DoDI 1400.25, Volume 1702. When a DoD Component-offered outplacement subsidy is accepted, the DoD activity **must** notify the gaining Federal Agency regarding outplacement services. The notification **must** state that DoD funds may be billed up to \$20,000 per employee or for the actual PCS costs, whichever is less. The notification **must** include the DoD fund citation to be billed and the address of the fiscal station paying the subsidy. Payment **must** be made by the applicable DoD activity based upon documentation of the amounts paid or to be paid to the employee by the gaining Federal Agency.

4.0 CONTROLS OVER AVAILABLE FUNDS (1004)

Controls **must** be established to ensure that sufficient funds are available to cover projected requirements for employee acceptance of incentive offers and outplacement subsidies each quarter. Normal Antideficiency Act provisions apply to the DoD Component appropriations, funds and accounts. Therefore, if available funds are projected to be inadequate to cover anticipated incentive program acceptances and outplacement subsidies; appropriate action **must** be taken. In this regard, the DoD Components either **must** cancel or withdraw incentive offers prior to employee acceptance, or obtain additional funds.