UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED**): February 14, 2007**

TeamStaff, Inc.
(Exact name of registrant as specified in its charter)
COMMISSION FILE NUMBER:**0-18492**

New Jersey	22-1899798
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1545 Peachtree Street, N.E., Suite 340
Atlanta, GA 30309
(Address and zip code of principal executive offices)

(732) 748-1700
(Registrant's telephone number, including area code)

CHECK THE APPROPRIATE BOX BELOW IF THE FORM 8-K FILING IS INTENDED TO SIMULTANEOUSLY SATISFY THE FILING OBLIGATION OF THE REGISTRANT UNDER ANY OF THE FOLLOWING PROVISIONS:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

TeamStaff, Inc. entered into formal letter agreements dated and effective as of February 14, 2007 with Rick J. Filippelli, President and CEO, and James D. Houston, COO, VP and General Counsel, as further described below.

The material terms of Mr. Filippelli's letter agreement provide for a modification to his employment agreement dated October 1, 2005 (the ''Filippelli Agreement'') as follows: (1) Term: The Term of the Filippelli Agreement will be from January 10, 2007 until September 30, 2009; (2) Position: Mr. Filippelli's position is amended to include President and CEO; (3) Salary: The initial Salary during the Term will be the sum of $265,000.00 per annum; (4) Fiscal Year Cash Bonus: Mr. Filippelli will be entitled to a Cash Bonus of up to 70% of Mr. Filippelli's annual Salary in the discretion of the Company's Board of Directors as recommended by the Compensation Committee, subject to certain performance and EBITDA requirements; (5) Incentive Compensation (Equity). Mr. Filippelli will receive 130,000 shares of restricted stock issued under the Company's 2006 Long Term Incentive Plan at the closing market price per share of the Company's stock on the date of the modification letter (the ''Shares''). The Shares will vest according to the following schedule: (a) 30,000 Shares will vest immediately; (b) 50,000 Shares will vest on September 30, 2008, subject to the Company achieving four prior consecutive quarters of EBITDA profitability, and (c) 50,000 Shares will vest on September 30, 2009 subject to at least a 50% improvement in EBITDA profitability in fiscal 2009 as compared to fiscal 2008; (6) Severance Amount. ''Severance Amount'' in the Filippelli Agreement is amended to mean the aggregate sum of one year's salary, payable on the Termination Date (as defined therein). ''Continuation Period'' in the Filippelli Agreement is modified to mean the period of one (1) year; (7) If Mr. Filippelli's employment is terminated for any reason, Mr. Filippelli retains any stock options, restricted stock or other incentive compensation that has vested upon such termination in accordance with the terms and conditions of the Company's 2006 Long Term Incentive Plan, and all accrued and unused vacation time will be paid out on the Termination Date. All accrued and unused vacation time will carry over from year-to-year until used. Mr. Filippelli will notify the Company's Compensation Committee annually of amounts being carried over; and (8) In all other respects, the Filippelli Agreement remains in full force and effect and applicable to Mr. Filippelli's employment. In the case of any conflict between the modification letter and the Filippelli Agreement, the letter will control.

The material terms of Mr. Houston's letter agreement modify the Employment Letter by and between TeamStaff and Mr. Houston effective May, 2005, Mr. Houston's Severance Agreement dated October 11, 2005 (the ''Severance Agreement'') and Mr. Houston's Change in Control Agreement dated October 31, 2006 (the ''Change

Agreement”) as follows: (1) Integration: Mr. Houston’s 2005 letter agreement, the Severance Agreement and the Change Agreement were integrated to form one employment agreement between the Company and Mr. Houston (collectively, the “Houston Agreement”). (2) Term: The Term of the Houston Agreement will be from January 10, 2007 until September 30, 2009; (3) Position: Mr. Houston’s position is amended to include Chief Operating Officer; (4) Salary: The initial Salary during the Term will be the sum of $220,000.00 per annum; (5) Fiscal Year Cash Bonus: Mr. Houston will be entitled to a Cash Bonus of up to 70% of Mr. Houston’s Salary in the discretion of the Company’s Board of Directors as recommended by the Compensation Committee, subject to certain performance and EBITDA requirements; (6) Incentive Compensation (Equity). Executive will receive 100,000 shares of restricted stock issued under the Company’s 2006 Long Term Incentive Plan at the closing market price per share of the Company’s stock on the date of the modification letter (the “Shares”). The Shares will vest according to the following schedule: 30,000 Shares will vest immediately; (b) 35,000 Shares will vest on September 30, 2008, subject to the Company achieving four prior consecutive quarters of EBITDA profitability, and (c) 35,000 Shares will vest on September 30, 2009 subject to at least a 50% improvement in EBITDA profitability in fiscal 2009 as compared to fiscal 2008; (7) Severance Amount. Subparagraph 1.10 (iii) under “Severance Amount” in Mr. Houston’s Severance Agreement is amended to be the aggregate sum of one year’s salary, payable on the Termination Date (as defined therein). “Continuation Period” in the Severance Agreement is modified to mean the period of one (1) year; (8) If Mr. Houston’s employment is terminated for any reason, Mr. Houston retains any stock

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options, restricted stock or other incentive compensation that has vested upon such termination in accordance with the terms and conditions of the Company’s Long Term Incentive Plan and all accrued and unused vacation time will be paid out on the Termination Date. All accrued and unused vacation time will carry over from year-to-year until used. Mr. Houston will notify the Company’s Compensation Committee annually of amounts being carried over; and (9) In all other respects, the Houston Agreement remains in full force and effect and applicable to Mr. Houston’s employment. In the case of any conflict between the modification letter and any other document relative to Mr. Houston’s employment, the modification letter will control.

A form of the agreements are filed concurrently herewith.

References in this filing to “TeamStaff” the “Company,” “we,” “us” and “our” refer to TeamStaff, Inc. and its wholly owned subsidiaries. This Current Report on Form 8-K includes “forward-looking statements” as defined by the Federal Securities Laws. Forward-looking statements are identified by words such as “believe,” “anticipate,” “expect,” “intend,” “plan,” “will,” “may” and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Forward-looking statements included in this report involve known and unknown risks, uncertainties and other factors which could cause TeamStaff’s actual results, performance (financial or operating) or achievements to differ from the future results, performance (financial or operating) or achievements expressed or implied by such forward-looking statements. We based these forward-looking statements on our current expectations and best estimates and projections about future events. Our actual results could differ materially from those discussed in, or implied by, these forward-looking statements. The following factors (among others) could cause our actual results to differ materially from those implied by the forward-looking statements in this Current Report on Form 8-K: our ability to continue to recruit qualified temporary and permanent healthcare professionals and administrative staff at reasonable costs; our ability to retain qualified temporary healthcare professionals and administrative staff for multiple assignments at reasonable costs; our ability to attract and retain sales and operational personnel; our ability to enter into contracts with hospitals, healthcare facility clients, affiliated healthcare networks, physician practice groups and the United States government on terms attractive to us and to secure orders related to those contracts; our ability to demonstrate the value of our services to our healthcare and other facility clients; changes in the timing of hospital, healthcare facility clients’, physician practice groups’ and U.S. Government orders for and our placement of temporary and permanent healthcare professionals and administrative staff; our ability to successfully bid on government contract opportunities, to win the bids and then to fully implement the contracts once awarded; the process of government contracting in general including, but not limited to, the protest process, and the on-time commencement of government contracts awarded; the general level of patient occupancy at our hospital, healthcare facility clients’ and physician practice groups’ facilities; the overall level of demand for services offered by temporary and permanent healthcare staffing providers; the ability of our hospital, healthcare facility and physician practice group clients to retain and increase the productivity of their permanent staff; the variation in pricing of the healthcare facility contracts under which we place temporary and permanent healthcare professionals; our ability to successfully implement our strategic growth, acquisition and integration strategies; our ability to successfully integrate completed acquisitions into our current operations; our ability to manage growth effectively; our ability to leverage our cost structure; the performance of our management information and communication systems; the effect of existing or future government legislation and regulation; our ability to grow and operate our business in compliance with these legislation and regulations; the impact of medical malpractice and other claims asserted against us; the disruption or adverse impact to our business as a result of a terrorist attack; our ability to carry out our business strategy; the loss of key officers and management personnel that could adversely affect our ability to remain competitive; other regulatory and tax developments; the effect of recognition by us of an impairment to goodwill; the effect of adjustments by us to accruals for self-insured retentions and other one-time events and other important factors disclosed previously and from time-to-time in TeamStaff’s filings with the U.S. Securities Exchange Commission. These factors are described in further detail in TeamStaff’s filings with the U.S. Securities and Exchange Commission. Other factors that could cause actual results to differ from those implied by the forward-looking statements in this Current Report on Form 8-K are set forth in our Annual Report on Form 10-K for the year ended September 30, 2006, our Report on Form 10-Q for the quarter ending December 31, 2006 and other previously filed Current Reports on Form 8-K. We undertake no obligation to update the forward-looking statements in this filing.

Item 9.01: Financial Statements and Exhibits.

(a) Financial Statements.

None

(b) Pro Forma Financial Information

None

(c) Shell Company Transactions

None

(d) Exhibits.

99.1 Form of Letter Agreement with Rick J. Filippelli

99.2 Form of Letter Agreement with James D. Houston

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

TeamStaff, Inc.

By: /s/ James D. Houston
Name: James D. Houston
Title: Chief Legal Officer
Date: February 20, 2007

February 14, 2007

Rick J. Filippelli
15 Chardonnay Drive
Holmdel, NJ 07733

Dear Mr. Filippelli:

Reference is hereby made to that certain Employment Agreement by and between TeamStaff, Inc. (“TeamStaff” or the “Company”) and Rick J. Filippelli (the “Executive”) effective October 1, 2005 (hereinafter, the “Agreement”).

For good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the Company and Executive agree to modify the Agreement, as further set forth in this Letter of Modification (the “Letter”).

1. Term: The Term of the Agreement will be from January 10, 2007 until September 30, 2009 (the “Term”).

2. Position: Executive’s position is amended to include President and CEO, with principal duties as set forth in Exhibit A to this Letter.

3. Salary: The initial Salary during the Term will be the sum of $265,000.00 per annum (the “Salary”). Executive will be considered for a Salary increase to go into effect on October 1, 2008 based on performance.

4. Fiscal Year Cash Bonus: Executive will be entitled to a Cash Bonus of up to 70% of Executive’s Salary in the discretion of the Company’s Board of Directors as recommended by the Compensation Committee (the “Potential Bonus”).

   For 2007, 50% of the Potential Bonus will be earned based on the Company’s reaching at or Near EBITDA profitability by the fourth fiscal quarter of 2007. Any employee or other bonuses paid will be included but subject to consideration by the Compensation committee in the calculation of EBITDA. “Near” means the Company having an EBITDA as of and at September 30, 2007 that in the opinion of the Board represents sufficient positive progress towards profitability from the Company’s EBITDA as of and at September 30, 2006. The other 50% of the Potential Bonus will be at the discretion of the Compensation Committee subject to ratification by the Board of Directors. Any Potential Bonus is payable on or before November 15, 2007.

   (a) Fiscal Year Cash Bonus for fiscal years 2008 and 2009 will be determined by Executive attaining stated performance milestones that will be determined by the Compensation Committee and presented to the Executive for discussion on or before September 15, 2007 and September 15, 2008, respectively, with a goal to finalizing a statement of such performance milestones on or before October 1, 2007 and October 1, 2008, respectively.

5. Incentive Compensation (Equity). Executive will receive 130,000 shares of restricted stock issued under the Company’s 2006 Long Term Incentive Plan (the “Plan”) at the closing market price per share of the Company’s stock on the date of this Letter (the “Shares”).

   The Shares will vest according to the following schedule:

   (a) 30,000 Shares will vest immediately;

   (b) 50,000 Shares will vest on September 30, 2008, subject to the Company achieving four prior consecutive quarters of EBITDA profitability, and

   (c) 50,000 Shares will vest on September 30, 2009 subject to at least a 50% improvement in EBITDA profitability in fiscal 2009 as compared to fiscal 2008.

   The employee will also be considered for additional grants of Restricted Stock at the end of each fiscal year.

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6. Severance Amount. “Severance Amount” in Executives Employee Agreement is amended to mean the aggregate sum of one year’s salary, regardless of the term remaining on the employee’s Agreement, payable on the Termination Date. “Continuation Period” in the Agreement is modified to mean the period of one (1) year.

   If Executive’s employment is terminated for any reason, Executive retains any stock options, restricted stock or other incentive compensation that has vested upon such termination in accordance with the terms and conditions of the Plan, and all accrued and unused vacation time will be paid out on the Termination Date. All accrued and unused vacation time will carry over from year-to-year until used. Executive will notify the Compensation Committee annually of amounts being carried over.

7. In all other respects, the Agreement remains in full force and effect and applicable to Executive's Employment. In the case of any conflict between this Letter and Executive's Employment Agreement, this Letter will control.

If this letter correctly reflects our understanding, please execute below and return to James D. Houston, Chief Operating Officer and General Counsel in our Clearwater, Florida office.

Very truly yours,

____

T. Stephen Johnson
Chair of the Board of Directors

Agreed and accepted:

____

Rick J. Filippelli

EXHIBIT A

The Executive shall perform, in conjunction with the Company's Executive Management, to the best of his ability the following services and duties for the Company and its subsidiary corporations (by way of example, and not by way of limitation):

1. Those duties attendant to the position of Chief Executive Officer and President with the Company;

2. With the Chief Operating Officer, establish and implement current and long range objectives, plans, and policies, subject to the approval of the Board of Directors;

3. Financial planning including the development of, liaison with, financing sources and investment bankers;

4. With the Chief Operating Officer, provide managerial oversight of the Company's business and subsidiaries;

5. Shareholder relations;

6. With the General Counsel, ensure that all Company activities and operations are carried out in compliance with local, state and federal regulations and laws governing business operations;

7. Pursue business expansion of the Company by way of methods including acquisitions, joint ventures and other opportunities; and

8. Promotion of the relationships of the Company and its subsidiaries with their respective employees, customers, suppliers and others in the business community.

9. Executive shall undertake regular travel to the Company's executive and operational offices, and such other occasional travel within or outside the United States as is or may be reasonably necessary in the interests of the Company. All such travel including travel from Newark, New Jersey to the Company's other offices shall be at the sole cost and expense of the Company. All lodging and food costs incurred by Executive while traveling and/or conducting business at the Company's operational offices (outside the New Jersey area) will be paid by the Company.

February 14, 2007

James D. Houston
4210 Eagle Watch Blvd.
Palm Harbor, FL 34685

Dear Mr. Houston:

Reference is hereby made to that certain Employment Letter by and between TeamStaff, Inc. ("TeamStaff" or the "Company") and James D. Houston (the "Executive") effective May, 2005, Executive's Severance Agreement dated October 11, 2005 (the "Severance Agreement") and Executive's Change in Control Agreement dated October 31, 2006 (the "Change Agreement").

For good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the Company and Executive agree to modify the various documents set forth above relative to Executive's employment by the Company, as is further set forth in this Letter of Modification (the "Letter").

1. Integration: This Letter, the Severance Agreement and the Change Agreement are hereby integrated to form one employment agreement between the Company and the Executive with principal terms additional and modified as set forth in this Letter (collectively, the "Agreement").

2. Term: The Term of the Agreement will be from January 10, 2007 until September 30, 2009 (the "Term").

3. Position: Executive's position is amended to include Chief Operating Officer, with principal duties as set forth in Exhibit A to this Letter.

4. Salary: The initial Salary during the Term will be the sum of $220,000.00 per annum (the "Salary"). Executive will be considered for a Salary increase to go into effect on October 1, 2008 based on performance.

5. Fiscal Year Cash Bonus: Executive will be entitled to a Cash Bonus of up to 70% of Executive's Salary in the discretion of the Company's Board of Directors as recommended by the Compensation Committee (the "Potential Bonus").

   For 2007, 50% of the Potential Bonus will be earned based on the Company's reaching at or Near EBITDA profitability by the fourth fiscal quarter of 2007. Any employee or other bonuses paid will be included but subject to consideration by the Compensation committee in the calculation of EBITDA. "Near" means the Company having an EBITDA as of and at September 30, 2007 that in the opinion of the Board represents sufficient positive progress towards profitability from the Company's EBITDA as of and at September 30, 2006. The other 50% of the Potential Bonus will be at the discretion of the Compensation Committee subject to ratification by the Board of Directors. Any Potential Bonus is payable on or before November 15, 2007.

   (a) Fiscal Year Cash Bonus for fiscal years 2008 and 2009 will be determined by Executive attaining stated performance milestones that will be determined by the Compensation Committee and presented to the Executive for discussion on or before September 15, 2007 and September 15, 2008, respectively, with a goal to finalizing a statement of such performance milestones on or before October 1, 2007 and October 1, 2008, respectively.

6. Incentive Compensation (Equity). Executive will receive 100,000 shares of restricted stock issued under the Company's 2006 Long Term Incentive Plan (the "Plan") at the closing market price per share of the Company's stock on the date of this Letter (the "Shares").

   The Shares will vest according to the following schedule:

   (a) 30,000 Shares will vest immediately;

   (b) 35,000 Shares will vest on September 30, 2008, subject to the Company achieving four prior consecutive quarters of EBITDA profitability, and

   (c) 35,000 Shares will vest on September 30, 2009 subject to at least a 50% improvement in EBITDA profitability in fiscal 2009 as compared to fiscal 2008.

   The employee will also be considered for additional grants of Restricted Stock at the end of each fiscal year.

7. Severance Amount. Subparagraph 1.10 (iii) under "Severance Amount" in Executive's Severance Agreement is amended to be the aggregate sum of one year's salary, regardless of the term remaining on the employee's Agreement, Payable on the Termination Date. Executive will also be entitled to all other payments set forth in the Severance Agreement and Change Agreement (if applicable). "Continuation Period" in the Severance Agreement is modified to mean the period of one (1) year.

8. If Executive's employment is terminated for any reason, Executive retains any stock options, restricted

stock or other incentive compensation that has vested upon such termination in accordance with the terms and conditions of the Plan, and all accrued and unused vacation time will be paid out on the Termination Date. All accrued and unused vacation time will carry over from year-to-year until used. Executive will notify the Compensation Committee annually of amounts being carried over.

9. In all other respects, the Agreement remains in full force and effect and applicable to Executive's Employment. In the case of any conflict between this Letter and other document relative to any Executive's Employment, this Letter will control.

If this letter correctly reflects our understanding, please execute below and return to Rick J. Filippelli, President and CEO, in our Somerset, New Jersey office.

Very truly yours,

____

T. Stephen Johnson
Chair of the Board of Directors

Agreed and accepted:

____

James D. Houston

EXHIBIT A

The Executive shall perform, in conjunction with the Company's Executive Management, to the best of his ability the following services and duties for the Company and its subsidiary corporations (by way of example, and not by way of limitation):

1. Those duties attendant to the position of Chief Operating Officer with the Company;

2. With the Chief Executive Officer, establish and implement current and long range objectives, plans, and policies, subject to the approval of the Board of Directors;

3. As designated by the Chief Executive Officer, participate in financial planning and budgeting including acting as liason with financial constituencies as directed;

4. With the Chief Executive Officer, provide managerial oversight of the Company's business and subsidiaries;

5. With the General Counsel, ensure that all Company activities and operations are carried out in compliance with local, state and federal regulations and laws governing business operations;

7. In conjunction with the Chief Executive Officer, pursue business expansion of the Company by way of methods including acquisitions, joint ventures and other opportunities; and

8. Promotion of the relationships of the Company and its subsidiaries with their respective employees, customers, suppliers and others in the business community.

Executive shall undertake regular travel to the Company's executive and operational offices, and such other occasional travel within or outside the United States as is or may be reasonably necessary in the interests of the Company. All such travel including travel from Tampa, Florida area to the Company's other offices shall be at the sole cost and expense of the Company. All lodging and food costs incurred by Executive while traveling and/or conducting business at the Company's operational offices (outside the Tampa, Florida area) will be paid by the Company.
