BUMED INSTRUCTION 12351.1B

From: Chief, Bureau of Medicine and Surgery

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

Ref: (a) SECNAVINST 12351.5G
(b) DoD Instruction 1400.25, volume 351 of 19 January 2011
(c) DoD Instruction 1400.25, volume 1702 of 13 June 2008
(d) DON Memo 12800.2 Ser 012/411-09 of 05 August 2009

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 through the 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 (d). Enclosure (1) is provided for information and clarification.

2. Cancellation. BUMEDINST 12351.1A.

3. Applicability. This instruction applies to all Navy Medicine Commands 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 (4).

   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 codes, regional commanders, and client executive commands 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-March timeframe of the applicable CY.

c. The projected downsizings must be executed within the FY. RIF and other termination notices shall 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.

d. Since FY 2005, the Defense Appropriations Act has contained a provision that prohibits the use of appropriated funds to reduce the civilian medical and medical support personnel assigned to medical treatment facilities below the 30 September 2003 level. The Chief, BUMED may waive this restriction by certifying to the Congressional Defense Committee that the beneficiary population is declining and civilian reduction is consistent with responsible resource stewardship. The Director, Civilian Human Resources (BUMED-M11), will monitor downsizing actions to ensure compliance with this provision. Activities must include a statement in each formal RIF request that certifies that the loss of position(s) will not impact the delivery of patient care. This statement will also be included with a RIF data call submission that contains 50 or more downsizings.

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 downsizings 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 Human Resources Office (HRO), the Office of Civilian Human Resources (OCHR) Norfolk 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. Responsibilities

a. Deputy Chief, Total Force (BUMED-M1) shall:

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

   (2) Establish competitive areas for competition during RIF.

   (3) Issue the annual RIF data call guidance.
(4) Submit the Navy Medicine consolidated RIF data call downsizing projection report for incorporation in the DON’s notification to Congress.

(5) Promulgate the annual VSIP/VERA guidance and maintain centralized control of VSIP allocations.

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

(7) Notify appropriate Deputy Chief if there are planned or projected workforce reductions that represent 5 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.

(8) Monitor actual reductions to ensure compliance with the Defense Appropriations Act provision that prohibits reductions below the 2003 levels.

b. BUMED Codes, Regional Commanders, and Client Executive Commands shall:

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

(2) Review and endorse all activity RIF, VSIP, and VERA requests prior to submission to Deputy Chief, BUMED-M1.

(3) Submit a consolidated annual RIF data call report to Deputy Chief, BUMED-M1 for their command and their subordinate activities.

c. Commanding Officers (COs) and Officers in Charge of Navy Medicine Commands and Activities shall:

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

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

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

(4) When employees are displaced due to workforce restructuring or workforce downsizing commanders or COs should support placement of displaced employees into vacant positions for which they are qualified.
(5) Involve the HRO early in workforce shaping plans in order to identify alternatives, to set expected timeframes, and to identify recommended course of action.

(6) Prepare and submit formal requests for RIF, VSIP, and VERA via chain of command to Deputy Chief, BUMED-M1 for approval.

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

(8) Submit planned or projected RIFs, voluntary downsizings, and transfer of functions in the annual CY RIF data call to BUMED-M1 via their appropriate chain of command.

d. Human Resources Office shall:

(1) Advise COs on workforce shaping options and procedures,

(2) Prepare, review, and approve VSIP/VERA/RIF offers/letters per applicable regulations to ensure technical accuracy for CO’s signature and presentation to employees.

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

7. Records. Records created as a result of this instruction, regardless of media and format, shall be managed per SECNAV M-5210.1 of January 2012.

8. Reports. The reports required in enclosure (2), paragraphs 1a, 1b, and enclosure (8), paragraph 11i are exempt from reports control per SECNAV M-5214.1 of December 2005, part IV, paragraph 7j.

9. Forms. The following forms can be found electronically below at the source of supply:


d. SF Form 52 (Rev. 7/91), Request for Personnel Action available at: 
http://www.gsa.gov/portal/forms/download/115514


\[Signature\]

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Distribution is electronic only via the Navy Medicine Web site at: 
http://www.med.navy.mil/directives/Pages/default.aspx
ACRONYM LISTING

AOR
Area of Responsibility
BUMED
Bureau of Medicine and Surgery
CO
Commanding Officer
CY
Calendar Year
DoD
Department of Defense
DON
Department of the Navy
FY
Fiscal Year
GS
General Schedule
HRO
Human Resources Office
NAF
Non-Appropriated Funds
OCHR
Office of Civilian Human Resources
PPP
Priority Placement Program
RIF
Reduction in Force
USC
United States Code
VERA
Voluntary Early Retirement Authority
VSIP
Voluntary Separation Incentive Pay
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/Function, 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 Bureau of Medicine and Surgery Total Force (BUMED-M1), along with the reasons for the action.

b. If an activity anticipates a reduction in employment of 100 or more contract employees for the upcoming CY this also must be reported in the annual RIF data call.

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. However, 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 HRO 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-M1 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. Branch clinics must be listed separately from the 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. Activities must also include a statement that certifies that the loss of position(s) will not impact the delivery of patient care.

c. Notification of Congressional approval will normally be received early in the first quarter of the CY (Jan-Feb), at which time BUMED-M1 will provide official notification through the single digit codes, regional commands, and client executive commands. Activities will confirm the need for the action and prepare a formal request and SECNAV 12351/1, RIF/TOW/Furlough Fact and Justification Sheet, to BUMED-M1 via the single digit codes, regional commands, and client executive commands. See paragraph 9e for information to access the SECNAV 12351/1.

d. If it is determined that the RIF is no longer required, or affected and 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 HRO, and the OCHR Norfolk Operations Center. Union notification procedures must take place per the local collective bargaining agreement. Also, an impact analyses must be performed to assess the impact on workforce diversity.

f. The OCHR Norfolk Operations Center will verify employee data, competitive areas, competitive levels, and run a mock RIF. The OCHR Norfolk Operations Center will conduct the actual RIF per regulations.

g. At least 90 calendar days prior to the RIF target date, the activity should offer VSIP (provided a properly submitted request was approved) and/or VERA to affected employees, ensuring that the employee(s) have at least 30 calendar days to make a decision as to whether to accept VSIP/VERA 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 – 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 as a result of Base Realignment and Closure may serve as justification for early registration of some personnel on the PPP. Early registration should be discussed with the servicing HRO and the OCHR Norfolk Operations Center as soon as projected downsizing or closure dates are clear.
**VOLUNTARY SEPARATION INCENTIVE PAY/VOLUNTARY EARLY RETIREMENT AUTHORITY POLICIES AND PROCEDURES**

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. Upon receipt of DON guidance, BUMED-M1, in turn, will announce Navy Medicine’s allocations and any additional VSIP or VERA guidance through the single digits and regional commands. BUMED-M1 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.

   b. Receipt of VSIP or VERA is not an employee entitlement, regardless of the availability of sufficient allocations. Activities must apply force-shaping management tools following the policies set forth in this instruction.

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

2. **Planning and Coordination**
   
a. Activities should conduct a total force analysis and develop a well-thought out plan that may involve downsizing and/or restructuring of the civilian workforce that coincides with the annual RIF and VSIP announcements.

   b. An essential component of the planning process is consultation and coordination with your HRO. The Human Resource specialists will help management formulate a VSIP/VERA plan which may include interest surveys and windows of opportunity, depending on the downsizing or restructuring situation.

   c. Multiple windows of opportunity, especially for VSIP and 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 retirements within its overall requirements.

   d. The HRO 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.

   e. The HRO should contact the DON Civilian Benefits Center early in the planning process. Reference (c) prescribes the Common Business Process, a set of standard procedures, to be followed by the Civilian Benefits Center and the activity when processing VSIP/VERA actions. The Civilian Benefits Center will provide guidance and assistance in the formulation of a VSIP/VERA plan.

Enclosure (3)
3. **VSIP/VERA Use**

   a. **RIF.** In almost all cases VSIP/VERA 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.

   b. **Workforce Restructuring Buyouts**

      (1) VSIP and VERA may be used separately or together for a 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) Position restructuring is restricted to the vacancy created by application of the buyout. 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.

   c. **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.

4. **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. The employee must not be serving under a time-limited appointment or in receipt of a decision for involuntary separation for misconduct or unsatisfactory performance.

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

5. VSIP Eligibility

a. Only United States citizen employees as defined 5 United States Code (U.S.C.) §9902 (g), are eligible for buyouts. In addition, an employee must be serving under an 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.

b. Non-appropriated funds (NAF) employees are eligible for VSIP, as prescribed in reference (c). As with appropriated fund employees, BUMED-M1 may authorize VSIP to encourage certain NAF employees to retire or resign voluntarily to reshape and reduce the workforce, and reduce the need for involuntary separation by business-based action. For the purposes of calculating VSIP for NAF employees, the severance pay calculation may not exceed the amount calculated using the civil service formula in 5 U.S.C. §5595 available at: http://www.gpo.gov/fdsys/granule/USCODE-2011-title5/USCODE-2011-title5-partIII-subpartD-chap55-subchapIX-sec5595.

6. Those Not Eligible

a. A re-employed annuitant under subchapter III of 5 U.S.C. chapters 83 or 84, 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 be eligible for VSIP. 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 is not eligible for VSIP.

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 is not eligible for VSIP.
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" are normally not eligible for VSIP.

7. Waivers

a. Upon request, BUMED-M1 may grant a waiver for an employee who is otherwise ineligible for VSIP under paragraph 5d.

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 single digit codes, the regional commander, or client executive commander.

8. 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. The employee must not be serving under a time-limited appointment or in receipt of a decision for involuntary separation for misconduct or unsatisfactory performance.

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

9. Re-employment Restrictions for Employees Receiving VSIP

a. An employee who receives VSIP and then accepts employment with the Federal Government, including NAF and personal services contracts, within 5 years after the date of separation in which VSIP was based, shall 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 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.

c. A DoD employee who receives VSIP is prohibited from registering in the PPP.
10. **Waivers**

   a. Waivers for repayment for employees per enclosure (3), paragraph 9a 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.

11. **VSIP and VERA Procedures**

   a. **Request for Authority**

      (1) Activities must receive VSIP and VERA authority by submitting a request to Deputy Chief, BUMED-M1. 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 Feb-Mar 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 Deputy Chief, BUMED-M1 must specify position title, occupational series, grade, and step level of the affected positions, as well as the reason for the VSIP (and VERA, if applicable) and effective date of resignation/retirement. If the request is for a workforce restructuring buyout, it must describe the mission change, skill imbalance, or delayering and why the incumbent position does not meet the requirements.

   b. **Coordination with HRO and Civilian Benefits Center.** It is important for management with plans to downsize or restructure using VSIP/VERA to begin consultation and coordination early in the process with the HRO, the Civilian Benefits Center, and the OCHR Norfolk Operations Center. This is essential to ensure that downsizing or restructuring can be executed according to plan given required notification and processing timelines.

   c. **Employee Notice**

      (1) Commands and activities shall issue a written notice of the VSIP to the affected employee. The notice shall specify the time period limit for accepting the offer as well as the employment restrictions as specified per enclosure (3), paragraph 9.

      (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.

d. **VSIP Agreement.** Employees accepting an incentive must sign DD Form 2903-1, Voluntary Separation Incentive Pay Agreement Lump Sum Payment; DD Form 2903-2, Voluntary Separation Incentive Pay Agreement Bi-weekly Installment Payment; or DD Form 2903-3, Voluntary Separation Incentive Pay Agreement 6-month Installment Payment, 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.

e. **VSIP Payment Options**

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

(a) DD Form 2903-1

(b) DD Form 2903-2

(c) DD Form 2903-3

(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 one year from the date of separation. Under the final option, the employee receives one-half of their VSIP six months following their separation and the other half six months later. VSIP, if paid in installments, shall 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.

f. **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 shall calculate the amount using the severance pay formula as specified in 5 U.S.C. §5595(c).

g. **Processing VSIP Actions.** The servicing HRO, the OCHR Norfolk Operations Center, and the Civilian Benefit Center shall process the actions for separation incentives per procedures using the proper nature of action and authority codes.
h. 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.

i. Reports. Activities who have obtained VSIP and/or VERA approval shall provide a status report to BUMED-M1 within 10 working days after completion of the VSIP/VERA action. The report shall describe the series, grade, and title of each employee who was offered, and accepted, a VSIP and/or VERA. It shall 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, delayer, 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 shall 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 and/or 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 HRO 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, the HRO and OCHR Norfolk 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 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. **Client Executive.** The Echelon 3 commands, and their subordinate activities, that formerly fell under Navy Medicine Support Command. Includes Naval Medical Research Center,

10. **Priority Placement Program.** The PPP is a 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.