

Standard Operating Procedure: Implementing a Voluntary Early Retirement Authority/Voluntary Separation Incentive Payment (VERA/VSIP)

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1. PURPOSE AND SCOPE

1.1. Purpose

The purpose of this document is to document the Nuclear Regulatory Commission's process for conducting early out/buy out (EO/BO) procedures.

1.2. Scope

- This procedure sets forth procedures for the Nuclear Regulatory Commission's use in implementing Voluntary Early Retirement Authority (VERA) and the Voluntary Separation Incentive Payments (VSIP) Programs.

2. DEFINITIONS

- **VERA** – also referred to as “early out” retirement, VERA temporarily lowers the age and service requirements in order to increase the number of employees who are eligible for retirement during periods of substantial restructuring, reshaping, downsizing, or reorganization.
- **VSIP** – also known as a “buyout,” allows agencies that are downsizing or restructuring to offer employees lump-sum payments up to \$25,000 (or the employee's severance pay amount, whichever is less) as an incentive to voluntarily retire or resign.

3. AUTHORITY AND BASIS

The Office of Personnel Management (OPM) implements the statutory VSIP requirements through regulations in part 576 of title 5, *Code of Federal Regulations* (CFR). The statutory requirements for VERA can be found in 5 CFR 831.114 for employees covered by the Civil Service Retirement System (CSRS), and 5 CFR 842.213 for employees covered by the Federal Employees Retirement System (FERS).

The law only authorizes OPM to grant VERA and VSIP based on a request from an agency head, so it cannot be delegated to an agency. Additionally, VSIP requests require the concurrence of the Office of Management and Budget (OMB). OPM and OMB perform a joint review of requests involving VSIPs.

VERA and VSIP are tools that NRC can use alone or together to incentivize employees to voluntarily leave, in order to avoid or lessen the impact of involuntary reductions (e.g., reduction-in-force, change to lower grades, reassignment, etc.) that are necessary due to known budgetary shortfalls and/or to address positions that are no longer needed due to mission changes or different skills requirements (vs. an uncertain or possible scenario). For example, decisions made by the Commission to reorganize, re-prioritize, reduce, etc., are a valid basis for requesting VERA and/or VSIP.

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It is important for the NRC to be thoughtful about considering who will be eligible for VERA and/or VSIP. Without careful and proper planning, the NRC could end up incentivizing the wrong people to leave and no longer be in a position of having the right people remaining to effectively complete its mission and essential functions. Effective planning is essential to helping the NRC ensure that it is targeting the right places for the reduction and to achieve the future desired state.

4. DISCUSSION AND INTRODUCTORY ANALYSIS

Upon determination that the NRC will experience a known budgetary shortfall and/or to address when an excess number of positions are no longer needed due to mission changes or different skills requirements, OCHCO will engage the Chief Financial Officer, as well as office-level management, to discuss specifics regarding the budgetary shortfall and/or excess in positions. While VERA/VSIP can be useful tools in restructuring or reshaping, they aren't always the right tool. These strategic discussions will include:

- Magnitude of the budgetary shortfall and/or positions that are no longer needed due to mission changes or different skills requirements (e.g., how much and specific timeframe for impact).
- Mitigating strategies considered to address reductions without use of VERA/VSIP.
- Potential realignment of staff from reduced or eliminated functions.
- Specific skill areas that are being restructured or eliminated.
- Potential realignment scenarios that would address the issues.
- Input from the Strategic Workforce Planning process that provides specific data on assessing the workforce and forecasting work needs.

5. LAUNCHING THE RESHAPING PROCESS

The focus of the reshaping should be as narrow as possible to address the shortfall and/or skill reduction areas. When the NRC's mission and resource priorities change, the agency may need to consider strategic workforce reshaping options to effectively and efficiently align the agency's workforce with current or anticipated requirements. Reshaping efforts are often required in response to:

- a budgetary shortfall
- the privatization of work
- changes in program priorities
- the transfer of an agency function to another organization

Like workforce planning, this workforce reshaping process will involve steps to identify the situation and goals, select the best option, create a reshaping plan, implement and monitor the changes, and adjust the plan, as needed. Agencies should also consider appropriate strategies for employee and union engagement, consistent with applicable law and lawful provisions of collective bargaining agreements, to promote the efficient implementation of workforce changes.

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In developing its reshaping plan, the NRC will use workforce planning and analysis to identify key personnel-related issues that affect the agency's present and future ability to perform its missions, including:

- Surplus positions due to the reorganized, reduced, or redirected mission
- Positions still needed to perform the agency's work
- Available mechanisms that may help an agency to avoid a reduction in force (at the agency's option) if the reshaping plan results in surplus positions
- Whether the human resources organization requires additional resources to implement the planned organizational change (e.g., whether agency personnel records and human resources staff are ready to support reshaping actions; or if not ready, how many full-time equivalents are needed for what period of time)

Initially, the agency should review and reevaluate how the workforce supports the agency's mission. To do this, the leaders should develop, review, analyze, and prioritize mission requirements or what the workforce needs to do to fulfill its mission. In this review process, the agency will consider:

- Current and emerging mission requirements (including technology changes)
- Positions (by series, grade and location) that are required to perform the current and emerging mission
- Knowledge, skills, and abilities needed for current and future positions
- Current and projected education levels, training, and/or cross-training required for current and future positions that will perform the mission
- Positions (by series, grade, and location) that do not support the reshaped, reorganized, reduced, or unfunded mission
- Current and projected attrition and turnover rates (including retirement eligibility over at least the next 1 to 5 years)
- Current and projected accession rates

If the agency is considering a VERA/VSIP, OCHCO should also conduct an initial cost/benefit analysis of implementing the program. The following costs associated with the EO/BO may be considered in the analysis:

- OPM's fee to process VERA/VSIP (if applicable)
- VSIP payments to cover the number of slots (determined by agency not to exceed \$25,000 for each employee) vs. the potential cost of severance payments
- Additional costs related to lump-sum payments of leave or other paid time off associated with the projected higher attrition rates.
- Projected savings per FTE of any abolished positions (e.g., corporate costs vs. technical costs).

6. REQUEST AND DOCUMENTATION

The NRC should begin planning for VERA/VSIP as soon as it appears likely that we will not be able to accomplish the agency's needs through lesser measures (e.g., hiring freeze, normal attrition, reassignments). Early planning will ensure that VERA/VSIP authority is available in

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time for the agency to meet its goals and also for employees to get retirement estimates and information needed to make a decision, apply, and be off the agency's rolls.

The result of the review and management discussions should be documented by OCHCO for retention.

The law is very specific on the kinds of information that agencies need to provide in order for their request to be evaluated. This includes (but is not limited to):

- Identification of which agency components have excess personnel and will be covered by the incentive.
- The specific positions and functions that will be reduced or eliminated.
- The time period during which incentives will be offered.
- The numbers of employees covered.

In the case of VSIP, additional detailed information is needed to understand the expected changes from the agency's current structure and staffing levels, to the future/desired state to be achieved through the use of the incentives.

Formal Request to OPM

To formally request VERA and/or VSIP, the appropriate template(s) provided by OPM must be completed. See Section 9 below.

7. COMMUNICATIONS

When conducting a VERA/VSIP, communications should be a priority. It is recommended that a variety of communication activities be implemented to keep management and staff informed of key information and dates. For example: keep all pertinent information in a central location (e.g., SharePoint site), identify points of contact, hold information sessions, develop and post frequently asked questions.

8. TRACKING

In FY 2019, the NRC transitioned our Federal Personnel Payroll System (FPPS) to function based on position versus the person in the position. With this modification, FPPS will now only abolish positions when the position is actually being eliminated instead of when a person leaves the position as it previously had done. The system allows us to code a reason for the elimination which will help ensure that positions abolished as a result of a VERA/VSIP are not refilled. In addition, until additional funding and further upgrades are available for our shared service systems, we will continue to manually track all information related to the abolishment/restructuring of the positions specified in our VERA/VSIP requests in order to hold ourselves accountable for getting to the positions identified to OPM/OMB, and to support FPPS and Staffing Request system efforts to ensure the agency does not backfill for these positions. This will also help the agency to respond to any inquiries from OPM/OMB/Congress on where we are with the abolishment/restructuring of these positions. This manual tracking was successful in the past, and with the changes to FPPS and the implementation of the Staffing Request system, we are confident this will suffice.

9. REFERENCES/ADDITIONAL RESOURCES

- **Templates**
 - [Request for VERA](#)
[Request for VSIP](#)
- OPM Guidance:
 - [Workforce Reshaping](#)
 - [VERA Fact Sheet](#)
 - [VSIP Fact Sheet](#)
 - [Guide to VERA](#)
 - [VSIP Guide](#)
 - [Top 10 Frequently Asked Questions](#)
 - [Workforce Reshaping Operations Handbook](#)
- OPM Videos:
 - The [Workforce Reshaping Executive Playbook](#) guides executive leaders through a strategic decision-making process that includes high-level guidance on Workforce Shaping and Human Capital Strategies. It also includes a logic model that identifies useful data to consider when contemplating certain types of change.
 - The [Reskilling Toolkit](#) assists HR professionals, managers, and employees as they design reskilling and upskilling opportunities as the workforce tackles changes like automation. The information in this toolkit is derived from existing OPM guidance on training and development.
 - [Guidance for Change Management](#) sets forth a set of steps to facilitate a successful physical or cultural transition for the workforce. Many of these steps mirror the [OPM Workforce Planning Model](#), while factoring in important decision points to improve transformation outcomes and manage change.