



DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND
5001 EISENHOWER AVENUE, ALEXANDRIA, VA 22333 - 0001



REPLY TO
ATTENTION OF

AMCPE-CE

0 6 DEC 1995

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Voluntary Separation Incentive Pay (VSIP) Guidance

1. To ensure U.S. Army Materiel Command Civilian Personnel Offices (CPOs) have been executing reshape initiatives properly, we have conducted program evaluation audits at a number of sites throughout the command. Audits were completed at 16 CPOs during Fiscal Year 1995. These audits have been very useful in identifying areas where additional guidance may be needed.
2. The primary area needing additional guidance is the documentation of savings associated with the use of VSIP. To adequately document savings associated with payment of VSIP, one employee must be identified as "saved" from involuntary separation for each employee paid VSIP. Records must clearly document that the employee "saved" was actually surplus or facing involuntary separation. An overall reduction in strength following a VSIP window that is not directly linked to *by-name* savings is not acceptable as an audit trail. All decisions made by management concerning VSIP approvals and subsequent savings must also be thoroughly documented in writing to include any intervening placements or abolishments that may have taken place during the chain of events that began with approval of an employee's VSIP application.
3. The enclosed information has been prepared to assist you in documenting savings associated with VSIP. Your primary concern should be with documenting any current VSIP windows, but it is also important to ensure documentation from previous VSIP windows is sufficient. I hope this information will be useful.
4. We have also found that most installations have no formal plans in place for offering VSIP to employees. We strongly recommend formal procedures be established for future implementation of VSIP to ensure documentation is adequate and audit trails are consistently maintained. These procedures should be in place before the VSIP window opens and should include how abolishments or surplus employees will be identified and the method for approving applications. VSIP documentation must also clearly support that the person being saved truly needed to be saved. Our future plans include providing some suggestions to you on VSIP implementation plans and procedures.

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5. If you have questions about any of this information, please feel free to contact Nancy Nachreiner at DSN 284-3469, Commercial (703) 274-3469.

6. AMC -- America's Arsenal for the Brave.

FOR THE COMMANDER:

Encl
as



GEORGE L. JONES
Deputy Chief of Staff
for Personnel

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AMC MSCs and CPOs

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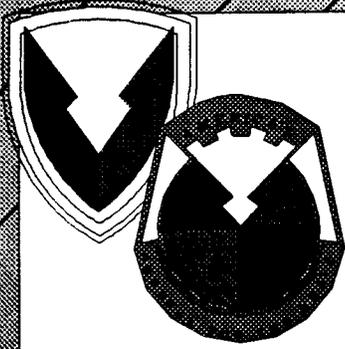
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VOLUNTARY SEPARATION INCENTIVE PAY (VSIP)

GUIDANCE ON IDENTIFICATION AND DOCUMENTATION OF VSIP SAVINGS



December 1995

VOLUNTARY SEPARATION INCENTIVE PAY (VSIP) **IDENTIFICATION AND DOCUMENTATION OF VSIP SAVINGS**

1. First and most important, when identifying and documenting Voluntary Separation Incentive Pay (VSIP) savings, you must always remember the bottom line legal and regulatory requirements of VSIP: **One person must be saved from involuntary separation for each person approved to receive VSIP.** This means your VSIP documentation (i.e., audit trail) must show the name of the person who received VSIP and the name of the person who was saved from involuntary separation. VSIP documentation must also clearly support that the person identified as being saved truly needed to be saved. An overall reduction in strength following a VSIP window that is not directly linked to by-name savings is not acceptable as an audit trail.

2. Although VSIP is a management tool used to reduce resources without adversely impacting the work force, the Civilian Personnel Office (CPO) has an obligation to ensure that the program is implemented in accordance with all legal and regulatory requirements. The CPO is responsible for ensuring that management understands the requirements of the program and does not take any actions that might jeopardize the integrity of the program. Management should be advised that VSIP is not an employee entitlement or a guaranteed benefit, and VSIP should never be offered to employees unilaterally on a first come, first served basis without an analysis of the impact VSIP approvals will have on mission accomplishment of the organization.

3. There is no one single right way to identify and document savings associated with VSIP. There are many different ways the identification and documentation of VSIP savings can be accomplished. But any approach must conform to some basic guidelines.

a. The most important step in the VSIP approval and documentation process is the identification of abolished positions or surplus employees. This documentation could include abolishment SF-52s, certified lists of abolished positions or surplus employees provided by management, "red-lined" TDAs provided by management displaying employee names or any other document that identifies surplus positions and/or employees.

b. The identification and documentation of VSIP savings (i.e., who was saved from involuntary separation as a result of a VSIP approval) fall into one of three broad categories:

(1) Abolish the VSIP taker's position. In this case the VSIP taker saves him/herself from involuntary separation. There must be written documentation from management to support that the position was surplus and will be abolished.

(2) Reassign a surplus employee into the position vacated by the VSIP taker. The reassignment SF-52 should document that the position is vacant as a result of VSIP and there should be sufficient documentation maintained with the audit trail to support the fact that the employee placed into the vacancy was surplus.

(3) Reclassify the VSIP taker's position (i.e., change it to a different series and/or grade) and reassign a surplus employee into the position. Again, the reassignment SF-52 should document that the position is vacant as a result of VSIP and there should be sufficient documentation maintained with the audit trail to support the fact that the employee placed into the vacancy was surplus. There should also be a clear audit trail documenting that the new position replaces the position vacated by the VSIP taker.

c. There can be variations on these basic approaches. For example:

(1) An employee who was not identified as surplus could be reassigned to a VSIP taker's position and a surplus employee could be reassigned into the subsequent vacancy. This situation might be appropriate when no surplus employee qualifies for the VSIP taker's position. The audit trail would document the VSIP taker, the intervening placement of the non-surplus employee and the final placement of the surplus employee into the non-surplus employee's vacant position thus resulting in a savings.

(2) An employee who was not originally designated as surplus could be approved to receive VSIP if a decision is made to combine the VSIP taker's duties with another position in order to allow a surplus employee to remain in his/her current position. For example, in an organization where there are multiple supervisors and one applies for VSIP, management could determine that one supervisory position could be abolished and another supervisor dual-hatted to perform the supervisory duties of both positions. This would cancel the abolishment of an originally identified surplus employee's position and should be documented one of two ways: (1) the VSIP taker saves him/herself; or (2) the VSIP taker saves the person originally designated as surplus since that position will remain and the VSIP taker's position will be abolished in its place. Either of these audit trails must be thoroughly documented to include the alternate abolishment that management designated.

(3) An employee who was not originally designated as surplus could occupy a position identical to one identified as surplus. This would normally be found in a situation where there were several like positions in an organization, but only a few were identified as surplus. In this situation, the non-surplus

employee could be approved to receive VSIP to save the surplus employee. The audit trail would show the VSIP taker saved the surplus employee, but should also document that the surplus employee was not actually reassigned into the VSIP taker's position since it was identical to the one s/he already occupied.

(4) Many offices have requested and received exceptions to the Priority Placement Program (PPP) to allow permanent promotions into VSIP vacancies provided a surplus employee is saved from involuntary separation as a result of the chain of events. With such an exception in place, option 3b(2) or 3b(3) above could be used to competitively promote employees as well as noncompetitively reassign them. When using this exception, audit trails must document all intervening placements of non-surplus employees and a final placement of a surplus employee. The attached form may be useful for this process.

These are just a few examples of variations on the three broad categories discussed above. Remember: sufficient written documentation that supports logical savings is the key to acceptable variations.

4. If RIF is still necessary after VSIP has been offered to employees, VSIP vacancies may be used either before the RIF for same grade placements, during the RIF process to place impacted employees, or a combination of both placement procedures. Use of VSIP vacancies during the RIF process may result in placements into lower graded positions as well as reassignments.

a. When filling VSIP vacancies during the RIF process, documentation in support of the audit trail should include annotated extracts from the retention register or the round 2 list to show placements which resulted in VSIP savings. There should also be sufficient documentation to differentiate between VSIP vacancies and other vacancies. Remember to revise the audit trail as savings and placements change during the course of RIF reworks. Actual RIF placements may differ from the projected VSIP placements identified during the VSIP window, and RIF reworks may further change placements, but the audit trail must always accurately reflect VSIP savings.

b. For those CPOs using RIF Wizard to process RIFs, tracking placements into VSIP vacancies can be made easier if the vacancies are entered into Wizard using a 'V' as the first digit of the SF-52 number. A column should be added to the VSIP audit trail to indicate the SF-52 number assigned to the VSIP taker's vacancy in Wizard. Once this has been done, print a list of the 'V' numbered vacancies filled during the RIF process and match it to the SF-52 numbers on the VSIP audit trail. The name of the person placed in the 'V' vacancy can then be entered on the audit

trail as the person saved. Always remember to retain sufficient documentation to support the audit trail and ensure the documentation is clearly annotated to indicate how it supports the savings.

5. Positions abolished and used to document VSIP savings are considered permanent reductions. However, in rare instances, management may realize they need to reestablish and fill one of these positions. Before doing so, an alternate position must be identified for abolishment to ensure VSIP savings continue to be documented.

6. When documenting VSIP savings, there are usually three common reasons why audit trails are unacceptable: (1) there is no upfront determination of surplus positions; (2) there is no clear evidence that a surplus employee was saved by the VSIP loss; or, (3) it is unclear how the savings were actually realized.

a. Prior to opening a VSIP window, management must identify the positions to be abolished or the employees identified as surplus. Without an upfront identification of surplus employees or abolished positions, it is impossible to analyze the impact VSIP approvals will have on mission accomplishment of the organization. This analysis should be the key determining factor in approval of VSIP. Any strategy that attempts to employ an overall reduction in strength following a VSIP window that is not directly linked to by-name savings is not acceptable as an audit trail strategy.

b. There must be documentation to support that employees identified as 'saved' on the VSIP audit trail were actually surplus or facing involuntary separation. This documentation could include abolishment SF-52s, certified lists of abolished positions provided by management, certified lists of surplus employees provided by management, 'red-lined' TDAs provided by management indicating surplus positions (provided that employee names have been associated with the TDA paragraph and line numbers), RIF retention registers showing employees scheduled for separation, RIF round 2 list showing employees scheduled for separation, RIF notices indicating employees scheduled for separation, or other documents that show surplus positions and/or employees.

(1) It is not necessary to process a mock RIF in order to document employees facing involuntary separation. Prior to running a RIF, it is acceptable to 'save' employees assigned to abolished positions when documenting VSIP savings since these employees are surplus and, until such time as a RIF is actually run, face potential involuntary separation. The same philosophy used to offer Discontinued Service Retirement to employees prior to issuance of RIF notices should be applied to documenting VSIP savings prior to issuance of RIF notices.

(2) If you are actually running a RIF and are using an automated RIF program such as Wizard, it is acceptable to prepare a list of separatees from the database to assist in documenting VSIP savings provided the list clearly indicates what is being represented and can be verified by comparison to a retention register or round 2 list.

c. Even in situations where the audit trail documents a surplus employee was saved, it may not be clear how the savings were actually realized. This usually happens when the surplus employees were not placed directly into the vacancies created by the VSIP losses. Audit trails must clearly indicate what happened to all VSIP vacancies, why surplus employees were not placed into the vacancies, if applicable, and how savings were actually realized if the surplus employees were not placed into VSIP vacancies. All decisions made by management concerning VSIP approvals and subsequent savings must be thoroughly documented in writing to include intervening placements or abolishments that may have taken place during the chain of events that began with approval of a VSIP application. It is critical that VSIP audit trails accurately depict savings at all times.

7. This guidance should be a useful tool for you in identifying and documenting VSIP savings. If you have any questions, need further guidance or clarification, please feel free to contact Nancy Nachreiner, DSN 284-3469, Commercial (703) 274-3469. And always remember the bottom line: **One person must be saved from involuntary separation for each person approved to receive VSIP.**

