

Voluntary Separation Incentive Program (VSIP) Policy

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§ 1. Policy

The Voluntary Separation Incentive Program (VSIP) is a voluntary employee separation program created by the General Assembly and established under the direction of the Office of State Human Resources (OSHR) to enable an agency to restructure or reorganize to gain financial and/or skill set efficiencies and therefore increase agency effectiveness and achieve agency business needs, objectives and goals. The VSIP program may be utilized within any department , office, or university that has employees subject to the North Carolina Human Resources Act.

The VSIP differs from a Reduction in Force (RIF) in that the VSIP involves a voluntary separation by an employee. During the VSIP, an agency is not required to eliminate a position if the agency needs to re-purpose the position to meet agency business needs, objectives and goals. Each agency using the VSIP shall comply with this policy.

§ 2. Eligibility

Employee must:

1. Be a United State citizen or noncitizen who is authorized to work in the United States.
2. Be in a permanent full-time or part-time appointment type subject to the North Carolina Human Resources Act with twelve (12) months of continuous employment.
3. Not be identified as a critical skilled employee or position in the approved VSIP Plan.
4. Not be in the period of consecutive service required when receiving a sign-on or retention bonus.

Individual eligibility is specific to the agency’s approved VSIP plan and will be

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determined by the agency. An Agency or University may choose to extend their VSIP policy to include positions that are exempt policy making, exempt managerial, confidential assistants, confidential secretaries, and chief deputies.

§ 3. Process

The Agency Head/University Chancellor and Human Resources Director will draft the agency's VSIP plan based on the agency business needs, objectives, goals and critical skills, which shall be sent to OSHR to ensure compliance with the VSIP policy. The agency will coordinate with the Office of State Budget and Management (OSBM) for approval of funding. The agency will notify OSHR of fund availability.

If the plan is approved, the agency will then implement the VSIP. First, the agency will notify the affected organizational units; typically, via a VSIP Kickoff meeting. Employees in these units will have twenty-one (21) calendar days to decide to participate by signing a VSIP Volunteer Separation Agreement which is submitted to OSHR. If the agency receives more volunteers than needed for the VSIP length of service (greater total state service) shall be used as the determining factor in selecting or denying participants. The agency will select participants and will notify volunteers of acceptance or denial.

If selected for participation, the employee will sign a Settlement Agreement and Waiver of Claims and receive a separation payment as calculated within the Computation of Separation Payment section of this policy.

If there are fewer volunteers than needed to achieve the goals of the VSIP plan, the agency may implement a Reduction in Force (RIF) to proceed with the restructuring and reorganization plans to achieve the approved minimum reductions. Agencies may implement a RIF up to the maximum contained in the VSIP plan. The agencies will select employees for RIF to meet the goals and will notify affected employees. Individuals who were excluded from the voluntary VSIP plan due to critical skills may not be considered if an involuntary RIF is necessary to meet the agency restructuring/ reorganization plan.

A RIF as part of an approved VSIP may include the abolishment of jobs. However, the funds saved from the abolition of the job may be repurposed to create new positions so long as additional efficiencies and economies result from the creation of different jobs in agency operations. Employees who are reduced in force during VSIP are eligible for

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standard severance salary continuation regardless of whether the funds for the position are repurposed.

§ 4 Computation of Separation Payment:

An agency computes the Separation Payment based on the following:

1. An amount equal to the amount of the standard OSHR RIF policy severance salary formula the employee would be entitled to receive, and
2. An amount equal to the employer share of the State Health Plan premium. This benefit is limited to selected participants that currently participate in the state health plan; and
3. A discretionary incentive bonus determined by the agency head, not to exceed 10% of the employee salary or \$10,000, whichever is greater. If an agency chooses to provide a discretionary incentive bonus it must be provided to all participants equitably.

The amount that the employee receives will be reduced by any state or Federal required deductions, including tax obligations, social security, and Medicare.

§ 5. Special Provision as to Law Enforcement/Forensic Scientist

Employees in a permanent full-time or part-time appointment in a sworn law enforcement or forensic scientist position and who are required to complete a formal training program prior to assuming law enforcement or forensic scientist duties with 24 months of continuous employment are eligible to participate. Individual eligibility is specific to the agency's approved VSIP plan and will be determined by the agency.

§ 6. Agency or University Responsibilities

- The Agency Head/University Chancellor and the Human Resources Director will identify opportunities to utilize the VSIP. Using templates provided by OSHR, the agency VSIP plan must identify:
- Agency business needs, objectives, and goals to be achieved and the rationale for any changes.
- Critical skills needed to support the business needs. Critical skills are job specific knowledge/skills/competencies, needed by the organization, such that the organization would experience difficulty meeting its mission/goals should the specific knowledge/skills/competencies be lost. Critical skills may be found in an individual

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position or group of positions;

- Position, classifications and division(s)/unit(s) where VSIP is being offered and where VSIP is being excluded and the reasons for inclusion/exclusion;
- Numerical range of VSIP opportunities for consideration in each classification(s) or division(s), must have a minimum of at least three positions to utilize the VSIP;
- Cost estimates for proposed VSIP;
- Implementation plan, including communications, timeframes for employees to express interest and target separation date;
- The rationale for employees who have been declined participation in the program should be documented and reported to OSHR.
- The plan must be signed by the Agency Head/ and the HR Director and submitted for approval to the Office of State Human Resources.
- The signed plan shall be maintained by OSHR. A copy of the signed plan and other associated documents shall be maintained by the agency HR division. Documents associated with specific employee actions should be attached to the action in the HR/Payroll system. Universities should maintain documents in their system of record. Universities only: Universities have been granted VSIP authority and are not required to seek OSHR approval for use of the VSI program. Universities must submit VSIP plans and any necessary updates to OSHR for informational purposes within five (5) calendar days after approval by the President of the University System (or a Chancellor of a constituent institution, if delegated this power by the President of the University System).

§ 7. Employee Responsibilities

An employee that volunteers and is selected for participation:

- must sign VSIP Voluntary Separation Agreement.
- must sign the Settlement Agreement and Waiver of Claims, in order to receive the separation payment.
- does not have any re-employment priority.
- may not return to any SHRA employment (permanent, temporary, contractual, time

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limited) for four (4) months.

- may not return to any state EHRA employment for four (4) months.
- will receive the appropriate longevity payment, if eligible.
- will receive payment for vacation and bonus leave according to established state policy.
- must be employed on the date of the scheduled VSIP separation date. If the employee voluntarily leaves the agency or is terminated prior to the VSIP separation date, the employee is not eligible for the VSIP separation payment; and
- may not rescind retirement application after VSIP plan has been approved by OSHR for purpose of participating in VSIP .

§ 8. OSHR Responsibilities

OSHR will:

- Review and approve proposed VSIP plans from agencies.
- Coordinate the implementation of the VSIP for state agencies.
- Establish timeframes for VSIP plan implementation; and
- Compile and submit required reports.

§ 9. OSHR and OSBM Approval Process

The agency, in consultation with OSHR, will coordinate approval with OSBM for approval of funds disbursement. No changes may be made to the plan once approved by OSHR, without the approval of the OSHR Director. OSHR reserves the right to make changes in VSIP implementation, parameters and timeframes, and to suspend the program if needed during the VSIP process.

§ 10. Sources of Authority

This policy is issued under any and all of the following sources of law:

- [N.C.G.S. § 126-7.1\(j\)](#)

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- [N.C.G.S. § 126-4\(7a\)](#)

It is compliant with the Administrative Code rules at:

- [25 NCAC 01I .2005](#)

§ 11. History of This Policy

Date	Version
October 2013	<ul style="list-style-type: none"> • New Policy approved by the State Human Resources Commission.
February 2014	<ul style="list-style-type: none"> • Policy amended to reflect the additional requirement that volunteers for the program do not return to any local government employment if the local government agency is covered by N.C.G.S. § 126 for 6 months.
August 2014	<ul style="list-style-type: none"> • On August 7, Senate Bill 744 was signed into law (S.L. 2014-100) authorizing an extension of the RTR through June 30, 2015. Ending the program changed from June 30, 2014 to June 30, 2015.
February 2015	<ul style="list-style-type: none"> • The change to the policy is correcting the requirement that employees in a permanent full-time or part-time appointment type with 24 months of continuous employment as of July 1, 2014, are eligible to participate.
October 2015	<ul style="list-style-type: none"> • The policy is being updated to align with the changes listed in House Bill 845 and to update the employee and agency responsibilities. On September 28, 2015, House Bill 845 was signed into law authorizing an extension of the RTR through June 30, 2017. The new program dates are July 1, 2015 – June 30, 2017.
October 2016	<ul style="list-style-type: none"> • The policy is being updated to align with the changes listed in House Bill 845 and update the employee and agency responsibilities. On September 28, 2015, House Bill 845 was signed into law authorizing an extension of the RTR through June 30, 2017. The new program dates are July 1, 2015 – June 30,

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	2017.
June 4, 2020	<ul style="list-style-type: none"> Now aligns with N.C.G.S. § 126-7.1(b) requiring that no loss of funds shall be required as a precondition for a reduction in force and N.C.G.S. § 126-7.1(j) clarifying that The University of North Carolina and its constituent institutions are eligible participants.
December 12, 2024	<ul style="list-style-type: none"> Added to Section 4, Agency Responsibilities: The signed plan shall be maintained by the EEO, Accessibility, and Workforce Services Division in OSHR. A copy of the signed plan and other associated documents shall be maintained by the agency HR division. Documents associated with specific employee actions should be attached to the action in the HR/Payroll system. Universities should maintain documents in their system of record.
September 18, 2025	<ul style="list-style-type: none"> Changed name of policy from Reorganization Through Reduction (RTR) to Voluntary Separation Incentive Program. Adding a Computation of Separation Payment section. Adding a discretionary incentive bonus not to exceed 10% of the employee salary or \$10,000, whichever is greater. Changed \$5,500 to <u>an amount equal to the employer share of the State Health Plan premium.</u> Requiring universities to submit approved RTR Plans to OSHR within 5 calendar days. Reducing the prohibition on return to work from 12 months to 4 months.
December 11, 2025	<ul style="list-style-type: none"> Revised the statement regarding department eligibility to include any department, office, or university with employees subject to the North Carolina Human Resources Act. Edited to reflect that if agencies did not receive enough volunteers, they <i>may</i> implement a RIF (rather than must). Edited to reflect that a minimum of three positions is required to implement a VSIP (rather than 5).