



DEPARTMENT OF VETERANS AFFAIRS
DEPUTY ASSISTANT SECRETARY FOR HUMAN RESOURCES MANAGEMENT
WASHINGTON DC 20420
January 22, 1999

HUMAN RESOURCES MANAGEMENT LETTER NO. 05-99-1

REDUCTION IN FORCE (RIF) AND PERFORMANCE MANAGEMENT

1. Purpose: This Human Resources Management Letter (HRML) provides guidance on the application of retention service credit during a RIF. It covers: crediting procedures to be used when employee performance ratings are missing; application of retention service credit when mixed patterns of performance are present; and use of performance evaluations given to employees under an appraisal system not covered under 5 CFR 430, Subpart B.

2. Background:

a. On November 24, 1997, the Office of Personnel Management (OPM) issued final regulations which implemented a number of technical changes and clarified the applicability of retention service credit. The final regulations (see Federal Register 62495) amended parts 351, 430 and 531 of Title 5, Code of Federal Regulations (CFR).

b. Organizations continuing under the April to March appraisal cycle, received a first rating of record under the new pass/fail system for the period which ended March 31, 1998. Organizations which have an appraisal cycle on a fiscal year basis, received a first rating of record under the new pass/fail system for the period which ended September 30, 1998. All ratings of record with annual cycles ending prior to October 1, 1997, must be credited by applying the previous Government-wide 12 to 20 year formula for additional retention service credit.

3. Procedures:

a. VA is required to treat all employees within a RIF competitive area in a uniform and consistent manner. VA has already, by directive 5430, established that any individual receiving a satisfactory performance evaluation under the current two-level (pass/fail) performance plan will receive 12 years of additional service credit. This 12-year service credit will be extended to anyone covered by a rating of record assigned under a two-level system, no matter what agency or organization actually issued the rating.

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- b. Since VA has gone from a 5-tier rating system to the current pass/fail system, VA will have a mix of patterns through the year 2001. This mix of patterns will continue in effect past the year 2001 for those employees who transfer into VA from other agencies with different rating patterns.
- c. In crediting performance for RIF purposes, the "look-back" period of 4 years is being retained. The latest 3 ratings will be used to determine performance credit. These latest 3 ratings of record will be added together by the years of service credit assigned to these ratings and divided by 3 to determine additional service credit.
- d. Under provisions of 351.504(c)(2), an employee who has received at least one but fewer than three previous ratings during the 4-year period shall receive credit for performance on the basis of the service credit of the actual rating(s) of record divided by the number of ratings received. For example, when only 2 ratings of record are available to be credited, these 2 ratings will be added together by the years of credit assigned to each rating and divided by 2 (and rounded in the case of a fraction to the next higher whole number) to determine additional service credit. If there is only 1 rating of record available, use the value assigned to that rating for service crediting purposes. Note: There is no longer a provision for assigning an assumed fully successful rating.
- e. In the event of a RIF, all employees who receive a rating of record after October 1, 1997, which is at the fully successful (pass) level, will receive 12 years of service credit. All ratings effective prior to October 1, 1997, will be credited based on the Government-wide 12 to 20-year formula for additional retention service credit. Individuals from other agencies who have been rated on performance plans dated after October 1, 1997, (and received at least a fully successful rating) will also receive 12 years of service credit regardless of their rating. For example, an employee who has joined VA from another agency which has a 5-tier performance rating pattern and received an outstanding rating (for a cycle ending after October 1, 1997) will receive the same 12-year service credit as a VA employee under our present pass/fail system.
- f. OPM has determined that an employee who has no rating of record during the 4-year period will receive the "modal" rating, i.e., the rating pattern most often received by VA employees. Since VA's current policy provides for 12 years of service for fully successful (a rating of Pass), and is the "modal" rating for VA, any employee who has no rating of record will receive a rating of fully successful and 12 years of service credit. However, in most instances, every employee in the competitive area would have at least one rating of record during the last 4 years. If at least one rating exists, a "modal" rating will not be required.

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g. Some agencies and organizations within the Federal government are not covered by the performance appraisal provisions in the law and regulations. Employees who have received ratings from such Federal organizations will be granted additional retention service credit in a RIF only when it is determined that those performance ratings are equivalent ratings of record under the provisions of 5 CFR 430.201(c). The human resource office responsible for conducting the RIF will make the final determination on applicability. If the performance evaluation qualifies as an equivalent rating of record the employee will be granted the appropriate service credit for each applicable rating of record. For example, an equivalent rating of this type received prior to October 1, 1997, would be credited under the previous system. Such ratings received after this date would be credited under the new system.

4. Human Resources Management Responsibility:

- a. It will be the responsibility of local human resource management services and/or area offices to ensure that all employees are aware of these changes.
- b. Performance plans will continue to be kept in accordance with established VA policy.
- c. This guidance will be incorporated in the staffing Directive and Handbook scheduled for issuance in September, 1999.

5. Questions: Questions concerning this HRML may be referred to the Customer Advisory and Consulting Group on FTS (202) 273-9704/9815.


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