



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

APR 12 2005

OFFICE OF THE ADMINISTRATOR

The Honorable John F. Kerry
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510-6350

Dear Senator Kerry:

Thank you for your letter dated March 25, 2005, regarding SBA's briefing to committee staff on March 21, 2005 regarding the Agency's Voluntary Separation Incentive Payment (VSIP) and the Voluntary Early Retirement Authority (VERA).

The following is submitted in response to your questions set forth in your letter. Please note that the answers apply to the Agency's VERA/VSIP for regular funded employees only.

- 1) **The Committee received a chart showing the number of SBA employees in each state that are eligible for the buyout. However, the chart did not identify how many total SBA employees are currently assigned to each state, which is important to understanding the potential impact on small businesses. Please resubmit the chart and include the number of SBA employees in each state. Provide that information for FY 2001, FY 2002, FY 2003, FY 2004, and FY 2005. For FY 2005, also include again the number eligible for the buyout.**

Enclosure 1 contains the requested information for FY 2001 through FY 2004 for each state. The FY 2005 chart in this attachment now includes the number of SBA employees in each state who are eligible for optional/VERA retirement.

- 2) **How many SBA employees between the levels of GS-11 and GS-15 are currently eligible for retirement?**

Currently there are 377 regular funded employees between the levels of GS-11 and GS-15 who are eligible for optional retirement (as opposed to early retirement under VERA).

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- 3) **There have been cases in Federal employee buy-outs that extend the departure date of essential employees for up to one calendar year. Will this structure be included as a part of the negotiated controls of this buyout? Please explain your answer.**

The Information Notice sent by SBA to its employees regarding the VSIP/VERA opportunity included an attachment entitled "Questions and Answers (VSIP/Buyouts)" that addressed this issue. As set forth in that document, the Agency can delay a separation until after May 31, 2005, and still give an employee an incentive payment when he or she leaves. Requests for a delayed separation may be reviewed on a case-by-case basis by a management official as long as the VSIP applications are timely filed and approved. See Enclosure 2, "Questions and Answers (VSIP/Buyouts)," - question # 14.

- 4) **How many applications for the buyout has the SBA received as of today, March 25, 2005, and how many of those applications are from field offices? Please list the field offices that would lose employees if their buyout request were to be accepted.**

As of April 1, 2005, SBA had received 161 applications, 130 of which were from field offices. See Enclosure 3 - "Field Office Listing."

- 5) **Please explain why a supervisor must approve an employee's acceptance of the buyout offer.**

Supervisors do not approve buyout applications. The employee fills out the VSIP Agreement and the supervisor signs that agreement acknowledging the employee's buyout request. This is necessary to assist the supervisor in formulating a workforce succession plan. See Enclosure 4 - "SBA FY05 VSIP Agreement."

- 6) **The Agency says that it had legal authority to send out the offer to employees before it reached agreement with the Union. Please provide documentation of that legal authority.**

SBA notified employees of the VERA/VSIP opportunity on March 10, 2005. In accordance with the governing Master Agreement, SBA provided the Union 15 days notice to request negotiations regarding the VERA/VSIP. The Union responded to the notice within the required time frame, and it is anticipated that these negotiations will commence shortly.

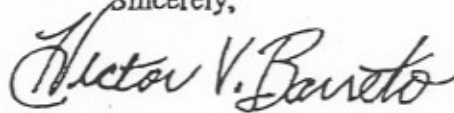
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7) Are there any other workforce transformation offers or directions planned for FY2005?

No further use of the Agency's current VERA/VSIP authority is presently anticipated. However, SBA has authority to offer VERA through September 30, 2005.

If you have questions or need additional information, please contact Anthony Bedell, Associate Administrator for Congressional and Legislative Affairs, at 202-205-6700.

Sincerely,



Hector V. Barreto
Administrator

Enclosures