



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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July 8, 2009

**TO:** Agency Directors

**FROM:** Victor A. Moore  
Director

**SUBJECT: 2009-11 VOLUNTARY SEPARATION, RETIREMENT, AND DOWNSHIFTING PROGRAM GUIDELINES**

The Voluntary Separation, Retirement, and Downshifting Program was authorized for the 2009-11 Biennium in the biennial operating budget (Section 912, Chapter 564, Laws of 2009). It provides tools for your use in adjusting to budget constraints, while reducing the impact on employees.

The program guidelines, available at <http://www.ofm.wa.gov/budget/info/vsp0911guidelines.pdf>, allow significant flexibility in designing a plan. While I encourage you to explore alternatives to meet your particular situation, it is important that plans clearly specify the business needs that are to be addressed and the criteria for participation. I recommend that each agency develop internal policies and procedures governing the application of this program prior to implementation. As noted below, the new guidelines include several changes and some clarifying language:

- The maximum incentive payment is increased from \$25,000 to \$30,000. Agencies are still required to recover the cost of the incentive payments.
- Cost recovery must be done within two years of the start of the program, rather than by the end of the biennium. Each agency's program begins on the date of OFM approval, unless the agency specifies a different date in the program plan when it is submitted to OFM.
- Agencies are required to recover the cost of the incentive payments through cost savings resulting from the program, rather than from salary savings alone.
- Requirements for participation in the downshifting program have been revised. While participants in the separation and retirement provisions must have permanent status and at least three years of service, the downshifting options may be made available to those with permanent status but without any minimum years of service.

Agencies planning to participate should submit proposed plans to OFM for review and approval by OFM, the Department of Retirement Systems (DRS), and the Department of Personnel (DOP). Agencies with approved plans also will be required to report the results of their plans to OFM and the Legislature, and should anticipate that DOP and DRS will review and monitor incentive offers. I want to emphasize the importance of prior approval to ensure that the program meets your needs, conforms to program requirements, and benefits from the experiences of prior biennia.

cc: Kristie Wilson, Department of Personnel  
Cathy Cale, Department of Retirement Systems  
Jane Sakson, Office of Financial Management