



STATE OF WASHINGTON

## OFFICE OF FINANCIAL MANAGEMENT

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**TO:** Agency Directors

**FROM:** Marty Brown  
Director

**SUBJECT: 2011-13 VOLUNTARY SEPARATION, RETIREMENT AND DOWNSHIFTING PROGRAM GUIDELINES**

The 2011-13 operating budget (Chapter 50, Section 905, Laws of 2011, 1<sup>st</sup> Special Session) and the 2011-13 transportation budget (Chapter 367, Section 609, Laws of 2011) authorized a voluntary separation, retirement, and downshifting incentive program. It provides tools for your use in adjusting to budget constraints, while reducing the impact on employees.

Program guidelines (<http://www.ofm.wa.gov/budget/info/vsp1113guidelines.pdf>) allow flexibility in designing a plan. While I encourage you to explore alternatives, it is important that your plan clearly specifies the business needs to be addressed and the criteria for participation. Agencies should develop internal policies and procedures governing the application of this program prior to implementation.

The 2011-13 guidelines include several changes, as well as some clarifying language.

- Participating agencies are required to report to the State Human Resources Office at the Office of Financial Management (OFM) and Department of Retirement Systems (DRS) on a quarterly basis, in addition to a final report on the program.
- Advance payment of downshifting incentives as a lump sum is no longer allowed. Downshifting incentives may only be paid in installments, throughout the course of a downshifting agreement. Agencies are also asked to specify in the proposal whether or not they would require repayment of the value of paid leave provided as a downshifting incentive, if the employee ends the downshifting agreement early.
- Employees who are working post-retirement (“retire-rehire” employees) are explicitly excluded from eligibility for the incentive program.
- The revised guidelines also clarify that separation incentives are not authorized for employees who are actually early retirees. As a condition of accepting separation incentives, agencies must obtain agreement from employees that they will not apply for retirement benefits until either (1) they have been eligible for *normal* retirement for at least 12 months, or (2) that at least five years have passed since their separation from service. Otherwise, they are to repay the separation incentive.

Agencies planning to participate must submit their plans to OFM for approval. Agencies with approved plans will also be required to report the results of their program to OFM and the Legislature, and should anticipate that OFM’s State Human Resources Office and DRS will review and monitor incentive offers. Prior approval of your plan is essential to ensure that the program meets your needs, conforms to program requirements, and benefits from the experiences of prior biennia.