

STATE OF MARYLAND

Voluntary **S**eparation **P**rogram

PROGRAM GUIDE

March 13, 2015 (Revised)

Prepared by

Maryland Department of Budget and Management

**STATE OF MARYLAND
VOLUNTARY SEPARATION PROGRAM (“VSP”) GUIDE**

TABLE OF CONTENTS

INTRODUCTION.....2

THE PROGRAM IS VOLUNTARY.....2

ELIGIBLE EMPLOYEES.....3

CONDITIONS OF INELIGIBILITY.....4

VSP APPLICATION PROCEDURE.....4

REVOCATION OF APPLICATION.....5

SEVERANCE PAY.....6

SEVERANCE BENEFITS6

PAYMENT OF SEVERANCE PAY.....7

VSP ADMINISTRATION.....7

PAY AND OTHER BENEFITS.....7

NO RE-EMPLOYMENT OR OTHER WORK WITH THE STATE.....7

QUESTIONS REGARDING THE VSP.....8

NO ASSIGNMENT OF VSP BENEFITS.....8

MAXIMUM PAYMENT.....8

AMENDMENT OF THE VSP.....8

INFORMATION TO BE FURNISHED8

RECOVERY OF VSP BENEFITS MADE BY MISTAKE9

REPRESENTATIONS CONTRARY TO THE VSP.....9

NO EMPLOYMENT RIGHTS OR CONTRACT.....9

APPLICABLE LAW9

SEVERABILITY.....9

RETURN OF STATE PROPERTY.....10

RECOMMENDATION OF ATTORNEY REVIEW.....10

STATE OF MARYLAND VOLUNTARY SEPARATION PROGRAM (“VSP”) GUIDE

INTRODUCTION

Pursuant to Executive Order 01.01.2015.10, the State Of Maryland (“State”) has adopted the State of Maryland Voluntary Separation Program (“VSP”), effective February 18, 2015 (the “Effective Date”), for the benefit of eligible employees as described in this Guide.

The VSP is established in response to current and anticipated fiscal conditions that require a reduction in the number of employees in order for the State to control costs and operate within its budget. The VSP is designed to provide eligible employees who voluntarily elect to separate from employment with the State with severance pay and severance benefits as described in this Guide (“VSP Benefits”).

This document shall serve as the Guide governing the terms of the VSP. Eligibility for the VSP and the benefits paid under the VSP are governed by Executive Order 01.01.2015.10 and the terms of this Guide. You should refer to this Guide for information concerning any rights and obligations you may have under the VSP.

Throughout this Guide, the following definitions apply:

“Eligible Employee” – means an employee of the Executive Branch of State government who meets the eligibility criteria described below.

“Participant” – means an Eligible Employee who submits an Application to participate in the VSP and is accepted into the Program.

“Seniority” – means the greater total number of months of State service in any classification, as determined by the Agency Human Resources Director.

“State Service” – means continuous and non-continuous permanent State service as well as any time off on: (i) paid leave, (ii) unpaid leave of absence under the FMLA, and (iii) military leave.

THE PROGRAM IS VOLUNTARY

Participation in the VSP shall be on a strictly voluntary basis for all employees deemed eligible for participation. The choice is entirely yours. No one is requiring you to accept or reject participation in the VSP, but you are encouraged to consider the Program and determine if it is the right opportunity for you.

The existence of the VSP does not in any way change your relationship with the State. You are free to choose to participate or not to participate if you are eligible for and approved to participate in the Program. You should understand that if you are eligible and decline to participate, you will not be treated any differently with respect to future terms and conditions of employment than any other similarly situated employee.

You also should understand that applying to participate in the VSP does not confer any right to future employment with the State or otherwise affect the status or terms and conditions of your current employment, except that your employment relationship with the State will end on April 28, 2015 if you are approved to participate in the Program. Should your Application to participate in the VSP be accepted, for a period of eighteen (18) months from April 28, 2015, you may not seek or accept employment or other work in any capacity (for example, as an employee, temporary employee, independent contractor, consultant, or employee of a State contractor) with any State agency, unit, or entity.

ELIGIBLE EMPLOYEES

The VSP is only available to Eligible Employees. You are an “Eligible Employee” if you are employed in the Executive Branch of the State, in a classification, position or agency not designated as being excluded from the VSP by Executive Order 01.01.2015.10 or the Department of Budget and Management (“DBM”), and you:

- a) Are actively employed in a full-time permanent position;
- b) Are not in a contractual, seasonal, temporary or emergency appointment; and
- c) Have at least twenty-four (24) months of current, continuous State service in a permanent position with an Executive Branch agency.

Under the VSP, “actively employed” means being actively at work, on paid leave, on an unpaid leave of absence under the FMLA, or on military leave.

Under the VSP, “full-time” means an employee whose regular workweek consists of 40 hours in a 7-day period.

An Eligible Employee may submit an Application to become a Participant, as described in this Guide.

CONDITIONS OF INELIGIBILITY

You shall not be eligible for severance pay or severance benefits under the VSP if the VSP Administrator determines that any of the following apply:

- a) You are not or cease to be an “Eligible Employee” as defined above;
- b) You submitted your resignation prior to the submission of your VSP Application;
- c) You submitted an application for service or disability retirement, which has been approved or is under consideration by the State Retirement Agency, prior to the submission of your VSP Application;
- d) You are terminated or have received notice that you will be terminated;
- e) You accept any other position within the State;
- f) You leave employment with the State before April 28, 2015; or
- g) The VSP is canceled, rescinded, or otherwise terminated.

Each organizational unit’s Appointing Authority shall make a recommendation to the VSP Administrator regarding whether to accept or reject each Application for participation in the VSP. Recommendations shall be based on whether the Eligible Employee’s position should be eliminated in Fiscal Year 2015.

If more Eligible Employees in a classification in a unit apply to participate in the VSP than the number of positions in that classification that are determined appropriate to be eliminated, Applications for Eligible Employees in that classification in that unit will be considered and approved based on seniority. For purposes of the VSP, seniority means the total number of months of employment with the State in any classification as determined by the Agency Human Resources Director. When two or more employees in a unit have the same seniority with the State, the submission date and time of VSP Application will be used to rank Eligible Employees for consideration.

VSP APPLICATION PROCEDURE

If you are eligible to participate in the VSP, you may apply to participate in the VSP by: (i) signing the VSP Application Form and Agreement (“VSP Application”), indicating that you elect to voluntarily separate from employment with the State, and (ii) submitting the VSP Application to the VSP Administrator on or before the deadline, which has been extended to 5:00 p.m. on March 17, 2015. The VSP Application is attached hereto as Attachment I.

The VSP Application must be received by the VSP Administrator on or before 5:00 p.m. on March 17, 2015, and may be mailed or hand-delivered to: “VSP Administrator, Department of

Budget and Management, Office of Personnel Services and Benefits, 301 W. Preston Street, Room 609, Baltimore, MD 21201". VSP Applications sent by facsimile, electronic mail, or inter-governmental mail will not be accepted. The State is not responsible for lost mail.

If you mail the VSP Application, it must be received by March 17, 2015. If you hand-deliver the VSP Application, it must be submitted to the VSP Administrator at DBM's Office of Personnel Services and Benefits during normal business hours, but not later than 5:00 p.m. Eastern Standard Time on March 17, 2015. Postmarks will not be accepted.

All VSP Applications are subject to approval by the VSP Administrator or her authorized designee. No VSP Application from an Eligible Employee who is no longer an employee of the State at the time the VSP Administrator receives the VSP Application will be approved.

Each organizational unit's Appointing Authority will acknowledge in writing the approval of the VSP Applications that meet the conditions of the VSP. An Eligible Employee whose VSP Application is approved shall be considered a "Participant" under the VSP. The date a Participant terminates employment with the State in accordance with the VSP will be April 28, 2015.

If you are approved for participation in the VSP, and you are vacating your position by retiring, it is important to note that you will not be paid for two days (i.e., April 29 – April 30, 2015) until your first official day of retirement, which will be May 1, 2015. Participants who are retiring also should note that every effort will be made by the State Retirement Agency to process VSP retirement applications in a timely fashion; however, due to the restricted program acceptance process, your first retirement payment may be delayed until June 30, 2015. This payment will be retroactive to the May 1 retirement date.

A Participant shall abide by the State's standards of conduct and satisfactorily perform his or her job responsibilities. A Participant whose employment with the State terminates on or before April 28, 2015 for any reason or other than in accordance with the terms of the VSP shall not be eligible to receive severance pay and severance benefits under the VSP.

REVOCAION OF APPLICATION

You may revoke your VSP Application on or before the close of business on March 27, 2015. **If you do not revoke your VSP Application by that date and you are accepted into the VSP, then your employment with the State will terminate as of April 28, 2015.** Your revocation must be submitted in writing to the VSP Administrator, DBM Office of Personnel Services and Benefits, 301 W. Preston Street, Room 609, Baltimore, MD 21201, and must be received by the VSP Administrator no later than 5:00 p.m. Eastern Standard Time on March 27, 2015. Postmarks will not be accepted. Revocations sent by facsimile, electronic mail, or inter-governmental mail will not be accepted. The State is not responsible for lost mail.

VSP Applications not revoked in writing received by the VSP Administrator by 5:00 p.m., Eastern Standard Time on March 27, 2015 are IRREVOCABLE.

SEVERANCE PAY

Each Participant will receive a lump sum payment of \$15,000. Participants also will receive an additional “service payment” of \$200 per year of State service.

For purposes of the service payment, partial years of service will be rounded up. For example, an employee with 63 months (i.e., 5 years and 3 months) of State service will receive credit for a total of 6 years of State service for purposes of computing the additional service payment (\$200 for each year of service).

SEVERANCE BENEFITS

Participants also shall receive the following severance benefits:

- a) Three months of continued medical, dental and prescription drug benefits (in the plans in which the Participant was enrolled immediately prior to separation) **at no cost**, through July 31, 2015;
- b) Continuation Medical Coverage
 - i. Under federal law (referred to as “COBRA”), if you participated in the State’s health plan on April 28, 2015, you may be entitled to elect health care continuation coverage for up to eighteen (18) months from the date health benefits terminate. Under COBRA, **you are required to pay the full cost for such coverage**, plus a two-percent (2%) administrative fee.
 - ii. All of the terms and conditions of the State-sponsored medical, dental and prescription drug benefit plans, as amended from time to time, shall be applicable to you (and your eligible dependents) if you are participating in any form of continuation coverage under the State-sponsored medical, dental and prescription drug benefit plans. You will have 63 days from the date on the COBRA election letter to elect COBRA continuation coverage beyond July 31, 2015. More information regarding your COBRA benefits will be provided after your separation;
- c) Payment for Accrued, Unused Annual Leave – As with any employee who separates from his or her employment, Participants will receive payment for accrued but unused annual leave, in accordance with the law and normal State practice;
- d) Payment for Unused Compensatory Leave – As with any employee who separates from his or her employment, Participants will receive payment for unused compensatory leave, in accordance with the law and normal State practice.

PAYMENT OF SEVERANCE PAY

The State shall remit severance pay to the Participant in a lump sum by June 3, 2015. The State shall deduct from severance pay all legally required sums, including taxes, other withholding, and any sums owed to the State.

If a Participant dies after April 28, 2015, but before receiving the severance pay, the State shall pay the severance pay to the deceased employee's estate.

VSP ADMINISTRATION

The Secretary of Budget and Management shall determine which VSP Applications to accept and has designated the Executive Director of DBM's Office of Personnel Services and Benefits to act on his behalf as the VSP Administrator. The VSP Administrator shall have the discretionary authority to determine employee eligibility to participate in the VSP, to construe the terms of the VSP, and to make factual determinations necessary to effectuate the VSP. The decisions of the VSP Administrator shall be final and conclusive with respect to all questions concerning the administration of the VSP. The VSP Administrator's address is:

Maryland Department of Budget and Management
Office of Personnel Services and Benefits
Attention: VSP Administrator
301 W. Preston Street, Room 609
Baltimore, MD 21201

The VSP Administrator may delegate to other persons responsibilities for performing certain of the duties of the VSP Administrator under the terms of the VSP and may seek such expert advice as the VSP Administrator deems reasonably necessary with respect to the VSP.

PAY AND OTHER BENEFITS

All pay and benefits (except severance pay and severance benefits specific to the VSP) payable to a Participant upon voluntary separation from employment with the State shall be paid in accordance with the terms of those established policies, plans, and procedures.

NO RE-EMPLOYMENT OR OTHER WORK WITH THE STATE

A Participant, for a period of eighteen (18) months from April 28, 2015, may not seek or accept employment or other work in any capacity (e.g., employee, temporary employee, independent contractor, consultant, or employee of a contractor) with any State agency, unit or entity. If a Participant is employed in any capacity with the State during this period of ineligibility for State employment, the Participant shall reimburse the State for the full amount of the severance payment and the cost of the subsidized health benefits.

QUESTIONS REGARDING THE VSP

If you have general questions concerning the VSP, you may call 410-767-6831 or toll free at 1-855-500-4661. A representative of the VSP Administrator will be available to answer your questions during the hours of 8:00 a.m. to 5:00 p.m. Eastern Standard Time. You also can email your questions to: vsp.administrator@maryland.gov.

More information about the Program also will be available on the DBM website. Please visit www.dbm.maryland.gov and click on the Voluntary Separation Program button.

NO ASSIGNMENT OF VSP BENEFITS

Under no circumstances may severance pay or severance benefits be subject to anticipation, alienation, pledge, sale, transfer, assignment, garnishment, attachment, execution, encumbrance, levy, lien, or charge, and any attempt to cause any such severance pay or severance benefits to be so subjected shall not be recognized, except to such extent as may be required by law.

MAXIMUM PAYMENT

The severance pay and severance benefits available under the VSP is the maximum severance related payment made available by the State in the event an Eligible Employee's Application for voluntary separation from employment is accepted; the severance pay and severance benefits are the consideration for the Eligible Employee's agreement to voluntarily separate from State employment.

AMENDMENT OF THE VSP

The VSP may be amended in any respect at any time, retroactively or otherwise, by the State in its discretion. Notwithstanding the foregoing, no amendment of the VSP may reduce the severance pay and severance benefits previously granted to a Participant under the VSP.

INFORMATION TO BE FURNISHED

Eligible Employees and Participants shall furnish to the VSP Administrator such documents, data, or other information as the VSP Administrator considers necessary or desirable for the purpose of administering the VSP. Severance pay and severance benefits under the VSP for each Participant are disbursed on the condition that such person shall furnish full, true, and complete documents, data, or other information, and shall promptly sign any document reasonably related to the administration of the VSP requested by the VSP Administrator.

RECOVERY OF VSP BENEFITS MADE BY MISTAKE

A Participant shall be required to return to the State any severance pay or severance benefits, or portion thereof, made by a mistake of fact or law.

REPRESENTATIONS CONTRARY TO THE VSP

No employee, officer, director, commissioner or agent of the State has the authority to alter, vary or modify the terms of the VSP, except the Governor or the Secretary of Budget and Management. No verbal or written representations contrary to the terms of the VSP and its written amendments shall be binding upon the VSP, the VSP Administrator or the State.

NO EMPLOYMENT RIGHTS OR CONTRACT

The VSP shall not confer employment rights upon any person. Nothing contained in the VSP shall be construed as a contract of any kind between the State, or any related entity and any person. No person shall be entitled by virtue of the VSP to remain in the employ of the State and nothing in the VSP shall restrict the right of the State to terminate the employment of any Eligible Employee or Participant.

The State shall not be under any obligation to employ, re-employ or consider for employment or re-employment any Participant in the VSP. The submission of a VSP Application does not create a right to participate in the Program. Only Eligible Employees whose VSP Applications are accepted for participation by the State shall be deemed Participants who are permitted to participate in the Program.

APPLICABLE LAW

The VSP shall be governed and construed in accordance with the laws of the State of Maryland, without reference to its conflicts of law provisions.

SEVERABILITY

If any provision of the VSP is found, held, or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or other controlling law, the remainder of the VSP shall continue in full force and effect.

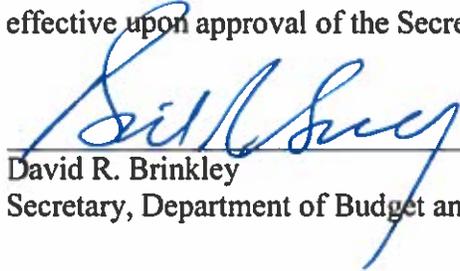
RETURN OF STATE PROPERTY

In accordance with standard procedures, State property (e.g., keys, documents and records, uniforms, identification cards, etc.) shall be returned by a Participant on or before April 28, 2015 in order for such Participant to commence receiving severance pay and severance benefits under the VSP.

RECOMMENDATION OF ATTORNEY REVIEW

Eligible Employees are encouraged to contact their personal attorney at their own expense to discuss the VSP and to review the VSP Application and Agreement, if they so desire.

The effective date of this Guide is February 18, 2015. Any changes made thereafter shall become effective upon approval of the Secretary.



David R. Brinkley
Secretary, Department of Budget and Management