

STATE OF MARYLAND VOLUNTARY SEPARATION PROGRAM GUIDE FOR ELIGIBLE EMPLOYEES

INTRODUCTION

Pursuant to Executive Order 01.01.2025.16, the State Of Maryland (State) has adopted the State of Maryland Voluntary Separation Program (VSP), effective July 10, 2025 (the Effective Date), for the benefit of Eligible Employees as described in this Guide.

The VSP offers Eligible Employees who voluntarily choose to separate from State employment severance pay and severance benefits, which are fully outlined in this Guide.

This document shall serve as the Guide governing the terms of the VSP. This Guide supplements the terms outlined in the **VSP Application Attestation and Agreement** (VSP Agreement) that Eligible Employees will complete as part of their Workday application for the VSP.

Eligibility for the VSP and the severance pay and severance benefits offered by the VSP are governed by Executive Order 01.01.2025.16, the terms of this Guide, and the VSP Agreement. You should refer to this Guide and the VSP Agreement 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 applies to participate in the VSP and is accepted into the Program.

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

VSP Administrator – the Chief HR Officer within the Office of Personnel Services and Benefits, Maryland Department of Budget and Management.

THE PROGRAM IS VOLUNTARY

VSP participation shall be on a strictly voluntary basis for all employees deemed eligible to apply.

If you are eligible to apply and decline to do so, you will not be treated any differently with respect to future terms and conditions of employment than any other similarly situated employee. Similarly, if you apply and are not approved to participate in the VSP, you will continue to serve

in your role with no change in treatment.

You also should understand that applying to participate 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, if you are approved to participate in the VSP, your employment relationship with the State will end on September 30, 2025 and a future return to State service will be restricted as outlined below.

ELIGIBLE EMPLOYEES

The VSP is only available to Eligible Employees. You are an Eligible Employee if you are employed in the Executive Branch of State government, in a classification and agency not designated as being excluded from the VSP by Executive Order 01.01.2025.16 or by the Department of Budget and Management (DBM), and you:

- a. are actively employed in a permanent full-time (i.e., your regular workweek consists of 40 hours in a 7-day period) position;
- b. are not in a classification or agency designated as excluded from the VSP; and
- c. have at least twenty-four (24) months of current, continuous State service in a permanent position with an Executive Branch agency.¹ Required months of service must be achieved by August 4, 2025.

Note that under the VSP, you are considered actively employed if you are actively at work, on paid leave, on unpaid leave of absence under FMLA, or on military leave.

An Eligible Employee may apply 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 currently, or you cease to be, an Eligible Employee as defined above.
- b. You submitted a resignation before July 10, 2025. **It is crucial to understand that rescinding a resignation submitted before July 10, 2025, will not resolve ineligibility for the VSP.**
- c. You have a pending application for service or disability retirement, which has been approved or is under consideration by the State Retirement Agency. **If you have a pending retirement application or you have been approved for retirement,**

¹ Note that if you are an employee who underwent a contractual conversion as part of your continuous service, your contractual service time will apply for eligibility requirements.

withdrawing an application or declining retirement does not change your ineligibility to participate in the VSP.

- d. You are terminated or have received notice that you will be terminated prior to September 30, 2025.
- e. You accept any other position within the State between the period July 10, 2025, and September 30, 2025.
- f. You leave employment with the State before September 30, 2025.

If the VSP is canceled, rescinded, or otherwise terminated, your eligibility to participate in the program will be terminated.

VSP APPLICATION PROCEDURE

To apply for the VSP, please submit a VSP Application Attestation and Agreement in SPS/Workday. You'll find a link to the application on your SPS/Workday Home page.

If you are an employee within the State Personnel Management System, the system (i.e., SPS/Workday) will not allow you to apply if you are not eligible because you are in an ineligible classification or you are employed by a non-participating agency. Individuals who are ineligible because of other criteria (e.g. a pending retirement application) will still be allowed to apply and their eligibility will be determined subsequently, outside of the SPS/Workday application process.

Employees of the Transportation Service Human Resources System (i.e., MDOT employees) will be allowed to apply in SPS/Workday regardless of their eligibility. Their eligibility to participate in the VSP will be determined subsequently, outside of the SPS/Workday application process.

If you are found ineligible, you may contact your agency HR office to find out more about why you are not eligible.

Be aware that applications submitted outside of SPS/Workday will not be accepted.

A VSP Application must be submitted no later than 11:59 p.m. EST on August 4, 2025 to be considered.

By applying, you are indicating your desire to voluntarily separate from employment with the State in exchange for the severance pay and severance benefits provided to Participants.

RESCISSION OF APPLICATION

You may rescind your VSP Application by 11:59 p.m. EST on August 18, 2025. To rescind your VSP Application, you must send an email to vsp.administrator@maryland.gov. You will receive a confirmation email within two business days of notice of your rescission.

If you do not rescind your VSP Application by 11:59 p.m. EST on August 18, 2025, and you

are accepted into the VSP, then your employment with the State will terminate as of September 30, 2025. Your separation under these circumstances is not subject to appeal.

THE VSP APPLICATION REVIEW AND APPROVAL PROCESS

VSP Applications that meet the eligibility requirements will be disseminated to the employing agency. Each organizational unit's Appointing Authority shall make a recommendation to DBM regarding whether to accept or reject an application to participate. Agency recommendations shall be based on whether the Eligible Employee's position should be eliminated in Fiscal Year 2026.

Agency recommendations will be transmitted to the VSP Administrator. The final determination is made by the Governor's authorized designee, the Secretary of DBM.

An Eligible Employee whose VSP Application is approved shall be considered a Participant under the VSP. You will be notified in writing no later than 5:00 p.m. on September 16, 2025, if you have been approved to be a VSP Participant.

The VSP is established by Executive Order under the Governor's authority. Eligible Employees who are disapproved for VSP participation do not have grievance or appeal rights because the decision to permit an Eligible Employee to participate is discretionary.

A Participant's PIN will be abolished when the employee separates through this program. Pursuant to State personnel law, PIN abolishment is not subject to appeal.

The date a Participant terminates employment with the State in accordance with the VSP will be September 30, 2025.

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 September 30, 2025, 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.

SEVERANCE PAY

Each Participant will receive a lump sum payment of \$20,000. Participants also will receive an additional "service payment" of \$300 per year of State service. For purposes of the service payment, partial years of service will be rounded up. For example, if you have 5 years and 3 months of State service, you will receive credit for a total of 6 years of State service for purposes of computing the additional service payment (\$300 for each year of service). The net amount an individual receives will be lower after taxes and any other required deductions.

SEVERANCE BENEFITS

Participants also shall receive the following severance benefits:

- a. Six months of continued medical, dental, prescription drug, and life insurance benefits (in the plans and coverage levels in which you and your dependents were enrolled immediately prior to separation) **at no cost**;
- b. VSP participants will be eligible to make changes during the annual open enrollment period for medical, dental and/or prescription drug benefits;
- c. Continuation of Medical Coverage
 - i. Under federal law (referred to as “COBRA”), if you participated in the State’s health plan on September 30, 2025, you may be entitled to elect health care continuation coverage for up to eighteen (18) months from the date health benefits terminate (for a VSP Participant, this date is March 31, 2026).

Under COBRA, **you are required to pay the full cost for such coverage**, plus a 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 60 days from the date on the COBRA election letter to elect COBRA continuation coverage beyond March 31, 2026. More information regarding your COBRA benefits will be provided after your separation;
- d. Payment for Accrued, Unused Annual Leave – As with any employee who separates from employment, Participants will receive payment for accrued but unused annual leave, in accordance with the law;
- e. Payment for Unused Compensatory Leave – As with any employee who separates from employment, Participants may receive payment for unused compensatory leave, in accordance with the law.

Payment of Severance Pay

If you are approved to participate in the VSP, you will receive your severance pay in a lump sum. The State shall deduct from severance pay all legally required sums, such as taxes or other withholdings.

VSP Administration

The Governor’s authorized designee, the Secretary of DBM, shall determine which applications to accept and has designated the Chief HR Officer of DBM’s Office of Personnel Services and Benefits to act 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 may delegate to other persons responsibilities for performing certain duties of the VSP Administrator under the terms of the VSP and may seek such expert advice as the VSP Administrator deems 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 September 30, 2025, 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.

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 does not confer employment rights upon any individual. Additionally, it should not be interpreted as a contract between the State or any related entity and any person. Participation in the VSP does not entitle any individual to continued employment with the State, nor does it restrict the State's right to terminate the employment of any Eligible Employee or Participant.

The State is not obligated to employ, re-employ, or consider for employment or re-employment any participant in the Voluntary Separation Program (VSP).

Submitting a VSP application does not guarantee the right to participate in the Program. Only Eligible Employees whose VSP applications are accepted by the State will be considered participants 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, Participants must return State property (e.g., keys, documents and records, uniforms, identification cards, etc.) on or before September 30, 2025, in order to commence receiving severance pay and severance benefits under the VSP.

Recommendation of Attorney Review

Deciding whether to apply for the VSP is an important decision. If you are an Eligible Employee, you are encouraged to contact your personal attorney at your own expense to discuss the VSP and to review the VSP Application Attestation and Agreement, if you desire.

Questions Regarding the VSP

If you have general questions concerning the VSP, you may email your questions to vsp.administrator@maryland.gov.

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

The effective date of this Guide is July 10, 2025. Any changes made thereafter shall become effective upon approval of the Secretary.

Helene Grady
Secretary, Department of Budget and Management