



STATE OF NEW YORK
EXECUTIVE DEPARTMENT
DIVISION OF THE BUDGET
STATE CAPITOL
ALBANY, NEW YORK 12224

David A. Paterson
Governor

Robert L. Megna
Director of the Budget

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TO: ALL DEPARTMENT AND AGENCY HEADS

FROM: Robert L. Megna *Robert L. Megna*

SUBJECT: 2010-11 Retirement Incentive Program

Chapter 105 of the Laws of 2010 (S.7909/A.11144) authorizes a two track retirement incentive program intended to achieve permanent financial savings. The program, which includes a traditional targeted retirement incentive and a "55/25 No Penalty" incentive, is intended to effect significant workforce reductions and associated personal service savings. The Department of Civil Service has been working with the Division of the Budget to identify job titles appropriate for consideration.

This bulletin, consistent with the May 28, 2010 memorandum from the Director of State Operations and Director of the Budget, provides guidelines to implement the incentive program. As a basis for implementation planning, you should contact your budget examiner to obtain your 2010-11 financial plan workforce savings target. This workforce savings target represents your agency's share of the Statewide \$250 million Financial Plan workforce savings and will be for both tracks of the Program.

This Bulletin provides guidance and information as follows:

- I. TARGETED RETIREMENT INCENTIVE**
 - A. Policy Guidelines
 - B. Implementation Process
- II. "55/25 NO PENALTY" RETIREMENT INCENTIVE**
 - A. Policy Guidelines
 - B. Implementation Process
- III. TIMING OF INCENTIVE OFFERINGS**

I. TARGETED RETIREMENT INCENTIVE

A. Policy Guidelines

The targeted retirement incentive provides one month of additional service credit for each year of service, up to a maximum of three additional years of service credit. Employees who are currently eligible to retire or are at least 50 years of age with 10 years of service may be eligible for this benefit if they serve in a targeted position. The targeted retirement incentive is intended to achieve budgetary savings in cases where savings cannot otherwise be achieved through normal attrition and/or to facilitate organizational or operational changes required to operate with permanently reduced staffing levels. In achieving these policy objectives, agencies should work to minimize adverse impacts on vital government services. The following guidelines govern the determination of agency participation and the targeting of positions eligible for participation.

Agency Participation

1. Agency participation in the targeted retirement incentive is expected.
2. The Director of State Operations will identify to the Office of the State Comptroller all agencies participating in the incentive consistent with Chapter 105, Laws of 2010.
3. After the Director of State Operations notifies the Office of the State Comptroller of those agencies participating in the incentive, such agencies will then identify titles to be eliminated. Thereafter, participating agencies will submit a list of employees serving in positions who would be eligible to retire with the additional retirement benefit provided by Part A of Chapter 105 of the Laws of 2010. Participating agencies are to submit this information to the Division of the Budget.

Targeting Positions for Eligibility

1. Participating agencies must identify to the Division of the Budget the recommended titles, and the number of positions within each title, for which the incentive may be offered.
2. The goal is to maximize savings through permanent workforce reductions. As a general rule, positions of employees receiving the incentive will be abolished upon the retirement of the incumbent. All positions should be targeted for participation in the incentive program unless the loss of such position would unacceptably:
 - a. Endanger public health or the safety of residents, clients or State employees;
 - b. Result in a loss of significant revenue to the State or result in substantially increased overtime or contractual service costs; or

- c. Result in no significant financial plan savings net of the additional pension costs associated with the incentive.
- 3. A position may be targeted for the incentive only in situations where the agency will achieve permanent recurring savings. Specifically, an agency may target a position for eligibility if:
 - a. The agency has determined that targeting the position is necessary to achieve budgetary savings that cannot be accomplished through normal attrition; or
 - b. An employee can be transferred to a comparable position from which another employee will retire under the incentive program. However, the position from which such employee transfers should be eliminated, resulting in the reduction of a filled position.
- 4. Agency heads, elected officials and employees who participate in the New York State and Local Police and Fire Retirement System are not eligible for the retirement incentive program.
- 5. To be eligible, an employee must have been in active service, as defined in Chapter 105, from February 1, 2010 until the commencement of the open period.
- 6. Selection of eligible employees must be made on the basis of classified seniority if the number of interested employees in an eligible title and work location exceeds the number of positions that the agency has determined can participate.
- 7. All persons electing to retire pursuant to Chapter 105 must be off the payroll on or before September 28, 2010.

B. Implementation Process

The targeted incentive programs will be implemented in four sequential stages, beginning with (1) a review of the agency's workforce savings target with the Division of the Budget, followed by (2) a request to participate with the Director of State Operations, followed by (3) the participating agency's survey of employees in targeted titles, and (4) the submission of a final targeted incentive program plan to the Division of the Budget. Additional guidelines on each stage of the implementation process are provided below.

Stage 1: Initial Planning/Review of Fiscal Situation

Agencies should contact their budget examiner to obtain their 2010-11 Financial Plan workforce savings target. In consultation with the Budget Division, agencies should review such savings target to determine the magnitude of planned, permanent workforce reductions.

Stage 2: Submission of Request to Participate and Program Plan

Agencies should assume that participation in the retirement incentive offering is necessary to achieve recurring savings. Accordingly, no later than **Monday, June 21, 2010** agencies should simultaneously:

- submit a formal request to participate to the Director of State Operations; and
- submit an initial supporting retirement incentive program plan identifying targeted titles for approval by the Division of the Budget and the Governor's Office of Employee Relations (GOER).

Attachment A provides the required contents of the retirement incentive program plan.

Stage 3: Survey Employee Interest

Agencies must survey all employees in targeted titles to solicit their interest after the Director of State Operations approval of an agency's request to participate and DOB/GOER approval of the initial retirement incentive program plan. **Attachment B** provides a sample Employee Survey and Notification of Interest Form. The survey must advise employees of their responsibilities for participation in the program pursuant to the statute. Specifically:

- Employees who are interested in participating must submit a completed Employee Survey and Notification of Interest Form to the agency personnel office at least 21 days prior to the close of the program open period.
- Employees must apply for retirement no later than 14 days prior to the end of the program open period, with an effective date of retirement no later than the last day of the open period.

Stage 4: Submission of Final Program Plan and a List of Eligible Participants

After completing the employee survey process, a participating agency must prepare a final version of the retirement incentive plan (Attachment A) for approval by the Division of the Budget. The final plan must reflect any changes required by the Division and the Governor's Office of Employee Relations, and be accompanied by a complete list of eligible participants using the Retirement System form provided in **Attachment C**. The final proposal must be submitted by **Monday, July 19, 2010**.

Upon final action by the Division of the Budget, agencies should notify interested employees of the determination. The Division of the Budget will transmit the approved listing of eligible participants to the Retirement System.

It is expected that the open period will begin on Thursday, July 1, 2010 and end on September 28, 2010. The Retirement System will begin to process retirement applications on a rolling basis as eligible participant lists (Attachment C) are transmitted by the Division of the Budget.

II. "55/25 NO PENALTY" RETIREMENT INCENTIVE

A. Policy Guidelines

Each employee who meets the age, creditable service and tier criteria to qualify for the "55/25 No Penalty" incentive established by Chapter 105 will be eligible to retire without penalty unless the employee is identified as holding a position that is "critical to the maintenance of public health and safety." Eligible employees will be afforded a 90 day period to retire commencing July 1, 2010 and ending September 28, 2010. Accordingly, all agencies must evaluate the positions of employees who qualify for the benefit and recommend to the Division of the Budget and the Governor's Office of Employee Relations a list of employees, if any, who should be excluded for health and safety reasons. To the extent possible and practical, agencies should notify employees who qualify for the 55/25 incentive who are not to be excluded for health and safety reasons. Positions of employees receiving the incentive will not be refilled. Extraordinary situations can be brought to the attention of the Director of State Operations or the Director of the Budget.

Determination of Exclusions

Agencies may recommend that employees be excluded from eligibility if they serve in a position that is deemed critical to the maintenance of public health and safety. In some situations, an occupational title which generally is considered critical could be determined to be non-critical due to a unique facility-specific or geographic circumstance.

B. Implementation Process

The Division of the Budget will send agencies an official worksheet that lists employees who could qualify for the "55/25 No Penalty" incentive if not excluded for health and safety reasons. These lists are based on eligibility information provided by the New York State and Local Employees' Retirement System (ERS). The Division of the Budget will distribute the worksheets to the fiscal officer of each agency identified by ERS as employing individuals eligible for the program.

Instructions for Completing the Worksheets and Supporting Documentation

1. The default policy assumes that eligible employees can receive this incentive absent a determination that an employee is deemed critical for the maintenance of public health and safety. Agencies should review each employee listed on the official worksheet following the criteria on page 5 in Section II of this Bulletin.
2. Once health and safety determinations are made, agencies should place an "X" under the column labeled "Exclude from Program" only for those employees deemed critical for the maintenance of public health and safety.
3. A separate written justification should be prepared to document the reasons for identifying employees as ineligible ("Exclude from Program") for health and safety reasons. Given the substantial size and nature of some employee listings, it is anticipated that such justifications will be in the form of both employee-specific and/or larger groupings by job title, depending upon the specific position.
4. The data provided cannot be modified. However, agencies may recommend changes as follows:
 - a. If an agency determines information provided is incorrect, it should list the employee, along with the required data, in the worksheet tab entitled "**Changes**" under the heading "**CORRECTIONS**" and highlight the corrected information in bold. Agencies should not make corrections on creditable service information.
 - b. If any agency determines that an employee is missing from the official worksheet list of eligible employees, it should add all required information on the employee in the worksheet tab entitled "**Changes**" under the heading "**ADDITIONS**" and make a health and safety eligibility determination.

The list of eligible employees prepared by ERS includes employees that may not qualify for this particular incentive program because they:

- Are employed in positions that are excluded by law (e.g., agency heads);
- Participate in retirement plans that already provide full benefits at 25 years of service, regardless of age (e.g., most correction officers);

- Become age 62 during the open period and, thus, will be entitled to receive a full (no penalty) pension without electing the incentive; or
- Do not meet the requirements for creditable service to qualify for an incentive. ERS presented data on creditable service in an estimated range because computer records of pension service credit did not exist prior to the mid-1980s. As a result, some employees on the list may not be eligible for the program because their actual creditable service is less than the 25-year service requirement. Conversely, some employees on the list may already meet the 30-year service requirement to retire with full benefits.

Regardless of the above, for the purpose of this review, agencies should assume all employees on the worksheet are eligible for the program and make a health and safety determination for each individual accordingly.

A hard copy of both the completed worksheet and the written justification for exclusions should be submitted to the Division of the Budget on or before Tuesday, June 29, 2010. In addition, an electronic copy of the completed worksheet should be sent to your budget examiner.

Additional guidance on the “55/25 No Penalty” incentive commencement date and employee notification requirements will be provided subsequent to review of agency recommendations.

III. TIMING OF INCENTIVE OFFERINGS

At this time, it is anticipated that both incentives will be offered concurrently and as soon as possible to maximize financial savings. Therefore, agencies should assume that an incentive offering will occur as soon as practicable, as the open period for State employees to retire under this program ends in late September 2010. Accordingly, agencies should proceed with their review of the positions occupied by employees who qualify for the “55/25 No Penalty” incentive as quickly as possible and begin all other workforce planning immediately.

QUESTIONS/CORRESPONDENCE

Questions on the incentive program and the guidelines contained in this Bulletin should be directed to your budget examiner.

Below is the contact information for the parties listed in this Bulletin:

Mr. Robert E. Brondi, Chief Budget Examiner
Division of the Budget
State Capitol, Room 117
Albany, NY 12224

and

Mr. John V. Currier, Deputy Director
Governor's Office of Employee Relations
Agency Building 2, Suite 1201
Albany, NY 12223-1250

cc: [Chief Budget Examiner of Agency's DOB Examination Unit]
Division of the Budget
State Capitol, Room 254
Albany, NY 12224

NOTE: This is the only distribution of this Bulletin. Please supply copies to all interested officials and employees in your agency or authority at all appropriate locations.

RETIREMENT INCENTIVE PROGRAM PLAN

AGENCY NAME: _____

AGENCY CONTACT: _____

DATE: _____

AGENCY CODE: _____

PHONE NUMBER: _____

Forward completed forms to:

Mr. Robert E. Brondi, Chief Budget Examiner
Division of the Budget
Room 117, State Capitol
Albany, NY 12224

and
John V. Currier, Deputy Director
Governor's Office of Employee Relations
Empire State Plaza, Agency Building 2, Suite
1201
Albany, NY 12223-1250

cc: [Chief Budget Examiner, Agency Examination Unit]
Division of the Budget
Room ____, State Capitol
Albany, NY 12224

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**2010-11 Retirement Incentive Program
Employee Survey and Notification of Interest Form**

Name: _____ Item No.: _____

Title: _____ Salary Grade: _____

Agency/Facility: _____ Agency/Facility Code: _____

1. I hereby provide written attestation of my desire and eligibility to avail myself of the retirement incentive provided by Part A of Chapter 105 of the Laws of 2010.
2. I understand that in order to avail myself of the retirement incentive provided by Part A of Chapter 105 of the Laws of 2010, I must be eligible to retire or be 50 years of age or more with at least 10 years of creditable pension service at the date of retirement.
3. I understand that my eligibility for the retirement incentive will be determined in accordance with the provisions of Chapter 105, that I will be eligible for the program only if my position, as described above, is in an eligible title, and that if my position is in an eligible title and more employees apply for the retirement program than the number of positions that can be eliminated, the retirement program will be made available to employees in order of their seniority.
4. I understand that in addition to providing this written notice to my agency personnel office by _____, 2010, if I am eligible for the retirement incentive program and I want to receive the incentive, I must submit an application for a service retirement by _____, 2010, with my retirement to be effective no later than _____, 2010. **[Dates to be filled in by the agency.]**
5. I understand that if I submit an application for service retirement, I may withdraw such application at any time prior to the effective date of retirement.
6. I understand that this notification is not binding, and that even if I have submitted this notification, I am neither required to retire nor guaranteed participation in the retirement incentive program.

Employee Signature

Date

For Agency Use Only

Signature of Agency Personnel Representative

Date Received

[] Employee Copy

[] Agency Copy

