# Voluntary Out Benefit Offers (VOBOs)

Title 74, Section 840-2.28 authorizes them. It defines a VOBO and describes both mandatory and optional benefits that agencies can offer to encourage acceptance of the offer. The law applies to agencies, boards, commissions or departments of all three branches of state government.

Agencies in the Executive Branch wanting to offer a VOBO must submit a plan to the Director of the Office of Management and Enterprise Services, prior to making any offers. The law requires the Director of the Office of Management and Enterprise Services to review the fiscal components of the plan. The Director has 10 days to disapprove the plan (doesn’t require “approval”, just authorizes “disapproval”). The 10 days starts when a complete plan is provided by the agency.

**The PLAN must include the following:**

1. Details on why the agency has determined a reduction-in-force (RIF) is imminent.
   1. VOBOs are only authorized in order to reduce or eliminate the adverse impact of an imminent reduction-in-force.
   2. this explanation should include a description of the agency funding situation and any other circumstances that contribute to the necessity of a RIF.
   3. include a summary of the agency calculation of budget shortages to be absorbed.
2. The anticipated impact of the imminent reduction-in-force on the agency or part of the agency.
   1. explain the impact on agency employment, services / programs, and budget (indicate how many agency employees will have to be RIF’d to cover the budget shortage; the services that will be reduced or eliminated; how the agency’s clients / customers will be impacted; and how much will be saved by these actions)
3. The voluntary out benefits the agency intends to offer pursuant to this section.
   1. for both this item and item 4, list the mandatory items and then the optional items that the agency will include.
      1. Mandatory items:
         1. health insurance program for 18 months;
         2. longevity payment equal to next anticipated payment;
      2. Optional items:
         1. up to 1 week pay for each year of service;
         2. maximum lump sum payment of $5,000;
         3. payment for accumulated sick leave at up to ½ the employee’s hourly rate for sick leave not converted for retirement purposes;
         4. payment of health benefit premiums for another 18 months.
      3. Other Costs to Consider:
         1. although not specifically listed in this statute, include: termination / annual leave payment; additional cost of converting sick leave for retirement credit;
         2. unemployment payments if self-insured.
4. Cost of the benefits.
   1. include your calculations for costs for each of these items; also state how you will fund the costs;
   2. show your estimated savings for the current year (if any) and your projected annual savings if the VOBO’s are accepted.
5. Explanation of how the agency intends to execute the offer of the voluntary out benefits.
   1. describe how you will make the offer to the employees and how much time they will have to respond.

**\*Please fill out the Voluntary Out Benefit Offer Analysis template (excel worksheet) and send to your budget analyst when completed.**