

Dear Executive Branch employees:

On Friday October 14, 2016, the Executive Office for Administration and Finance (A&F) lowered the Commonwealth's Fiscal Year 2017 (FY17) state tax revenue projection by \$175 million due to slower-than-expected growth in sales tax collections. A&F also recognized expected deficiencies in certain accounts which are not supported by available revenue in the FY17 budget. These deficiencies were the primary reason the Administration made \$265 million in FY17 budget vetoes, most of which were subsequently overridden by the Legislature.

The combination of lower tax revenue projections and acknowledgment of deficiencies gives the Administration authority to reduce state spending within the Executive Branch by up to \$294 million in FY17. As a result, we have commenced a spending reduction exercise with Executive Branch agencies.

To help achieve savings, I have authorized a Voluntary Separation Incentive Program (VSIP) that will offer a one-time cash incentive of \$15,000 to retirement-eligible employees and \$5,000 to non-retirement-employees who elect to voluntarily leave state service. VSIP is open to Executive Branch employees in all budgetary accounts, including operating, capital, trust, federal and assessed accounts. It is also open to both managers and bargaining unit employees.

VSIP enrollment begins today, Monday, October 17, 2016 and runs through Monday, November 14, 2016. It is our strong desire to achieve savings through VSIP and we encourage employees to consider this option. After the program is complete, we will assess whether we need to achieve additional payroll savings through a non-voluntary layoff.

The Human Resource Division/Office of Employee Relations will be responsible for implementing and executing VSIP. Requirements for VSIP have been provided to your agency head and HR director, who will be responsible for the development and implementation of the program within your agency.

You may obtain a VSIP application or should direct any additional questions on the program through your agency's Human Resources Office.

Sincerely,

Kristen Lepore

Secretary, Executive Office for Administration and Finance