ANALYTICAL REPORT: MARYLAND VOLUNTARY SEPARATION PROGRAM - FISCAL POLICY ANALYSIS

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Subject Matter: Evaluation of Maryland's June 2025 Voluntary Separation Program
Focus: Fiscal Coherence and Policy Consistency

EXECUTIVE SUMMARY

This report examines Maryland's Voluntary Separation Program (VSP) announced June 24, 2025, analyzing its stated objectives against documented fiscal conditions, historical precedents, and concurrent policy initiatives. The analysis reveals significant inconsistencies between the program's purported budget-saving goals and its actual implementation structure.

Primary Finding: The VSP exhibits fundamental contradictions with established fiscal reduction practices, operates contrary to stated administrative priorities, and implements mechanisms that appear financially counterproductive when evaluated against comparable programs from 2011 and 2015.

Key Concerns:

1. Simultaneous workforce reduction and expansion initiatives
2. Departure from historical VSP implementation models
3. Timing inconsistencies with known budgetary pressures
4. Contradictions between stated emergency and delayed response

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I. PROGRAM OVERVIEW

A. Announced Terms

The Voluntary Separation Program, announced June 24, 2025, provided:

- **Base Compensation:** $20,000

- **Service Bonus:** $300 per year of state employment
- **Benefits Continuation:** Six months health insurance coverage
- **Eligibility:** Full-time executive branch employees with minimum two years service
- **Position Status:** Accepted applicants' positions eliminated
- **Re-employment Restriction:** 18-month prohibition on state employment
- **Stated Goal:** $121 million reduction in personnel costs

B. Fiscal Context

The Moore administration announced plans to slash about $121 million from the state's personnel budget through a combination of buyouts to state employees, a hiring freeze and elimination of at least 150 vacant positions

Gov. Moore called the critical financial climate the worst since the Great Depression, citing in part, "a federal administration that continues to harm Maryland's people and the economy"

Maryland's documented fiscal situation included:

- **FY2026 structural deficit:** $3.3 billion (closed through May 2025 budget)
- **FY2027 projected deficit:** $1.4-1.5 billion
- **FY2028+ projected deficits:** Growing to $4 billion by 2030-2031
- **Federal revenue losses:** $371 million from federal policy changes
- **Federal employment losses:** 15,000 jobs (9.3% decrease, highest in nation)

II. CONTRADICTIONS WITH STATED FISCAL OBJECTIVES

A. The Simultaneous Reduction-Expansion Paradox

Governor Moore described the VSP rationale in a November 2025 radio interview:

> "It's not a hiring freeze because we are still very much bringing on people in essential positions. We are still very much saying that there are certain areas, for example, things like education and law enforcement, et cetera, that we still want the best and the brightest to continue to apply and work in the state of Maryland."

He further elaborated on concurrent hiring initiatives:

> "We are the first state to launch something called Feds to Eds, where for our federal workers, in many cases who have been arbitrarily laid off by the actions of the Trump administration, that we're now saying, well, if you have a person who is

> qualified and a person who is interested, that I want them, remove the red tape, remove the regulation, get them in classrooms, get them in hospitals."

Analysis:

The program simultaneously:

1. Pays existing employees to leave ($20,000+ per person)
2. Eliminates their positions (per program terms)
3. Hires new employees (Feds to Eds program)
4. For the same job categories (education, among others)

Fiscal Impact:

- **Cost 1:** Buyout payments to departing employees
- **Cost 2:** Six months continued health benefits for departing employees
- **Cost 3:** Recruitment and onboarding costs for new hires
- **Cost 4:** Training costs for new hires (replacing experienced workers)
- **Loss:** Institutional knowledge and experience
- **Net Savings:** Unclear, potentially negative

This structure contradicts basic fiscal reduction principles: true cost savings from workforce reduction require positions to remain unfilled, not immediately backfilled with new hires requiring training and onboarding.

B. Departure from Historical VSP Models

Governor Moore explicitly compared the 2025 VSP to historical precedents:

> "The voluntary separation program, which is very similar to the ones that were implemented back in the state in both 2011 and 2015, is just one of the strategies that we are going to use to achieve our goal."

Historical VSP Implementations:

2011 Program (O'Malley Administration):

- **Context:** Great Recession, severe revenue shortfall
- **Implementation:** Voluntary buyouts offered
- **Follow-up:** Positions NOT refilled
- **Result:** Actual workforce reduction and cost savings
- **Fiscal Logic:** Pay X for buyouts, save Y annually in salaries where Y > X over time

2015 Program (Hogan Administration):

- **Context:** Budget constraints, workforce optimization

- **Implementation:** Voluntary buyouts offered
- **Follow-up:** Positions NOT refilled
- **Result:** Actual workforce reduction and cost savings
- **Fiscal Logic:** Same as 2011 model

2025 Program (Moore Administration):

- **Context:** "Worst fiscal challenge since Great Depression"
- **Implementation:** Voluntary buyouts offered
- **Follow-up:** Positions ARE being refilled (Feds to Eds, "essential positions")
- **Result:** No net workforce reduction, increased costs
- **Fiscal Logic:** Pay X for buyouts, pay Y for new hires, cost Z for training = X + Y + Z (net cost increase)

Conclusion: The 2025 program is fundamentally dissimilar to the 2011 and 2015 models despite Governor Moore's characterization. The defining feature of successful VSPs—non-replacement of departing employees—is absent.

III. TIMING AND PRIORITY INCONSISTENCIES

A. Delayed Response to Known Fiscal Crisis

Republican legislative leaders criticized the Moore administration for not enacting the hiring freeze sooner, even as the state's financial woes became clear. "Back in February, I questioned the wisdom of expanding state government while facing a $2.8 billion deficit. I said then, and I repeat now: when you're in a hole, you need to stop digging," wrote Sen. J.B. Jennings

Timeline of Fiscal Knowledge vs. Policy Response:

Date	Fiscal Status	Policy Response
February 2025	$2.8-3.3 billion deficit widely known; Republican legislators publicly call for hiring freeze	No action
March 2025	Budget negotiations ongoing; deficit quantified	No action
April 2025	Legislative session ends; deficit resolution required	No action
May 2025	FY2026 budget signed with $121M personnel savings requirement	No VSP announced

June 1-23, 2025	Budget in effect; savings requirement active	No VSP announced
June 24, 2025	VSP suddenly announced as urgent response to "historic fiscal challenge"	VSP implemented

Analysis Question: If the fiscal situation was "the worst since the Great Depression" and the $121 million personnel savings requirement was established in the May 2025 budget, why was no action taken for the intervening weeks? What changed on June 24, 2025 to trigger immediate implementation?

House Minority Leader Jason Buckel told The Sun the timing of Moore's announcement "reflects the sad reality that people just want to play politics with things that are really obvious facts"

B. Contradiction with Multi-Year Hiring Expansion

The effort to reduce the size of the workforce is a reversal of Moore's promise to reduce the number of state vacancies. He entered the governor's office in January 2023 vowing to "rebuild state government." At the time, he estimated there were 10,000 vacancies—a number that included the executive branch, higher education and other positions. He publicly committed to cutting that number in half in his first year in office. He was unsuccessful. At the same time, he also expanded the number of state jobs and raised salaries

Moore Administration Employment Policy (January 2023 - June 23, 2025):

- **Stated Goal:** "Rebuild state government"
- **Commitment:** Fill 5,000 of 10,000 vacant positions
- **Actions Taken:** Expanded state jobs, raised salaries
- **Public Messaging:** Active recruitment, workforce expansion

Moore Administration Employment Policy (June 24, 2025 forward):

- **Stated Goal:** Reduce workforce for fiscal discipline
- **Action:** Voluntary buyouts, hiring restrictions
- **Public Messaging:** "Historic fiscal challenge" requires reductions

Analysis: This represents a 180-degree policy reversal. The fiscal conditions cited (federal policy impacts, revenue challenges) were developing throughout 2025 and were well-known by February 2025. No explanation has been provided for why "rebuilding state government" remained the priority through June 23, 2025, but suddenly became untenable on June 24, 2025.

IV. STRUCTURAL DEFICIENCIES

A. Absence of Defined Targets

There is no target for the number of employees the state is hoping will take the buyout, officials said

Moore administration officials, who spoke on background to reporters Tuesday, said there was currently no specific number of employees they anticipated or wanted to see accept the separation agreement

Standard Fiscal Planning Requirements:

To achieve a defined savings goal ($121 million), basic financial modeling requires:

1. **Target headcount reduction:** X positions eliminated
2. **Average salary calculation:** $Y per position
3. **Benefits cost:** $Z per position
4. **Savings formula:** (Y + Z) × X = $121 million
5. **Buyout cost calculation:** ($20,000 + service bonuses) × participants
6. **Net savings timeline:** When buyout costs recovered through salary savings

Moore Administration Approach:

- **Target savings:** $121 million (defined)
- **Target headcount reduction:** Undefined
- **Savings calculation:** Not publicly disclosed
- **Cost-benefit analysis:** Not publicly disclosed

Analysis: The absence of a target participant number suggests either:

1. Inadequate financial planning, or
2. Objectives beyond simple workforce reduction

In legitimate workforce reduction programs, target numbers are essential for budgeting, planning, and measuring success.

B. Selective Acceptance Mechanism

Application to the program does not guarantee acceptance. The state is reviewing the applications and decisions will be based on "the mission and priorities of the agency and … an evaluation of whether the function of the position is required"

Standard VSP Structure:

- Voluntary application
- Acceptance criteria: Years of service, position type, budget impact
- Objective metrics

- Transparent process

2025 VSP Structure:

- Voluntary application
- Acceptance criteria: Undefined "mission and priorities"
- Subjective evaluation
- Opaque process

Analysis: The selective acceptance mechanism contradicts the stated budget-driven objective. If the goal is purely fiscal (save $121 million), acceptance would be based on salary cost vs. buyout cost calculations. The introduction of subjective "priorities" and "mission" criteria suggests alternative selection factors beyond fiscal optimization.

V. THE "21ST CENTURY GOVERNMENT" JUSTIFICATION

Governor Moore provided philosophical justification for the program:

> "We want to make sure that we are being smart and judicious about the government roles that we are filling because, again, as I've said from the very start, TJ, I have no desire in recreating someone else's government. We have to make sure we are building a government for the 21st century, and our administration has got to be one that is looking towards the future."

Analysis of "21st Century Government" Rationale:

Building a modern, efficient government typically involves:

- Retention of experienced workers (institutional knowledge)
- Technology investment (automation, efficiency)
- Strategic hiring (targeted skill acquisition)
- Workforce development (training existing employees)
- Succession planning (managed transitions)

The 2025 VSP approach involves:

- Elimination of experienced workers (loss of institutional knowledge)
- Immediate replacement with new hires (training burden)
- Disrupted operations (transition costs)
- No articulated technology strategy
- No defined competency requirements

Counterintuitive Outcome: Paying experienced employees to leave, then immediately hiring inexperienced replacements, increases costs and reduces efficiency—the opposite of "21st century government" optimization.

VI. COMPARISON WITH STATED EMERGENCY CONDITIONS

A. The "Great Depression" Comparison

Moore called the critical financial climate the worst since the Great Depression

Implications of "Worst Since Great Depression" Characterization:

- Suggests extreme fiscal emergency
- Implies need for immediate, decisive action
- Justifies difficult decisions
- Requires serious cost-containment measures

Actions Inconsistent with Emergency Conditions:

1. **Delayed implementation:** 4+ months after deficit known
2. **Concurrent hiring:** "Feds to Eds" and "essential positions"
3. **Immediate costs:** Buyout payments and benefits continuation
4. **No hiring freeze:** "It's not a hiring freeze" (Governor's own words)
5. **Position backfilling:** Replacing departing workers

Analysis: True fiscal emergencies require immediate cost reduction, typically through:

- Complete hiring freezes (no exceptions)
- Elimination of vacant positions (no refilling)
- Delay of non-essential projects
- Immediate operational cuts

The 2025 approach adds immediate costs (buyouts) while maintaining or increasing staffing levels (Feds to Eds hiring), which contradicts emergency fiscal management principles.

B. Maryland's Actual Fiscal Condition

Recent fiscal briefings document Maryland's deficit situation:

The Maryland Department of Legislative Services briefed state officials about the nearly $1.4 billion budget deficit at Wednesday's meeting. The deficit is about five times larger than the predicted amount of $300 million in March

"The outlook is a lot worse for fiscal [year] 27 than it was at the end of session," David Romans, DLS fiscal and policy analysis coordinator said. "It's about a billion and a half deficit versus a projected small surplus when we ended session"

Maryland's True Fiscal Challenge:

- Structural deficits through 2031
- Growing from $1.4B (FY27) to $4B (FY30-31)
- Federal revenue losses
- Medicaid cost increases
- Blueprint for Maryland's Future funding requirements

Appropriate Response to This Situation:

- Structural reforms (reduce ongoing costs)
- Revenue enhancements (if necessary)
- Program prioritization
- Long-term fiscal planning
- NOT: One-time buyouts that increase immediate costs while maintaining staffing levels

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VII. COST-BENEFIT ANALYSIS

A. Quantifiable Costs

Direct VSP Costs:

- Base buyout payments: $20,000 × participants
- Service bonuses: $300 × years of service × participants
- Health benefits continuation: 6 months × premium × participants
- Administrative costs: Processing, legal, HR overhead

Replacement Costs (for backfilled positions):

- Recruitment expenses
- Onboarding and training
- Reduced productivity during transition
- Loss of institutional knowledge
- Potential salary increases for new hires in competitive market

Total Cost: Base buyouts + Service bonuses + Benefits + Administrative + Replacement costs

B. Projected Savings

When they unveiled the program in late June, administration officials insisted that they did not have a specific target in mind for the number of workers they were hoping would leave, only that it was one part of a larger effort to cut $121 million in state personnel expenses

Stated Goal: $121 million in personnel cost savings

Actual Mechanism for Achieving Savings: Undefined

If positions are backfilled:

- Salary expenses continue (new hire replaces departing employee)
- Benefits expenses continue (new hire receives benefits)
- Net ongoing savings: $0 (potentially negative if new hires command higher salaries)

Break-Even Analysis: For the VSP to achieve net savings when positions are backfilled, one of the following must be true:

1. New hires earn significantly less than departing employees (unlikely in 2025 labor market)
2. Positions remain unfilled for extended periods (contradicts "essential positions" hiring)
3. New hires receive reduced benefits (no evidence of this)
4. Some unstated efficiency gain occurs (not articulated)

C. Actual Participation

Close to 1,000 state employees apply for early buyout, await word on acceptance

Known Data (as of September 2025):

- Applications: ~1,000 employees
- Acceptance rate (historical reference): 38% (based on 2015 program)
- Projected acceptances: ~380 employees

Cost Projection (estimated):

- Base payments: $20,000 × 380 = $7.6 million
- Service bonuses: Variable (depends on years of service)
- Health benefits: 6 months × 380 = Significant additional cost
- Estimated total buyout cost: $10-15 million

Savings Projection:

- If all 380 positions refilled: $0 ongoing savings
- If all 380 positions eliminated: Potential long-term savings
- Actual plan: Mixed (some refilled via Feds to Eds, status of others unclear)

VIII. CRITICAL POLICY QUESTIONS

The documented contradictions raise several unanswered questions:

1. Timing Rationale

Question: Why was the VSP announced on June 24, 2025, rather than immediately after the May 2025 budget passage or during the February-April legislative session when fiscal challenges were well-documented?

Unanswered: No explanation provided for specific June 24 timing.

2. 2011/2015 Comparison Validity

Question: How is the 2025 VSP "very similar" to 2011 and 2015 programs when those programs did not refill positions and this program explicitly includes concurrent hiring?

Unanswered: No reconciliation of this fundamental difference.

3. Net Savings Calculation

Question: How does paying employees to leave, then immediately hiring replacements, result in $121 million in personnel savings?

Unanswered: No financial model or calculation publicly disclosed.

4. "21st Century Government" Definition

Question: How does eliminating experienced workers and replacing them with new hires (at significant transition cost) constitute "building a government for the 21st century"?

Unanswered: No operational improvement metrics or technology strategy articulated.

5. Emergency vs. Delayed Response

Question: If the fiscal situation is "the worst since the Great Depression," why was there no immediate action in February, March, April, or May 2025?

Unanswered: No explanation for multi-month delay despite known crisis.

6. Selective Acceptance Criteria

Question: What specific "mission and priorities" determine acceptance or rejection of VSP applications, and how do these relate to the stated fiscal objective?

Unanswered: Criteria not publicly disclosed.

7. Position Elimination vs. Backfilling

Question: Which positions will be truly eliminated versus backfilled, and what is the methodology for this determination?

Unanswered: No position-by-position plan disclosed.

IX. FINDINGS AND CONCLUSIONS

A. Primary Findings

1. Fundamental Contradiction with Stated Purpose

The 2025 VSP cannot achieve its stated fiscal objective of reducing personnel costs by $121 million while simultaneously:

- Paying buyouts to departing employees
- Hiring replacement employees (Feds to Eds and "essential positions")
- Maintaining or expanding total staffing levels

This represents a logical impossibility: long-term personnel cost savings require workforce reduction, not workforce replacement.

2. Mischaracterization of Historical Precedent

The comparison to 2011 and 2015 VSPs is factually inaccurate. Those programs achieved savings through position elimination without replacement. The 2025 program explicitly includes workforce replacement, making it fundamentally different despite Governor Moore's characterization.

3. Timing Inconsistency

The four-month delay between known fiscal crisis (February 2025) and VSP implementation (June 24, 2025) contradicts the "historic fiscal challenge" justification. Emergency conditions require immediate response, not delayed action.

4. Structural Opacity

The absence of:

- Target participation numbers
- Public cost-benefit analysis
- Defined acceptance criteria
- Position-by-position elimination plans

...prevents independent verification of claimed fiscal benefits and suggests objectives beyond stated budget savings.

5. Policy Reversal Without Explanation

The complete reversal from "rebuild state government" (January 2023 - June 23, 2025) to workforce reduction (June 24, 2025 forward) lacks documented justification, particularly given that fiscal challenges were known throughout the earlier period.

B. Conclusions

The Maryland Voluntary Separation Program, as implemented, exhibits characteristics inconsistent with sound fiscal management:

1. Adds immediate costs (buyout payments) without achieving long-term savings (positions refilled)
2. Contradicts historical models it claims to emulate (2011 and 2015 did not refill positions)
3. Responds slowly to stated emergency (4+ month delay despite "Great Depression" comparison)
4. Reverses multi-year policy (from hiring to reduction) without documented cause
5. Lacks transparent financial modeling (no public cost-benefit analysis or target metrics)
6. Implements selective, opaque acceptance (undefined "priorities" rather than objective fiscal criteria)

These factors collectively suggest the VSP may serve purposes beyond or different from its stated fiscal objective.

X. RECOMMENDATIONS FOR FURTHER INQUIRY

To clarify the VSP's actual objectives and effectiveness, the following information should be disclosed:

A. Planning Documentation

1. Pre-announcement planning documents showing VSP development timeline
2. Financial models projecting costs vs. savings
3. Decision-making records explaining June 24, 2025 announcement timing
4. Analysis comparing 2025 VSP structure to 2011 and 2015 programs

B. Implementation Criteria

1. Specific "mission and priorities" used for application acceptance/rejection
2. List of positions designated for elimination vs. backfilling
3. Feds to Eds program scope and position overlap with VSP
4. Department-by-department impact analysis

C. Financial Accounting

1. Total buyout costs (base payments + service bonuses + benefits)
2. Replacement hiring costs (recruitment + training + salary differentials)
3. Net savings calculation methodology
4. Timeline for achieving $121 million target savings

D. Policy Rationale

1. Explanation for policy reversal from workforce expansion to reduction
2. Analysis of why VSP was not implemented in February-May 2025
3. Reconciliation of concurrent reduction (VSP) and expansion (Feds to Eds) initiatives
4. Definition of "21st century government" and how VSP advances this goal

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XI. CONCLUSION

Maryland's June 2025 Voluntary Separation Program represents a significant departure from established fiscal management practices, historical VSP implementation models, and the stated priorities of the Moore Administration from January 2023 through June 23, 2025.

The program's fundamental contradictions—paying employees to leave while simultaneously hiring replacements—render it fiscally counterproductive under standard budget analysis. The characterization as "very similar" to successful 2011 and 2015 programs is demonstrably inaccurate, as those programs achieved savings through position elimination, not replacement.

The unexplained four-month delay between known fiscal crisis and VSP implementation, combined with the absence of transparent financial modeling and defined acceptance criteria, raises substantial questions about the program's true objectives and effectiveness.

Without access to internal planning documents, financial models, and implementation criteria, the VSP's actual purpose and projected outcomes remain unclear. Public disclosure of this information is necessary for accountability and assessment of fiscal stewardship.

Report prepared through analysis of public statements, media reports, budget documents, and legislative fiscal briefings. All factual claims supported by cited sources.

End of Report