SEATTLE CITY COUNCIL
CENTRAL STAFF

Voluntary Early Separations Ordinance

Select Budget Committee | October 13, 2026

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Background

- The City may offer voluntary early separation programs (i.e., early retirement incentives) to allow employees more flexibility in choosing when to retire and to reduce long-term labor costs.

- The City previously offered voluntary early separation programs in 2002 and 1996:
  - 2002 – Incentive of eight weeks of pay at the employee's regular rate of pay
  - 1996 – Incentive of one week's salary multiplied by years of service not to exceed $30,000

- Council approved both voluntary early separation programs *before* the initial application period.

Summary

- The legislation would amend SMC 4.36 to authorize the Seattle Department of Human Resources (SDHR) Director to offer eligible employees a voluntary early separation program.

- The SDHR Director would coordinate the program with the Director of the Seattle Employees' Retirement System, Director of Finance, Director of Finance and Administrative Services, and City Budget Director.

- The SDHR Director would make certain information available to employees for at least 30 days before enrollment ends (i.e., eligibility criteria; opt-in instructions; description of the incentive; and explanation of impacts on health insurance, other City benefits, and state unemployment benefits).

- If Council does not approve this legislation, the SDHR Director could still develop a voluntary early separation program within its current delegated authority but would be required to transmit legislation to Council for approval to offer and implement it.

Fiscal Impacts

- There would not be direct financial impacts from this legislation as it authorizes, but does not require, the SDHR Director to offer a voluntary early separation program. Nor does the legislation establish substantive program details.

- However, implementation could both incur administrative costs and potentially result in long-term savings.
    - **Administrative costs** – $6.5 million ($2.5 million General Fund) plus $2.3 million ($1 million General Fund) of sick/vacation cashouts above normal. The City Budget Office believes that no additional appropriation authority would be needed.
    - **Potential savings** – Vacated positions that remain open or are filled by new employees at a lower cost; or vacated positions that are unfunded or removed by Council.

- CBO does not anticipate savings from a voluntary early separations program in 2027 due to the cost of paying the incentive. In 2028 and beyond, CBO aims to save around $8 million GF per year ongoing.

Policy Consideration – Council Notice

- The benefit of authorizing the SDHR Director to offer a voluntary early separation program is that the Executive could potentially develop and implement the program on a faster timeline and would have more flexibility in meeting bargaining requirements for represented employees.
- The tradeoff is that Council would not be involved in the development of the program (i.e., through the Select Labor Committee, if applicable) and might not have notice of the program until the SDHR Director's formal announcement.
- The legislation could be amended to require notice to Council before the SDHR Director implements the program (e.g., require the SDHR Director to consult with the Budget Chair prior to implementation, require a public briefing on the draft program to the appropriate Council committee). The tradeoff of these requirements could be a slower process that delays the SDHR Director's intended timeline.

Options:

A. Amend the legislation to require notice to Council prior to implementation.

B. Pass this legislation as amended.

C. Pass this legislation as transmitted.

D. Do not pass this legislation.

Policy Consideration – Proviso

Separate from this legislation, the Council could impose a proviso to restrict the Executive's spending on a voluntary early separation program. Council could impose the proviso on the entire budget to limit spending for this purpose (e.g., "of the appropriations in the 2027 Adopted Budget, no more than $XX million may be spent to implement a voluntary early separation program").

Options:

A. Pass this legislation and impose a separate proviso on the 2027 Adopted Budget.

B. Pass this legislation and do not impose a separate proviso.

C. Do not pass this legislation.

Questions?