

## PRODUCTIVITY ENHANCEMENT PROGRAM (PEP) DESCRIPTION

### OVERVIEW

The Productivity Enhancement Program (PEP) allows eligible Executive branch employees represented by PEF to exchange previously accrued annual leave (vacation) and/or personal leave in return for a credit to be applied toward their employee share of NYSHIP premiums on a biweekly basis. In no case can the credit available under the program be applied to the employer share of NYSHIP premiums. The program will be available in 2008, 2009, 2010 and 2011.

During calendar year 2008, the program will be available to PS&T Unit employees for 13 biweekly payroll periods. Full-time employees who enroll in this portion of the program will forfeit a total of 1.5 days (11.25 or 12 hours for 37.5 and 40 hour workweeks, respectively) of annual and/or personal leave standing to their credit at the time of enrollment in return for a credit of up to \$225 (see Calculation of PEP Credit on page 3) to be applied toward the employee share of NYSHIP premiums deducted from biweekly paychecks issued during the six-month period.

The program will be available for the entire calendar year in 2009, 2010 and 2011. Full-time employees who enroll in the program for any of these years will forfeit a total of 3 days (22.5 or 24 hours for 37.5 and 40 hour workweeks, respectively) of annual and/or personal leave standing to their credit at time of enrollment in return for a credit of up to \$450 for the 2009 program and/or \$500 for the 2010 and 2011 programs to be applied toward the employee share of NYSHIP premiums deducted from biweekly paychecks in the year.

In order to coordinate the six month participation of PS&T Unit employees with the 2008 PEP program year, the PEP program credit for PS&T Unit employees will be applied in 2008 in the following manner:

<b>Program Year</b>	<b>Employee's Payroll Cycle</b>	<b>Paychecks Issued Between:</b>	<b># Paychecks</b>
<b>2008</b>	Administration Lag	6/25/08 through 12/10/08	13
	Administration Current	6/11/08 through 11/26/08	13
	Institution Lag	7/3/08 through 12/18/08	13
	Institution Current	6/19/08 through 12/4/08	13
	Triple Lag	7/3/08 through 12/18/08	13

As discussed below under "Eligibility," part-time employees who meet the eligibility criteria for the program will be allowed to participate on a prorated basis.

Once enrolled for each plan year, employees continue to participate for that year unless they separate from State service or cease to be NYSHIP contract holders. Leave forfeited in association with the program will not be returned, in whole or in part, to employees who cease to be eligible for participation in the program.

The full leave forfeiture will be deducted at the time of enrollment.

During any program year in which an employee participates, the health insurance premium contribution credit established upon enrollment in the program will be adjusted only if the employee moves between individual and family coverage under NYSHIP during that program year. Therefore, once an employee enrolls for that program year, any subsequent changes in employment percentage during the program year will have no impact on the health insurance premium contribution credit.

Disputes arising from this program are not grievable. This pilot program will sunset on December 31, 2011 unless extended by mutual agreement of the parties.

### **ENROLLMENT**

Eligible employees who wish to participate in 2008 program year for 13 biweekly payroll periods must file an election form with their agency personnel office between May 5 and June 4, 2008.

The enrollment period for other program years will be conducted during the month of October immediately preceding that year.

All interested employees will be required to submit a separate enrollment form for each program year in which they wish to participate.

### **ELIGIBILITY**

In order to enroll an employee must:

- Be a classified or unclassified service employee in the Executive branch in a title below Salary Grade 18 or equated to a position below Salary Grade 18;
- Be an employee covered by the 2007-2011 New York State/PEF collective bargaining agreement;
- Have a minimum combined balance of annual and personal leave of at least 8 days after making the forfeiture; and
- Be a NYSHIP enrollee (contract holder) in either the Empire Plan or an HMO at the time of enrollment.

#### *Part-Time Employees*

Eligible part-time employees may participate on a prorated basis. Part-time annual-salaried employees who meet these eligibility requirements will be eligible to participate on a prorated basis in accordance with their payroll percentage. Additional hours that these employees work beyond their payroll percentage are not counted for this purpose. In cases where the payroll percentage of these employees results in a leave forfeiture that is not a quarter-hour increment, the leave forfeiture should be rounded to the nearest quarter-hour (rounding up when the resulting figure is exactly between two quarter-hour increments).

Part-time hourly and per diem employees who meet the eligibility requirements may participate on a prorated basis in accordance with their employment percentage. In cases

where the work schedules of such employees fluctuate, agencies should contact the Attendance and Leave Unit of the Department of Civil Service at (518) 457-2295 for guidance in determining the appropriate employment percentage. The same rounding principles described above for part-time annual-salaried employees should be applied to these employees.

#### *Voluntary Reduction in Work Schedule (VRWS)*

Employees on Voluntary Reduction in Work Schedule (VRWS) agreements who elect to participate in the program do so as full-time employees. If eligible, they exchange the appropriate number of full-time days of annual and/or personal leave for the maximum health insurance premium contribution credit allowable under the program (up to \$225 in 2008, \$450 in 2009 and \$500 in 2010 and 2011). As stated earlier, in 2008 the forfeiture for full-time employees is 1 ½ days (i.e., 11.25 hours for 37.5 hour workweeks and 12 hours for 40-hour workweeks). In 2009, 2010 and 2011 the forfeiture for full-time employees is 3 full days (22.5 or 24 hours).

#### *Re-employed Retirees*

Retired New York State employees who have returned to work must meet all the eligibility criteria for participation in the program and must have the employee share of their NYSHIP health insurance premium deducted from their biweekly paycheck. Re-employed retirees who retain retiree status for health insurance purposes are not eligible to participate.

### **CALCULATION OF PEP CREDIT**

For the 2008 program year, the credit that will be applied to participants' biweekly employee share premiums can be calculated as follows:

#### *Full-Time Employees*

The biweekly credit is \$17.31 (\$225 divided by 13 paychecks) OR the biweekly cost of the enrollee's employee share NYSHIP contribution, whichever is less.

#### *Part-Time Employees*

The biweekly credit is \$17.31 multiplied by the employee's payroll/employment percentage OR the biweekly cost of the enrollee's employee share NYSHIP contribution, whichever is less.

### **LEAVES OF ABSENCE**

Participants who go on sick leave at half-pay during a program year in which they are PEP enrollees will continue to have the health insurance premium contribution credit applied to the employee share of health insurance premiums deducted from biweekly paychecks.

PEP enrollees who go on leave without pay (LWOP) and do not receive a waiver of premium continue to participate in the program, paying the employee share of the NYSHIP health insurance premium at the reduced rate. Additionally, they pay the employer share of the health insurance premium where required. No portion of the health insurance premium contribution credit available under the program can be applied toward the employer share of the health insurance premium even when the employee is required

to pay it. Leave forfeited in association with the program will not be returned, in whole or in part, to employees who receive a waiver of premium.

PEP enrollees who go on Workers' Compensation leave continue to participate in the program. They continue to receive the health insurance premium contribution credit. For employees eligible to defer NYSHIP premiums until return to the payroll, only that portion of the employee share premium which is not offset by the health insurance premium contribution credit, if any, is deferred until the employee returns to the payroll. However, employees eligible to receive supplemental payments while on Workers' Compensation leave will have the health insurance premium contribution credit applied to any employee share premium deducted from such supplemental payments.

### **INSURANCE ISSUES**

An employee enrolled in PEP who moves between individual and family coverage under NYSHIP will have his/her health insurance premium contribution credit adjusted upward or downward as appropriate.

If both spouses are State employees covered under a single family contract, only the contract holder who carries the family coverage can participate in PEP. If both spouses are enrolled contract holders, both may participate in PEP if otherwise eligible.

The Employee Benefits Division of the Department of Civil Service will issue guidelines for agency Health Benefits Administrators concerning the processing of enrollment and status changes for PEP participants.

### **TAXABILITY**

By electing to participate in PEP, an employee reduces the amount deducted from biweekly paychecks to pay the employee share of NYSHIP premiums. If the employee currently has that amount deducted on a pre-tax basis, the PEP health insurance premium contribution credit reduces that pre-tax deduction. The net effect is that the amount of income the employee pays taxes on increases by the amount of the health insurance premium credit. While employees will realize net savings because of the PEP credit, the amount of that savings will be less than the full amount of the PEP credit for anyone currently paying NYSHIP premiums on a pre-tax basis. Furthermore, for each program year of participation in PEP, employees who participate in the pre-tax premium contribution program may only make changes to health insurance in accordance with pre-tax premium contribution program rules regarding qualifying events, even though the PEP credit eliminates all or part of the health insurance premium deduction.

Employees should be referred to their income tax preparer for questions regarding the tax implications of participation in the PEP.

**Productivity Enhancement Program (PEP)  
Institution Teachers Appendix**

Certain Institution Teachers employed by the Department of Correctional Services, the Office of Children and Family Services, the Office of Mental Health, or the New York State Schools for the Deaf and the Blind will be eligible to participate in PEP in accordance with the preceding program description except as modified below:

**OVERVIEW**

During calendar year 2008, the program will be available to eligible PS&T Unit employees for 13 biweekly payroll periods. Eligible full-time Institution Teachers who enroll in the 2008 program will forfeit 1 or 1 ½ days of personal leave in exchange for a credit to be applied toward the employee share of their NYSHIP premiums deducted from the 13 biweekly paychecks in the 2008 program year. This credit will be worth up to \$75 for each half-day forfeited.

During calendar years 2009, 2010 and 2011, employees who enroll in those program years will forfeit 1, 2 or 3 days of personal leave standing to their credit at time of enrollment in exchange for a credit to be applied toward the employee share of their NYSHIP premiums deducted from biweekly paychecks in that entire program year. In 2009 the credit will be worth up to \$150 per full day of personal leave forfeited for that program year. In 2010 and 2011, the credit will be worth up to \$166.66 per day. The credit will be divided evenly over the employee share deductions that will be taken from employee paychecks issued in that program year.

As with other participants, leave forfeited in association with the program will not be returned, in whole or in part, to employees who cease to be eligible for participation in the program.

The program will be available to eligible part-time employees on a prorated basis.

**ELIGIBILITY**

The eligibility criteria in the preceding program description are replaced by the requirements listed below.

In order to enroll, Institution Teachers must:

- Be (1) a classified or unclassified service employee in a title below Salary Grade 18 or equated to a position below Salary Grade 18; or (2) in the unclassified service at the New York State School for the Deaf or the New York State School for the Blind in a title with a full-time annual salary (or in the case of Instructor Assistants, total annual compensation) that does not exceed the job rate in effect at the time of enrollment for an employee in Salary Grade 17 as specified in "Appendix I Salary Schedules" in the 2007-2011 State/PEF Collective Bargaining Agreement;
- Be an employee covered by the 2007-2011 New York State/PEF Collective Bargaining Agreement; and
- Be a NYSHIP enrollee and contract holder in either the Empire Plan or an HMO at the time of enrollment.