

PRODUCTIVITY ENHANCEMENT PROGRAM (PEP) DESCRIPTION

OVERVIEW

As described in Policy Bulletin 2004-01, the Productivity Enhancement Program (PEP) allows eligible CSEA, PS&T, DC-37, and M/C employees in the Executive branch to exchange previously accrued annual leave (vacation) and/or personal leave in return for a credit to be applied toward their employee share 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 2005, 2006, and 2007.

Institution teachers employed by the Department of Correctional Services, the Office of Children and Family Services, the Office of Mental Health, and the New York State Schools for the Deaf and the Blind will participate in accordance with the guidelines contained in the "Institution Teachers Appendix" to this document. All other eligible employees will participate as described below.

For each program year, full-time employees who enroll 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 the time of enrollment in return for a credit of up to \$400 (see Calculation of PEP Credit on page 3 and see Calculation of PEP Credit for Institution Teachers in the Appendix) to be applied toward the employee share of NYSHIP premiums deducted from biweekly paychecks issued during that program year.

In order to facilitate coordination of this PEP credit with introduction of the new health insurance rates for each of these years, the PEP "program years" will be covered by the dates specified below:

Program Year	Employee's Payroll Cycle	Paychecks Issued Between:	# Paychecks
2005	Administration Lag	12/29/04 through 12/14/05	26
	Administration Current	12/15/04 through 11/30/05	26
	Institution Lag	1/6/05 through 12/22/05	26
	Institution Current	12/23/04 through 12/8/05	26
	Triple Lag	1/6/05 through 12/22/05	26
2006	Administration Lag	12/28/05 through 12/13/06	26
	Administration Current	12/14/05 through 11/29/06	26
	Institution Lag	1/5/06 through 12/21/06	26
	Institution Current	12/22/05 through 12/7/06	26
	Triple Lag	1/5/06 through 12/21/06	26
2007	Administration Lag	12/27/06 through 12/12/07	26
	Administration Current	12/13/06 through 11/28/07	26
	Institution Lag	1/4/07 through 12/20/07	26
	Institution Current	12/21/06 through 12/6/07	26
	Triple Lag	1/4/07 through 12/20/07	26

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 during each program year.

Once enrolled for any given program year, employees continue to participate in that program 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 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 credit.

Disputes arising from this program are not grievable. This is a pilot program that will sunset on December 31, 2007 unless extended by mutual agreement of the parties.

ENROLLMENT

The enrollment period for each program year will be conducted beginning between the first Monday and last Friday of October preceding that program year.

Employees will be required to submit a separate enrollment 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 2003-2007 New York State/CSEA, PS&T or DC-37 collective bargaining agreements or a M/C employee;
- 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 credit allowable under the program (up to \$400 in 2005, 2006, and 2007). In 2005, 2006, and 2007 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 CALCULATION OF CREDIT FOR INSTITUTION TEACHERS, SEE APPENDIX)

For each 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 equal to \$15.38 (\$400 divided by 26 paychecks) OR the biweekly cost of the enrollee's employee share NYSHIP contribution, whichever is less.

Part-Time Employees

The biweekly credit is equal to \$15.38 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 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 credit available under the program can be applied toward the employer share of the health insurance premium. 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 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 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 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 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 pretax basis, the PEP health insurance premium credit reduces that pretax 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 pretax 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

For each program year in which they wish to participate, eligible full-time Institution Teachers will forfeit 1, 2, or 3 days of personal leave standing to their credit at the 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 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 credit available under the program will be worth up to \$133.33 per day forfeited, and will be divided evenly over the 26 employee share deductions that will be taken from employee paychecks issued in that program year. As with other participants, the biweekly amount of the credit cannot exceed the biweekly amount of the enrollee's employee share NYSHIP premium.

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 requirement 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 2003-07 State/PEF Collective Bargaining Agreement;
- Be an employee covered by the 2003-07 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.