2016 Productivity Enhancement Program Enrollment Information
For PEF Employees

The New York State Department of Civil Service has announced the implementation of the Productivity Enhancement Program (PEP) for 2016. The PEP for 2016 allows eligible PEF-represented 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 of NYSHIP premiums on a biweekly basis. Employees of the Judiciary, Legislature, and those in the unclassified service of the State University of New York, should refer to their respective agencies for information regarding PEP. In no case can the credit available under the program be applied to the employer share of NYSHIP premiums.

Please note: PEF represented institution teachers employed by the Department of Corrections and Community Supervision, 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 (found at the bottom or this document). All other eligible employees will participate as described below.

Enrollment Information

The enrollment period for 2016 will be open **Monday, December 7, 2015 through Friday, January 8, 2016***.* In order to enroll in the 2016 program year, employees must submit a 2016 PEP Enrollment Form (for PEF employees) to the BSC Benefits Unit by **January 8, 2016**. The program will be available for the entire 2016 calendar year.

Overview of PEP

Employees in Salary Grades 1-17

Full-time employees in Salary Grades (SG) 1–17, non-statutory employees equated to SG 1–17, or employees with an annual salary rate no greater than job rate of SG 17 who enroll in the program, may elect to forfeit either three days or six days of annual and/or personal leave in exchange for a health insurance credit as indicated below:

- Employees who elect to forfeit three days of annual and/or personal leave will have 22.5 hours (for those with a 37.5 hour workweek) or 24 hours (for those with a 40 hour workweek) or accruals deducted from their balances in exchange for an annual credit of up to $500.

- Employees who elect to forfeit six days of annual and/or personal leave will have 45 hours (for those with a 40 hour workweek) or 48 hours (for those with a 40 hour workweek) of accruals deducted from their balances in exchange for an annual credit of up to $1,000.

Full-Time Employees in Salary Grades 18-24

Full-time employees in SG 18–24, non-statutory employees equated to SG 18–24, or employees with an annual salary exceeding the job rate of SG-17, but with an annual salary no greater than the job rate of SG-24, who enroll in the program, may elect to forfeit a total of either two days or four days of annual and/or personal leave in exchange for a health insurance credit as indicated below:

- Employees who elect to forfeit two days will have 15 hours (for those with a 37.5 hour workweek) or 16 hours (for those with a 40 hour workweek) deducted from their annual and/or personal leave balances in exchange for an annual credit of up to $500.

- Employees who elect to forfeit four days will have 30 hours (for those with a 37.5 hour workweek) or 32 hours (for those with a 40 hour workweek) deducted from their annual and/or personal leave balances in exchange for an annual credit of up to $1,000.

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).

In order to facilitate coordination of this PEP credit with introduction of the new health insurance rates, the 2016 PEP program year will be covered by the dates specified below:

Program Year	Employee's Payroll Cycle	Paychecks Issued Between:	#Paychecks
2016	Administration Lag	12/30/15 through 12/28/16	26
	Administration Current	12/16/15 through 12/14/16	26
	Institution Lag	01/07/16 through 01/04/17	26
	Institution Current	12/24/15 through 12/21/16	26
	Triple Lag	01/07/16 through 01/04/17	26

Once enrolled for the program year, employees continue to participate in that program year unless they separate from state service or cease to be NYSHIP contract holders. (Note: If separated from service due to layoff and placed on a preferred list, the former employee will continue to participate.) 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 from participants' leave balances at the time of enrollment. During the 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 health insurance premium contribution credit. The employee will not receive any portion of the credit that exceeds the cost of the employee share of their NYSHIP health insurance premium.

Disputes arising from this program are not grievable. This program will sunset on December 31, 2016.

Eligibility Information

In order to enroll an employee must:

- Be a classified or unclassified service employee in the Executive Branch in a title at a Salary Grade 24 or below or equated to a position at or below Salary Grade 24;
- Have a minimum combined balance of annual and personal leave of at least eight 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 either $500 or $1000 for 2016).

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 2016 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 either $19.23 ($500 divided by 26 paychecks) or $38.46 ($1,000 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 either $19.23 multiplied by the employee's payroll/employment percentage or $38.46 multiplied by the employee's payroll/employment percentage or the biweekly cost of the enrollee's employee share NYSHIP contribution, whichever is less.

Leave 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 and do not receive a waiver of premium continue to participate in the program, will pay 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.

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 contribution 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 contact their income tax preparer for questions regarding the tax implications or participation in the PEP.

Questions

If you have any questions regarding the 2016 PEP program, please contact the BSC Benefits Unit by phone at (518) 457-4272, or by e-mail at BSCBenefitsAdmin@ogs.ny.gov.

Productivity Enhancement Program
Institution Teachers Appendix

Certain PEF-represented Institution Teachers employed by the Department of Corrections and Community Supervision, 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 for 2016 in accordance with the preceding program description except as modified below:

OVERVIEW

For program year 2016, eligible full-time Institution Teachers in Salary Grades 1–17 may forfeit 1 to 6 days of personal leave standing to their credit at the time of enrollment in exchange for a credit of $166.66 per day to be applied toward the employee share of their NYSHIP premiums. This credit will be evenly divided among State paydays between January 1 and December 31, 2016.

Eligible full-time Institution Teachers in Salary Grades 18–24 who enroll in the program will be eligible to forfeit between 1 to 4 days of personal leave in return for a credit of $250 per day to be applied toward the employee share of their NYSHIP premiums. This credit will be evenly divided among State paydays between January 1 and December 31, 2016.

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 25 or equated to a position below Salary Grade 25; 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 a PS&T Unit employee in Salary Grade 24;
- Be an employee covered in the PS&T bargaining unit; and
- Be a NYSHIP enrollee and contract holder in either the Empire Plan or an HMO at the time of enrollment.