

## **Productivity Enhancement Program Enrollment Information for Program Year 2015**

The New York State Department of Civil Service has announced the implementation of the Productivity Enhancement Program (PEP) for 2015. PEP allows eligible CSEA, PEF, and M/C employees in the Executive Branch to exchange previously accrued annual leave (vacation) and/or personal leave for a credit to be applied toward their employee share of NYSHIP premiums on a biweekly basis during the program year January 1, 2015 – December 31, 2015. CSEA and PEF employees may be eligible to participate in the PEP program if they are serving in positions that are at or equated to SG-24 or below and M/C employees may be eligible to participate if they are serving in positions that are at or equated to SG-23 or below.

### **Enrollment**

The enrollment period for 2015 is **October 20, 2014 through November 28, 2014**. In order to enroll in the 2015 program year, employees of agencies who are HR customers of the BSC must submit a 2015 PEP Enrollment Form to the BSC Benefits Unit by **November 28, 2014**. Employees from agencies that are not HR customers of the BSC should contact their agency Human Resources Office for information regarding enrolling in PEP. To determine if your agency is a BSC HR customer agency please visit the BSC Website at <http://bsc.ogs.ny.gov/content/our-customers>. Agencies receiving BSC HR services will have “includes HR services” listed after the agency name.

### **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 the job rate of a 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 37.5 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.

**CSEA and PEF Employees in Salary Grades 18-24 and M/C Employees in Salary Grades 18-23**

Full-time CSEA and PEF employees in SG 18–24, CSEA and PEF non-statutory employees equated to SG 18–24, CSEA and PEF employees with an annual salary that is between the job rate of an SG 17 and the job rate of an SG 24, full-time M/C employees in SG 18-23, non-statutory M/C employees equated to SG 18-23, or M/C employees with an annual salary that is between the job rate of an SG 17 and the job rate of an SG 23 who enroll in the program, may elect to forfeit either two 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 work week) 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 work week) 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.

Part-time employees are eligible to participate in the PEP program on a prorated basis during 2015.

**Coverage Dates**

The 2015 PEP Program year will be covered by the dates specified below:

<b>Employee’s Payroll Cycle</b>	<b>Paychecks Issued Between</b>	<b># Paychecks</b>
Administration Lag	12/31/14 through 12/16/15	26
Administration Current	12/17/14 through 12/2/15	26
Institution Lag	12/25/14 through 12/10/15	26
Institution Current	12/11/14 through 11/26/15	26
Triple Lag	1/8/15 through 12/25/15	26

Once enrolled for the program year, employees continue to participate for that program year unless they separate from State service or cease to be NYSHIP contract holders. (Please 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 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 of the last year of the negotiated contract agreement unless extended by mutual agreement of the parties. For non-represented employees the pilot program will sunset on December 13, 2016.

### **Eligibility**

In order to enroll, an employee must:

- For CSEA and PEF represented employees, be a classified or unclassified service employee in the Executive branch in a title at a Salary Grade 24 or below, or in an equated position at or below at SG-24; or
- For M/C employees, be a classified or unclassified service employee in the Executive branch in a title at a SG-23 or below; or in an equated position at or below a SG-23; and
- Have a minimum combined balance of annual and personal leave or 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.

### ***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 \$1,000 for 2015).

### ***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 2015 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.

### **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 and do not receive a waiver of premium will 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.

## **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. For questions regarding the tax implications of participation in the PEP, employees should check with their income tax preparer.

## **Questions**

Employees from agencies that are HR customers of the BSC should contact the BSC Benefits Unit at [BSCBenefitsAdmin@ogs.ny.gov](mailto:BSCBenefitsAdmin@ogs.ny.gov), or call (518) 457-4272, Option 2, Option 3 with questions regarding the PEP program. Employees from agencies that are not HR customers of the BSC should contact their agency HR Office.