

# Productivity Enhancement Program (PEP) Description

## OVERVIEW

The Productivity Enhancement Program (PEP) allows eligible UUP-represented and SUNY M/C (bargaining unit 13) employees to exchange previously accrued annual leave (vacation) 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. As detailed below, the program will be administered on a NYSHIP plan year (hereafter "plan year") basis.

In the 2008 plan year, eligible full-time employees who enroll will forfeit a total of 2 days of Annual leave at the time of enrollment in return for a credit of up to \$300. All eligible part-time employees who enroll in PEP will forfeit 1 day of Annual leave in return for a credit of up to \$150.\* This credit will be applied to biweekly employee share NYSHIP premium deductions paid for the remainder of the 2008 NYSHIP plan year.

The credit will be divided evenly among the remaining pay periods in 2008 and applied toward the biweekly premium payments required for coverage under NYSHIP in that plan year. The biweekly amount of the credit will be equal to \$17.65 and \$8.82 for full-time and part-time employees, respectively. The biweekly value of the credit will NOT be adjusted for enrollees who do not pay all biweekly employee share deductions during the plan year. Therefore, employees who do not expect to make all employee share premium payments during a plan year may not wish to participate in that plan year.

During any plan year in which an employee participates, the credit established upon enrollment in the program will be adjusted only if the employee moves between individual and family coverage under NYSHIP during that plan year.

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

Disputes arising from this program are not subject to the grievance procedures contained in the 2007-11 State/UUP collective bargaining agreement.

## **ENROLLMENT**

The enrollment period for the 2008 plan year will be from **April 30, 2008** through **May 24, 2008**. Employees are required to submit a separate enrollment form for each year in which they wish to participate.

## **ELIGIBILITY**

At the time of enrollment employees must:

1. Be employed on a Calendar Year or College Year basis;
2. Be a full-time employee with an annual salary no greater than \$56,313 at the time of enrollment OR part-time employee whose biweekly salary does not exceed \$1,099 in the 2008 plan year;
3. Be an employee covered by the 2007-11 New York State/UUP Collective Bargaining Agreement or a SUNY M/C employee (bargaining unit 13);
4. Be a NYSHIP enrollee (contract holder) in either the Empire Plan or an HMO;

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\* This will be increased to an exchange of up to 3 days for a maximum credit of up to \$450 in 2009 and up to 3 days for a maximum credit of up to \$500 in 2010.

5. Be eligible to receive an employer contribution toward NYSHIP premiums (or be on leave without pay from a position in which the employee is normally eligible for an employer share contribution toward NYSHIP premiums);and
6. Have a sufficient annual leave balance to make the full leave forfeiture without bringing their annual leave balance below 8 days or 4 days for full-time and part-time employees respectively

To enroll in the program for the 2008 plan year, employees must meet eligibility criteria 1 through 5 as of March 1, 2008. Additionally, they must meet all eligibility criteria at the time of enrollment. To enroll for other plan years, employees must meet all enrollment criteria as of the date of enrollment.

### **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.

### **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 PIP 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.