

**NEW YORK STATE DEPARTMENT OF CIVIL SERVICE  
ATTENDANCE AND LEAVE MANUAL  
POLICY BULLETIN NO. 2025-02**

**Section 26.3**

**October 2025**

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TO: Manual Recipients  
FROM: Benjamin Gifford, Director of Staffing Services  
SUBJECT: Implementation of the Productivity Enhancement Program for 2026

The Productivity Enhancement Program (PEP) allows eligible employees represented by the following bargaining units: Council 82, CSEA, DC-37, NYSCOPBA, PBANYS, PEF and Managerial/Confidential 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.

The enrollment period for 2026 will be open Saturday, November 1, 2025, through Monday, December 8, 2025.

Implementation of the program will require action on the part of agency personnel officers, agency timekeepers, and agency health benefits administrators (HBAs). Specifically, agency personnel officers will be responsible for (1) providing interested employees with program descriptions and enrollment forms; (2) verifying employee eligibility to participate; and (3) notifying timekeepers and health benefits administrators of participant enrollments and separations from service. Agency timekeepers will be responsible for adjusting the vacation and/or personal leave balances of participants upon enrollment. Questions regarding employee eligibility and leave transactions should be directed to the Attendance and Leave Unit of the Department of Civil Service at (518) 457-2295.

HBAs are responsible for processing the Health Insurance Premium Contribution Credit (HIPCC) for PEP enrollees. The Employee Benefits Division will be issuing a separate document with specific instructions for HBAs. Questions regarding health insurance transactions should be directed to your agency's processor in the Employee Benefits Division by calling the HBA Help Line at (518) 474-2780.

Attachments: PEP Program Description  
Enrollment Form

## **2026 PRODUCTIVITY ENHANCEMENT PROGRAM (PEP) DESCRIPTION**

### **OVERVIEW**

The Productivity Enhancement Program (PEP) for 2026 allows eligible employees represented by the following bargaining units: Council 82, CSEA, DC-37, NYSCOPBA, PBANYS, PEF and Management/Confidential (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 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. Employees of the Judiciary, Legislative, and those in the unclassified service of the State University of New York should refer to their respective agencies for information regarding PEP.

**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”** attached to this document. All other eligible employees will participate as described below.

The program will be available for the entire calendar year in 2026.

Full-time employees represented by Council 82, CSEA, DC-37, NYSCOPBA, PBANYS, PEF, as well as M/C employees, in Salary Grades (SG) 1–17 (or 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 a total of either 4 days (30 or 32 hours for 37.5- and 40-hour workweeks, respectively) or 8 days (60 or 64 hours for 37.5- and 40-hour workweeks, respectively) of previously accrued annual and/or personal leave at the time of enrollment in return for a credit of up to either \$800 or \$1600, respectively, for the 2026 program year to be applied toward the employee share of NYSHIP premiums deducted from biweekly paychecks during the program year of January 1 through December 31, 2026.

Full-time employees represented by Council 82, CSEA, DC-37, NYSCOPBA, PBANYS and PEF in SG 18–24 (or 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 will be eligible to forfeit a total of either 2.5 days (18.75 or 20 hours for 37.5- and 40-hour workweeks, respectively) or 5 days (37.5 or 40 hours for 37.5- and 40-hour workweeks, respectively) of previously accrued annual and/or personal leave at the time of enrollment in return for a credit of up to either \$750 or \$1500, respectively, for the 2026 program year to be applied toward the employee share of NYSHIP premiums deducted from biweekly paychecks during the program year of January 1 through December 31, 2026.

Full-time M/C employees in SG 18–23 (or non-statutory employees equated to SG 18–23, 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 23), who enroll in the program will be eligible to forfeit a total of either 2.5 days (18.75 or 20 hours for 37.5- and 40-hour workweeks, respectively) or 5 days (37.5 or 40 hours for 37.5- and 40-hour workweeks, respectively) of previously accrued annual and/or personal leave at the time of enrollment

in return for a credit of up to either \$750 or \$1500, respectively, for the 2026 program year to be applied toward the employee share of NYSHIP premiums deducted from biweekly paychecks during the program year of January 1 through December 31, 2026.

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. (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.

Once an employee enrolls for the program year, any subsequent changes in employment percentage, grade level, or bargaining unit during the program year will have no impact on the 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. For information on availability of the program in subsequent years, please consult the applicable collective bargaining agreement or M/C policy.

## **ENROLLMENT**

The enrollment period for 2026 will be Saturday, November 1, 2025 through Monday, December 8, 2025.

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

An employee currently enrolled in Opt Out is a NYSHIP enrollee. In order to participate in PEP, the employee needs to complete a PS-404 to enroll in a NYSHIP health insurance plan, and also select an appropriate PEP election, with the two to be implemented simultaneously.

## **ELIGIBILITY**

In order to enroll an employee must:

- For Council 82, CSEA, DC-37, NYSCOPBA, PBANYS, or PEF-represented employees, be a classified or unclassified service employee in the Executive branch in a title at Salary Grade 24 or below or equated to a position at or below Salary Grade 24;
- For M/C employees, be a classified or unclassified service employee in the Executive branch in a title at Salary Grade 23 or below or equated to a position at or below Salary Grade 23 (SUNY M/C employees—NU 13 should refer to SUNY Administration for eligibility).
- 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*

Part-time annual-salaried employees who meet the eligibility requirements may 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 dependent on bargaining unit and grade level under the program for 2026.

### *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 2026 program year, the credit that will be applied to participants' biweekly employee share premiums can be calculated as follows:

### *Full-Time Employees*

For Council 82, CSEA, DC-37, NYSCOPBA, PBANYS, PEF and M/C employees, grade 17 and below, the biweekly credit is equal to either \$30.77 (\$800 divided by 26 paychecks) OR \$61.54 (\$1600 divided by 26 paychecks) OR the biweekly cost of the enrollee's employee share NYSHIP contribution, whichever is less.

For Council 82, CSEA, DC-37, NYSCOPBA, PBANYS, PEF employees, grade 18 – 24; and M/C employees, grade 18 – 23; the biweekly credit is equal to either \$28.85 (\$750 divided by 26 paychecks) OR \$57.69 (\$1500 divided by 26 paychecks) OR the biweekly cost of the enrollee's employee share NYSHIP contribution, whichever is less.

### *Part-Time Employees*

For Council 82, CSEA, DC-37, NYSCOPBA, PBANYS, PEF and M/C employees, grade 17 and below, the biweekly credit is equal to either \$30.77 multiplied by the employee's payroll/employment percentage OR \$61.54 multiplied by the employee's

payroll/employment percentage OR the biweekly cost of the enrollee's employee share NYSHIP contribution, whichever is less.

For Council 82, CSEA, DC-37, NYSCOPBA, PBANYS, PEF employees, grade 18 – 24; and M/C employees, grade 18 – 23; the biweekly credit is equal to either \$28.85 multiplied by the employee's payroll/employment percentage OR \$57.69 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 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 their 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 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 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 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 2026 in accordance with the preceding program description:

#### **OVERVIEW**

For program year 2026, eligible full-time Institution Teachers in Salary Grades 1–17 or non-statutory Teachers with an annual salary rate no greater than job rate of SG 17, may forfeit 1 to 8 days of previously accrued personal leave, floating holidays or compensatory time at the time of enrollment, in return for a credit of \$200 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, 2026.

Eligible full-time Institution Teachers in Salary Grades 18–24 or non-statutory Teachers 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, may forfeit between 1 to 5 days of previously accrued personal leave, floating holidays or compensatory time at the time of enrollment, in return for a credit of \$300 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, 2026.

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**

In order to enroll, Institution Teachers must:

- Be a classified or unclassified service employee in a title below Salary Grade 25, or equated to a position below Salary Grade 25, or be a non-statutory employee with an annual salary no greater than the job rate of the 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.