EMPLOYER EDUCATION

Higher Education Essentials Part 2:
Calculating Service Credit Using FTE and Online Resources

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Welcome to the second part of our *Higher Education Essentials* webinar series. My name is Todd Wolford and joining me today is Patty Gordon. For today's webinar:

- All participants' cameras are off and you are automatically muted.
- You can press the ALT key on your keyboard to open or close the Zoom control panel.
- You can ask questions in the Q&A pane on the control panel.

Today we will be covering calculating service credit using FTE and online employer resources. This is the second of two webinars to cover topics specific to colleges and universities designed for individuals new to STRS Ohio reporting as well as experienced individuals who just need a refresher.

A copy of the slides from today's presentation with lines for note taking is available along with other helpful handouts. We recommend you get a binder and keep a copy of the handouts and slides for each of the topics. If you have attended any of our other webinars, this binder will serve as your own workbook to reference in the future.

Agenda

- What is service credit and why is it important?
- Proper calculation of service credit using full-time equivalent (FTE)
- Service credit and leaves of absence
- Correcting service credit for prior years
- STRS Ohio online resources

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Today we will discuss:

- The definition of service credit and why it is important;
- How to calculate service credit using full-time equivalent, or FTE;
- Service credit and leaves of absence;
- Correcting service credit for prior years; and
- Online resources STRS Ohio offers to employers.

Let's get started with our first topic, calculating service credit using FTE.

Calculating service credit

What is service credit?

- Earned through contributing service or purchased for certain types of past employment and leaves of absence
- Impacts:
  - Retirement eligibility
  - Calculation of monthly benefit

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Service credit is the number of years a member earns through contributing service. In some cases, members can purchase service credit for certain types of past employment and leaves of absence.

Service credit is used to determine a member's eligibility to retire and to calculate a monthly benefit. It is reported as a percentage of 1.00 full year and is granted for service from July 1 through June 30 of each year.

Calculating service credit

Methods
1. Days
2. Hours
3. FTE

There are three methods that can be used to calculate service credit. First is the days method — the Administrative Code Rule covering service credit says that if the actual number of days worked is available, the employer **must** use days to calculate service credit.

The number of hours worked may also be used if the number of days is not known.

Today, we are going to focus on the third method, calculating service credit using FTE.

Calculating service credit (FTE)

FTE = full-time equivalent
- Can be used if number of days or hours worked is unknown
- Based on school's definition of FTE workload
  - Varies by institution
  - Typically 12 or 15 credit hours

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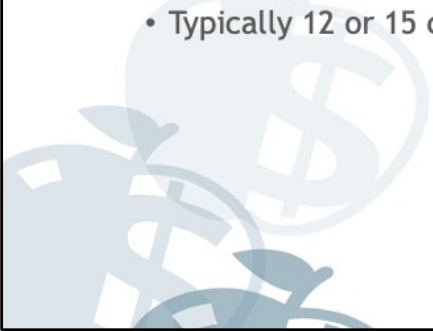
As mentioned earlier, FTE stands for full-time equivalent. If both the number of days or the number of hours are unknown, service credit for college and university educators can also be determined based on the institution's FTE workload. FTE varies by institution.

Your college or university must determine its full-time equivalent and notify STRS Ohio. A typical FTE based on credit hours is 12 or 15 credit hours for most colleges and universities.

Calculating service credit (FTE)

Important points

- One year of service credit granted when workload averaged over two semesters exceeds 66% of FTE
- Maximum credit per semester at 100% FTE is **0.50** of a year
- Service credit for semesters divided into shorter units is limited to that unit's portion of a full semester
- Service credit for summer sessions that cross fiscal years must be prorated (fiscal year is July–June 30)

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Once your FTE is established, you will add the total number of credit hours worked per semester, subtract any overload hours and divide by the total number of FTEs in the year to calculate service credit. Overload hours are the number of hours worked exceeding the set FTE. A full year of service credit is earned when the calculation exceeds 66%.

The maximum credit that can be earned for a semester is 0.50 of a year.

Service credit granted for semesters divided into shorter units, such as split summer sessions, is limited to that unit's portion of a full semester.

Service credit for summer sessions that cross fiscal years must be prorated. Credit can be divided between fiscal years by days, weeks or compensation.

Calculating service credit (FTE)

If workdays or hours are unknown, consider the position held when determining how to calculate service:

1. Full-time administrative faculty
2. Credit hour teaching faculty
3. Noncredit hour teaching faculty
4. Faculty on leave

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When workdays or hours are unknown, it may be easier to consider the type of position held by the individual when determining how to calculate service. STRS Ohio-covered members likely fall into one of four categories:

1. Full-time administrative faculty;
2. Credit hour teaching faculty;
3. Noncredit hour teaching faculty; or
4. Faculty on leave.

Full-time administrative faculty

Example — Days not known

- One of your academic deans is retiring Feb. 1
  - Regular contract amount for full year: $120,000
  - Earnings by end of January: $80,000

$80,000 ÷ $120,000 = 0.67
Member earns 1.00 year of service credit

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Take a look at this example for a full-time administrative faculty member. In this example, days are not counted by your university.

One of your academic deans is retiring effective Feb. 1. His regular contract amount for a full year is $120,000. By the end of January, he earned $80,000. His service credit would be calculated by dividing the actual earnings by the contract amount, so $80,000 divided by $120,000 — which equals 0.67.

For this member, you would report 1.00 year of service credit since the calculation is greater than 66%.

Full- or part-time credit hour teaching faculty

- Employer determines FTE
- A full year of credit is earned when the calculation exceeds 66%
- Calculation:

$$\left(\text{Sum of credit hours worked per semester} - \text{Overload hours}\right) \div \text{Total FTEs in the year}$$

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Now, let's look at the calculation for full- or part-time credit hour teaching faculty. Remember, a full year of credit is earned when the calculation exceeds 66%.

Subtract any overload hours from the sum of credit hours worked per semester. Divide that number by the total FTEs in the year.

Full- or part-time credit hour teaching faculty

Example — No overload

- Your school has set 15 credit hours as the FTE per semester
- A faculty member works nine credit hours fall semester and six credit hours spring semester

$$(9 + 6) \div (15 \text{ credit hours} \times 2 \text{ semesters})$$
$$15 \div 30$$

Member earns 0.50 year of service credit

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Here is an example of the calculation for a faculty member with no overload hours.

Your university has set 15 credit hours as the FTE per semester. A faculty member works nine credit hours in the fall and six credit hours in the spring. To calculate his service credit, first add the fall and spring credit hours, which is nine plus six. Then divide that sum by the total FTEs, which is 15 credit hours times two semesters.

That comes out to 15 divided by 30, so the member earns 0.50 year of service credit.

Full- or part-time noncredit hour teaching faculty

- A full year of credit is earned when the calculation exceeds 66%
- Use a consistent calculation
  - Hours
  - Reasonable full-time measure

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When it comes to noncredit hour teaching faculty, a full year of service credit is earned when your calculation exceeds 66%, just as in credit hour teaching faculty.

You must calculate service credit using the same method across the board whether they are full- or part-time faculty. You can use the hours method or a reasonable full-time measure. Let's take a closer look at what those methods entail.

If the individual is paid hourly, you can calculate service credit based on hours. For more information on calculating service credit by hours, please refer to the *Service Credit Decision Tree,* which is available on the STRS Ohio Employer Website.

Full- or part-time noncredit hour teaching faculty

Option 2 — Reasonable full-time measure

- Your university must determine a reasonable measure of salary or other qualifications to be considered full time (i.e., receive all benefits as a full-time person)
  - **Salary:** (Total actual earnings – overload earnings) ÷ reasonable full-time salary determination
  - **Conversion to FTE:** Converting hours to credit hours and calculate using FTE

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If you choose not to calculate service based on hours, your college or university must determine a reasonable measure of the salary or other qualifications that would normally qualify someone to be considered full time. In other words, the employer must determine criteria that would allow an individual to have the same pay and fringe benefits like health insurance as other full-time staff.

If you are able to determine a particular salary as a full-time measure, then service credit could be calculated as the total of actual earnings per semester minus overload earnings, then divide that number by the reasonable annual full-time salary determination.

If you are unable to determine a reasonable salary, you may be able to make a reasonable determination by converting hours to credit hours and calculate using FTE.

Full- or part-time noncredit hour teaching faculty

Example 1 — Salary

- Your university has determined that an individual earning $50,000 annually ($25,000 per semester) would normally be eligible for full-time benefits

- An individual teaching noncredit hour courses earned $26,000 in the fall and $14,000 in the spring

$$($26,000 + $14,000 – $1,000) \div $50,000$$
$$$39,000 \div $50,000 = 0.78$$
Member earns 1.00 year of service credit

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Here is an example of using salary as a full-time measure. Let's say your university has determined that an individual earning $50,000 annually ($25,000 per semester) would normally be eligible for full-time benefits at the university.

An individual teaching noncredit hour courses earned $26,000 in fall semester and $14,000 in spring semester. Her service credit would be calculated as actual earnings per semester minus overload earnings divided by the reasonable full-time salary determination.

The calculation is $26,000 plus $14,000, minus $1,000 for overload earnings, which comes to $39,000. Divide that by $50,000 to get 0.78. Because that is over 66%, she earns 1.00 year of service credit.

Full- or part-time noncredit hour teaching faculty

Example 2 — Conversion to FTE

- Your university has set 12 credit hours as FTE per semester. You determine that 10 hours of work is equivalent to one credit hour
- A noncredit hour individual works 50 hours per semester, which would equate to five hours FTE

$$(5 + 5) \div (12 \times 2) = 10 \div 24 = 0.42$$

Member earns 0.42 year of service credit

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Now, let's go over an example of converting hours to credit hours. In this example, your university has an FTE of 12 credit hours per semester. You determine that 10 hours of work would be equivalent to one credit hour.

A noncredit hour individual works 50 hours each semester. This equates to five credit hours per semester. Using the FTE method as outlined for credit hour teaching faculty, his service credit would be calculated by adding fall hours plus spring hours minus any overload hours, then dividing that number by the total FTEs.

In this example, add five credit hours from fall and five credit hours from spring, then divide by the FTE, which is 12 credit hours per semester. Ten divided by 24 is 0.42, so he earns 0.42 year of service credit.

Nonteaching periods (leaves of absence)

Faculty on a <u>partially</u> paid leave of absence

Compensation paid	÷	Compensation the member would have received if remained in position held

Calculated credit exceeding 66% is *not* rounded to a year

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At times, you will need to calculate service credit for an individual on a partially paid leave of absence. Divide the compensation paid by the compensation the member would have received if he or she had remained working in the position held.

Calculated service credit exceeding 66% is **not** rounded up to one year of credit when calculating service for a leave of absence.

Correcting service credit for prior years

Send an email or letter to STRS Ohio including:

- Member's name
- Last four digits of Social Security number
- Fiscal year being corrected
- Correct service credit
- Method used for calculation

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If you need to correct service credit for a prior fiscal year, send an email to report@strsoh.org or a letter to STRS Ohio with the member's name, last four digits of his or her Social Security number, the fiscal year being corrected, the correct service credit and the method used to calculate the corrected service credit.

Now, let's review the online resources available to STRS Ohio employers.

Online resources

- Employer Self Service (ESS)
- News
- Education & Training
- Secure File Upload
- Publications and Forms
- Calculators
- Contact Us

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Take a look at your handout for today's webinar; let's review all of the resources listed.

[Employer website demonstration]

Questions

We're here to assist you
- Call toll-free: 888-535-4050
- Send an email: report@strsoh.org
- Visit our website: www.strsoh.org/employer

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We hope the information presented today has been helpful. If you have additional questions, please contact us by phone or email, or visit our website for additional resources.

Thank You!

- A recording of this webinar will be available in the Education & Training section of the employer website
- Certificates of completion will be emailed within two weeks
- Please complete the evaluation

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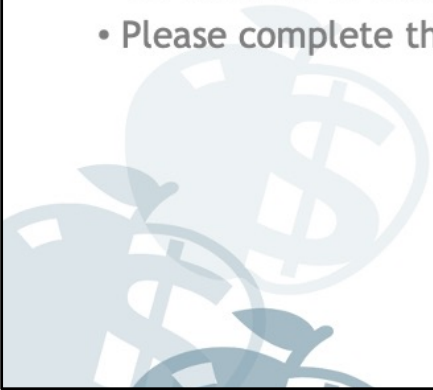
You will be able to view the recording of this webinar on the employer website within the next week.

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As you exit the webinar today, an evaluation will pop up. Please take a moment to give us your feedback.

We will stay on the line and check in with Patty for questions, but feel free to exit the webinar now. Thank you!