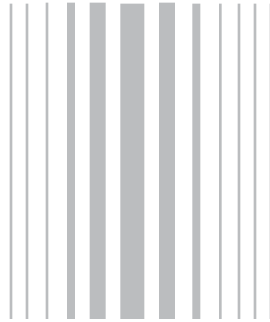
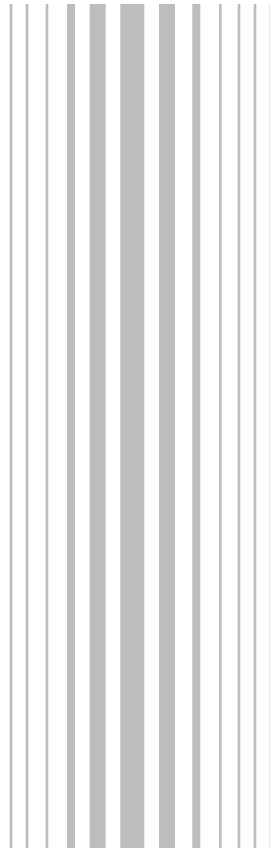




State Teachers Retirement System  
of Ohio



# Contributions on Earnings for TPO Service



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# CONTRIBUTIONS ON EARNINGS FOR TPO SERVICE

## OVERVIEW

STRS Ohio members who are paid for service to teacher professional organizations (TPOs) — also known as collective bargaining organizations or unions — may make contributions on some or all earnings for this service. State Teachers Retirement Board Rules 3307-6-01 and 3307-6-02 went into effect July 1, 2001, to permit contributions on compensation for TPO service both before and after that date.

Members absent from the classroom to serve other teachers through TPOs have always been permitted to complete retirement contributions on what they would have earned had they remained in their teaching position, adjusted for salary schedule increases. These Board Rules do not change this opportunity, but formalize and clarify the circumstances under which additional contributions for TPO service can be made. In addition, the rules define and limit the payments that qualify as compensation for teaching service and are thus eligible for retirement contributions.

With the adoption of the Board Rules, contributions on payments for local, state or national TPO service can be remitted to STRS Ohio — so long as the total annual compensation on which contributions are based does not exceed an amount calculated by multiplying the daily contract rate for actual teaching service by 250 days. A member may also contribute on service for other supplemental duties not related to a TPO.

Beginning July 1, 2004, payment for TPO service can **only** qualify for retirement contributions if the collectively bargained agreement between an employer and a TPO specifies the following:

1. Compensation will be paid for TPO service;
2. The name of the individual or title of the position to be paid;
3. The rate of pay or amount of payment; and
4. The number of days or time periods for which the individual will be paid.

The decision on whether payment for TPO service should be included in a collectively bargained agreement is up to employers, TPOs and their members.

**If compensation for TPO service is included in the collectively bargained agreement, contributions on payments for TPO service are required and must be remitted to STRS Ohio with payroll reports and be included in the *Annual Report of Member Contributions*.**

## EMPLOYER REQUIREMENTS

If compensation for TPO service is included in the collectively bargained agreement, contributions on this compensation must be remitted to STRS Ohio with payroll reports as if it was regular earnings.

Employers are required to:

- Submit a copy of the collectively bargained agreement to STRS Ohio. Each time the agreement is renegotiated, the employer needs to send STRS Ohio an updated copy.
- Include contribution amounts in payroll reports and remit contributions on earnings for TPO service along with contributions on regular teaching earnings.
- Include contribution amounts in the *Annual Report*.
- Submit a *TPO Contribution Certification* form the day they submit their *Annual Report*. For larger schools, we will accept a signed certification form with a spreadsheet attached that provides the necessary information.

If compensation for TPO service is **not** included in the collectively bargained agreement, contributions **cannot** be made on TPO earnings, and no reporting is required.

## TPO CONTRIBUTION CERTIFICATION

Beginning in 2005, employers must submit a *TPO Contribution Certification* form to STRS Ohio the day they submit their *Annual Report*. This form asks the employer to certify contributions remitted to STRS Ohio on earnings for TPO service for the fiscal year. The form is included in the annual reporting packet mailed to employers each June.

To properly complete the form, the employer must provide the following information for each member who remitted contributions to STRS Ohio on earnings for TPO service:

- Member's name;
- Social Security number;
- Base contract amount;
- Number of days in the base contract;
- Amount of TPO earnings; and
- Amount of contributions submitted on TPO earnings.

Please sign the form and include your STRS Ohio employer number before returning the form to STRS Ohio. See Page 3 for a sample certification form.



## TPO CONTRIBUTION CERTIFICATION

Please provide the following information for each member who submitted contributions to STRS Ohio on earnings for service to teacher professional organizations (TPOs) or unions for the fiscal year. Please certify this form and return it to: STRS Ohio, Attn: Employer Reporting, 275 E. Broad St., Columbus, OH 43215-3771. If you have questions about completing this form, please call your STRS Ohio employer advisor toll-free at 1-888-535-4050.

**For the STRS Ohio fiscal year beginning July 1, 200X, and ending June 30, 200X**

| Member's Name | Social Security Number | Base Contract Amount | Number of Days in Base Contract | TPO Earnings | Contributions Submitted on TPO Earnings |
|---------------|------------------------|----------------------|---------------------------------|--------------|---|
|               |                        | \$                   |                                 | \$           | \$                                      |
|               |                        | \$                   |                                 | \$           | \$                                      |
|               |                        | \$                   |                                 | \$           | \$                                      |
|               |                        | \$                   |                                 | \$           | \$                                      |
|               |                        | \$                   |                                 | \$           | \$                                      |
|               |                        | \$                   |                                 | \$           | \$                                      |
|               |                        | \$                   |                                 | \$           | \$                                      |
|               |                        | \$                   |                                 | \$           | \$                                      |
|               |                        | \$                   |                                 | \$           | \$                                      |
|               |                        | \$                   |                                 | \$           | \$                                      |

As an employer of the members listed above as defined in Section 3307.01(A) of the Ohio Revised Code, I certify that the base contract amount the member would have earned, adjusted for midyear increases, and the number of days in the base contract for the fiscal year 200X–200X are complete and accurate. I also certify that contributions on earnings for service to TPOs or unions reported via fiscal year payroll reports and the *Annual Report of Member Contributions* are complete and accurate.

Certified by \_\_\_\_\_ Title \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Employer \_\_\_\_\_

Employer number \_\_\_\_\_ Phone (\_\_\_\_\_) \_\_\_\_\_  
Area code

# QUESTIONS AND ANSWERS

## **Why did the State Teachers Retirement Board adopt Rules 3307-6-01 and 3307-6-02?**

Members absent from the classroom to serve other teachers through TPOs have always been permitted to complete retirement contributions so that they are neither advantaged nor disadvantaged as compared to other members. These Board Rules formalize and clarify the circumstances under which contributions can be made. In addition, the rules define and limit the payments that qualify as compensation for teaching service and are thus eligible for retirement contributions.

## **Why did STRS Ohio accept contributions on TPO earnings in the past if it was not allowed?**

STRS Ohio relies on employers for accurate reporting as outlined under Chapter 3307 of the Ohio Revised Code. In the past, employers did not itemize sources of earnings for members. As a result, STRS Ohio was unaware that some employers were submitting contributions on TPO earnings. The Board Rules were adopted to formalize, clarify and define the payments that qualify as compensation for teaching service and are therefore eligible for contributions.

## **Who is eligible to remit contributions on TPO earnings?**

Effective July 1, 2004, compensation for TPO service must be part of the collectively bargained agreement between the employer and TPO to qualify for contributions. If compensation for TPO service is included in the collectively bargained agreement, contributions on this compensation must be remitted to STRS Ohio with payroll reports.

Active members and reemployed retirees who meet **all** the following criteria may be eligible to remit contributions if they:

- Worked full time or part time for a TPO\*;
- Received compensation for service to a TPO; and
- Are not eligible for any other retirement benefits, except Social Security, based on the payment received for performing such service.

## **Can contributions be remitted on compensation for TPO service performed before July 1, 2004?**

No, this is no longer an option. State Teachers Retirement Board Rules 3307-6-01 and 3307-6-02 went into effect July 1, 2001, to permit contributions on compensation for TPO service. At that time, an application was required for service before July 1, 2001, and for service from July 1, 2001, through June 30, 2004, that was not part of a collectively bargained agreement. The deadline for members to remit contributions on prior service was June 30, 2004. Beginning July 1, 2004, compensation for TPO service must be part of a collectively bargained agreement between the employer and TPO to qualify for contributions.

## **How should contributions be remitted to STRS Ohio?**

Contributions for service after July 1, 2004, should be remitted to STRS Ohio with employer payroll reports. Employers are also required to certify these contributions as part of the annual reporting process.

\*TPO must qualify as an employee organization under the terms of Section 4117.01 of the Ohio Revised Code.

## What compensation qualifies?

A member may contribute on earnings for teaching service and TPO service for a maximum combined total of 250 days of service calculated on the base contract's daily rate of pay. Additionally, a member may contribute on service for other supplemental duties not related to a TPO (e.g., class advisor and coaching).

### EXAMPLE 1

**Member with a full-time teaching contract of 183 days and part-time service to a TPO:**

|                   |                 |
|-------------------|-----------------|
| Base contract:    | \$36,600        |
| TPO compensation: | \$10,000        |
| Total earned:     | <u>\$46,600</u> |

Daily rate of pay:  $\$36,600 \div 183 \text{ contract days} = \$200$

Maximum allowable earnings:  $\$200 \times 250 \text{ days} = \$50,000$

*This member may contribute on amounts up to the total \$46,600 earned.*

### EXAMPLE 2

**Member with only full-time service to a TPO:**

Base contract: \$41,175

TPO compensation earned: \$57,500

Daily rate of pay:  $\$41,175 \div 183 \text{ contract days} = \$225$

Maximum allowable earnings:  $\$225 \times 250 \text{ days} = \$56,250$

*This member may earn the entire \$57,500, but may only contribute on a total of \$56,250.*

Members who are on a leave of absence to perform service for a TPO are limited to the greater of actual compensation earned up to the equivalent of 250 teaching days of pay or the amount they would have earned if they had not been on a leave.

### **Why are the earnings limited to 250 days at the contractual daily rate?**

State Teachers Retirement Board Rules 3307-06-01 and 3307-06-02 deem compensation actually paid for TPO service as compensation for teaching service. The Retirement Board reviewed various paid positions in TPOs and found that they most accurately match comparable 250-day administrative positions.

### **Why are contributions only allowed on paid service?**

This is consistent with the Ohio Revised Code governing service amenable to contributions and other purchasable service rules and guidelines with STRS Ohio. Members cannot purchase credit or remit contributions on service if wages were not paid or a contract for paid service did not exist.

### **How do contributions on TPO earnings affect Social Security contributions?**

Making contributions to STRS Ohio on TPO earnings does not eliminate any obligations to Social Security.

### **Do members need to terminate TPO employment to be eligible for STRS Ohio retirement?**

No. Termination of TPO employment is not required to be eligible for STRS Ohio retirement, nor is TPO service after retirement subject to the two-month waiting period. TPO service can continue immediately after retirement without forfeiting STRS Ohio benefits.

### **Is there specific contract language that must be included in a collectively bargained agreement to qualify TPO service for contributions?**

While there is no specific language to use, all collectively bargained agreements for contributing on TPO service must specify the following:

1. Compensation will be paid for TPO service;
2. The name of the individual or title of the position to be paid;
3. The rate of pay or amount of payment; and
4. The number of days or time periods for which the individual will be paid.

See Pages 7–10 for contract examples and sample contract language.

# CONTRACT EXAMPLES

The following examples are excerpts from actual contracts negotiated between employers and TPOs. Please note that effective July 1, 2004, retirement contributions are either required or excluded based on the contract language and the maximum annual compensation for an individual.

## EXAMPLE 1

### Current contract language:

An employee who is engaged during the school day or on behalf of the TPO in negotiations, mediation, bargaining, grievances or arbitration with any representative of the Board shall be released from regular duties without loss of salary. Such appearance(s) shall not be charged against any other leave in this Agreement. The TPO President shall be granted either released time from duties equivalent to one (1) high school class period per day without loss of pay or a stipend in the amount of four thousand dollars (\$4,000) paid in three (3) equal installments, to conduct Association business. The Association President will inform the Board of his/her choice for the upcoming school year by June 15.

### Analysis of current language:

Payments to the TPO president under the above agreement meet the requirements because the contract specifies that the additional payment the TPO president can elect to receive is \$4,000 per school year. As a result, retirement contributions would be required up to the applicable annual maximum.

Please note that under the above agreement, only the TPO president is eligible to remit contributions to STRS Ohio on earnings for TPO service. Teachers who are granted release time for TPO service cannot remit contributions on earnings for this service because the collectively bargained agreement does not provide pay for such service or specify a rate of pay.

### Suggested language change:

If the parties decide that the agreement will provide payment beyond regular teaching salary for teachers other than the TPO president, the first two sentences could be changed to read as follows to qualify that payment for retirement contributions up to the applicable individual annual maximum:

An employee who is engaged during the school day or on behalf of the TPO in negotiations, mediation, bargaining, grievances or arbitration with any representative of the Board shall be released from regular duties without loss of salary PAID BY THE EMPLOYER. Such appearance(s) shall ALSO BE COMPENSATED BY THE TPO AT A RATE OF TWENTY DOLLARS (\$20.00) PER APPEARANCE, UP TO AN ANNUAL MAXIMUM OF ONE THOUSAND DOLLARS (\$1,000) AND SHALL not be charged against any other leave in this Agreement.

## EXAMPLE 2

### Current contract language:

Teachers, not to exceed three (3) in number, who are elected or appointed to full- or part-time positions with the TPO, or any organization with which it is affiliated, will, upon proper application, be reassigned without pay, except as hereinafter recited, for the purpose of accepting these positions. The TPO will reimburse the Board, as outlined in Appendix U, for the costs associated with any teacher so reassigned. Teachers granted such leaves of absence shall continue to accrue seniority for salary increments and seniority for all other purposes as though they were in regular service. Upon return to service they shall be placed in the departmental and school assignment which they left, or one mutually agreed upon, with all accrued benefits, seniority and increments that they would have earned had they been in regular service.

### Analysis of current language:

The appendix referenced above lists payments by the Board that will be reimbursed by the TPO. The list includes “salary,” but the contract does not specify what salary, if any, is to be paid for service to a TPO for individuals reassigned without pay, nor does it specify the rate of any such payment and the time/days of service required. Thus, under the existing agreement, compensation eligible for retirement contributions would be limited to contract teaching salary and any extended/supplemental contracts in effect immediately prior to the reassignment, adjusted by increases in the salary schedule.

### Suggested language change:

If the parties decide that the agreement will provide payment for service to the TPO, the capitalized language below could be added:

Teachers, not to exceed three (3) in number, who are elected or appointed to full- or part-time positions with the TPO, or any organization with which it is affiliated, will, upon proper application, be reassigned without pay, except as hereinafter recited, for the purpose of accepting these positions. The TPO will reimburse the Board, as outlined in Appendix U, for the costs associated with any teacher so reassigned. **SUBJECT TO REIMBURSEMENT AS SPECIFIED BY APPENDIX U, THE BOARD SHALL PAY TEACHERS GRANTED SUCH LEAVES AN AMOUNT EQUAL TO THE SUM OF:**

- (A) SALARY FOR REGULAR CONTRACT SALARY IN EFFECT IMMEDIATELY PRIOR TO THE LEAVE AND REASSIGNMENT, ADJUSTED INCREMENTALLY UNDER THE SALARY SCHEDULE; AND
- (B) PAYMENTS UNDER SUPPLEMENTAL OR EXTENDED CONTRACTS ACTUALLY PERFORMED OR IN PLACE IMMEDIATELY PRIOR TO THE LEAVE AND REASSIGNMENT; AND
- (C) AN ADDITIONAL AMOUNT OF \$X PER YEAR. [Note that this might also be described as AN AMOUNT EQUAL TO PAY AT THE PER DIEM SALARY RATE UNDER (A) FOR AN ADDITIONAL XXX DAYS PER SCHOOL YEAR.]

Teachers granted such leaves of absence shall continue to accrue seniority for salary increments and seniority for all other purposes as though they were in regular service. Upon return to service they shall be placed in the departmental and school assignment which they left, or one mutually agreed upon, with all accrued benefits, seniority and increments that they would have earned had they been in regular service.

### EXAMPLE 3

#### Current contract language:

Upon written request of the TPO, the TPO President and up to three (3) others shall be assigned to the TPO to conduct TPO business. Any employee so assigned shall be paid the full salary to which the employee is entitled according to Appendix A, Schedule C; shall enjoy all increments, benefits and leaves as other bargaining unit members; and shall continue to accrue seniority. The TPO shall reimburse the Board for salary, medical, dental and term life benefits provided to such employees, retirement contributions paid on their behalf, and other expenses related to salary and fringe benefit costs.

#### Analysis of current language:

Because the contract language above references a rate of pay specified by the appendix, contributions would be **required** up to the annual maximum on the amount, if any, by which the salary provided to TPO officials by Appendix A, Schedule C, exceeds the contract salary/status in effect at the time a member began TPO service.

However, because the language does not specify whether additional days or hours can be worked, contributions **cannot** be made on any other pay provided under extended or additional days of service.

#### Suggested language change:

If the parties decide that the agreement will provide payment in excess of the annual amount specified by the appendix, contributions would be required. The capitalized language below could be added to authorize and require an individual to make contributions on amounts up to the annual compensation maximum calculated by multiplying the per diem rate under the contract for teaching service unrelated to a TPO by 250:

Upon written request of the TPO, the TPO President and up to three (3) others shall be assigned to the TPO to conduct TPO business. Any employee so assigned shall be paid the full salary to which the employee is entitled according to Appendix A, Schedule C; **SHALL BE PAID FOR DAYS OF SERVICE IN EXCESS OF 183 PER YEAR AT SUCH RATE**; shall enjoy all increments, benefits and leaves as other bargaining unit members; and shall continue to accrue seniority. The TPO shall reimburse the Board for salary, medical, dental and term life benefits provided to such employees, retirement contributions paid on their behalf, and other expenses related to salary and fringe benefit costs.

# SAMPLE CONTRACT LANGUAGE

The following suggestions are provided for your reference — they are not based on actual contracts.

## SAMPLE 1

The following language provides a leave of absence for members to serve as TPO officials and requires contributions on the amount paid by the TPO if the amount exceeds the daily contract rate for teaching service multiplied by 250:

Up to five (5) employees serving as full-time local, state or national TPO officers shall be entitled upon request of the TPO to be granted unpaid leaves of absence. The following amounts shall be paid by the TPO as compensation for services to the TPO. However, the Board will transmit to STRS Ohio any member and employer retirement contributions received from the TPO:

(List compensation amounts.)

## SAMPLE 2

The following language permits contributions on regular teaching contract salary despite absence from teaching duty. Since no additional compensation is being provided, no additional contributions for TPO service are permitted:

An employee who is engaged during the school day on behalf of the TPO in negotiations, mediation, bargaining grievances or arbitration with any representative of the Board or to serve as a state or national officer of the TPO shall be released from regular duty without any loss of scheduled salary or charge against any other leave granted by this Agreement.

## SAMPLE 3

The following language requires retirement contributions for TPO officials granted release time on regular teaching salary and amounts paid for TPO service up to the applicable annual maximum compensation:

Upon the request of the TPO, the TPO President and up to three others designated by the TPO shall be released from regular duty during any school day to participate in negotiations; mediation; bargaining; grievances; arbitrations; or local, state and national meetings of the TPO. No loss of salary paid by the Board shall occur. In addition, such employee shall be entitled to the following amounts paid by the TPO:

(List compensation amounts.)

## CONTRIBUTIONS FOR TPO SERVICE SUMMARY

| Frequently Asked Questions   | Before July 1, 2001  | July 1, 2001–June 30, 2004  | July 1, 2004, and after  |
|--|--|---|--|
| <i>Can contributions on TPO earnings be made?</i>  | By application only. Certification required by member, employer and TPO.   | <p>If TPO service is not covered by a collectively bargained agreement, then same as “Before July 1, 2001,” unless the employer agrees to account for the earnings for W-2 reporting and sends contributions to STRS Ohio.</p> <p>If TPO service is covered by a collectively bargained agreement, then same as “July 1, 2004, and after.”</p>  | <p>If provided for by a collectively bargained agreement, then contributions are required on TPO earnings regardless of whether the TPO reimburses the employer.</p> <p>If not provided for by a collectively bargained agreement, then contributions cannot be made on TPO earnings.</p>                    |
| <i>What amount of TPO earnings can be contributed on?</i>  | The lesser of: (1) the daily rate of pay per base contract times the difference between 250 days and the number of days in base contract or (2) the actual TPO earnings. | Same as “Before July 1, 2001.”  | Same as “Before July 1, 2001.”   |
| <i>How should TPO contributions be remitted to STRS Ohio?</i>  | Contributions remitted by member, employer or TPO based on application and cost letter from STRS Ohio.   | <p>If TPO service is not covered by a collectively bargained agreement, then same as “Before July 1, 2001,” unless the employer agrees to account for the earnings for W-2 reporting and sends contributions to STRS Ohio. If the employer agrees to do this, then the contributions are remitted with payroll reports as if they were regular teaching earnings.</p> <p>If TPO service is covered by a collectively bargained agreement, then same as “July 1, 2004, and after.”</p> | <p>If provided for by a collectively bargained agreement, then contributions are remitted with payroll reports as if they were regular teaching earnings.</p> <p>If not provided for by a collectively bargained agreement, then contributions cannot be made on TPO earnings. No reporting is required.</p> |
| <i>What contract language must be included in a collectively bargained agreement to qualify TPO service for contributions?</i> | Not applicable.  | Agreement must specify: (1) compensation will be paid for TPO service; (2) the name of the individual or title of the position to be paid; (3) the rate of pay or amount of payment; and (4) the number of days or time periods for which the individual will be paid.  | Same as “July 1, 2001–June 30, 2004.”  |



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