Hello and welcome to STRS Ohio’s *Calculating Service Credit Using Days* webinar.

I’m Patty Gordon and joining me today is Todd Wolford. Before we get started on today’s topic, we want to provide some navigation tips on the GoToWebinar control panel you see on your screen.
• First, to ensure your control panel stays visible, click “View” and uncheck the auto-hide control panel option as shown on the screenshot here.

• You can also use the orange arrow to open and close your control panel if you wish to hide it at any time during the webinar.

• In the handout section, you will find a copy of today’s presentation for note taking, as well as any resources related to today’s topic.

• Finally, you may submit questions during the webinar by typing in the questions field of the control panel and clicking “Send.” Only Todd and I will see your questions. Employers ask excellent questions that other employers may have as well. Todd will make sure these questions are addressed to the group during the webinar; however, any individualized question you may ask will be answered directly to you in writing.

• Now that you are familiar with how to use GoToWebinar, let’s look at today’s agenda.
During today’s webinar we will:

• Explain what service credit is and why it’s important;
• Demonstrate how to properly calculate service credit using the days method;
• Review available tools for calculating service credit; and finally,
• Walk through some examples using each of the tools available.
First, let’s define what service credit is. Service credit is the number of years earned through contributing service or purchased for certain types of past employment. It is reported as a percentage of one full year and is granted for service from July 1st through June 30th of each year.

The Administrative Code Rule specifies that if the actual number of days worked is available, the employer must use days to calculate service credit. As a result, you are required to track the number of days worked for each STRS Ohio member. Any portion of a day worked is considered to be one day worked for STRS Ohio service credit calculation purposes. Therefore, if an individual taught for one hour, two hours or eight hours, he or she would receive credit for one day of work.

You may not know that STRS Ohio does not see the number of days worked when you transmit your payroll reports. While this information may be stored in your payroll system, we do not see it.

Each individual’s service credit is calculated based on the number of days worked and employment status (either full time or part time).
Service credit is important because it is one of the main factors used to determine a member’s eligibility to retire. It is also used to calculate a lifetime monthly benefit amount. If a member has a question about service credit earned for any fiscal year, STRS Ohio will refer that individual to you, the employer, as the employer is responsible for tracking each member’s number of days worked.

You will be required to calculate and report service credit for each active member on the annual report submitted to STRS Ohio in August of each year. Also, when a member chooses to take a benefit from STRS Ohio, either through retirement or by requesting a withdrawal of their account, you will be asked to include the member’s service credit for the fiscal year on the final employer certification.
Besides tracking the number of days worked, you will also need to determine whether individuals in STRS Ohio-covered positions meet the criteria for full time or part time, as defined by STRS Ohio for service credit calculation purposes.

As an employer, your definition of full time and part time for purposes of granting benefits may differ from STRS Ohio’s definition when calculating service credit. For purposes of calculating service credit, you must use the following STRS Ohio definitions.
For K–12 employers to be considered full time, a member’s contract must meet both of the following criteria:

1. Contract begins and ends on the first and last day of a 365-day year or is based on a school year of at least the minimum hours required by law;

   and

2. Provides compensation equal to 100% of the full-time salary as defined by the employer’s salary schedule for an individual teaching all day, every day.
For college and university employers, a member is considered to be full time when the member’s contract begins and ends on the first and last day of a 365-day year or a two-semester academic year;

AND

Provides compensation equal to the rate paid to other educators of the same experience teaching the designated full-time equivalent workload.
Members who meet the definition of full time receive a full year of service credit when 120 days of work are completed.

If a member does not meet the criteria for being full time, then he or she is considered to be part time.

It is also important to note that if a full-time contracted individual does not complete 120 days of work, then service credit is calculated using the part-time rule.

A member who has a full-time contract and completes 120 days of work will receive 1.00 year of service credit.
A common myth is that if an STRS Ohio member works 120 days, then that individual is entitled to a full year of credit. If the member meets the criteria of full time as defined by STRS Ohio, then that individual would receive a year of credit for 120 days worked. However, if the member is considered part time, then the determining factor would be whether or not the member earned state minimum salary.

You must remember to consider all of the pieces of the calculation to properly determine service credit.

As we discuss calculating part-time service credit in the next section, it may helpful to have the Service Credit Decision Tree handout in front of you.

This is a great resource that takes you step by step through calculating service credit. Make sure you are using the correct Service Credit Decision Tree for the period in which the service was performed. For today’s purposes we will use the Service Credit Decision Tree effective July 1, 2019.
There are a couple of questions you need to ask when calculating part-time service credit. The first question is: “Did the member work at least 90 days?” If the answer is “no,” service credit will be the lesser of actual days divided by 180 or actual compensation divided by $12,000.

If the member did work at least 90 days, then you need to determine if there was a 120-day employment relationship between the school and the employee.

The 120-day relationship exists between a teacher and employer when the teacher has been employed under a full- or part-time contract or is on an approved leave of absence for at least 120 days of the scheduled school year. The scheduled school year is defined as the first teacher workday to the last teacher workday.

Substitute teachers or tutors who may not be issued contracts could meet the 120-day employment relationship, provided they have been on an approved tutor or substitute list for at least 120 days of the school year.

If the employment relationship was not in effect for at least 120 days, then service credit will be the lesser of days divided by 180 or actual compensation divided by $12,000. However, if the member worked at least 90 days and had the 120-day employment relationship, there is an additional question that needs to be asked before calculating the service credit.

“Did the member earn at least the state minimum salary for a bachelor’s degree with no experience?” Currently the state minimum salary is $30,000. A listing of past and current state minimum salaries is also included as a handout for today’s webinar.

If the member did not earn the state minimum salary, then service credit is calculated by taking the lesser of actual compensation divided by $12,000 OR days divided by 180. We will look at an example in a few minutes so you can see how this calculation works.

If the member did earn at least $30,000, worked at least 90 days and had a 120-day employment relationship, then this part-time member is entitled to a full year of service credit.
Now let’s take a look at an example. We have a teacher, under contract, who worked 100 days and retired effective January 1st. She earned $60,000.
If we start out in the black polygon, it asks if she was employed under a full-time contract. The answer is “yes,” so we will go to the next box. “Number of days recorded by employer?” This question is asked several times throughout the flowchart. For all K–12 employers and those colleges and universities who calculate service credit using the days method, you are required to track or record number of days worked for each of your STRS Ohio contributing employees. There are some college and university employers who do not know the number of days worked and therefore calculate service credit using the number of hours worked or the full-time equivalent method known as FTE.

So the answer to this question is, “Yes, we record number of days.” Now, did she work at least 120 days? No, she only worked 100 days, so it takes us over to calculate service credit as part time.

She taught at least 90 days, so we have to consider if she had the 120-day employment relationship. Since the school year began in early August and her employment relationship ended in December, she did not have a 120-day employment relationship. Once we confirm we still record number of days, the decision tree tells us to calculate service credit by using the lesser of days worked divided by 180 or actual compensation divided by $12,000.
If we take 100 divided by 180, that will give us .555, so we can round to .56. If we compare that to her actual compensation of $60,000 divided by $12,000, that will give us 5. Since it is the lesser of these calculations, she will receive .56 of a year of service credit.
The Service Credit Decision Tree is the best tool for truly understanding the process of calculating service credit. However, we also have two other tools available to help you properly calculate service credit — the service credit calculator on the employer website and the part-time service credit calculation table.

Let’s take a closer look at these other two tools and an example using each.
You may choose to use the service credit calculator located on the STRS Ohio Employer Website. Once you are on the employer website, scroll down to the bottom of the page and look in the left-hand corner under Calculators. Click on “Service Credit.”

Choose the appropriate option based on the service credit method you use.
Let’s look at another example. We have a part-time tutor, who worked 100 days and earned $19,500. He was on the approved tutor list for the school. Let’s use the service credit calculator to see what his service credit would be.
Once we choose the fiscal year from the drop-down menu, it asks us to enter the number of days worked, including used vacation and sick leave. We will enter 100 days and move on to compensation. He earned $19,500, so we will enter that amount here. The next question asks whether or not he had an employment relationship for at least 120 days of the school year. The answer is “yes” because he was on the approved tutor list for the entire school year.

The next question we will see is, “Did the member work any portion of every day of the school year with this employer?” The answer to that is “no” because he only worked 100 days. Now we will click on the “Calculate” button and it shows he will receive 0.56 for service credit.
The third tool you may choose to use is the Part-time Employment Status calculation table shown here. It simplifies the information used in the Service Credit Decision Tree flowchart for calculating part-time service credit.

It is important to note that all three of the tools we’ve discussed will give you the same answer when calculating service credit, but depending on your preference, you may find using one easier than the others. If you calculate service credit using the Service Credit Decision Tree or the part-time table, I recommend doing a quick recheck using the service credit calculator on the website.

Let’s look at an example using the part-time table.
We have a substitute teacher, who worked 124 days this school year at a daily rate of $95. Let’s do the math to calculate her total earnings for the year. If she worked 124 days at $95 per day, she earned total compensation of $11,780.

Our first step is to determine if she is full time or part time according to STRS Ohio definitions.

Remember, in order to be considered full time, she must have a contract that is based on a school year of at least the minimum hours required by law and that provides compensation equal to 100% of the full-time salary as defined by the employer’s salary schedule for an individual teaching all day, every day of the school year.

Most substitute teachers do not have a contract, so she would be considered part time. In the event she did have a contract, she still wouldn’t meet the second part of the criteria for full time that states her compensation is equal to that of someone on the employer’s salary schedule teaching all day, every day of the school year. Generally, someone teaching all day, every day, would make more than $11,780.

Now that we know she is part time, we need to see if she had a 120-day employment relationship and made at least state minimum salary.

She worked 124 days, so she had the 120-day employment relationship but her total compensation was $11,780 which is less than the state minimum salary of $30,000.
Looking at the part-time service credit table we know she worked 124 days, so we are looking at rows one through three so far since 124 is greater than 90. She also had at least a 120-day employment relationship, so that narrows it down to rows one and two. She earned $11,780 which is less than state minimum salary, so line two will tell us how to calculate her service credit. We need to take the lesser of days divided by 180 or total compensation divided by $12,000.

If we take 124 divided by 180 that gives us 0.69.

If we take her earnings of $11,780 divided by $12,000, that gives us 0.98.

Based on the service credit calculation rules, she has earned the lesser of those two amounts, so you will report 0.69 for service credit.
One other item we need to cover is how to calculate service credit for nonteaching periods, which include unpaid sick leave, professional leaves and sabbatical leaves with partial pay. These leaves tend to be for the entire year, where we don’t have a number of days worked to calculate service credit.

Service credit granted for nonteaching periods is calculated by dividing the amount the member earned by the amount the member would have earned for full-time employment had he or she remained working.

These are uncommon, but they tend to occur more often in colleges and universities. For K–12 employers, an example of when you might use this calculation would be if a teacher who is going to be gone the entire school year for educational purposes and will be paid $20,000, but the salary if this individual would have remained working would have been $54,000.

The only measure we would have to calculate the service credit would be to take compensation paid divided by compensation the member would have earned had this individual remained working.

Members are eligible to purchase or “make up” contributions for certain types of leaves. If a member chooses to purchase a leave of absence, contributions must be made on a full year’s salary for a full year of credit to be granted. They cannot make contributions on 120 days and receive a full year of credit.
If you determine service credit has been calculated incorrectly and a member’s account needs to be corrected, send an email to report@strsoh.org or a letter to STRS Ohio with the following information: the member’s name, the last four digits of the member’s Social Security number, the fiscal year being corrected and the correct service credit.

Also, show the method used to calculate the corrected service credit.
The examples we have used today are relatively simple, but if you have questions regarding how to calculate a specific member’s service credit, please contact us and we’d be happy to walk through it with you.

Anytime you have questions please call STRS Ohio toll-free at 888-535-4050.
Thank you for participating in today’s webinar. We will stay on the line for a few more minutes to answer any additional questions.

Certificates of completion will be emailed within two weeks.

A short evaluation will pop up once you go to leave the webinar. We would appreciate you taking the time to complete it and provide us with your feedback.
Again, we will stay on the line for additional questions, but if you wish to disconnect now, simply click on “File” in your control panel and select “Exit — Leave Webinar.”

Thank you for taking the time to attend this webinar. Have a great day!