



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

50-2071, 4/22/0

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## 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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## Calculating Service Credit Using FTE

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## 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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## Calculating service credit

### Methods

1. Days
2. Hours
3. FTE



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## 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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## 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 1-June 30)



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## 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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## 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

$$\$80,000 \div \$120,000 = 0.67$$

Member earns 1.00 year of service credit



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## Full- or part-time credit hour teaching faculty

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

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



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## 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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## Full- or part-time noncredit hour teaching faculty

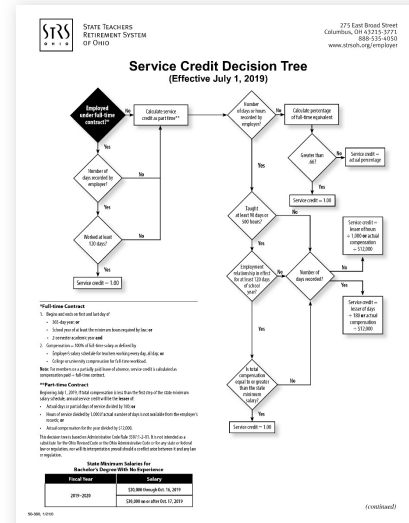
- A full year of credit is earned when the calculation exceeds 66%
- Use a consistent calculation
  - Hours
  - Reasonable full-time measure

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## Full- or part-time noncredit hour teaching faculty

### Option 1 – Paid hourly

- Calculate service credit based on hours
- Follow *Service Credit Decision Tree*



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## 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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## 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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## 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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## Nonteaching periods (leaves of absence)

Faculty on a partially paid leave of absence

Compensation paid

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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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## 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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# Online Resources

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## Online resources

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



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## Online resources

*Employer website demonstration*

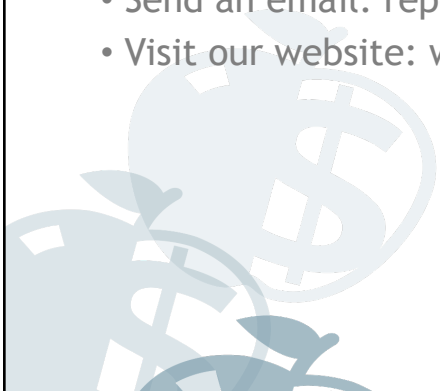


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## Questions

**We're here to assist you**

- Call toll-free: 888-535-4050
- Send an email: [report@strsoh.org](mailto:report@strsoh.org)
- Visit our website: [www.strsoh.org/employer](http://www.strsoh.org/employer)



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## 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

