

## What is 'Full-Time Equivalent'?

'Full-Time Equivalent' is a term used by MainePERS, to define the amount of time an individual would be expected to work, or the amount of compensation an individual would be expected to earn, if they worked **Full-Time** in the position being reported. FTE coding is especially critical to appropriate payroll file coding, as these particular fields are utilized to determine service credit for each member being reported. It is important to remember that when the FTE Contract Amount, or Rate of Pay changes that this must be updated timely and accurately to ensure correct service credit allocation. Please consider the following:

- **FTE Contract:** The amount equal to the annual contracted amount that an individual, in that position would be compensated for, if they worked in a full-time capacity during that period of time.

Example: You hire a half time employee. They are going to be paid \$20,000 for the year. What is the FTE Contract amount?

The FTE is \$40,000 because they would earn twice as much if they were a full time employee. Reported correctly creditable service is granted based on  $\$20,000/\$40,000 = .5000$  of a year service credit. Half time employees should earn half time service credit.

- **Hourly/Daily:** The full-time expected hours or days, per week, an individual would be expected to work in the position being reported.
- **FTE Weeks/Year:** The number of weeks, per year (calendar, school or fiscal), that a Full-time individual would be expected to work in the position being reported.

Example: You hire a part-time hourly employee who works 20 hours per week, at \$19.25/hour. If the employee worked full time, they would work 40 hours per week, and 52 weeks per year, for a total of 2,080 hours per year. In order to determine service credit, the Full-time Equivalent Contract amount would need to be calculated, this is done by multiplying the total hours per year, by the base rate of pay ( $2080 \times 19.25 = 40,040$ ). The monthly earnable compensation per month is pro-rated against the 'FTE Contract' to determine service.

- Total Monthly Hours: 80
- Rate of Pay: \$19.25
- Total Earnable Compensation for Month: \$1,540.00
- Earnable Compensation/FTE Contract = Service Credit  
( $\$1,540/\$40,040 = .0386$  for month)
- $.0386 =$  approximately 14 days =  $\frac{1}{2}$  a month

Please note that regular positions that are less than full time cannot be reported with a YEX Stipend Code. The YEX position code is only for use with a position that coaches, advises, coordinate, or supervises students engaged in academic or athletic extracurricular activities.

Any questions regarding how to determine Full-Time Equivalent should be directed to your Employer Services Technician.