![Kentucky Public Pensions Authority logo] **E**mployer **R**eporting,
Compliance & **E**ducation
School Board Team
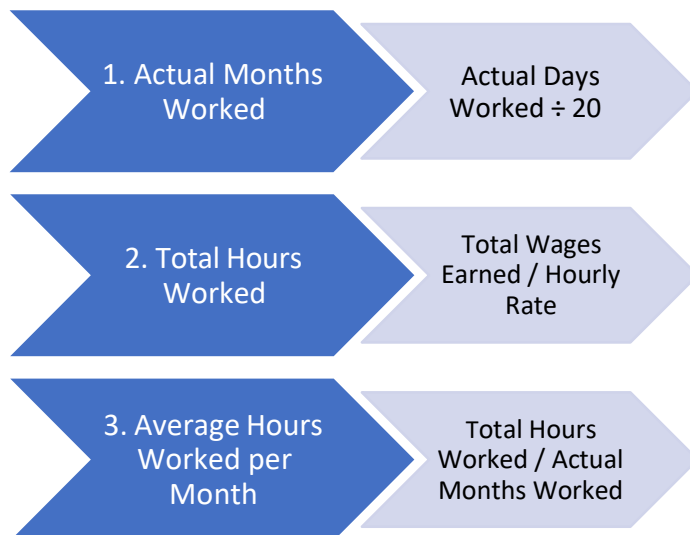
Determining School Board Service Credit

School board service credit is awarded based on an averaging calculation. The averaging process utilizes the days worked reported on the End of Year file each school board submits. Once a year, as part of the Kentucky Public Pensions Authority (KPPA) fiscal year end jobs, the averaging calculation is applied for school board employees and service credit is awarded as appropriate.

Did the employee average 80 hours over actual days worked?

As a general rule, if an employee is scheduled to work four or more hours per day, and works at least a total of 80 hours in a school year, the employee will likely average and should be classified as a contributing employee. For example, if an employee works four hours per day and actually works 20 days, the employee will probably average. Using a different scenario, an employee could actually work 10 days at 8 hours per day and the employee would average one month for that fiscal year.

Averaging Calculation

To determine if an employee averages 80 hours over days worked, KPPA applies a three-part calculation:

1. Actual Months Worked	Actual Days Worked ÷ 20
2. Total Hours Worked	Total Wages Earned / Hourly Rate
3. Average Hours Worked per Month	Total Hours Worked / Actual Months Worked

NOTE *Kentucky Revised Statute 78.615(1)(c)* and *105 Kentucky Administrative Regulation 1:300* *define how service credit is awarded and establish that 20 days is to be used in the calculation.*

If the calculated Average Hours Worked over days worked is 80 or greater, the employee averages and should be classified accordingly so that retirement contributions are deducted, unless the employee is reported as Retired Reemployed.

Averaging Calculation Example

For illustrative purposes, we will use the following example:

Joe Smith is a bus driver and actually worked 185 days during the fiscal year. Joe works four hours per day at a salary of $8.00 per hour.

Employer **R**eporting,
Compliance & **E**ducation
School Board Team

Step 1: Calculate Actual Months Worked

| 1. Actual Months Worked | Actual Days Worked / 20 | Joe Smith worked 185 days / 20 | Joe Smith has 9.25 actual months worked |

Step 2: Calculate Total Hours Worked

| 2. Total Hours Worked | Total Wages Earned / Hourly Rate | Joe Smith earned $5920 /$8 per hour | Joe Smith worked 740 total hours |

Step 3: Calculate Average Hours Worked Per Month

| 3. Average Hours Worked over Days Worked | Total Hours Worked / Actual Months Worked | Joe Smith worked 740 hours / 9.25 months actually worked | Joe Smith averaged 80 hours per month over days worked |

Outcome: Using our example, Joe Smith will be awarded 12 months of service credit based on his working 185 days and averaging 80 hours per month over days worked.

Employer **R**eporting,
Compliance & **E**ducation
School Board Team

Kentucky Public
Pensions Authority

Awarding School Board Service Credit

Since July 1, 2000, employees who work at least 180 days and average 80 hours per month over the actual days worked will receive 12 months of service credit. However, an employee's hire date or termination date will determine the maximum months of service credit earned for the fiscal year. The hire date is taken into account the first fiscal year of employment. The termination date is used during the last fiscal year of employment. For example, if an employee began working August 1, 2012, and worked through June 30, 2013, they could earn no more than 11 months of service credit, despite the fact that they may have worked 180 days.

The following chart provides a breakdown of months of service credited based upon days worked:

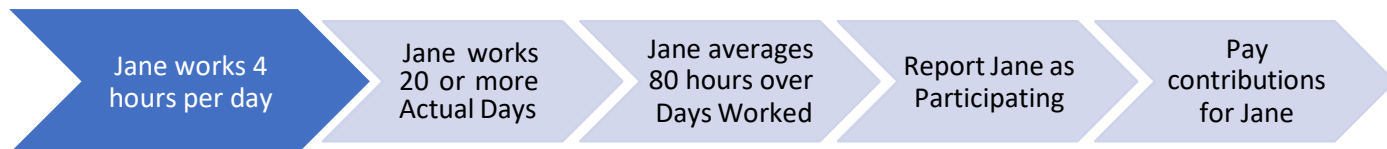| Actual Days Worked	Months Earned
22 Days or Less	1 month
23- 37 Days	2 months
38 - 52 Days	3 months
53 - 67 Days	4 months
68- 82 Days	5 months
83 - 97 Days	6 months
98 - 112 Days	7 months
113 - 127 Days	8 months
128 - 142 Days	9 months
143 - 157 Days	10 months
158 - 179 Days	11 months
180 Days or More	12 months**
**IF AN EMPLOYEE WORKS LESS THAN 180 DAYS PER YEAR, NOT TO EXCEED 11 MONTHS, MONTHS OF SERVICE IS DETERMINED USING THIS FORMULA: NUMBER OF ACTUAL DAYS WORKED / 180 X 12	

Employer **R**eporting,
Compliance & **E**ducation
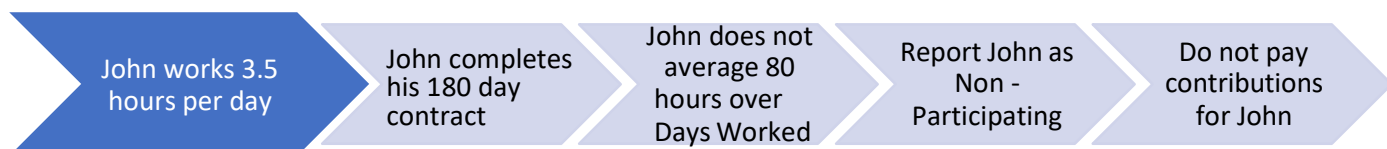*School Board Team*

Kentucky Public
Pensions Authority

To Report or Not to Report?

That is the question. The examples below can help you determine whether or not to report and pay contributions for an employee.

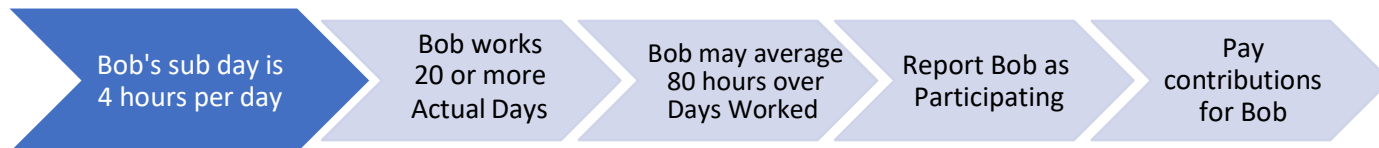**Example 1: Jane is a regular full-time employee in the cafeteria.**

| Jane works 4 hours per day | Jane works 20 or more Actual Days | Jane averages 80 hours over Days Worked | Report Jane as Participating | Pay contributions for Jane |

Example 2: John is a part-time employee in the bus garage.

| John works 3.5 hours per day | John completes his 180 day contract | John does not average 80 hours over Days Worked | Report John as Non - Participating | Do not pay contributions for John |

It is important to note that allowing a Non-Participating Part-Time employee to work more days than originally specified in his or her contract may result in an omitted invoice for that school year.

Example 3: Bob is a substitute bus driver.

| Bob's sub day is 4 hours per day | Bob works 20 or more Actual Days | Bob may average 80 hours over Days Worked | Report Bob as Participating | Pay contributions for Bob |

If Bob has 20 or more actual days worked on the End of Year Report, then Bob would likely average. If Bob averages, he would be awarded any applicable service credit.

If Bob has less than 20 actual days worked on the End of Year Report, Bob's total hours per month would be less than 80 hours, and contributions would be refunded.

Retired Reemployed and Non-Participating Employees

Employers should be aware of the potential costs associated with retirees who return to work in a Retired Reemployed or Non-Participating position status. Read more

Rev 8.29.2024