

School Division Employers

12 PAY/NON-12 PAY SERVICE CREDIT

SERVICE CREDIT DEFINED

The following explanation is to provide some context around service credit and how it is granted to members. This will cover what service credit is and the application of 12 pay and non-12 pay service credit to member accounts. To begin, let's define some key concepts.

Service Credit—The credit a member is granted during periods of employment in which salary is received and contributions are paid to PERA. Service credit may not necessarily equal the number of years employed.

12 Pay Service Credit—A member consistently earns enough salary each month with reported contributions to receive a full month of service credit. The salary must be greater than or equal to eighty times the federal minimum wage hourly rate in effect at the time of service. The monthly reported salary and pay pattern for these members will naturally equal 12 months of service credit in each 12-month period.

Non-12 Pay Service Credit—A member who is employed in a position in which the employment pattern covers a period of at least eight months but less than twelve months per year shall earn one year of service credit. Non-12 pay service credit may also be granted when a member earns less than the minimum salary requirement (80 hours x federal minimum wage) in a 12-month period or any portion of a 12-month period. Service credit applied as non-12 pay may be weighted differently in the calculation of a member's highest average salary.

Example 1:

An example of a 12 pay service credit account would be any contracted position that pays a salary over a 12-month period such as a teacher or administrator. These members usually receive a set salary each month over the school year. They receive a full month of service credit for each month that posts to their member account.

Payroll Month	Pay	Service Credit
7/2020	\$3,500.00	1.000
8/2020	\$3,500.00	1.000
9/2020	\$3,500.00	1.000
10/2020	\$3,500.00	1.000
11/2020	\$3,500.00	1.000
12/2020	\$3,500.00	1.000
1/2021	\$3,500.00	1.000
2/2021	\$3,500.00	1.000
3/2021	\$3,500.00	1.000
4/2021	\$3,500.00	1.000
5/2021	\$3,500.00	1.000
6/2021	\$3,500.00	1.000
		12.000

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Example 2:

An example of a non-12 pay service credit account would be a non-contracted or hourly position that receives a salary over at least eight months of a year but not the entire year such as a teaching assistant or bus driver. These members usually receive varying salary amounts each month and may not receive pay when school is not in session leaving months with zero salary. They would receive more than a month of service credit for each month of salary that posts to their member account in order to bring their service credit to 12 months in a 12-month period.

Payroll Month	Pay	Service Credit
7/2020	\$0.00	0.000
8/2020	\$849.00	1.318
9/2020	\$2,153.00	1.316
10/2020	\$1,985.00	1.316
11/2020	\$2,452.00	1.316
12/2020	\$812.00	1.316
1/2021	\$796.00	1.316
2/2021	\$2,004.00	1.316
3/2021	\$1,254.00	1.316
4/2021	\$677.00	1.316
5/2021	\$68.00	0.154
6/2021	\$0.00	0.000
		12.000

WHAT'S CHANGED

PERA has historically applied non-12 pay service credit on an account by account basis. This was an administrative burden as each member account had to be evaluated independently by a benefits counselor with each evaluation driven by a particular established pay pattern and job title. During those years, it was recognized that many of the same job titles, and mostly those in the School Division, were shifted to non-12 service credit.

As PERA is evolving forward, there is a movement for members to have a more accurate and successful experience with the online calculators and their own account information through secured access. This required that PERA come up with a more accurate representation of service credit, where a majority of accounts are correct without the previous level of review. The new methodology is to grant 12 pay or non-12 pay service credit based on job title. This allows a quicker evaluation of each account and is more accurate for the majority of member accounts in the School Division.

We understand that job title is not a perfect determinant but be assured, that if an individual is working in a position that PERA deemed to be a non-12 service credit position, their service credit will net out to the correct one month for each earned at the end of every academic year as long as they are paid for 12-consecutive months. Therefore, this practice does not negatively impact most members who are classified as a non-12 when their pay pattern is 12 pay.

PERA remains committed to providing timely and accurate information to our members. To ensure we are meeting the demands of our membership, the Board has tasked staff with developing a strategy to improve the online experience. Under this authority, we are able to make policy changes in regards to determining service credit for our membership which acts as the first step down a larger path of increasing the accuracy of online account information to improve self-service capabilities and the overall self-service experience for members into the future.