

**COMMONWEALTH OF PENNSYLVANIA**  
**PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
Telephone: (717) 720-4805, Fax: (717) 772-5372  
E-mail: [tsavidge@state.pa.us](mailto:tsavidge@state.pa.us)

**DATE:** April 8, 2010

**SUBJECT:** Eligibility for Certified and Non-Certified Member Representative Board Elections

**TO:** Elections Committee

**FROM:** Terrill J. Savidge, Deputy Executive Director

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At the Thursday, April 29, 2010 Elections Committee meeting I will present suggested changes to the criteria for determining the eligibility of members to participate in the process of electing certified and non-certified member representatives of the PSERS Board of Trustees.

This past fall, PSERS conducted its first non-certified member election in more than a decade. As part of that process, it became clear that, because of PSERS membership qualification rules and the timing of the elections, PSERS may be inadvertently excluding a portion of the member population in the election process. The specific population at issue includes part-time hourly and part-time per diem employees.

Each year, full-time and part-time salaried employees qualify for PSERS membership from the first day or hour of employment, but part-time hourly and part-time per-diem employees must meet certain qualifications to be considered a member of PSERS for that year:

- part-time hourly employees must work at least 500 hours to qualify for membership, and
- part-time per diem employees must work at least 80 days to qualify for membership.

Prior to the implementation of PSERS' new pension administration system, most employers only reported eligible employees to PSERS after they met the qualification criteria. Since then, employers report all eligible employees from the first day of employment. Until the employee meets the qualification criteria, withholding contributions is optional. If contributions are withheld, the qualification status of the employee is "pending qualified," and if contributions are not being withheld, the qualification status is "pending purchase of service." Once the

employee meets the qualification criteria, the qualification status is “qualified” and they are considered an active member.

The term for a PSERS Board of Trustee member elected through the regular election process begins on January 1 and ends on December 31 of the third calendar year and until his successor is qualified and elected. In support of these terms, elections are generally held in the November preceding the next term commencing in January. In October, PSERS runs a report that selects those individuals who should receive ballots for that November election. In the past, ballots were sent only to those members who were active, qualified members of the system at the time the selection report was run.

It is not uncommon that by October, when the selection process takes place, most part-time hourly and part-time per diem members have not yet rendered enough service to meet PSERS membership qualification requirements for the year. Quite frankly, it's practically impossible to do so. There just aren't enough work days from the beginning of the school year through the beginning of the ballot process for most part-time individuals to work 80 days or 500 hours. Based on last year's numbers, the peak time during the school year part-time hourly and part-time per diem employees meet the qualification status is the January through June timeframe. Although this issue mostly affects non-certified employees, it can also affect certified employees.

To address this issue, I would like to propose that PSERS should, in addition to including active full time members and part time members who have an active or contributing work status and are qualified in the current year, *include those employees who were active and qualified in the prior year and have an active or contributing work status and a qualification status of pending qualified or pending purchase of service in the current year.*

Based on last year's numbers, using the new criteria, about 20,000 more members would have been considered qualified for the purposes of an election. Note that this number represents both certified and non-certified members. Also note that we would have also selected about 5,500 employees who did not end up reaching the qualification criteria by the end of the school year.

Attached for your review is a copy of the presentation highlighting the information contained in this memo, as well as a draft of the Public School Employees' Retirement Board Election Procedures and Guidelines Policy, which has been updated to reflect the recommended changes.

I look forward to presenting this information and answering any questions you might have at the meeting. If there is anything you would like to discuss in advance, please call me at 720-4805.