

So What is a Full-Time Equivalent (FTE) Anyway?

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(The following is adapted from the Canadian Institute for Health Information Guidelines for Management Information Systems in Canadian Health Service Organizations.)

FTE is defined as the **total earned hours** divided by the **normal earned hours**, over a defined period of time.

$$\text{FTE} = \frac{\text{Total Earned Hours in Period}}{\text{Normal Earned Hours for Period}}$$

FTE Numerator:

The **total earned hours** is defined as the **total worked hours** plus the **total benefit hours** plus the **total purchased hours** in the period.

Total Earned Hours = Total Worked Hours + Total Benefit Hours + Total Purchased Hours

The total worked hours and total benefit hours are hours for which compensation is paid. For worked hours, the employee is physically present at work while for benefit hours they are not. Worked hours examples include **regular, relief, overtime, overtime banked, and callback (worked portion)**. Note that the unworked portion of callback are not earned hours and should be excluded from the calculation. Most health boards in NL do not code the unworked portion of the callback separately and cannot exclude them from the calculation. Benefit hours examples include **sick leave, workers compensation leave, vacation leave, jury duty leave, and paid leave**. Excluded from benefit hours are maternity leave, unpaid union leave, and unpaid sick leave as these are not hours for which compensation is paid by the employer.

Total purchased hours are included to recognize services purchased from external organizations. These hours are not commonly seen in health boards in NL.

Banked hours taken and banked hours paid are not included as they should be captured at the point they are earned and banked. Banked hours are usually derived from overtime hours, and should be captured as such. Banked hours are usually recorded in straight-rate banks, and since they are normally earned at 1.5 or 2.0 the normal rate, the hours are inflated at the point of entry. For example, 7.0 overtime hours at a 2.0 rate would be banked as 14.0 hours. For a rate of 1.5, 10.5 hours are banked. For FTE purposes, the worked hours should capture 7.0 hours overtime, not 14.0 or 10.5 hours. Since a combination of hours are entered in the bank, often including premiums discussed below, a conversion is necessary to bring the hours entered back to real worked hours. Calculations suggest this conversion is between 1.75 and 2.25 i.e. divide the banked hours by this figure to estimate the original overtime worked.

Many premiums and allowances are based on earned hours, such as shift differential, pay equity, statutory holiday premium, in-charge, ICU, etc. The hours are already counted elsewhere and should not be included in the total earned hours. The key point is that double counting of hours is incorrect.

FTE Denominator:

The normal earned hours are defined in collective agreements or organization policy. In NL, for Public Health Nurses within the NLNU Agreement, occupations listed in the Laboratory and X-Ray NAPE Agreement, and all non-union staff, the normal earned hours are **1820** annually (70 hours bi-weekly). For all other collective agreements the normal earned hours are **1950** per year (75 hours bi-weekly).

FTE Calculation Example:

Consider Medical Laboratory Technologists (MLT):

Total Earned Hours Fiscal Year 2002/03:

Hour Type	Hours
Worked: Overtime	18,573
Worked: Regular	477,362
Worked: Relief	37,705
Total Worked:	533,640
Benefit: Illness and Injury leave	27,817
Benefit: Other leave	89,307
Total Benefit:	117,124
Total Purchased:	0
<u>Total Earned Hours</u>	<u>650.764</u>

Total FTE = 650,764/1820 = 358 FTEs

The Health and Community Services Human Resource Planning Unit was formed as a partnership agreement between the Government of Newfoundland and Labrador Department of Health and Community Services, and the Newfoundland and Labrador Health Boards Association. Please direct inquiries to the Health Boards Association at (709) 364-7701, or visit <http://www.nlhba.nf.ca/hr>