VARIABLE-HOUR EMPLOYEES
DETERMINING FULL-TIME OR PART-TIME STATUS

One requirement of the Employer Shared Responsibility is for large employers to offer coverage to at least 95% of their full-time employees (average 30 or more hours per week). It is common for retail businesses to have variable-hour employees that may work 30 or more hours some weeks, but may work less than 30 hours in other weeks.

A variable hour employee is an employee where you are not able to determine that the employee is reasonably expected to work an average of at least 30 hours per week. This may include a retail worker which was hired for more than 30 hours per week for the holiday season and is reasonably expected to continue working after the holiday season, but is not reasonably expected to work at least 30 hours per week.

Variable-hour employees can cause confusion for employers when determining if they must offer coverage to those employees. For this purpose, employers will use a measurement period to determine which variable-hour employees qualify as full-time.

How Do I Measure My Variable-Hour Employees?

1. Establish a measurement, administrative, and stability period. The periods must be determined on a uniform and consistent basis for all employees in the same category (e.g. salary, hourly).

   a. Choose your measurement period.

      Measurement Period – period of time an employer tracks each variable-hour employee’s hours of service. The employer may choose a measurement period between 3 and 12 months.

   b. Decide if you will want an administrative period. If so, establish your administrative period.

      Administrative Period – period of time an employer has to perform administrative functions to determine eligibility of the variable-hour employee. The employer may choose a period of 0 to 3 months. This period is optional for employers, not mandatory. This period may neither reduce nor lengthen the measurement period or the stability period.

   c. Establish your stability period.

      Stability Period – period of time following the measurement period (and any administrative period) during which an employer must treat an employee as full-time if the employee was determined to be full-time during the measurement period. The employer may choose a period of at least as long as the measurement period, but not less than 6 months.
To determine a variable-hour employee’s individual status, the same steps below will be followed for each variable-hour employee. Do not combine the hours of all variable-hour employees.

2. Add all hours of service for each calendar month during your measurement period to determine a variable-hour employee’s total hours of service for each calendar month.

For the purpose of determining if a variable-hour employee is considered a full-time employee, employers must include all hours of service. Hours of service is each hour for which an employee is paid or is entitled to payment. This includes hours such as paid vacation, paid holiday, paid sick, paid disability, paid leave, etc.

3. Add the total hours each month during your measurement period together. This provides the total number of hours of service during the measurement period.

4. Divide the total number of hours of service during your measurement period by the number of months in your measurement period (this provides the average monthly hours of service for your variable-hour employee during the measurement period).

   a. If the average monthly hours are 130 or more, the employee is considered a full-time employee during the stability period.
   b. If the average monthly hours are less than 130, the employee is not considered a full-time employee during the stability period.

See an example of a 6-month and 12-month comparison of a measurement period on page 3.

Variable-Hour Employee Worksheet

It is important to keep track of variable-hour employees by calendar month to determine if those employees are considered full-time during their measurement period. MHA has created a worksheet you may find beneficial when tracking monthly hours worked. Click on the link below.

Variable-Hour Employee Worksheet
### Example – 6-month and 12-month Measurement Period Comparison

#### For Plan Year Beginning January 1, 2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Total Paid Hours</th>
<th>Measurement Period</th>
<th>Administrative Period</th>
<th>Stability Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>JAN</td>
<td>128</td>
<td>First Initial Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FEB</td>
<td>126</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MAR</td>
<td>106</td>
<td>Nov 2013 – Oct 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>APR</td>
<td>142</td>
<td>Average Monthly Hours</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MAY</td>
<td>134</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JUN</td>
<td>124</td>
<td>Not Full-time</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JUL</td>
<td>166</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AUG</td>
<td>144</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SEP</td>
<td>114</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OCT</td>
<td>122</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>NOV</td>
<td>114</td>
<td>Second Ongoing Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>DEC</td>
<td>110</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Comparison

**Measurement Period**
- 12 months: January 1, 2015, to December 31, 2015
- 6 months: July 1, 2015, to December 31, 2015

**Administrative Period**
- 12 months: January 1, 2015, to December 31, 2015
- 6 months: July 1, 2015, to December 31, 2015

**Stability Period**
- 12 months: January 1, 2015, to December 31, 2015
- 6 months: July 1, 2015, to December 31, 2015