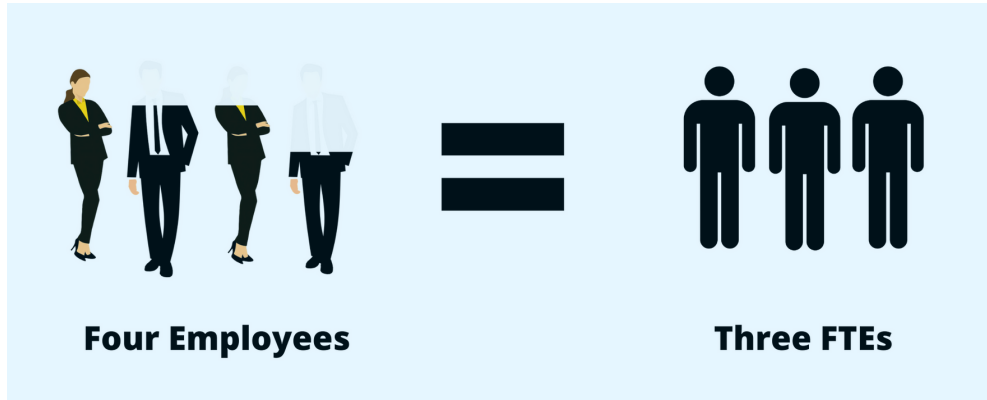


What is an FTE?

De-mystifying a simple employee metric.



It is common for employment laws to be based on number of Full Time Equivalents (FTEs). This is different from employee count, but the difference can be subtle.

This distinction is illustrated above. A hypothetical employer has four employees: one full-time, two that work three-quarters-time, and one that works half-time. As we review the math, we see that the four employees above translate into three FTEs.

$$1 + \frac{3}{4} + \frac{3}{4} + \frac{1}{2} = 3$$

When calculating FTEs, establish a clear basis for full-time status. For example, an employee scheduled to work 20 hours weekly is 0.5 FTE when using a basis of 40 hours, but the same employee would be 0.67 FTE when using a 30-hour basis. Most employers and most regulations use a 40-hour basis in accordance with the Fair Labor Standards Act.

Whatever we choose for a basis, consistency is key. Where a before-and-after comparison is needed, the basis is irrelevant as long as it is the same for both measurements.

