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US Companies Extend More Benefits to Their Part-Time Employees

From 2009 to 2016, more technology and life sciences companies report having part-time employees and expanded benefits programs for their part-time workers.

As workplace cultures and arrangements become increasingly flexible, more companies are rethinking their rewards packages for part-time employees. To illustrate this trend, we recently examined how part-time benefits are changing at technology and life sciences companies that participated in the **Radford US Benefits Survey** from 2009 to 2016. As we expected, we found an increase in the number of companies offering benefits to part-time employees as well as an increase in the number of companies reporting part-time employees.

While more than 300 companies participate in the Radford US Benefits Survey each survey year, we limited our analysis to 107 companies that participated in both the 2009 and 2016 surveys to eliminate other variables in the findings. In 2009, 92 companies employed exempt part-time employees and 96 companies employed non-exempt part-time employees. In 2016, those numbers increased by 6% and 3%, respectively. (Part-time employment is defined as working less than 40 hours per week.)

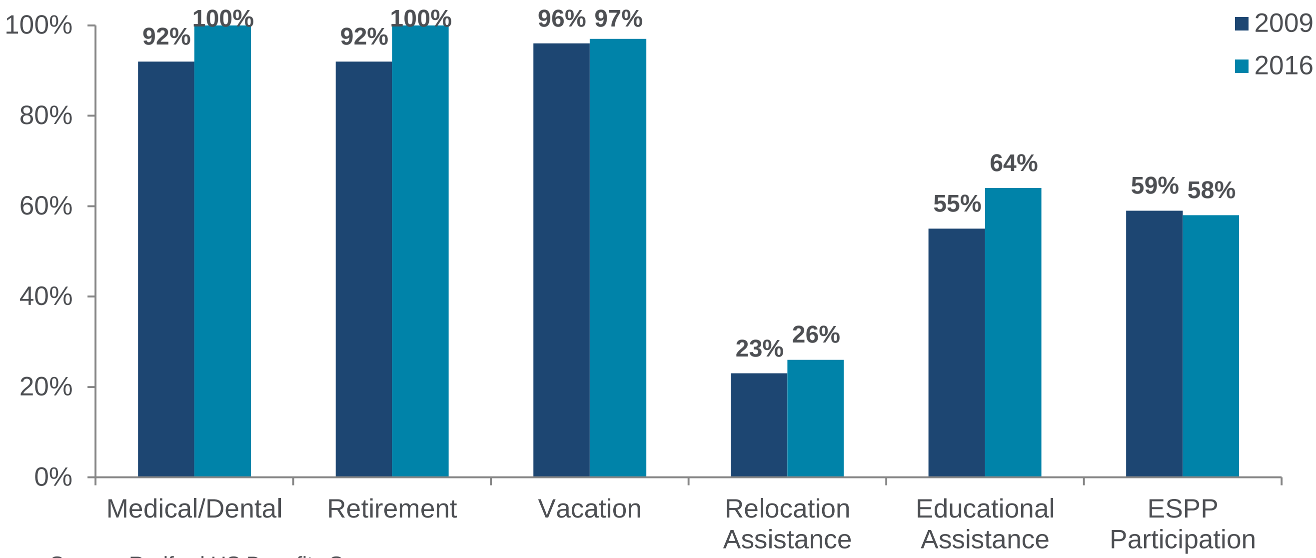
Not only did the number of companies with exempt and non-exempt part-time employees rise, the number of companies offering various benefits to their part-timers went up as well. The most common set of expanded benefits were medical/dental insurance and retirement savings opportunities, which are now nearly universally available with 100% of companies providing them to exempt part-time employees and 99% for non-exempt part-time employees.

The Affordable Care Act, which was enacted after 2009, requires employers with more than 50 full-time workers to provide health insurance for nearly all (95%) of their workforce who clock at least 30 hours per week. Since the government considers 30 hours to be full-time employment, but most employers consider 30 hours to be part-time employment, the rise in medical benefit participation for part-time employees may be influenced by these different definitions. The data doesn't address whether companies are providing greater benefits to employees working fewer than 30 hours per week.

On the retirement front, the Employee Retirement Income Security Act (ERISA) requires any employer that offers a qualified retirement savings plan to offer access to both full-time and part-time employees. The number of companies offering immediate eligibility for health and retirement benefits without a waiting period went up two percentage points from 2009 and 2016.

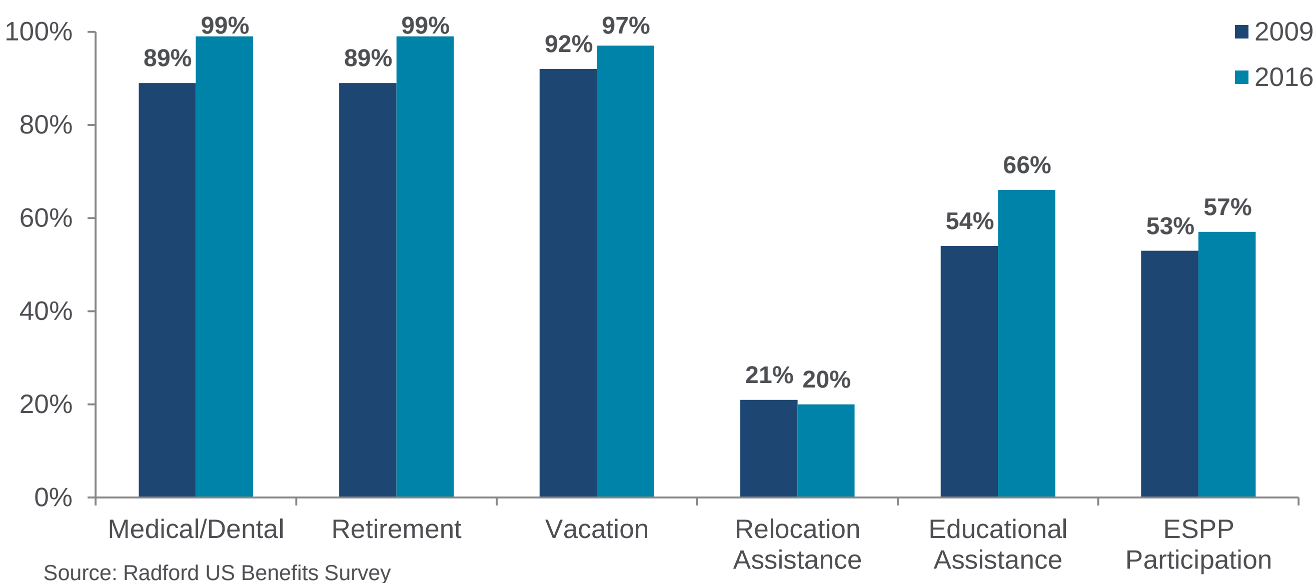
Even more intriguing is the rising prevalence of unregulated benefits for part-time employees. These offerings include paid vacation, relocation assistance, educational assistance and participation eligibility for an employee stock purchase programs (ESPPs). Within the unregulated category, the most significant benefit increase over the past seven years was educational assistance with a 9% increase for exempt workers and 12% increase for non-exempt. The only benefits that declined in the past seven years, and only marginally, are ESPP participation for exempt workers and relocation assistance for non-exempt employees.

Prevalence of Companies Offering Select Benefits to Exempt Employees



Source: Radford US Benefits Survey

Prevalence of Companies Offering Select Benefits to Non-Exempt Employees



Source: Radford US Benefits Survey

Overall, companies that offer benefits for part-time workers do so slightly more often for exempt employees than to non-exempt workers (i.e., employees eligible for overtime pay). This approach makes sense given that exempt employees typically work on a salaried basis and earn higher wages. However, we do see the vast majority of companies that provide any benefits for part-time employees extend them to both exempt and non-exempt workers, suggesting that most companies do not differentiate their benefits offerings by job level or overtime eligibility classification.

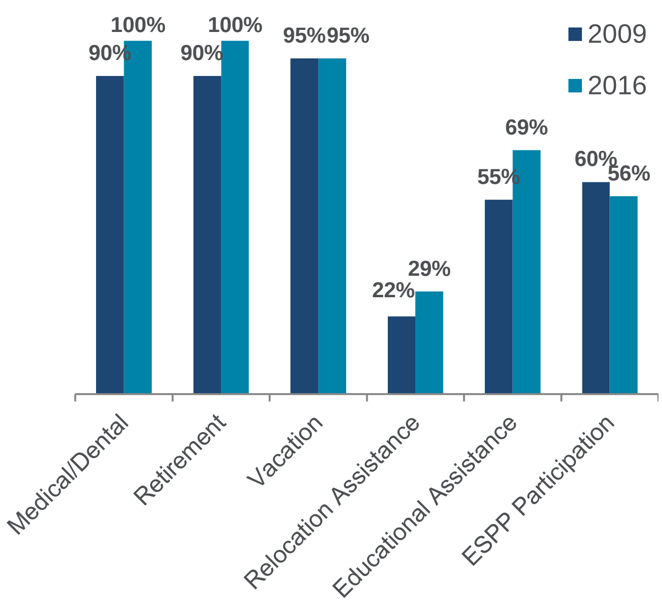
Technology vs. Life Sciences

Of the 107 consistent survey participants we studied, 68 are technology companies and 33 are life sciences companies (the remainder, including medical device companies, do not identify strictly to either sector). We looked at benefits coverage by sector to see if there are any meaningful differences between how technology and life sciences companies approach benefits for their part-time employees.

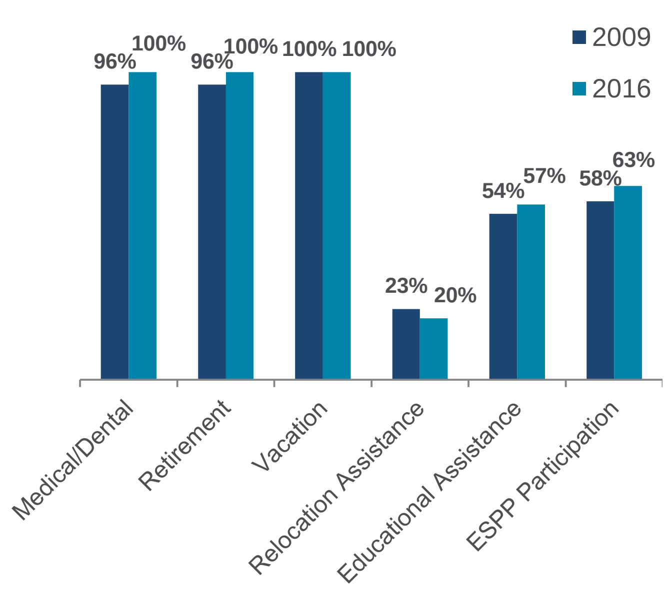
For the most part, technology and life sciences companies take similar approaches, but with a few notable differences. From 2009 to 2016, the prevalence of technology companies offering relocation and educational assistance to part-time exempt employees both increased by more than seven percentage points. Meanwhile, at life sciences companies, the prevalence of these benefits dropped or held nearly steady. In contrast, more life sciences companies are now offering ESPP participation for exempt part-timers compared to a slight decrease in the prevalence of ESPP eligibility at technology companies.

Companies Offering Benefits to Exempt Employees

Technology Companies



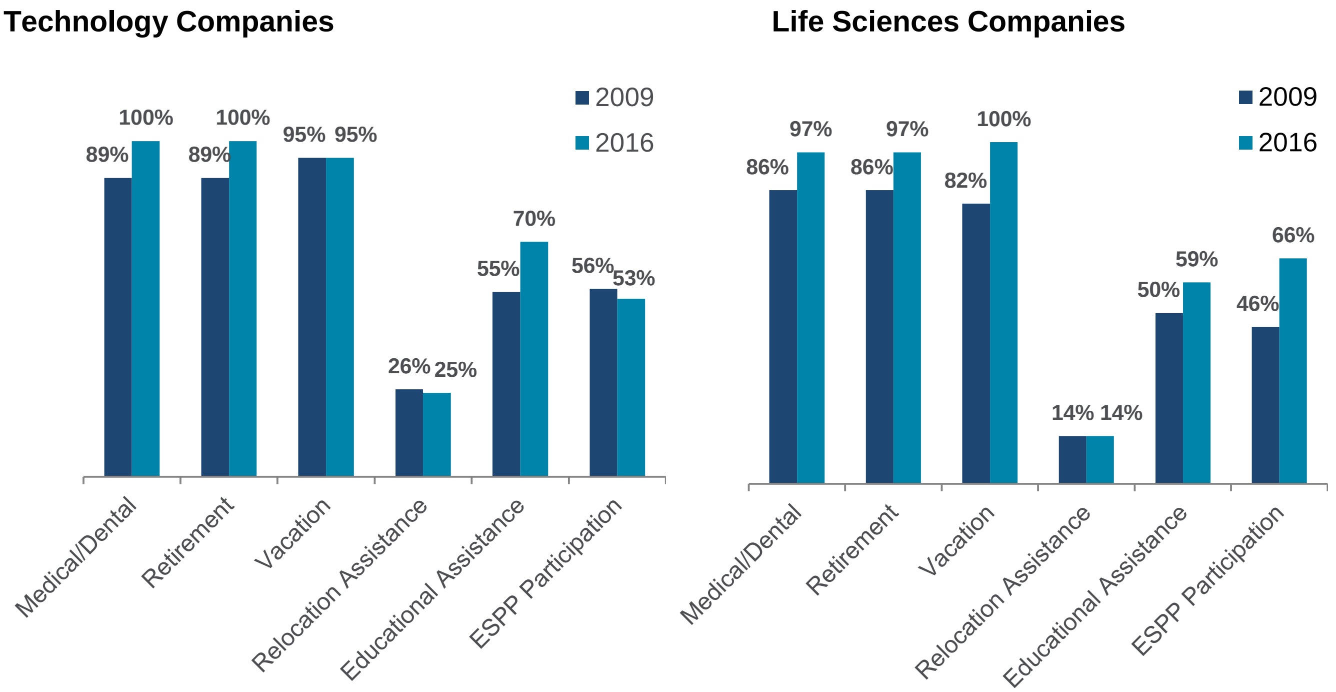
Life Sciences Companies



Source: Radford US Benefits Survey

The results are similar for non-exempt employees in both sectors with the exception of far fewer life sciences companies offering relocation assistance to their non-exempt employees vs. exempt employees:

Companies Offering Benefits to Non-Exempt Employees



Source: Radford US Benefits Survey

Next Steps

Our study shows that over the past seven years a growing number of technology and life sciences companies now provide expanded benefits to their part-time employees. This trend supports a broader theme we see in the marketplace: more employees now seek flexible work arrangements, and in response, more organizations are rethinking their approach to total rewards. It is imperative that companies engage every portion of their workforce.

We expect the prevalence of companies offering benefits, including vacation, health and retirement (regardless of potential future changes to federal law) to part time workers will continue to grow over time. Less regulated benefits, including relocation, educational assistance and ESPP participation may be less attractive to workers and are more likely to peak at a certain point. These benefits are perceived as less guaranteed in the marketplace, particularly for part-time employees. With a growing number of people in the contingent workforce, attracting them and engaging them with a comprehensive compensation approach will be increasingly important.

To learn more about participating in a Radford survey, please contact our team. To speak with a member of our compensation consulting group, please write to consulting@radford.com.

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