

Managing Part-Time Employees

Employers that offer part-time schedules sometimes have questions about how employees' rights, privileges, and responsibilities are affected by their part-time status. In this Tip, we answer some frequently asked questions about managing part-time employees.

MANAGING PART-TIME EMPLOYEES

Employees have certain rights available to them under various federal and state employment laws, and many employers grant employees additional privileges (e.g., vacation time and health benefits) and responsibilities based on employee status. It's important to understand how these rights, privileges, and responsibilities are affected when working with part-time employees.

The following are some frequently asked questions about managing part-time employees:

Q: HOW IS PART-TIME STATUS DEFINED?

A: In general, there is no federal law that defines part-time status; this includes the federal Fair Labor Standards Act (FLSA). The FLSA does, however, require employers to pay non-exempt employees overtime for hours worked in excess of 40 hours in a workweek.

There are also state laws to consider that may grant certain rights to employees and make a distinction between full-time and part-time employees. For example, some states require employers to provide certain types of leave to full-time employees but not part-time employees. In such cases, the law will define what constitutes a full-time employee. If an employee meets that definition, the employee would be entitled to that state-mandated benefit regardless of how the employer defines full-time for other purposes.

So, in general, employers can decide how many hours per week employees must work to be considered full time versus part time. Most employers define full-time employment by the number of hours in their standard operating schedule—typically 35 to 40 hours per week.

Some employers consider part-time employment to be as few as 20 hours per week, while other employers set part-time employment at any number of hours at or below 30 to 32 hours per week.

Q: DO EMPLOYERS HAVE TO OFFER HEALTH INSURANCE BENEFITS TO PART-TIME EMPLOYEES?

A: While there is no federal law requiring employers to provide health insurance benefits to part-time employees, federal law requires that all employees who meet the plan's eligibility requirements be allowed to participate in the plan. Therefore, if part-time employees meet your health insurance plan's eligibility requirements, you must allow them to elect coverage under the plan.

ADVANTAGES: Extending health insurance benefits to part-time employees, although costly, can produce a number of operational and financial benefits for employers. For example, offering health benefits to part-timers can be a strong recruitment incentive. If your company is operating in a tight labor market and having trouble recruiting part-time employees, you may want to consider offering health benefits to that part of the employee population.

Here's another factor to consider: People without health insurance tend to delay seeking healthcare when they're sick, resulting in longer recovery times and higher absenteeism. Offering health insurance to your part-time employees may help reduce your absenteeism rate.

It's very expensive for employees to purchase individual or family insurance policies on their own. Often, such employees are willing to work for lower wages if their employers offer health benefits. The savings realized by moving from the individual policy or plan to a group policy or plan can effectively be split between the employee and the employer, so both parties benefit.

DISADVANTAGES: One factor likely to diminish these advantages, however, is that part-timers may already have health insurance through their spouses, significant others, or parents. Employees who are already covered might move to your plan if it offers benefits that are superior to their current plan. This may result in additional costs to your company without the offsetting benefits. If you're considering offering health benefits to your part-time employees, you may want to first conduct a survey to identify how many already have alternate coverage.

Q: SHOULD PART-TIME EMPLOYEES RECEIVE PAID VACATIONS?

A: Some employers provide paid vacations to part-time employees (with the same length-of-service requirements for eligibility imposed on full-time employees). This benefit usually applies to steadily employed part-time workers putting in a substantial number of hours per week (i.e., at least 20). When granted, vacation time is normally allocated to part-timers in proportion to the number of hours worked. For example, if a full-time employee works 40 hours per week and receives 10 days of vacation per year, part-time employees working 20 hours per week would be entitled to 5 vacation days.

Extending paid vacations to part-time employees can produce similar benefits as offering health insurance and can be a strong recruitment and retention incentive.

Q: DOES FMLA LEAVE HAVE TO BE OFFERED TO PART-TIME EMPLOYEES?

A: Employees' status as full-time or part-time does not necessarily affect their eligibility for leave under the federal Family and Medical Leave Act (FMLA) and many other state leave of absence laws.

The federal FMLA applies to employers with 50 or more employees. To be eligible for FMLA leave, employees must have worked for a covered employer for a total of 12 months and for at least 1,250 hours in the previous 12 months. The 1,250-hour threshold can be met whether employees work full-time or part-time.

State-specific impact: Beware that some states have laws that differ from the FMLA and may provide family and medical leave to employees who work fewer hours.

CONCLUSION

Employers that offer part-time schedules should consider setting and communicating expectations related to benefits and other employee rights, privileges, and responsibilities. Clear and concise communication as well as equity and consistency—whether employees are full or part-time—are keys to a productive and trusting work environment.



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