Case Study: Benefits for Part-time Workers.

 With just under one hundred employees, Jackson, Smith and Henderson CPA’s (JSH) is considered one of the fastest growing CPA firms in the area. Alan Jones was recently hired as the Director of Human Resources and has many challenges ahead of him as he works to formalize the human resource practices of the firm.

As the benefit open enrollment period is approaching quickly, his first job is to review the benefit offerings of the firm to ensure that JSH is competitive with other area firms. Beyond the legally required benefits, the firm currently offers a fairly basic benefit package including health care insurance, a 401(k) plan, vacation days and sick days. Currently, all employees are full-time, and all employees are eligible for benefits. However, two employees have recently requested part-time schedules. Further, in order to meet future unique staffing needs, the firm is considering hiring part-time workers in several departments, including CPA’s. Therefore, Alan must make a recommendation to the company’s Board of Directors on whether or not they should extend the benefits to part-time workers.

A recent compensation survey of businesses in the local geographic area includes information about benefits. The survey reports that about 90% of companies in the area offer time-off benefits to part-time employees, but only 40% offer healthcare insurance, and 15% offer a retirement savings plan. A national survey of CPA firms showed a different picture for parttime workers. 95% of firms reported time-off offerings, 75% offered healthcare insurance, and 67% offer retirement benefits to part-time workers. The job market for talented CPA’s is competitive and Alan knows that they will need to hire both full-time and part-time CPA’s in the future. Alan’s initial reaction is that they need to offer all benefits to both full-time and part-time workers in order to be competitive with other CPA firms. However, the costs to do so are significant. The current benefits package is approximately 30% of the total compensation package for full-time workers. While time-off benefits and 401(k) contributions for part-time workers would be pro-rated based on the number of hours each employee works, offering healthcare insurance is a fixed cost. That is, the firm must pay the same to cover a part-time worker as a full-time worker. As a result, benefit costs could potentially approach nearly 50% of the total compensation for part-time employees. Part of this cost could be off-set by asking part-time workers to pay a higher percentage of the premium, but the cost would still be significant. Alan must balance recruiting needs against a tight budget, and he is concerned about the right path to take.