



NATIONAL ASSOCIATION OF  
PROFESSIONAL EMPLOYER ORGANIZATIONS  
**2022 ANNUAL REPORT**







After years of explosive growth in the PEO industry, 2022 was all about scaling up for NAPEO.

That meant beefing up our government affairs efforts by enlisting the services of a prestigious, bipartisan lobbying firm to help us raise our profile on Capitol Hill.

It meant intensifying our marketing efforts to build industry awareness with a splashy new ad campaign and doubling our advertising spend.

It meant developing a robust slate of virtual education that aligns with the operational areas of a PEO, and pairing it with our flagship in-person educational events, which are generating record attendance.

Scaling up also happened at the staff level, where we welcomed new employees in every department to keep up with our members' needs, and made plans to add even more positions in 2023.

Our goals this year remain the same: raise PEO awareness, advance our legislative and regulatory priorities, and provide meaningful education. We just did it in a bigger and better way than ever.



# ADVOCACY

2022 was a big year for PEOs. As our industry grows by leaps and bounds, it's important that our government affairs priorities create a positive regulatory environment for PEOs to grow. This year, we notched a few notable wins for the industry at the state and federal level.

After successfully working with the Equal Employment Opportunity Commission (EEOC) last year to ensure that clients are responsible for filing the agency's EEO-1 form, the new regulations went into effect early this year. However, the agency's instructions to implement the changes would have caused problems for PEOs due to the limited time given to change these procedures. We quickly engaged with the EEOC, asking for additional time to transition PEO clients that were now required to file Form EEO-1. The EEOC responded by extending the deadline to file by an additional six weeks so that our members were able to help their clients implement the new filing guidelines and ensure that the responsibility for filing EEO-1 is with the client.

We continued to engage with the IRS on several issues, most notably the delay our members and their clients have been experiencing with the Employee Retention Tax Credit (ERTC). Due to the significant backlog of Forms 941-X caused in part by the impact of the pandemic on IRS operations, our members and their clients have experienced significant delays in receiving their ERTC refunds. ERTC has been a priority of ours for over a year now. We held multiple meetings with the IRS, wrote letters to the agency, and mobilized our members to amplify this message by contacting their representatives in Congress. We also provided resources to our members so they could offer information and updates to clients who hadn't received their ERTC refund. Our outside tax counsel, Davis & Harman, also





## MASSACHUSETTS

A long-awaited report by the Massachusetts Merged Market Advisory Council was released, finding that “alternative coverage arrangements sometimes marketed outside of the state-regulated merged market individuals and/or small groups (e.g., professional employer organizations) do not appear to have materially affected the market.” We now have independent government findings providing evidence that PEO-sponsored health plans do not have negative effects on the exchanges. This was a huge win in our ongoing effort to correct the rhetoric that our opponents have used against us.



## MISSOURI

In Missouri, NAPEO-supported legislation was signed into law that provides clarity about PEO-sponsored health plans, deeming both a client and a registered PEO an employer for purposes of sponsoring retirement and welfare benefit plans for its covered employees. The law took effect in August, marking the successful achievement of one of NAPEO’s priorities in this year’s state action plan.



## KENTUCKY

In March, Kentucky Governor Andy Beshear signed HB 506 into law which contained provisions based on our model PEO act. This means that Kentucky joins the long list of states with legislation on the books protecting PEOs. The bill creates a PEO registration system, and among other things, clarifies that client companies will not lose any tax credit or incentive because of their relationship with a PEO. This was a significant win for PEOs in the Bluegrass State.



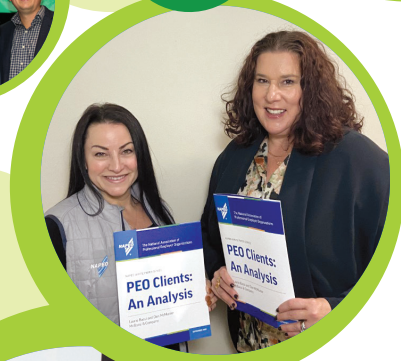
## FLORIDA AND GEORGIA

In Florida and Georgia, we defeated harmful bills relating to PEOs and workers’ compensation liability. We worked with the Florida Association of Professional Employer Organizations (FAPEO) to defeat a bill that would have shifted workers’ compensation liability to PEOs for known or unknown exposures. In Georgia, we engaged with key leadership and policymakers to assist in battling this legislation until it died in March. These bills, had they passed the legislature, would’ve had devastating effects on our industry.

drafted a memo explaining why the credits are delayed. While the Form 941-X backlog is still being cleared out, we continue to advocate for our members and their clients to ensure that PEO voices are heard loud and clear.

This year, even more members joined the PAC restricted class, making them eligible to receive information, make donations, and participate in PAC activities. Our members contributed just under \$220,000 to NAPEO PAC in this election cycle, which was the most we've ever raised. Of the 43 candidates that we donated to this election cycle, just one lost his election. Additionally, this year's election brought a first for our industry: a former PEO employee was elected to Congress. Erin Houchin – a former employee of Tilson HR – won election to the 9th District of Indiana in the U.S. House of Representatives.





# MARKETING

We've come a long way in our marketing efforts since we started back in 2012 with a budget of \$50,000. For starters, our marketing budget will top \$1 million this year. And the industry has come a long way too, having quadrupled in size over the same period. From ad campaigns to white papers, we've put in a lot of effort to move the needle. Our main focus continues to be building PEO awareness among small- and mid-sized business owners and showing them the benefits of partnering with a PEO. This year, we worked to boost PEO visibility by investing even more time, effort, and resources.

We unveiled our latest set of ads, "Bad Idea. Good Idea." earlier this year. The campaign is meant to highlight the silliness of the bad ideas featured in the ads – not checking the expiration date on the milk carton, putting dishes in the washing machine, or rubbing your eyes after cutting a jalapeño – as just as crazy as running your business without a PEO. We also doubled our ad spending, significantly boosting our reach to small business owners. The results are impossible to overlook: our campaign generated millions of impressions across the Google Display Ad Network, LinkedIn, and YouTube.

As part of our comprehensive market research project, we ran focus groups across the country to gain insight into what business owners and decision-makers think about PEOs. We're diving deeper by conducting in-depth interviews with trusted advisors (attorneys, CPAs, bankers, and business consultants) to learn about what they think of PEOs and what would compel them to partner with one. We hope that the information gathered from this market research will help you create the tools and resources needed to tell your story.



**\$193,400**

raised for Coachella Valley Rescue  
Mission through NAPEO Gives Back

**\$205 billion**

2021 941s

**15**

Leadership  
Council Forums

**43**

webinars



**16**

Community  
Conversations

**3,237**

people tuned into  
NAPEO webinars



**\$218,300**

donated by members to  
NAPEO PAC this election cycle

**4**

NAPEO-sponsored  
PAC fundraising  
events



**43**

candidates  
supported

**273**

PEO members

**228**

associate members

**>8,000**

member accounts in  
our database

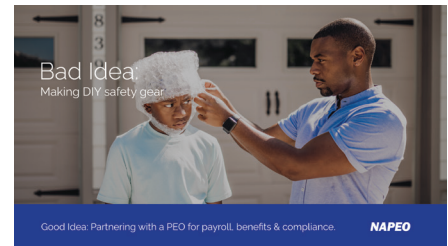
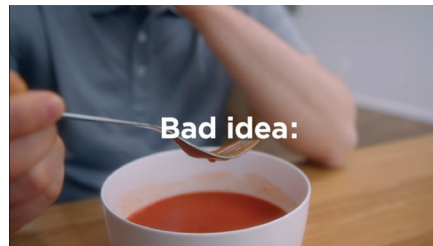
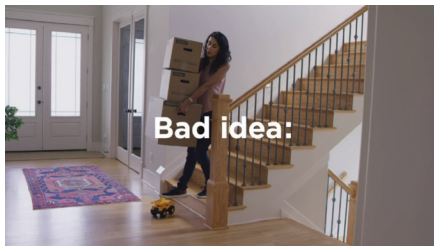
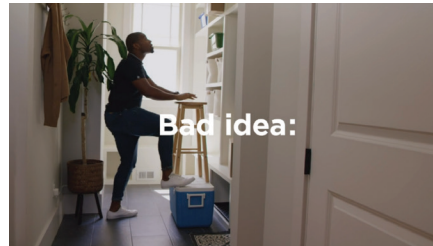
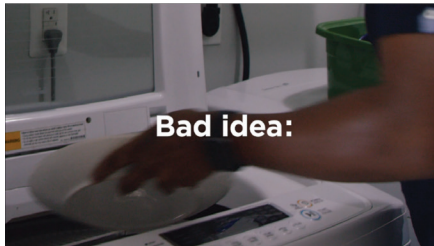
**1,477**

new member accounts  
created last year

This year's white paper, *PEO Clients: An Analysis*, explores our industry's clients for the first time ever by size, location, and industry. We now have a better idea of the estimated penetration rate of PEOs, or the percentage of PEO clients among all companies. While this report confirms how far we've come in introducing PEOs to the world, it also shows that our industry still has plenty of potential to reach businesses across the country.

As always, we want to equip your PEO with resources that you can use to complement your own marketing efforts. In addition to the 13 "Bad Idea. Good Idea." videos available for your use, you will also find a trove of new graphics and informational videos on [NAPEO.org/marketing](http://NAPEO.org/marketing) that will elevate your PEO's social media game.

We're scaling up to continue telling the PEO story and won't stop until businesses far and wide know who we are.



**1,700**

new followers on  
NAPEO's social media

**247,500**

organic impressions on  
NAPEO's social media

**706,630**

total website visits



**314,105**

total visits to  
**Find a PEO** website

**30.28 million**

total impressions from digital ads



# EDUCATION

Our industry thrives on connection and collaboration, and we learn a great deal from one another. Our priority this year was to expand our educational offerings to reach as many members as possible and provide them with current and meaningful content.

For the first time in three years, we gathered in Washington D.C. for an in-person PEO Capitol Summit. After COVID forced us to cancel the event in 2020 and host it virtually in 2021, attendees were ecstatic to finally reconnect in our nation's capital to discuss some of the most important topics affecting PEOs. This enthusiasm carried right into the Annual Conference and Marketplace, held this year in sunny Palm Springs. Both events hit record attendance numbers, a sign that our industry is back and better than ever.

We know now that we don't need to meet in person to learn from each other and grow as a community. We've expanded our range of webinars this year so that members far and wide can always find something for them. Whether it's our Community Conversations series where peers can share expertise and ask questions, or PEO University aimed at industry newcomers, we always strive to deliver interesting and relevant content to you.

Cybersecurity continues to be one of the most important concerns facing our industry today. In observance of cybersecurity awareness month, we hosted a four-session webinar series designed to teach you everything you need to know about PEO security and risk management. In addition, we regularly publish resources for our members on our new cybersecurity website, [NAPEO.org/cyber](http://NAPEO.org/cyber). We also created a new cybersecurity education track at this year's annual conference, covering critical and evolving topics



as they relate to PEOs. We hope that these resources will help you protect your PEO at a time when it has never been more important.

Our affinity groups, Women in NAPEO (WIN) and NextGen, were introduced last year and have flourished since then. WIN, whose mission is to encourage and empower women to be leaders in the PEO industry, held two virtual events and two receptions, both of which were met with great enthusiasm. NextGen, aimed at providing PEO professionals under 40 a space to connect and network as future industry leaders, kicked things off this year by hosting a virtual meeting ahead of the Annual Conference & Marketplace. At the conference, the group hosted a mixer as well as a fitness walk/run with proceeds going to support our NAPEO Gives Back partner, Coachella Valley Rescue Mission. Both groups have gained a sizeable following, and we look forward to continuing these initiatives in the coming year.

# NAPEO GIVES BACK

For our fourth year of the NAPEO Gives Back initiative, we partnered with Indio, California-based Coachella Valley Rescue Mission, a non-profit organization providing short and long-term aid to the homeless population in the region surrounding Palm Springs. In addition to its residential programs, CVRM has an outreach team that provides showers to homeless individuals using a portable unit. We soon learned that their shower trailers were rapidly deteriorating and in need of replacement, and our goals became clear: we were going to raise funds to help buy them a new mobile shower unit and feed the communities they serve.

Galvanized by the hashtag #PowerofaShower, 170 NAPEO members came together and raised \$193,400 for Coachella Valley Rescue Mission, far exceeding our initial fundraising goal. Attendees at this year's Annual Conference & Marketplace also packed 500 hygiene kits and 500 food boxes for those in need onsite in Palm Springs. Once again, the PEO community proved just how much we can achieve when we harness the "power of many" to make a difference in the communities we visit.



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