Employer Services Assurance Corporation

ESAC and PEO Facts for State Regulators

PEOs and State Regulation

- PEOs provide valuable services to small to mid-sized businesses - the backbone of every state's economy. The PEO industry has grown to serve over 200,000 businesses and 4.5 million worksite employees.
- The co-employment service arrangement between the PEO and its clients has presented challenges for regulatory agencies whose systems are designed for traditional single employer arrangements. The National Association of Professional Employer Organizations has partnered with many states to develop a structure for PEO registration and licensing that accommodates this service arrangement.
- Confirming and providing assurance of a PEO's financial reliability is vital for the protection of its business clients, similar to the financial responsibility of banks and insurance companies.
- States often have limited resources for effectively regulating PEOs with multi-state, multi-entity operations. ESAC is the only independent source of this comprehensive PEO compliance information for state regulatory agencies.



About ESAC

- An independent, non-profit corporation, ESAC was established in 1995 to provide financial assurance and accreditation services based on comprehensive ethical, financial and operational standards and time-tested compliance verification procedures.
- ESAC is managed by an experienced board, including 5 former state and federal regulators.
- Services have been provided since 1995 without a single accredited PEO default. Nearly 73% of the PEO industry's wages are paid through accredited PEOs and ESAC currently accredits over 330 PEO entities serving over 100,000 businesses and 2.7 million worksite employees.
- ESAC's secure Electronic Multi-state Application & Compliance system (eMac) automates PEO regulatory filings and provides regulatory agencies with free online and API access and monitoring services.
- Accredited PEOs pay annual fees to ESAC allowing its eMac services to be provided free to state regulatory agencies.
- ESAC's services do not limit a state's authority to regulate PEOs and are now used by 26 state agencies.

Benefits of ESAC's eMac Services to State Agencies

- State agencies using eMac's data sharing service confirm that ESAC's compliance verification and access to its eMac data reduce staff data entry and compliance review time.
- State agencies retain full authority to regulate PEOs but gain more frequent updates of key information, additional financial assurance, and an extra layer of independent compliance verification.
- ESAC provides financial assurance via surety bonds not otherwise available to PEO regulators. Financial assurance is backed by over $15 million in surety bonds consisting of underlying bonds for each accredited PEO plus a $15M excess bond providing umbrella coverage. Bonds are held in Trust by a national bank for the benefit of PEO clients, employees, insurers and taxing authorities.
- An accredited PEO's compliance is monitored on an ongoing multi-state basis by ESAC, providing an early warning system to identify potential PEO problems before they occur, along with notification to participating state agencies of a PEO's failure to meet state regulatory requirements.
- ESAC customizes its services to meet each state's unique requirements.

Contact us to learn more about how ESAC can help you.

Reliability starts here

Contact Employer Services Assurance Corporation at 501.219.2045 I www.ESAC.org