



NAPEO'S 2018 WEBINAR SERIES



The PEO Industry Footprint in 2018

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Summing up: what did we find?

- Definitive measures of the current size, scope, and footprint of the PEO industry at the end of 2017
- Total PEO WSEs is greater than collective total employment of many of the largest and most successful companies in the US
- Rate of growth of PEO WSEs is significantly higher than growth rate of employment in US economy as a whole

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How Did We Do the Work?

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These are the good folks instrumental in getting us the data!

- Craig Babigian at PrismHR
- Kerry Brooks & Jane McGoggins at ESAC
- Denise King at NAPEO
- Dan McHenry at McHenry Consulting
- Troy Reynolds at Stonehenge Insurance
- John Slavic at Slavic401k

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Methodology

- Multiple sources to specifically identify all PEOs operating in US
- Calculate total size of industry by summing up those PEOs (WSE wages and # of WSEs)
 - When specifics not available, estimated size of individual PEOs based on appropriate established ratios
- Use “same store sales” technique to calculate actual year-over-year growth rates for hundreds of PEOs each year in order to estimate changes in industry size since 2008
- Adjust data to be point-in-time estimate (cumulative annual or quarterly numbers would overestimate number of WSEs at any given time)
- Conservative methodology that may slightly underestimate the size of the industry

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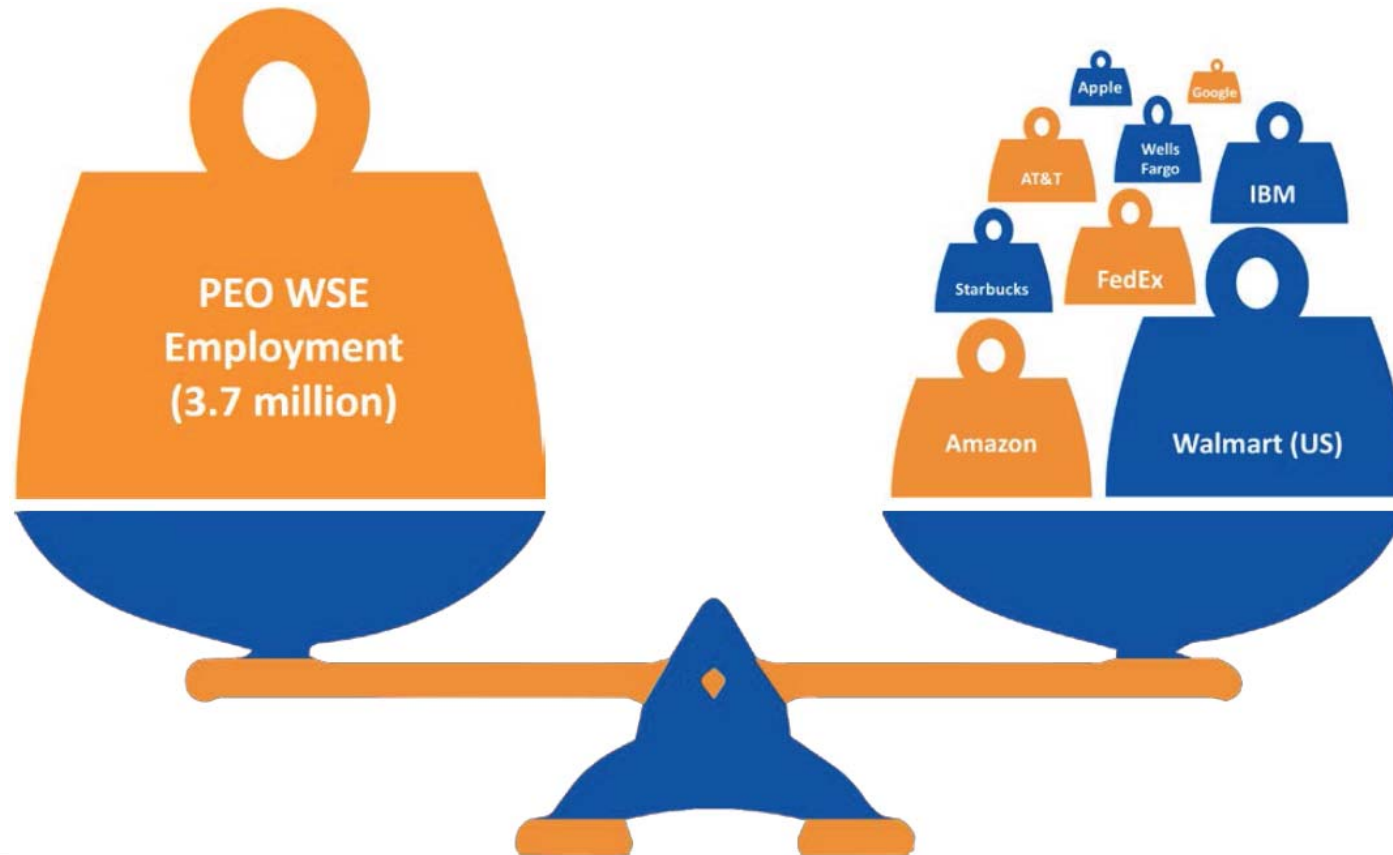
The Big Stats

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Comparative total employment

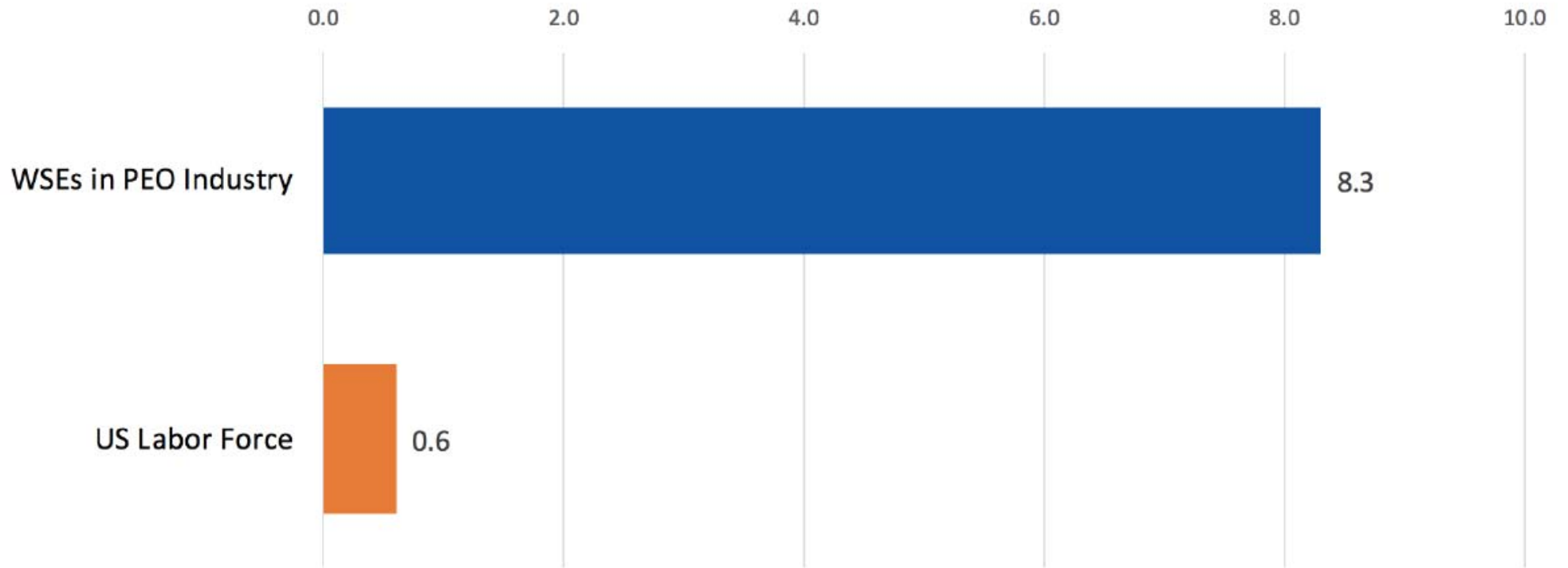


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Growth rate of the PEO industry compared to the US labor force



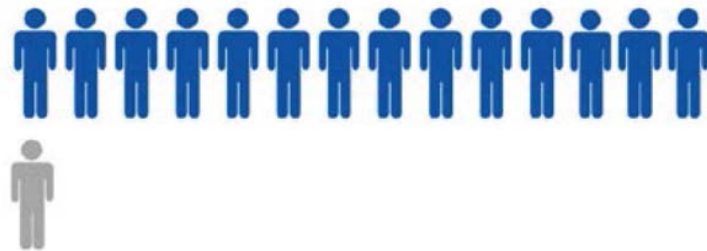
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PEO industry growth

14 **TIMES**
HIGHER



PEO WSE growth rate, relative
to growth rate in employment
in US economy overall

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Specifics on Industry Footprint

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3.7
MILLION

PEO worksite
employees (WSEs) at
the end of 2017

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WSEs as a % of all US
small business
employment (firms
w/10-99 emps)

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2017 annual wages paid
to WSEs

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Number of PEO clients

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907



Number of PEOs in 2017

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PEOs in our database, by state

State	PEO Count
Florida	111
Texas	93
California	52
New York	49
Michigan	36
Ohio	36
Oregon	32
Illinois	30
Georgia	29
Utah	27
Alabama	26
Tennessee	26
Arizona	22
Colorado	21
Minnesota	20
New Jersey	19
Kentucky	18

State	PEO Count
Missouri	15
Indiana	14
Pennsylvania	14
Louisiana	13
Nevada	13
Oklahoma	13
South Carolina	13
Hawaii	11
Virginia	11
Maryland	10
Washington	9
Iowa	8
Kansas	8
Massachusetts	7
Mississippi	7
Arkansas	6
North Carolina	6

State	PEO Count
Wisconsin	6
Connecticut	5
West Virginia	5
Maine	4
New Hampshire	4
Idaho	3
New Mexico	3
Alaska	2
Montana	2
Nebraska	2
North Dakota	2
Delaware	1
Wyoming	1
Rhode Island	0
South Dakota	0
Vermont	0

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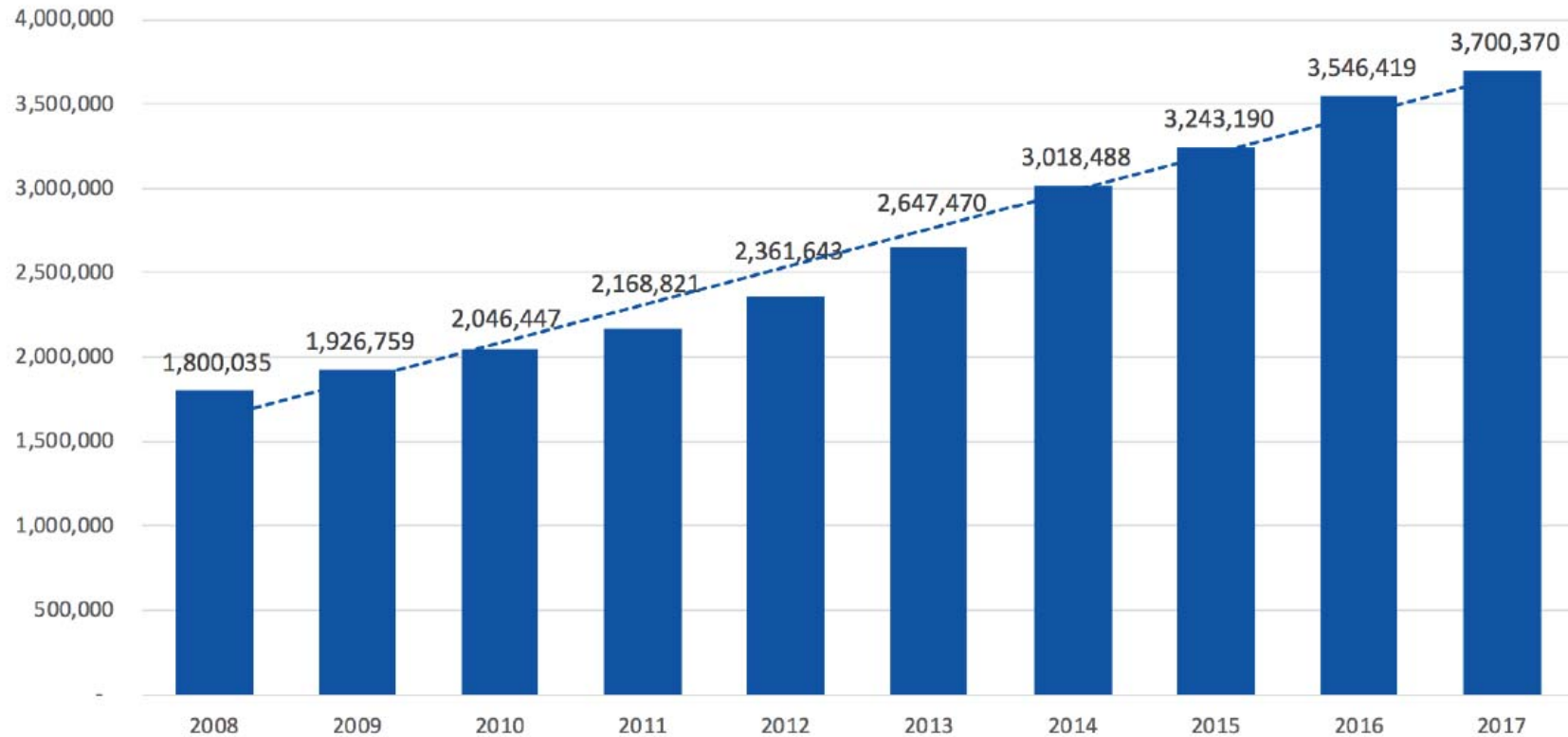
Specifics on Industry Growth

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The PEO industry has grown steadily



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Annual rate of growth of the PEO industry



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Annual compounded
growth rate of # of PEO
WSEs

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In conclusion...

- 2018 research provides definitive numbers on PEO industry size, scope, and geographical distribution
- PEO presence in American economy is significant and continues to grow
- Still plenty of room for additional growth

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Thank you!

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