

## A School Resource Guide: Learning the Basics of PEO

Navigating the nuances of PEO can be challenging. To simplify this learning curve, we at ExtensisHR have compiled a list of FAQs to help you define what a PEO is and understand what a PEO partnership entails.



### What is a PEO?

A professional employer organization, or PEO, offers human resource outsourcing services to schools and their staff. PEOs offload human resource management responsibilities from schools including payroll administration, properly filing and processing taxes, and keeping schools compliant based on federal, state, and local regulations. PEOs also provide enterprise-level healthcare benefit packages, leave options, and other supplemental perks that elevate employee wellness and job satisfaction.

Opting into a PEO partnership allows schools to keep their HR functions running smoothly while getting more flexibility to focus on their mission of delivering innovative education to young students.

### Why should I partner with a PEO?

Professional employer organizations provide services to almost 180,000 businesses in the United States, which means approximately four million people trust their HR and compliance needs to experts like us. Leveraging a PEO can unlock rewarding results, including:



Up to 9% faster growth rates when PEOs handle your HR operations



A 10%-14% drop in employee turnover thanks to better benefit offerings

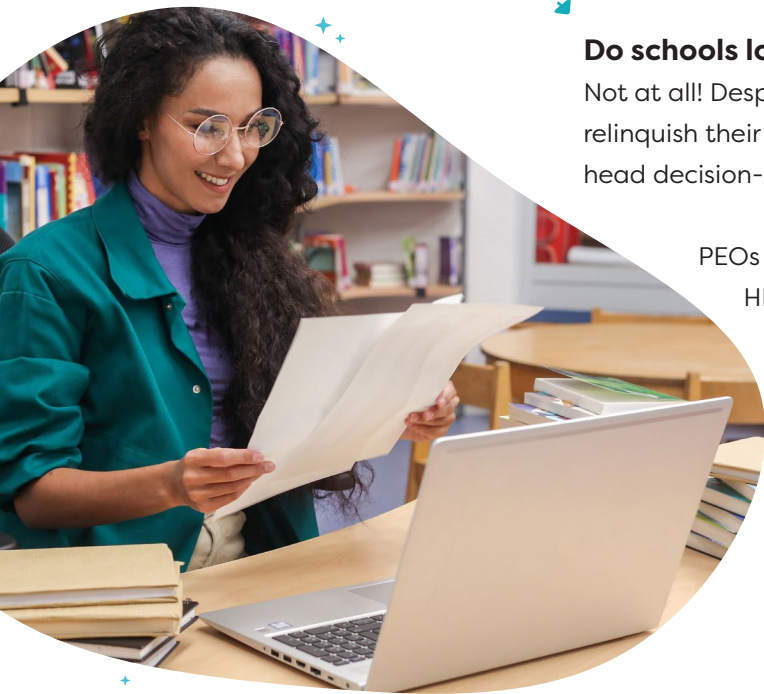


50% less likely to close by having a PEO partner

### What is co-employment?

Co-employment defines the contractual partnership that a school enters with a PEO. This agreement, also called a client service agreement (CSA), allows a PEO and its partner to share responsibility over HR needs. Individuals working for the school will become worksite employees (WSEs), or be co-employed by the PEO under the contract.

This gives the PEO legal standing to oversee and maintain any HR administrative tasks connected to the WSEs. Such tasks include issuing payments, remitting withholdings, confirming information for wage purposes, issuing W-2 forms, and collecting and reporting on employment taxes based on federal guidelines.



## Do schools lose ownership or control by becoming a co-employer?

Not at all! Despite having a co-employment partnership, schools do NOT relinquish their ownership or control over their operations. Schools remain the head decision-makers of any marketing, sales, and educational initiatives.

PEOs act as a trusted adviser who focuses on streamlining current HR operations and resolving challenges. A PEO will only manage the HR operations agreed upon in the initial contract.

## What doesn't a PEO do?

A PEO partnership, like any good partnership, should have a healthy balance of give and take. Though a PEO will handle your school's daily HR initiatives, it will not:

- ❌ **Take over your day-to-day operations and student procedures**
- ❌ **Replace your HR Manager, if one is already in place**
- ❌ **Control hiring or firing decisions**
- ❌ **Set faculty members' pay rates or schedules**
- ❌ **Interfere with your school's culture or events (but we'll happily attend if invited!)**
- ❌ **Communicate with any students, parents of students, and other school vendors (unless asked to)**



## How is a CPEO different from a PEO?

A certified professional employer organization (CPEO) is a PEO that has been specially certified by the IRS. Along with following baseline regulatory standards set for PEOs, CPEOs must meet additional criteria related to financial, taxation, and operational compliance. Partnering with a CPEO provides schools with extra financial security, tax benefits, and liability protection otherwise not covered by standard PEOs.