

## **Case Study: Political Campaigns**

**Title:** Enhancing Campaign Efficiency and Compliance: The Case for Using a Professional Employer Organization (PEO) in Oregon

### **Executive Summary:**

Running a successful political campaign involves numerous responsibilities, including managing employees, adhering to legal requirements, and ensuring financial transparency. In Oregon, a Professional Employer Organization (PEO) can prove to be a strategic partner for political candidates, offering comprehensive solutions that alleviate administrative burdens and enhance overall efficiency.

### **Challenges facing Campaigns who Employ:**

Campaigns in Oregon face numerous challenges when it comes to employing staff. One primary issue is the lack of experience as employers, leading to a steep learning curve and difficulty in quickly getting up-to-speed with various employment regulations and practices. This inexperience exacerbates the challenge of workplace regulatory compliance, as campaigns may struggle to navigate the complex landscape of employment laws, such as those related to taxes, wages, and safety regulations. Moreover, the risk of getting it wrong looms large, as campaigns run the gamut of reputational damage, legal penalties, and potential financial setbacks if they fail to meet regulatory requirements or inadvertently violate labor laws. Addressing these challenges requires strategic solutions and expert support to ensure compliance, mitigate risks, and maintain financial stability throughout the campaign cycle.

### **The PEO Offering:**

PEOs in Oregon are licensed as worker leasing companies. This licensing began in 1994 and has been operating in the same manner since inception. Worker leasing/PEO arrangements provide co-employment solutions, an allocation of duties between the administrative employer (the PEO) and the client employer (in this paper a campaign) who has direction and control. The client employer retains common law employer status. The PEO becomes the employer of record and is responsible for administrative tasks such as employee payroll, filing and remitting taxes, or offering benefits. The PEO is allocated specific duties and held financially responsible by government agencies, like the Oregon Department of Revenue. This division of duties is in keeping with legislative intent when discussed legislative hearings in the 1993 session.

### **Operations with the PEO as the Employer of Record:**

**Payroll** - The PEO is legally held responsible for incorrect payroll (unpaid wages), overtime and minimum wages laws, and other payroll disputes.

**Statutory Benefits** - A PEO must secure and provide workers' compensation, state and federal unemployment insurance, as well as comply with state mandated leaves like Oregon Sick Leave, OregonSaves, or Paid Leave Oregon.

**Voluntary Benefits** - Many PEOs offer a superior retirement plan in a 401(k) which allows them to opt out of OregonSaves. A 401(k) spread among thousands of employees allows for overall lower costs. Many or most PEOs offer an association health care plan, which allows employers more choice in choosing health care plans for employees.

Human Resource Assistance - Co-employment provides better collaboration with the client employer and employees. A PEO bears the risk of non-compliance and has better HR knowledge of best practices and will swiftly rectify any deficiencies. For example, a dispute over the use of an accrual (vacations, sick, or other paid leave) or an accrual calculation can rely on interpretation of the handbook. With the intervention of a PEO, the matter can be quickly and correctly solved before resorting to the intervention of the courts or the Bureau of Labor and Industries.

### **Solutions:**

Compliance- Campaigns often lack the expertise required to navigate the complex landscape of employment laws. A PEO assumes responsibility for onboarding processes and ensures compliance with all legal requirements. This mitigates the risk of legal pitfalls related to insurance coverage, filing deadlines, unpaid wage claims, or denial of protected leave,

Reputational Risk - When the risk of compliance is outsourced to a PEO, the risk of legal pitfalls related to insurance coverage, filing deadlines, unpaid wage claims, or denial of protected leave is mitigated, thereby safeguarding the campaign's reputation. This not only shields the campaign from potential legal issues but also reinforces public trust in the candidate's commitment to fair and responsible employment practices. By partnering with a PEO, campaigns demonstrate a commitment to legal and ethical employment practices.

Transparent and Predictable Pricing - PEOs offer transparent pricing models, providing campaign treasurers with clarity on costs associated with each hour worked. This eliminates the need for complex calculations of taxes and statutory costs, contributing to budget predictability and financial planning.

### **Additional Benefits of Using a PEO:**

PEO Efficiencies of Scale - A competitive advantage that PEOs enjoy is the aggregation and economies of scale to provide solutions at a lower cost for small employers. Aggregating employee taxes on a single set of forms, makes administrative tasks less costly.

Group Health Plans and 401(k) - PEOs often offer access to association group health plans and 401(k) options, providing campaigns and employees with competitive benefits that may be more advantageous than individual arrangements.

Efficiencies in 401(k) Administration - PEOs, managing 401(k) plans at scale, can significantly reduce auditing costs, making the benefits more cost-effective for campaigns and employees. For example, a 401(k) has legally required auditing which has a large price tag, but spread out over hundreds of employers, the pricing is much cheaper than anything the employer can obtain on their own. Or in the case of OregonSaves, which is a free service but requires significant administration, with manual input. In contrast, a 401(k) can be automated, making it cheaper when including the overall cost of administration.

Automation and Time Efficiency - PEOs utilize sophisticated software for accurate time and attendance tracking, ensuring employees are paid correctly. Automation in processes like 401(k) administration and other insurance products reduces administrative burden, saving time for campaign staff.

**Conclusion:**

In conclusion, leveraging a Professional Employer Organization in Oregon offers political campaigns a strategic advantage by simplifying employee management, ensuring legal compliance, mitigating reputational risks, and providing transparent and predictable pricing. The additional benefits, such as access to competitive benefits and automation, further enhance the efficiency and effectiveness of political campaigns, allowing candidates and their teams to focus on their core mission.