

APRIL 28, 2020

EXECUTIVE SUMMARY

As providers of critical payroll, benefits administration, HR, and compliance assistance services to small and mid-sized businesses, professional employer organizations are on the front lines of the coronavirus outbreak and its impact on employers, employees, and the economy. Below is a snapshot of the PEO industry perspective on COVID-19, based on data from the second in NAPEO’s series of surveys on the subject, conducted April 14-21, 2020.

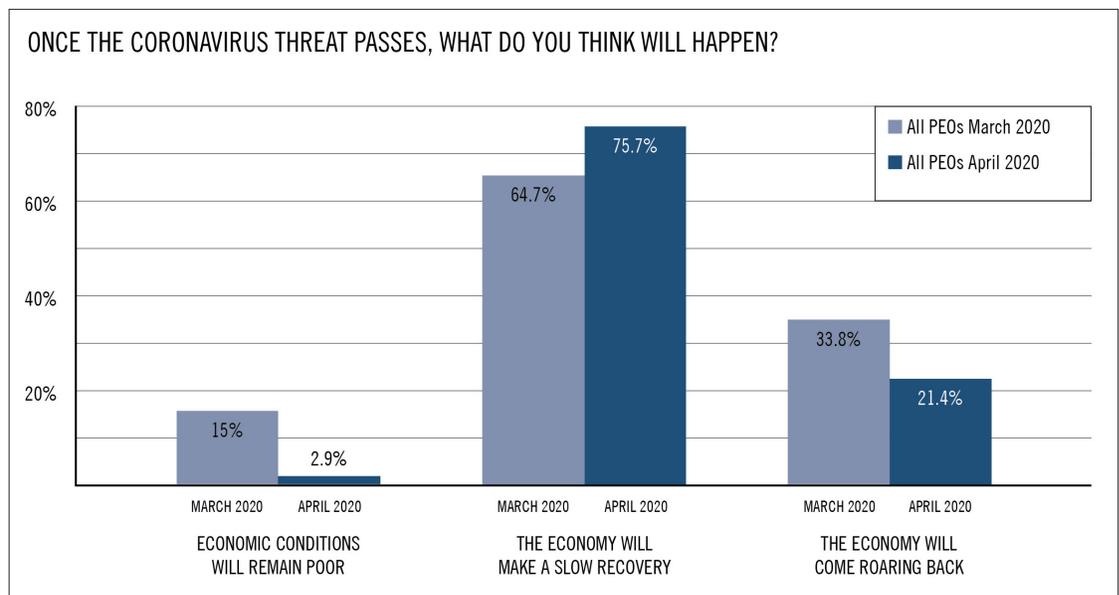
INCIDENCES OF COVID-19

Fifty-four percent of PEOs surveyed now have clients with confirmed cases of the COVID-19 virus, compared to just 9 percent in late March. The number of internal PEO employees with confirmed cases of the virus remains low, at at less than 6 percent.

Slightly more than 16 percent of PEOs now believe the medical implications of the COVID-19 pandemic will be a major issue, down from 25 percent a month ago.

ECONOMIC IMPLICATIONS

PEOs now have a better—and slightly less upbeat—sense of the overall economic impact of the coronavirus crisis, with just 21 percent indicating that the U.S. economy “will come roaring back” once the threat passes, down from nearly 34 percent (33.8 percent) last month. More than 75 percent now expect a slow economic recovery. See the graph to the right comparing March to April responses.

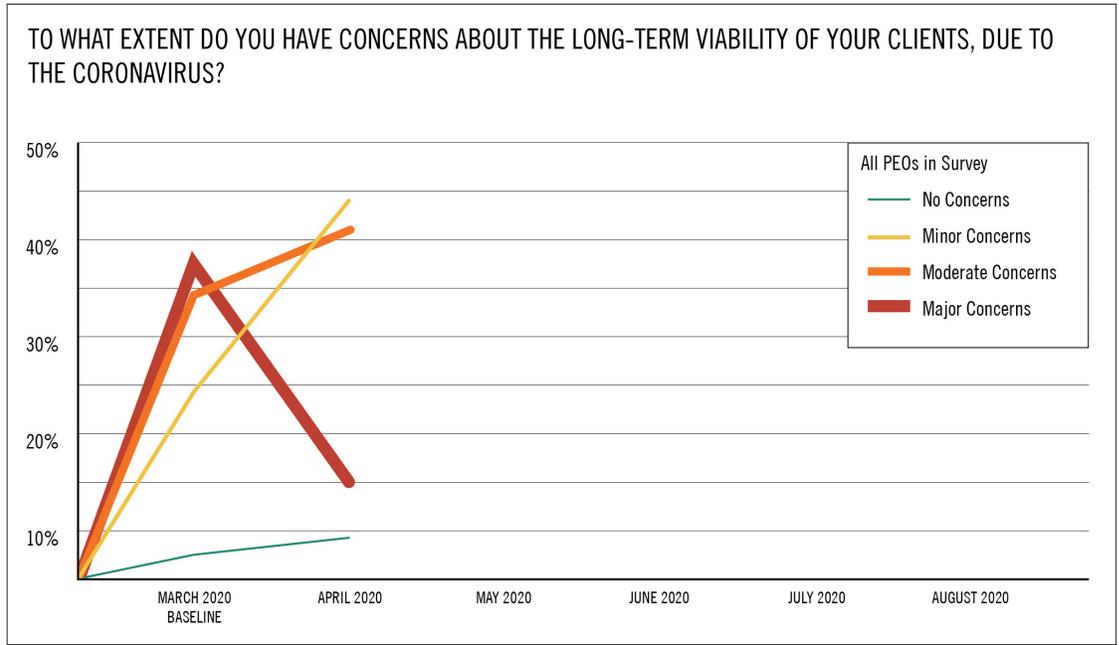




COVID-19 SURVEY

IMPACT ON SMALL AND MID-SIZED BUSINESSES

Despite their less rosy view on the economy overall, PEOs are feeling slightly more optimistic about the ability of small and mid-size businesses to bounce back from the coronavirus crisis. Just over 50 percent (51.4 percent) have “moderate to major” concerns about the long-term viability of their clients in the wake of the pandemic. In the first survey, that number was more than 70 percent. See the graph to the right tracking responses from March to April.



Nearly 96 percent (95.7 percent) of the PEOs surveyed report that their clients have indicated they have or will soon begin laying off workers due to coronavirus, up from 87 percent last month, with the highest percentage of layoffs in the retail (64.2 percent) hospitality (62.7 percent) sectors.

More than 80 percent of PEOs report that less than 25 percent of their worksite employees (WSEs) have been laid off or let go during the crisis

More than three-quarters (77.9 percent) of PEOs report that clients have implemented reductions in pay, up from 58.8 percent last month. The number of clients reducing benefits is largely unchanged, at 33 percent.

PPP LOANS/CARES ACT

More than two-thirds (68.1 percent) of the PEOs surveyed report that at least 50 percent of their clients have applied for Paycheck Protection Program (PPP) loans. Most PEOs (69.1 percent) indicate that less than 25 percent of their clients are having difficulties applying for PPP loans because of their relationship with the PEO. Seventy-five percent of PEOs surveyed are themselves applying for PPP loans.



COVID-19 SURVEY

IMPACT ON PEOS

More than 85 percent of PEOs surveyed have experienced a negative financial impact from the coronavirus outbreak, up from 75 percent a month ago. Eighty-five percent have mild to moderate concerns about long-term company viability in light of the coronavirus crisis, an increase of more than 10 percentage points. Some 10 percent report major concerns.

Nearly 43 percent (42.9 percent) have been asked to reduce the price of their services due to the coronavirus outbreak, a slight increase over last month.

More than 75 percent have mild to moderate concerns about company viability in light of the coronavirus crisis. Only 7.3 percent report major concerns.

ABOUT THE SURVEY

More than 70 PEO owners and CEOs participated in the second NAPEO COVID-19 Impact Survey, which was conducted April 14-21, 2020. It is a follow-up to the first NAPEO COVID-19 Impact Survey, which was conducted March 18-24, 2020. Participants were fairly evenly distributed in terms of company size and geographic location. The survey was administered and tabulated by Industry Insights Inc. (www.industryinsights.com), an independent research firm based in Columbus, Ohio. A follow-up survey will be conducted within a few weeks.

Full results are available at [here](#).



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