

**Testimony of Roger Hays, Jr.
before the
U.S. Senate Committee on Small Business & Entrepreneurship
Field Hearing Regarding Reducing the Burden of Federal Regulations
on Community Banks and Small Business**

Senator Gardner I want to thank you for the opportunity to testify before you today. My name is Roger Hays and I am the owner of Premier Employer Services, Inc. located here in Centennial, CO. My company is a Professional Employer Organization or PEO as we are commonly called and I started Premier in October 2008. The PEO industry as a whole currently employs between 2 and 3 million workers in America through what is called a co-employment agreement with the PEO. The vast majority of our clients are small businesses located mainly here in Colorado, but we do have clients and employees throughout the US.

PEO's like mine enable these clients to cost-effectively outsource the management of human resources, employee benefits, payroll and workers compensation. My clients are then better able to focus on their core competencies so that they may maintain or grow their businesses easier.

Honestly, no one starts a business to become an employer; they start business' to provide a better product or service to the public where they see a need for such items or services. However once they begin to grow and hire that first employee to help them with their new business they quickly find themselves spending more and more time dealing with the increasingly complex employee related matters of health and retirement benefits, workers' compensation insurance and claims, payroll, payroll tax compliance, and unemployment insurance claims. Small Businesses contract with my company and outsource the responsibilities of those employee related matters I just mentioned as we can better provide expertise in Human Resource Management and allow our clients to concentrate on the operational and revenue-producing side of their business.

The National Federation of Independent Business lists over 3,000 regulations currently in the works at the Federal level with 1/3 of these impacting small business directly and many others indirectly. This does not include the Affordable Care Act and the vast number of regulations that were a result of its passing and the continuing number of new rules and regulations that continue to be released to effect its implementation.

Small Businesses are not well positioned or equipped to handle the daily implementation of the numerous rules that are already in existence let alone continue to stay current on these constant additions to the Federal Register. Large corporations have teams of attorneys and compliance specialists to help them navigate this regulatory mess, or at the very least they have more capital that they can use to acquire help in dealing with these regulations. However these regulations have a disparate impact on small businesses, especially those that have fewer than 50 employees and who cannot possibly operate their businesses while also staying on top of all the various regulations. There just are not enough hours in the day to do this. I know this from firsthand experience in working with small business for the past 18 years in the PEO industry.

The PEO industry has grown significantly over the past 6 years as more and more regulations have been added to the small business agenda, and while this may be good for my business specifically it is not good for small business as a whole. There have been far too many onerous rules and regulations for the smaller business person to try to navigate and many have either been pushed out of the market place because they just can't stay profitable and comply or they have just given up trying to stay in compliance all together and are operating on more of a hope and a prayer that they just don't get caught. Most of the small business that come to us have done so because the desire to be in compliance with the law but they just do not have the money or man power to do so and have found many of these regulations to be prohibitive to their business.

I have worked with a number of business that unfortunately had chosen to risk operating as best they could but had found that they were not complying with one of more regulations and were now the subject of an audit from one of the many state or Federal agencies that have regulations they needed to comply with. They came to us hoping we could assist with the current problem but unfortunately we do not provide compliance but instead advise and assist companies with compliance and in many of these cases saw the business ultimately fail due to a past error.

I would like to say that of all the companies that I have personally worked with over the past 18 years that I have saw receive fines or ultimately go out of business due to a compliance failure not a single one did so willfully but rather because they could not afford to are out of ignorance of the laws. The vast majority of small businesses want to comply and they want to follow these rules but they either do not have the financial ability to hire attorneys or specialists to help them or they or they cannot figure all of these vast rules out by themselves and make mistakes.

Whatever you can do to streamline the many, many regulations that are already in the Federal Register: through repeal of redundant or contradictory rules or through the slowing of additional unnecessary and burdensome regulations will be greatly appreciated by the small business community and will help small business grow and put more Americans to work.

I thank you for the opportunity to testify before you today and we look forward to continuing this conversation with you. I am happy to answer any questions that you may have.