



Media Release

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## **Diverse Labor Laws Challenge the Nation's Businesses**

*-- Those with PEOs Have Help with Compliance --*

**Phoenix, Arizona** - September 1, 2006 — As Americans celebrate Labor Day, the nation's labor laws have evolved into a patchwork of diverse state and local requirements including specific mandates about wages and benefits. Employers must comply with more than the federal minimum wage rate. Today, more than 20 states have minimum wage rates set higher than the federal level, all with different rules, and there are also city ordinances that set wage levels and mandate benefits. Businesses also must also comply with complex federal regulations concerning wages that are defined by the Fair Labor Standards Act (FLSA).

For small businesses, compliance can be a major challenge — even greater as they grow their businesses across state lines. Help is at hand for those that work with a professional employer organization (PEO), a comprehensive human resource outsource solution. The PEO relationship involves a contractual allocation and sharing of employer responsibilities between the PEO and the client. The PEO pays wages and employment taxes for workers with its business clients. The PEO monitors wage and hour regulations and advises clients about new requirements they must meet.

"A business owner is hard pressed to stay on top of federal employment regulations and the divergent wage and hour laws in all its markets. However, failure to comply can have costly ramifications," said Milan P. Yager, executive vice president of the National Association of Professional Employer Organizations (NAPEO). "With a PEO monitoring these laws and how they apply to its clients, the business owner can rest assured that compliance is well managed."

### **Laboring On — The FairPay Overtime Initiative**

Consider the business owner's challenge to understand the relatively new rules about overtime. In August 2004, the DOL's FairPay Overtime Regulations took effect, changing the rules as to how workers are treated for overtime and the minimum wage requirements. Generally, FairPay rules require workers earning less than \$23,660 per year — or \$455 per week — to receive overtime protection. The DOL's new regulations included new rules for executive, administrative, professional and computer employees who may be exempt from these requirements. While certain aspects of the new rules might have passed under the radar of many small businesses, PEOs helped ensure that their clients were aware and in compliance with the requirements.

### **Laboring for More — Higher Minimum Wage Often Set by States**

After several legislative efforts to change it, the federal minimum wage remains \$5.15 an hour. However, over 20 states have higher minimum wage requirements for employers with workers in those states. State minimum wage laws change more frequently, depending on legislative activity. As with the federal minimum wage, states require employers to post these state minimum wage requirements in their workplaces.

Non-wage related rules also can vary. For example, California requires an employer to pay an employee a penalty hour when the employee does not receive the required 10-minute break for each four-hour work

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period or major fraction of such a period. The law also requires a 30-minute meal period for a work period of more than five hours. Washington also requires a 10-minute break for each four hour work period and no employee may be required to work more than three hours without a 10-minute break.

A business owner confronted with such diverse and complex regulations can breathe more easily when the PEO is helping with compliance. A PEO can provide the professional advice and proactive practices that improve a business's compliance and create a better workplace. While this support will not provide ironclad guarantees against errors, it will help to minimize the potential. PEOs also enable their business clients to cost-effectively outsource the management of employee benefits and workers' compensation.

For more information on Creative Business Resources, go to [www.cbri.com](http://www.cbri.com). Creative Business Resources is a member of the National Association of Professional Employer Organizations (NAPEO). To learn more about the PEO industry, visit the NAPEO Web site: [www.napeo.org](http://www.napeo.org). To learn more about the FLSA and the DOL's FairPay Overtime Initiative, go to <http://www.dol.gov/>.

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**Creative Business Resources (CBR) provides HR Outsourcing Services through the PEO concept in several states, but predominantly in the Southwest. CBR is a member of NAPEO, and a local Arizona advocate for small and medium sized businesses. To find out more about CBR, go to the website at [www.cbri.com](http://www.cbri.com) or call at 602-200-8500.**