



When a PEO Is the Right Fit for a Smaller New York Charter School

A white paper for New York charter schools with fewer than 101 employees

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EMPLOYEE BENEFITS · PEO ADVISORY

Executive Summary

New York charter schools face unique challenges when it comes to providing competitive employee benefits and managing administrative responsibilities. Smaller charter schools in particular must balance limited budgets, lean HR staff, and the rising cost of employee health insurance. A Professional Employer Organization (PEO) can provide a solution in certain circumstances — especially when it comes to navigating New York's complex health insurance market and easing the burden of administrative tasks.

This white paper examines when a PEO is an appropriate fit for a smaller charter school, with an emphasis on the state's health insurance landscape, the operational advantages a PEO can offer, and how to evaluate available vendors.

New York's Bifurcated Health Insurance Market

New York divides the health insurance market into two distinct categories, and the dividing line — 100 full-time equivalent employees — falls directly through the middle of the charter school sector.

SMALL EMPLOYER MARKET

1–100 FTEs

A limited number of carriers and plan designs. Premiums are community-rated, often disproportionately high, and options are restricted.

LARGE EMPLOYER MARKET

101+ FTEs

Access to more carriers, more plan flexibility, and underwriting based on an actual risk profile — often translating into more competitive pricing.

For smaller charter schools, being locked into the small group market creates a dual challenge: fewer choices *and* higher costs.

How a PEO Opens Access to Better Coverage

A PEO aggregates small employers into a single larger pool, allowing a charter school under 101 employees to purchase through the large employer market. In practice, that can mean:

- More insurance carriers and plan options for employees
- Potentially lower premiums than the community-rated small group market
- Access to ancillary benefits — dental, vision, life, disability — at large group rates

Administrative and HR Support

Beyond health insurance, smaller charter schools often operate with lean HR staff — frequently a single administrator carrying payroll, compliance, and personnel work alongside other duties. A PEO absorbs much of that load.

Payroll administration

Processing, reporting, and federal, state, and local tax filings.

Compliance support

Guidance on employment law and regulatory obligations.

Policy development

Employee handbook drafting and policy maintenance.

Workers' compensation

Coverage placement plus risk management support.

HRIS technology

Self-service platforms for employees and managers.

Onboarding support

Consistent new-hire paperwork and benefits enrollment.



When a PEO Is — and Isn't — the Right Fit

A PEO is a structural decision, not simply a purchasing one. The arrangement tends to serve schools in the left column below; schools in the right column are usually better served by a directly placed program.

STRONG FIT	WEAKER FIT
Well under 101 FTEs with no near-term path above the threshold	Already near or above 101 FTEs, with direct large group access
Renewal increases in the community-rated market outpacing the budget	Favorable existing rates that a pooled arrangement is unlikely to beat
One administrator absorbing payroll, compliance, and HR at once	An established HR and payroll function the school wants to retain
Comfortable with a co-employment structure and bundled services	Board or authorizer constraints on co-employment arrangements

Evaluating Vendors

PEOs differ widely in pricing structure, service model, and depth of experience with public-sector and charter clients. We recommend comparing candidates on a consistent set of criteria rather than on headline rates alone:

1. **Fee transparency.** Whether administrative fees are quoted separately from insurance premiums, and how they scale with headcount.
2. **Renewal history.** Multi-year rate behavior for comparable clients, not first-year pricing.
3. **Charter school experience.** Familiarity with authorizer reporting, school calendars, and retirement plan considerations.
4. **Service model.** Named service team versus call center, and documented response commitments.
5. **Exit terms.** How coverage and payroll transition if the school outgrows the arrangement.

Conclusion

For a smaller New York charter school, the small group market sets a ceiling on both plan choice and price that no amount of negotiation will lift. A PEO changes the terms of that problem by moving the school into a larger pool, and it does so while relieving pressure on a thin administrative team.

It is not a universal answer. The right decision depends on headcount trajectory, current rates, internal HR capacity, and the school's appetite for a co-employment structure. A side-by-side analysis of a PEO quote against a directly placed program is the only reliable way to know which route serves the school — and its employees — better.



Request a complimentary PEO review

MDG's PEO broker team benchmarks your current program against available PEO and direct-placement options, at no cost and with no obligation.

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