

RED FLAGS TO WATCH FOR WHEN EVALUATING STAFFING PROVIDERS



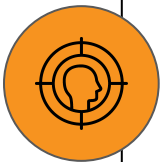
Suspiciously Low Markups

The provider offers markups that seem too good to be true, raising questions about whether they are cutting corners on compliance, safety, or worker protections.



Rebranding to Avoid Accountability

The agency has shut down and reopened under a new name to avoid the consequences of non-compliance, bankruptcy, or a damaged reputation.



Misclassification of Workers

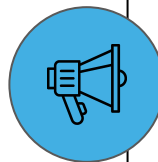
The agency routinely classifies workers as 1099 independent contractors in situations that clearly require W-2 classification (e.g., workers reporting to fixed locations during set hours).

There are reports or lawsuits indicating past Department of Labor or IRS investigations for misclassification.



Lack of E-Verify Compliance

The provider does not use E-Verify in states where it is required or fails to implement it as a best practice, putting clients at risk of employing unauthorized workers.



Negative Media Coverage

The provider has been involved in scandals or incidents related to child labor, worker exploitation, or illegal hiring practices (e.g., the Hyundai Alabama supplier case).



Inadequate Employee Support

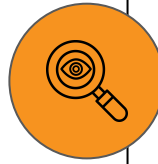
Workers report late or inconsistent pay, lack of benefits, or poor treatment, indicating possible legal or operational failures.





Inconsistent Compliance Practices

The agency applies compliance standards inconsistently across regions or clients, exposing your business to potential legal risks.



Lack of Transparency

The agency is unwilling or unable to provide a clear breakdown of their markup or demonstrate how they ensure compliance with payroll taxes, benefits, and employment laws.



High Worker Turnover

Frequent turnover among contingent workers, which may signal non-compliance with labor laws, inadequate pay, or poor working conditions.



Poor Safety Standards

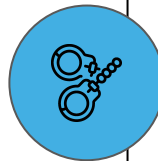
Inadequate safety training or failure to meet OSHA standards for workplace safety.

A lack of proactive measures to address workplace injuries or compliance with state-specific safety regulations.



No Long-Term Reputation

The agency has not been in operation long enough to demonstrate a proven track record of ethical practices and compliance.



History of Legal Violations

The staffing agency has a record of lawsuits, fines, or other legal actions for labor law violations, such as underpaying workers, child labor, or failure to provide required benefits.

At Eastridge Workforce Solutions, compliance isn't just a legal obligation; it's a cornerstone of our mission to deliver trusted workforce solutions to our clients. With over 50 years of experience, we understand that maintaining the highest standards of compliance is critical to protecting our clients, employees, and the communities we serve.



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Commitment to Compliance.**

STAFFING PROVIDER COMPLIANCE CHECKLIST

Compliance with local, state, and federal employment laws is vital to any organization's well-being. Working with staffing agencies introduces an additional layer of complexity by involving a third party in the employment process.



Legal Compliance ☐

- ☐ **E-Verify Usage:** Does the staffing provider use E-Verify to confirm employment eligibility, even in states where it is not mandated?
- ☐ **Worker Classification:** Are workers classified correctly (W-2 vs. 1099)? Are 1099 classifications used sparingly and only in situations that meet strict legal guidelines?
- ☐ **Compliance History:** Has the provider been involved in any legal violations? Research their record for compliance with labor laws.

Company Reputation ☐

- ☐ **Longevity:** How long has the staffing agency been in business? Long-standing agencies are less likely to be involved in unethical practices.
- ☐ **Client References:** Can the provider offer references from clients in similar industries?
- ☐ **Industry Certifications:** Is the provider certified by recognized staffing industry organizations (e.g., American Staffing Association)?

Compliance with Benefits & Protections ☐

- ☐ **Timely Pay:** Are workers consistently paid on time and at the agreed-upon rates?
- ☐ **Benefits:** Does the provider offer benefits such as health insurance and PTO where required?

Transparency & Pricing ☐

- ☐ **Markup Structure:** Does the markup clearly account for taxes, benefits, insurance, and other employer burdens? Avoid providers offering suspiciously low markups.
- ☐ **Cost Breakdown:** Does the provider offer a detailed breakdown of what the markup covers (e.g., payroll taxes, recruiting, administrative fees)?



Proactive Communication ☐

- ☐ **Compliance Support:** Does the provider employ legal and safety experts to help you navigate employment law complexities?
- ☐ **Feedback Loop:** Is the provider open to addressing client concerns and adapting to meet compliance and performance needs?

Employee Turnover ☐

- ☐ **Turnover Rates:** What is the turnover rate among the provider's contingent workforce? High turnover may indicate poor practices or non-compliance.
- ☐ **Retention Strategies:** Does the provider have programs or practices in place to retain workers?

Safety & Training ☐

- ☐ **Workplace Safety:** Does the provider conduct safety training for its workers? Are their practices aligned with OSHA standards?
- ☐ **Onboarding and Screening:** Does the provider thoroughly screen and onboard workers to ensure they meet the job's requirements?

Monitoring & Auditing ☐

- ☐ **Regular Audits:** Does the provider regularly audit their employment practices for compliance with local, state, and federal laws?
- ☐ **Reporting:** Are clear and accurate records of payroll, taxes, and employee status maintained and accessible?

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