

One Minute Memo®



New Jersey's Department of Labor and Workforce Development Teams Up With USDOL To Combat Employee Misclassification

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Seyfarth Synopsis: On August 10, 2018, New Jersey's Department of Labor and Workforce Development and the United States Department of Labor signed a cooperation agreement aimed at further increasing employee protections by allowing the two agencies to coordinate investigations and share resources to address the misclassification of employees as independent contractors in New Jersey.

The cooperation agreement comes three months after Governor Phil Murphy signed an [Executive Order](#) establishing the Task Force on Employee Misclassification in what the Governor described as an attempt to crack down on "unscrupulous contractors who engage in 1099 fraud." According to Governor Murphy's office, auditors have identified more than \$80 million in underreported employer contributions since 2010 in New Jersey alone. The Task Force includes representatives from New Jersey's Department of Labor and Workforce Development, the state treasury department, the Department of Law and Public Safety and several other agencies. The Task Force held their first meeting a few days before the cooperation agreement between New Jersey and the DOL was signed.

The cooperation agreement is intended to send a strong message to businesses that misclassification laws "are being strictly enforced." The Labor Workforce and Development's chief responsibility is to ensure workers are protected and that businesses are playing by the rules. The partnership with the DOL will help New Jersey ensure that the state's employees "get the protections they deserve," according to the state's labor commissioner Robert Asaro-Angelo.

Mark Watson, administrator for the Northeast regional office of the DOL's wage and hour division, said in a statement that "[t]he U.S. Department of Labor looks forward to improving coordination and increasing joint outreach and compliance assistance efforts with all of our state partners."

Both the Task Force and the cooperation agreement are likely to focus a large part of their resources in the construction, transportation and information technology industries, along with employees in the gig economy, as misclassification issues arise regularly in those sectors.

Joint state-federal actions to increase employee protections continue to be enacted across the country. Companies in New Jersey who engage independent contractors should review their classification of workers to ensure compliance. Both the Executive Order and the cooperation agreement are designed to send a strong message to employers in New Jersey that legal compliance with employee classification should be taken seriously.

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