

# Task Force Finds Workers Have Been Misclassified

The Department of Workforce Development has issued its preliminary report from the Misclassification Task Force. Misclassification of workers as “independent contractors” rather than “employees” is a growing problem in Iowa and across the nation.

In September 2009, Iowa launched a misclassification unit tasked with educating the business community on the issues of employee misclassification and to properly investigate those suspected of improperly classifying their workers. To date, efforts related to misclassification have uncovered:

- 116 employers misclassified almost 900 workers.
- Total unreported wages are over \$15.5 million.
- Total unemployment taxes due are \$556,000.
- Total unemployment penalties and interest due are over \$156,000.

Collaborative efforts between unemployment insurance, contractor registration, and workers' compensation units have aided the investigative efforts of Iowa's misclassification activities.

“Employers that improperly classify their workers as independent contractors create an unfair playing field by lowering their costs of doing business in comparison to employers who follow the law,” stated Iowa Workforce Development Director Elisabeth Buck. “There is also the potential for a greater economic burden to communities as misclassified workers are denied access to workers' compensation coverage and unemployment benefits.”

The task force will continue to educate Iowa's business community on the issue. The department hopes to develop a business climate that is competitive and fair for all employers and employees. Information on Iowa's misclassification program is available at [www.iowaworkforce.org/misclassification](http://www.iowaworkforce.org/misclassification).