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TRENTON – The New Jersey Department of Labor and Workforce Development and the U.S Department of Labor pledged a historic new level of cooperation to protect New Jersey’s economy by signing an agreement Friday to work together to end illegal employee misclassification.

By misclassifying workers as independent contractors – workers who file 1099s, not W2s – employers avoid paying unemployment and disability taxes, costing state and federal taxpayers untold millions of dollars. In New

Jersey alone, auditors have identified more than \$80 million in underreported employer contributions since 2010.

“In New Jersey, we promote fairness and fight discrimination. Today’s action is another great step forward to ending a practice that is not only unfair, but illegal. We are proud that this joint state-federal action will help protect New Jersey workers by putting an end to unfair labor practices,” said Gov. Phil Murphy.

Workers misclassified as independent contractors are ineligible for the wage and overtime protections afforded to employees, and can find themselves underpaid and without basic labor and OSHA protections.

Additionally, independent contractors are not covered under the National Labor Relations Act, which makes it more difficult for them to organize and collectively bargain with an employer.

“One of the Labor Department’s core responsibilities is to safeguard workers from unscrupulous business practices, and to support responsible businesses by making sure everyone plays by the same set of rules,” said Labor Commissioner Robert Asaro-Angelo. “This partnership with U.S. DOL will help ensure that our business partners and the state’s workers all get the protections they deserve.”

Misclassification violations can happen anywhere, but those who work in construction, transportation, information technology, and other in-demand businesses appear to be most vulnerable.

The memorandum of cooperation signed by the two agencies adds teeth to labor enforcement efforts by promoting coordinated investigations and shared resources. The partnership sends a strong message to unscrupulous business owners that misclassification laws are being strictly enforced.

“The agreement we signed today with the New Jersey Department of Labor and Workforce will amplify the effectiveness of both agencies,” said DOL Wage and Hour Division Regional Administrator Mark Watson. “The

U.S. Department of Labor looks forward to improving coordination and increasing joint outreach and compliance assistance efforts with all of our state partners.”

Additionally, the Governor’s Task Force on Employee Misclassification met this week, chaired by Labor, bringing together representatives from the Departments of Agriculture, Economic Development, Human Services, Transportation, Treasury, and the Attorney General’s office to collaborate on strengthening misclassification enforcement.

This inaugural meeting followed an executive order signed in May by Gov. Murphy establishing a cross-departmental task force. It ushers in a new era of cooperation among state agencies in the fight for New Jersey workers and responsible employers.



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