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DWD

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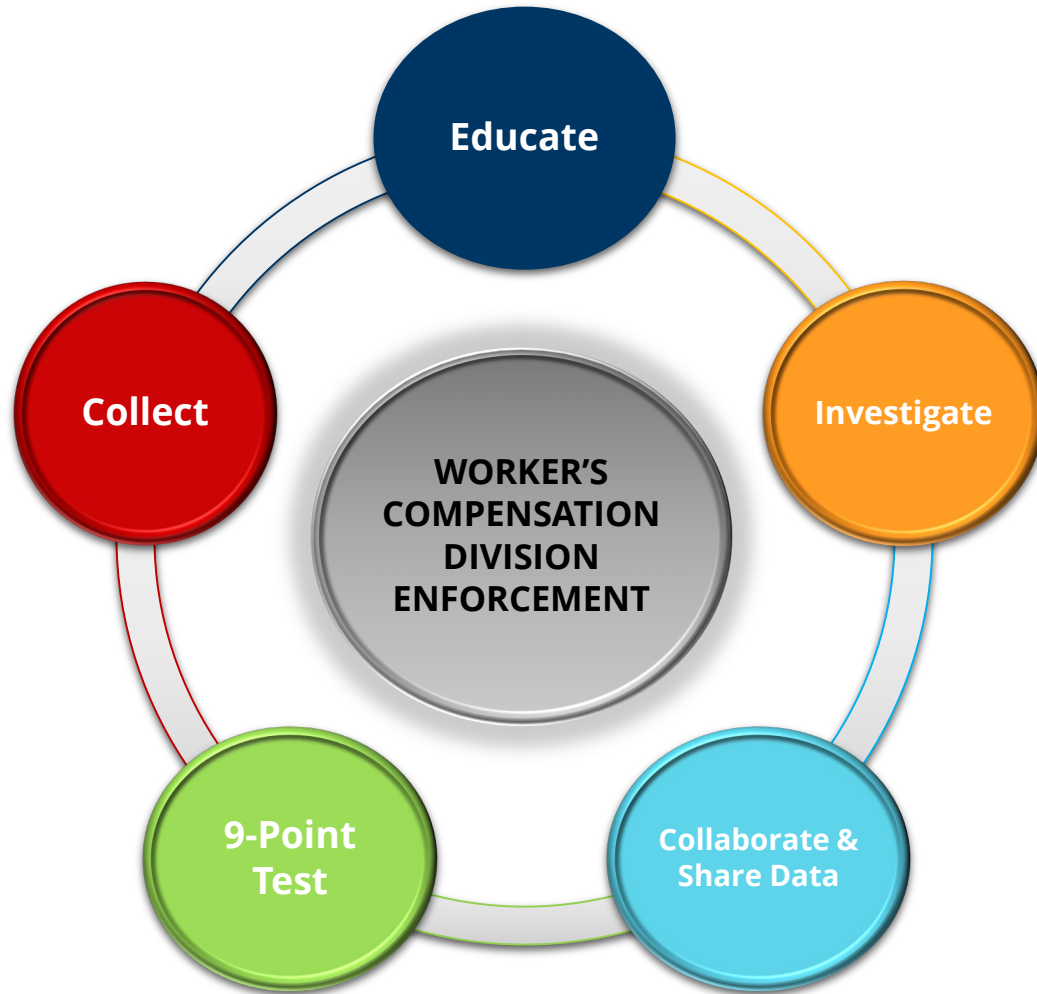
# Worker Misclassification Task Force: W C Enforcement

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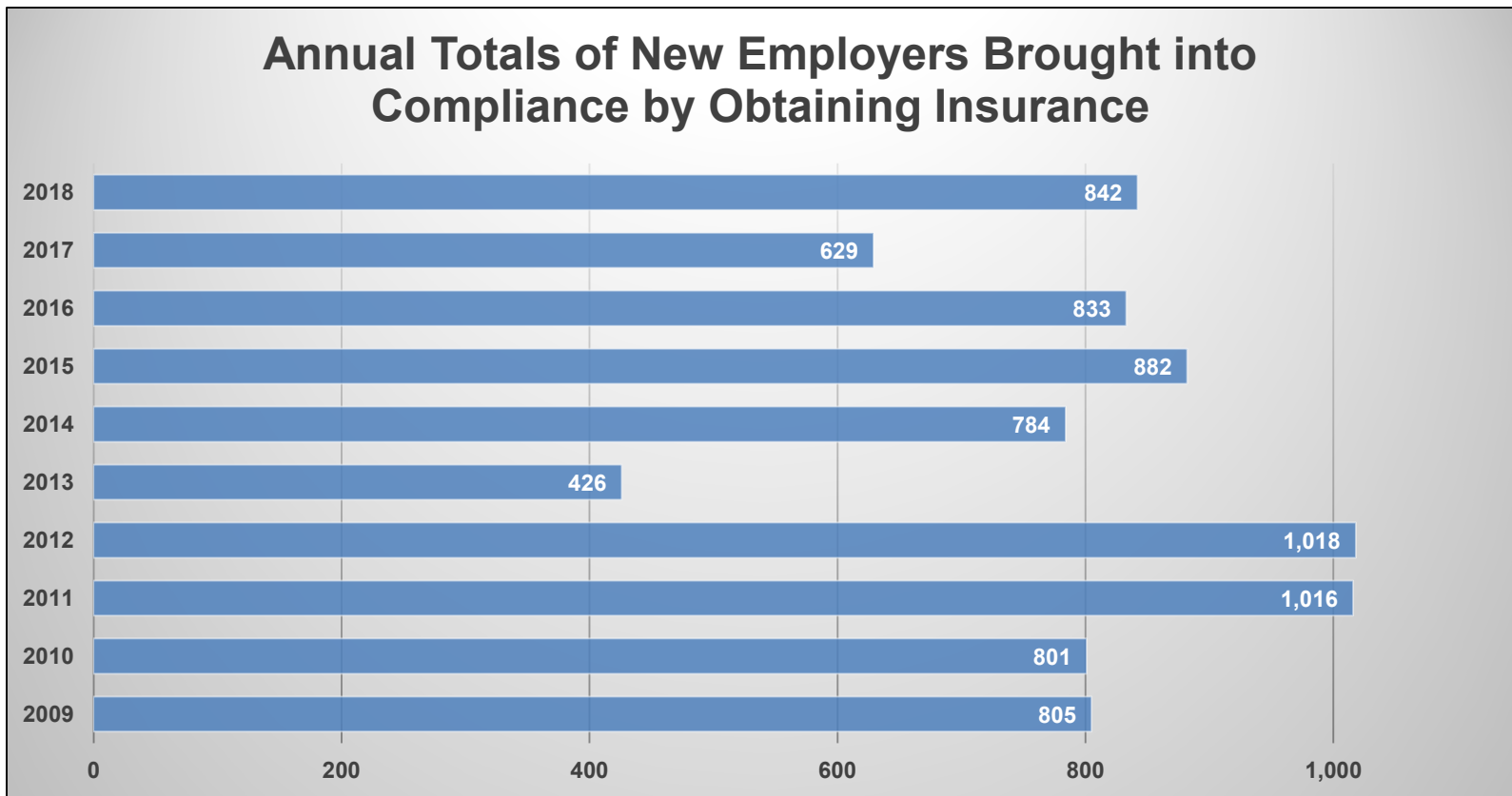
# WC Enforcement

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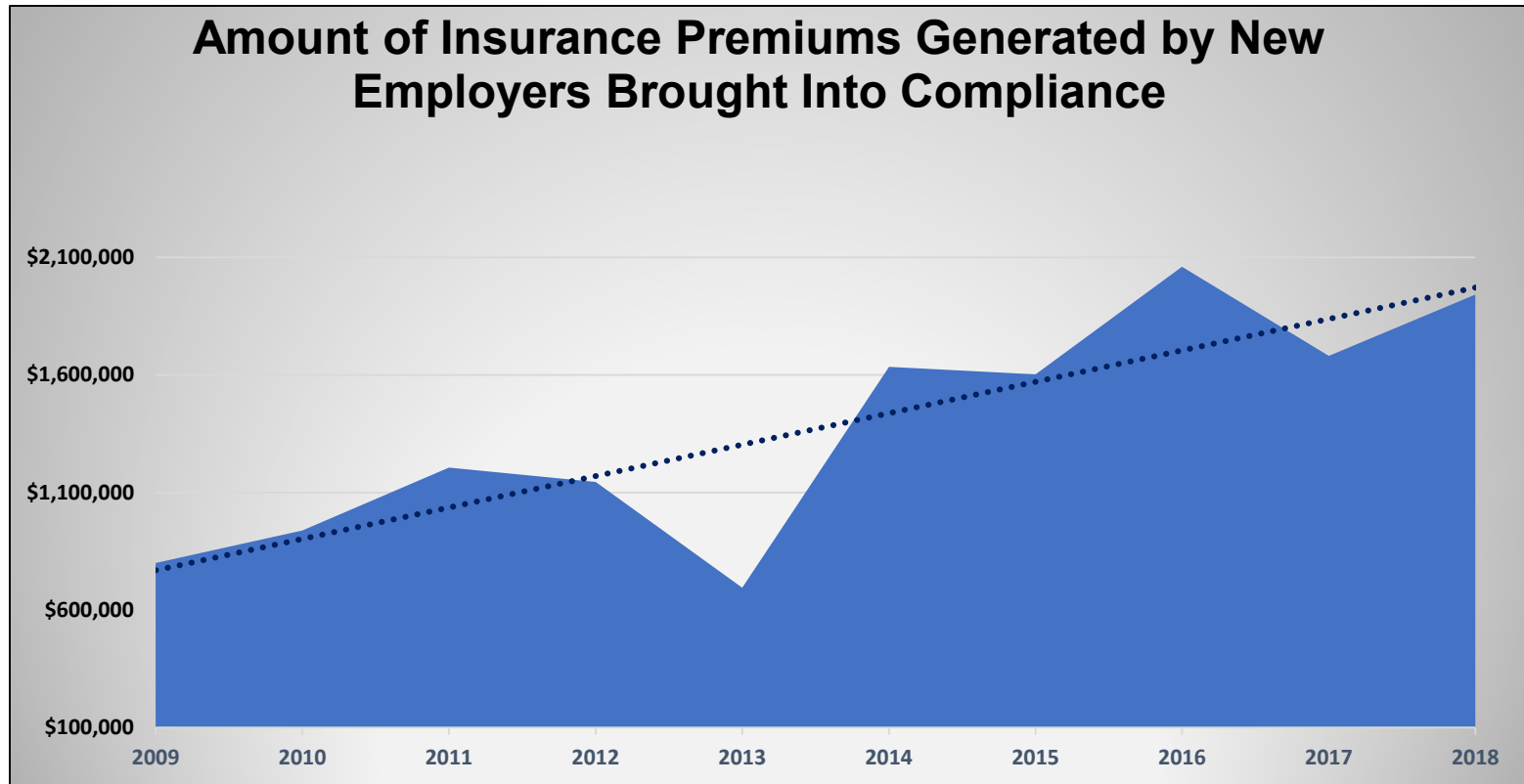
# WC Education & Prevention

- WC Division **Validates Proof of WC Insurance**



# New Employers ' Insurance Premiums

- **WC Enforcement:** Upward Trend New Employer Premium Payments



# WC Education: Cancellation Notices

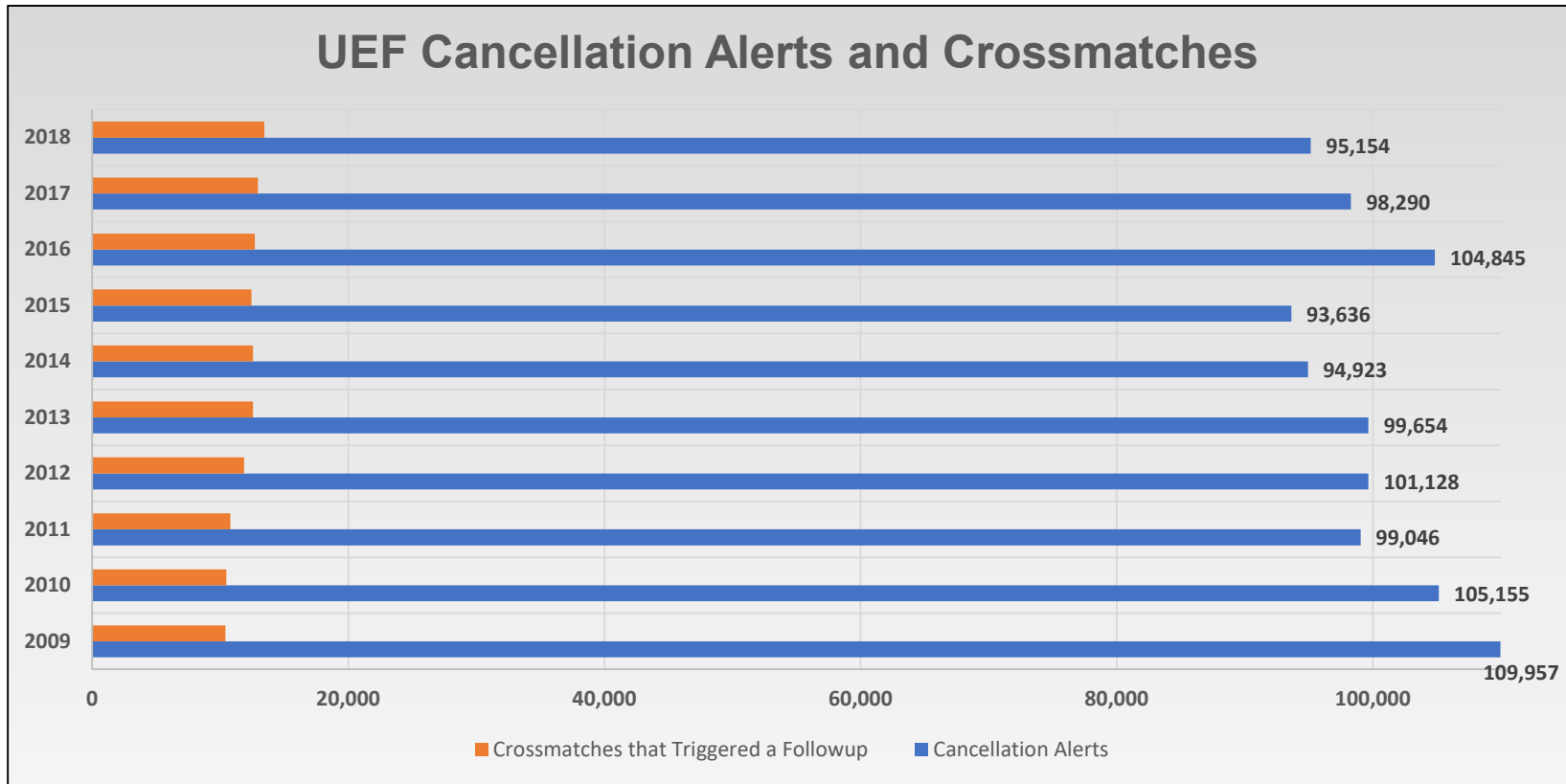
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- **Raise employer awareness of requirements of WC Act**
- **Employers are notified prior** to expiration of policy
  - **60 days prior** to cancellation
  - **10 days prior** to cancellation
  - **30 days after** cancellation
- **Average number** of notices sent per year: **100,000**
- **Investigation is opened** if no response or if employer's response requires further verification
- Example in packet



# Employer Cancellation Notices

- **WC Historical Cancellation Activity**





# WC Enforcement Methods & Tools

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- **Multiple Databases Reviewed for Compliance**
  - **Unemployment Insurance (UI) database** → Does entity have employees?
  - **Wisconsin Compensation Rating Bureau (WCRB) database** → Do they have WC insurance coverage? Is there a lapse in coverage? Did the officers opt out of coverage?
  - **Department of Financial Institutions (DFI) corporate** records → What is the business status? Who are the officers?
- **WC Investigation System Programmed for Automated Cross-Matches**
- **Referrals from public, other agencies**
- **Investigations initiated via letters to businesses**





# WC Investigation Team: By the Numbers

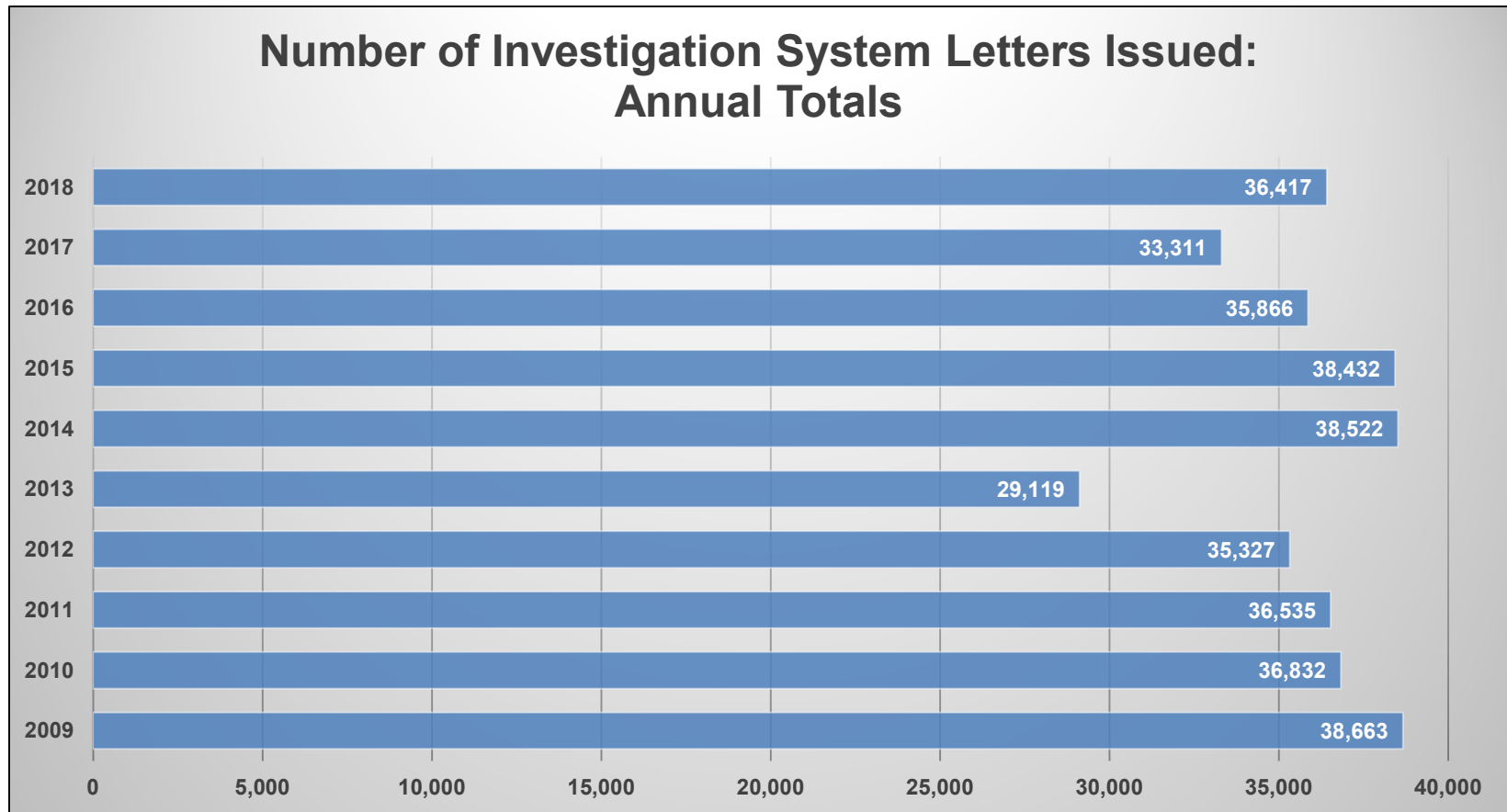


From upper left:  
Jeff Breunig,  
Norman  
Eberhardt,  
Victoria  
Swenson,  
Davidian Rumph,  
Denise Madigan-  
Doucette, Kathi  
Ashmore,  
Rhonda  
SearVogel

- Staff: **7 Investigators**
- **22,000** investigations/yr
- **20,000** phone calls/yr (approx.)
- Issue about **200** penalties/mo
- Avg. penalty = **\$2,567 (\$750 min.)**
- Assess **\$5.5 million/yr**



# WC Investigators Issue 1,000s of Letters/Year



# WC Independent Contractor Inquiries

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- **Most are resolved through discussion with WC Investigators explaining 9-Pt Test**
- **Of those continuing to maintain they have Independent Contractors, WC Investigators send the E50 form requesting documentation for further review**
- **Many of these are not returned by the employer. With no response, the workers are determined to be employees**
- **Upon receipt of details from the employer, the E51 is sent to each purported Independent Contractor**



# WC Independent Contractor Inquiries

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- **619 Independent Contractor (IC) investigation inquiries to employers since 2009 (E50)** explaining the 9-Point Test and requesting IC names and details
  - **210 Independent Contractor inquiries** to the purported independent Contractors during this period (E51)
- **Also use UI audit information and results** to assist with determinations

# WC Investigations: Continued Non -Compliance

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- Use of **progressive enforcement**
- Series of **letters to include information, instructions, and consequences** of non-compliance
- Up to and including **closure of business** (infrequent)
- Often the **letters and phone calls encourage them to comply**

# WC Investigations: Non -Compliance

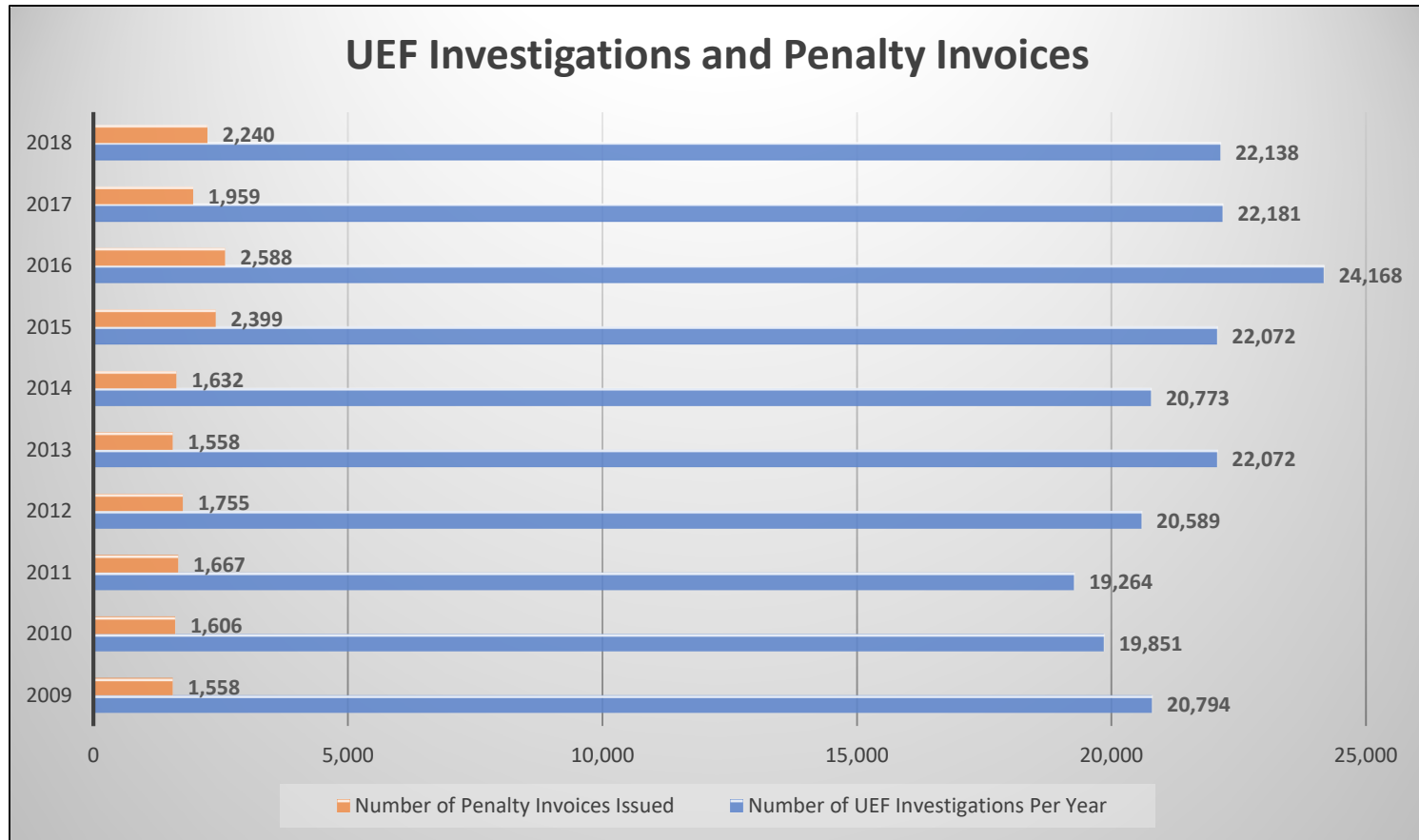
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## After the Assessment...

- Due **30 days** after it is assessed
- Begin to accrue statutory **interest of 1% per month** after 1 month
- Issue account past due notice



# WC Investigates & Issues Penalties





# WC Enforcement: Collection Efforts

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- Staff of **3 Collection Specialists**
- **UEF System tracks liability** through the collection process
- If payments are not received and a payment plan is not in place, accounts are eligible for **legal action to secure and collect the debt** from the employer and responsible parties
- **Collection tools**
  - Filing a judgment establishing a **lien on real property**
  - **Wage garnishment**
  - **Bank levy**
  - **Intercept of State tax refund, lottery winnings, state contracts**
- Collections average approximately **\$400,000 per month**
- Proceeds **pay claims against illegally uninsured employers**





# Questions?

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