

Wisconsin Department of Workforce Development: Holds worker misclassification roundtable at Building Services Incorporated in Waukesha

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On the Web: <http://dwd.wisconsin.gov/dwd/news.htm>

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Roundtable attended by numerous contractors representing various trades

WAUKESHA – The Department of Workforce Development (DWD), in collaboration with State Council of Carpenters and Painting and Allied Trades, held a Worker Misclassification Roundtable in Waukesha yesterday to gather information and input on the issue of Worker Misclassification in Wisconsin. The roundtable was hosted by Building Services Incorporated.

“Under Governor Evers, the rights of workers are first and foremost, and by ensuring that employees are properly classified, we are providing workers with the confidence that in the event of a separation or workplace issue, they will have proper supports in place,” DWD Secretary Caleb Frostman said. “The input of our employer partners and other stakeholders on this issue is absolutely vital as we move forward with implementing Governor Evers’ Joint Taskforce to combat Worker

Misclassification and Payroll fraud.”

Last year alone, UI Division auditors conducted 2,459 audits, identifying 8,677 misclassified workers and recouping more than \$1.5 million in Unemployment Insurance (UI) taxes, interest and penalties due to their efforts. The issue isn't isolated to the UI program alone. Misclassified workers are often times denied access to worker's compensation and various labor and civil rights protections. Employers who misclassify workers obtain a competitive advantage over their peers. Without action on this important issue, Wisconsin stands to lose tax revenue, employers who play by the rules lose work, and workers suffer.

Under Wisconsin law, workers are presumed to be employees and subject to tax unless determined by law to be independent contractors. An employer found to be utilizing misclassified workers may be liable for additional tax, interest and penalties. Employers engaged in the construction trades may also be subject to a stop work order. In addition, employers engaged in the painting or drywall finishing of buildings or other structures who willfully provide false information to DWD for the purpose of misclassifying or attempting to misclassify a worker as an independent contractor can be fined \$25,000 for each violation.

Jim Macejkovic, Executive Vice President of Building Service Inc., and a member of the original task force of the 2008 study stated, “The misclassification of workers occurs in both residential and commercial construction and gives an unfair advantage to contractors that play by the rules, and could place building and housing owners in a safety dilemma where studies have shown that up to 4 out of 10 misclassified workers are not covered by workers compensation insurance; if a roofer falls off your roof, as an owner of the property, you could end up being liable for their injuries.”

DWD's Worker Classification website, available [here](#), also provides employers with a clear and understandable process to determine whether their workers are employees or independent contractors, as well as a mechanism to report suspected worker misclassification.

The Executive Order signed by Governor Evers creating the Joint Taskforce on Worker Misclassification and Payroll Fraud is Executive Order 20 and can be viewed [here](#).

To view the most recent Unemployment Insurance Program Fraud Report,



click [here](#).