

Wage & Hour Insights

Guidance & Solutions for Employers



Louisiana Joins the DOL's Misclassification Initiative

By Staci Ketay Rotman February 29, 2012

Louisiana is the latest State to sign a Memorandum of Understanding and join forces with the U.S. Department of Labor to combat employee misclassification. These Memorandums of Understanding with state government agencies arose as part of the U.S. Department of Labor's Misclassification Initiative, with the goal of preventing, detecting and remedying employee misclassification. Louisiana is now the thirteenth State to sign one of these Memorandums after California, Colorado, Connecticut, Hawaii, Illinois, Maryland, Massachusetts, Minnesota, Missouri, Montana, Utah and Washington. The Memorandums allow the DOL to share information and to coordinate efforts with participating states as part of its Misclassification Initiative.



As we have previously mentioned, the DOL is laser focused on employers who misclassify employees as independent contractors. And as misclassification continues to grow, so does the DOL's resolve. In 2011, the Wage and Hour Division collected more than \$5 million in back wages for minimum wage and overtime violations under the FLSA that resulted from employees being misclassified as independent contractors or otherwise not properly treated as employees. With that kind of money being collected, this issue is not going away any time soon.

Insight for Employers

Whether a worker is an independent contractor or an employee is a very fact specific analysis. Like other misclassification issues, when left unchecked, failure to properly classify a worker as an employee may lead to serious monetary damages down the road. Even if you are familiar with these rules, if your business uses independent contractors, it may be worth a few minutes of your time to confirm with an experienced employment attorney that your workers are properly classified.

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