North Carolina and Nebraska Join 32 Other States In Agreeing To Partner With U.S. DOL to Investigate Worker Misclassification

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Just last month we reported that *Pennsylvania* had entered into a *memorandum of understanding ("MOU")* with the **U.S. Department of Labor** ("U.S. DOL"), agreeing to share information and conduct joint investigations regarding independent contractor misclassification. Now two more states have joined the U.S. DOL in this effort. In the past week, North Carolina and Nebraska became the latest states to enter into MOUs with the U.S. DOL. David Weil, U.S. Department of Labor Wage and Hour Division Administrator, in discussing these new partnerships, explained that the Wage and Hour Division will continue to "strive toward workplaces with decreased misclassification, increased compliance, and more workers receiving a fair day's pay for a fair day's work." With Nebraska and North Carolina, 34 states have signed MOUs with the U.S. DOL as part of its Misclassification Initiative.

The coordinated effort between federal and state enforcement agencies raises the stakes for companies that utilize independent contractors. Companies investigated by either the Nebraska or North Carolina Departments of Labor can now expect those states to share their findings with U.S. DOL, thereby increasing the likelihood of simultaneous, multi-agency investigations. As such, companies in North Carolina and Nebraska, like those in the 32 other

states that have signed MOUs with the U.S. DOL, should expect that any misclassification inquiry will automatically expand to include both state and federal agencies, thereby increasing the scrutiny on such companies and the risks associated with a misclassification determination.

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