



Lana Gordon, Secretary

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**Testimony before the Senate
Committee on Commerce**

Senate Bill 198

Chairwoman Lynn, President Wagle, and Honorable Members of the Committee:

On behalf of Secretary of Labor Lana Gordon, please accept this testimony in support of Senate Bill 198. If enacted, this bill will give the State another tool to use for child support enforcement, as well as **aid the Department of Labor in its ongoing effort to detect, combat, and prosecute unemployment fraud.**

State law currently directs employers to report newly hired *employees* to the new hire database. The new hire database is maintained by KDOL, but used by the Department of Children and Families to find workers who owe child support. KDOL also uses the database to detect earnings, which are then cross-matched against a list of unemployment claimants. This allows our agency to detect and prevent potentially fraudulent claims. SB 198 adds certain *independent contractors* to those individuals employers would report to the new hire database.

Adding independent contractors to wage earners who are reported to the new hire database is an important step toward expanding the data our agencies use in protecting Kansans.

KDOL suggests that there would not be a significant burden placed on employers. Reporting to the database is easy, and employers have been required to report employees to the database for nearly 20 years. Many employers utilize a third party administrator or payroll company. The information to be reported is nonintrusive. Employers would only be required to report independent contractors that would receive a form 1099. Most of this information makes its way to the government eventually. This speeds the process up. Further, other states already require employers to report independent contractors to their new hire databases.

KDOL believes the benefits to the State outweigh any nominal complaints about reporting the information to the database. KDOL would, however, suggest that the bill be amended to be implemented effective January 1, 2016, to give the State and employer groups time to educate employers about the benefits of the new hire database. Similarly, though I am unable to attend the hearing today to advocate on behalf of SB 198, please feel free to contact me via phone or email to discuss this bill.

Thank you for your favorable consideration of SB 198.

Respectfully submitted,
Justin McFarland