

January 26, 2016

The Honorable Julia Lynn
State Senate/Rm. 445-S
Kansas State Capitol
300 SW 10th Street
Topeka, Kansas 66612

Re: Annual Report to the Standing Committee on Commerce of the Senate on Investigations on Misclassification of Employees

Mdm. Chairwoman and Members of the Committee:

On behalf of Secretary of Labor Lana Gordon, I present the following information concerning worker misclassification for calendar year 2015. This information is provided pursuant to K.S.A. 2013 Supp. 44-769. This information is also being provided to the Standing Committee on Commerce, Labor and Economic Development of the House of Representatives.

The number of investigations initiated: **21,211**

The number of investigations which were closed: **18,222**

With no assessment being made: **17,796**

With assessment being made: **(426)** which include the following information:

An estimate of the amount of unreported payroll: **\$21,236,457.20**

An estimate of the unpaid taxes or taxes which have not been withheld on such unreported payroll amount: Approximately **\$810,920.00** (per Kansas Department of Revenue).*

The amount of unpaid contributions or other amounts required to be paid under the employment security act related to such unreported payroll amount: **\$503,965.87**

Actual Contributions: **\$2,556,647.72**

Reported Contributions: **\$2,099,511.79**

Actual Misclassified Contributions Due: **\$457,135.93**

Total Contributions Paid: **\$2,335,089.74**

The total amount of interest assessed: **\$44,267.61**

The total amount of penalties assessed: **\$2,562.33**

The number of employers found to be employing undocumented workers: **33**

The total amounts collected for each of the categories listed in subsection (b) of K.S.A. 44-769:

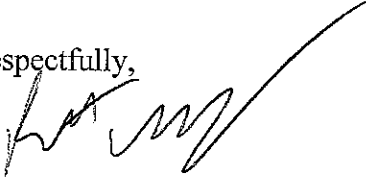
Total Contributions Paid: **\$2,335,089.74**

Total Interest and Penalty Paid: **\$8,189.18**

* The estimate of unreported payroll includes businesses that may not report to KDOL, but are registered and remitting withholding tax. It also includes wages not subject to withholding and self-employment income. These factors could potentially lower the estimated unreported withholding tax.

If you have any questions, or would like additional information on this subject, please do not hesitate to contact me.

Respectfully,



Brett Flachsbarth
Director of Unemployment Insurance

Cc Lana Gordon, Secretary of Labor
Cindy Morris, Chief of Audits & Investigations
Ronda Kirk, Regional Audit Supervisor