

Questions and Answers:

Request for Proposals for Worker Misclassification Fraud Impact Report, No. 2000017413

1. *Does the State have an estimate on the number of positions and classifications the contract will study and does the State have established sampling methods?*

The legislation is not position or occupation-specific and requires that the study include statewide estimates and estimates by industry. The goal is to estimate the number of independent contractors and unreported workers who should be classified as employees. A 2017 DEED report stated that Minnesota has “over 397,000 non-employer businesses or those residents who are self-employed.”¹ This research seeks to estimate the proportion of those workers who are misclassified, along with potential estimates of unreported workers (i.e. workers paid in cash only). At this time, the State does not have established sampling methods.

2. *Are there specific positions that the State has already identified that will need to be studied?*

There are not specific positions that will need to be studied.

3. *Does the State want all the positions studied at the same time, or will they prefer it be done in phases?*

The State requires statewide and industry estimates and, given these groups are not mutually exclusive, expect those to be studied at the same time.

4. *Is the State comfortable with the work being completed remotely or do you expect onsite work for certain tasks?*

The State is comfortable with most work being completed remotely. It would be helpful to have some of the work such as presentations to be performed onsite, but this is negotiable.

5. *Once the misclassifications have been identified, does the State want us to identify the cause and appropriate classification?*

Yes, the State wants the researchers to identify, to the extent possible, the causes of misclassification and possible solutions. The State also wants the researchers to propose appropriate classifications to the extent necessary to estimate the financial impacts of misclassification fraud.

¹ Minnesota Department of Employment and Economic Development. (2017). Small Business Success. Retrieved from https://mn.gov/deed/newscenter/publications/review/december-2017/small-business-success.jsp?fbclid=IwAR1lI5GomBlAZ_gBVOz6NqzFpSgZ9nk1mdc7hXWhKrsNweBpCSP9mESUBEs.

6. *Does the state have an estimated number of hours to perform the work?*

No, the State does not have an estimated number of hours to perform the work.

7. *Are there unions or collective bargaining agreements (CBAs) relevant to the worker groups included in the study? If so, can you provide information on which worker groups are unionized, how many workers are covered, and whether access to relevant CBAs or union-related data will be made available?*

Access to union-related data, such as trends among unionized workers in certain industries, may be informative to the study, but is not required.

Access to specific CBAs between employers and employees are not considered necessary for the purposes of the study.

The response to question 1 provides more information about the estimate of the number of positions and classifications to be studied.

8. *Can you clarify if the assessment will focus on misclassification of Minnesota workers as independent contractors or will the contractor assess all misclassification?*

The contractor will assess all misclassification – this is not only limited to an analysis of workers classified as independent contractors.

9. *I am interested in responding to this RFP but have concerns with one of the terms and conditions within the contract template. Should I respond with the expectation that terms and conditions are negotiable?*

Some of the terms and conditions are negotiable. When completing Attachment B, applicants have the opportunity to identify clauses, suggest changes to the clause, and provide an explanation or justification.

10. *On page 6 of the RFP, the first paragraph indicates that data will be provided by the Department of Revenue. It has been our opinion that the best way to quantify the prevalence of misclassification in Minnesota is by running a random audit of tax filings submitted to DOR. We are wondering if this type of random audit would be allowed under the purview of the data sharing referred to on page 6?*

At this stage, the depth of data sharing is not confirmed. As the statute directs sharing of data, this detail will be determined during the project. This question is likely to be a good consideration for those discussions and data-sharing agreements.

11. *It is my understanding that any vendors or subcontractors receiving a contract in excess of \$50,000 must have implemented, or be in the process of implementing, the federal E-Verify program. Could you clarify if that regulation would apply to this study (assuming that the total contract cost exceeds \$50,000)? If a subcontractor in the study were to receive less than \$50,000, are they still subject to this E-Verify provision?*

We anticipate the total cost of the contract will exceed \$50,000, and that the requirement to implement or be in the process of implementing the use of E-Verify will be required. If a subcontractor in the study were to receive less than \$50,000, they would not be subject to this E-Verify provision.

Note: the response to question 9 provides information related to contract negotiations.