

National Council of Child Support Directors
2018 Annual Meeting & Conference
Child Support: A Safe Harbor for the Future
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The “Gig” Economy: *Entering Uncharted Waters*

(or Can I Uber by Boat?)

Monday, May 14, 2018 • 1:15 – 2:15 pm

Alisha Griffin –Moderator

Larry Desbien – Director, Colorado

Sherri Grigsby – Employer Services, OCSE



- The Gig Economy....
- the environment in which temporary positions are common and organizations routinely contract with workers for short term engagements.

“Gigging” is having “spidering” Effects

- How does this affect the child support community?
 - Parenting
 - Work and Income
 - Employers

Parenting Perspectives:

- 82% of all births today are to Millennials
- They are choosing names via “twitter” handles
- They are co-parenting and sharing responsibilities more than any other generation
- More than 2/3rds use non-traditional sources for resources to parent
- They are challenging, bartering and relying on others and sharing options.



Work Place Perspectives

- View of the traditional work place: chronic upheaval, inhumane boring and to be endured
- Gigging is - intensely “personalizable”, reflects the values of their era and is democratizing capitalism
- Prefer;
 - Ability to control one’s work life
 - Ability to put money in the pocket of peers
 - Doing for self rather than for a big corporation

Growth of “gig” work:

- 72% of American’s using a sharing service or an on-demand service regularly
- Millennials use on average 4 or more of these services
- Quick examples of new pop-up’s; metrobutler, task rabbit, thumbtacks, postmates, handy, dogvaca, foxden, deliveroo...and on and on
- Growth of “app’s” -multiple sources of work require app’s that manage
- Nissan and USPS - % growth in use of contract/temp
- Uber drivers have more than doubled in a year



Growth continued:

- Over past 2 decades the filing and use of IRS 1099 grown faster than W-2's
- "Gig" work grew more than a factor of 50 between 2012 and 2015
- Additional growth in other traditional contract areas – farming, construction, trucking, etc.
- Recent shift in the Physician and Nurse practitioner trades (minute clinics and doc's on call)
- Recent movements to legalizing marijuana; grow, sell, license and banking
- By 2020 40% of American workers will be independent contractors
- Digitization is further decreasing work options and opportunities

Employer and Employment Impacts:

- Definitions of worker vs Independent Contractor (UK and Taylor report)
- Decline in use of with/holding
- Decline of protection of collective bargaining
- Employment law and Unions
- Increase in contracts management vs payroll and HR
- New Hire reporting vs accounts receivable
- Supervision and management

So how is or might this be affecting key aspects of the child support program?

- Employers –reporting, compliance, definitions and federal role
- Order setting – visitation ,shared parenting, contributions, etc
- Verification and variability of employment
- Guidelines - variability and sources of work
- Payment options for child support
- Enforcement

Terms—What do they mean?

- Contract labor providers (CLPs)
- Independent contractors and non-employees
- Self-employed
- Contingent workers and core contingent workers
- Sharing, Access, Gig, On-Demand, 1099 -- Economy



Recommendations for 2015-19 OCSE Strategic Plan

- Explore better ways to locate NCPs who are independent contractors
- Mandate independent contractor reporting as part of new hire reporting
 - CA, CO, CT, IA, ME, MA, NE, NH, NJ, NY, OH, SC, TX, and WV require companies to report independent contractors as part of new hire reporting
 - DE, GU, MI, MN require only government agencies to report independent contractors as part of new hire reporting
- National legislation may be required to provide a standard process for reporting

NDNH Reports for Some Companies Using Independent Contractors

- Companies report new *employees* (not independent contractors)
 - Lyft reports new hires through a vendor to multiple states
 - Uber Technologies reports new hires to Texas
 - Outreach to Uber to review independent contractor reporting requirements in Texas
 - Airbnb, Inc. reports new hires to California



Issuing IWOs to Companies to Withhold from Independent Contractors

- Action Transmittal 14-05 – 2014 Revisions to the Income Withholding for Support (IWO) Form and Instructions added language about non-employees/independent contractors
- Asked states to provide information on IWO matrix to address withholding limits (varies) for those non-employees



Ideas to Identify and Collect from Independent Contractors

- In-state FIDM and MSFIDM
- Tax refund intercept
- Issuing subpoenas to companies such as Uber and Lyft
- In lieu of subpoenas potential for data matches—similar to matches with insurance companies and financial institutions
- Filing liens on property (vacation rental market)
- Data match with PayPal



Areas for Continued Effort...

- We need better, standard definitions
- Still a work in progress—Gig economy is ever-changing
- Look for employee protections, state enforcement actions, continued success of new business model



Questions for the panel:

- Are these the right steps or are there other we think might be beneficial for OCSE to pursue.
- If you have New Hire reporting requirements for Independent contractors, have you seen any impact on reporting?
- Most of our laws for reporting independent contract work puts the onus in on the employer;
 - Do your laws include a threshold for reporting?
 - Have you considered a requirement that links to the licensing of independents?



Questions for the panel

- Have you had any conversations with your employers or employer community with respect to contracting and whether they are reporting it or is it being managed elsewhere?
- Given these changes we are seeing, and “the Rule’s” mandate to review our guidelines; have you given any thought as to the impact on your order setting practices?
- Most states have moved away from downloading or use of 1099 data due the security and privacy requirements – do you use 1099’s now / are you considering using it? What impact do you think this will have on your operations?

Questions for the Panel:

- Are you thinking/anticipating this affects your intake, case management or enforcement practices?
- If so, will you need law or regulation changes here too?



THANK YOU !!