



Independent Contracting Threats

What's at Stake

Today, 1 in 5 jobs in America is held by an independent contractor. Self-employed workers overwhelmingly choose independent contracting because they can earn more income and enjoy greater flexibility than if they were employees.

Independent contracting is important to **stay-at-home mothers, caregivers, retirees, students, and people with disabilities, chronic illnesses**, and those with health conditions that prevent them from working in a traditional job.

Federal agencies, Congress, and states are pushing for greater restrictions on self-employment. Lawmakers and regulators seek to reclassify tens of millions of independent contractors as employees, even if they prefer their status, through:

- U.S. House-passed Protecting the Right to Organize (PRO) Act
- Department of Labor's proposed rule for independent contractors
- National Labor Relations Board (NLRB) considering changes to its independent contractor status test.

Similar restrictions were enacted in California (AB5) under the guise of protecting workers' rights. In reality, AB5:

- Destroyed many flexible work arrangements causing workers to lose their livelihoods.
- Severely reduced opportunities for state-based critical service providers that serve vulnerable communities (transcription services for hearing impaired, health aides, etc).
- Triggered layoffs and closures because businesses could not afford the higher costs.

Keeping Independent Contractors from Working

Fifty-nine million Americans currently work as independent contractors. Technology has greatly expanded flexible opportunities in the sharing economy including rideshares, deliveries, and tasks. Many professionals across a wide variety of occupations choose to work as contractors as well, including event planners, optometrists, artists, transcribers, writers, and many more.

Independent work is not the last resort, but a preference: 75% of freelancers are working independently by choice. Women especially value its flexibility. Reclassification takes away this choice. It will lead to lost incomes, closed businesses, and destroyed livelihoods.

Reclassifying workers as employees will raise labor costs for businesses by an estimated 20-30% and cost an estimated \$57 billion nationwide.

At a time of high inflation, policymakers should not destroy flexible work in America.

Misguided policies intended to reclassify millions of independent contractors must be rejected.

Addressing Misperceptions

MISPERCEPTIONS	FACTS
<p>Reclassification as employees will improve gig workers' lives.</p>	<p>Independent contractors understand they are making a tradeoff: Traditional jobs offer benefits, but contract work offers independence, flexibility, and greater control. Reclassification efforts would take this choice away from workers and threaten their livelihoods.</p>
<p>The number of full-time workers hired to replace contractors will balance out the lost income for contract workers.</p>	<p>No. In California, companies are either hiring a much smaller number of full-time employees, reducing their independent contractor workforce, or outsourcing to other states.</p>
<p>If independent contractors are unduly burdened by the PRO Act, they should simply seek an exemption from the law as Californians did from AB5.</p>	<p>The PRO Act has no exemptions like AB5. Even if it did, carving out protections for one's own work unfairly excludes those who do not have the money or clout to lobby for an exemption. All workers deserve the freedom to choose the best work arrangement for their situation.</p>