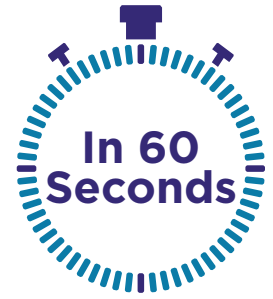


Independent Women® Independent Contracting Threats



What's at Stake

Today, over [70 million Americans](#)—40% of the U.S. workforce—freelance. These self-employed or gig workers overwhelmingly choose independent contracting to **earn more income and enjoy greater flexibility, fulfillment, and work-life balance** than if they were employees.

Women especially value flexibility. Independent contracting is important to **mothers, caregivers, retirees, students, and people with disabilities, chronic illnesses, and health conditions** that prevent them from working in a traditional job. [Nine out of ten](#) female workers who shifted from full-time employment to independent contract work said they did so to prioritize flexibility over stability.

Most freelancers are skilled professionals across a wide variety of occupations, such as computer programmers, marketing professionals, event planners, optometrists, artists, transcribers, and writers. The sharing economy has also expanded gig opportunities through ridesharing, delivery services, and tasks.

Reclassification Destroys Flexible Opportunities

Congress, federal agencies, 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.

In 2021, the Biden administration's Department of Labor finalized a rule that could upend self-employment by implementing a new standard to determine independent status. It injected confusion, complexity, and uncertainty into the business environment.

In addition, the Protecting the Right to Organize (PRO) Act would lead to the reclassification of tens of millions of self-employed and gig workers.

Similar restrictions on independent contractors 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.
- Self-employment fell 10.5%, and overall employment fell 4.4% in affected industries, according to an [analysis](#) by the Mercatus Center.
- Triggered layoffs and closures were caused by businesses being unable to afford the higher costs.

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

Misguided policies 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, AB5 did not increase traditional employment. According to analysis, employers did not hire former independent contractors as traditional employees. Instead, AB5 reduced overall employment and labor force participation.</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 House-passed PRO Act contained 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>