



# Independent Contracting Threats

## What's at Stake

Today, [60 million Americans](#)—39% of the U.S. workforce—freelance. Workers overwhelmingly choose independent contracting because they can **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 **stay-at-home mothers, caregivers, retirees, students, and people with disabilities, chronic illnesses, and health conditions** that prevent them from working in a traditional job. Independent status is not the last resort; [64% of freelancers are working independently by choice](#).

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, through:

- Protecting the Right to Organize (PRO) Act (passed the House in the 117th Congress)
- Department of Labor's proposed rule for independent contractors
- National Labor Relations Board (NLRB) considering changes to its independent contractor status test.

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.
- Severely reduced opportunities for state-based critical service providers that serve vulnerable communities (transcription services for the hearing impaired, health aides, etc).
- Triggered layoffs and closures because businesses could not 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.

Reclassification takes away worker choice and will lead to lost incomes, closed businesses, and destroyed livelihoods. At a time of high inflation, policymakers should not destroy flexible work in America.

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

## Addressing Misperceptions

MISPERCEPTIONS	FACTS
<p><b>Reclassification as employees will improve gig workers' lives.</b></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><b>The number of full-time workers hired to replace contractors will balance out the lost income for contract workers.</b></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><b>If independent contractors are unduly burdened by the PRO Act, they should simply seek an exemption from the law as Californians did from AB5.</b></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>