



## What's at Stake

Today, **1 in 5 jobs in America** is held by an independent contractor. Over half of these workers say no amount of money could convince them to pursue traditional jobs instead.

Independent contractors value being their own boss. Flexible contract work is especially attractive to stay-at-home mothers, students, and those with health conditions that **inhibit them from working in a traditional setting**.

California's new law, AB 5, sets strict guidelines for who may qualify as an independent contractor versus an employee. Proponents of AB 5 argue that it protects workers' rights.

In reality, AB 5:

- **Kills workers' preferred flexible work arrangements.**
- Leaves businesses with less resources overall for wages and jobs.
- Causes layoffs when businesses cannot afford the high cost of reclassifying workers as employees.

Other states are considering legislation similar to AB 5, and the proposed PRO Act would adopt this misguided policy at the federal level.

## Keeping Independent Contractors from Working

**Fifty-seven million Americans have worked as independent contractors.** Technology has greatly expanded the sharing economy including rideshares, deliveries, and tasks, but many workers across a wide variety of professions choose to work as contractors, including event planners, optometrists, artists, writers (freelancers), and so many more.

This work is not simply a last resort for individuals, many of them seek it and prefer it. For example, **75 percent of freelancers are working independently by choice.**

AB 5 takes away this choice. For many, it takes their jobs and incomes away entirely.

Reclassifying workers as employees raises labor costs for businesses by an estimated **20-30 percent**. As a result, companies are either hiring a much smaller number of full-time employees or reducing or eliminating their independent contractor workforce.

**AB 5 is a fundamentally bad policy that should be reversed and abandoned.**

# Addressing Misperceptions

MISPERCEPTIONS	FACTS
<p><b>AB 5 will only improve gig workers' lives.</b></p>	<p>Independent contractors understand they are making a tradeoff: Traditional jobs generally offer better benefits and more stability, but contract work offers independence and flexibility. AB5 is taking this choice away from workers and threatening 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. 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 workers are unduly burdened by AB 5, they should simply seek an exemption from the law.</b></p>	<p>The solution is not simply to carve out protections for one's own work. This unfairly excludes those who do not have the money or clout to lobby for an exemption. All workers deserve freedom from this flawed law.</p>