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## **Testimony of Laura Padin**

National Employment Law Project

### **Empowering the Modern Worker**

Hearing before the United States House of Representatives

Committee on Education and the Workforce Subcommittee on Workforce Protections

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### **Empowering the Modern Worker**

Thank you Chairman Mackenzie, Ranking Member Omar, and Members of the Subcommittee on Workforce Protections for this opportunity to testify today on the important subject of empowering the modern worker. My name is Laura Padin, and I am the Director of Work Structures at the National Employment Law Project (NELP), a non-profit organization dedicated to building a good-jobs economy— one rooted in worker power, racial and economic justice, and the fundamental belief that every job should be a good job. We promote policies and programs that create good jobs, facilitate upward mobility, strengthen the enforcement of hard-won worker rights, and help unemployed workers regain their economic footing through improved benefits and services.

I am here today not only as a national expert on transforming low-quality, precarious jobs into good ones but in deep solidarity with workers like Nicole Moore, President of Rideshare Drivers United, a longtime rideshare driver and a leader who is building worker power and demanding that Congress put real penalties in place for corporations that misclassify workers.

These are Nicole's words:

[In] the U.S. most notably Lyft and Uber, have called all of us drivers "Independent Contractors" since the very beginning. And they've sold many on this idea: we're our own bosses, we work when we want to, less red tape for all—viva la 1099!

But we really aren't independent. There is SO LITTLE we control. Yes, we can work when we want, and choose not to accept some rides, but the algorithms behind these apps are basically 21st century robot bosses: they determine how much we earn, if we earn at all, and really, when we can earn. Those same algorithms can even fire us, and we don't have the right to an explanation or the opportunity to defend ourselves to the algorithms that fire us.

Nicole's experience reflects a widespread reality across the modern economy. Misclassification strips workers of rights, safety nets, and basic dignity. That's why we are a part of this movement fighting to ensure that every job provides the protections, stability, and voice workers need to thrive.

We know what empowers working people:

- Livable wages and stable and predictable work schedules, so people can pay their bills and know what they will earn week to week;
- Paid time off, including vacation, sick leave, and family and medical leave, so that working people can have a life outside of their job, and don't have to choose between caring for themselves and their families or paying the bills;
- Meaningful benefits, like unemployment insurance, health insurance, and Social Security and other retirement benefits, so that working people can weather life's ups and downs and spend their golden years enjoying family and hobbies; and
- A voice in their workplace and the right to unionize, so people can contribute meaningfully to their workplace and improve working conditions collectively.

For decades, corporations have misclassified their workers as independent contractors as a way to drive down labor costs and deny working people the core attributes of a good job—a living wage, conditions and protections that promote safety and health, a stable and predictable schedule, paid time off, meaningful

benefits, and a voice in their workplace. These core attributes are the very conditions that empower workers and are essential to a good-jobs economy.

Often these corporations impose take-it-or-leave-it contracts on their workers attesting to their "independent contractor," "freelancer," or "self-employed" status, even though the corporation sets or controls most conditions of the work, and these workers are performing work that is central to the corporation's operations.

True independent contractors, by contrast, are in business for themselves. As such, they make the important decisions about how to run their business. They determine what goods or services to sell and at what prices, how to market them to customers, and make capital investments to grow their business. At NELP, we support policies that ensure these small business owners are treated fairly, such as the Freelance Isn't Free Act in New York City.

When corporations misclassify employees as independent contractors, they depress wages and working conditions and shed responsibility for their workers while maintaining control over key decisions—such as where, how, and for how much money workers perform their jobs. This sham practice harms workers by stripping them of rights and protections, exposing them to greater financial and physical risk, and denying them stability and a voice on the job. It undermines a good-jobs economy and enables corporations to shift the risks and costs of the business onto their workers, while channeling wealth to investors and CEOs. It also creates unfair competition for good-job employers that do the right thing by paying payroll taxes and other insurance, like workers' compensation.

My testimony today highlights (1) the scope of misclassification and how it harms working people and lawabiding employers; (2) how corporations are using emerging technologies, such as digital labor platforms or "apps," to mask corporate control and enable misclassification and other types of worker exploitation; and (3) the sham "portable benefits" programs proposed by corporations in response to app-based workers' demands for better wages and working conditions. I will then discuss which policies Congress should support because they empower workers and which policies should be rejected because they legitimize sham "portable benefits" schemes or enable misclassification.

### Independent Contractor Misclassification Degrades Working Conditions and Enables Tax Fraud and Unfair Competition.

When corporations misclassify workers, they exclude them from all employment rights and benefits, including the right to minimum wage and overtime, the right to a healthy and safe workplace, the right to unionize to improve working conditions, and even the right to a paystub that explains their pay and deductions. At the same time, these corporations shirk their responsibilities to pay into social insurance funds, excluding workers from critical state social insurance programs like unemployment insurance and workers' compensation and forcing workers to shoulder both the employer and employee shares of payroll taxes that fund Social Security and Medicare.

As a result, the earnings of many independent contractors lag behind the earnings of employees in the same occupations.<sup>1</sup> Research has found that some of these so-called "independent contractors" even make less than the minimum wage for the localities in which they live.

• A study by the New School that analyzed the incomes of independent contractors in 11 low-paying industries—including construction, transportation, and retail industries—in New York found that

these independent contractors are paid half to two-thirds of what employees receive in the same industries.<sup>2</sup>

- A study of tax filings of employees and independent contractors in DC from 2010 to 2018 found that a majority of independent contractors (about 60 percent) earn under \$22,000 per year. Some of the most common occupations for independent contractors in this income range are janitors, drivers, and hairstylists.<sup>3</sup>
- A study by the University of California-Berkeley found that California construction workers misclassified as independent contractors suffered a 33 percent wage penalty relative to their employee counterparts.<sup>4</sup>
- A national study of digital labor platform workers found that one in seven earned less than the federal hourly minimum wage, and 30 percent of digital platform workers received a Supplemental Nutrition Assistance Program benefit, compared to 15 percent of employees in comparable service-sector jobs.<sup>5</sup>

For many independent contractors, their poverty-level incomes, coupled with their exclusion from employment-related social insurance programs like unemployment insurance and employment-related benefits like paid leave, health insurance, and workers' compensation, means that their lives are incredibly precarious; they live paycheck to paycheck, one accident or illness away from financial disaster, and without the means to take a break from work or retire.

Such low earnings also raise serious questions about whether these workers are truly running their own independent businesses and are lawfully excluded from minimum wage, overtime and other wage-and-hour protections. With up to 95 percent of workers who claim to be misclassified found to be employees after investigation, millions of workers are likely suffering poverty wages and degraded working conditions in part because they are improperly classified as independent contractors.<sup>6</sup>

Misclassification is a persistent problem in many occupations where the work is underpaid, dangerous, and labor intensive, including home care, janitorial work, trucking, delivery, construction, personal services, hospitality, and in most app-dispatched jobs. It is no coincidence that Black, immigrant, and other workers of color—who face discrimination and occupational segregation that limits their job opportunities---are overrepresented in these jobs. As a group, workers of color are overrepresented in construction, trucking, delivery, home care, agricultural, personal care, ridehail, and janitorial and building service occupations by over 40 percent; they comprise just over a third of workers overall, but between 47 and 91 percent of workers in these occupations. Because it causes the significant wage and benefit penalties noted above, misclassification exacerbates racialized income and wealth inequities in the U.S.

Misclassification of employees as independent contractors also causes negative ripple effects in the community. Cheating businesses make it more difficult for law-abiding businesses to compete, especially in the labor-intensive and bid-based jobs named above: construction, janitorial, home care, delivery, and others. The practice, as the United States Treasury Inspector General found, "plac[es] honest employers and businesses at a competitive disadvantage."<sup>7</sup> Businesses that misclassify their employees pocket between 20 to 40 percent of payroll costs they would otherwise incur for unemployment insurance, workers' compensation premiums, the employer share of Social Security, and health insurance premiums.<sup>8</sup> They pressure their competition to shed labor costs, creating a "race to the bottom" where firms try to remain competitive by following suit. A 2010 study estimated that misclassifying employers shift \$831.4

million in unemployment insurance taxes and \$2.54 billion in workers' compensation premiums to lawabiding businesses annually.<sup>9</sup> Over time, fewer honest businesses can compete.

Misclassifying employers also cost federal and state governments billions of dollars per year in unreported payroll taxes and unemployment insurance contributions.<sup>10</sup> A 2009 report by the Government Accountability Office estimated that independent contractor misclassification cost federal revenues \$2.72 billion in 2006.<sup>11</sup> Additionally, the Treasury Inspector General for Tax Administration estimates that misclassification contributed to a \$54 billion underreporting of employment tax and losses of \$15 billion in unpaid FICA taxes and UI taxes.<sup>12</sup> State-level task forces, commissions, and research teams have used agency audits and unemployment insurance and workers' compensation data to document the huge impact of independent contractor misclassification. In just one recent example, Pennsylvania's Joint Task Force estimated that the state lost up to \$124 million in general revenues due to misclassification, with nearly 400,000 misclassified employees deprived of workplace protections in that state alone.<sup>13</sup>

#### Corporations use Technology to Mask Control and Enable Misclassification.

This hearing is about empowering the *modern* worker, so I'd like to spend some time on the challenges workers today are facing.

In the last decade or so, corporations have increasingly been using technology to automate supervision and make invisible the various ways they set and control the conditions of work, even as they disclaim responsibility as an employer and deny working people their rights by classifying them as independent contractors. Uber, Lyft, DoorDash, and Amazon, for example, use digital labor platforms (otherwise known as "apps") and algorithms to offer shifts or assignments to the workers performing ridehail and delivery services for these corporations, set the wages these workers receive, surveil and assess their performance, and "deactivate" them—industry-speak for suspension or firing—if they don't meet standards.

These corporations argue that their app-based workers are independent contractors because they have the flexibility to choose their assignments or shifts on the app.<sup>14</sup> But flexibility is not incompatible with employment. In fact, many app-based corporations tout flexibility as a perk for their corporate employees.<sup>15</sup>

Moreover the "flexibility" touted by app-based corporations is limited by behavioral nudges that influence workers' behavior, including when or how much they work.<sup>16</sup> Ridehail and delivery corporations use gamification techniques and reward systems to prompt workers into staying on the app for longer periods of time and to accepting more or particular jobs.<sup>17</sup> As one ridehail driver put it, "It's like gambling! The house always wins... This is why they give tools and remove tools – so you accept every ride, even if it is costing you money. You always think you are going to hit the jackpot. If you get 2-3 of these good rides, those are the screenshots that people share in the months ahead. Those are the receipts they will show."<sup>18</sup>

Not all businesses that use digital labor platforms take the low road, however. Some businesses now use app-based platforms to offer their *employees* shifts and enable their *employees* to have flexible scheduling. Gale Health, a nursing staffing agency, connects nurses with healthcare facilities in need of clinical support through an online platform, which allows nurses "to log in and book work within seconds of a shift becoming available."<sup>19</sup> Because the nurses are Gale Health's employees, they maintain a floor of

labor protections. Similarly, Schnucks, a major grocery chain in the Midwest, negotiated a union contract with app-based flexible scheduling. Employees can use the Schnucks scheduling app to view and claim open shifts across all stores, allowing them to "mix and max shifts and store locations that best fit their personal schedules."<sup>20</sup>

App-based workers classified by their employers as independent contractors are, in many ways, the canaries in the coal mine. Corporations use digital labor platforms to experiment with technologies that can surveil and extract more and more out of working people, as both workers and consumers.<sup>21</sup> These corporations collect large quantities of data on both workers and consumers and use the data to engage in what they call "dynamic pricing"—fluctuating pricing and wages in real time based on demand, time of day, and other factors invisible to workers and consumers. These dynamic pricing algorithms, according to a recent Human Rights Watch report, generate arbitrary pay fluctuations, confuse workers about their true earnings, and ultimately depress wages for a large portion of the workforce.<sup>22</sup>

This data also gives corporations the capacity to set individualized wages based on workers' personal characteristics and behavior, what Professor Veena Dubal has called "algorithmic wage discrimination."<sup>23</sup> As Uber's CEO admitted in a recent earnings call, Uber is offering "different trips to different drivers based on their preferences or based on behavioral patterns" and "offering the right trip at the right price to the right driver."<sup>24</sup> Some corporations are also setting individualized prices based on consumers' data, what is sometimes called "surveillance price setting."<sup>25</sup> These individualized wage and price-setting practices allow "corporations to identify an individual's 'pain point'--the maximum price a consumer will pay or the minimum wage a worker will accept."<sup>26</sup> The practices likely have significant disparate impacts based on race, gender, ethnicity, and other protected classes.

## Although digital labor platform technologies are relatively new, the worker exploitation they enable is not.

Although digital labor platform technologies are relatively new, the worker exploitation they enable is not. Studies have shown that, like many other so-called independent contractors, digital labor platform workers' earnings are shockingly low. They often make less than the minimum wage for the locality in which they live, after accounting for their substantial work expenses including gas and vehicle wear and tear.

- A 2023 study of app-based ridehail and delivery workers' earnings in five metro areas—Boston, Chicago, Los Angeles, San Francisco and Seattle—found that, after accounting for expenses and excluding tips, ridehail drivers' median hourly earnings were \$7.12 in California and \$10.64 in the three metros outside of California. Delivery workers fared even worse; their median hourly earnings (accounting for expenses and excluding tips) was \$5.93 in California and just 48 cents in the other metro areas. Including tips, delivery workers averaged \$13.62 per hour in California and \$9.87 per hour in the other metro areas. All of these median earnings are below the minimum wage for the five localities studied.<sup>27</sup>
- A survey published in 2025 of over 100 digital labor platform workers in Texas found that their median wage after deducting work-related expenses and nonwage benefits was \$5.12 per hour—30 percent less than the federal minimum wage and roughly 70 percent below the living wage required for single adults with no dependents in the state.<sup>28</sup>

And, despite the fact that ridehail and delivery work is associated with significant health and safety risks,<sup>29</sup> these workers are excluded from the paid leave, comprehensive health insurance, and workers' compensation coverage that app-based corporations offer their corporate employees.

Like other types of labor-intensive, underpaid, and misclassification-prone occupations, workers of color are overrepresented in digital labor platform work.<sup>30</sup> Digital labor platform work is creating a second-class worker status of predominantly people of color who are shut out of the rights and protections employees are entitled to.<sup>31</sup>

The practice of using digital labor platforms to hire and supervise workers classified as independent contractors is spreading to other industries and occupations, threatening to degrade work quality for millions more working people. Temp staffing agencies are using platforms to hire and assign temp workers to shifts at client companies—such as dishwashing at restaurants—and classifying these workers as independent contractors.<sup>32</sup> Nursing apps place "gig" nurses at healthcare facilities with no onboarding or training and encourage the nurses to bid against each other for shifts, degrading work quality and endangering the safety and well-being of both healthcare providers and patients.<sup>33</sup>

# Corporations are Devising Fake 'Portable Benefits' Programs as a Solution to a Problem That They Created.

Across the country, app-based ridehail and delivery workers are busting the corporate myths about freedom and flexibility and organizing to demand better pay and working conditions.<sup>34</sup> They have won important rights and protections in several states and localities, such as Colorado, Minnesota, New York, and Washington State, including minimum pay standards, deactivation protections, the right to unemployment insurance, and real transparency about the terms and conditions of their work.<sup>35</sup>

Responding to these worker demands, app-based corporations are offering stingy, second-rate stipends or savings accounts for app-based workers and calling them "portable benefits."<sup>36</sup> In 2024, DoorDash implemented what it calls a "portable benefits savings pilot" program in Pennsylvania for its app-based delivery workers.<sup>37</sup> The program is simply a savings account DoorDash sets up for eligible delivery workers, but is being promoted as an innovative way to provide delivery workers with benefits—such as health insurance and paid time off—that they need.<sup>38</sup> The program is rife with problems, including:

- DoorDash contributes a meager 4 percent of delivery workers' pre-tip earnings to workers' savings accounts. According to DoorDash, that 4 percent contribution resulted in, on average, only \$31 per month in each worker's account during a three-month period in 2024.<sup>39</sup> \$31 per month is not a meaningful contribution to costly emergencies, such as sickness or disability, that true benefits are intended to cover.
- As discussed above, app-based delivery workers earn poverty wages, which makes saving their own money in a so-called portable benefits account nearly impossible. DoorDash's report on the Pennsylvania program confirms this; with 4,400 workers enrolled in the program, individual contributions totaled \$27,194—an average total contribution of \$6 per worker to his or her savings account.<sup>40</sup>

Savings accounts are no substitute for insurance-based benefits that employers fund. Insurance-based portable benefits systems, such as unemployment insurance, Social Security Disability insurance and Medicare, and other insurance-based benefits, such as workers' compensation and employer-provided health insurance, pool risk. These insurance programs provide funds that help working people weather emergencies—such as loss of employment or serious injury or illness—that would otherwise be financially catastrophic. Insurance-based benefits are especially critical to DoorDash delivery workers because of the significant health and safety risks, such as vehicle accidents, that make delivery work among the most dangerous in the country.<sup>41</sup>

Instead of legitimizing these fake "portable benefits" schemes, policymakers should strengthen existing portable benefits social insurance programs, such as Social Security and unemployment insurance, by increasing benefits and reducing barriers to eligibility.

Policymakers can also promote other real models for portable benefits. Many workers in occupations where the work is comprised of serial "gigs"—such as writers, construction workers, and actors—enjoy union-negotiated portable benefits plans. These plans allow workers to accrue benefits during each "gig" worked, with each employer pooling contributions ("multiemployer plans"). The Producers-Writers Guild of America Pension & Health Plan, for example, is a multiemployer plan that covers writers working for over 100 producing companies represented by the Alliance of Motion Picture and Television Produces Inc. Participating companies contribute at least 11.25 percent of workers' gross compensation to the pension plan and at least 11.5 percent of gross compensation to the health fund that provides health insurance benefits.<sup>42</sup>

### Congress Should not Legitimize Fake 'Portable Benefits' Programs and Other Policies That Make it Easier to Deny Working People Rights and Protections.

App-based corporations are lobbying state legislatures and Congress for legislation that would legitimize their fake "portable benefits" schemes in lieu of employment-based portable benefits that already exist. Congress should reject these proposals, as well as others that would make it easier for corporations to classify workers as independent contractors and deny them rights and protections at work. These proposals include:

- Providing government funding or other support for savings accounts and stipends dressed up as "portable benefits" programs. Congress should instead support portable benefits programs that offer universal accessibility, equitable coverage, easy access, meaningful benefits, employer or pooled funding, true portability, worker representation in the design of the programs, and strict fiduciary duties to participants.<sup>43</sup>
- Limiting the factors that can be considered evidence of an employment relationship, such as a corporation's provision of benefits to workers classified as independent contractors. The provision of benefits is relevant to whether there is an employment relationship, particularly where the benefits are a part of a corporate structure designed to incentivize and control workers. Uber, for example, rewards food delivery drivers that maintain a high rating with benefits-like perks, including discounts on dental and vision care.<sup>44</sup> Efforts to ban consideration of relevant evidence unfairly tip the scales by presenting a lopsided picture of the relationship and whether a worker is truly in business for themself.

• Changing employment classification tests to make it easier for corporations to classify workers in underpaid and labor-intensive jobs as independent contractors, which further degrades their working conditions.

### Congress Should Support Policies That Improve Working Conditions, Empower Working People and Hold Corporations Accountable for the Working Conditions They Control.

Congress should support policies that improve work quality, empower working people, and hold corporations accountable for the working conditions they control and benefit from. These policies include:

- Upholding and enforcing the 2024 US Department of Labor's independent contractor rule, a common sense approach to ensuring all people who work for someone else are covered by the Fair Labor Standards Act's minimum wage and overtime protections;
- Funding federal agency enforcement so that agencies have the capacity to hold accountable corporations that exploit workers and engage in unfair competition;
- Raising the federal minimum wage to a livable wage and indexing future raises to median wage growth;
- Passing laws ensuring all working people have the right to paid vacation, sick, and family and medical leave, and making accrued leave portable so that it follows workers from job to job;
- Passing the PRO Act so that all working people who want to join a union can do so without employer retaliation;
- Requiring transparency from app-based corporations and others that are using technology to surveil and supervise workers about the terms and conditions of the work, including pay and the corporation's cut of each consumer transaction, as well as how workers' data is collected and used, and placing guardrails on how that data is used;
- Adequately funding our existing portable benefits insurance programs, such as Social Security and unemployment insurance;
- Promoting union-negotiated multi-employer benefits plans for workers that work "gigs," and
- Banning forced arbitration in all employment and other work contracts because arbitration clauses create nearly insurmountable barriers to workers seeking to remedy workplace violations and enable systemic corporate practices (such as misclassification and algorithmic wage-setting) that exploit workers.

We remain inspired by workers across the country who are building power and organizing for what they deserve. Nicole's story reminds us that behind every algorithm and corporate talking point are real people—parents, caregivers, community members—doing essential work and urgently in need of full benefits and protections. When corporations use technology to mask control and evade responsibility, it's not innovation—it's exploitation. Misclassification isn't just a legal loophole; it's a deliberate strategy to strip workers of their rights, protections, and power. Congress must not legitimize this second-tier status. Instead, it must stand in solidarity with NELP and with worker leaders like Nicole, and invest in a good-jobs economy, where every job is a good job, rooted in dignity, safety, equity, and respect.

## About NELP

Founded in 1969, the National Employment Law Project (NELP) is a nonprofit advocacy organization dedicated to building a just and inclusive economy where all workers have expansive rights and thrive in good jobs. Together with local, state, and national partners, NELP advances its mission through transformative legal and policy solutions, research, capacity-building, and communications. NELP is the leading national nonprofit working at the federal, state, and local levels to create a good-jobs economy. Learn more at www.nelp.org.

## Endnotes

<sup>1</sup> A 2022 study of 11 commonly misclassified jobs analyzed the cost of independent contractor status to these workers. It found that workers classified as independent contractors in these jobs, which include landscapers, truck drivers, home health aides, janitors, and nail salon workers, lose out on thousands of dollars per year in income and job benefits relative to what they would earn as an employee. Economic Policy Institute, The Economic Costs of Misclassification, January 25, 2023, https://www.epi.org/publication/cost-of-misclassification/.

<sup>2</sup> Lina Moe and James A. Parrott, The (Low) Wages of Misclassification: What One in 10 New York Workers Face, NEW SCHOOL CTR FOR NEW YORK CITY AFFAIRS (Jun. 2022), <u>https://www.centernyc.org/urban-matters-2/the-low-wages-of-misclassification-what-one-in-10-new-york-workers-face</u>,

<sup>3</sup> Corey Husak, The Self-Employment Income Drop, OFFICE OF REVENUE ANALYSIS OF WASHINGTON, D.C. (Dec. 2022), <u>https://ora-cfo.dc.gov/blog/self-employment-income-drop</u>.

<sup>4</sup> Ken Jacobs and Kuochih Huang, The Public Cost of Low-Wage Jobs in California's Construction Industry, UNIVERSITY OF CALIFORNIA-BERKELEY LABOR CTR (Jun. 2021), <u>https://laborcenter.berkeley.edu/the-public-cost-of-low-wage-jobs-in-the-us-construction-industry/</u>.

<sup>5</sup> v Ben Zipperer, Celine McNicholas, Margaret Poydock, Daniel Schneider & Kristen Harknett, National Survey of Gig Workers Paints a Picture of Poor Working Conditions, Low Pay, ECON. POL'Y INST. (Jun. 2022), <u>https://www.epi.org/publication/gig-worker-survey/</u>

<sup>6</sup> i Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries, NAT'L EMP. L. PROJECT at 3 (Oct. 2020) <u>https://www.nelp.org/app/uploads/2017/12/Independent-Contractor-Misclassification-Imposes-Huge-Costs-Workers-Federal-State-Treasuries-Update-October-2020.pdf</u>, (citing Lalith DaSilva et al., Independent Contractors: Prevalence and Implications for Unemployment Insurance Programs, PLANMATICS, INC., PREPARED FOR U.S. DEP'T OF LAB. EMP. AND TRAINING ADMIN. (2000), <u>https://wdr.doleta.gov/owsdrr/00-5/00-5.pdf</u>.)

<sup>7</sup> Treasury Inspector General for Tax Administration, Additional Actions Are Needed to Make the Worker Misclassification Initiative with the Department of Labor a Success at 1 (2018-IC-R002: Feb. 20, 2018), https://www.tigta.gov/sites/default/files/reports/2022-02/2018IER002fr.pdf.

<sup>8</sup> FranÁoise CarrÈ, (In)Dependent Contractor, ECON. POL'Y INST. at 5 (Jun. 8, 2015), <u>https://files.epi.org/pdf/87595.pdf</u>.

<sup>9</sup> See Douglas McCarron, Worker Misclassification in the Construction Industry, 57 BNA Construction Labor Report 114 (April 7, 2011). See also Michael P. Kelsay, Cost Shifting of Unemployment Insurance Premiums and Workers' Compensation Premiums, DEP'T OF ECON., UNIV. OF MO., KAN. CITY 5-6 (Sept. 12, 2010). <sup>10</sup> Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries, NAT'L EMP. L. PROJECT at 2-3, Oct. 2020, <u>https://www.nelp.org/insights-research/independent-contractor-misclassification-imposes-huge-costs-workers-federal-state-treasuries-update-october-2020/.</u>

<sup>11</sup> See U.S. Government Accountability Office, Employee Misclassification: Improved Coordination, Outreach, and Targeting Could Better Ensure Detection and Prevention (Aug. 2009), <u>http://www.gao.gov/new.items/d09717.pdf</u> (noting \$1.6 billion lost in 1984 dollars).

<sup>12</sup> Treasury Inspector General for Tax Administration, While Actions Have Been Taken to Address Worker Misclassification, Agency-Wide Employment Tax Program and Better Data Are Needed, (February 4, 2009).

<sup>13</sup> Joint Task Force on Misclassification of Employees Annual Report, PENNSYLVANIA DEP'T. OF LABOR &INDUS. (Mar. 1, 2022), <u>https://www.dli.pa.gov/Individuals/Labor-</u> ManagementRelations/IIc/Documents/Act%2085%20Annual%20Report%202022.pdf.

<sup>14</sup> Flex Association, a corporate lobbying group for Uber, Lyft, DoorDash and other app-based corporations, asserts that being independent contractors allows app-based workers to have the "flexibility to work when, where, and often they want." Flex Association, Comments to Department of Labor, <u>https://www.flexassociation.org/report/flex-department-of-labor-comments/</u>.

<sup>15</sup>DoorDash touts its commitment to supporting "flexible work" for employees on its website. <u>https://careersatdoordash.com/working-at-doordash/</u>. Lyft, as well, claims that it is a "fully flexible workplace" that provides employees with "the choice of where to live and where to work." <u>https://www.lyft.com/blog/posts/lyft-</u> <u>announces-fully-flexible-workplace</u>.

<sup>16</sup> W. Alec Cram et al., Examining the Impact of Algorithmic Control on Uber Drivers' Technostress, 39 Journal of Management Information Systems, 426, 433-444 (2022); Noam Scheiber, How Uber Uses Psychological Tricks to Push its Drivers' Buttons, N.Y. TIMES, Apr. 2, 2017.

<sup>17</sup> Jackie Davalos and Drake Bennett, Gamification Took Over the Gig Economy. Who's Really Winning?, BLOOMBERG, May 27, 2022, <u>https://www.bloomberg.com/news/features/2022-05-27/how-uber-and-lyft-gamify-the-gig-economy;</u> Radiolab, Gigaverse, Aug. 26, 2022 (interviewing app-based delivery workers who became addicted to checking their phones constantly for "deals" on the apps). Uber adopted Uber Eats Pro, a rewards system where delivery workers earn "points" for certain deliveries that can be converted to discounts on goods and services. <u>https://www.uber.com/us/en/deliver/uber-pro/</u>.

<sup>18</sup>Veena Dubal, The House Always Wins: the Algorithmic Gamification of Work, The LPE Project, Jan. 23, 2023, <u>https://lpeproject.org/blog/the-house-always-wins-the-algorithmic-gamblification-of-work/</u>.

<sup>19</sup> i Lauren Hilgers, When Your Boss is an App, N.Y. TIMES (Apr. 13, 2023), <u>https://www.nytimes.com/2023/04/13/magazine/gig-jobs-apps.html</u>.

<sup>20</sup> Annika Merrilees, Schnucks, Union Try Out New Flexible Option for Grocery Workers, ST. LOUIS POST-DISPATCH (Oct. 10, 2022), <u>https://www.stltoday.com/business/local/schnucks-union-try-out-new-flexible-option-forgrocery-workers/article\_653c3ba4-2aa7-599f-a45e-469a28aec988.html</u>; Chloe Riley, Schnucks Now Offers Flexible Work Shifts for Employees. Here's Why They're Doing It, SUPERMARKET NEWS, Oct. 4, 2022, <u>https://www.supermarketnews.com/grocery-trends-data/schnucks-now-offers-flexible-work-shifts-for-employees-here-s-why-they-re-doing-it-</u>.

<sup>21</sup> "Many of these practices [of using algorithms to supervise workers and surveil performance] have been normalized, if not pioneered, by digital labor platforms, which recruit workers to perform jobs or 'gigs' offered through their apps or

websites." Human Rights Watch, The Gig Trap: Algorithmic, Wage and Labor Exploitation in Platform Work in the US, at 1, <u>https://www.hrw.org/sites/default/files/media\_2025/05/us\_gigeconomy0525web\_0.pdf.</u>

<sup>22</sup> *Id.* at 133.

<sup>23</sup> "Algorithmic wage discrimination' refers to a practice in which individual workers are paid different hourly wages calculated with ever-changing formulas using granular data on location, individual behavior, demand, supply, or other factors—for broadly similar work." Veena Dubal, On Algorithmic Wage Discrimination, 123 COLUM. L. REV. 1929 (2023).

<sup>24</sup> Worker Info Exchange, Uber Finally Owns up to Discrimination in Personalised Pay and Task Allocation for Workers, Worker Info Exchange, Feb. 7, 2024, <u>https://www.workerinfoexchange.org/post/uber-finally-owns-up-to-personalised-pay-and-work-allocation</u>.

<sup>25</sup> AI Now Institute et al., Prohibiting Surveillance Prices and Wages, Feb. 2025, <u>https://towardsjustice.org/wp-content/uploads/2025/02/Real-Surveillance-Prices-and-Wages-Report.pdf</u>.

<sup>26</sup> Id.

<sup>27</sup> UC Berkeley Labor Center & Center on Wage and Employment Dynamics, Gig Passenger and Delivery Driver Pay in Five Metro Areas, May 2024, <u>https://laborcenter.berkeley.edu/wp-content/uploads/2024/05/Gig-Passenger-and-Delivery-Driver-Pay-in-Five-Metro-Areas.pdf</u>..

<sup>28</sup> Human Rights Watch, The Gig Trap: Algorithmic, Wage and Labor Exploitation in Platform Work in the US, at 3, <u>https://www.hrw.org/sites/default/files/media\_2025/05/us\_gigeconomy0525web\_0.pdf.</u>

<sup>29</sup> Workers in driving occupations generally have high health and safety risks because of vehicle accidents and other injury risks. A survey of digital labor platform workers in Texas found that 35% had experienced car accidents while working and 24% had experience other work-related injuries, like back pain or a fall. See, e.g., Human Rights Watch, The Gig Trap: Algorithmic, Wage and Labor Exploitation in Platform Work in the US, at 5, <a href="https://www.hrw.org/sites/default/files/media\_2025/05/us\_gigeconomy0525web\_0.pdf">https://www.hrw.org/sites/default/files/media\_2025/05/us\_gigeconomy0525web\_0.pdf</a>.

<sup>30</sup> See U.S. Bureau of Lab. Statistics, Electronically Mediated Work: New Questions in the Contingent Worker Supplement, Monthly Labor Review (Sept. 2018), https://www.bls.gov/opub/mlr/2018/article/electronicallymediated-work-new-questions-in-the-contingent-worker-supplement.htm (last visited Dec. 6, 2022) (noting overrepresentation of Black and Latinx workers).

<sup>31</sup> See, e.g., Veena Dubal, The New Racial Wage Code, 15 HARV. L.& POL. REV. 511 (2022) (arguing that gig-worker carve outs are made possible by and reproduce racial subjugation).

<sup>32</sup> Terri Gerstein, More People are Being Classified as Gig Workers. That's Bad for Everyone, N.Y. TIMES, Jan. 28, 2024; City Attorney of San Francisco, Chiu Secures Third Judgment Against Staffing Company Misclassifying its Workers, Jan. 17, 2025, <u>https://www.sfcityattorney.org/2025/01/17/chiu-secures-third-judgment-against-staffing-company-misclassifying-its-workers/</u>.

<sup>33</sup> Katie Wells & Funda Ustek Soilda, Uber for Nursing: How an AI-Powered Gig Model is Threatening Health Care, Roosevelt Institute, Dec. 17, 2024, <u>https://rooseveltinstitute.org/publications/uber-for-nursing/</u>.

<sup>34</sup> Organizers with Los Deliveristas Unidos, a delivery worker organizing group in New York City, explained that, during the pandemic, food delivery became a full-time job for many workers. The workers—fed up with the corporations' false narrative that they enjoyed a flexible work schedule—started building a solidarity network. Kitty Weiss Krupat & Ligia

Guallpa, Los Deliveristas Unidos and the Ideals of Worker Power, New Labor Forum, May 10, 2023, https://newlaborforum.cuny.edu/2023/05/10/los-deliveristas-unidos-and-the-ideals-of-worker-justice/.

<sup>35</sup> See, e.g., City of New York, Mayor Adams Announces Full Minimum Pay Rate for App-Based Restaurant Delivery Workers is Now in Effect. Apr. 1, 2024, <u>https://www.nyc.gov/office-of-the-mayor/news/187-25/mayor-adams-fullminimum-pay-rate-app-based-restaurant-delivery-workers-now-in</u>; Seattle City Council Blog, Seattle City Council Passes First-In-the-Nation Law Protecting App-Based Workers from Unreasonable Deactivations, Aug. 8, 2023, <u>https://council.seattle.gov/2023/08/08/seattle-city-council-passes-first-in-the-nation-law-protecting-app-based-workersfrom-unreasonable-deactivations/;</u> Max Nesterak, Minimum Wages for Uber and Lyft Drivers Take Effect Sunday – and Other Labor News, MINNESOTA REFORMER, Nov, 29, 2024, <u>https://minnesotareformer.com/2024/11/29/minimumwages-for-uber-and-lyft-drivers-take-effect-sunday-and-other-labor-news/;</u> New York State, Governor Hochul Announces Unprecedented Settlement Between the NYS Department of Labor and Uber, Nov. 2, 2023, <u>https://www.governor.ny.gov/news/governor-hochul-announces-unprecedented-settlement-agreement-between-nysdepartment-labor-and</u>.

<sup>36</sup> Shelly Steward, Portable Benefits Discourse Distracts from Gig Companies' Power Play, Aspen Institute, May 26, 2021, https://www.aspeninstitute.org/blog-posts/portable-benefits-discourse-distracts-from-gig-companies-power-play/.
<sup>37</sup> DoorDash, Pennsylvania Portable Benefits Savings Pilot, <u>https://help.doordash.com/dashers/s/article/Pennsylvania-Portable-Benefits-Savings-Pilot?language=en\_US</u>.

<sup>38</sup> In DoorDash's announcement of the program's expansion to Georgia, the governor endorsed the program as an innovative approach to expanding benefits. DoorDash Announces Portable Benefits Savings Pilot Program Expanding to Dashers in Georgia, Jan. 10, 2025, <u>https://about.doordash.com/en-us/news/ga-portable-benefits-pilot</u>.
<sup>39</sup> The average monthly contribution was \$33.36 in August, \$30.87 in September, and \$28 in October. Nam D. Pham, A Promising New Approach to App-Based Work: DoorDash's Portable Benefits Savings Pilot Program in Pennsylvania. NDP Analytics, December 2024, at 5.

40 *Id.* at 6.

<sup>41</sup> Workers in the transportation and material moving occupations (which include delivery drivers) represented the occupational group with the most fatalities in 2023. U.S. Dep't of Labor, Bureau of Labor Statistics, News Release, National Census of Fatal Occupational Injuries in 2023, at 3, <u>https://www.bls.gov/news.release/pdf/cfoi.pdf</u>.

<sup>42</sup> Laura Padin, Why Workers Need Real Portable Benefits, National Employment Law Project, March 24, 2025, <u>https://www.nelp.org/insights-research/why-workers-need-real-portable-benefits/</u>.

<sup>43</sup> Laura Padin, Why Workers Need Real Portable Benefits, National Employment Law Project, March 24, 2025, <u>https://www.nelp.org/insights-research/why-workers-need-real-portable-benefits/</u>.

<sup>44</sup> Uber, Introducing Uber Eats Pro, <u>https://www.uber.com/us/en/deliver/uber-pro/</u>.