

**Opening Statement of Ranking Member Alma Adams (NC-12)**

Subcommittee on Workforce Protections Hearing  
“Examining Biden’s War on Independent Contractors”  
2175 Rayburn House Office Building  
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Thank you, Chairman Kiley, and good morning. I want to thank our witnesses, first of all, for being with us for our first Workforce Protections Subcommittee hearing this Congress.

One of the Subcommittee’s most important responsibilities is to protect workers by ensuring relevant federal laws are followed. Chairman Kiley, I hope we can work together in good faith to fulfill this responsibility.

Under federal law, employees have a wide range of basic workforce protections, including minimum wage, overtime, collective bargaining, and health and safety protections. But, when workers, who *should* be employees under the law, are instead misclassified as independent contractors, they lose out on these protections. This can mean a significant loss of income and benefits. For example, the typical misclassified construction worker loses up to *\$16,000 per year*.

But it’s not just workers who are harmed by misclassification.

For decades, unscrupulous employers have used misclassification as a strategy to cut down on labor costs and exploit both insufficient penalties and the limited capacity of underfunded enforcement agencies. In fact, as many as 30 percent of employers are currently misclassifying their employees.

As Mr. Long of the National Electrical Contractors Association noted in his written testimony, low-road employers who misclassify workers gain an unfair competitive disadvantage; they have no incentive to invest in training their workforce to be safer and more efficient; and they create hazardous situations on the job sites.

Finally, worker misclassification harms our economy by depriving our government of billions of dollars in badly needed tax revenue that could be spent on improving our communities.

The reality is that the misclassification of workers as independent contractors is a pervasive problem for workers, law-abiding businesses, taxpayers, and our economy.

This is why the Biden administration has proposed a responsible rule to fix this problem. Committee Democrats strongly support this proposed rule.

But – let me be clear – the proposed rule is not California’s state law, entitled AB-5, which adopts what’s known as the ABC test.

The Biden administration clearly noted that it is – quote – “legally constrained from adopting the ABC test” and could only implement it if “the Supreme Court revisits its precedent or if Congress passes legislation to amend the Fair Labor Standards Act, or the F-L-S-A.”

That should be the end of the story – but Republicans appear intent on kicking up as much dust as they can and trying their hardest to undermine Acting Secretary Su’s nomination to be Secretary of Labor. Yet again, Republicans are putting politics over the people.

My Republican colleagues may also wish to turn back the clock to when the previous administration moved to make it easier for employers to misclassify workers.

This would have upended the long-standing standard for determining whether someone is an employee or an independent contractor. And, according to the Economic Policy Institute, it would have cost workers nearly \$4 billion each year in lost wages.

The Biden administration was right to rescind this proposal and push to restore the prior standard for determining workers’ status as employees or independent contractors. In doing so, the Biden-Harris administration and Congressional Democrats are standing with those cooks, dishwashers, home health care workers, electricians, carpenters, and many others who are being denied minimum wage and overtime protections because their employers wrongly classified them as independent contractors and not as employees.

We are standing with high-road employers who play by the rules and deserve a level playing field when competing for work.

It is very clear that Committee Republicans are standing for something else, and they want this hearing to be about *one* person: Acting Secretary Su.

Committee Democrats remain focused on *all* American workers and ensuring that they are not wrongly denied protections guaranteed under law.

I hope my colleagues will put politics aside and take concrete steps to protect workers and help our workers succeed.

I want to thank our witnesses for the testimony they are going to give, and I yield back.