

**Opening Statement of Ranking Member Bobby Scott
Committee on Education and the Workforce
Full Committee Hearing on
“The Sharing Economy: Creating Opportunities for Innovation and Flexibility”
Wednesday, September 6, 2017 – 10:00 a.m.**

Thank you, Madam Chair.

Madam Chair, I would like to start by echoing your comments about Ed Gilroy. Ed has worked for several Chairs of this Committee. Throughout that time, he has always been accessible and open to discussion with Democratic staff and our Members. We appreciate that and applaud his years of public service. My staff and I wish Ed well as he departs the Hill and returns to the American Trucking Association.

I also would like to offer my thoughts and prayers to the people of Texas, particularly those who lost loved ones as well as those who remain displaced. Madam Chair, my Democratic colleagues and I stand ready to work with you to ensure that Texas has the resources it needs to recover and rebuild.

Today, the Committee is convening a hearing on the sharing economy.

This term encompasses the marketplace of companies that use smartphone apps and technology platforms to connect consumers with goods and services.

The sharing economy has revolutionized the way we all live our lives.

Just by touching an app on our phones, we can get a ride, purchase groceries, find a plumber, and much more. In many ways, the sharing economy serves as another example of how America's brightest minds can create and build innovations that shape our world.

But that is not the entire story; and today's hearing is certainly not a victory lap. Too many workers are struggling to make ends meet. They have not received a raise, and their wages are not keeping pace with productivity. They and their families are not economically secure.

The central question before us is whether the sharing economy's employment model helps reverse that trend or exacerbates the loss of worker protections.

When businesses categorize workers as employees, they are entitled to a range of statutory benefits and protections. For instance, these workers will be compensated for injuries sustained on the job; they are protected against discrimination; and they can join a union and collectively bargain with the companies for which they work.

The employer-employee relationship has been foundational to building and sustaining America's middle class.

A few sharing economy companies treat their workers as employees.

The CEO of one such company said that the higher costs of doing so are offset by the company's ability to attract and retain high quality employees. She said, "consumers want to pay for labor they believe in."

However, most sharing economy companies do something else. They classify and potentially misclassify their employees as independent contractors. As a result, those workers do not have access to overtime pay, a minimum wage, family and medical leave, paid sick leave, unemployment insurance, workers compensation, retirement benefits, health and safety protections, and the right to unionize.

Today's hearing presents an opportunity to explore whether it is fair, appropriate, and legal for sharing economy companies to classify workers as independent contractors.

Today's hearing also challenges us to consider whether the independent contractor paradigm being used in the sharing economy and other industries reflects what the future of work will look like in the United States. And – let's be clear – it's not simply service-oriented work that are being threatened and displaced by the sharing economy. Traditional, steady, well-paying jobs are at risk of becoming just another gig.

For instance, accounting and legal services are being advertised on a “for hire” basis, placing in jeopardy the livelihood of local CPAs and law offices. X-rays can be read remotely, and that poses challenges to hospital radiologists. Other employees can simply advertise just-in-time, temporary services and go from gig to gig, or be placed on temporary assignment by an agency. The sharing economy appears to be leading us toward a future where Americans perform temporary jobs rather than fulfill lasting careers; and where they are not part of an employer-employee relationship.

If that’s the case, and if the sharing economy does reflect the future of work, we must ask whether we want our children and grandchildren to inherit a future where workers lack the most basic employment protections.

None of us wants that.

When it comes the sharing economy, Congress must strike the right balance – and our guiding principle should be who wins and who loses. We can support its responsible growth while still maintaining what should be a bipartisan commitment to workers’ rights to a fair wage, safe workplaces, and their ability to organize and collectively bargain. Any suggestion that we can only do one or the other represents a false choice.

Finally, I want to agree with Chairwoman Foxx that the sharing economy warrants the Committee’s focus. I appreciate you convening today’s hearing. But my Democratic Committee colleagues and I believe there are other issues impacting workers are equally deserving of our Committee’s attention.

For instance, 2.2 million workers earn wages at or below the federal minimum wage of \$7.25 per hour. It has been over ten years since Congress increased the minimum wage. That is unacceptable.

These workers deserve our attention.

An estimated 2.4 million low-wage workers in the ten most populous states lose \$8 billion annually because their employer paid them less than the state or federally mandated minimum wage.

These workers and the others who are victims of wage theft deserve our attention.

An estimated 4.2 million workers would be newly eligible for overtime pay under the rules put forward by the Obama Administration last year. The Trump Administration is moving ahead with a new and likely far weaker rule.

We must continue to fight for the Obama Administration's rule and codify it because these workers deserve our attention.

In the weeks and months ahead, I hope these workers and others get the attention they deserve from this Committee. I yield back my time.