

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

Workforce Protections Subcommittee Hearing

“Unlocking Opportunity: Allowing Independent Contractors to Access Benefits”

2175 Rayburn House Office Building

Thursday, April 11, 2024 | 9:00 am

Thank you, thank you Mr. Kiley, and thank you to our witnesses for being here today.

Basic worker protections – including fair wages, reasonable hours, and safe workplaces – are grounded in two key employment laws: The *Fair Labor Standards Act* and the *Occupational Safety and Health Act*.

But unscrupulous firms have sought ever since to erode protections, which generations of exploited workers fought and sometimes died to achieve.

Many companies are now squeezing workers to save money by shifting away from direct employer-employee relationships to outsourced subcontractors and hiring what they claim are “independent contractors.” Doing this benefits companies by saving labor costs, while offloading risk to workers.

Committee Republicans can rebrand misclassifying workers as “independent contractors” or “gig workers” a thousand times over, but the problem is the same. These workers are deprived of basic protections like minimum wage, paid leave, and safe workplaces.

Instead of following the law, gig platforms have worked in state legislatures across the country to *change* the law around their models. More recently, after mounting reports of horrific on-the-job incidents, assaults, and working conditions, gig platforms have begun to propose what seems on the surface to be generous new supplements to workers’ income. But as they have funneled millions into campaigns for “portable benefits,” they are continuing to push for special laws to support their business practice of misclassifying workers as independent contractors.

In California, for example, gig platform companies spent over \$200 million on Proposition 22, a ballot measure that forced gig platform drivers to be classified as independent contractors. In exchange, gig platform companies established portable benefits that are weak replacements for health insurance, paid leave, and other essential benefits. And even these watered-down benefits are inaccessible for most applicable workers. In a 2021 survey of 531 California drivers, only 10 percent reported receiving a health care stipend, which, might I add, only covers 82 percent of the cost of a Bronze Plan in the ACA marketplace.

If corporations with multi-billion-dollar valuations are truly interested in improving the lives of their workers, they can start by ending the practice of misclassifying their workers as independent contractors. Unfortunately, a consistent lack of profitability suggests that misclassification is not a coincidence but a core principle of gig platforms’ business model.

Our policy choices shape workers' rights and conditions of employment. Congress can strengthen and modernize protections for American workers while also promoting innovation. Misclassifications are not an innovation.

Finally, I would like to make one last point. This Subcommittee *should* be focused on improving workers' protections. This is the fifth time that this Subcommittee has met this, Congress. Yet, four of the five hearings have focused on how Congress can tilt the scale in favor of corporations to allow them to improve their bottom line on the backs of workers.

We have had *zero* hearings on abusive child labor violations.

We have had *zero* hearings on wage theft which robs workers of billions of dollars every year. That is billions with a B. According to the Economic Policy Institute, Americans lose more from wage theft than all robberies, burglaries, and motor vehicle thefts combined.

We have had *zero* hearings on how to protect workers from unsafe conditions, such as heat or deadly airborne viruses.

And these are the issues that we should be focused on, and not how we can deny Uber drivers access to affordable health care or a reliable retirement plan, or unemployment insurance, or employment training, or overtime, or paid leave.

My colleagues on the other side of the aisle have us in a race to the bottom. For the sake of workers and our economy, I hope that this will be the last hearing where the basic rights of workers are ignored.

With that, I yield back.