



Written Testimony from Jessica Beck

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Joint Hearing Of Subcommittee On Health, Employment, Labor, And Pensions

And Subcommittee On Workforce Protections

On The Future of Work: Preserving Worker Protections in the Modern Economy.

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Thank you for the opportunity to share my perspective on the important topic of worker’s rights. I’m grateful for the chance to lend my voice as an employer advocating for companies to set up the right relationship with their employees from the start.

My name is Jessica Beck. I am the Chief Operating Officer of Hello Alfred, a technology and residential experience company I co-founded that is changing the way people live in cities by building help directly into the home. Five years ago my co-founder, Marcela Sapone, and I launched our business founded on a simple idea: let’s give people their time back. Through a combination of technology and smart data, logistics, and high touch hospitality, we built a service-based business that integrates frictionlessly into homes in more than twenty cities across the United States, returning time and headspace to the lives of our members.

We offer our members the ability to ask for help with anything they need: from groceries delivered directly into their fridge to pet care, personal training, handyman services and everything in between. From there, an “Alfred Home Manager” visits our members’ homes weekly to take care of those needs, either fulfilling the task themselves or partnering with a local small business or expert so that our company’s success is shared with them as well. We’re on a mission to transform the way people are living in cities today—where we can be neighborhood conscious, more aware of our footprint and impact, and more connected— all through the transformative act of asking for, and receiving, help.

While our brand is focused on transforming the lives of our members, Marcela and I have also given deep thought from the beginning as to what fair and meaningful work would look like for our (now 300-plus) employees. In 2014, as we were launching Hello Alfred, the “gig economy”

business model was picking up momentum for other service startups, both in terms of company growth as well as venture investment being funneled into them. With studies such as the Intuit 2020 Report estimating 17 million Americans working as contractors and projections that 40% of the workforce will be classified as freelancers by 2020, the trend in this model of business was undeniable. If we had followed this model, it would have been logical for us to have made our Alfred Home Managers contractors. This model reduces cost and risk associated with hiring, firing, and wage changes, as independent contractors are not subject to minimum wage laws. Companies have limited responsibility for tax withholding, benefits, insurance, or training.

However, we also saw that tech and service platforms were developing a transactional mentality toward the workers who powered their platforms, and we were determined to build our business differently. This conversation is not actually about 1099 vs W-2, it is about companies taking responsibility to create the right relationship with their workers, not simply the cheapest one. The current debate sometimes creates a false dichotomy of flexibility (found via 1099 worker positions) vs stability (the W-2 model). In reality, W-2 workers can also work for more than one company, have flexible work hours, and be ensured stability in their income and benefits.

Regardless of which business model employers choose to pursue, there needs to be a concerted effort to provide meaningful benefits, protections and development opportunities for the people who drive business for these companies. At Hello Alfred, we're proud to support our employees' growth through investing in foundational elements that make up a good job.

As W-2 employees, we are able to provide our Alfred Home Managers with:

- Systems that enable long term life planning, including benefits such as competitive healthcare plans for themselves and their families.
- Opportunities to advance their skills and training through new and continuously evolving opportunities for career advancement. We're proud to have so many Home Managers employed at Hello Alfred, and equally proud when we're able to help one of our Home Managers reach a career milestone or transition to another role within the company, if they choose to do so. Making those pathways available and accessible is a constant consideration.
- Fair compensation for their work. An Alfred Home Manager wage has some variation depending on location, but averages over 56% higher than their market's minimum. For example, San Diego's market minimum is \$12, with our Alfreds averaging \$20 per hour, while Dallas' market minimum is \$7.25, but Alfreds earn more than \$17 on average.

We believe in service as a true discipline of its own and the people who perform this work are experts in their field, a distinction that has made all the difference for us as we pioneer a new industry built on trusting others for help. We also believe there should not be a disconnect

between our company's success and the personal success of our workers. By creating an employee-centric business, we deliver a better experience for our members and a higher quality product.

The reality is that creating good jobs is good for business, as well as good for industry innovation and growth. This outlook requires business leaders to accept a level of responsibility in shaping a new generation of jobs, where we are not commoditizing skills and sidestepping hard won protections and benefits tied to current employment simply because it is less economic in the short term.

It is worth noting that our decision to structure the Alfred team as employees added cost to our model, which we estimate to be an additional 20-30% more than a 1099 model due to additional benefit and taxes. However, there are also innumerable long term benefits to this investment:

- We've seen a lower churn rate, which translates to lower recruiting and training costs.
- We've maintained institutional knowledge and our new and tenured employees have generated countless innovative ideas that have come to fruition over our five years.
- We've seen an increase in our internal team promotions and are proud to look around our company and see former Alfred Home Managers who are now Alfred trainers, hospitality experts, or even leading entire cities as Area Managers. Our ability to grow is enhanced by this talent.
- Most importantly, workers who feel valued and are given opportunities to grow with a company tend to produce an excellent product. We rank high in customer satisfaction because we are able to deliver a consistent quality of work to our members week after week—an essential factor in any service-based model.

For certain business models and practices, there may be sound reason to take a different approach and employ 1099 contractors, as long as that decision is made carefully and within legal bounds. But it's essential that the business leaders of today and tomorrow take true care as to what relationship best benefits not only them but their employees. When we as business leaders don't make the appropriate worker relationship choice, the immediate impact is that of distancing the worker from the company. Investment through job training, skill development, and career advancement is hampered. The results of this are not only detrimental to the company and the worker, but ultimately the country's workforce at large. There is in fact a strong correlation between a country's GDP and its investment in human capital. One of the main takeaways of the first edition of the World Economic Forum's *Human Capital Report* in 2015 was that fulfilling people's potential could boost global GDP by twenty percent.

We have a tremendous opportunity as business leaders to make decisions for our companies that benefit our employees and our bottom-line, and I'm hopeful that we'll see more stewards of good

business practices in the years to come. Employees shouldn't be seen as cost centers, but instead as human beings who are delivering real work and value and deserve the same in return. The result will be good for business, good for the worker, and good for our workforce at large. An increase in technology-enabled service businesses with people truly factored into the core of the business model will have positive second and third order consequences on the world we live in today and the future of work tomorrow.