

FGA Empower Independent Contractors

M Myth: Reducing barriers for independent workers incentivizes employers to fire their workers and hire them back as independent contractors to increase profits.

R Reality: **Protections for independent workers still exist under the new standard.**

Under the new standard, the IRS's 20-factor common law test, employers that behaved this way would exercise too much behavioral and financial control over those workers to pass the test. In other words, they would still have to treat these workers as regular employees. Nineteen states already use either the IRS common law test or use another less restrictive test for worker classification and are not experiencing massive firings or employee abuse as a result.¹

M Myth: Making independent work easier only affects online platform workers like Uber drivers.

R Reality: **Millions of Americans work as independent contractors.**

Today, one in five jobs in America is held by an independent contractor and within a decade freelance workers could make up half of the U.S. workforce.^{2,3} Freelancers can be found in nearly all industries and professions including doctors, graphic designers, construction workers, health care providers, farmers, and more. They are comprised of rural and urban workers, disabled and able-bodied workers, single and stay-at-home parents, and young workers and seniors. Remarkably, up to 30 percent of the American workforce is freelancing at least some of their income.⁴

M Myth: Only businesses want to make independent work more accessible.

R Reality: **Both workers and businesses benefit from independent work.**

Both large and small businesses are embracing the freelancing economy because it allows them to find outside perspectives and expertise, not just those in nearby communities. Freelancers provide access to alternative skillsets, possible financial savings, and increased business flexibility. Yet because of the legal complexity and risk in many states, businesses may avoid working with contractors to expand their business. Easier access to independent work also benefits workers. While a traditional 9-to-5 is desirable for many Americans, it does not always work for those who need additional side income, have extensive family responsibilities, or are transitioning to a new career. Under this new landscape, instead of worrying about burdensome government regulations, businesses and workers can focus their attention on what matters—creating products and services that Americans need and want and creating jobs for individuals who want to be in the workforce.

1. Greg George, "Empowering independent contractors: Why Americans need the freedom to work for themselves," Foundation for Government Accountability (2018), <https://thefga.org/wp-content/uploads/2018/11/Independent-Contractors-11.28.18.pdf>.
2. NPR/Marist Poll, "NPR/Marist poll results, January 2018: Picture of work," Marist College (2018), <http://maristpoll.marist.edu/nprmarist-poll-results-january-2018-picture-of-work>.
3. Edelman Intelligence, "Freelancing in America 2017," Upwork and the Freelancers Union (2017), <https://www.upwork.com/press/2017/10/17/freelancing-in-america-2017>.
4. McKinsey Global Institute, "Independent work: Choice, necessity, and the gig economy," McKinsey & Company (2016), <https://www.mckinsey.com/-/media/McKinsey/Featured%20Insights/Employment%20and%20Growth/Independent%20work%20Choice%20necessity%20and%20the%20gig%20economy/Independent-Work-Choiceneccessity-and-the-gig-economy-Full-report.ashx>.