

United States House of Representatives Committee on Education & Workforce
Full Committee Hearing on "Unleashing America's Workforce and Strengthening Our Economy"
February 26, 2025

Questions for the Record for Elizabeth Milito

Rep. Rick Allen

Question 1

In a letter to the Committee, the National Federation of Independent Business states that the Biden administration's independent contractor rule "creates confusion for small business owners and significantly curtails the rights of small businesses to hire independent contractors."

- A. *Can you explain why the ability to work with independent contractors is important to small businesses?*

Response from Ms. Milito

Independent contractors provide small businesses with flexibility when operating their businesses. A small business owner may not need to hire a W2 employee to accomplish an infrequent job that is beyond their and their employee's expertise. Independent contractors can come in on an as needed (and, often, infrequent) basis and complete the job they are contracted for and move on to the next without being tied into an employer employee relationship with a business. This flexibility is vital for small businesses that do not have the resources to hire a W2 employee to do infrequent or niche work, where an independent contractor makes more business sense.

- B. *What are some of the unintended consequences for small employers that the Biden independent contractor rule has created?*

Response from Ms. Milito

The Department of Labor's 2024 Independent Contractor rule adds complexity and inflexibility to an already complex and confusing classification process for small business owners. The 2024 Independent Contractor rule revoked a simpler standard implemented by the Department of Labor's 2021 Independent Contractor rule. In doing so, the Biden

Administration's rule opened small business owners to additional liability and misclassification challenges and makes it more difficult for small businesses to utilize workers as independent contractors. The rule also strips small business owners who are independent contractors of their autonomy and their entrepreneurship.