



TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

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October 18, 2023

The Honorable Virginia Foxx (R-NC)
Chair
House Committee on Education
and Workforce
2176 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Bobby Scott (D-VA)
Ranking Member
House Committee on Education
and Workforce
2101 Rayburn House Office Building
Washington, D.C. 20515

Dear Chair Foxx and Ranking Member Scott,

TechNet appreciates this opportunity to write in support of H.R. 5513, the *Modern Worker Empowerment Act* (MWEA) introduced by Representatives Elise Stefanik (R-NY), Michelle Steel (R-CA), and Kevin Kiley (R-CA). This legislation would update the *Fair Labor Standards Act* and the *National Labor Relations Act* to create a clear definition and standard to protect independent workers across federal laws.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance.

The continued growth of the gig and sharing (or "on demand") economy has created income opportunities in virtually every corner of the country, allowing people to work independently and on preferred discretionary schedules, run their own businesses, and provide for themselves and their families while being their own boss. The gig economy provides greater flexibility and renewed opportunities for students, parents, caregivers, small entrepreneurs, veterans, and retirees. In 2021, there were 58 million workers who contributed to the gig economy in the United States; this is a 31% increase since 2016.¹

The MWEA provides important clarity for independent workers in every sector of the economy during a period of regulatory uncertainty. The current rulemaking underway at the Department of Labor (DOL) regarding independent contractor classification could have a widespread negative impact on the gig economy. The

¹ Sabatier, Grant. 2023. "30 Gig Economy Statistics for 2023." Millennial Money. February 8, 2023. <https://millennialmoney.com/gig-economy-statistics/#:~:text=How%20many%20people%20are%20working>.

proposed rule assumes a one-for-one swap of independent contractors subsequently becoming classified as employees. Recent research has shown that this is not true. For example, a study from Beacon Economics found that reclassification in Massachusetts would eliminate between 49,000 to 74,000 app-based contracting opportunities without being replaced with a traditional W2 job.² Other estimates have found an even broader risk of damage; in April 2022, the Chamber of Progress concluded that widespread reclassification would destroy as many as 769,000 work opportunities and wipe out \$9.1 billion in earnings nationally.³ These losses of earning opportunities will have a significant impact on families at a time of economic uncertainty. TechNet provided additional concerns to DOL about this proposed rule during its public comment period last December. Those comments can be found [publicly posted](#) on Regulations.gov.

We thank the House Education and Workforce Committee for holding this important hearing on the MWEA. This important legislation will provide crucial stability for entrepreneurs who value their flexible work arrangement. In a Morning Consult poll of app-based workers, 77% said they support their current classification as independent contractors.⁴ Thank you for your consideration of our comments and your independent working constituents. We stand ready to serve as a resource for you in your continued examination of this important issue.

Sincerely,



Peter Chandler
Vice President, Federal Policy and Government Relations

² Osman, Tamar. "How Many App-Based Jobs Would Be Lost by Converting Rideshare and Food Delivery Drivers From Independent Contractors to Employees in the Commonwealth of Massachusetts?" IndependentMass.org. Massachusetts Coalition for Independent Work, February 2022.
https://independentmass.org/wp-content/uploads/2022/07/Massachusetts_Drivers_Design-Final.pdf.

³ Shapiro, Robert, and Luke Stuttgren. "The Many Ways Americans Work and The Costs of Treating Independent Contractors As Employees." progresschamber.org. Chamber of Progress, April 6, 2022.
<https://progresschamber.org/wp-content/uploads/2022/04/The-Many-Ways-Americans-Work-Chamber-of-Progress-Shapiro-Sonecon.pdf>.

⁴ Morning Consult. 2022. "Flex | WORKER SURVEY." Flex Association. September 2022.
<https://www.flexassociation.org/workersurvey>.