

U.S. Labor Department Proposed Rule Threatens Independent Contractor Health, Financial Stability

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OCTOBER 12, 2022, WASHINGTON, D.C. — The U.S. Labor Department this week announced its <u>proposed rule</u> to redefine who is considered an independent contractor and who is an employee. The proposal has the potential to misclassify millions of legitimate independent contractors in a way that threatens their income and livelihoods, as well as their health.

The proposed rule is just the latest salvo in three years of continuous attempts to redefine independent contractor classification at the state and federal levels, in ways that could reduce the number of self-employed Americans while increasing the number of employees eligible for unionization. This effort began in 2019 with California's disastrous Assembly Bill 5, followed by the failed New Jersey Senate Bill 4204 and the stalled federal Protecting the Right to Organize (PRO) Act.

"The executive branch is picking up where legislators left off, with career-killing Department of Labor regulations related to a bill Congress couldn't pass," says Jen Singer, a freelance writer in New Jersey, and co-founder of the nonpartisan, self-funded, ad hoc coalition Fight For Freelancers. "This is the kind of bad policy you get when regulators make a rule about independent contractors while refusing to listen to them."

The Labor Department's position is at odds with what most independent contractors want. Study after study shows that 70-85% of independent contractors are satisfied with

their work arrangements, and that more Americans than ever prefer to be their own bosses. Studies also show that self-employed women, in particular, are happier and that two out of three independent contractors believe they are more financially secure than traditional workers.

"If implemented, this proposed Labor Department rule will make women like me less healthy, less happy, and less financially stable," says Debbie Abrams Kaplan, a freelance writer in New Jersey, and co-founder of Fight For Freelancers. "It's frustrating because they are ignoring what we're telling them: Hands off our businesses."

In the three years since the current anti-independent contractor push began, its primary results have been the destruction of freelance careers and widespread backlash against lawmakers and regulators who continue to champion the idea — including at this summer's Labor Department public hearings, which were dominated by independent contractors begging the agency to leave their livelihoods alone.

"The majority of independent contractors are happy and want to remain self-employed," says Karon Warren, a freelance writer from Georgia and co-leader of Fight For Freelancers USA. "And yet, the attacks on our chosen careers continue from lawmakers and regulators doing the bidding of union bosses."

U.S. Labor Secretary Marty Walsh went so far this week as to claim that the newly proposed rule will <u>"protect freelancers"</u> when, in fact, it will make it far more difficult to be classified as a legitimate freelancer at all.

"This anti-independent contractor policy position is both radical and directly at odds with what most independent contractors want," says Kim Kavin, a New Jersey freelance writer and editor, and co-founder of Fight For Freelancers. "If we wanted traditional jobs, we'd apply for them. The choice of self-employment must be protected in America."

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