

Coalition to Promote Independent Entrepreneurs

ICCoalition.org · (202) 659-0878

March 2, 2021

The Honorable Tim Scott
U.S. Senate
Washington, DC 20510

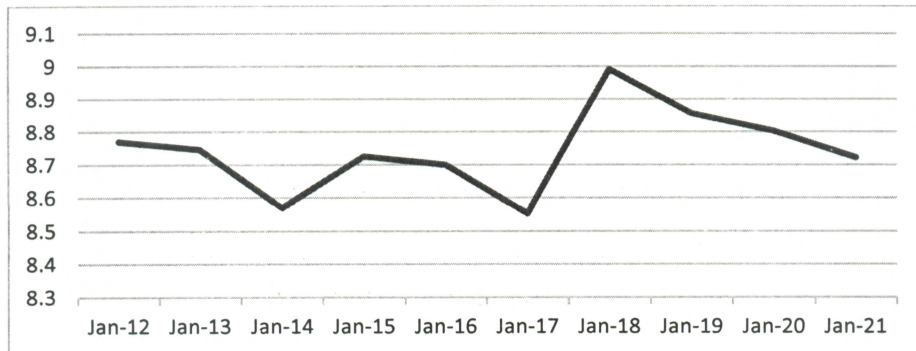
The Honorable Elise M. Stefanik
U.S. House of Representatives
Washington, DC 20515

Re: *Modern Worker Empowerment Act*

Dear Senator Scott and Congresswoman Stefanik:

On behalf of the Coalition to Promote Independent Entrepreneurs,¹ a national coalition of organizations, companies, and independent entrepreneurs that support an individual's right to work as an independent entrepreneur, we are writing to express our strong support for the *Modern Worker Empowerment Act*.

The modern economy has introduced technological innovations that enable individuals with merely an idea and a computer or smartphone to start a business. Thus, one might expect the number of self-employed individuals to have skyrocketed over the past decade. Surprisingly, that did not occur. Instead, Bureau of Labor Statistics ("BLS") data² reveal virtually no net increase in the number of self-employed workers over the past ten years. The following graph depicts the BLS data.



How could this possibly have occurred? One factor contributing to this distressing reality is our nation's outdated and inconsistent labor laws. At this time, more than ten different tests define the term "employee" for purposes of federal and state statutes. This patchwork of different definitions for the same term creates significant uncertainty for

¹ www.iecoalition.org.

² U.S. Bureau of Labor Statistics, *The Employment Situation* (for January of each year), Table A-8 (seasonally adjusted data), available at <https://www.bls.gov/bls/news-release/empsit.htm>.

independent entrepreneurs and – most importantly – for their potential clients. To be sure, for potential clients, this regulatory uncertainty, together with the draconian consequences of an erroneous worker classification, operate as a powerful disincentive against doing business with independent entrepreneurs. These conditions impede the growth (if not survival) of independent entrepreneurship while stifling economic growth generally.³

The *Modern Worker Empowerment Act* represents a significant action toward reducing this regulatory uncertainty and thereby revitalizing independent entrepreneurship. It would conform the definition of the term “employee” for purposes of the Fair Labor Standards Act (“FLSA”) to other federal statutes, including the other New Deal statutes that also once applied an “economic realities” test until that test was jettisoned in favor of a more predictable common-law definition for the term.

A harmonized common-law definition of “employee” for purposes of all federal statutes would be beneficial to all stakeholders. It would provide much needed certainty and predictability to independent entrepreneurs and their clients, while also enabling government agencies to more efficiently ensure proper worker classification.

We thank you for your leadership on this important issue by introducing the *Modern Worker Empowerment Act*.

Sincerely,

American Bakers Association	Insights Association
American Society of Travel Advisors	International Franchise Association
American Trucking Associations	MBO Partners
Americans for Tax Reform	MSPA Americas
Competitive Enterprise Institute	National Association of Home Builders
Direct Selling Association	NetChoice
Financial Services Institute	Open Competition Center
Forest Resources Association	Private Care Association
Freedom Foundation	Rio Grande Foundation
Heritage Action for America	Small Business & Entrepreneurship Council
Independent Bakers Association	

³ According to a 2010 study by Ph.D. economist Jeffrey A. Eisenach, “[p]olicy changes that curtail independent contracting ... would result in higher unemployment, slower economic growth and reduced economic welfare.” Jeffrey A. Eisenach, *The Role of Independent Contractors in the U.S. Economy*, NAVIGANT ECONOMICS (December 2010) available at: <http://www.naviganteconomics.com/docs/Role%20of%20Independent%20Contractors%20December%202010%20Final.pdf>.