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BLS Data Confirm Need for Prompt Enactment of Harmonization Bill

Washington, D.C., June 7, 2018 - Data released today by the U.S. Department of Labor, Bureau of Labor Statistics (“BLS”), in its report titled *CONTINGENT AND ALTERNATIVE EMPLOYMENT ARRANGEMENTS -- MAY 2017*, confirm that independent contractors “overwhelmingly prefer their work arrangement (79 percent) to traditional jobs.” The BLS reported that “[f]ewer than 1 in 10 independent contractors would prefer a traditional work arrangement.”

But the data also reveal that the percentage of the workforce represented by independent contractors is declining. The BLS reported that in May 2017, “there were 10.6 million independent contractors, representing 6.9 percent of total employment. This estimate is smaller than the 7.4 percent of workers in February 2005 who were independent contractors.”

It is submitted that the decline in the percentage of the workforce represented by independent contractors is likely attributable – at least in significant part – to well-meaning but disruptive government policies that have made it increasingly difficult for independent entrepreneurs to structure client engagements with certainty.

One aspect of these disruptive government policies is the proliferation of different tests for the term “employee” that have been enacted for purposes of different statutes. The current patchwork of different tests exposes a company doing business with an independent entrepreneur to a risk of having to separately litigate whether the individual qualifies as an independent contractor for purpose of each applicable statute. This is because a determination of an individual’s status, as an employee or independent contractor, for purposes of one statute is seldom indicative of the individual’s status for purposes of a different statute that defines the term “employee” differently. Potential client companies are understandably skeptical about doing business with independent entrepreneurs, because of the regulatory and litigation risks these relationships create. This results in legitimate independent contractors finding it increasingly difficult to convince potential clients to do business with them. Thus, the decline in the percentage of the workforce represented by independent contractors is not a surprise.

The Coalition urges prompt action on a bill that could help legitimate independent contractors stay in business, namely, H.R. 3825, the *Harmonization of Coverage Act of 2017*. This bill, introduced by Representatives Diane Black (R-TN) and Elise Stefanik (R-NY), will harmonize the definition of “employee” for purposes of federal statutes and thereby remove a significant impediment to independent entrepreneurship. The bill also will enhance the ability of government agencies to work collaboratively to ensure proper worker classification, as the current patchwork of different tests impedes the ability of different agencies administering different statutes to collaborate in any meaningful way.

The enactment of H.R. 3825 will establish one common definition of the term “employee” for purposes of federal statutes and strengthen the right of legitimate independent entrepreneurs and their clients to do business with each other, while encouraging proper worker classification.

The Coalition to Promote Independent Entrepreneurs (www.iecoalition.org) is dedicated to educating the public and elected representatives about an individual’s right to work as an independent entrepreneur and a company’s right to do business with self-employed entrepreneurs, increasing the public’s awareness of instances of where an erosion is taking place, and advocating for strengthening the recognition of self-employment under the law. To obtain additional information about the Coalition, please contact us at info@iecoalition.org. To support to Coalition’s efforts, please [click here](#).