

Opening Statement of Rep. Ryan Mackenzie (R-PA), Chairman
Subcommittee on Workforce Protection
“Empowering the Modern Worker”
May 20, 2025

(As prepared for delivery)

The way people do work in America is changing.

New platforms, technologies, and business models have transformed how people earn a living—giving millions of workers more flexibility, autonomy, and opportunity. Whether it’s freelance writers, app-based drivers, or self-employed consultants, these arrangements are helping people find work that fits their lifestyle and goals. In many cases, this flexibility leads to higher job satisfaction and better work-life balance.

Unfortunately, outdated policies haven’t kept pace with these changes. Too many independent workers today face legal uncertainty and unnecessary restrictions that limit their ability to work on their own terms.

Today we will examine the challenges faced by freelancers, self-employed individuals, and other workers who choose to operate as independent contractors. These challenges include worker classification under the *Fair Labor Standards Act* and the fact that many independent contractors would like to have access to benefits W-2 employees enjoy while still taking advantage of the flexible working arrangements of an independent contractor.

We've seen the damaging repercussions of restrictive state laws that prevent workers from operating as independent contractors and force them to be reclassified as traditional employees. This was especially visible after California enacted Assembly Bill 5 in 2019, which reclassified many independent contractors as employees. Due to its overwhelming negative impact, the California legislature had to exempt more than 100 professions and industries from the law. Unfortunately, states have followed California's lead with their own onerous requirements—with disastrous results.

Despite California's terrible results, the Biden-Harris administration attempted to nationalize AB-5, depriving an estimated 72.7 million independent workers of clarity and consistency in the law.

The 2024 independent contractor rule imposed a confusing and complicated six-factor economic realities test to determine worker classification. These factors range from the workers' skill and initiative to his or her integrality to the company's success and the degree of permanence of the relationship, among other factors which may even include unnamed factors. This would have drastically increased the federal government's control over the American workforce. Not only is this policy bad for independent contractors, but it is also bad for the entire American economy. In fact, studies estimate a total national cost of \$17 billion if just 15 percent of independent contractors are reclassified as employees and \$57 billion if 50 percent are reclassified.

Fortunately, the Trump administration has a more common-sense approach to worker classification. We look forward to working with the Department of Labor to further protect workers from unreasonable mandates like the 2024 independent contractor rule and instead to provide clear guidelines that protect legitimate independent contractors from federal overreach.

Committee Republicans have solutions too: the *Modern Worker Empowerment Act*, which clarifies employee versus independent contractor status, and the *Modern Worker Security Act*, which provides a federal safe harbor to businesses wishing to offer portable benefits to independent contractors.

Additionally, there are promising results from new portable benefits pilot programs that businesses are offering, one of which was announced last year by DoorDash in my state of Pennsylvania. And our expert witnesses will discuss the latest research into portable benefits for independent contractors and how we can pass legislation that protects their status while still allowing them to take advantage of newly enacted portable benefits laws, such as in Utah, Alabama, Tennessee, and Kentucky.

With that, I look forward to hearing from our witnesses regarding these topics and yield to the Ranking Member for an opening statement.