

Modern Solutions for the Independent Workforce

	THE DEPENDENT CONTRACTOR	SHARED SECURITY ACCOUNT	PORTABLE BENEFITS	THE HAMILTON PROJECT	CERTIFIED SELF-EMPLOYED (CSE)
The ask	<p>Further defining the independent contractor, reducing the ambiguity of the independent contractor/client relationship.</p> <p>Extend employment entitlements benefits to certain independent contractors</p>	<p>Establish centrally managed entitlement program that companies engaging independent contractors would have to contribute to on behalf of IC</p> <p>Establish mandatory universal benefits, sponsored in part by multiple employers - buyers of services will have fees imposed upon them to fund universal benefits for each independent contractor</p>	<p>A ubiquitous federally administered portable benefits structure for all independent workers</p>	<p>Enable intermediaries to provide limited entitlements to on-demand workers without the risk of misclassification</p> <p>Allow organizations to disregard wage and hour rules, other employer responsibilities</p> <p>Enable organizations to offer other benefits to workers when determining hourly rate proves difficult; build captivated loyal worker group</p>	<p>Provide a clear delineation between employee and independent worker, guaranteeing: (1) all workers currently receiving employee protections may continue as such. Workers not meeting independent standards will be treated under current law (which favors employee status); and (2) workers meeting CSE criteria can engage with clients in a frictionless, compliant manner</p>
How will it happen?	<p>Creating clearly defined worker categories (3), including creation of Dependent Contractor category.</p> <p>Create Dependent Contractor Relations Board; grant power to state legislatures.</p> <p>Utilize “80% rule” to trigger definition of new labor category</p>	<p>Adjustment of national labor standards, creation of legislation to build entitlement program, enforce standards</p> <p>Organizations utilizing ICs to build out/budget for added cost and administration</p>	<p>Adjust most existing labor laws (including removal of categorization standard)</p> <p>Create new legislation, “safety net” system that provides steady access to benefits regardless of job status</p>	<p>Allow employers to provide benefits to non-employees; independent workers to pool benefits from multiple employer contributors</p> <p>Provide independents the right to organize</p>	<p>Create a formal certification for specific independent workers: Certified Self-Employed (CSE)</p> <p>Create a vetted infrastructure that ensures both CSE compliance, as well as mitigates system abuse intended to lower labor costs</p>
Who gets involved, needs to agree to this change? What will occur?	<p>IRS, DoL, State Workers' Compensation Programs, State Legislatures, to craft appropriate definitions, accompanying legislation</p>	<p>DoL, IRS (for ERISA - retirement) to require employers to meet Shared Security Standards established by the government</p> <p>Companies to contribute to Shared Security Accounts (SSAs)</p> <p>Additional government and/or an appropriate agency to enforce</p>	<p>Federal government will need to create benefits system, similar to ACA marketplace, while removing labor categorization standard</p> <p>DoL, IRS, State, Workers' Compensation, Unemployment required to participate as well</p>	<p>DoL, other regulating bodies as determined by Federal government to clearly define the benefits & protections provided to all workers regardless of designation, regulate the responsibilities of providing the benefits/ protections across companies for independent workers</p>	<p>A federal entity—likely the IRS—to administer certification. The solution must pre-empt state/ local jurisdictions in order to avoid misclassification threats</p>
Level of effort	<p>Medium Effort Needed: Strong legislative changes required, likelihood of getting all parties to agree</p>	<p>Significant Effort Needed: Adjusting standards, establishing enforcement policy, carrying out said enforcement, company involvement</p>	<p>Exceptional Effort Needed: Removing the categorization standard; financial shifts of benefits to new system</p>	<p>Significant Effort Needed: Employers to allocate resources; establishment of “enforcement system”; drafting of legislation</p>	<p>Low to Medium Effort Needed: Continue to ensure government mandated worker protections; time to create certification standards, application, certification test or form</p>