

INDEPENDENT WORK, REAL OPPORTUNITY: THE GIG ECONOMY AND THE FUTURE OF ENTREPRENEURSHIP

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TUESDAY, APRIL 21, 2026

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 10:05 a.m., in Room 2360, Rayburn House Office Building, Hon. Roger Williams [chairman of the Committee] presiding.

Present: Representatives Williams, Meuser, Alford, Wied, Jack, King-Hinds, Patronis, Fuller, Velázquez, McGarvey, Scholten, McIver, Cisneros, Tran, Simon, Olszewski, and Goodlander.

Chairman WILLIAMS. Okay. Before we begin with the hearing, I have a few announcements I would like to make. First, I would like to welcome, and he is in a meeting right now, Representative Clay Fuller from the great State of Georgia to our Committee. He previously served as district attorney for the Lookout Mountain Judicial Circuit and was appointed by President Trump to serve as a White House fellow from 2018 to 2019. I am excited to hear the insight and perspective he will contribute to this Committee on behalf of his constituents and main street in the 14th Congressional District of the great State of Georgia.

Next, for all of our members, there will be two Committee roundtables in May for your information. The first is on May 4th in my hometown of Fort Worth, Texas. Representative Van Duyne and I are excited to host all of you in the great State of Texas for that. And the second roundtable is on May 22nd in Baltimore, Maryland, home of the Big O, as they say, Representative Olszewski. And you want a 30-second advertisement on that and ask everybody to come?

Mr. OLSZEWSKI. Thank you, Mr. Chairman. Please, everyone come. We will try to replicate the amazing Fort Worth experience in Baltimore. We would love to have you all.

Chairman WILLIAMS. There you go. Well, we are looking forward to both those, so contact your Committee staff for logistics and more information about those roundtables as the date gets closer.

I now call the Committee on Small Business to order. Without objection, the Chair is authorized to declare a recess of the Committee at any time.

I now recognize myself for my opening statement.

Welcome to today's hearing, "Independent Work, Real Opportunity: The Gig Economy and the Future of Entrepreneurship." The gig economy is broadly defined as an economy in which people earn income by providing on-demand work, services, or goods. Regardless of one's views on gig entrepreneurship, the truth is that it has become an increasingly large part of each of our everyday lives, especially for younger generations.

Today, gig entrepreneurship takes as many forms as commonly facilitated through digital platforms, like apps and websites. Of course, ridesharing and delivery are major parts of the ecosystem, but there are so many other industries that are part of the gig economy. Some gig platforms are tailored towards housework, handyman projects, running errands, or cleaning. At the same time, other platforms cover the professional services such as IT, graphic design, and other freelance work.

One reason people turn to the gig work is to gain flexibility and control in their work schedules. Whether they are a student, grandmother, or aspiring entrepreneur, they can mold their gig work schedule to match their availability. The gig economy supports American entrepreneurship by providing the flexibility and the income needed to launch small businesses. It also allows entrepreneurs to get started quickly by leveraging a built-in customer base to kick-start their businesses.

The motivations that lead people to gig work, such as flexibility and self-ownership, also drive self-employment and entrepreneurship. And in 2025, as much as 36 percent of the U.S. workforce, or 70 million Americans, engaged in a gig of freelance work, which generated roughly \$1.5 trillion in annual earnings, which is why it was so surprising that the Biden-Harris administration launched an all-out attack on the gig economy. Under the Biden-Harris administration, gig entrepreneurs were threatened with IRS audits if they did not report Venmo or PayPal payments over \$600. And the Biden-Harris Department of Labor issued rules that issued regulatory complexity threatening to upend the gig economy altogether.

Thankfully, President Trump has reversed this decision and changed the reporting threshold in the Work Families Tax Cuts Act. And President Trump also boosted the gig economy in American workers through no tax on tips. When small businesses and entrepreneurs have the economy to shape their own work, they are better positioned to learn—or to earn, build, and succeed on their own terms, leading to a more resilient American economy.

I want to thank our witnesses today for joining us and look forward to the conversation ahead.

And I now recognize the distinguished member and my friend Representative Velázquez for her opening remarks.

Ms. VELAZQUEZ. Good morning. Thank you, Mr. Chairman, and welcome to all the witnesses.

Last week, the Wall Street Journal told the story of a small business owner who previously drove with a rideshare app and now runs his own car service. Stories like his show how digital platforms can reduce barriers to entry for entrepreneurship by lowering upfront costs and providing an avenue for connecting with clients. If it weren't for the difficult business environment this administration has created, this story would have been a great dem-

onstration of how digital platforms help build independent businesses.

Joe Biden is not in the White House. Donald Trump is. This is his economy. He owns it. Unfortunately, his business is now among the many American small businesses that are being hurt by skyrocketing gas prices. The Bureau of Labor Statistics reported a 21 percent increase in gas prices in March, the largest 1-month increase since 1967. High energy costs caused entirely by the President's illegal war in Iran are the main reason that inflation tripled last month. Now that car service owner is making about 40 percent less on each ride to the airport. To make up for the lost income, he took on more trips. To get better gas mileage, he bought a newer car. He will likely have to increase his fares. He may even have to cut his services for the elderly people he drives to doctor appointments and grocery stores.

This damage to a successful entrepreneurial venture did not have to happen. As the Committee has heard time and again, this administration's bad policies have damaged America's small businesses unnecessarily. With their income being eaten up by the rapidly increased cost of living, gig workers and small business owners are cutting back spending on things like restaurant meals, along with many other Americans who have reported increased concern over high prices. In fact, this month, American consumer sentiment plummeted to its lowest level ever since the survey started 74 years ago. The measures sank across all groups, regardless of age, income, and political party.

Consumers tightening their belts increases the financial pressures faced by local businesses, especially restaurants. As we will hear today, restaurants already operate on thin margins. Those margins are even thinner now because the President's tariffs raised the cost of everything from food to textile containers.

Now the impacts of the President's war in Iran are rippling through our supply chains. Higher fuel prices raise the cost of transporting all goods, including food, and the impact is already being felt in the broader economy. That means everyday Americans are paying the price for this administration's reckless decision whether they get their next meal through an app, at a local restaurant, or from a grocery store.

For restaurant owners and their employees, rising prices mean fewer orders and unsustainable financial institutions. For communities, fewer restaurants mean less of the vibrant public spaces those businesses provide. For all of us, it means fewer opportunities to thrive, take risks, create new careers and businesses, and support others in their entrepreneurial ventures.

I yield back.

Chairman WILLIAMS. The gentlelady yields back.

I will now introduce our witnesses. Our first witness is Ms. Kristin Sharp. Ms. Sharp is the chief executive officer of Flex Association, advancing policies that support a modern flexible workforce. Before joining Flex, she was CEO of Jobs for the Future's Education Quality Outcome Standards Board and co-founded Shift: The Commission on Work, Workers, and Technology, a project that examines the impact of AI on work. Earlier in her career, Ms. Sharp worked on technology innovation and national security policy in the

U.S. Senate. She earned a bachelor's degree in political science from the University of Michigan and master's degree in political science from Duke University.

Our next witness is Ms. Lisa Alvarez Acevedo. She is the president and owner of Joyce Florist of Dallas, a locally-owned small business serving customers across the Dallas, Texas, area. Her daughter also went to TCU. And Ms. Alvarez Acevedo, along with her mother Gloria, bought Joyce Florist in 1998. Today, Joyce Florist of Dallas employs around 10 full-time and part-time staff members and produces high-quality floral arrangements and gifts, all while providing friendly, reliable service to their community. Thank you for being here. And also, you studied at Texas Women's University.

Our next witness is Ms. Elaine Buxton. Ms. Buxton serves as president and chief executive officer of Confero Inc., a national customer experience research and measurement firm. Ms. Buxton, co-founded Confero in 1986. Confero Inc. helps business improve customer service and performance through data-driven insights and analytics. Ms. Buxton serves on the board of directors for the Better Business Bureau of East North Carolina and the U.S. Chamber of Small Business Council. She earned a bachelor's of science degree in business administration from the University of North Carolina at Chapel Hill and a master of business administration from Meredith College.

I now recognize the Ranking Member from New York, Ms. Velázquez, to briefly introduce our last witness appearing before us today.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Rosa Thurnher is an Atlanta-based entrepreneur, mother, and owner of El Ponce and Tiendita, and partner in Bar ANA. Her career spans over two decades of building community-focused hospitality concepts rooted in culture and connection. A graduate of the James Beard Foundation's Women's Entrepreneurial Leadership Program and board member of the Independent Restaurant Coalition, she is a passionate advocate for the hospitality community. Rosa began her hospitality journey with El Bar, and today that same space is home to Bar ANA, where she is a partner supporting the next generation of entrepreneurs by creating space and opportunity.

Rosa's dedication extends beyond her business ventures. She is deeply committed to empowering women and the Latino community and fighting for environmental sustainability and human rights. Her goals center around building a more sustainable and equitable future for generations to come.

Welcome, Ms. Thurnher. Thank you for being here.

Chairman WILLIAMS. Okay. Thank you again to all of our witnesses.

And before recognizing the witnesses, I would like to remind them that their oral testimony is restricted to 5 minutes in length. That is an important number around here. It is not 6, it is not 4, it is 5. And if you see the light turn red in front of you, it means your 5 minutes have concluded and you should wrap up your testimony. And if you keep going, you will hear this. That means it is over with, okay? But you will do fine.

I now recognize Ms. Kristin Sharp for her 5-minute opening remarks.

STATEMENTS OF MS. KRISTIN SHARP, CHIEF EXECUTIVE OFFICER, FLEX ASSOCIATION; MS. LISA ALVAREZ ACEVEDO, PRESIDENT, JOYCE FLORIST OF DALLAS; MS. ELAINE BUXTON, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CONFERO, INC.; AND MS. ROSA THURNHER, OWNER, AZTEC TRAVEL INC DBA EL PONCE

STATEMENT OF KRISTIN SHARP, CHIEF EXECUTIVE OFFICER, FLEX ASSOCIATION

Ms. SHARP. Chairman Williams, Ranking Member Velázquez, and distinguished members of the Committee, thank you for the opportunity to appear here today. My name is Kristin Sharp and I am the CEO of the Flex Association. Flex represents America's leading rideshare and delivery platforms and the people who count on them.

Across dozens of platforms, from mobility to freelance to creative marketplaces, millions of Americans are earning, shopping, and building businesses through technologies that simply didn't exist a generation ago. In 2024, the app-based industry contributed more than \$212 billion to the U.S. economy. For consumers, the platform industry has delivered savings, access, and convenience. For workers, it is a powerful opportunity to be your own boss with real control over your time and money. And for the restaurants and local businesses deliveries come from, it expands markets and reaches new customers.

Small businesses are the backbone of the American economy and app-based platforms have been one of the most powerful tools they have. The marketplaces connect small businesses to digital customers and help them compete with bigger firms by providing critical support, on-demand workers, logistics, digital payments, targeted marketing tools. And as a result, millions of American businesses have modernized how they operate and found new pathways to scale.

Nearly two-thirds of customers have used an app-based platform for grocery delivery, 60 percent for package delivery, and the average American now takes rideshare 16 times per year. These aren't abstract statistics. They represent real customers walking through digital doors of businesses that they might not otherwise have reached.

The scale of the app-based industry has provided millions of Americans with an essential lifeline to navigate financial uncertainty. Digital platforms offer immediate flexible income—no lengthy hiring process, no restrictions on the number of platforms one uses, just a smartphone, an idea, and the ability to start earning immediately. For parents, students, workers between jobs, this flexibility fills gaps that traditional employment can't. Nearly 9 in 10 workers with children say app-based work makes it easier to balance family and work, and 69 percent say that it has helped them earn money in an emergency. In an unpredictable labor market, on-demand earning provides real-time stability.

But here is something that rarely gets mentioned: app-based work is quietly one of the most powerful engines of entrepreneurship in the American economy today. It helps workers practice skills like multitasking and evaluating new opportunities. It helps them accrue startup capital to launch an idea or business. And it creates the confidence to take risks by being a ready supply of temporary income while getting a business up and running or riding out a slow period. That's why a recent study of U.S. tax records found that app-based workers start new companies at more than three times the rate of the general working age population and why those businesses generate 39 percent higher gross profits in the first year than those started by the general population.

It is opening doors for people who have historically been locked out of entrepreneurship: younger workers, low-income workers, veterans, and those taking care of children or elderly parents. So when someone drives through Uber or delivers through DoorDash or shops with Instacart, they may not be making ends meet. They may be developing the skills that they need to start succeeding in business.

So what do we ask of policymakers? Reflect reality. There is encouraging progress on this front. Last year Congress passed the No Tax on Tips Initiative, ensuring that tipped app-based workers pay lower taxes. The Flex Association also applauds the Department of Labor's decision to propose commonsense pro worker classification rules. This rule helps preserve the flexible independent work model that underpins the app-based economy that millions of Americans rely on today.

The modern labor market is defined by constant change. Workers, especially younger ones, get this. Last year, more than half of millennial and Gen Z Americans earned money outside a primary job, often as a solo entrepreneur with many income streams. So protect that flexibility. Don't shoehorn independent workers into conventional employment against their wishes and strip away the flexibility they've chosen.

We support the Small Business Administration's efforts to track and streamline regulatory requirements for independent workers, and we would be pleased to work with the SBA to strengthen education around tax filings, digital business formation, and income growth for solo entrepreneurs.

The nature of work is changing, but it brings so much opportunity. If we want an economy that works for today's small businesses, we should support the systems that people are already relying on to build them. App-based work is a key piece of that puzzle.

Thank you, Mr. Chairman.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Ms. Lisa Alvarez Acevedo for her 5-minute opening remarks.

STATEMENT OF LISA ALVAREZ ACEVEDO, PRESIDENT, JOYCE FLORIST OF DALLAS

Ms. ALVAREZ ACEVEDO. Chairman, Ranking Member, and distinguished members of the Committee, thank you for the opportunity to testify today. My name is Lisa Alvarez Acevedo and I am the owner of Joyce Florist of Dallas, a Dallas-based company.

When I purchased Joyce Florist 28 years ago, I had a dream of creating a family business that would allow me to support my family and spend time with them. That dream is now a reality. I can proudly say that Joyce Florist is a four-generation family business which started with my mother and I working alongside one another. When my mother retired, my daughter Alyssa stepped in to work with me. Even my grandchildren pitch in and carrying the family legacy forward. I am proud to say that today Joyce Florist employs 10 full-time and part-time staff members and remains deeply connected to our local community in Dallas.

Starting a business is hard enough between permits, paperwork, and all the costs that come with operating a business. Platforms like DoorDash make that path a little easier by giving entrepreneurs tools to reach a broad base of customers. Entrepreneurship gave me the freedom to build something on my own terms and platforms like DoorDash are making that path more accessible for the next generation of small business owners.

For years, Joyce Florist relied on traditional wire services to handle deliveries, but they did not meet our business' real needs. Two years ago, we partnered with DoorDash and the experience has been remarkable. While Joyce Florist has long been a neighborhood institution, DoorDash is helping the business evolve and grow in meaningful ways. DoorDash helped our small business reach more customers and keep local dollars moving through our community. Staff no longer have to coordinate deliveries. This eliminates complexity and saves thousands of dollars in overhead.

Our partnership with DoorDash lets my team focus on what we do best, creating beautiful arrangements and serving our customers. During peak periods, like Valentine's Day or Mother's Day, this efficiency is especially valuable. We can relocate team members in-store and customers and order fulfillment during the rush rather than trying to have them all deliver and work with logistics.

DoorDash also introduced us to an entirely new customer base. Even after decades in business, people are still discovering Joyce Florist for the first time through the platform. In 2025, Joyce Florist made over 60,000 in sales on the DoorDash Marketplace. My experience is not unique. According to DoorDash, 88 percent of merchants say the platform has helped them reach new customers they otherwise would not have been able to access. And U.S.-based merchants collectively made over 40 billion in sales on DoorDash Marketplace in 2024.

Dashers themselves have played a role in that growth. Many have told us they discovered our shop and event center through deliveries and later returned as customers. We have built strong relationships with Dashers, welcoming them and even offering treats for their children when they bring them in.

Platforms like DoorDash are strengthening mainstream. They give small business like mine the tools to compete, to grow, and to stay rooted in the communities we serve. Joyce Florist thrives by blending tradition, initiative and entrepreneurship. DoorDash is the latest chapter in that story.

I want my grandchildren to inherit a business and an economy where entrepreneurs have every tool to thrive. Small business owners like me already face enough cost and regulatory complexities to

keep our doors open. The tools that help us save time and serve customers better should not be made harder to use. Instead, they should be encouraged.

I thank the Committee for encouraging policies that allow small business and platform partners to continue working for the benefit of our communities.

Thank you for your time. I am happy to answer any questions. Chairman WILLIAMS. The gentlelady yields back.

I now recognize Ms. Elaine Buxton for her 5-minute opening remarks.

**STATEMENT OF ELAINE BUXTON, PRESIDENT AND CHIEF
EXECUTIVE OFFICER, CONFERO INC.**

Ms. BUXTON. Mr. Chairman, Ranking Member, members of the Committee, thank you so much for the opportunity to tell my story here today. My name is Elaine Buxton and I am president and CEO of Confero, which is a customer experience research company. We are based in Cary, North Carolina.

My company has been in business since 1986, helping clients improve customer experience, compliance, and their own operations. I am here to share a simple small business perspective. App-based platforms and digital tools have made it much easier for companies like mine to find the right support, expand when needed, and serve clients without taking on fixed cost before the business is there.

Long before people used the phrase “gig economy,” my company was already coordinating projects across many markets. Back then that meant telephone, landline, paper forms, mailed reports, and a lot of manual work. Our projects vary by client, location, timing, urgency, and complexity, so that was very hard to manage. Today, digital platforms help us manage that work more efficiently.

Over nearly four decades, my company has stayed competitive by adapting to new technology, changing client needs, and new ways of doing research. These tools also help level the playing field by giving small businesses access to reach and capabilities that used to require a much larger organization.

In my company, these platforms serve more than one kind of need. They help us find project-based support in different markets, connect with research participants when appropriate, and access specialized help, like graphic design, digital marketing, research, editing, data analysis, and fractional finance support. And for companies like mine, this really matters. If small businesses lose access to lawful, flexible arrangements, we will face higher costs, less agility, less reach, and fewer chances to grow.

In some kinds of research, flexibility is not just about cost, it is about what makes the work even possible. For example, imagine a restaurant chain rolling out a new menu item and they want to know quickly whether customers in different places are getting it prepared and served the same way all across their units. That may mean a brief one-time visit in many locations. It would not make sense for a small business to hire employees all over the country for a task that may take only a few minutes and may only happen once.

In my experience, these platforms do five practical things for my business. They help us find talent and research participants. They

help us move faster when opportunities come up. They help us control costs by bringing in support only when we need it. They help us compete with larger companies. And they support entrepreneurship more broadly.

I also want to be clear that flexibility works best when it comes with responsibility. People should know what the opportunity is, what it pays, what is expected, and when it will be paid. Companies using these tools should be transparent and should protect against fraud and abuse. I support clear, practical rules that small businesses can understand and follow without gray areas, without pages of legal interpretation, and without needing a lawyer just to know what the rules mean.

From my perspective as a small business owner, the real question is not whether every person should fit into one single model. The real question is whether policy will leave room for lawful, flexible arrangements that work for both small businesses and the people who choose to engage with them while still keeping the rules clear and understandable.

I also want to say how grateful I am to the SBA. I would like to take a moment to thank you for helping get my company through COVID. As you can imagine, most of our clients have customer-facing locations and as they were closing up, we got a lot of emails saying we have to stop doing research. We don't have any customers right now, we have to stop doing research. I lost 80 percent of my revenue in 10 days and I can't tell you how helpful it was to have COVID relief, EIDL loans, PPP, all the things that the SBA helped to usher in to keep us going and to encourage us to try to stay in business. And now that we have come out of COVID and we are growing again and our clients are growing again, the SBA enabled a competitive working capital loan for us while we are growing again. So I would just like to especially thank the SBA for that.

For small businesses, app-based platforms are not a luxury. They are practical tools that help us grow, compete, and adapt. Preserving room for lawful, flexible arrangements while promoting clear rules and responsible practices will help more small businesses succeed.

Thank you so much.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Ms. Rosa Thurnher for her 5-minute opening remarks.

STATEMENT OF ROSA THURNHER, OWNER, AZTEC TRAVEL INC. DBA EL PONCE ON BEHALF OF THE INDEPENDENT RESTAURANT COALITION

Ms. THURNHER. Thank you, Chairman Williams, Ranking Member Velázquez, and members of the Committee. Thank you for the opportunity to testify. My name is Rosa Thurnher. I own El Ponce Mexican Restaurant in Atlanta, Georgia, and I am a proud board member of the Independent Restaurant Coalition representing more than 500,000 independent restaurants and bars across the country.

I am here to talk about the delivery marketplace as that is what pertains to my business strongly. There are three core problems for

independent restaurants. First, the costs are very high, too high and unpredictable. Second, we have lost control of our customer relationships. And third, the system is not transparent or competitive and the data that drives it is not shared with the businesses that depend on it.

Those three things together are putting independent restaurants in a very fragile position. Restaurants like mine operate on margins of 4 to 6 percent in the best of times. Today, every major cost is up food, fuel, labor, rent, insurance, and credit card fees. And on top of that, delivery platform fees can reach as high as 30 percent. That is not a small pressure. It fundamentally changes whether a restaurant can survive. So we are forced into impossible decisions: raise prices and risk losing customers or absorb the cost and erode our businesses. Across the country, operators are shrinking portions, changing menus, and stretching staff, not because we want to, but because we are trying to stay open.

At the same time, we have lost control over one of the most important parts of our business, our customers. When someone orders through a delivery app, I don't know who they are. I can't contact them if something goes wrong, I can't invite them back, and I can't build loyalty. The platform owns that relationship, not the restaurant. In today's economy, data is currency, and that data is being withheld from the very businesses creating the value. Without access to our own customer data, we can't build relationships, make informed decisions, or compete on a level playing field.

And then there is visibility. Whether a customer sees my restaurant often depends on whether I am paying for promotions, offering discounts, or meeting performance metrics that I don't fully control. When I stopped paying for advertising, my sales dropped, not because demand disappeared, but because I was no longer being shown to customers. That is not a level playing field. It is a system where access to your own customers is conditional.

There are also real operational consequences. Drivers are often working across multiple apps at once, which leads to delays and poor customer experiences. When food arrives late or in poor condition, the customer blames the restaurant even though we don't control the delivery. And many of us are dealing with unauthorized listings, menu scraping, and misuse of our brands online. These are issues we didn't agree to and cannot easily fix.

Meanwhile, this is a rapidly growing market worth tens of billions of dollars. But independent restaurants are not sharing fairly in that growth. Instead, we are absorbing more cost while a small number of platforms gain more control. That is why transparency matters.

Recently, the FTC announced it is exploring a potential rule-making on delivery fee transparency. From where I sit, that is long overdue. Right now, we are navigating complex and constantly shifting fees without clear disclosure or real leverage. It makes it extremely difficult to plan, to price or to understand what we are actually paying. The Independent Restaurant Coalition strongly supports this effort and will be submitting comments. Delivery can and should be a part of a healthy restaurant ecosystem, but only if the marketplace is fair, transparent, and competitive.

Independent restaurants are one of the largest employers in the country. But more than that, we are deeply rooted in our communities. When you spend money at an independent restaurant, that money stays local. It supports workers, farmers, and small businesses nearby. That is very different from a system where more and more value is extracted out of communities and consolidated into a handful of large technology platforms.

Restaurants are also more than places to eat. We are gathering spaces. We are part of the cultural fabric of our neighborhoods. And in moments of crisis, whether it is a pandemic, a natural disaster, or a community need, restaurants are often among the first to step up and serve. But those contributions depend on businesses that can actually sustain themselves. Right now, too many cannot.

Thank you for having me and I look forward to your questions. Chairman WILLIAMS. The gentlelady yields back.

Now we move to the member questions under the 5-minute rule.

Ms. Sharp, in this Committee we have had time and time again, we have heard time and time again about how overly burdensome regulations constrain small businesses. These same regulations created red tape that limits individuals' opportunities turn flexible income, particularly for gig and platform and entrepreneurs. The Trump administration has prioritized removing these barriers, including changes to the independent contractor definition, no better support gig and platform-based entrepreneurs. Further, President Trump's working families tax cuts are bringing more money back into Americans' pockets.

So my question from your point of view, how have the policy changes like this directly benefited gig entrepreneurs and the platforms that support them?

Ms. SHARP. Thank you, Mr. Chairman. The changes to the Department of Labor rule is welcome news for independent workers. And Flex supported this commonsense change largely because it streamlined the complicated and multifactor test of the previous administration into one that was clear and simple for both businesses and workers to understand.

There has been quite a bit independent research about the changes that California had, which were some of the most stringent in the nation, about worker classification. And the research showed that after California required more people to be classified as employees, total income for independent workers dropped by 10 percent without a corresponding increase in traditional employment. And so there is very clear evidence that it hinders the ability to work flexibly in the way that is so crucial and important to this population of workers.

We do see through survey data that independent workers prefer to be independent contractors by overwhelming margins, somewhere between 77 and 85 percent at various times. And 90 percent of app-based workers choose the work specifically because of the flexibility. So we are very grateful to the Department of Labor for its new rule and thinking through what will be—what will help workers feel like they are supported and not have the rug pulled out from under them.

Chairman WILLIAMS. Ms. Alvarez Acevedo, small businesses often face challenges when it comes to hiring, managing costs, and

scaling up operations. Many of you touched on that and the gig economy and the use of apps-based platforms over an alternative providing flexible demands and access to talent. Now, based on your experience, how has using the gig economy through DoorDash helped Joyce Florist adapt to the changing needs of the business?

Ms. ALVAREZ ACEVEDO. Well, for—thank you, Mr. Chairman. For us in particular, it has really helped us. It has really helped grow us. It helps us get our deliveries out in a quicker timeframe. And we also have the opportunity to continue to bring in a new customer base because we have new people using the app that didn't know us before. And so it really is important to have our Dashers because they are able to come in, pick up those arrangements, and get them there within the hour, usually within about 30 minutes, opposed to us routing those deliveries and getting them out, which takes half a day because we have several going out at the same time. And so using DoorDash, we are able to get those out immediately.

Chairman WILLIAMS. Okay, thank you.

Ms. ALVAREZ ACEVEDO. Thank you.

Chairman WILLIAMS. Ms. Buxton, throughout our nation's history, small businesses have grown by adapting to change and finding new ways to compete. And today, the gig economy continues to transform how small businesses and entrepreneurs operate as a whole. So my question is, as someone who is successfully adapting to this shift, can you describe how your business has embraced gig entrepreneurs and the impact that it has had on your operations and your growth?

Ms. BUXTON. Yes, thank you. Thank you, Mr. Chairman, for the question.

The gig economy has helped our growth because we are a small business, but we serve large companies. A lot of large companies want to work with small business because we are nimble, we have new ideas, we innovate, but a lot of times we don't have access to all of the people that are needed. So we have been able to grow by using various consultants, fractional CFO. We can bring on a project manager for a project that we only need for a couple of weeks.

So now, for example, instead of having to do work for a client all year round, we can do work for them for 2 weeks for a quick in-and-out type of project, which is really very helpful to our clients and it has helped us grow our business. We would not have been able to make those investments in employees in advance without having the projects coming in. So the gig economy has really helped us get access to capabilities.

Chairman WILLIAMS. Thank you. And my time is up.

And I now recognize Mr. McGarvey from the great State of Kentucky for 5 minutes.

Mr. MCGARVEY. Thank you, Mr. Chairman, appreciate that.

And Ms. Sharp, I am going to start with you. You know, obviously, in my home State of Kentucky, there is a lot of people who use the gig economy and use it to have meaningful employment careers and opportunities that they enjoy. I was looking at some of your information for your company and my question is, I am curious, what percentage of the gig workers are full-time? Not nec-

essarily like 40 hours a week for Uber or DoorDash or whatever app is their main source of income, but what does that full-time worker look like?

Ms. SHARP. Thank you, Congressman. That is a great question.

We see through extensive survey data and conversations with workers that about 80 percent of workers work fewer than 20 hours per week, 65 percent work fewer than 10 hours per week. The average tends to be between 8 and 10 hours per week. And we see that people are often combining multiple different income streams and using this income to sort of reinvest in other businesses or think about developing the entrepreneurial skills that they will need in other contexts. We often see people who have a traditional full-time job and also are augmenting their income or they are supporting something—

Mr. MCGARVEY. That is what I have seen. And so it is about 20 percent.

Ms. SHARP. Twenty percent work 20 or more hours per week.

Mr. MCGARVEY. Right.

Ms. SHARP. But even that is not—of that 20 percent, it isn't all full-time.

Mr. MCGARVEY. Yeah. So we are about 20 percent. And do you know what percentage of those full-time gig workers have health insurance? Do you keep that kind of information about your workforce?

Ms. SHARP. Yes, to some extent. It is a variable workforce by definition. This is a workforce that is often transitional and jumping in and out of doing independent work.

Mr. MCGARVEY. Ballpark figure.

Ms. SHARP. Ballpark is a little over 50 percent, though, again, that fluctuates. We often see people who are working in this industry that have spouses that have a traditional job that also have other sources of income besides their gig income. And so it does differ.

Mr. MCGARVEY. And that is what I am getting at is, right, if you have got about 50 percent who have health insurance, they might be on Medicare, they might have a spouse who has health insurance—

Ms. SHARP. Veterans benefits, et cetera.

Mr. MCGARVEY. Right. So totally understand that. But then for anybody else, not a veteran, not having a spouse, not having Medicare, there is basically only two options, right? They can go and they can apply for Medicaid or they can go to the ACA Marketplace. And I think this is one of my big fears, especially what we see in my home State of Kentucky right now. In the One Big, Beautiful Bill that cut a trillion dollars to Medicaid, largest cut to Medicaid in our country's history, the Kentucky Hospital Association has already predicted the impact is going to be massive. Thirty-five rural hospitals are going to close. It is going to impact every community, urban and rural.

And it is not just that, though. There is kind of—there is a double hit here. There is the cut to Medicaid directly and then there is letting the ACA tax credits expire. I have talked to so many people and we have been on the phone with people who are in tears telling us their stories. One of the people I talked to, a woman

named Ann, she and her husband, both independent contractors, all right, they have the ACA to keep herself and her family, her 19-year-old disabled son afloat. But when I spoke with her, she said that the ACA expired, that her tax—her premiums are going to go from \$350 a month to \$1,275.69 per month. Talked to another couple, again, in the gig economy. They are paying 625 per month before the tax credits expired. Now those premiums are going to \$2,501 per month.

And this is the kind of thing, if we want to have a gig economy, if we want to let people actually go out and have these sources of work where they can make income, but we are cutting their ability to have medical care and health insurance, then we are making it—not we, the President, President Trump is making it harder to get by. And the problem is he doesn't seem to care.

Just the other day he said, and this is a, quote, “It is not possible for us to take care of daycare, Medicaid, Medicare, and all those individual things at the federal level because,” quote, “we are fighting for wars.” That is a choice he is making. When he comes to us and asks for \$500 billion to appear out of thin air, but people don't have healthcare and people don't have childcare and people don't have the supports they need in their jobs, that is the problem. And it is going to affect people in the very gig economy that you are talking about today.

Ms. Buxton, in the little time I have left, I have seen reports that the hours worked on gig platforms increased in 2025 as the job market cooled off. Have you seen any increase in registrations for work on your platform?

Ms. BUXTON. Well, we use multiple platforms to find people to do research because it is very specialized. We may need people that have participated, that use a particular brand or like to go to a particular store or any of those sorts of things. So we have to use multiple platforms. We have seen an increase in interest since the pandemic because people went home, worked from home, and they had a lot of flexibility and now they are searching for that.

Mr. MCGARVEY. And my time has expired. Appreciate that. We didn't get to talk about tariffs, which I know are also impacting all of your drivers. If people can't—if businesses can't afford food and people can't afford that food, then they are not going to go pick it up.

Appreciate it and yield back.

Ms. KING-HINDS. [Presiding.] I now recognize Mr. Alford from Missouri for 5 minutes.

Mr. ALFORD. Thank you, Madam Chair. And thank you, Chairman Williams and Ranking Member Velázquez.

This Committee exists to champion main street. We say it over and over again. I hope it is going to sink through because this is why we are here today. We are discussing one of the fastest growing drivers of entrepreneurship in our economy, the gig economy. It is often misunderstood. It is not just ridesharing or delivery services. It includes freelancers, online sellers, independent contractors, and small business owners across nearly every spectrum and sector of our economy. And at its core, the gig economy is about opportunity. It allows Americans to earn income, build skills, start busi-

nesses without the traditional barriers of high startup costs or rigid work schedules.

For many, it is a first step towards entrepreneurship. And gig work gives individuals the ability to test ideas, build a customer base, generate income while they develop their own businesses. And that kind of flexibility is especially important for young entrepreneurs, parents, and those transitioning between careers.

I have three grown children and two of them are heavily involved in the gig economy. They are supporting, self-sufficiently, I might add, which is great as a parent to see them thrive in the gig economy. We are seeing the impact.

Millions of Americans are now participating. This is not replacing the traditional workforce. It is transforming it. It is creating a system that by which individuals have more control over their time, their income, their future. And I am encouraged that policies under the Trump administration have supported this growth by reducing regulatory burdens, by clarifying independent contractor status, and by ensuring that gig workers can keep more of what they earn.

But we need to make sure that this momentum continues. Congress should be focused on preserving flexibility, reducing unnecessary red tape, and making sure that digital platforms remain a pathway to opportunity rather than presenting barriers. At the end of the day, the gig economy is not just how people work. It is about how people build something of their own.

Ms. Buxton, I am a former realtor, and I am well aware that many of our friends on the left somehow consider independent contractors such as realtors, my wife is a realtor, my oldest son is a realtor, but some see that as exploitative, that they want to throw up roadblocks to make everyone a W-2 employee. For one thing, it would be easier to unionize those employees. Can you talk about any issues that you have had with the restrictive laws around independent contractors?

Ms. BUXTON. Yes. My company conducts research all over the U.S. and so there is the federal law and then 50 other different labor laws in each state, and they are not consistent with each other. Particularly there is one called the ABC test, where the B portion of determining if someone is an independent contractor has to do with is the contractor providing something that is integral to your business? Well, research is integral to my business, and I need to engage research respondents to be part of the research. But, you know, if they are integral, am I not operating correctly?

I think what happens is the policies are intended for larger, different kinds of organizations in the gig economy and not for companies like mine. Or like I engaged a pet sitter through Rover to take care of my pet while I am here. I don't think those kinds of rules were built for smaller type platforms. I think everything is directed at the larger ones.

Mr. ALFORD. Thank you for that answer.

Ms. Alvarez Acevedo, when Joyce Florist started, you did not have access to the DoorDash or other delivery apps. How has access to these new apps contributed to the growth of your business?

Ms. ALVAREZ ACEVEDO. Thank you for your question. Our very first year with DoorDash, we grew 10 percent/. Ourselves,

grew 10 percent. And they are growing over and over every year as we continue to work with them. It has definitely been a wonderful opportunity for us. Even in commissions, it is a lower cost that we pay opposed to wire services that we have used in the past, and our deliveries get there much quicker.

Mr. ALFORD. Thank you very much. I am out of time. Appreciate you coming here on your own time, your own dime to make America great again through small businesses, the fabric of America.

And with that, Madam Chair, I yield back.

Ms. ALVAREZ ACEVEDO. Thank you.

Ms. KING-HINDS. Thank you.

I now recognize Mrs. McIver from New Jersey for 5 minutes.

Mrs. MCIVER. Thank you so much, Madam Chair, and thank you to our Ranking Member for holding this hearing today. I want to thank each of our witnesses for traveling here today and being with us today, especially on a cold day.

Many people say the gig economy gives workers flexibility and a chance to be their own boss. But for a lot of modern workers and small businesses things look really different right now. Right now, just a handful of large food delivery platforms control who gets work, customers, and income. As a result, small restaurant owners are being squeezed and workers have few protections and not much power to negotiate.

My district, New Jersey's 10th Congressional District, is home to more than 1,000 restaurants and thousands of gig workers. They depend on food delivery platforms to continue to have a thriving business, find customers, and put food on their own tables. If we want to support entrepreneurship and economic mobility, we must make sure the gig economy works for everyone, not just a few. That includes not just the platforms, but also the workers and small businesses who keep it going.

With that, Ms. Thurnher, I would love to turn to you. Thank you so much for your testimony. Just want to give you a few—a little bit of opportunity to expand on some of the things you talked about in your opening statement.

One, you mentioned in your testimony that delivery drivers often work for several food delivery apps just to get by. What does this suggest about whether gig workers can earn a steady, livable wage in this system?

Ms. THURNHER. Thank you for the question. I can't necessarily speak for drivers, but I can say my experience as an operator, when I see a driver come in and pick up two different orders from two different platforms, often they will be flagged to wait for another order, that is going to delay the quality of the first order. It lets me know that they are juggling this because they have to. That is an assumption on my part, but I see it over and over again that they have the two signs in their car window that they are driving for both. They are juggling orders.

And I think that a lot of the drivers that we encounter have very different levels of experience. I can say that from a restaurant point of view, I think that there should be a little bit more screening, a lot more training. You are dealing with food. We have a lot of regulation on restaurants because we can—it can be dangerous

to feed people. You have to know what you are doing, and I think that that should also go for the apps.

Mrs. MCIVER. Yeah, thank you for that. We have heard concerns about the concentration of market power among a few dominant delivery apps, obviously. Based on your experience, how does having only a few major platforms affect your ability to run your business?

Ms. THURNHER. It is a huge obstacle for us, mainly because we are competing against them for our own delivery. During COVID obviously, everything went outside of our doors and we signed up with platforms that we would never have signed up with. So at one point, we were on four apps; we still are, but those are integrated into our point of sale, which makes it easier. But four iPads, four printers, and then those apps are getting consolidated. So, for instance, I have never signed up with Postmates, but my restaurant is listed on Postmates because Uber has bought them.

I think that there is just not transparency. The customers don't know that I am not dealing directly with some people. So I think the transparency is not there. I don't have the ability to contact my customers. I don't have the ability to mitigate when things go wrong. And for us, joining the apps, originally pre-COVID was for marketing to reach new people. And at that point it was about 5 percent of my business. And currently it is now 20 percent of my revenue. And if I cut those ties, then I lose a large share of my revenue every month.

Mrs. MCIVER. Yeah. As these platforms have become more powerful over the time, have you seen any way different that they treat small businesses?

Ms. THURNHER. I think they know that we are stuck in a pattern with them. I think that they have huge marketing budgets, which we all pay for. So, you know, when I see the Super Bowl ad with a celebrity, it actually hurts me because I think small businesses are hurting. As far as I know, restaurants are in worse shape than during COVID.

Mrs. MCIVER. Yeah.

Ms. THURNHER. And so right now we could really use platforms that call us partners to act like partners.

Mrs. MCIVER. That is true. Yes. Thank you so much for that. With that, I yield back my time, Chairman.

Chairman WILLIAMS. [Presiding.] The gentlelady yields back.

I now recognize Ms. King-Hinds from the great Northern Mariana Islands for 5 minutes.

Ms. KING-HINDS. So I am from the Commonwealth of the Northern Mariana Islands. And sometimes these conversations with regards to policy and opportunities are very interesting to me. I come from a place where there is very limited opportunities and people right now are struggling to even have any types of income. We don't have much of a gig economy to speak of.

And, you know, one of the challenges is that we still live in a place where direction—we don't have physical addresses and so having online platforms like this is a challenge. Most people give directions like, hey, go down two streets, make a right at the coconut tree. You see that yellow house? You know, and so it is hard to have these types of platforms. Right?

And we do have young entrepreneurs. One, his name is Cameron Atelik, who is trying to develop an app. And I, you know, want this to be an opportunity to encourage somebody like him to focus on figuring out how we break into this new industry.

And so this question is for you, Ms. Sharp. How do digital platforms help reduce barriers to entry such as capital requirements, access to customers, or other administrative burdens for aspiring entrepreneurs? And in what ways do they support small businesses beyond just providing delivery or logistics for services? I want him to hear this so that he can be encouraged to focus on and hopefully create this type of industry back home.

Ms. SHARP. Thank you for that question, Congresswoman. I think that you have hit on a couple different really important things. The first and foremost is that generationally, we are seeing younger people embrace digital platforms and digital work to learn entrepreneurship skills so enthusiastically. So the fact that you have constituents who are doing that doesn't surprise me.

There are three basic ways that digital platforms support entrepreneurship. The first is experimentation. Through a platform you are able to try out multiple different kinds of work. You can jump on and off at your leisure and work whenever and wherever you want to, often around other kinds of work. So that is one.

Secondly, it provides a ready, easy on ramp to earn money immediately. There is no waiting, there is no application, there is no 2 weeks before you hear back from a potential boss. You are the boss and so you learn how to operate in that sense. It used to be many years ago in this country that people's first jobs, often in the service industry, were things where you learned about the chain of command. And now we see people learning how to be their own bosses and how to, you know, do things, like multitasking and evaluating the cost-benefit of working with or through different platforms. And those skills of entrepreneurship are so critically important.

And then finally, it decreases risk in starting a business if you have ready fallback income. And that has been crucially important for people as well.

Ms. KING-HINDS. So I hear you and Ms. Buxton give out statistics and just being industry subject matter experts. And so given that the CNMI is heavily dependent on the tourism industry, I wanted to hear what your thoughts are or any data that you have or experience with regards to areas that rely on tourism—that are tourism-dependent, right, and how—I want to hear about how the gig economy platforms adapt to seasonal or tourism industry different demand patterns.

Ms. BUXTON. For me?

Ms. KING-HINDS. Either, both.

Ms. BUXTON. Well, an example for my business right now is that we work for a very large amusement park organization that is only open in the summer. So we can only conduct research and only need to conduct research over a few weeks' period of time. So on our end of things, we need to find people who are interested in going and who would enjoy going.

From the point of view of the person who took on this project, they would get a free day in the park. They could take their kids.

They can enjoy it and it is something they do because they want to, not because they had to, and it gets us access to consumers. They are actually engaging with a product or a place that really value being able to go there. So the ability to scale projects like that or to conduct projects in a short period of time is only possible because of the apps.

Ms. SHARP. Yeah. And I think the same that, in my 8 seconds left, the ability to scale up and down quickly and meet demand as demand changes is really important.

Ms. KING-HINDS. Thank you. I yield back, Mr. Chair.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Mr. Cisneros in the great State of California for 5 minutes.

Mr. CISNEROS. Thank you, Mr. Chairman, and thank all our witnesses for being here today.

Look, my Republican colleagues and this administration continue to talk about how great everything is, how great they are doing. But I disagree. Things aren't that great. The economic decisions from this administration are increasing costs and making life harder for working Americans. There is widespread uncertainty among small businesses. Last month the Consumer Price Index spiked at 3.3 percent. Year over year consumer sentiment is at a record low. Small business bankruptcies are up 67 percent. The Fed's Beige Book from last week saw shrinking margins and energy and fuel costs sharply rising. Prices are going up due to tariffs and insurance premiums and healthcare costs are skyrocketing.

The White House staged a photo op with a DoorDash grandma to tout the so-called wins. But she is hard at work and has a GoFundMe now to cover her husband's medical expenses for cancer treatments. She shouldn't have to make over 14,000 deliveries for her family to afford healthcare. But this administration made historic cuts to healthcare and they are about to double down on the next reconciliation package to cut healthcare even further. They are looking for ways to pay for an unpopular war and for immigration enforcement that also hurts our labor market and small businesses. And even more jarring is the president's budget hurts cancer research funding.

When you look at the gig economy, half of the participants join to earn extra income. Involuntary part-time work or workers who want full-time work but are not given full-time hours are the highest participants in the gig economy. Twenty percent of those who took a pay cut, reduced hours, or lost their jobs have turned to gig work. So a large portion of folks are not turning to gig work out of choice, but out of necessity, only to make roughly 50 to 65 percent of what they would make in traditional roles. And on top of that, they are being squeezed by tariffs, gas and energy prices, inflation, and increasing healthcare costs. The gig economy can be great for some, but in the current economic reality, people are hurting.

So with that, Ms. Acevedo, over 80 percent of all cut flowers sold in the United States are imported. In 2025, that was \$2.26 billion in imports. What impact did the tariffs have on the floral industry and on your business?

Ms. ALVAREZ ACEVEDO. Thank you for your question. Like all companies, we are navigating the tariff landscape, and we have seen the value in our partnership with DoorDash because we are able to reach more customers. So focusing on designing beautiful flowers is staying our focus.

Mr. CISNEROS. But have your costs risen? Has the cost of flowers risen?

Ms. ALVAREZ ACEVEDO. Yes, they have.

Mr. CISNEROS. Thank you.

Ms. Thurnher, what was the impact of tariffs on restaurant industry and on your business?

Ms. THURNHER. Thank you for the question. As an owner of a Mexican restaurant, pretty much across the board: tomatoes, avocados, chiles, masa from corn, that is heirloom from Mexico, tequila, mezcal, limes. Pretty much everything I sell has increased. I would say our bottom line costs are 35 percent higher than they were 3 years ago.

Mr. CISNEROS. And so you have had to raise your prices as well?

Ms. THURNHER. We have had to raise prices. We have had to cut items from our menu. We have biweekly meetings to look at what is selling and what is not. So we reduce offerings. We try to trim where we can. We cut down on waste. Restaurants are very nimble, but we are being stretched very, very thin.

Mr. CISNEROS. I introduced the Cut the Burden, Keep the Benefits Act, which would allow small businesses to express their concerns directly to the SBA's Office of Advocacy regarding all government actions, including tariffs. They could then assess the impact of these policies on small business and advocate within the federal government against these negative impacts. Is this something this Committee should be considering in support of small business? So, Ms. Thurnher, would you like to be able to call the SBA and say, hey, these tariffs are having an impact on my business?

Ms. THURNHER. Yes. I would welcome any opportunity to give feedback to the SBA on how they can support small businesses.

Mr. CISNEROS. Ms. Acevedo, the same to you. Would you like to be able to contact the SBA and say, hey, your policy—this is how your policies are affecting my business?

Ms. ALVAREZ ACEVEDO. Absolutely. Our costs just rose by 5 percent.

Mr. CISNEROS. Thank you very much.

Ms. Thurnher, it is my understanding that independent restaurants need stability to operate. What is the impact of inconsistent and drastic immigration enforcement actions that damage property or disrupt day-to-day operations?

Ms. THURNHER. Thank you for your question. I know that our workforce heavily relies on immigrants from farm to table in all aspects of food. So I know that it has been heavily disruptive to supply chains as well as a community of fear.

Mr. CISNEROS. Thank you very much.

With that, Mr. Chairman, I yield back.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Patronis from the great State of Florida for 5 minutes.

Mr. PATRONIS. Thank you, Mr. Chairman, and thank y'all for being here.

I was in the restaurant business for 30 years. Family is still there. COVID taught us a lesson. Thank God we opened up in Florida. But we had a feeling we didn't know where our business was going to be because of COVID. So when we opened back up, man, we signed up for every single delivery service that was available just to try to scramble, to try to keep the business open. And it was definitely a culture change for us.

We are an independent restaurant. Initially, the delivery services were taking a piece of the action, which was not attractive to us. So we just as soon just let people just order and come pick up.

Now things have changed. So, one, thank you for what I think you have done to the convenience for the industry. And that was just more of a statement, not really asking for a response, but I guess it is probably more towards Ms. Sharp.

Take my mother, for example, 90 years old, still incredibly independent. Where do you see the ease for seniors with independence to be able to leverage these services? I mean, my mom loves Facebook. She loves texting, but you try to get her an engagement app, it is probably not going to happen, but I am sure that is a potential market.

Ms. SHARP. Thank you, Congressman. I think that is a really interesting question to raise, and I think I would answer it in two ways. First, there are sort of many user interface things that platforms have tried to institute to make it as easy for consumers as possible. So you might go back with your mother and work with her to see.

Secondly, I would say that within rideshare and delivery, there are increasingly options where you can order for a family member or—

Mr. PATRONIS. Oh, yeah.

Ms. SHARP.—sort of have deliveries in that sense. And part of the benefit of this industry is that it has truly increased accessibility for those elderly or with disabilities. It has truly lessened the problem of food deserts and access in rural areas. So there are all kinds of things that you raise there.

Mr. PATRONIS. Where do you see evolution of delivery through automation, say, with drones?

Ms. SHARP. Oh, that is a great question. So we see that there is opportunity for interaction between automated vehicles and the human populations of deliveries and drivers, and largely that is because the automated vehicles can take over some of the things that are less attractive for humans to do. So the short, routine, lower paid tasks can be taken over by drones or automated vehicles while saving the longer, more complicated, higher paying rides for human drivers. And we do see that happening.

I also will note that while there is such experimentation and innovation going on in the AV industry right now, we are nowhere near being able to use those things at scale. And so there will, for the immediate and even longer term future, there will be real combinations. We think of it as multimodal and the ability to extend the delivery radius, extend the opportunities for workers.

Mr. PATRONIS. And then this probably is just more or less a comment. As a parent who has children that definitely are more technologically savvy than I am, I think it is what it is. You can't give the kid a credit card on this app because of the abuse they will go through. It is just too easy to order DoorDash and they abuse the hell out of it, Mr. Chairman. And next thing you know, you have got \$200 worth of charges on your credit card and you are thinking your credit card has been stolen. No, it is your child just got ahold of it.

So I know this is not uncommon in the industry. I know you are laughing, but this is obviously something that I feel like, you know, when it is time to call to try to change some of these settings or circumstances, you know, a little more consumer-friendly because the parents call bent out of shape and a lot of times it is like—I don't know, it is frustrating. I feel like sometimes, I know it is capitalism, but it is also, you know, a need to kind of work with parents, too. I guess I am probably just more venting than anything else.

Ms. SHARP. Well, as a parent of a middle and high schooler, I sympathize with you, Congressman. But as an advocate of all of the opportunities that platforms offer for partner restaurants and shops, workers, and consumers, I can't say that I am going to want to stop consumer demand.

Mr. PATRONIS. I understand. Just think I should point it out.

Thank you, Mr. Chairman.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Ranking Member Velázquez from the great State of New York for 5 minutes.

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

Ms. THURNHER, I heard your restaurant has gone from getting 5 percent of your business from apps to now 20 percent. My question to you is, is it feasible for you to provide customers with an option to place delivery orders directly through your restaurant's website?

Ms. THURNHER. Thank you for the question. Yes, we did build our own website during COVID and we compete against the apps. So if you search for Mexican delivery, you see apps no matter what. If you search for El Ponce, you see the apps first.

Ms. VELAZQUEZ. What more can app companies do to promote a diverse range of options such as directing more traffic to newer independent restaurants to help them compete?

Ms. THURNHER. Well, I think part of the problem is the algorithm that is used within the apps. We have a lot of metrics that are a little bit unfair in my opinion to small operators. If we don't have pictures on all of our items, if we don't have the app on all of the time, there are things that push us down and we don't receive the Most Loved status which would push us to the top. If we don't spend marketing ads within the app, we are not at the top. So we continually get pushed down.

I think what they could do is make it more fair, cater to people's choices. You know what your customers are looking for. You could just give them clear options that don't rank based on pay to play.

Ms. VELAZQUEZ. Do the apps' marketing efforts sometimes conflict with yours?

Ms. THURNHER. Yes, definitely. We are trying to do Google Ads now. I feel that we are paying to be on a platform that is using our funds, that we make them to advertise against us and that feels unfair.

Ms. VELÁZQUEZ. Can you talk to us about methods that you have seen third-party delivery app companies using to grow their share of the food delivery market?

Ms. THURNHER. Well, I think it is very similar to rideshare, and I am a victim of this. You put your card into a platform and you feel kind of like that is the option. You open up your phone and you automatically default to whoever you have given your information to. I know not everyone wants to put their card in a million apps, so I understand that, but they do have subscription models and passes where people get free delivery discounts. And so I feel that the subscription model is locking people into a platform that we can't compete against the budget of the marketing that they have.

Ms. VELÁZQUEZ. Thank you. Ms. Sharp, with DoorDash and Uber Eats commanding almost the entire third-party food delivery market, less visibility on these apps can be financially devastating. How do app companies work to ensure restaurants have opportunities to rectify any issues before their listing drops down in search results or their storefront is deactivated?

Ms. SHARP. Thank you, Congresswoman. I appreciate the opportunity to provide a different perspective on some of these things because I do think it is important to have both perspectives as you are considering an issue.

In some of the issues that have been raised so far, there has been a focus on particular impressions or reactions that a particular restaurant has had. And I do want to point out that these are marketplaces and marketplaces need to appeal to the worker, the restaurant partner, and the consumer at the same time. And so they are constantly working to ensure that restaurant partners are happy.

Ms. VELÁZQUEZ. But let me ask you a question. How do you rectify for a restaurant that might not be at fault because the delivery guy was not able to deliver it on time, or maybe deliver at all, maybe they didn't find the address? Then you are going to punish the restaurant because the person who made the order was not satisfied.

Ms. SHARP. There are a couple different ways. There are hotlines available to both workers and to restaurants to be able to communicate and there are in app communication tools. There is also extensive transparency up front about what the tiers and pricing are for different tools within the marketplace. So every restaurant is free to pick and choose the things that work best for their restaurant if a restaurant hasn't hit on the particular combination of things that will make them most successful. So we are happy to work with them to improve that.

Ms. VELÁZQUEZ. So that is a real issue right now. I hope that you are looking at it and seeking solutions that benefit everyone.

Ms. SHARP. It is absolutely to everyone's benefit that these marketplaces appeal to all of the participants.

Chairman WILLIAMS. The gentlelady's time is up.

I now recognize Mr. Meuser from the great State of Pennsylvania for 5 minutes.

Mr. MEUSER. Thank you, Chairman. Thank you to our witnesses very much for being here with us.

The Trump administration has taken many meaningful steps to protect the gig economy and its workers by eliminating tax on tips, for instance, and rolling back the Biden era \$600 reporting threshold on gig transactions. American businesses and employees of yours can keep more of what they earn while contributing meaningfully to the U.S. economy.

So I will just start with you, Ms. Sharp, if I can. Can you describe any federal policies or regulations that you believe are hindering or would help the growth of the gig economy and gig entrepreneurs?

Ms. SHARP. Two that you hit on, Congressman, are critically important and that is the industry is enthusiastically supportive of. And one is no tax on tips, which allows tipped-based workers to deduct up to \$25,000 in taxable income resulting in app-based workers paying lower taxes. We did around Tax Day, a quick poll of app-based workers and found that of those who knew about the policy, 69 percent saw savings and 47 percent saw substantial tax savings. As a result of that policy. So that is one that has been incredibly helpful.

Secondly, the second thing you raised is the Department of Labor's new proposed rule regarding independent contracting, which dramatically streamlines the complexity of worker classification rules and ensures that app-based workers and other kinds of independent workers are free to pursue the flexibility that is so important to them.

Mr. MEUSER. That is great. Do you think that has motivated them to work more as well?

Ms. SHARP. I mean, I think that there is a general trend in our society right now to have more than one source of income and sort of multi-earning and it is encouraging that kind of entrepreneurship. We see, particularly with younger millennials and Gen Z, that there is real enthusiasm for having more than one source of income and building that ability to be their own boss.

Mr. MEUSER. That is great. That is great. I want to ask you this as well. You really just hit upon it, how well the raising of the threshold for the gig economy.

Ms. Acevedo, let me ask you, the Department of Labor under the Trump administration advanced the rule to provide greater clarity around independent contractor status. Can you explain why clear and flexible worker, excuse me, classification is so important for gig entrepreneurs who value independence and control over their schedules?

Ms. ALVAREZ ACEVEDO. Well, I think the flexibility alone makes a big difference. For us personally, we are able to—even with our own customers, when they call in and they want something to go out quickly and our drivers are already on a different run, we send them through DoorDash to be able to pick that up and get it out quickly.

Mr. MEUSER. Yeah.

Ms. ALVAREZ ACEVEDO. So we are really excited to have the platform and to use it to our advantage.

Mr. MEUSER. Excellent.

As well, Ms. Buxton, let me ask you, if I can, what more could the SBA be doing, in your view, to help traditional small businesses owners become aware and adopt the digital tools that that are can be used so effectively?

Ms. BUXTON. The SBA already does a number of things. For example, next month they are having a virtual summit around Small Business Day and there is a lot of training that goes on during that. I think a lot of companies are really seriously focused right now on AI, but they really also need to focus on how they can use these platforms to grow their business. So I think there is an educational component either through SBA or SCORE or something like that.

Mr. MEUSER. That is wonderful. And my last minute, it is interesting how many of your employees or those who work as contractors in the gig economy become entrepreneurs, start their own businesses. And in a way, you know, I hate—not for everyone, but that is what America is all about, we are an entrepreneurial nation and spirit.

Maybe Ms. Sharp and then Ms. Acevedo, either one of you just explain how that affects you. Do you lose people? Do you gain new businesses? Right, if the employees want to do the things on their own?

Ms. SHARP. Actually, no. We see app-based digital platform work as a launchpad into entrepreneurship and find it exciting when somebody learns those skills through a platform and then applies them in, as you say, a traditional brick-and-mortar business. I mean, I think that is exactly the essence of the American Dream, to learn a skill and then be able to advance your career and make more money because of it.

Mr. MEUSER. Right. They are baking pies, not cutting them up. So I appreciate that.

I yield back, Mr. Chairman.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Tran from the great State of California for 5 minutes.

Mr. TRAN. Thank you so much, Mr. Chairman and Ranking Member, for holding this hearing. Thank you to our witnesses for being here today.

The gig economy is a major economic pillar of how millions of Americans work, earn income, and even launch small businesses. In Southern California, I see this every day. From rideshare drivers navigating L.A. traffic to delivery workers in Orange County to freelancers building their own client base, this model has opened new doors for flexibility and small business growth. For many people, especially those shut out by traditional employment, gig work can be a lifeline.

However, we cannot talk about opportunities without talking about accountability. Before I came to Congress, I was a lawyer defending workers who had been harmed by their workplace. So I know what it looks like when a company prioritizes growth over safety and profits over people. I have seen it and fought against it.

And unfortunately, I am seeing this problem when it comes to the gig economy.

Over the past decade, we have seen deeply troubling reports about sexual assault and harassment connected to rideshare companies and on demand delivery services. According to a New York Times investigation, Uber receives a report of sexual assault or sexual misconduct in the United States every 8 minutes. California alone has been the site of some of the most high-profile cases in this litigation. In its most recent safety report, Uber acknowledged more than 2,700 cases of sexual assault from 2021 to 2022 alone. Independent follow-up investigations found that many drivers accused of misconduct remained active on the platform even after complaints. And just this past February, a federal jury ordered Uber to pay 8.5 million to a woman who was sexually assaulted by her driver.

This isn't just a consumer safety issue. Gig workers also face assault, discrimination, and harassment on the job, and they also deserve protection. But many operate without the basic safeguard that exists in traditional workplaces. I am all for supporting innovation, flexibility, and entrepreneurship that gig workers create. But a business model built on flexibility cannot double as a shield from accountability.

The persons who show up at your door should be who they say they are. Their background should be properly vetted. And if something goes wrong on either side of the equation, the company that profited from that transaction needs to answer for it. That is not anti-innovation. This is basic consumer protection. And if these companies can't do both, then Congress needs to make sure they do.

Ms. Sharp, millions of Americans use gig platforms every day for rideshares, food delivery, and furniture assembly. But we have seen serious safety failures, including sexual assault cases. What standard background checks do your member companies require? And also, are those checks continuous or just a one-time screening?

Ms. SHARP. Thank you, Congressman. I appreciate you raising the issue. And I think that we can all agree that even one sexual assault is too many.

Our industry prioritizes very much the safety of all participants. As a marketplace that needs to maintain and attract the business of everyone involved, we find that we are constantly looking at ways to improve the safety and accountability of the platforms in everything from driver and rider matching interactions where you have to ask the person's name when you get into a car to an emergency button that connects through GPS directly to emergency services in the case that something goes awry. As digital platforms and technology platforms, we are constantly iterating and constantly looking at those things.

In terms of background checks, we want to ensure that all drivers are verified and authenticated as much as possible. And everyone has to have a driver's license and a background check in advance of going onto a platform. And then we work continuously to spot check as necessary and continue taking feedback from consumers, feedback from drivers, feedback from riders in order to improve those systems.

Mr. TRAN. Thank you, Ms. Sharp. And as a follow-up to that, we have seen cases where individuals credibly accused of misconduct were able to continue working or simply join a different platform. That is really troubling to me. What systems are in place across all of your member companies to flag and remove bad actors and to prevent them from simply moving to another platform?

Ms. SHARP. Every platform has extensive verification and authentication processes and we very carefully try to ensure fairness in deactivation for both riders and drivers.

Mr. TRAN. Mr. Chairman, I yield back.

Chairman WILLIAMS. The gentleman yields back.

I now recognize for the second time, we talked about you before you got here, Congressman, Congressman Fuller, our new member from Georgia, for 5 minutes.

Mr. FULLER. Mr. Chairman, it is an honor to be part of this Committee. I look forward to working with all of my colleagues here, my Democrat colleagues as well.

I am a husband to a small business owner, so these issues are near and dear to my heart. So I want to turn my first question to you, Ms. Acevedo. Your business might have saved me when I was a law student in Dallas and got my then fiancé some Valentine's flowers when I probably forgot about that holiday. So thank you very much.

So your family has been in the floral business for decades there in Dallas. And in the past, the only way for local florists to expand their reach was to rely on traditional wire services, a system that made few people at the top very wealthy, including a current governor and former member of this body, but often squeezed small businesses like yourself who were actually doing the work. So I wanted to ask you, and I know you may have talked a little bit about this before, but how has the emergence of the gig economy platforms disrupted that old model and provided a more competitive, viable alternative for your family's business?

Ms. ALVAREZ ACEVEDO. Thank you for the question and thank you for ordering.

I think it is—it is a wonderful way DoorDash has brought in just a really good way of partnering with them and expanding our business, as well as saving on those traditional fees. Those fees are really high and then we have all the other things that come with it, like membership fees and those types of things. And with DoorDash, it is one small fee and it covers everything. Not only does it cover everything, we truly believe that they are our partner.

We had a situation just recently with one of the wire services where my daughter made a delivery on her way home. And that delivery, we were told the person didn't get it, which they did. And immediately, we received a message saying, you are not getting paid for this order. In the 2-1/2 years we have been with DoorDash, we had one incident where we had a Dasher come in, pick up the flowers, walk out, and then cancel the order. It was our first time. It was super quick to go to the iPad and call them and say, hey, we have this situation we have never had before. And they said, immediately, we are going to pay you for the order. Make another one. We will send another Dasher, no problem.

That is a partnership to me and to our small business. And it makes a huge difference when we really do feel like a partner and not like an outsider opposed to some of the wire services that we work with. And on top of that, we are actually exiting some of those wire services as we speak because our partnership with DoorDash has been such an incredible change.

Mr. FULLER. Well said. Beautifully said. And let me ask, if Congress were to step in and regulate those platforms that you were just describing as some want to do, are you concerned that small businesses like yours would be forced right back into the arms of those companies that you were talking about?

Ms. ALVAREZ ACEVEDO. It definitely would be. If they were to stop these platforms, we would have to go back into that harsh situation with wire services that really don't partner with us. They are there to make their money. They are there to—if I could show you just one of the invoices, it would be horrendous. So it would really take away from our business.

But like I said previous, our very first year, we grew by 10 percent just using DoorDash. And we continue to grow every quarter just using DoorDash. And on top of that, our deliveries get there super quick.

Mr. FULLER. Always important, especially when husband forgets or something like that, so. And it sounds like from your testimony, the partnership that you are describing is a free enterprise, voluntary, strategic decision that you are making to reallocate your workforce to serve in-store customers during rushes. Would you agree with that?

Ms. ALVAREZ ACEVEDO. Absolutely. It also helps us employ even more people. During last year when we first started—or 2 years ago when we first started with them, we had to actually turn the machine off because we could not keep up. And we were super excited, but we couldn't keep up. And then we were able to plan better, have more people come in just to handle the DoorDash part of our business, which, again, grew us by 10 percent in just 1 year.

Mr. FULLER. Amazing.

Mr. Chairman, I yield back my time. Thank you.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Olszewski from the great State of Maryland for 5 minutes.

Mr. OLSZEWSKI. Thank you, Mr. Chairman. Thank you to our Ranking Member. And I want to thank all of our witnesses for joining us today.

As we all know, the rising cost of living and a sluggish job market is pushing more and more Americans to jump into this gig economy that we are talking about today. We know it is also challenging business owners like those we heard from today, who are grappling with the higher costs of fuel, labor, rent, and insurance. Of course, we can't have a complete conversation on the impact of rising costs on businesses without mentioning the expiration of the Affordable Care Act's tax credits, which we know is exacerbating the affordability crisis and pushing so many Americans to pursue second and even third jobs just to pay the bills. More than 5 million small business owners and self-employed Americans are cov-

ered by the ACA. More than 4.4 million of those receive tax credits worth an average of \$1,500.

It is also worth mentioning that gig and self-employed workers, including the more than 527,000 of those in Maryland, are often paid subminimum wages while taking on the primary risks and cost of doing business under the name of their highly profitable parent companies.

At the same time, we need to consider the impact the gig economy has on small employers. Nowhere is this more evident than the restaurant industry working in partnership with food delivery drivers like Uber Eats and DoorDash. I say “partnership” because I think it is in the interest of all of us and this country and workers to make sure that that is exactly what it is, partnership between the parent companies and their drivers and also these companies with their relationship with other small businesses across the country.

Ms. Thurnher, you raised some interesting points about the impact of delivery apps on already razor-thin margin margins. We know that restaurants aren’t just job generators. They are community gathering places. They sponsor local sports teams, they support local ag, and so much more. We want to make sure that we are having a fair, transparent, and competitive framework that exists for both industries.

And so I will start by asking you, you mentioned a few policies through your testimony, screening, training, transparency, the ability to connect with customers. Can you go a little deeper about what federal policies you think would help create that more sustainable collaboration or what those policies might look like to help facilitate that environment?

Ms. THURNHER. Yes, thank you for the question. At a minimum, I would ask that we focus on three things. First would be fee transparency. Restaurants and consumers should know exactly what fees are being charged and why and from whom. No hidden markups, no opaque algorithms.

Secondly, I would say data access is important for small businesses to know who their customers are and to be able to market to them. If a customer orders my food, I should have the right to know who they are so I can serve them, correct problems, and build a relationship. The platforms have no legitimate business reason to deny me that.

And third, a fee fairness. Commission rates should be capped at a level that allows a business operating on 4 to 6 percent margins to participate without losing money on every order. Several cities, including San Francisco, have already done this successfully. I am asking Congress to extend that protection nationally.

And I am not asking to turn back the clock. We appreciate these apps. They are integral to our business. I am just asking for a floor of fairness that lets independent restaurants compete on the merits of their food and not the depths of their wallets. And while we have an opportunity with the FTC asking for Congress to make these rules, I think it is urgent and imperative that we do so soon.

Mr. OLSZEWSKI. I appreciate that and I also appreciate it, as the Ranking Member mentioned, the revenue growth from 5 to 20 percent, so, obviously, a big portion of your business. But you men-

tioned sort of the fee schedule generally, with these fees accounting for more and more of your bottom line, I imagine, what is the long-term business outlook if the existing regulatory framework remains completely unchanged for your business?

Ms. THURNHER. Well, I can see a decline in our to-go orders. We had to make a decision to—previously when we first signed up with apps, we did not have the ability to change menu prices. We were contractually bound to offer the same prices as in the store. Now we are allowed to increase, which we have had to do. So if you order directly from me, you are paying quite a bit less for each dish. So we are twisting the value perception. Someone could be very upset that they receive a \$7 taco that they can see on my menu as \$4. Those types of things I think erode trust and erode customer loyalty, which is the bread and butter of restaurants.

Mr. OLSZEWSKI. So customers ordering online may be paying both more for the product plus the service delivery fees.

Ms. THURNHER. Correct.

Mr. OLSZEWSKI. Interesting.

Ms. Sharp, with my remaining time, I know DoorDash began a pilot program in Maryland to help with health, dental, vision, retirement, and paid time off through portable benefits. Can you just give us a quick update on that and what your response is to what many say about the program, about it not sufficiently meeting the needs of healthcare costs and potentially being a way to permanently enshrine contractor status for gig workers?

Ms. SHARP. Well, thank you, Congressman. Appreciate the question. You are right that portable benefits have been an exciting new experiment and innovation in your state, so we very much appreciate the partnership there. And you identify portable benefits are a set of benefits that follow the worker rather than—

Chairman WILLIAMS. The gentleman's time is up.

Ms. SHARP.—rather than—

Mr. OLSZEWSKI. We will follow up. I yield back my time, Mr. Chairman.

Chairman WILLIAMS. The gentleman yields his time back.

I now recognize Mr. Wied from Wisconsin for the for 5 minutes.

Mr. WIED. Thank you Mr. Chairman. Thank you to our witnesses for being here today as we discuss the future of entrepreneurialism, which is what makes our country so great.

You know, from delivery drivers to website developers, freelance workers provide invaluable services for small businesses across our nation. Many entrepreneurs are drawn to these jobs due to the flexibility they offer in determining how and when they work. This flexibility is especially appealing to younger generations, with over half of Gen Z participating in freelance work.

Since the beginning of the Trump administration, freelancers have seen both regulatory and tax relief. These reforms, many of which were included in the working families tax cuts, were designed to allow hardworking Americans to keep more of their hard-earned money. Provisions like no tax on tips, no tax on overtime are particularly beneficial for freelance workers, who rely on this additional income. And hardworking Americans are taking advantage of that.

The numbers speak for themselves. More than 6 million filers have claimed no tax on tips, with an average of over \$7,100 in refunds. More than 25 million filers have claimed no tax on overtime, saving an average of over \$3,100. These are real, these are tangible, and they are wins that workers across our country can take to the bank.

So I will start my first question, Ms. Sharp. What benefits are independent workers seeing from provisions from the working families tax cuts in regards to the no tax on tips? Can you just expand on that?

Ms. SHARP. Congressman, they are seeing lower taxes. We see 69 percent of people in the app-based industry have reported paying lower taxes as a result of no tax on tips, 47 percent paying substantially lower.

Mr. WIED. Oftentimes we think of freelancers, you know, that work in major cities like here. But could you just tell us about, you know, your experience with those in rural areas throughout our country?

Ms. SHARP. Yes, thank you. That is a great question because there is often an assumption that the digital world operates mostly in cities. And what we have seen is that it is a pretty even distribution between rural, suburban, and urban locations. Platforms serve rural Americans with providing income for somewhere between 20 and 30 percent of all adults that live in rural areas. And these are meaningful supplemental income supports when options for full-time work are sometimes limited. So we also see 6 in 10 rural adults are consumers of app-based platform products and services, increasing mobility, increasing access to food access and goods, and saving time by having the goods and services come to you.

Mr. WIED. Thanks.

Ms. Buxton, so gig entrepreneurship is increasingly popular, of course, among Gen Z and millennials. Can you discuss how digital platforms like yours lower the barrier to entry to become an entrepreneur?

Ms. BUXTON. Well, learning how to, as Ms. Sharp was explaining, learning how to operate yourself as a business, how to be responsible, how to be part of an ecosystem that requires you to accept what you want to do and then go do it or cancel it if you are not going to do it. So it creates an opportunity for people to learn the ups and downs of being their own business, if you will. It also gives people an opportunity to be exposed to different industries that they may not have ever been exposed to or different types of work as they are researching what they may want to do, and they may actually find that there is a way for them to make something better, and then they go out and make it better from there.

Mr. WIED. Very good. Well, thank you all for this great discussion.

Mr. Chairman, I yield back.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Ms. Scholten from the great State of Michigan for 5 minutes.

Ms. SCHOLTEN. Thank you, Mr. Chairman. Thank you so much to our witnesses here today.

Ms. Thurnher, your testimony highlights several challenges of participating in the gig economy. As a restaurant owner, you note that having your business on multiple food delivery platforms is a defensive business strategy, more a matter of survival than choice. I know you have gone over this, you know, in the question and the testimony today, so thanks for bearing with me. But if you were to advise a new restaurant owner on navigating food delivery apps today, what would you tell them based on what you have learned? What would your advice be to them?

Ms. THURNHER. Thank you for that question. I do give people advice. There are, outside of just delivery, there are ghost kitchens, there is catering. The apps want us to allow people to order from their table in the restaurant through the app. I am not sure why, but there is just this encroachment on data. And I advise people, like, whatever you can do to set up your own platform so that you can target and market to your customers, to do that. The reality is we do need to participate with these apps. They own the market share. 99 percent of delivery orders are ordered through these parties.

So I advise them to look at what they can afford to do. What are your highest margin items? Don't put your full menu on the apps. Make sure that you are accounting for the containers that everything has to go in, because that is another expense that we don't have in the dining room. And to just make sure that you have to test things that they could sit for 45 minutes before someone eats them and not be unsafe or ruin the quality.

Ms. SCHOLTEN. Right, right. Great, great advice. There is also a lack of transparency with these platforms that make it difficult to plan for the long term and grow your business. Many platforms have unforgiving algorithms resulting in deactivations of businesses or delivery workers if they are rating fall below a certain threshold, which again, are not clear. Right?

Given the nature of these algorithms, how would having access to information, including this customer data, benefit your business and the ability to navigate these services?

Ms. THURNHER. I think that customer data is key. We do our own delivery and pickup, which actually DoorDash and Uber fulfill through our point of sale for a flat fee. So I feel like that is a much fairer system. I can call my customer. I don't know that there is a problem unless they call the store.

Ms. SCHOLTEN. Yeah.

Ms. THURNHER. So I find out maybe 2 or 3 days later that something was missing from an order. Two or 3 days later is too late. So when a customer is upset and hungry and they don't get what they expected, we try to mitigate that immediately or we would lose that customer.

Ms. SCHOLTEN. Mm-hmm. Great. We know the cost of goods for families and small businesses continue to rise due to tariffs and inflation.

Ms. Thurnher, again, do you typically have to raise your menu prices on the app to cover their fees? And if so, do you worry about reducing the number of orders you receive or suppressing your listings on the app if you have to raise your prices, you know, due to this?

Ms. THURNHER. Yes. I mean, that is very clear within the metrics of the categories that push you up to the highest visibility. If your pricing is not the same as your menu, then you are pushed down, and that is a pretty clear policy. However, we would be out of business if we didn't add prices to our menu items. I don't see how we could sustain. We have 4 to 6 percent profit margin. If we are giving those fees directly to them and absorbing that with the volume that we do, there is absolutely no way we would survive.

Ms. SCHOLTEN. Yeah. Thank you.

I yield back.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Mr. Jack from the great State of Georgia for 5 minutes.

Mr. JACK. Well, thank you very much, Mr. Chairman. And before we begin, and I also want to thank, I should say, our witnesses for your testimony today.

Before we begin, I want to recognize from my district, we are talking about apps today in the app-based economy. We should note sitting behind you are students from Carrollton High School who won the congressional App Challenge for Georgia Third Congressional District. So to Omar, Wade, Alaina, Juliet, just over your right shoulders, they are the winners of the App Challenge from my district and we are very excited for them as they take this next step to develop new applications. So congratulations to Carrollton High School. Eight years in a row, they have won.

But if I could start with Ms. Sharp, I deeply appreciate your testimony. And I love learning about the history of industries. And I am curious what you would cite as kind of the dawn of the app-based industry. And I am incredibly impressed with its rapid, rapid growth and the future it holds. But I am curious what you would start—or what you would suspect is the dawn of it? When did it begin?

Ms. SHARP. Thank you for that question, Congressman. As we discussed a little bit in this hearing, this is an industry that is on the cusp of entrepreneurship and has been leading the way and is not even a generation old. The first app platforms in the delivery industry was Grubhub 20 years ago and rideshare, Uber maybe 15 or 17 years ago.

And it has taken off exponentially, largely because the industry and platforms deliver a win-win-win for all of the participants. So riders, get easy access to mobility and getting where they need to go. Drivers get flexible income that they can work whenever, wherever, and however they want to. And restaurant partners are able to extend their delivery radiuses, grow to new customers, appeal to people that they wouldn't otherwise have been able to appeal to as a result. And so the industry really is a marketplace that draws together all of those different stakeholders in a way that increases the growth for everybody.

Mr. JACK. Last year we passed the One Big, Beautiful Bill Act and within it we, and as you have spoken today, included no tax on tips, especially for app-based earners. Could you share with this Committee how that has perhaps helped the industry grow and recruit more people into it, knowing that they can receive no tax on tips?

Ms. SHARP. We have seen immediate pickup in the No Tax On Tips Initiative with about 69 percent of participants in the industry reporting that they've seen lower taxes as a result of the policy and 47 percent seeing substantially lower taxes.

Mr. JACK. Thank you.

Ms. Alvarez, I really appreciated your testimony and, frankly, very inspired about the growth of your business over the last multi generations, but you think about the growth you have experienced the last few years because of DoorDash and what it has offered to you. Twice in your testimony you referenced the challenges small businesses face with permitting and paperwork and just burdensome regulations. Could you share with the Committee any personal experiences with which you have dealt with burdensome regulations and how best this Committee could focus on alleviating those burdens for you?

Ms. ALVAREZ ACEVEDO. Thank you for your question. We actually rebuilt Joyce Florist 5 years ago. So we have a new building and there were a lot of permitting issues. There were a lot of issues in general with just building the building and delays because we had more than one person we were working with, that we worked with several different people within our city. And so it would be wonderful to have just one person that we dealt with that would know everything about the entire process.

At one point we waited 6 weeks for one meeting just to have our building moved forward, closer to the street, which it was not before. And so just meeting after meeting and just different barriers that we had. So it would be great to have one point of contact person that we could kind of work with throughout to have the same information instead of different people with different information.

Mr. JACK. Thank you very much.

Ms. ALVAREZ ACEVEDO. Thank you.

Mr. JACK. And if I could just ask you, too, with respect to DoorDash, what led you to DoorDash? Was it just the business model they offered or were there other, you know, applications you were interested in?

Ms. ALVAREZ ACEVEDO. Well, when we were first approached about it, we were surprised that they were going to allow us to sell flowers. We were super excited to have a different avenue. And then we were also excited that the fees were minimal compared to wire services. And so we decided to take the chance and we absolutely love it.

Mr. JACK. Taking a risk, it pays off. That is what is the—that is what is so inspiring about small business and entrepreneurship. So applaud each and every one of you for your testimony.

And thanks to the Carrollton students for winning our App Challenge. I will introduce you to you all after this hearing.

And I yield back to our Chairman.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Ms. Goodlander from the great State of New Hampshire for 5 minutes.

Ms. GOODLANDER. Thank you, Mr. Chairman, and thank you to our witnesses for being here today for this really important hearing.

Before I got to Congress, I worked in the Antitrust Division at the Justice Department. So I spent my days thinking about corporate monopolies and the impact of monopolies across our economy on hardworking people and on small businesses.

Ms. Thurnher, I wanted to pick up on your very powerful written testimony where you really point out what we are dealing with here when we think about the market for just the role that these big corporations are playing in your lived experience and in the important work you are doing to maintain a small business.

The three dominant American delivery platforms, or U.S.-based, I should say, DoorDash, just the profits are pretty eye-popping. In the last 5 years, you point out, we have seen a fivefold increase in corporate profits from DoorDash, Uber Eats, and Grubhub. Meanwhile, as you point out, independent restaurants have seen—first of all, we have lost almost more than 9,500 small independent restaurants in this country and we are seeing razor-thin and often negative margins.

Ms. Thurnher, I wanted to ask you if you could speak to the impact of consolidation in this market on the work that you are trying to do and your small business.

Ms. THURNHER. Yes. Thank you for the opportunity to share.

This is a common problem happening across industry. So it is really affecting us in our power to negotiate. A free market is a free market when you have multiple players. This feels like a duopoly, similar to what is happening with Sysco and U.S. Foods of the world. We have less and less choices of who can provide us services, which they tend to give deals to larger chains to people who have more buying power. And while I understand that behooves them, we are the soul of America's cities. Entrepreneurship is the heartbeat of America. And if we only want to be left with corporations, then we can just choose to turn our head the other way. Otherwise, I think that we need some regulation because this is definitely not a fair market, in my opinion.

Ms. GOODLANDER. So less choice, higher prices. You point out in your testimony that all three of these massive platforms operate without any federal cap on commission fees, with no requirement to share customer data with restaurant partners like you, and no mandate for pricing transparency either to the restaurants or to the consumers. Can you just speak to the impact that commission fees and uncap commission fees have had on your ability to keep the lights on at your restaurants?

Ms. THURNHER. It has definitely changed many things since, as I stated previously, pre-COVID, it was a very small percentage of our business and we viewed it as marketing. And so as long as it wasn't a total loss, we were gaining exposure to customers, which I think is a benefit of this market.customer's attention.

I do think the issue now is that our costs on everything are much higher and if we don't increase our prices to absorb the percentage, then we will not be able to either offer that service. We would lose a lot of market share. A lot of new people who move to our area find us on apps because that is their first exposure. When they are moving in and unpacking, they don't want to cook or they can't, their kitchen isn't ready, so they are ordering delivery.

COVID really put us in a position where that was all of our business and then it really got all the customers into this pattern. I think that you can see in that delivery growth that we just talked about. Their sales are growing while our margins are shrinking and our businesses are closing.

Ms. GOODLANDER. Ms. Sharp, I wanted to pick up on just the sky high and rising costs of gas right now and how your member companies are thinking about the basic question of whether you are going to adjust your pricing algorithms to account for rising gas prices into the compensation that you offer for rideshare and delivery drivers.

Ms. SHARP. Thank you, Congresswoman. This is an emerging issue and it is a little early to have full statistical analysis.

Ms. GOODLANDER. Oh, I am not asking for that. Just as a general matter, do you commit to—do your member companies commit to actually adjusting pricing algorithms to account for sky-high gas prices?

Ms. SHARP. Our member companies already have relief programs that work with drivers to partner with gas companies in order to provide deals and discounts.

Ms. GOODLANDER. Well, I see my time is up. Thank you to our witnesses. I will be following up with questions for the record and hope we can get your commitment to ensure that your drivers are paid fairly.

Thank you, Mr. Chairman.

Chairman WILLIAMS. The gentlelady yields back.

I would now like to thank our witnesses for their testimony and for appearing before us today. Without objection, members have 5 legislative days to submit additional materials and written questions for the witnesses to the Chair, which will be forwarded to the witnesses. I ask the witnesses to please respond promptly.

If there is no further business, without objection, the Committee is now adjourned. Thank you.

[Whereupon, at 11:57 a.m., the committee was adjourned.]

APPENDIX



Written Testimony of Kristin Sharp, CEO of Flex
House Small Business Committee Hearing
"Independent Work, Real Opportunity: The Gig Economy and the Future of Entrepreneurship"

Chairman Williams, Ranking Member Velazquez, and distinguished members of the committee, thank you for the opportunity to share how the app-based industry is supporting small business across America.

My name is Kristin Sharp, and I am the CEO of Flex, the voice of the app-based industry. We represent America's leading rideshare and delivery platforms.

The scale of this industry is significant. Rideshare and delivery platforms contributed an estimated \$212 billion to the U.S. economy as of 2024 and facilitated roughly 4.3 billion rides and deliveries nationwide. That is equivalent to more than 16 transactions for every U.S. adult.¹ An estimated 23 million Americans choose to work with app-based delivery or rideshare platforms², and the industry indirectly supports at least 2.1 million traditional jobs beyond that. Looking ahead, the economic impact of the app-based economy could reach as much as \$500 billion over the next decade.³

This is not a niche phenomenon. McKinsey's American Opportunity Survey found that 36% of employed Americans now identify as independent workers, equivalent to roughly 58 million people, a significant increase from 27% in 2016.⁴

Across dozens of platforms – from rideshare and delivery to freelance services and creative marketplaces – millions of Americans are earning, shopping, and building businesses through technologies that simply didn't exist a generation ago.

For consumers, the platform industry has delivered unparalleled savings, choice, and convenience. For workers, it offers a powerful opportunity to be your own boss, with real control over your time and money. And for partner restaurants and local businesses, it opens new markets and reaches new customers.

¹ Flex Association, U.S. App-Based Rideshare and Delivery Economic Impact Report (2024), available at <https://flex.publicfirst.co/>.

² Flex Association, Putting Workers' Voices First (2022), available at <https://www.flexassociation.org/putting-workers-voices-first/>.

³ Flex Association, U.S. App-Based Rideshare and Delivery Economic Impact Report (2024), available at <https://flex.publicfirst.co/>.

⁴ McKinsey Global Institute, "Freelance, side hustles, and gigs: Many more Americans have become independent workers" (Aug. 2022),



A Significant Boost for Small Businesses

Small businesses are the backbone of the American economy. And app-based platforms have become one of the most powerful tools they have. The app-based industry generates \$32 billion in additional revenue for restaurants, grocers, and local businesses, and \$5.1 billion in additional earnings for independent contractors, across the country every year.⁵

The numbers tell the story. More than half of consumers have used an app-based platform for meal or grocery delivery, three in five (60%) for package delivery and nearly half (47%) have used them for access to convenience items.⁶ These aren't abstract statistics. They represent real customers walking through the digital doors of businesses that might not otherwise reach them.

These marketplaces connect small businesses to large digital audiences and help them compete with bigger firms by providing critical infrastructure, including on-demand workers, logistics, digital payments, access to customers, and targeted marketing tools. Small businesses can tailor models that work for them, from flexible pickup for takeout to a range of delivery options built for different business models. One example is our member company Instacart. They have helped small grocers across the U.S. increase their revenue by \$7 billion and create more than 68,000 net new small business jobs by helping them bring their businesses online and reach new customers.⁷ As a result, millions of American businesses have modernized how they operate and have found new pathways to scale.

At the same time, many small businesses count on these platforms as consumers themselves — local daycares and restaurants and more who routinely use delivery platforms to access the supplies and ingredients they need to keep their businesses running. For example, more than 1 million businesses representing all 50 states — most of them small businesses — have placed orders via Instacart Business.

That reach extends to communities that need it most. Research from Brookings Institution found that 90% of people living in low-income, low-access census tracts have

⁵ Flex Association, Small Business Impact Report (2024), available at <https://www.flexassociation.org/wp-content/uploads/2024/03/Small-Business-Impact-Report-v3.pdf>.

⁶ Flex Association, U.S. App-Based Rideshare and Delivery Economic Impact Report (2024), available at <https://flex.publicfirst.co/>.

⁷ Instacart, *Economic Impact Report* (2025), available at <https://www.instacart.com/company/static/pdfs/2025-instacart-economic-impact-report.pdf>. ([instacart.com](https://www.instacart.com))



at least one digital food delivery option, and coverage exceeds 95% in metropolitan food deserts.⁸

Income on Demand

The scale of the app-based industry has provided millions of Americans with an essential lifeline to navigate economic uncertainty. Digital platforms offer immediate, flexible income with minimal barriers – no lengthy hiring process, no restrictions on the number of platforms one uses, just a smartphone, an idea, and the opportunity to start earning right now. It's why more than 75% of app-based earners prefer to remain independent contractors.⁹

For caregivers, students, and workers between jobs, this flexibility fills gaps that traditional employment cannot. Nearly 9 in 10 workers with children say app-based work makes it easier to balance family and work responsibilities, and 69% say it has helped them earn money in an emergency.¹⁰ In an unpredictable labor market, on-demand earning provides real-time stability when families need it most.

The value of this flexibility shows up clearly in our data. Nearly all app-based earners (85%) say the ability to earn income on app-based platforms has been helpful for dealing with inflation. The majority also report using multiple platforms during a work period as a way of maximizing their earnings.¹¹ Perhaps the most telling data point of all is that half of driver and delivery workers would rather be able to choose their own hours than receive even a 50% increase in earnings with a fixed schedule. That is how much flexibility matters to those who participate in the platform economy.¹²

These findings are corroborated by independent federal data. The Federal Reserve's Survey of Household Economics and Decisionmaking found that 31% of gig workers say that without gig activities they would have trouble making ends meet.¹³

⁸ Brookings Institution, "Delivering to deserts: New data reveals the geography of digital access to food in the U.S." (2022)

⁹ Flex Association, The App-Based Economy: National and State-Level Analysis (Apr. 2023), available at https://www.flexassociation.org/wp-content/uploads/2024/03/Flex_Association_App_Based_Economy_April_2023_ANALYSIS_FINAL.pdf.

¹⁰ Ibid.

¹¹ Ibid.

¹² Public First and Flex Association, U.S. App-Based Rideshare and Delivery Economic Impact Report (Mar. 2024), available at <https://flex.publicfirst.co/>.

¹³ Board of Governors of the Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2024 (May 2025)



Workforce for the Modern Economy

Who are these workers? The Federal Reserve's latest household survey found that 20% of U.S. adults performed gig activities in the prior month. Participation is highest among groups for whom flexibility matters most: 30% of students, 26% of adults aged 18-29, 26% of parents with young children, and 24% of Hispanic adults.¹⁴

And this is not reluctant participation. McKinsey's research has found that independent workers who choose their status report higher satisfaction than traditional employees on 12 of 14 work-life dimensions, including engagement, autonomy, and control over their schedules.¹⁵

A Route to Entrepreneurship

But here's something that rarely gets mentioned. App-based work is quietly one of the most powerful on-ramps to entrepreneurship in the American economy.

A study from Rice University found a 7% to 12% increase in entrepreneurial interest after the arrival of rideshare platforms in a community, attributed to the safety net that app-based work provides while people pursue their goals.¹⁶

Another recent study of U.S. tax records found that app-based workers start new companies at more than three times the rate of the general working-age population. Independent work builds experience, capital, and the flexibility to launch a business on your own schedule.¹⁷

That same research shows the payoff is real and sustained. Gig-economy founders experience income that is 3.2% higher one year after starting their businesses, rising to 13.1% higher after three years, relative to other entrepreneurs. About three-quarters of this entrepreneurial effect comes from first-time founders. And the firms these individuals create are significantly larger at inception: 23% higher in revenue and 39% higher in employee count compared to firms founded by those without gig experience.¹⁸

¹⁴ Ibid.

¹⁵ McKinsey Global Institute, "Independent work: Choice, necessity, and the gig economy" (Oct. 2016)

¹⁶ Rice University, "Access to gig economy may spur small business creation, study finds" (Jan. 31, 2022), available at

<https://news.rice.edu/news/2022/access-gig-economy-may-spur-small-business-creation-study-finds>.

¹⁷ Matthew R. Denes, Spyridon Lagaras, and Margarita Tsoutsoura, "Entrepreneurship and the Gig Economy: Evidence from U.S. Tax Returns," NBER Bulletin on Entrepreneurship (2025), available at <https://www.nber.org/be/20252/gig-economy-and-entrepreneurship>.

¹⁸ Ibid.



And it's opening doors for people who've historically been locked out of entrepreneurship – younger workers, lower-income earners, veterans, parents with kids at home. The average gig-worker founder is 38 years old, and the businesses they build generate nearly 40% higher gross profits in their first year than those started by the broader population.¹⁹

So, when someone drives through Uber, delivers through DoorDash or shops with Instacart, they may not just be making ends meet. They may be building toward the next great American small business.

How Policymakers Can Help

Despite all of this, our nation's policies remain rooted around a single, full-time, 9-to-5 job. Too often, the go-to response is retraining programs that funnel workers into specific, pre-defined jobs. This is an approach that assumes a kind of stability that no longer reflects how people actually work today.

The modern labor market is defined by constant change. Workers – especially younger ones – understand this. Last year, more than half of younger Americans earned money outside their primary job. App-based platforms fit naturally into that reality.

So what do we ask of policymakers? Reflect reality.

There is encouraging progress on this front. On behalf of the app-based industry and its millions of independent workers, we thank Congress for including app-based earners in the proposed "No Tax on Tips" initiative. This legislation champions American workers by ensuring they retain more of their income while maintaining transparency and accountability.

The Flex Association also applauds the Department of Labor's decision to propose a commonsense, pro-worker classification framework. This proposal helps preserve the flexible independent work model that underpins the app-based economy and the services millions of Americans and businesses rely on daily.

Platforms are vital infrastructure for consumers, small businesses, workers who need flexible income to weather uncertainty, and who may be tomorrow's entrepreneurs. Protect that flexibility. Don't shoehorn independent workers into traditional employment against their wishes and strip away the autonomy they've chosen.

¹⁹ Ibid.



And go further. The Small Business Administration should examine how conflicting definitions of independent contractor status create compliance costs and legal confusion and bring those standards into alignment. An annual index tracking how regulatory changes affect gig worker participation and income stability would make visible the real costs of inconsistent policy. And an SBA-led education initiative on taxes, business formation, and income strategies would treat these workers as what they already are: small business owners.

The nature of work is changing, but the need for security and opportunity has not. If we want an economy that works for today's workers, we should strengthen the systems that people are already relying on to earn income and reach their goals.

App-based work is one of them. Thank you.

**Independent Work, Real Opportunity: The Gig Economy and the Future of
Entrepreneurship**

House Committee on Small Business

April 21, 2026

Chairman, Ranking Member, and distinguished members of the Committee:

Thank you for the opportunity to testify today. My name is Lisa Alvarez, and I am the owner of Joyce Florist in Dallas, Texas. When I purchased Joyce Florist 28 years ago, I had a dream of creating a family business that would allow me to support and spend time with my family. That dream is now a reality.

I can proudly say that Joyce Florist is a four-generation family business, which started with my mother and I working alongside one another. When my mother retired, my daughter Alyssa stepped in to work with me. Even my grandchildren pitch in, carrying the family legacy forward. I am proud to say that today Joyce Florist employs around 10 full-time and part-time staff members and remains deeply connected to our local community in Dallas.

Starting a business is hard enough. Between permits, paperwork, and all the costs that come with operating a business. Platforms like DoorDash make that path a little easier by giving entrepreneurs tools to reach a broad base of customers.

More Time and Money for What Matters

Entrepreneurship gave me the freedom to build something on my own terms, and platforms like DoorDash are making that path more accessible for the next generation of small business owners. For years, Joyce Florist relied on traditional wire services to handle deliveries, but those wire services did not meet the real needs of our business. Two years ago, we partnered with DoorDash, and the experience is remarkable. While Joyce Florist has long been a neighborhood institution, DoorDash is helping the business evolve and grow in meaningful ways.

DoorDash helps our small business reach more customers and keeps local dollars moving through our community. Staff no longer have to coordinate deliveries, eliminating complexity and saving thousands of dollars in overhead. Our partnership with DoorDash lets my team focus on what we do best, creating beautiful arrangements and serving customers. During peak periods like Valentine's Day or Mother's Day, this efficiency is especially valuable. We can reallocate team members toward in-store customers and order fulfillment during the rush, instead of tying them up with delivery logistics.

Unlocking New Customers

DoorDash also introduced us to an entirely new customer base. Even after decades in business, people are still discovering Joyce Florist for the first time through the platform. In 2025, Joyce Florist made over \$60,000 in sales on the DoorDash Marketplace. My experience is not unique. According to DoorDash, 88 percent of merchants say the platform has helped them reach new customers they otherwise would not have been able to access, and U.S. based merchants collectively made over \$40 billion in sales on DoorDash Marketplace in 2024.

Dashers themselves have played a role in that growth. Many have told us they discovered our shop and our event center through deliveries and later came back as customers. We have built strong relationships with Dashers, welcoming them warmly and even offering treats for their children when they come along.

Platforms Strengthen Main Street

Platforms like DoorDash are strengthening Main Street. They give small businesses like mine the tools to compete, to grow, and to stay rooted in the communities we serve. Joyce Florist thrives by blending tradition, innovation, and entrepreneurship. DoorDash is the latest chapter in that story. I want my grandchildren to inherit a business, and an economy, where entrepreneurs have every tool available to thrive. Small business owners like me already face enough costs and regulatory complexity to just keep our doors open. The tools that help us save time and serve customers better shouldn't be made harder to use, and instead be encouraged. I respectfully urge this Committee to support policies that allow small businesses and platform partners to continue working together for the benefit of our communities.

Thank you for your time. I am happy to answer any questions.

Lisa Alvarez Acevedo owns Joyce Florist, a family business that has served the Dallas area for decades. Joyce Florist is a robust small business employing approximately 10 full-time and part-time staff members. Joyce Florist partners with DoorDash, and the platform has allowed the business to grow by simplifying delivery and reaching customers in the community.

Independent Work, Real Opportunity: The Gig Economy and the Future of
Entrepreneurship

U.S. House of Representatives
Committee on Small Business

April 21, 2026

Elaine Buxton, President & CEO
Confero, Inc. Cary, NC

Chairman, Ranking Member, and Members of the Committee, thank you for the opportunity to testify today.

My name is Elaine Buxton, and I am President and CEO of Confero, Inc., a customer experience research company based in Cary, North Carolina. Confero was founded in 1986, and we help businesses improve customer experience, compliance, and operational performance. We do that through customer experience research and measurement, operational evaluations, and related support for multi-location businesses.

I am here today to share a practical small-business perspective: app-based platforms and digital marketplaces have made it easier for companies like mine to find specialized talent, expand capacity, and serve customers efficiently without taking on fixed overhead before demand exists.

I appreciate the U.S. Chamber of Commerce for facilitating my participation today. I also serve on the Chamber's Small Business Council, where I work alongside other business owners to ensure that the concerns of small businesses are heard in policy discussions.

Our company is a small business, but we serve clients across the country. App-based platforms and digital marketplaces have made that kind of reach much more practical for firms like mine.

Long before anyone used the phrase "gig economy," our company was already coordinating project-based activity across multiple markets. In those early years, that coordination required phone calls, paper forms, mailed reports, and a great deal of manual administration. That was particularly difficult because our projects often vary by client, location, timing, urgency, and complexity.

Today, app-based tools and digital platforms allow small businesses to manage that kind of dynamic, multi-market work far more efficiently. Over nearly four decades, Confero has remained competitive by adapting to changing technology, evolving client needs, and new ways of conducting and managing research. These tools also help level the playing field by giving smaller firms access to reach and capabilities that once were much harder to build without a much larger infrastructure.

In our business, app-based platforms support more than one kind of need. They have helped us access project-based support across multiple markets, connect with research participants when appropriate, and find specialized help in areas such as graphic design, digital marketing, research editing, advanced data analysis, and fractional finance.

For companies like Confero, this issue has real consequences. If small businesses lose access to lawful, flexible work arrangements, many of us will face higher costs, less agility, reduced geographic reach, and fewer opportunities to grow. Some projects will no longer be economical. Some clients will go unserved. In some types of research work, flexibility is not just a matter of cost or convenience. Meaningful feedback often depends on input from multiple individuals with different perspectives, experiences, and locations. That breadth of input helps us provide useful insights and sound results.

How App-Based Platforms Help My Small Business

In my experience, app-based platforms have created several concrete benefits.

1. **Expands access to talent.** My business benefits from access to outside expertise in areas such as design, digital marketing, and fractional finance.
2. **Helps respond faster when opportunities arise.** Real-time communication expands opportunities for freelancers and independent contractors to find and accept assignments that meet their schedules and helps me get support more quickly than traditional methods. That can matter when a project needs to start quickly or cover several markets at once.
3. **Makes Confero competitive.** Access to flexible outside support allows my smaller company to deliver work at a level that can compete with much larger organizations. In practical terms, these tools help level the playing field by giving small businesses access to talent, speed, and scalability that once favored only larger firms.

- 4. Supports entrepreneurship more broadly.** These platforms do not just help companies like mine; they also help independent professionals and microbusinesses connect with paying opportunities. For some people, these opportunities are not just a source of income. They can also serve as an entry point to building a small business of their own.

Flexibility works best when it is paired with clarity and responsibility. People using these platforms should know what the work is, what it pays, what is required, and when payment will be made. Companies using these tools should communicate clearly, operate transparently, and protect against fraud and abuse. Responsible platforms are valuable because they create structure, trust, and efficient matching between opportunity and worker choice.

From the perspective of a small business owner, the policy question should not be whether every worker must fit into one single model. The real question is whether federal policy will preserve room for lawful, flexible work arrangements that benefit both small businesses and the independent workers and professionals who choose that model, while also providing rules that are consistent, practical, and easy for everyone to understand.

Gig platforms and independent work arrangements are important tools of entrepreneurship, innovation, and economic participation. They help small firms stay lean, responsive, and competitive. They also create real income opportunities for people who want flexibility and control over how they earn. Small businesses are often the incubators of innovation because they are close to customers and able to adapt quickly. App-based platforms and digital marketplaces help make that possible by giving smaller firms access to capabilities, expertise, and capacity that would otherwise be harder to reach.

Clear and Consistent Rules Matter

I also appreciate efforts to provide clearer guidance on employee and independent-contractor status under federal law. For small business owners, one of the biggest compliance challenges is not a lack of willingness to follow the law. It is uncertainty when standards are difficult to interpret or differ across legal frameworks.

Small businesses benefit from rules that are clear, practical, and predictable. Greater consistency helps responsible businesses comply in good faith, reduce legal uncertainty, and spend more time serving customers and creating opportunity.

How SBA Support Helped Small Businesses

I also want to recognize the important role of the U.S. Small Business Administration. During the COVID pandemic, SBA support helped many small

businesses, including Confero, navigate a period of extraordinary uncertainty. That support helped businesses preserve jobs, continue operating, and recover from sudden disruption.

The SBA's Office of Advocacy also plays an important role by bringing the perspective of small business into the federal rulemaking process and helping policymakers understand the real-world compliance burdens that regulations can create.

Finally, workable tax reporting rules matter. Many independent professionals and small businesses use digital payment tools and online platforms as part of normal business operations. Clear reporting thresholds and consistent rules help reduce confusion, improve recordkeeping, and make compliance easier for everyone involved.

For small businesses, app-based platforms and digital marketplaces are not a luxury. They are practical tools that expand access to talent, improve responsiveness, and help businesses grow without taking on fixed costs before the work is there. Preserving room for these models, while promoting clarity and responsible practices, will help more small businesses compete and succeed.

Thank you for the opportunity to share Confero's experience. I look forward to answering your questions.

Testimony of Rosa Thurnher
House Small Business Committee
Independent Work, Real Opportunity: The Gig Economy and the Future of
Entrepreneurship
April 21, 2026

Chairman Williams, Ranking Member Velazquez, and members of the Committee, thank you for holding this hearing and inviting me to testify on behalf of independent restaurants and other small businesses.

I own El Ponce in Atlanta, Georgia and I serve on the Board of the Independent Restaurant Coalition, the leading voice for independent restaurants and bars. We represent the 500,000-plus independent operators who serve as economic anchors in their communities and employ millions of Americans. ensuring they have a seat at the proverbial table, much like this one.

I'm here today to talk about what the gig economy looks like from inside a restaurant.

Over the past several years, third-party delivery platforms have fundamentally reshaped how restaurants operate. What began as a convenience quickly became a necessity during the pandemic supercharging the meteoric rise of delivery apps and engraining them as part of the consumer-restaurant experience. But this convenience comes with significant challenges, and often unsustainable costs for restaurants.

Owning a restaurant is not for the faint of heart. The average independent restaurant operates on margins of just 4-6% in the best of times. Today, those margins are under relentless pressure. Food costs, fuel, labor, rent and insurance have all increased dramatically. Payment processing fees continue to climb. And layered on top of that are astronomical delivery platform fees.

For independent operators like me, that dynamic creates constant tension: **we either raise prices risking traffic and customer trust or we absorb costs and watch our margins shrink dangerously.**

Across the country restaurants are adjusting portion sizes, altering recipes, or asking staff to do more with less, not because we want to, but because we have to. These are not sustainable business decisions; they are survival tactics.

As an industry, we are in a more precarious economic position today than we were during the pandemic. Costs are more than 35% higher than they were just a few years ago. At the same time, we are seeing contraction across the sector. According to data from Technomic published in Nation's Restaurant News in February, the total number of independent restaurants declined by 2.3% in 2025. This loss of 9500 locations comes with a 2.6% drop in sales.

Today, delivery makes up about 20% of my business, but it is the least profitable segment. Like many operators I work with multiple platforms: Uber Eats, DoorDash, ChowNow, and ezCater. This is not a diversified strategy; it is a defensive one.

In practice, I am paying to participate in a system where I lose control of my own customer relationships. If a delivery goes wrong, I have no way to reach out to the customer to make it right. I can only go to a customer service center for the app. I don't have any access to customer data. I cannot market to delivery customers, build loyalty or invite them back to my dining room. The platforms own that relationship entirely.

At the same time, we are subject to opaque algorithms that determine visibility in and outside of the apps. Placement in search results often depends on paid promotions, participation in discounts and performance metrics that are outside of our control. If we opt out of these programs because they are financially unsustainable, we are pushed down in the rankings and effectively hidden from customers.

I've experienced this firsthand. When I stopped paying for advertising within the apps, my sales dropped significantly – not because the demand disappeared, but because my visibility did. This isn't a neutral marketplace; it is a pay-to-play system. The delivery apps also have a "Most Loved" section or some other such designation, moving favored restaurants to the top of the app. Often times these are national chains, but they are also restaurants who do everything in the app – advertise, run money-losing specials, take photos of every menu item, have few to no customer complaints (which oftentimes are about the delivery and not the restaurant), and meet other benchmarks.

There are also operational challenges that directly impact the customer experience. Drivers are often working across multiple delivery platform simultaneously which leads me to the conclusion that pay is such that drivers need multiple apps to make a living. This also means a driver is juggling order pick up and delivery between apps that leads to a customer experiencing long delays, cold food that should be hot, or hot food that should be cold. The customer associates the negative experience with the restaurant – not the platform – even though we have no control over the delivery process. This doesn't even consider the possible liability for unsafe food handling that could spell real trouble for diners and restaurants.

All of this doesn't even scratch the surface of some of the less savory actions like ghost kitchens, menu piracy, and potential intellectual property theft. Many of us find our brands represented online in ways we did not approve of and cannot easily correct. My restaurant also shows up on Postmates, which while owned by Uber Eats, I did not agree to a contract with Postmates as well.

Between 2019 and 2024, the three dominant U.S. delivery platforms grew their combined revenue dramatically: DoorDash from \$885 million to \$10.7 billion, Uber Eats from \$1.9 billion to \$13.7 billion, and Grubhub from \$1.3 billion to approximately \$2.1 billion — a combined increase from roughly \$4.1 billion to more than \$26.5 billion, or more than fivefold in five years.

¹

To understand the full scale of this growth, it helps to distinguish between two different figures the industry uses. Platform *revenue* — the commissions and fees the apps actually collect — is what those numbers above represent. But the total value of food orders *flowing through* these platforms is far larger: DoorDash's gross order value topped \$80 billion in 2024, and Uber Eats generated \$74.6 billion in gross bookings that same year.² The U.S. online food delivery market,

measured at the platform revenue level, was valued at approximately \$32 billion in 2024 and is projected to reach \$70 billion by 2033.³ All of that growth is funded, in large part, by fees charged to restaurants.

During the same period, independent restaurant locations declined. In 2025 alone, the sector lost a net 9,503 locations — dropping from 422,001 to 412,498 — while chain restaurant locations grew 1.4%.⁴ Forty-two percent of independent operators reported their businesses were not profitable in 2025, and 60% said business conditions had deteriorated.⁵ A Revenue Management Labs analysis illustrates why: a meal that generates a 15% profit margin when sold in the restaurant can produce a **negative 7.6% margin** when fulfilled through a third-party delivery app — a swing of more than 22 percentage points on a single order.⁶

The fee structure is the mechanism driving this divergence. Platforms charge independent restaurants commissions of 15–30% per order, plus additional fees for premium placement, marketing, and payment processing.⁷ Chains and large restaurant groups, because of their order volume and brand leverage, routinely negotiate lower rates — a discount unavailable to the independent operator who needs the platform most.⁸ Postmates, now merged into Uber Eats, was documented marking up menu prices by as much as 92% above what the restaurant charged — meaning consumers paid nearly double the menu price while the restaurant still owed full commission on the base price.⁹

All three platforms operate with no federal cap on commission fees, no requirement to share customer data with restaurant partners, and no mandate for pricing transparency to either restaurants or consumers.

The U.S. online food delivery market is on track to nearly double by 2033. The central question before this Committee is not whether that growth will happen — it will. The question is who will benefit from it. At present, the data suggest the answer is the platforms, not the independent restaurants that make the product those platforms sell.

Recently, the Federal Trade Commission announced that it is exploring a potential rulemaking on delivery fee transparency. From where I sit as an operator, that kind of transparency is long overdue. Right now, we are navigating complex and constantly shifting fee structures without clear disclosure or real leverage to negotiate. It makes it incredibly difficult to plan, price, or even understand the true cost of participating on these platforms. The Independent Restaurant Coalition strongly supports this effort and will be submitting comments in the coming weeks.

To be clear, restaurants are not asking to turn back the clock. Delivery is here to stay, and it can be a valuable tool. But it must operate within a framework that is fair, transparent, and competitive.

Independent restaurants are small businesses, but collectively we are one of the largest private-sector employers in the country. We are job creators, community builders, and cultural institutions. When our margins disappear, so do those benefits.

In closing, thank you again for holding this hearing on the gig economy and its challenges and opportunities. I look forward to your questions and to working with you to ensure that the future of the gig economy includes, rather than undermines independent business like mine

¹ DoorDash revenue: SEC filings via MacroTrends (macrotrends.net). Uber Eats revenue: Uber Technologies SEC filings; Business of Apps (businessofapps.com), January 2026. Grubhub revenue: SEC 8-K filings; Business of Apps, January 2026.

² DoorDash gross order value: DoorDash SEC 8-K, FY2024. Uber Eats gross bookings: Business of Apps, January 2026.

³ U.S. online food delivery market valuation: *United States Online Food Delivery Market Size, Share, Trends and Forecast*, ResearchAndMarkets.com / Globe Newswire, September 2, 2025. (Market size figures measure platform-level revenue — commissions, fees, and service charges — not total gross order value.)

⁴ Independent restaurant location count: Technomic data as reported in *Nation's Restaurant News*, February 2026. Chain restaurant growth: same source.

⁵ Operator profitability: Technomic data via *Nation's Restaurant News*, February 2026; National Restaurant Association *State of the Industry*, 2026.

⁶ Margin analysis: Revenue Management Labs, as cited in Sinate Media industry analysis.

⁷ Commission fee range: Knowledge at Wharton, May 2025; UCLA Daily Bruin, May 2024; NIX United, March 2026.

⁸ Chain discount advantage: UCLA Daily Bruin, May 2024 (citing industry economists); Knowledge at Wharton, May 2025.

⁹ Postmates markup: NIX United platform fee analysis, March 2026.



Questions for the Record

House Committee on Small Business Hearing

“Independent Work, Real Opportunity: The Gig Economy and the Future of Entrepreneurship”

April 21, 2026

Ms. Kristin Sharp, CEO, Flex Association

Rep. Nydia M. Velázquez, Ranking Member

1. We discussed how app-based food delivery companies have fundamentally changed how restaurants compete. Last year, research found that the emergence of these apps is associated with “no change in total revenues accrued by restaurants (suggesting that any market expansion is not captured by restaurants), increased exit, and decreased business dynamism, with the net effect of an increase in industry concentration.” I am attaching the study for your awareness and for the record. With firm exits increasing due to the higher costs and intensifying competition apps have created, what more could your member companies do to help restaurant partners keep their doors open?

Response: App-based platforms are a powerful tool for growth. Our member companies help local merchants and small businesses across the country reach new customers, increase demand, and simplify logistics. The app-based economy generates \$32 billion in additional revenue each year for restaurants, grocers, and other small and local businesses.¹ 94% of merchants say app-based delivery has had a positive impact on their business.² 89% expect revenue and sales to increase over the next year, and 77% say their business is more profitable because of app-based delivery.³ In addition, 83% of local merchants reinvest additional income generated by app-based platforms back into their business.⁴

As stated in Lisa Alvarez’s written testimony “Platforms like DoorDash are strengthening Main Street. They give small businesses like mine the tools to compete, to grow, and to stay rooted in the communities we serve”.⁵

2. You mentioned that your member companies work to ensure their marketplaces appeal to their partners as well as their workers and consumers. Do your member companies systematically collect information about their small business partners’ pain points and level of satisfaction with the apps’ services? If so, what changes are your members considering based on that data?

Response: That type of information is competitively sensitive and is appropriately managed by each company directly. Any feedback collected by app-based platforms from their merchant partners would be handled by those companies in accordance with applicable laws, rules, privacy obligations, and any

¹ Flex Association, *Flex Economic Impact Report* (2024), <https://www.flexassociation.org/wp-content/uploads/2024/03/Flex-Economic-Impact-Report-2024.pdf>.

² Flex Association, *Building the App-Based Platform Economy* (2025), <https://www.flexassociation.org/report/building-the-app-based-platform-economy/>.

³ Id.

⁴ Id.

⁵ Luis Alvarez Acevedo, Testimony before the House Committee on Small Business, “Independent Work, Real Opportunity: The Gig Economy and the Future of Entrepreneurship,” 119th Cong. (Apr. 21, 2026), <https://www.congress.gov/119/meeting/house/119194/witnesses/HHRG-119-SM00-Wstate-AlvarezAcevedoL-2026-0421.pdf>.



relevant partnership agreements. Flex is not in a position to speak to specific company practices, datasets, or business decisions, but our understanding is that member companies routinely evaluate how to improve the tools, services, and support they provide to small business partners.

3. We briefly discussed the hotlines and in-app communication tools that restaurants can use to resolve errors resulting from technical glitches or human error occurring after a driver picks up an order. Do the few companies operating in the heavily concentrated food delivery market have sufficient incentive to (1) ensure restaurants have access to proactive and effective customer service representatives, (2) equip those representatives with the tools they need to rapidly resolve issues, and (3) make their restaurant partners whole while imposing minimal administrative burdens?

Response: The industry is committed to ensuring that merchants retain control over how their brands are represented on platforms, and platforms work every day to support that goal. Both customer and merchant satisfaction are central to platform success, which means our industry has every incentive to maintain quality and address issues quickly.

For orders placed through marketplaces, restaurants can contact customers when problems arise, such as when an item is unavailable, and can respond to customer ratings and reviews, including by offering future discounts. In addition, Flex member company platforms have dedicated teams available to help restaurants resolve challenges they may encounter, including by phone.

4. In the current cost-of-living crisis, customers may be less able to leave large tips, while rideshare and delivery drivers need more compensation to afford high gas prices. DoorDash has even warned customers that adding a low tip, or no tip, can mean Dashers are less likely to accept the order. Are your member companies concerned about the growing gap between the prices consumers can bear and the compensation workers need?

Response: App-based delivery is a three-sided marketplace connecting consumers, local businesses, and independent workers, with platforms serving as intermediaries that help all three groups interact efficiently. That structure is important because cost pressures do not affect only one participant in the system. If prices rise too much, consumer demand may decline. If earning opportunities are not sufficiently attractive, fewer workers may choose to accept delivery opportunities. And if costs become too burdensome, some local businesses may reduce participation in the marketplace altogether. Our member companies are continuing to work on ways to balance these pressures, including improving marketplace efficiency, giving workers information that helps them make informed choices, supporting local merchants, and maintaining affordability for consumers. There is no simple solution, but the goal is to keep the marketplace functioning in a way that provides value to consumers, opportunity for independent workers, and access to customers for local businesses.

5. Last week, a report by the Community Service Society of New York found that gig workers in New York City reported facing “constant surveillance, personalized wage incentives to work longer and at specific times, and discipline mediated through customer ratings.”² The report found that gig work was the main source of income for most (51percent) of these workers, and that this group experienced apps’ control more intensely than those doing gig work for supplemental income. Both groups of workers overwhelmingly supported stronger regulation of these platforms, according to the survey data. Are you aware of these dynamics?

- a. According to the report, gig workers – especially those who are reliant on platform income – worry that customer ratings reflect bias. Have your member companies conducted research



on potential bias in customer ratings, and if so, are you able to share findings with the Committee?

- b. The report expresses support for requiring disclosure of algorithmic pay calculations, advance notice of material pay changes, and rating impacts, as well as algorithmic bias audits and regulatory authority to review algorithmic compensation systems. Would your members support these requirements?

Response: Flex has reviewed the CSS report and has significant concerns about its methodology. The survey uses question designs that conflate voluntary incentives with coercive control. For instance, CSS reports that 70% of workers said 'the app controlled when, where, and how much they work,' but the survey does not distinguish between a mandatory schedule and ordinary market dynamics, like a notification about high demand nearby that a worker is free to pursue or decline. A worker who simply receives an alert about a work opportunity and chooses to respond would reasonably answer yes to that question, yet the report interprets the response as evidence of employer-like control. Its central comparison between gig workers and non-gig workers on economic insecurity presents no controls for pre-existing income, education, or employment history. This makes it virtually impossible to distinguish causation from selection.

Flex's own 2026 MRP⁶-modeled survey of New York State shows that nearly 42% of New Yorkers have earned income on a platform at some point, and 38% say they are likely to sign up in the future, both of which signal that workers view platforms as accessible economic opportunities. Eighty-five percent of app-based workers have health insurance, 66% find platforms valuable to daily life. At the national level, more than two-thirds (69%) of ever-earned workers support maintaining independent contractor classification—a sentiment that has held strong since 2023, when the share was 70%.

Furthermore, the characterization of New York City's app-based delivery sector as unregulated or loosely governed is inaccurate. Since 2020, the city has enacted seventeen laws and agency rules governing platform conduct, pay standards, consumer pricing, safety requirements, and data reporting.⁷ These regulations artificially reshaped the market for both platforms and workers, influencing the workforce's size and structure. The result has been a smaller, more intensive workforce and a far more saturated full-time market than exists elsewhere in the country. This pattern should not be read as evidence of workers' preferences. Instead, it reflects the labor-market outcomes produced by the city's regulatory choices.

Regarding customer ratings specifically, Flex member companies take concerns about bias in customer ratings seriously and have invested in systems designed to detect and mitigate potential bias in rating outcomes. However, it is important to note that the CSS report's finding that "two-thirds of gig workers express concern that customer ratings reflect bias" is based on a survey question that asked workers whether they worry about bias, not whether they have experienced it. Worry and incidence are fundamentally different measures, and conflating the two overstates the evidentiary basis for the claim.

⁶ Forthcoming Flex study, to be published June 2026; Multilevel regression and poststratification (MRP) is a statistical technique for estimating public opinion at subnational levels, such as states or congressional districts, from national survey data. MRP is widely used in academic political science and by leading survey research organizations to produce reliable small-area estimates where traditional polling would require prohibitively large sample sizes. See, e.g., Wang et al. (2015).

⁷ Kaitlyn Harger, *From Pickup Game to Starting Lineup: Managing the Roster in NYC's Delivery Market*, Chamber of Progress (May 18, 2026), <https://progresschamber.org/research/nyc-delivery-worker-pay-access-tradeoff/>.



6. Rideshare and delivery drivers sometimes have only seconds to decide whether to accept a ride or delivery offer—a very different scenario compared to a more traditional independent contractor who negotiates pay rates and projects with clients ahead of time. How do your members think about where their workers fall on the spectrum between employee and independent contractor given that app-based workers do not have time to carefully consider, much less negotiate, the offers they receive?

Response: The relevant question is not whether independent contractors negotiate each individual task in real time, but whether they control over whether, when, and how they work, along with the opportunity for profit or loss based on their own decisions.

That’s because the hallmark of independent contractor status is the individual’s ongoing autonomy to decide whether, when, and how to provide services. App-based drivers and delivery workers choose this work because they have that autonomy. They choose whether to participate at all, control the extent of their participation, and make independent economic decisions about how to maximize their earnings across competing opportunities. That degree of flexibility and control is the touchstone of independent contractor relationships.

Some independent contractors negotiate individual projects, while others work under a standing retainer or ongoing agreement where the key terms and parameters of the work are established upfront. In those arrangements, the independent contractor is not renegotiating compensation or scope each day; rather, the contractor independently decides whether to continue to perform work under those terms that are agreed in advance.

Drivers and delivery workers similarly understand the platform’s general operating terms, payment structure, and nature of the work before choosing to participate. Within that framework, they independently decide when to log on, how long to work, which opportunities to accept, and whether platform work remains worthwhile for them. They are also free to work across multiple apps or pursue other income opportunities simultaneously.

7. This month, analysis by the Economic Policy Institute (EPI) found that workers misclassified as independent contractors lose approximately \$20,000 to \$30,000 in compensation annually.³ EPI also estimated that “social insurance systems can lose up to roughly 30 percent of per-worker revenue when workers are misclassified as independent contractors.”⁴ Given the substantial costs to individuals and to our safety net programs, do you agree that companies should carefully consider worker classification, including how worker classification can change depending on how the app is used?

- a. For example, DoorDash has an ‘Earn by Time’ mode that guarantees an active hourly wage. (Active time refers to the time from when a delivery offer is accepted to when it is completed, meaning gaps between offers would drive actual hourly wages below the advertised rate.) ‘Earn by Time’ mode restricts workers to declining only one delivery offer per hour. Do you agree that work with an hourly pay rate and specific assignments dictated by a company describes employment, not independent contracting?

Response: Worker misclassification is a serious issue. Clear and balanced rules — like the recent proposed rule promulgated by the Department of Labor (DOL) — help all industries understand their obligations, avoid misclassification, and provide much-needed certainty for the millions of independent



entrepreneurs across every sector of the economy.⁸ This is welcome news for American workers and an acknowledgment that worker classification policy should reflect the realities of today's economy. The millions of Americans who earn through app-based platforms do so because they value the flexibility to choose when, where, and how they work. We look forward to continuing to work with DOL as it shapes policies that align with the 21st-century economy and support the workers, consumers, and businesses that rely on app-based services.

The defining feature of independent contractor status is an individual's autonomy to decide whether, when, and how to provide services. App-based drivers and delivery workers retain that autonomy. They decide whether to participate at all, determine the extent of that participation, and make independent economic decisions about how best to maximize their earnings across competing opportunities.

8. Gig economy companies are investing heavily in autonomous vehicles and beginning to roll out delivery by drones. How do your members think about their commitments to ensuring the existing workforce is able to connect with training and new work opportunities?

Response: The future of rideshare and delivery should not be framed as a choice between people and technology. Autonomous vehicles (AV) and drones may help improve efficiency in certain environments, but human drivers and couriers will continue to play a critical role in meeting the diverse needs of consumers and communities.

Many trips and deliveries require flexibility, judgment, and personal interaction that technology alone cannot replace. Drivers and couriers remain essential to serving older adults, riders who need additional assistance, customers with complex delivery needs, and communities outside AV and drone operating zones. Deploying AVs as part of a hybrid model - where AVs are gradually added to existing point-to-point transport networks - will help protect access, by ensuring transport platforms can serve the entire community, including otherwise unreachable or underserved communities while AVs are still operating in limited geographies. This approach also protects workers by giving drivers and couriers time to adapt, preserving meaningful earning opportunities, and avoiding a sudden disruption for people who rely on flexible platform work.

While a hybrid model offers the most sensible pathway for a transition to an increasingly autonomous future, we must be realistic and acknowledge that AVs will inevitably disrupt traditional work and gig work. Addressing these shifts effectively will require strong partnerships between government and industry to map out the most sustainable solutions for workers in every individual market.

Our members believe innovation and workforce opportunity can advance together, and the long-term success of app-based platforms depends on the support and ability to serve consumers, local businesses and communities, and create economic opportunities for independent workers.

Rep. Maggie Goodlander

1. Gas prices have skyrocketed in the wake of the President's war of choice in Iran. While some of your member companies have offered programs which provide some amount of partial relief from these higher prices, those programs are largely set to expire in the coming weeks and months. Do

⁸ U.S. Department of Labor, Wage and Hour Division, *Employee or Independent Contractor Status Under the Fair Labor Standards Act, Family and Medical Leave Act, and Migrant and Seasonal Agricultural Worker Protection Act*, 29 C.F.R. pts. 500, 795, and 825, RIN 1235-AA46, Docket No. WHD-2026-0001, Notice of Proposed Rulemaking (scheduled for publication Feb. 27, 2026), <https://public-inspection.federalregister.gov/2026-03962.pdf>.



your members commit to maintaining these programs as long as the average price of gas remains above the February 2026 price?

Response: Flex members have demonstrated meaningful responsiveness to the cost pressures workers face, including through fuel assistance programs introduced in response to price volatility. Our members understand that higher fuel costs directly affect drivers and couriers, and many have taken steps to provide targeted support when prices spike. These programs are designed to respond to specific market conditions, consumer demand, and local operating realities, and companies will continue evaluating what support makes sense as conditions evolve.

In the longer term, this industry believes the best thing we can do is to preserve flexible earning opportunities, improve transparency for independent workers, and avoid policies that would raise costs for riders, consumers, merchants, and the very drivers and couriers these programs are meant to support.

We would also respectfully note that ensuring fuel remains affordable for all Americans—including the millions who drive in partnership with app-based platforms—is fundamentally a matter of federal energy and economic policy.

2. Will your members adjust their compensation algorithms to factor in these higher gas prices for drivers?

Response: Our member companies engage in a highly competitive industry and have every incentive to try and maximize the number of drivers who participate, as well as drivers' earning potential. App-based platforms continually evaluate their compensation structures to remain competitive and to support worker earnings. The design of those structures, including any adjustments in response to input cost changes, reflects complex, individual, operational considerations that vary by platform, market, and worker segment.

3. Have drivers been forced to cut back on their driving for your member companies as a result of these increased gas prices?

Response: Worker behavior on app-based platforms is dynamic and responsive to a wide range of personal and economic factors. One of the defining features of app-based work is that workers retain autonomy and choice. Drivers decide when to log on, how long to work, and when to stop—entirely on their own terms. If economic conditions shift—or for any reason at all—workers can adjust their activity up or down to suit their personal circumstances, without penalty and without permission. That autonomy is by design.

4. Have rising gas prices made it more difficult for those drivers who have continued to drive for your member companies to earn wages sufficient to support them and their families?

Response: Flex members are committed to ensuring that app-based work remains a viable and rewarding income opportunity. As discussed above, many of our members have introduced fuel assistance programs to provide targeted support to workers in response to increased gas prices. Workers on these platforms also benefit from the flexibility to set their own hours and manage their earnings across multiple platforms simultaneously, which provides meaningful resilience against cost pressures. The majority of drivers use app-based earning as part of a larger earning strategy.

From Flex's forthcoming State of the App-Based Economy study, multi-platform earning is the dominant pattern, and a growing share of earners now rely on platforms without a traditional W-2 backstop.



Three-quarters (77%) of ever-earned workers have earned on two or more apps during a work period in 2026. 63% of current earners hold a W-2 job alongside platform work, on par with 66% in 2023, while 22% derive over half their personal income from platforms.

5. In general, the gas relief programs are applicable only to drivers who use the credit or debit cards, or preferred cash back programs to pay for gas. Does that structure end up offsetting the cost of these programs for your member companies?

Response: The structure of any given program reflects individual company decisions about program design, accessibility, and cost management.

Rep. Derek T. Tran

1. Millions of Americans use gig platforms every day for rides, food delivery, and furniture assembly. But we've seen serious safety failures, including sexual assault cases. What standard background checks do your member companies require?

Response: All companies hold safety as the top priority and are continually working to update and enhance safety features for both independent workers and consumers. Background checks are the standard for any company whose contractors interact with the public. App-based platform companies use third party vendors to conduct these background checks and screen potential independent workers.

2. Are those background checks continuous or just one-time screenings?

Response: While there is an initial screening, member companies do continuous checks and updates, though they vary by company and circumstances. Here is a representative example:

“Prospective drivers must undergo a multi-step safety screen that checks for issues including, but not limited to, impaired driving and criminal offenses. The time period covered by Uber’s background checks is at least seven years of criminal charges and convictions, and in many cities and states, charges or convictions from the entire adult history of the driver depending on applicable local law... We developed technology to watch for new criminal charges or convictions, which we obtain on an ongoing basis through our trusted and accredited background check vendors. Whenever a disqualifying charge or conviction appears, the driver’s access to their Uber account is removed.... Uber reruns driving and criminal history checks at least every year to ensure that drivers continue to meet our standards... Drivers are periodically asked to take a live photograph of themselves, which we match against their on-file identification to help make sure the right driver is behind the wheel... Uber reviews all reports submitted to our Support team. Not following any of our guidelines may result in the loss of access to your Uber accounts.”⁹

3. We've seen cases where individuals credibly accused of misconduct were able to continue working or simply join a different platform. That is deeply troubling. What systems are in place across your member companies to flag and remove bad actors, and to prevent them from simply moving between platforms?

Response: Every situation is different so I can’t speak to specific cases that are unique to individual companies. The safety of drivers and consumers is critically important to our industry, and each member company strives to respond appropriately, compassionately and legally as difficult situations arise.

⁹ Uber, *How Driver Screenings Work*, <https://www.uber.com/us/en/ride/safety/driver-screening/>.



4. According to the Government Accountability Office, there is not a standard industry-wide definition when physical or sexual assaults are committed against drivers and passengers of ridesharing and taxis services, making it difficult to publicly report and study this problem. Do you believe there should be an industry-wide definition for physical or sexual assaults? Please explain.

Response: First and foremost, the safety and security of riders and drivers is paramount. Even one incident of physical or sexual assault is unacceptable, and our industry is committed to continually strengthening safety and security measures. Existing legal definitions provide a framework for identifying and addressing criminal conduct. Our industry remains open to working with you on ways to improve safety, transparency, and reporting. We will continue investing in technology, policies, and partnerships designed to prevent unsafe situations, detect risks earlier, and respond appropriately when incidents occur.

Questions for the Record

**Hearing: “Independent Work, Real Opportunity:
The Gig Economy and the Future of Entrepreneurship”**

House Committee on Small Business

April 21, 2026

**Questions from Rep. Nydia M. Velázquez, Ranking Member, to Ms. Rosa Thurnher,
Owner, El Ponce Restaurant**

1. When you need to contact app-based companies about technical glitches or delivery issues, how effectively do their customer service divisions work to prevent unnecessary damage to your brand and your bottom line?

Customer service from app-based delivery platforms is frequently inconsistent and difficult to navigate, particularly for independent restaurants that lack dedicated account managers or direct lines to decision-makers. In most cases, we are communicating through automated ticketing systems or outsourced support teams with limited authority and no real ability to resolve issues quickly or meaningfully.

When errors occur — whether a driver mishandles food, a delivery arrives significantly late, items go missing due to app glitches, or orders are routed incorrectly — the customer's first instinct is to hold the restaurant responsible. This is true even when the failure occurred entirely outside of our control, after the food left our kitchen in perfect condition. The result is negative reviews, lost trust, and reduced repeat business, all of which have lasting consequences that a simple refund cannot undo.

Independent restaurants operate on very slim margins, typically between 3 and 9 percent net profit. Even a modest number of unresolved platform-related incidents can have a disproportionate financial impact. While platforms occasionally provide credits or partial refunds, restaurants are rarely made whole in a timely or complete way when the fault lies with the platform or its logistics. The cost is instead absorbed by the restaurant in the form of food remakes, customer refunds, additional labor, wasted ingredients, and long-term reputational harm.

For a small independent restaurant with meaningful delivery volume, these losses can easily total hundreds to thousands of dollars per month. Over the course of a year, that is a significant and largely invisible tax on our business — one that does not appear in any platform fee structure but is very real on our profit and loss statement.

2. Have app-based restaurant delivery platforms expanded or improved the services they offer your business? If so, does your business find enough value in these additional services to justify the associated fees and costs?

Delivery platforms have expanded their offerings over time. In addition to core order logistics, many now provide marketing tools, sponsored placement in search results, customer analytics dashboards, loyalty program integrations, and broader delivery radius options. These tools can provide genuine value, particularly in helping independent restaurants reach customers beyond their immediate geographic area or during periods of high off-premise dining demand.

That said, nearly every one of these additional services carries an additional cost — and those costs compound quickly. Commission fees typically range from 15 to 30 percent per order, and when you layer on marketing fees for better placement, payment processing fees, promotional discounts that platforms require or strongly incentivize, and packaging adjustments for delivery, the economics become very difficult for small operators to justify.

The value proposition looks very different for an independent restaurant than it does for a national chain. Large operators have negotiating leverage, dedicated platform representatives, and the operational scale to absorb unfavorable terms. Independent restaurants generally do not. And yet the fee structures are often not meaningfully different.

What compounds this further is the pressure to participate. In many markets, consumers now default to platform apps when searching for a place to order from. Restaurants that are not present — or not prominently featured — risk being effectively invisible to a growing segment of potential customers. That dynamic means many restaurants are not choosing to participate so much as concluding that they cannot afford not to.

These platforms can be genuinely useful tools. But for them to function as true partners to independent restaurants, the fee structures, placement algorithms, and terms of service need to reflect a more balanced relationship — one that does not push the majority of financial risk onto the businesses with the least leverage.

3. Is there anything else you would like to add to the record?

Independent restaurants are not simply vendors on a platform. We are employers, community anchors, and small businesses that make long-term investments in our neighborhoods, our staff, and our guests. Many of us carry significant personal financial risk, operate with lean teams, and run on margins that leave very little room for error or exploitation.

We are subject to rigorous regulatory standards — food safety certifications, health department inspections, local licensing, workers' compensation, liability insurance, accessibility compliance, and more. These are not optional. They are the cost of operating responsibly, and we take them seriously.

Delivery platforms, by contrast, have become deeply embedded in the restaurant ecosystem without always being subject to equivalent levels of transparency, accountability, or consumer protection obligations. They influence how restaurants are discovered, how orders are fulfilled, how prices are perceived, and how disputes are resolved — yet independent restaurants have very little visibility into or recourse within those systems.

I am not asking for these platforms to be penalized. I am asking for a more level and transparent playing field. Specifically, I believe there is meaningful room for policy that requires clearer fee disclosures, mandates sharing of customer data with the restaurants that earned those customers, establishes fair and accessible dispute resolution processes, and holds platforms to accountability standards commensurate with the role they play in the food supply chain and small business ecosystem. Independent restaurants should be able to compete, grow, and thrive — not simply survive on whatever terms a platform chooses to offer.

Questions from Rep. Derek T. Tran to Ms. Rosa Thurnher, Owner, El Ponce Restaurant

1. Restaurant owners in California and many other states must invest heavily in hiring, training, and compliance to keep customers safe. You mentioned that "there should be more screenings" for these apps. Do you believe gig platforms are being held to the same standard as small businesses like yours?

No — not even close.

Independent restaurants are accountable at every level. We are inspected by health departments on a regular basis. We train staff on food safety protocols, sanitation, allergen awareness, and proper handling procedures. We carry workers' compensation and general liability insurance. We comply with federal, state, and local labor laws. We are licensed, permitted, and subject to closure if we fall short. That accountability is continuous and non-negotiable.

Delivery drivers, by contrast, are often the final point of contact between a restaurant's food and the customer — and they play a significant role in the quality, safety, and presentation of what arrives at someone's door. Yet restaurants typically have no visibility whatsoever into how drivers are screened, what — if any — food handling training they receive, or how performance or conduct issues are addressed by the platform.

When something goes wrong during delivery, the restaurant's reputation is almost always the first casualty. A customer who receives a cold, spilled, or tampered-with order is unlikely to blame the logistics network — they are going to blame the name on the bag. That is deeply unfair when the restaurant had no control over what happened after the food left the kitchen in perfect condition.

I believe platforms that operate at this scale and with this level of influence over customer experience should be held to a higher and more transparent standard — particularly around driver screening and background checks, food safety handling expectations during transport,

clear and accessible dispute resolution for restaurants, and liability frameworks that more accurately reflect where failures actually occur. Right now, small businesses are absorbing consequences for failures they did not cause and cannot prevent. That needs to change.



Jason Stverak
Chief Advocacy Officer

1627 Eye St, NW
Suite 935
Washington, DC 20006
202.734.5007
www.d cuc.org

April 20, 2026

The Honorable Roger Williams
Chairman
House Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Nydia Velázquez
Ranking Member
House Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Williams and Ranking Member Velázquez:

On behalf of the Defense Credit Union Council (DCUC) and the defense credit unions we represent, I write in advance of your hearing entitled “**Independent Work, Real Opportunity: The Gig Economy and the Future of Entrepreneurship**” to highlight a critical and persistent challenge facing our nation’s veterans: access to capital to start, sustain, and scale small businesses in today’s evolving economy.

Veterans are uniquely positioned to succeed in entrepreneurship. They bring leadership, discipline, and mission-oriented focus developed through service. Yet despite these strengths, they face disproportionate barriers when attempting to access the capital necessary to launch or grow a business.

These barriers are structural and persistent. Many veterans transition to civilian life without established business credit profiles or with credit histories disrupted by frequent deployments and relocations. Others lack traditional collateral due to years of military mobility. For those entering entrepreneurship immediately after service, there is often a gap in stable income history—something traditional underwriting models heavily rely upon. As a result, even highly capable veteran entrepreneurs are frequently denied access to affordable financing or pushed toward higher-cost alternatives.

These challenges are further intensified by the rapid growth of the **gig economy and independent work models**. Increasingly, veterans are pursuing entrepreneurship through flexible, non-traditional pathways, whether through contracting, logistics, rideshare, consulting, or digital platforms. While these opportunities align well with military skillsets, they also expose a fundamental mismatch in the financial system.

Traditional lending frameworks are not designed for **non-linear income streams, short operating histories, or platform-based earnings**. Veterans participating in the gig economy often cannot demonstrate the predictable income patterns required by conventional lenders, even when their earning potential and business viability are strong. This disconnect leaves many veteran entrepreneurs underserved at precisely the moment they are attempting to build financial independence.

At the same time, veteran participation in small business ownership has declined in recent years—driven in part by these persistent capital constraints. This is not a lack of ambition. It is a failure of policy to keep pace with the realities of today’s economy.

Credit unions—particularly those serving military and veteran communities—are uniquely equipped to bridge this gap. They understand the financial realities of servicemembers and specialize in relationship-based lending that evaluates the full picture of a borrower—not just rigid metrics.

Serving Those Who Serve Our Country

However, outdated federal policy continues to limit their ability to meet this need.

Under current law, federally chartered credit unions are subject to a statutory Member Business Lending (MBL) cap of 12.25 percent of assets, regardless of institutional strength or borrower creditworthiness. This arbitrary limit forces credit unions to turn away qualified veteran entrepreneurs, not because of risk, but because of an outdated ceiling that fails to reflect modern economic conditions.

DCUC has consistently raised this issue in prior communications to Congress and this Committee. The MBL cap is not merely a regulatory constraint, it is a direct barrier preventing veteran entrepreneurs from accessing responsible, affordable credit.

That is why DCUC strongly urges the Committee to advance the bipartisan **Veterans Member Business Loan Act (H.R. 507 / S. 110)**.

This legislation provides a targeted, commonsense solution by exempting loans made to veteran-owned small businesses from the MBL cap while maintaining all existing safety and soundness standards. It requires no taxpayer funding and creates no new federal programs. Instead, it allows credit unions to deploy their own capital to meet the needs of veteran entrepreneurs particularly those operating in the gig economy and other emerging sectors of independent work.

Importantly, this effort is not being advanced by DCUC alone. **The American Legion, one of the nation's most respected voices for veterans, has strongly supported this legislation**, recognizing its importance in expanding economic opportunity and reducing barriers for those who have served. This broad-based support underscores the real-world impact and urgency of this policy solution.

The impact of this reform would be immediate and meaningful:

- Expanded access to affordable capital for veteran entrepreneurs
- Greater participation in the gig economy and modern business models
- Increased economic mobility for transitioning servicemembers
- Stronger local economies through job creation and growth

Empowering veterans to succeed in entrepreneurship—whether through traditional small businesses or independent work—is both sound economic policy and a moral obligation. Those who served our nation should not face outdated and unnecessary barriers when pursuing opportunity in the civilian economy.

DCUC and our member credit unions stand ready to do more. We have the capital, the expertise, and the commitment to serve—but we need Congress to remove the constraints that limit our ability to act.

We respectfully urge the Committee to use this hearing to highlight these challenges and advance practical, bipartisan solutions like the Veterans Member Business Loan Act.

Thank you for your leadership and continued focus on supporting America's veteran entrepreneurs.

If you have any questions or would like additional information, please contact me at Jason.Stverak@dcuc.org or 202.557.8528.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC



April 21, 2026

The Honorable Roger Williams
Chair
House Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Nydia Velázquez
Ranking Member
House Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Williams, Ranking Member Velázquez and Members of the U.S. House Committee on Small Business:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 67 chapters representing 24,000 members, I thank you for holding today's hearing, "[Independent Work, Real Opportunity: The Gig Economy and the Future of Entrepreneurship](#)." ABC appreciates the committee's focus on the vital role independent contractors play in industries around the country.

The independent contractor model is essential to the construction industry. It creates entrepreneurial opportunities for the workforce, rewards contractors that offer specialized skills and helps bring stability to an industry that regularly experiences fluctuations in workforce and project demand. Large and small contractors alike rely on independent contractors to help deliver construction projects safely, on time and on budget for both government and private customers.

ABC strongly supports the U.S. Department of Labor's proposed rule to rescind the Biden-era 2024 Employee or Independent Contractor Classification Under the Fair Labor Standards Act final rule and replace it with a more practical, commonsense framework similar to the 2021 final rule. The 2024 rule established an ambiguous and difficult-to-interpret standard for determining independent contractor status. Its multifactor test leaves employers and workers guessing which factors carry the greatest weight, creating uncertainty across the industry.

Rather than promoting economic growth or protecting legitimate independent contractors, the 2024 rule has led to confusion and increased the risk of expensive, time-consuming and unnecessary litigation. This uncertainty harms businesses and workers by making it harder to determine who properly qualifies as an independent contractor.

By contrast, DOL's new proposal would simplify and clarify the standard for determining when a worker is an independent contractor versus an employee under the FLSA. A clearer, more predictable framework would better protect legitimate independent contractors, reduce avoidable disputes and allow construction businesses to continue meeting workforce needs efficiently while preserving important opportunities for skilled, entrepreneurial workers. ABC appreciates the DOL's effort to restore clarity and fairness to this issue and looks forward to providing comments on the proposed rule.

We thank you for shining light on this important issue and remain committed to defending the rights of legitimate independent contractors who power the construction industry.

Sincerely,

Kristen Swearingen
Vice President, Government Affairs

440 First St., N.W., Suite 200 | Washington, DC 20001 | (202) 595-1505 | abc.org

**Economic
Policy
Institute**

Misclassifying workers as independent contractors is costly for workers and social insurance systems

Report • By Ismael Cid-Martinez, Nina Mast, Margaret Poydock, and Valerie Wilson • April 15, 2026

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Key findings:

- This analysis estimates the cost to workers of being misclassified as an independent contractor for 11 commonly misclassified jobs. We find, for example, that a typical construction worker misclassified as an independent contractor would lose as much as \$20,399 in annual income and job benefits compared with what they would have earned as an employee. A typical truck driver, if misclassified as an independent contractor, would lose as much as \$23,266 annually.
- Lost compensation due to misclassification varies by state. Estimated annual per-worker costs in lost compensation are as high as \$31,326 for truck drivers in New Jersey. On average, misclassified workers stand to lose more in higher-wage states and occupations because W-2 earnings are greater, but losses are substantial in all states.
- Misclassification can happen in any occupation. However, because of occupational segregation and other labor market disparities, people of color, women, and immigrants—and people at the intersections of these categories—are more likely to be in occupations where misclassification is common, like most of the 11 occupations analyzed in this report.
- Misclassification shifts the full burden of social insurance—like Social Security and Medicare—to workers, while also reducing the total revenues received by the social insurance system. We estimate that social insurance systems can lose up to roughly 30% of per-worker revenue when workers are misclassified as independent contractors.
- In 2025 and 2026, lawmakers in at least 12 states proposed or passed legislation to address worker misclassification. Most recent state efforts have focused on increasing accountability of employers that misclassify workers, bolstering remedies for workers subject to illegal misclassification, and strengthening enforcement capacity.

What is misclassification?

The type of misclassification addressed in this report occurs when an employer wrongly classifies an employee as an independent contractor. The problem of workers being misclassified as independent contractors is pervasive and widespread. An analysis from the National Employment Law Project focusing on state-level reports on misclassification estimated that as many as 10–30% of employers misclassify their workers.¹

The way a worker is classified has serious implications for their labor rights and economic

security. Federal, state, and local labor laws provide extensive protections for employees that are not available to independent contractors. For example:

- When a worker is misclassified as an independent contractor, they are stripped of minimum wage and overtime protections.
- These misclassified workers are no longer eligible for unemployment insurance or workers' compensation.
- They do not qualify for paid sick or family leave, even in places where those benefits are statutorily prescribed for employees, and they are extremely unlikely to receive employer-provided health insurance or retirement benefits.
- They are no longer protected by the National Labor Relations Act, which ensures workers' rights to form unions and bargain collectively to improve their working conditions.
- In most states, misclassified workers are not covered by anti-discrimination and sexual harassment protections.²
- Workers misclassified as independent contractors also must assume the full financial cost of Social Security and Medicare contributions, rather than split it evenly with their employer.

Losing these benefits and protections leaves independent contractors in a far more vulnerable position than employees when it comes to their basic rights on the job. Employers have argued that many workers prefer being classified as independent contractors because they value "flexibility" over fundamental labor rights. But this so-called flexibility is often illusory, given the degree of control many employers retain over workers and their schedules.³

Misclassification remains pervasive in part because its costs to individual workers can be hard to quantify and thus easy to obscure. Prior research has estimated the costs of misclassification by quantifying the number of workers misclassified; the amount of wage theft experienced by misclassified workers; and the loss in federal and state tax revenues resulting from employers not paying payroll taxes and workers' compensation insurance.⁴ This report presents estimates of two types of costs caused by misclassification for 11 commonly misclassified occupations:

1. What workers lose when they are misclassified—that is, the difference in the value of a job to a worker if the worker is classified as an independent contractor rather than as an employee; and
2. What social insurance funds lose when workers are misclassified—that is, the difference in payments to social insurance funds if a worker is classified as an independent contractor rather than as an employee.

Misclassification can happen to any worker. However, because of occupational segregation and other labor market disparities, people of color, women, and immigrants—and people at the intersections of these categories—are more likely to be in occupations where misclassification is common, such as most of the 11 occupations

investigated in this analysis (see **Appendix Table 1**). Any policy conversations about worker classification status should center these types of occupations, as workers classified as independent contractors in these occupations are often not genuine independent contractors with full control over their work conditions and are more likely to be exposed to the harms of reduced earnings and loss of labor protections.

The cost to workers

Table 1 presents estimates of the cost to workers of being misclassified as an independent contractor for 11 occupations that are highly prone to misclassification.⁵

For example, when classified as an employee, the typical construction worker had annual earnings of \$58,360 in 2025 (column 1, top row of Table 1). This includes the average value of supplemental pay—overtime, shift differentials, and paid time off. When we also include the value of health insurance and retirement plans and subtract the worker contribution to Social Security and Medicare, the full value of the job to the worker when classified as an employee rises to \$62,567 (column 2, top row). But when the typical construction worker is misclassified as an independent contractor—and therefore loses access to legal protections, supplemental pay, and employer contributions to Social Security and Medicare—we estimate that the value of that job falls to between \$42,169 and \$49,382 (columns 3 and 4, top row). That estimated range depends on the assumptions we make about the degree to which the employer increases the base pay of independent contractors, if at all, to offset the fact that the worker does not have access to many rights and benefits.

The estimates in columns 3 and 4 are based on two scenarios, described below, that together define the endpoints of this range and establish plausible estimates of the cost of misclassification to workers. It should be noted, however, that this range is conservative because it does not account for the loss independent contractors face of many rights associated with being an employee—for example, it excludes the impact of the loss of rights guaranteed by the National Labor Relations Act, such as the right to union representation.

In both scenarios, we assume that the worker—if classified as an independent contractor—receives the full regular pay of a W-2 employee but does not receive supplemental pay (like overtime or paid time off), must pay the full combined employer and employee contribution to Social Security and Medicare (15.3% of earnings), and must cover paperwork costs like invoicing, bookkeeping, and small business tax filings.

Scenario 1: No compensation for health and retirement benefits

In the first scenario, we assume employers do not compensate independent contractors for the value of health insurance and retirement benefits. This generates our low estimate

of the value to workers of independent contractor jobs—along with the *high* estimate of the cost to workers of independent contractor jobs—in Table 1.

Under this assumption, we conservatively estimate the net value of a construction job done as an independent contractor falls to \$42,169 per year. This is \$20,399—or 32.6%—less than if that worker were a W-2 employee (\$62,567 in column 2). Notably, misclassified truck drivers also see a massive decline in net value of the job. As a W-2 employee, a truck driving job is worth \$64,474, while an independent contractor receiving the same wage, but no supplemental pay or benefits, earns \$41,208, which is \$23,266 less.

Scenario 2: Full compensation for health and retirement benefits

In the second scenario, we assume employers fully compensate independent contractors for the value of health insurance and retirement benefits. This generates our high estimate of the value to workers of independent contractor jobs, along with the low estimate of the cost to workers of independent contractor jobs, in Table 1.

Access to these benefits increases the annual earnings of an independent contractor, but not to the level of a W-2 employee. For a construction worker, the net value of the job as an independent contractor is only \$49,382, or more than \$13,000 below the net value of the same job done as an employee. For a truck driver, the switch to independent contractor status would cost \$13,760.

Table 1 also shows estimates for nine other occupations with lower annual earnings than construction workers and truck drivers. As W-2 employees, these workers had median annual earnings between \$33,690 and \$44,140. Under the estimates in scenario 1 (no compensation for health and retirement benefits), being misclassified as an independent contractor would cost between \$8,858 (retail sales workers) and \$17,939 (light truck delivery drivers). Under scenario 2 (full compensation for health and retirement benefits), the costs would be \$6,294 and \$10,634, respectively.

Mapping cost to workers by state

See [fact sheets by state](#).

Because worker pay varies meaningfully across states, we also estimate the cost of misclassification to workers by state. We follow the same methodology we used for our national-level estimates but incorporate state-level data where available.

Figure A maps the financial penalty that workers face when wrongfully misclassified as independent contractors. This figure uses estimates from scenario 1, where we assume employers do not compensate independent contractors for health and retirement benefits.

Table 1

Summary of range of costs to workers of independent contractor status, by representative occupations, 2025 dollars

	Median annual W-2 earnings	Value to worker, as employee	Range of value to worker of job as independent contractor		Range of cost to worker of independent contractor status	
			Low estimate	High estimate	Low estimate of cost to worker	High estimate of cost to worker
Occupations	(1)	(2)	(3)	(4)	(5)	(6)
Construction workers	\$58,360	\$62,567	\$42,169	\$49,382	\$13,186	\$20,399
Truck drivers	\$57,440	\$64,474	\$41,208	\$50,713	\$13,760	\$23,266
Janitors and cleaners	\$35,930	\$36,503	\$26,148	\$28,911	\$7,592	\$10,355
Home health and personal care aides	\$34,900	\$36,130	\$25,167	\$28,411	\$7,719	\$10,963
Retail sales workers	\$33,690	\$34,195	\$25,337	\$27,901	\$6,294	\$8,858
Housekeeping cleaners	\$34,660	\$35,213	\$25,215	\$27,880	\$7,333	\$9,999
Landscaping workers	\$38,090	\$38,698	\$27,736	\$30,665	\$8,033	\$10,962
Customer service reps/call center workers	\$42,830	\$43,514	\$31,219	\$34,513	\$9,000	\$12,294
Security guards	\$38,370	\$38,982	\$27,941	\$30,892	\$8,090	\$11,041
Light truck delivery drivers	\$44,140	\$49,545	\$31,606	\$38,911	\$10,634	\$17,939
Manicurists and pedicurists	\$34,660	\$36,133	\$25,647	\$29,077	\$7,056	\$10,486

Economic Policy Institute

Notes: The low estimate of the value to worker of job as an independent contractor is calculated as the occupation's median annual earnings via regular pay, which excludes supplemental pay, paid leave, and employer contributions to health insurance and retirement plans. The high estimate is calculated as regular pay plus the dollar value of employer contributions to health insurance and retirement plans. Some differences may not be exact due to rounding.

Source: Economic Policy Institute analysis of data from the Bureau of Labor Statistics' (BLS) National Compensation Survey's Employer Costs for Employee Compensation data and the BLS' Occupational Employment and Wage Statistics data.

(See **Appendix Table 2** and **Appendix Table 3** for a detailed breakdown of costs to

workers by occupation and state for independent contractors with and without compensation for health and retirement benefits.)

The cost of misclassification ranges from \$5,774 annually for housekeeping cleaners in Mississippi to \$31,326 for truck drivers in New Jersey. This range of estimates reflects the fact that misclassified workers stand to lose more in higher-wage states and occupations where the W-2 earnings of employees are greater. Even so, losses are substantial across all states.

The cost to social insurance

Social insurance consists of government programs funded by dedicated payroll taxes paid by workers and/or employers, which entitle workers to benefits when they experience qualifying events—such as reaching retirement age (Social Security and Medicare), being laid off (unemployment insurance), or being injured on the job (workers' compensation). When a worker is misclassified as an independent contractor, the entire cost of Social Security and Medicare contributions is shifted to the worker.⁶ Misclassification also renders workers ineligible for participation in state and federal unemployment insurance and workers' compensation programs.

Misclassification does not just shift the full burden of social insurance to workers—it also reduces the total revenues received by the social insurance system. This occurs for several reasons. First, unemployment insurance and workers' compensation systems receive no contributions from independent contractors—though it is worth noting that this in no way ensures that these workers will not need to rely on public safety net programs if they are laid off or injured on the job. Second, independent contractors in the occupations we analyze may earn less than they would as employees, because, for example, they are no longer legally entitled to the minimum wage, overtime protections, and are highly unlikely to receive any paid time off. Because Social Security contributions are a percentage of earnings (and the taxable maximum is not binding in these occupations), lower pay translates directly into lower contributions.

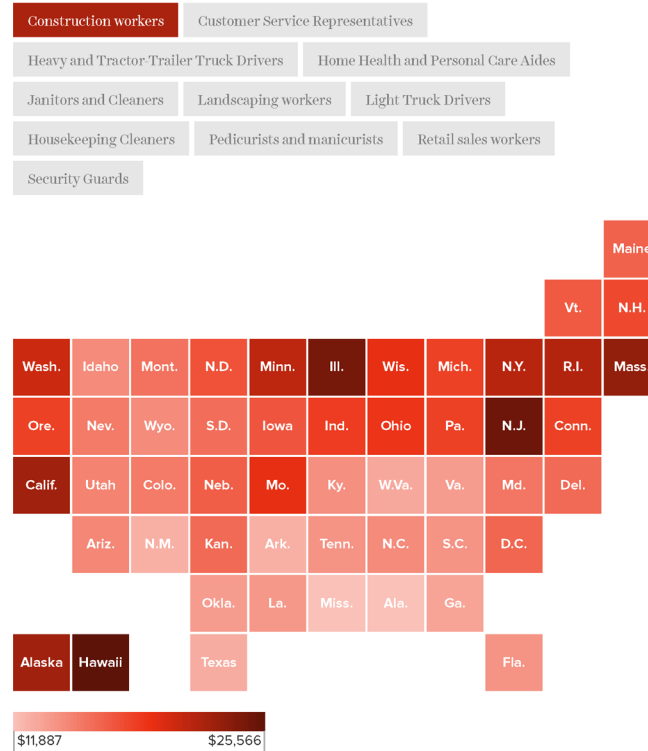
Table 2 illustrates the impact of worker misclassification on payments to social insurance funds in the 11 occupations analyzed above. For example, the typical construction worker classified as an employee and their employer jointly contributed a total of \$10,663 toward these social insurance programs in 2025. When misclassified as an independent contractor, total payments toward social insurance programs fall to between \$7,617 and \$8,920 per construction worker (using the same two scenarios described above). This represents a decline in social insurance revenues between \$1,743 and \$3,046 per construction worker per year.

Under our scenario 1 assumptions (where employers do not increase pay to compensate independent contractors for their lack of employer-provided health and retirement benefits), total contributions to social insurance fall from between 21% (\$1,220) for manicurists/pedicurists and 29% (\$3,046) for construction workers. Under our scenario 2 assumptions (where employers increase pay enough to fully compensate independent

Figure A

Wrongful misclassification costs workers thousands of dollars per year

Median per-worker cost of being misclassified as an independent contractor, by occupation and state, 2025 dollars



Economic Policy Institute

Note: Estimates represent the difference between a value job to a W-2 employee compared with an independent contractor when an independent contractor receives no compensation for health and retirement benefits.

Source: EPI analysis of data from the Bureau of Labor Statistics' Employer Cost for Employee Compensation 2025Q4 and Occupational Employment and Wage Statistics Research Estimates by State and Industry May 2024 data.

contractors for health and retirement benefits), payments to social insurance drop by

somewhat less—10% (\$601) for manicurists/pedicurists and 16% (\$1,743) for construction workers—due to the higher base pay.

Mapping the cost to social insurance funds by state

Expanding this methodology to states reveals how misclassification deprives social insurance funds of crucial dollars needed to maintain crucial programs, such as unemployment insurance and workers' compensation. **Figure B** maps the difference in contributions to social insurance funds between W-2 employees and independent contractors under scenario 1, where we assume employers do not compensate independent contractors for health and retirement benefits. The median cost to social insurance funds ranges from \$654 per person annually for housekeeping cleaners in Mississippi to \$4,008 for construction workers in Hawaii. See **Appendix Table 4** and **Appendix Table 5** for a detailed breakdown of costs to social insurance funds by occupation and state for the full range of estimates for independent contractors with and without compensation for health and retirement benefits.

Recent state and federal policy changes

Strong statutory language, like the ABC test, provides the legal foundation for identifying misclassification

Given the high stakes of misclassification for workers' access to fundamental rights and protections, embedding strong legal definitions in state and federal law is fundamental to ensuring that employees are not improperly classified as independent contractors.

The ABC test is the strongest, most protective test for determining employee status. The test establishes a presumption that an individual performing services for an employer is an employee—not an independent contractor—unless the employer can establish three factors:

1. The work is done without the direction and control of the employer;
2. The work is performed outside the usual course of the employer's business; and
3. The work is done by someone who has their own, independent business or trade doing that kind of work.

The ABC test differs from other "tests" of employee status such as the National Labor Relations Act (NLRA) "common law" test and the Fair Labor Standards Act (FLSA) "economic realities" test because the ABC test shifts the presumption to one of employee status, places the burden on the employer to prove independent contractor status, and provides a clear, narrow definition of independent contractor status. In turn, this

Table 2

Summary of range of losses to social insurance of independent contractor status, by representative occupations, 2025 dollars

Occupations	Median annual w-2 earnings	Total employer and employee contributions to social insurance, employee status	Total contributions to social insurance, independent contractor status		Total cost to social insurance programs of independent contractor status	
			Low estimate	High estimate	Low estimate	High estimate
Construction workers	\$58,360.00	\$10,662.95	\$7,617.24	\$8,920.18	\$1,742.78	\$3,045.71
Truck drivers	\$57,440.00	\$10,160.69	\$7,443.76	\$9,160.76	\$999.93	\$2,716.93
Janitors and cleaners	\$35,930.00	\$6,156.54	\$4,723.31	\$5,222.44	\$934.10	\$1,433.23
Home health and personal care aides	\$34,900.00	\$5,926.34	\$4,546.14	\$5,132.14	\$794.21	\$1,380.20
Retail sales workers	\$33,690.00	\$5,902.26	\$4,576.84	\$5,039.91	\$862.35	\$1,325.41
Housekeeping cleaners	\$34,660.00	\$5,938.93	\$4,554.70	\$5,036.19	\$902.74	\$1,384.23
Landscaping and groundskeeping workers	\$38,090.00	\$6,526.65	\$5,010.09	\$5,539.22	\$987.43	\$1,516.57
Customer service representatives	\$42,830.00	\$7,338.84	\$5,639.40	\$6,234.38	\$1,104.46	\$1,699.45
Security guards	\$38,370.00	\$6,574.63	\$5,047.26	\$5,580.29	\$994.34	\$1,527.37
Light truck drivers	\$44,140.00	\$7,808.02	\$5,709.31	\$7,028.75	\$779.27	\$2,098.71
Manicurists and pedicurists	\$34,660.00	\$5,852.93	\$4,632.79	\$5,252.41	\$600.51	\$1,220.14

Economic Policy Institute

Notes: The low estimate of the value to worker of job as an independent contractor is calculated as the occupation's median annual earnings via regular pay, which excludes supplemental pay, paid leave, and employer contributions to health insurance and retirement plans. The high estimate is calculated as regular pay plus the dollar value of employer contributions to health insurance and retirement plans. Some differences may not be exact due to rounding. For further details, see "Heidi Shierholz, 'EPI comments on independent contractor status under the Fair Labor Standards Act,'" October 26, 2020.

Source: Economic Policy Institute analysis of data from the Bureau of Labor Statistics' (BLS) National Compensation Survey's Employer Costs for Employee Compensation data and the BLS' Occupational

Table 2
(cont.) | Employment and Wage Statistics data.

reduces the likelihood that workers are misclassified and lose protections they should be guaranteed under the law as employees.

The strength of frameworks used to determine employee status is highly varied across states. At least 18 states and the District of Columbia currently use the ABC test for determining employee status for certain workplace laws. Some states have taken action recently. In addition to pursuing strong, innovative enforcement strategies to combat misclassification, New Jersey's labor department proposed a new administrative rule in 2025 to codify into state law the agency's existing ABC test for preventing independent contractor misclassification (the rule has since been paused). This year, a West Virginia bill proposed establishing a new ABC test into state law.

However, the number of states with ABC tests has decreased in the past decade, with some states weakening or repealing their statutory definitions as a result of lobbying efforts by digital platform companies (e.g. Uber) and other industries whose business models depend on designating large numbers of workers as "independent contractors." While most states with ABC tests apply them to determine workers' eligibility for unemployment insurance benefits, only a few states apply them to wage and hour standards like the minimum wage and overtime compensation, and some states have them in place only for workers in certain occupations.

Strong enforcement mechanisms allow lawmakers to protect workers and hold employers accountable

While strong legal tests provide a basis for determining whether an employee has been misclassified as an independent contractor, they must be paired with strong enforcement mechanisms to uphold workers' rights and deter employers from violating the law. Many states are taking steps to strengthen enforcement. In 2025 and 2026, lawmakers in at least 12 states proposed or passed legislation to address worker misclassification. For example, Delaware passed a law in 2025 to hold contractors liable when their subcontractors misclassify workers, Colorado enacted a law to penalize employers that willfully misclassify workers, and Minnesota enacted a law requiring the state labor agency to study the impact of misclassification on workers and state revenue. In 2026, lawmakers in at least eight additional states⁷ have proposed legislation to address worker misclassification, and two states (Virginia and Washington) have sent approved legislation to the governor.

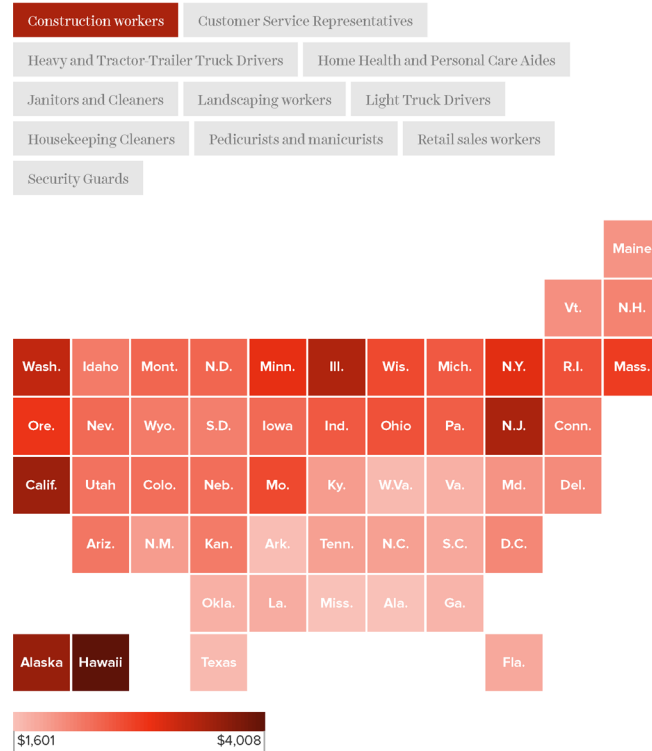
At the same time, attacks also continued in 2026. Bills in several states proposed weakening existing ABC tests and excluding certain occupations from being subject to the tests. Other bills proposed establishing corporate-backed sham "portable benefits" schemes that promise some limited (but often inaccessible) benefits for gig workers while locking them out of full coverage under standard state programs and protections by treating them as "independent contractors."⁸

Strong enforcement is important, and whether a given situation will be subject to

Figure B

Wrongful misclassification robs the social safety net of thousands of dollars per worker, per year

Median per-worker cost of misclassification to social insurance programs, by occupation and state, 2025 dollars



Economic Policy Institute

Notes: Estimates represent the difference in contributions to social insurance funds—Social Security, Medicare, federal and state unemployment insurance, and workers' compensation—between a W-2 employee and an independent contractor when the independent contractor receives no compensation for health and retirement benefits.

Source: EPI analysis of data from the Bureau of Labor Statistics' Employer Cost for Employee Compensation (ECEC) 2025Q4 and Occupational Employment and Wage Statistics (OEWS) Research Estimates by State and Industry May 2024 data.

enforcement depends on the strength of a state's statutory definitions of employment. Both strong legal tests and enforcement are critical to protecting workers from being misclassified.

Policy recommendations

Policymakers at the federal, state, and local levels should act to curb misclassification and enforce the rights to which all workers should be entitled. Unfortunately, federal protections from misclassification are limited, and recent progress to address misclassification has been undermined. For example, the ABC test is not currently part of any federal workplace laws. In 2024, the Department of Labor **finalized a rule** to combat misclassification by adopting a six-factor test to determine worker classification under wage and hour laws. However, the Trump administration stopped enforcing the 2024 rule and **recently** proposed replacing it with a weaker standard. Given federal retrenchment, state lawmakers have an opportunity and responsibility to strengthen existing state standards.

State and federal policymakers should:

- Establish or expand the use of a strong, uniform protective legal test for determining employee status, such as the ABC test;⁹
- Strengthen enforcement and increase penalties to deter the misclassification of workers as independent contractors;
- Pass the Protecting the Right to Organize (PRO) Act,¹⁰ which would make it harder for employers to misclassify employees in order to prevent them from forming a union and bargaining collectively;
- Strengthen enforcement of wage theft and misclassification, and fully fund the federal and state agencies responsible for enforcing workers' wage and hour rights;
- Require employers to provide workers with transparent statements of their employment status and a justification for their classification;
- Extend basic wage and hour protections, workplace health and safety protections, paid sick leave, and other protections to independent contractors to discourage misclassification as a "race to the bottom" for workers' rights; and
- Improve coordination among state and federal tax and labor enforcement agencies by establishing interagency misclassification task forces with dedicated resources and staff and strong co-enforcement partnerships capable of effectively cracking down on misclassification in targeted industries.¹¹

Methodology

Since there are no comprehensive private or public data sources on workers misclassified as independent contractors, we apply a methodology that makes use of available

Table 3

Average compensation profile for construction workers, 2025

Compensation component	Cost per hour worked	Ratio of compensation to pay
Pay (wages, salaries, supplemental pay, vacation, holiday, sick, personal)	\$40.58	100.0%
Wages and salaries	\$35.47	87.4%
Supplemental pay (e.g., overtime)	\$2.52	6.2%
Paid leave (vacation, holiday, sick, personal)	\$2.59	6.4%
Insurance benefits and retirement benefits	\$6.03	14.9%
Legally required benefits (Social Security, Medicare, federal and state unemployment insurance, and workers' compensation)	\$4.31	10.6%
Total compensation	\$50.92	125.5%

Economic Policy Institute

Note: Totals may not sum exactly due to rounding.

Source: Bureau of Labor Statistics, Employer Costs for Employee Compensation, "Table 4. Employer Costs for Employee Compensation for private industry workers by occupational and industry group," December 2025.

employee total compensation and earnings data to estimate the costs of misclassification. For each of the 11 occupations included in our analysis, we begin with the average compensation profile drawn from the Bureau of Labor Statistics' (BLS) Employer Costs for Employee Compensation (ECEC) database. This profile provides a breakdown of average employer costs for employee compensation in the private sector. As an example, **Table 3** presents the average hourly compensation profile for construction workers broken into its component parts. We take the ratio of the individual compensation components to regular pay—which includes wages, salaries, supplemental pay, and paid leave—to estimate the ratio of compensation to pay.

Next, we apply the ratios of total compensation to pay to median annual earnings obtained from the BLS' Occupational Employment and Wage Statistics data (OEWS). This gives us estimates of the regular pay, supplemental pay, paid leave, and insurance and retirement benefits for a W-2 employee. We then calculate the net value to the worker as an employee based on the sum of all pay, paid leave, insurance and benefits, minus Social Security and Medicare taxes.

From here, we model two possible ways that the value of a job to a worker can change if the employee is misclassified as an independent contractor. In both scenarios, we assume that the worker, if classified as an independent contractor, receives the full regular pay of a W-2 employee, does not receive supplemental pay (like overtime or paid time off), must pay the full employer and employee contribution to Social Security and Medicare (15.3% of earnings), and must cover paperwork costs like invoicing, bookkeeping, and small business tax filings. We calculate paperwork costs by updating the methodology used in

2020 comments on independent contractor status under the Fair Labor Standards Act.¹² The difference in the two scenarios is in our assumptions about the degree to which the employer increases the base pay of independent contractors, if at all, to offset the fact that the worker does not have access to many rights and benefits.

1. In the first scenario, we assume employers do not compensate independent contractors for health and retirement benefits. This generates our low estimate of the value to workers of independent contractor jobs—along with the *high* estimate of the cost to workers of independent contractor jobs.
2. In the second scenario, we assume that employers fully compensate independent contractors for the cost of health insurance and retirement benefits that employers would have paid to the same worker working as an employee. This generates our high estimate of the value to workers of independent contractor jobs, along with the low estimate of the cost to workers of independent contractor jobs.

State estimates

Estimates of the cost of misclassification by state and occupational group are produced similarly to national estimates, using compensation data from the BLS' ECEC data and state earnings data from the BLS' OEWS data.

Compensation profiles can be obtained from the ECEC that detail the total hourly cost of compensating a worker, including the share of total compensation derived from regular pay, insurance and retirement benefits, and legally required benefits. A ratio of compensation to pay can be calculated from these profiles by dividing each compensation component by regular pay, as in Table 3.

The ECEC does not have compensation profiles for occupational groups at the state level. They do, however, have compensation profiles for all workers, for all workers by occupation, and for all workers by census division, which we combine to estimate compensation profiles for occupational groups at the census division level. **Table 4** illustrates this procedure using construction workers in New England as an example. First, we create compensation to pay ratios for private-sector workers at the national level, for each occupational group (e.g. construction workers), and for each census division (e.g. New England). Next, we divide the occupation-specific ratio by the national ratio and multiply this quotient by the census division ratio. This yields a unique compensation to pay ratio for New England construction workers, which is then mapped onto all states within this respective census division. This procedure is followed for all occupational groups and census divisions to produce compensation to pay ratios for all 50 states and the District of Columbia.

We apply the state- and occupation-specific compensation to pay ratios to state and occupation median annual earnings obtained from BLS' OEWS data. This gives us estimates of total compensation that comes from regular pay, supplemental pay, paid leave, and insurance and retirement benefits for W-2 employees across all states and occupations.

Table 4

Procedure for creating ECEC compensation to pay ratios for occupational groups, by state

	a	b	c	d
	National (all workers)	Construction workers (nationally)	New England (all workers)	New England construction workers
Compensation component ratio				
Pay (wages, salaries, supplemental pay, vacation, holiday, sick, personal)	100.0%	100.0%	100.0%	100.0%
Wages and salaries	85.7%	87.4%	85.5%	87.9%
Supplemental pay (e.g., overtime)	5.0%	6.2%	3.7%	4.6%
Paid leave (vacation, holiday, sick, personal)	9.3%	6.4%	10.9%	7.5%
Insurance benefits and retirement benefits	13.4%	14.9%	14.9%	16.5%
Legally required benefits (Social Security, Medicare, federal and state unemployment insurance, and workers' compensation)	8.8%	10.6%	8.5%	10.2%
Total compensation	122.3%	125.5%	123.4%	126.7%
			$= (b \div a) \times c$	

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Notes: Pay is calculated as the sum of wages and salaries, supplemental pay, and paid leave; The components of pay are normalized, and forced to equal 100%, by dividing each by their sum. Total compensation is calculated as the wages and salaries, supplemental pay, paid leave, insurance and retirement benefits, and legally required benefits.

Source: EPI analysis Bureau of Labor Statistics' Employer Cost for Employee Compensation (ECEC) 2025Q4 data.

As in the national estimates, the cost of misclassification to both workers and to social insurance funds is calculated by comparing the net value of a job for a W-2 employee with that of an independent contractor under two scenarios: with and without compensation for health and retirement benefits. Appendix Tables 2–5 provide detailed breakdowns of these costs in both net dollar amounts and percentage differences relative to W-2 employees.

Notes

1. National Employment Law Project, *Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries*, October 2020.
2. Meghan Racklin, Molly Weston Williamson, and Dina Bakst, "State Leadership on Anti-Discrimination Protections for Independent Contractors," *Future of Work Blog* (A Better Balance), April 22, 2020.

3. Margaret Poydock, Lynn Rhinehart, and Celine McNicholas, *Flexible Work: What Workers, Especially Low-Wage Workers, Really Want And How Best To Provide It*, Economic Policy Institute, July 2024.
 4. Françoise Carré, *(In)dependent Contractor Misclassification*, Economic Policy Institute, June 2015; Government Accountability Office, *Employee Misclassification: Improved Coordination, Outreach, and Targeting Could Better Ensure Detection and Prevention*, GAO-09-717, August 2009.
 5. For discussions of occupations where workers are particularly vulnerable to misclassification as independent contractors, see Annette Bernhardt, Sarah Thomason, Chris Campos, Allen Prohofsky, Aparna Ramesh, and Jesse Rothstein, *Independent Contracting in California: An Analysis of Trends and Characteristics Using Tax Data*, UC Berkeley Labor Center and California Policy Lab, March 2022; Françoise Carré, *(In)dependent Contractor Misclassification*, Economic Policy Institute, June 2015; National Employment Law Project, *Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries*, October 2020; and Lisa Xu and Mark Erlich, *Economic Consequences of Misclassification in the State of Washington*, Harvard Labor and Worklife Program, December 2019.
 6. When workers are employees, they pay the employee share of Social Security and Medicare (7.65% of W-2 earnings). Their employers also make identical payments to Social Security and Medicare.
 7. Arizona HB 2463, Illinois HB 2794, Iowa HB 2385, Kentucky HB 449, Virginia SB 644, Washington SB 6302, West Virginia HB 4571, and Wisconsin AB 1160.
 8. See, for example, New Jersey A 1184, California SB 527, and Georgia HB 987.
 9. Lynne Rhinehart et al., *Misclassification, the ABC Test, and Employee Status*, Economic Policy Institute, June 2021.
 10. Celine McNicholas, Margaret Poydock, and Lynne Rhinehart, *Why Workers Need the Protecting the Right to Organize Act*, Economic Policy Institute, February 2021.
 11. For more on interagency misclassification task forces, see Rebecca Smith, *Public Task Forces Take on Employee Misclassification: Best Practices* (policy brief), National Employment Law Project, updated August 2020. For more on co-enforcement partnerships, see Janice Fine, Daniel Galvin, Jenn Round, and Hana Sheperd, "Strategic Enforcement and Co-enforcement of U.S. Labor Standards Are Needed to Protect Workers Through the Coronavirus Recession," *Boosting Wages for U.S. Workers in the New Economy* series, Washington Center for Equitable Growth, January 2021.
 12. Heidi Shierholz, "EPI comments on independent contractor status under the Fair Labor Standards Act," comments submitted on behalf of the Economic Policy Institute to Division of Regulations, Legislation, and Interpretation (Wage and Hour Division) Director Amy DeBisschop, October 26, 2020.
- The IRS estimates that business taxpayers spend 13 more hours than nonbusiness taxpayers doing their taxes. If we conservatively assume that independent contractors spend 30 minutes per week on other (non-tax) paperwork costs that they wouldn't have to spend if they were a payroll employee, that, plus the additional 13 hours spent on taxes, is an additional 39 hours of paperwork per year. This is equivalent to 1.8% of pay, or \$880 annually for an independent contractor who earns \$48,887 in regular pay annually.

Additionally, we estimate these paperwork costs as the annual purchase of basic bookkeeping

Appendix
Table 1 **Demographic shares of select occupations, 2025**

Occupation	Total employed (thousands)	Women	White	Black	Hispanic	AAPI	Other race	Immigrant	
								Naturalized US citizen	Not a US citizen
Construction laborers	8,340	4.3%	48.3%	6.3%	42.0%	2.2%	1.2%	8.7%	25.4%
Customer service representatives	2,604	64.8%	51.8%	17.4%	22.6%	7.0%	1.3%	7.2%	5.6%
Driver/sales workers and truck drivers	3,584	7.8%	49.3%	19.5%	25.7%	5.0%	0.5%	12.4%	10.5%
Home health aides	725	86.0%	29.5%	27.8%	28.6%	13.0%	1.2%	25.4%	19.5%
Janitors and building cleaners	2,340	36.2%	43.5%	16.4%	35.6%	3.3%	1.3%	11.5%	21.1%
Landscaping and groundskeeping workers	1,113	7.9%	41.0%	9.4%	47.5%	1.2%	0.9%	7.8%	30.5%
Maids and housekeeping cleaners	1,392	86.4%	29.3%	13.8%	49.8%	5.7%	1.5%	17.5%	38.3%
Manicurists and pedicurists	276	85.0%	12.5%	4.9%	14.6%	67.0%	1.0%	46.2%	22.7%
Personal care aides	1,840	79.7%	38.8%	26.7%	23.1%	9.9%	1.6%	15.9%	11.5%
Retail salespersons	2,665	47.1%	58.9%	13.2%	20.5%	6.4%	1.1%	7.4%	6.8%
Security guards and gambling surveillance officers	964	22.9%	36.1%	35.7%	21.2%	5.4%	1.7%	8.4%	5.8%
All occupations	163,493	47.1%	58.1%	12.6%	20.0%	8.2%	1.1%	9.7%	9.4%

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Notes: AAPI refers to Asian American and Pacific Islander. Race and ethnicity are mutually exclusive (i.e. White non-Hispanic, Black non-Hispanic, Hispanic any race, AAPI non-Hispanic, Other, non-Hispanic).

Source: Authors' analysis of the Current Population Survey Outgoing Rotation Group microdata, EPI Current Population Survey Extracts, Version 2026.311, <https://microdata.epi.org>.

software (\$114 on the lowest end, using FreshBooks, see <https://www.freshbooks.com/pricing>, accessed October 16, 2024), self-employed tax filing software for federal taxes (\$129, using TurboTax, <https://turbotax.intuit.com/personal-taxes/online/live/>, accessed October 16, 2024) and state taxes (\$64, using TurboTax).

Data appendix

Appendix Table 2
The cost of misclassification to workers, low and high estimates, net difference relative to

State	Construction workers		Customer service reps/call center workers		Heavy and tractor-trailer truck drivers		Home health and personal care aides		Janitors and cleaners		Net difference
	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	
Alabama	\$7,941	\$11,887	\$6,818	\$9,077	\$12,624	\$20,768	\$5,035	\$6,944	\$5,643	\$7,495	\$1,452
Alaska	\$14,898	\$22,680	\$8,891	\$11,977	\$15,912	\$26,523	\$8,682	\$12,172	\$8,602	\$11,584	\$2,982
Arizona	\$9,962	\$14,864	\$7,625	\$10,111	\$11,231	\$18,290	\$7,762	\$10,699	\$7,157	\$9,483	\$2,326
Arkansas	\$8,410	\$12,792	\$7,733	\$10,432	\$13,855	\$23,181	\$6,090	\$8,528	\$5,899	\$7,932	\$2,033
California	\$14,798	\$22,526	\$10,339	\$13,946	\$14,955	\$24,914	\$8,703	\$12,201	\$8,203	\$11,041	\$2,838
Colorado	\$10,320	\$15,403	\$9,163	\$12,172	\$13,396	\$21,854	\$8,161	\$11,256	\$7,311	\$9,691	\$2,380
Connecticut	\$11,420	\$18,454	\$9,163	\$12,880	\$14,377	\$25,311	\$8,821	\$12,893	\$7,568	\$10,615	\$3,047
Delaware	\$10,700	\$16,202	\$9,208	\$12,363	\$14,019	\$23,216	\$7,936	\$11,063	\$6,263	\$8,374	\$2,111
District of Columbia	\$10,842	\$16,420	\$9,371	\$12,583	\$15,470	\$25,640	\$8,202	\$11,439	\$7,958	\$10,670	\$2,712
Florida	\$9,459	\$14,304	\$7,619	\$10,211	\$13,797	\$22,846	\$7,361	\$10,253	\$6,279	\$8,396	\$2,117
Georgia	\$8,835	\$13,350	\$7,686	\$10,301	\$13,809	\$22,865	\$6,590	\$9,166	\$6,285	\$8,404	\$2,119
Hawaii	\$16,781	\$25,566	\$8,492	\$11,434	\$14,613	\$24,341	\$8,586	\$12,035	\$6,674	\$8,963	\$2,289
Idaho	\$9,802	\$14,622	\$6,752	\$8,942	\$12,284	\$20,023	\$7,292	\$10,044	\$7,149	\$9,473	\$2,324
Illinois	\$15,505	\$24,535	\$9,110	\$12,667	\$14,704	\$25,673	\$8,308	\$12,069	\$8,064	\$11,199	\$3,135
Indiana	\$11,739	\$18,530	\$7,915	\$10,988	\$15,159	\$26,475	\$7,822	\$11,354	\$7,075	\$9,810	\$2,735
Iowa	\$10,831	\$17,279	\$7,673	\$10,720	\$14,127	\$24,854	\$7,776	\$11,351	\$6,663	\$9,292	\$2,629
Kansas	\$10,281	\$16,391	\$7,859	\$10,982	\$14,791	\$26,033	\$7,627	\$11,131	\$6,569	\$9,159	\$2,590
Kentucky	\$9,597	\$14,398	\$7,044	\$9,382	\$12,794	\$21,050	\$6,410	\$8,874	\$5,993	\$7,967	\$1,974
Louisiana	\$9,159	\$13,946	\$7,202	\$9,708	\$12,013	\$20,072	\$5,246	\$7,328	\$5,799	\$7,796	\$2,000
Maine	\$10,371	\$16,741	\$9,876	\$13,892	\$12,812	\$22,529	\$8,530	\$12,464	\$7,914	\$11,107	\$3,193
Maryland	\$10,389	\$15,727	\$7,894	\$10,583	\$13,248	\$21,928	\$8,202	\$11,439	\$7,411	\$9,929	\$2,518
Massachusetts	\$14,309	\$23,171	\$9,739	\$13,698	\$14,428	\$25,401	\$8,906	\$13,020	\$9,565	\$13,451	\$3,886
Michigan	\$11,635	\$18,365	\$8,334	\$11,578	\$13,617	\$23,757	\$7,960	\$11,556	\$7,476	\$10,372	\$2,896
Minnesota	\$13,376	\$21,382	\$9,928	\$13,908	\$14,870	\$26,174	\$8,376	\$12,238	\$7,930	\$11,083	\$3,153
Mississippi	\$7,976	\$11,939	\$6,890	\$9,175	\$13,048	\$21,472	\$5,674	\$7,841	\$5,415	\$7,187	\$1,772
Missouri	\$12,233	\$19,539	\$8,115	\$11,345	\$12,658	\$22,244	\$8,085	\$11,807	\$7,111	\$9,925	\$2,814
Montana	\$10,599	\$15,824	\$7,110	\$9,421	\$13,532	\$22,077	\$7,228	\$9,954	\$7,542	\$9,999	\$2,457
Nebraska	\$10,641	\$16,972	\$7,618	\$10,642	\$14,644	\$25,771	\$7,863	\$11,480	\$6,579	\$9,174	\$2,595
Nevada	\$10,412	\$15,541	\$7,513	\$9,960	\$13,503	\$22,030	\$6,469	\$8,897	\$6,003	\$7,938	\$1,935

Appendix Table 2 (cont.)

State	Construction workers		Customer service reps/call center workers		Heavy and tractor-trailer truck drivers		Home health and personal care aides		Janitors and cleaners		er
	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	
New Hampshire	\$11,073	\$17,888	\$9,725	\$13,678	\$13,693	\$24,095	\$8,886	\$12,990	\$7,794	\$10,936	\$
New Jersey	\$15,336	\$24,901	\$9,961	\$14,073	\$17,625	\$31,326	\$8,993	\$13,233	\$7,920	\$11,162	\$
New Mexico	\$8,499	\$12,658	\$7,652	\$10,147	\$10,929	\$17,793	\$6,264	\$8,610	\$6,025	\$7,967	\$
New York	\$13,351	\$21,653	\$9,972	\$14,088	\$14,845	\$26,346	\$8,586	\$12,628	\$8,177	\$11,529	\$
North Carolina	\$9,700	\$14,674	\$7,543	\$10,108	\$11,817	\$19,538	\$6,934	\$9,650	\$6,359	\$8,505	\$
North Dakota	\$11,057	\$17,643	\$7,934	\$11,089	\$13,618	\$23,950	\$8,781	\$12,836	\$7,626	\$10,654	\$
Ohio	\$12,054	\$19,033	\$8,010	\$11,122	\$14,695	\$25,656	\$7,872	\$11,428	\$6,706	\$9,291	\$
Oklahoma	\$9,012	\$13,719	\$7,268	\$9,798	\$13,882	\$23,228	\$6,011	\$8,415	\$6,418	\$8,640	\$
Oregon	\$12,055	\$18,320	\$9,062	\$12,209	\$15,514	\$25,855	\$9,409	\$13,202	\$8,151	\$10,971	\$
Pennsylvania	\$11,327	\$18,341	\$7,993	\$11,267	\$14,820	\$26,302	\$8,251	\$12,129	\$7,349	\$10,348	\$
Rhode Island	\$13,395	\$21,678	\$8,459	\$11,880	\$14,910	\$26,257	\$9,658	\$14,131	\$7,669	\$10,759	\$
South Carolina	\$9,340	\$14,123	\$7,579	\$10,157	\$13,029	\$21,562	\$6,753	\$9,396	\$5,946	\$7,945	\$
South Dakota	\$10,042	\$16,006	\$7,465	\$10,426	\$14,501	\$25,518	\$8,108	\$11,842	\$6,995	\$9,761	\$
Tennessee	\$9,435	\$14,152	\$7,351	\$9,795	\$13,071	\$21,511	\$6,885	\$9,540	\$5,936	\$7,890	\$
Texas	\$8,573	\$13,042	\$7,675	\$10,353	\$13,395	\$22,405	\$6,295	\$8,819	\$6,378	\$8,585	\$
Utah	\$10,066	\$15,021	\$7,588	\$10,062	\$13,483	\$21,998	\$7,510	\$10,348	\$6,133	\$8,112	\$
Vermont	\$10,625	\$17,156	\$11,668	\$16,437	\$15,189	\$26,753	\$8,768	\$12,815	\$8,206	\$11,521	\$
Virginia	\$9,064	\$13,700	\$7,581	\$10,160	\$13,683	\$22,656	\$7,648	\$10,658	\$6,546	\$8,757	\$
Washington	\$13,610	\$20,704	\$9,996	\$13,479	\$15,691	\$26,152	\$10,265	\$14,414	\$8,701	\$11,719	\$
West Virginia	\$8,682	\$13,116	\$7,742	\$10,377	\$11,909	\$19,691	\$6,040	\$8,391	\$6,115	\$8,173	\$
Wisconsin	\$12,343	\$19,493	\$8,387	\$11,652	\$14,088	\$24,588	\$8,192	\$11,898	\$7,746	\$10,751	\$
Wyoming	\$9,850	\$14,694	\$7,933	\$10,523	\$14,344	\$23,414	\$6,252	\$8,594	\$7,180	\$9,515	\$

Notes: Estimates represent the difference between a value job to a W-2 employee compared to an independent contractor under two models. The low estimate is calculated as the difference when the independent contractor receives no compensation for health and retirement benefits.

Source: EPI analysis of data from the Bureau of Labor Statistics' Employer Cost for Employee Compensation (ECEC) 2025Q4 Occupational Employment and Wages by State.

Appendix Table 1
The cost of misclassification to workers, low and high estimates, percent difference relative to correct classification

State	Construction workers		Customer service reps/call center workers		Heavy and tractor-trailer truck drivers		Home health and personal care aides		Janitors and cleaners		e:
	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	
Alabama	-20.4%	-30.5%	-19.9%	-26.5%	-20.2%	-33.2%	-20.7%	-28.5%	-20.1%	-26.7%	.
Alaska	-22.3%	-33.9%	-22.0%	-29.7%	-22.3%	-37.2%	-22.6%	-31.6%	-22.1%	-29.7%	.
Arizona	-20.5%	-30.6%	-20.1%	-26.7%	-20.6%	-33.6%	-20.6%	-28.4%	-20.2%	-26.8%	.
Arkansas	-21.2%	-32.2%	-20.7%	-27.9%	-21.0%	-35.1%	-21.4%	-30.0%	-20.9%	-28.2%	.
California	-22.3%	-33.9%	-21.9%	-29.6%	-22.4%	-37.3%	-22.6%	-31.6%	-22.1%	-29.7%	.
Colorado	-20.5%	-30.5%	-20.0%	-26.6%	-20.5%	-33.5%	-20.6%	-28.4%	-20.2%	-26.7%	.
Connecticut	-20.8%	-33.7%	-20.9%	-29.4%	-21.5%	-37.9%	-21.7%	-31.8%	-21.0%	-29.5%	.
Delaware	-21.0%	-31.8%	-20.6%	-27.7%	-21.1%	-35.0%	-21.3%	-29.7%	-20.9%	-28.0%	.
District of Columbia	-21.0%	-31.8%	-20.6%	-27.6%	-21.1%	-34.9%	-21.2%	-29.6%	-20.7%	-27.8%	.
Florida	-21.1%	-31.9%	-20.7%	-27.8%	-21.1%	-35.0%	-21.3%	-29.7%	-20.9%	-28.0%	.
Georgia	-21.1%	-31.9%	-20.7%	-27.8%	-21.1%	-35.0%	-21.5%	-29.8%	-20.9%	-28.0%	.
Hawaii	-22.2%	-33.9%	-22.1%	-29.7%	-22.4%	-37.3%	-22.6%	-31.6%	-22.3%	-29.9%	.
Idaho	-20.5%	-30.6%	-20.2%	-26.8%	-20.6%	-33.6%	-20.7%	-28.5%	-20.2%	-26.8%	.
Illinois	-21.7%	-34.3%	-21.3%	-29.6%	-21.6%	-37.6%	-21.8%	-31.6%	-21.4%	-29.7%	.
Indiana	-21.8%	-34.4%	-21.4%	-29.7%	-21.5%	-37.6%	-21.8%	-31.7%	-21.5%	-29.8%	.
Iowa	-21.0%	-33.5%	-20.7%	-29.0%	-21.0%	-36.9%	-21.2%	-31.0%	-20.9%	-29.1%	.
Kansas	-21.0%	-33.5%	-20.7%	-29.0%	-21.0%	-36.9%	-21.2%	-31.0%	-20.9%	-29.1%	.
Kentucky	-20.2%	-30.4%	-19.9%	-26.5%	-20.2%	-33.2%	-20.4%	-28.3%	-20.0%	-26.6%	.
Louisiana	-21.1%	-32.1%	-20.7%	-27.9%	-21.1%	-35.2%	-21.6%	-30.2%	-21.0%	-28.2%	.
Maine	-20.9%	-33.7%	-20.8%	-29.3%	-21.6%	-37.9%	-21.8%	-31.8%	-21.0%	-29.5%	.
Maryland	-21.0%	-31.8%	-20.7%	-27.8%	-21.1%	-35.0%	-21.2%	-29.6%	-20.8%	-27.8%	.
Massachusetts	-20.7%	-33.6%	-20.8%	-29.3%	-21.5%	-37.9%	-21.7%	-31.8%	-20.9%	-29.3%	.
Michigan	-21.8%	-34.4%	-21.4%	-29.7%	-21.6%	-37.7%	-21.8%	-31.7%	-21.5%	-29.8%	.
Minnesota	-20.9%	-33.4%	-20.5%	-28.8%	-21.0%	-36.9%	-21.2%	-30.9%	-20.7%	-29.0%	.
Mississippi	-20.4%	-30.5%	-19.9%	-26.5%	-20.2%	-33.2%	-20.6%	-28.4%	-20.2%	-26.7%	.
Missouri	-20.9%	-33.4%	-20.7%	-28.9%	-21.0%	-37.0%	-21.2%	-31.0%	-20.8%	-29.0%	.
Montana	-20.4%	-30.5%	-20.2%	-26.8%	-20.5%	-33.5%	-20.7%	-28.5%	-20.1%	-26.7%	.
Nebraska	-21.0%	-33.5%	-20.7%	-29.0%	-21.0%	-36.9%	-21.2%	-31.0%	-20.9%	-29.1%	.
Nevada	-20.5%	-30.5%	-20.2%	-26.7%	-20.5%	-33.5%	-20.8%	-28.6%	-20.4%	-26.9%	.

Appendix Table 3 (cont.)

State	Construction workers		Customer service reps/call center workers		Heavy and tractor-trailer truck drivers		Home health and personal care aides		Janitors and cleaners		e
	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	
New Hampshire	-20.9%	-33.7%	-20.9%	-29.3%	-21.5%	-37.9%	-21.7%	-31.8%	-21.0%	-29.5%	.
New Jersey	-21.1%	-34.3%	-21.1%	-29.8%	-21.6%	-38.3%	-21.9%	-32.2%	-21.3%	-30.0%	.
New Mexico	-20.6%	-30.7%	-20.1%	-26.7%	-20.7%	-33.6%	-20.8%	-28.7%	-20.4%	-26.9%	.
New York	-21.2%	-34.4%	-21.1%	-29.8%	-21.6%	-38.4%	-21.9%	-32.2%	-21.3%	-30.0%	.
North Carolina	-21.1%	-31.9%	-20.8%	-27.8%	-21.2%	-35.1%	-21.4%	-29.8%	-20.9%	-28.0%	.
North Dakota	-21.0%	-33.5%	-20.7%	-29.0%	-21.0%	-36.9%	-21.1%	-30.9%	-20.7%	-29.0%	.
Ohio	-21.8%	-34.4%	-21.4%	-29.7%	-21.6%	-37.6%	-21.8%	-31.7%	-21.6%	-29.9%	.
Oklahoma	-21.1%	-32.1%	-20.7%	-27.9%	-21.0%	-35.1%	-21.4%	-30.0%	-20.8%	-28.1%	.
Oregon	-22.4%	-34.1%	-22.0%	-29.7%	-22.4%	-37.3%	-22.5%	-31.6%	-22.1%	-29.7%	.
Pennsylvania	-21.3%	-34.5%	-21.3%	-30.0%	-21.6%	-38.4%	-21.9%	-32.3%	-21.4%	-30.1%	.
Rhode Island	-20.8%	-33.6%	-21.0%	-29.4%	-21.5%	-37.8%	-21.7%	-31.7%	-21.0%	-29.5%	.
South Carolina	-21.1%	-31.9%	-20.8%	-27.8%	-21.2%	-35.0%	-21.4%	-29.8%	-21.0%	-28.1%	.
South Dakota	-21.0%	-33.5%	-20.8%	-29.0%	-21.0%	-36.9%	-21.2%	-30.9%	-20.8%	-29.1%	.
Tennessee	-20.2%	-30.4%	-19.8%	-26.4%	-20.2%	-33.2%	-20.3%	-28.2%	-20.0%	-26.6%	.
Texas	-21.1%	-32.2%	-20.7%	-27.9%	-21.0%	-35.2%	-21.4%	-29.9%	-20.9%	-28.1%	.
Utah	-20.5%	-30.6%	-20.1%	-26.7%	-20.5%	-33.5%	-20.7%	-28.5%	-20.3%	-26.9%	.
Vermont	-20.9%	-33.7%	-20.7%	-29.2%	-21.5%	-37.8%	-21.7%	-31.8%	-21.0%	-29.5%	.
Virginia	-21.1%	-31.9%	-20.8%	-27.8%	-21.1%	-35.0%	-21.3%	-29.7%	-20.9%	-28.0%	.
Washington	-22.3%	-34.0%	-21.9%	-29.6%	-22.3%	-37.2%	-22.4%	-31.5%	-22.0%	-29.7%	.
West Virginia	-21.1%	-31.9%	-20.7%	-27.8%	-21.2%	-35.1%	-21.5%	-29.9%	-21.0%	-28.0%	.
Wisconsin	-21.8%	-34.4%	-21.4%	-29.7%	-21.6%	-37.7%	-21.8%	-31.6%	-21.4%	-29.8%	.
Wyoming	-20.5%	-30.6%	-20.1%	-26.7%	-20.5%	-33.5%	-20.8%	-28.7%	-20.2%	-26.8%	.

Notes: Estimates represent the percentage difference in the value of a job to a W-2 employee compared to an independent contractor under two models. The retirement benefits. The high estimate reflects the percentage difference when the independent contractor receives no compensation for health and retirement

Source: EPI analysis of data from the Bureau of Labor Statistics' Employer Cost for Employee Compensation (ECEC) 2025Q4 Occupational Employment and Wages

Appendix Table 1
The cost of misclassification to social insurance funds, low and high estimates, net difference

State	Construction workers		Customer service reps/call center workers		Heavy and tractor-trailer truck drivers		Home health and personal care aides		Janitors and cleaners		Net difference
	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	
Alabama	\$889	\$1,601	\$640	\$1,048	\$708	\$2,179	\$374	\$719	\$525	\$859	
Alaska	\$2,144	\$3,550	\$1,159	\$1,717	\$1,357	\$3,274	\$959	\$1,589	\$1,120	\$1,659	\$
Arizona	\$1,379	\$2,264	\$908	\$1,357	\$905	\$2,180	\$777	\$1,307	\$850	\$1,270	
Arkansas	\$853	\$1,644	\$680	\$1,168	\$641	\$2,326	\$421	\$861	\$512	\$880	
California	\$2,129	\$3,525	\$1,355	\$2,006	\$1,274	\$3,073	\$961	\$1,593	\$1,066	\$1,579	\$
Colorado	\$1,430	\$2,348	\$1,099	\$1,642	\$1,084	\$2,612	\$818	\$1,377	\$869	\$1,299	\$
Connecticut	\$947	\$2,218	\$713	\$1,385	\$397	\$2,372	\$529	\$1,264	\$585	\$1,135	
Delaware	\$1,090	\$2,084	\$809	\$1,379	\$666	\$2,327	\$555	\$1,120	\$541	\$923	
District of Columbia	\$1,105	\$2,113	\$824	\$1,404	\$736	\$2,573	\$575	\$1,159	\$695	\$1,185	
Florida	\$960	\$1,835	\$665	\$1,133	\$655	\$2,289	\$513	\$1,036	\$543	\$925	
Georgia	\$895	\$1,710	\$671	\$1,143	\$655	\$2,291	\$457	\$922	\$543	\$926	
Hawaii	\$2,421	\$4,008	\$1,105	\$1,637	\$1,244	\$3,001	\$948	\$1,571	\$860	\$1,273	
Idaho	\$1,356	\$2,226	\$800	\$1,195	\$992	\$2,390	\$728	\$1,225	\$849	\$1,269	
Illinois	\$1,738	\$3,369	\$933	\$1,575	\$744	\$2,726	\$676	\$1,355	\$822	\$1,388	
Indiana	\$1,308	\$2,534	\$806	\$1,361	\$768	\$2,812	\$635	\$1,273	\$717	\$1,211	
Iowa	\$1,204	\$2,369	\$779	\$1,329	\$704	\$2,641	\$628	\$1,274	\$672	\$1,147	
Kansas	\$1,141	\$2,245	\$798	\$1,362	\$738	\$2,768	\$615	\$1,248	\$662	\$1,130	
Kentucky	\$1,081	\$1,949	\$663	\$1,085	\$717	\$2,209	\$483	\$928	\$559	\$916	
Louisiana	\$931	\$1,796	\$632	\$1,084	\$554	\$2,009	\$359	\$736	\$503	\$864	
Maine	\$858	\$2,008	\$771	\$1,496	\$353	\$2,108	\$511	\$1,221	\$613	\$1,189	
Maryland	\$1,058	\$2,022	\$690	\$1,175	\$628	\$2,196	\$575	\$1,159	\$646	\$1,100	
Massachusetts	\$1,193	\$2,794	\$760	\$1,475	\$398	\$2,380	\$534	\$1,277	\$746	\$1,448	
Michigan	\$1,296	\$2,511	\$851	\$1,437	\$688	\$2,520	\$647	\$1,296	\$760	\$1,283	
Minnesota	\$1,495	\$2,941	\$1,017	\$1,736	\$742	\$2,783	\$678	\$1,376	\$806	\$1,375	\$
Mississippi	\$893	\$1,609	\$647	\$1,060	\$732	\$2,254	\$425	\$816	\$502	\$822	
Missouri	\$1,364	\$2,684	\$825	\$1,409	\$629	\$2,361	\$654	\$1,326	\$719	\$1,228	
Montana	\$1,470	\$2,413	\$844	\$1,261	\$1,095	\$2,639	\$721	\$1,214	\$898	\$1,341	
Nebraska	\$1,182	\$2,326	\$773	\$1,319	\$730	\$2,740	\$635	\$1,288	\$663	\$1,132	
Nevada	\$1,443	\$2,369	\$894	\$1,336	\$1,093	\$2,633	\$642	\$1,081	\$707	\$1,056	

Appendix Table 4 (cont.)

State	Construction workers		Customer service reps/call center workers		Heavy and tractor-trailer truck drivers		Home health and personal care aides		Janitors and cleaners		Other
	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	
New Hampshire	\$918	\$2,149	\$759	\$1,473	\$377	\$2,256	\$533	\$1,274	\$603	\$1,171	
New Jersey	\$1,683	\$3,411	\$1,031	\$1,774	\$866	\$3,341	\$744	\$1,510	\$813	\$1,398	
New Mexico	\$1,170	\$1,921	\$911	\$1,362	\$880	\$2,120	\$621	\$1,045	\$709	\$1,060	
New York	\$1,461	\$2,960	\$1,032	\$1,775	\$727	\$2,804	\$709	\$1,439	\$840	\$1,446	
North Carolina	\$986	\$1,884	\$658	\$1,121	\$559	\$1,953	\$482	\$973	\$550	\$938	
North Dakota	\$1,230	\$2,419	\$806	\$1,376	\$678	\$2,544	\$712	\$1,445	\$774	\$1,320	
Ohio	\$1,344	\$2,604	\$816	\$1,378	\$744	\$2,724	\$639	\$1,281	\$678	\$1,145	
Oklahoma	\$916	\$1,766	\$638	\$1,095	\$642	\$2,330	\$415	\$849	\$560	\$961	
Oregon	\$1,726	\$2,858	\$1,182	\$1,751	\$1,322	\$3,190	\$1,042	\$1,727	\$1,059	\$1,568	
Pennsylvania	\$1,234	\$2,501	\$821	\$1,412	\$726	\$2,800	\$681	\$1,381	\$752	\$1,294	
Rhode Island	\$1,115	\$2,612	\$657	\$1,275	\$412	\$2,461	\$581	\$1,389	\$593	\$1,151	
South Carolina	\$948	\$1,812	\$661	\$1,127	\$618	\$2,159	\$469	\$946	\$513	\$874	
South Dakota	\$1,114	\$2,191	\$757	\$1,291	\$723	\$2,713	\$656	\$1,330	\$707	\$1,207	
Tennessee	\$1,063	\$1,915	\$693	\$1,134	\$733	\$2,258	\$521	\$1,000	\$554	\$906	
Texas	\$870	\$1,677	\$675	\$1,159	\$619	\$2,247	\$436	\$892	\$556	\$955	
Utah	\$1,393	\$2,288	\$903	\$1,350	\$1,091	\$2,629	\$751	\$1,263	\$723	\$1,080	
Vermont	\$879	\$2,059	\$915	\$1,776	\$420	\$2,509	\$525	\$1,256	\$636	\$1,235	
Virginia	\$919	\$1,756	\$661	\$1,127	\$649	\$2,270	\$534	\$1,078	\$567	\$967	
Washington	\$1,955	\$3,236	\$1,308	\$1,938	\$1,338	\$3,227	\$1,140	\$1,889	\$1,133	\$1,679	
West Virginia	\$879	\$1,680	\$676	\$1,152	\$563	\$1,969	\$417	\$842	\$528	\$900	
Wisconsin	\$1,377	\$2,668	\$856	\$1,446	\$712	\$2,609	\$666	\$1,336	\$788	\$1,331	
Wyoming	\$1,363	\$2,238	\$946	\$1,414	\$1,163	\$2,801	\$619	\$1,042	\$853	\$1,274	

Notes: Estimates represent the difference in contributions to social insurance funds—Social Security, Medicare, federal and state Unemployment Insurance, and the difference when the independent contractor receives full compensation for health and retirement benefits. The high estimate reflects the difference when the independent contractor receives full compensation for health and retirement benefits.

Source: EPI analysis of data from the Bureau of Labor Statistics' Employer Cost for Employee Compensation (ECEC) 2025Q4 Occupational Employment and Wages by State.

Appendix Table 5
The cost of misclassification to social insurance funds, low and high estimates, percent di

State	Construction workers		Customer service reps/call center workers		Heavy and tractor-trailer truck drivers		Home health and personal care aides		Janitors and cleaners		e
	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	
Alabama	-13.3%	-24.0%	-11.1%	-18.2%	-7.1%	-21.9%	-9.4%	-18.0%	-11.1%	-18.2%	
Alaska	-18.2%	-30.2%	-16.5%	-24.5%	-11.7%	-28.3%	-14.7%	-24.4%	-16.5%	-24.5%	
Arizona	-16.1%	-26.4%	-13.9%	-20.7%	-10.2%	-24.5%	-12.3%	-20.6%	-13.9%	-20.7%	
Arkansas	-12.8%	-24.6%	-11.0%	-18.8%	-6.2%	-22.6%	-9.2%	-18.7%	-11.0%	-18.8%	
California	-18.2%	-30.2%	-16.5%	-24.5%	-11.7%	-28.3%	-14.7%	-24.4%	-16.5%	-24.5%	
Colorado	-16.1%	-26.4%	-13.9%	-20.7%	-10.2%	-24.5%	-12.3%	-20.6%	-13.9%	-20.7%	
Connecticut	-10.5%	-24.7%	-10.0%	-19.3%	-3.9%	-23.5%	-8.2%	-19.6%	-10.0%	-19.3%	
Delaware	-12.7%	-24.3%	-10.9%	-18.6%	-6.4%	-22.5%	-9.2%	-18.6%	-10.9%	-18.6%	
District of Columbia	-12.7%	-24.3%	-10.9%	-18.6%	-6.4%	-22.5%	-9.2%	-18.6%	-10.9%	-18.6%	
Florida	-12.7%	-24.3%	-10.9%	-18.6%	-6.4%	-22.5%	-9.2%	-18.6%	-10.9%	-18.6%	
Georgia	-12.7%	-24.3%	-10.9%	-18.6%	-6.4%	-22.5%	-9.2%	-18.6%	-10.9%	-18.6%	
Hawaii	-18.2%	-30.2%	-16.5%	-24.5%	-11.7%	-28.3%	-14.7%	-24.4%	-16.5%	-24.5%	
Idaho	-16.1%	-26.4%	-13.9%	-20.7%	-10.2%	-24.5%	-12.3%	-20.6%	-13.9%	-20.7%	
Illinois	-14.4%	-27.8%	-13.0%	-21.9%	-7.0%	-25.6%	-10.8%	-21.7%	-13.0%	-21.9%	
Indiana	-14.4%	-27.8%	-13.0%	-21.9%	-7.0%	-25.6%	-10.8%	-21.7%	-13.0%	-21.9%	
Iowa	-13.7%	-27.0%	-12.5%	-21.3%	-6.7%	-25.1%	-10.5%	-21.2%	-12.5%	-21.3%	
Kansas	-13.7%	-27.0%	-12.5%	-21.3%	-6.7%	-25.1%	-10.5%	-21.2%	-12.5%	-21.3%	
Kentucky	-13.3%	-24.0%	-11.1%	-18.2%	-7.1%	-21.9%	-9.4%	-18.0%	-11.1%	-18.2%	
Louisiana	-12.8%	-24.6%	-11.0%	-18.8%	-6.2%	-22.6%	-9.2%	-18.7%	-11.0%	-18.8%	
Maine	-10.5%	-24.7%	-10.0%	-19.3%	-3.9%	-23.5%	-8.2%	-19.6%	-10.0%	-19.3%	
Maryland	-12.7%	-24.3%	-10.9%	-18.6%	-6.4%	-22.5%	-9.2%	-18.6%	-10.9%	-18.6%	
Massachusetts	-10.5%	-24.7%	-10.0%	-19.3%	-3.9%	-23.5%	-8.2%	-19.6%	-10.0%	-19.3%	
Michigan	-14.4%	-27.8%	-13.0%	-21.9%	-7.0%	-25.6%	-10.8%	-21.7%	-13.0%	-21.9%	
Minnesota	-13.7%	-27.0%	-12.5%	-21.3%	-6.7%	-25.1%	-10.5%	-21.2%	-12.5%	-21.3%	
Mississippi	-13.3%	-24.0%	-11.1%	-18.2%	-7.1%	-21.9%	-9.4%	-18.0%	-11.1%	-18.2%	
Missouri	-13.7%	-27.0%	-12.5%	-21.3%	-6.7%	-25.1%	-10.5%	-21.2%	-12.5%	-21.3%	
Montana	-16.1%	-26.4%	-13.9%	-20.7%	-10.2%	-24.5%	-12.3%	-20.6%	-13.9%	-20.7%	
Nebraska	-13.7%	-27.0%	-12.5%	-21.3%	-6.7%	-25.1%	-10.5%	-21.2%	-12.5%	-21.3%	
Nevada	-16.1%	-26.4%	-13.9%	-20.7%	-10.2%	-24.5%	-12.3%	-20.6%	-13.9%	-20.7%	

Appendix Table 5 (cont.)

State	Construction workers		Customer service reps/call center workers		Heavy and tractor-trailer truck drivers		Home health and personal care aides		Janitors and cleaners		e
	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate	
New Hampshire	-10.5%	-24.7%	-10.0%	-19.3%	-3.9%	-23.5%	-8.2%	-19.6%	-10.0%	-19.3%	
New Jersey	-13.7%	-27.8%	-13.0%	-22.3%	-6.8%	-26.3%	-11.1%	-22.5%	-13.0%	-22.3%	
New Mexico	-16.1%	-26.4%	-13.9%	-20.7%	-10.2%	-24.5%	-12.3%	-20.6%	-13.9%	-20.7%	
New York	-13.7%	-27.8%	-13.0%	-22.3%	-6.8%	-26.3%	-11.1%	-22.5%	-13.0%	-22.3%	
North Carolina	-12.7%	-24.3%	-10.9%	-18.6%	-6.4%	-22.5%	-9.2%	-18.6%	-10.9%	-18.6%	
North Dakota	-13.7%	-27.0%	-12.5%	-21.3%	-6.7%	-25.1%	-10.5%	-21.2%	-12.5%	-21.3%	
Ohio	-14.4%	-27.8%	-13.0%	-21.9%	-7.0%	-25.6%	-10.8%	-21.7%	-13.0%	-21.9%	
Oklahoma	-12.8%	-24.6%	-11.0%	-18.8%	-6.2%	-22.6%	-9.2%	-18.7%	-11.0%	-18.8%	
Oregon	-18.2%	-30.2%	-16.5%	-24.5%	-11.7%	-28.3%	-14.7%	-24.4%	-16.5%	-24.5%	
Pennsylvania	-13.7%	-27.8%	-13.0%	-22.3%	-6.8%	-26.3%	-11.1%	-22.5%	-13.0%	-22.3%	
Rhode Island	-10.5%	-24.7%	-10.0%	-19.3%	-3.9%	-23.5%	-8.2%	-19.6%	-10.0%	-19.3%	
South Carolina	-12.7%	-24.3%	-10.9%	-18.6%	-6.4%	-22.5%	-9.2%	-18.6%	-10.9%	-18.6%	
South Dakota	-13.7%	-27.0%	-12.5%	-21.3%	-6.7%	-25.1%	-10.5%	-21.2%	-12.5%	-21.3%	
Tennessee	-13.3%	-24.0%	-11.1%	-18.2%	-7.1%	-21.9%	-9.4%	-18.0%	-11.1%	-18.2%	
Texas	-12.8%	-24.6%	-11.0%	-18.8%	-6.2%	-22.6%	-9.2%	-18.7%	-11.0%	-18.8%	
Utah	-16.1%	-26.4%	-13.9%	-20.7%	-10.2%	-24.5%	-12.3%	-20.6%	-13.9%	-20.7%	
Vermont	-10.5%	-24.7%	-10.0%	-19.3%	-3.9%	-23.5%	-8.2%	-19.6%	-10.0%	-19.3%	
Virginia	-12.7%	-24.3%	-10.9%	-18.6%	-6.4%	-22.5%	-9.2%	-18.6%	-10.9%	-18.6%	
Washington	-18.2%	-30.2%	-16.5%	-24.5%	-11.7%	-28.3%	-14.7%	-24.4%	-16.5%	-24.5%	
West Virginia	-12.7%	-24.3%	-10.9%	-18.6%	-6.4%	-22.5%	-9.2%	-18.6%	-10.9%	-18.6%	
Wisconsin	-14.4%	-27.8%	-13.0%	-21.9%	-7.0%	-25.6%	-10.8%	-21.7%	-13.0%	-21.9%	
Wyoming	-16.1%	-26.4%	-13.9%	-20.7%	-10.2%	-24.5%	-12.3%	-20.6%	-13.9%	-20.7%	

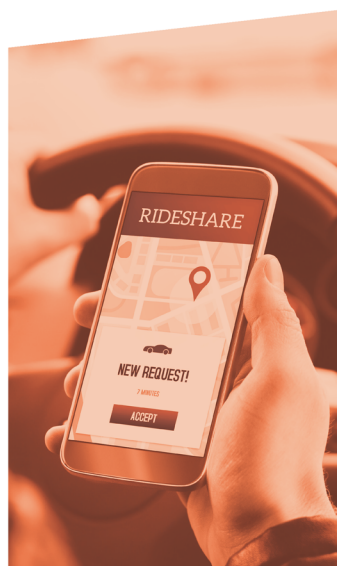
Notes: Estimates show the percentage difference in contributions to social insurance funds—Social Security, Medicare, federal and state Unemployment Insurance. The high estimate reflects the percentage difference when the independent contractor receives full compensation for health and retirement benefits. The high estimate reflects the

Source: EPI analysis of data from the Bureau of Labor Statistics' Employer Cost for Employee Compensation (ECEC) 2025Q4 Occupational Employment and Wages

Surveilled and Directed

ALGORITHMIC MANAGEMENT AND CONTROL IN NEW YORK'S GIG ECONOMY

RACHEL SWANER



Surveilled and Directed: Algorithmic Management and Control in New York's Gig Economy

ABOUT THE AUTHOR

RACHEL SWANER is the Vice President of Policy, Research, and Advocacy at the Community Service Society of New York. Her work explores interpersonal, community, and systemic trauma; resistance, resilience, and healing; and root causes of poverty, inequality, and system involvement. She has a PhD in Sociology from the CUNY Graduate Center and an MPA from NYU. She teaches courses in research methods and participatory policymaking at New York University and Columbia.

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Special thanks to the Oak Foundation and the Robin Hood Foundation for supporting our annual survey. The opinions, findings, and recommendations contained in this report are those of the author and do not necessarily reflect the positions or policies of our funders.

And finally, thanks to the 763 gig workers across New York State who participated in this survey. We hope this report helps ensure that their experiences are reflected in policy discussions about the future of work.

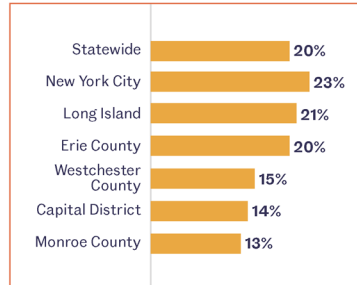


The Community Service Society of New York (CSS) has worked with and for New Yorkers since 1843 to promote economic opportunity and champion an equitable city and state. We power change through a strategic combination of research, services, and advocacy to make New York more livable for people facing economic insecurity. By expanding access to health care, affordable housing, employment, opportunities for individuals with conviction histories, debt assistance, and more, we make a tangible difference in the lives of millions. Join us at www.cssny.org.

Gig work has become a significant feature of New York's labor market, raising important questions about how digital platforms govern work. In September and October 2025, the Community Service Society of New York surveyed 4,000 state residents as part of our Annual Survey of Housing and Economic Security, including questions about work and financial security. Twenty percent of respondents reported earning money through gig work platforms in the past year.

Across the state, gig work has become a mainstream economic survival strategy, from New York City (23 percent) to Erie County (20 percent). For half of gig workers (51 percent), platform work is their main source of income.

FIGURE 1. ONE IN FIVE NEW YORKERS ARE GIG WORKERS



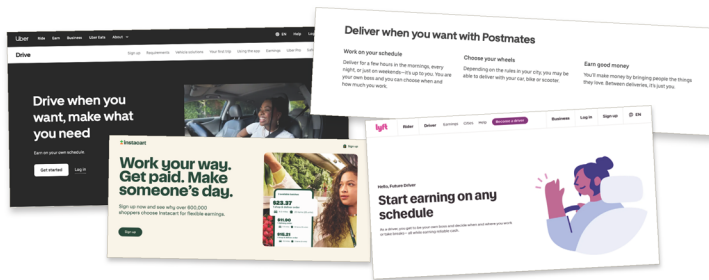
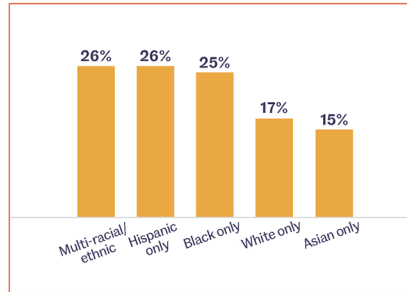
How we defined “gig work”

Some people earn money by taking jobs or tasks through websites or mobile apps run by private companies. These platforms connect workers with people or businesses who need service—like rides, deliveries, home tasks, or online work—and handle payment after the job is done. In the past 12 months, have you earned money through this type of website or app?



FIGURE 2. PEOPLE OF COLOR ARE MORE LIKELY TO DO GIG WORK

As shown in Figure 2, workers of color are significantly more likely to work in the gig economy than white workers. This pattern mirrors broader labor market inequalities, in which Black and Latino New Yorkers experience persistently higher rates of unemployment and underemployment.¹



Platform companies promise flexibility and entrepreneurship. But when we asked gig workers about their actual experiences, a different reality emerged: intensive algorithmic management. Workers face constant surveillance, personalized wage incentives to work longer and at specific times, and discipline mediated through customer ratings. Our survey reveals that workers who depend on platforms as their

main income source experience this control more intensely than those doing gig work for supplemental income. Yet across both groups, workers overwhelmingly want government intervention.

Before turning to key findings on how algorithmic management operates, it is important to understand the economic conditions under which gig work takes place.

Economic Insecurity Among New York Gig Workers

Compared to those who do not participate in the gig economy, gig workers report significantly higher levels of economic insecurity. Gig workers are more likely to be unable to make ends meet or be barely managing to get by and are substantially more reliant on short-term debt—such as credit cards, buy-now-pay-later services, payday loans, or borrowing from friends and family—to cover basic expenses. They are also more likely to carry credit card debt and to rely on public benefits to make ends meet.

Economic insecurity becomes especially visible when workers face unexpected expenses. Only about a third of gig workers reported confidence that they could cover a \$400 emergency expense, compared to nearly half of those not engaged in gig work.

These disparities matter not simply as indicators of hardship, but because they potentially shape how gig workers experience platform management.

Financial precarity creates conditions in which algorithmic incentives, penalties, and surveillance carry greater force—particularly for workers who rely on

TABLE 1. GIG WORKERS REPORT GREATER ECONOMIC INSECURITY THAN NON-GIG WORKERS

	Report earning money through gig work	Do not report earning money through gig work
Have credit card debt	74%	57%**
Can't make ends meet or barely managing to get by	45%	33%**
Rely on short-term debt to help cover expenses	48%	33%**
Rely on public benefits to help cover expenses	41%	31%**
Certain could come up with \$400 unexpected expense	35%	49%**

**p<.01

Note: The number of valid responses for gig workers varied between 717 and 763. The number of valid responses for those who did not engage in gig work varied between 2,925 and 3,054.

platforms as their primary source of income. Against this backdrop, the findings that follow examine gig workers' experiences with platform management.

Key Finding #1: Many New York gig workers report understanding platform rules.

New York gig workers report understanding how platforms work: 85 percent felt the app's rules and systems were easy to understand, and 84 percent said they understood how the app calculated pay and bonuses. This high level of reported understanding holds across both main-income and supplemental-income gig

workers and is notable given the complexity of algorithmic systems. Research shows, however, that platform "transparency" typically provides workers with surface-level metrics while the underlying algorithmic decision-making remains hidden behind a veneer of openness.²

This survey was offered in English, Spanish, Chinese, Russian, and Haitian Creole, and gig workers who speak other languages are not represented in these findings. Organizers working with app-based delivery workers report that many workers are from

Central America and primarily speak Indigenous languages³, which can create significant language and literacy barriers in understanding platform rules, particularly because platform companies typically provide instructions and policy updates in English and Spanish.

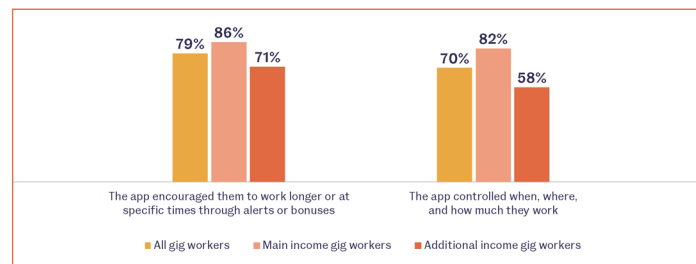
Key Finding #2: New York gig workers report algorithmic pressure and control, especially those dependent on platform income.

Nearly four-in-five gig workers report that apps encourage them to work longer or at specific times through alerts or bonuses, and 70 percent said that the app controls when, where, and how much they work.

Gig workers who depend on platforms as their main income source report notably higher levels of both algorithmic pressure and control—with gaps of 15 and 24 percentage points, respectively, compared to workers using platforms

for supplemental income. Scholars have described similar dynamics as “algorithmic wage discrimination,” in which platforms use individual worker data to personalize incentives and pressure based on predictions about a worker’s economic need.⁴ The higher rates among main-income workers suggest that algorithmic systems may intensify control based on worker dependency, functioning as mechanisms of labor management rather than neutral tools.

FIGURE 3. ALGORITHMIC PRESSURE AND CONTROL



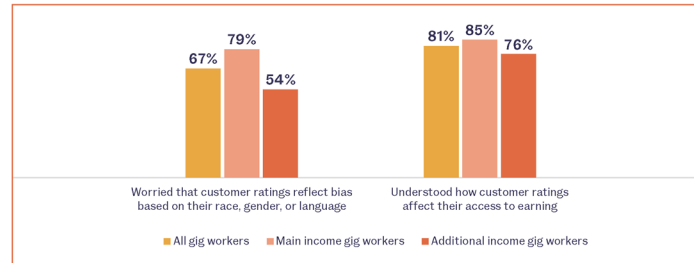
Key Finding #3: New York gig workers—particularly those reliant on platform income—worry customer ratings reflect bias.

Platform companies use customer service rating systems for algorithmic management—as a tool for quality control and disciplinary action. Two-thirds of gig workers express concern that customer ratings reflect bias based on race, gender, or language, and most understand that these ratings directly affect their access to earnings. Since workers of color make up a disproportionate share of the gig workforce (see Figure 2), racialized ratings bias compounds existing labor market inequalities. Additionally, workers

who depend on platforms as their main source of income are more worried about discriminatory ratings than those using platforms for supplemental income.

This dynamic has been described as platforms outsourcing discipline to customers, where lower ratings mean fewer high-value assignments, potential deactivation, and diminished earning power.⁵ The algorithm effectively privatizes discrimination with customer prejudice directly impacting pay and opportunity.

FIGURE 4. CONCERNS OF BIAS IN CUSTOMER RATINGS



Key Finding #4: New York gig workers feel constantly monitored, with higher rates among platform-dependent workers.

The majority of gig workers (69 percent) report feeling the app constantly monitors and watches them. Workers who rely on platforms as their main source of income report this at even higher rates (79 percent,

versus 59 percent for supplemental income gig workers). This surveillance operates through GPS tracking, customer ratings, acceptance rates, and other algorithmic monitoring systems.

Key Finding #5: There is strong consensus across New York gig workers for government regulation of platforms.

Despite different levels of income dependence and varying experiences of algorithmic control, gig workers show strong consensus on wanting government intervention. Over three-quarters (76 percent) said they would feel more secure if the government set rules about how apps treat workers. Of workers who rely on platforms as their main income source, 80 percent want government labor regulation of platforms. Even among gig workers doing platform work for additional income, 72 percent support such state action.



Implications for policy and governance

The findings in this brief complicate the idea that gig work is primarily defined by flexibility and worker choice. New York gig workers report widespread monitoring, behavioral and temporal direction through incentives and penalties, and discipline mediated through customer ratings. These are features of algorithmic management that intensify for workers who depend on platforms as their primary income source.

Support for government regulation of labor platform work is strong across both main-income and supplemental-income workers. Much of the policy debate surrounding gig work has focused on whether workers should be classified as employees or independent contractors.⁶ The data suggest that employment classification alone cannot account for the dynamics documented here. Algorithmic management is a form of economic power that operates through opacity, data extraction, and asymmetric control over access to work—exerting

greater leverage over workers with fewer economic alternatives. The issue is algorithmic control itself: a digital panopticon designed to extract more work under conditions of insecurity. And it is not unique to gig workers; warehouse employees, call center workers, and other traditionally employed workers face similar monitoring systems.⁷

New York State's policy response must therefore address algorithmic management directly. While classification remains important for wage and benefit protections, it does not resolve the core problem documented here: the privatization of labor governance through algorithms that determine pay, discipline, and opportunity without meaningful transparency or accountability.

Gig workers' experiences of algorithmic monitoring, pressure and control, and rating-based discipline are systemic features of platform management that warrant targeted state regulation in five areas:

1. **Algorithmic Wage-Setting and Pay Transparency.** New York City has shown that platform pay systems can be regulated.⁸ New York State should extend this logic statewide by requiring disclosure of pay calculations, advance notice of material pay changes, and regulatory authority to review algorithmic compensation systems. It should also establish safeguards to ensure that dispatch and assignment systems do not undermine established pay standards.

2. **Limits on Surveillance and Data Use.** While New York requires employers to notify employees of electronic monitoring, no comparable limits govern platform surveillance of gig workers. The State should establish enforceable standards governing the scope, duration, and permissible uses of worker location and performance data, including restrictions on the use of such data in compensation or disciplinary decisions.

3. **Oversight of Rating and Assignment Systems.** Existing civil rights laws prohibit employment discrimination, and New York City requires bias audits in automated hiring tools. But no law addresses customer rating systems and algorithmic assignment tools that shape gig workers' earnings, hours, and working conditions. The State should mandate bias audits, transparency in rating impacts, and meaningful appeals processes.

4. **Due Process in Deactivation and Adverse Decisions.** We did not directly survey gig workers about

deactivation experiences, but the concerns about ratings bias and constant monitoring—both directly related to deactivation—suggest the need for procedural protections when platforms remove workers' access to earnings. New York City recently enacted legislation requiring app-based delivery platforms to provide notice, a stated reason, and an opportunity to appeal before permanent deactivation.⁹ New York State should extend similar protections statewide for any algorithmic decisions affecting access to work.

5. **Worker Representation and Ongoing Oversight.** Because algorithmic systems evolve rapidly—and because platforms can adjust dispatch, access, and compensation systems in response to new rules or pay standards—oversight cannot rely solely on transparency, disclosure, and audits. New York State should establish formal mechanisms for worker representation to monitor and govern platform labor practices over time, ensuring that regulatory standards remain effective as platform systems change.

New York City has taken limited but important steps to regulate app-based delivery work, including minimum pay standards and procedural protections in deactivation. However, no statewide framework addresses algorithmic management itself. New York State should ensure that the systems governing pay, discipline, and access to work are subject to enforceable standards of transparency, fairness, and accountability.

Endnotes

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5. Alex Rosenblat. (2018). *Uberland: How Algorithms Are Rewriting the Rules of Work*. University of California Press.
6. See, for example, Aubree Walton and Krystal L. Brue. (2019). "Worker Classification Standards in the Gig Economy: Do Businesses Pass the Test?" *Journal of Human Resources Education*, 13(1).
7. Veena Dubal. (2025). "Data Laws at Work." *The Yale Journal Forum*. 405-447. Available at: https://yalelawjournal.org/pdf/DubalYJForumEssay_hrhml4dd.pdf; Mohammad Hossein Jarrahi, Gemma Newlands, Min Kyung Lee, Christine T. Wolf, Eliscia Kinder and Will Sutherland. (2019). "Algorithmic Management in a Work Context." *Big Data and Society*, 8(2), <https://journals.sagepub.com/doi/10.1177/20539517211020332>; Greg Bensinger. (2019). "'MissionRacer': How Amazon turned the tedium of

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8. See, for example, regulations that went into effect in January 2026: <https://www.nyc.gov/site/dca/news/009-26/major-victory-nyc-delivery-workers-landmark-protections-take-effect-today>.
9. New York City Council, Intro 1332, enacted January 17, 2026. <https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=7480055&GUID=265D0ED3-FB2F-48B9-AF70-79973B11E094>

Survey Methodology: For more than 20 years, the Community Service Society of New York has surveyed New Yorkers on housing, employment, benefits, finances, and policy views. The 2025 Annual Survey of Housing and Economic Security surveyed 4,000 adults statewide between September 9 and October 2, 2025. Surveys were offered in English, Spanish, Chinese, Russian, and Haitian Creole via online panels, email, phone, and text recruitment. The survey included residents from New York City

(2,000), Long Island (400), Westchester (400), the Capital District (400), Erie County (400), and Monroe County (400). Results were weighted by region to reflect the demographic composition of New York State adults. The margin of error is ± 1.55 percentage points. Throughout this brief, we excluded the five percent of respondents who said they did not know if they had done gig work in the past year; the total gig worker sample was 763, and the sample of those not engaged in gig work was 3,054.

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For more information, contact
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633 THIRD AVE, 10TH FL.,
NEW YORK, NY 10017
PH 212.254.8900
www.cssny.org



April 21, 2026

The Honorable Roger Williams
Chair
House Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515

The Honorable Nydia Velazquez
Ranking Member
House Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515

Dear Chair Williams and Ranking Member Velazquez:

Thank you for holding today's important hearing on "Independent Work, Real Opportunity: The Gig Economy and the Future of Entrepreneurship." We appreciate your careful attention to this growing and critical segment of today's economy, and the opportunity to provide our perspective as active participants in the e-commerce industry.

ROCC is a non-profit association that represents businesses that rely on Amazon and other online commerce platforms to reach their customers. The Coalition seeks to ensure fair play for all businesses that operate in online commerce, so that businesses who offer the best products for the best consumer value can prosper. Our members range in size and location, from small third-party sellers to recognizable brand names, and are located in the U.S., as well as Europe and the U.K.

All of our members, but particularly our independent and third-party sellers, rely on major platforms like Amazon to do business. The market is extremely concentrated with one dominant player: Amazon alone is responsible for about 36% of all transactions in the market. Amazon and Shopify, the second largest platform, combined control almost 50% of sales.¹

While not typically included in discussions about the gig economy, our sellers have a great deal in common with more traditional participants like Doordash couriers or Uber drivers. They are able to use platforms built by companies like Amazon to establish an e-commerce business. Some use their online storefronts to supplement other work, some sell full-time on platforms and rely entirely on their shops to support their families, and others establish their own brands and websites while still selling on the major platforms. But all of them are dependent on platforms built by companies like Amazon to operate their own stores.

¹ "Amazon and Shopify Are Now Half of U.S. E-Commerce," MARKETPLACE PULSE (Feb. 19, 2026) <https://www.marketplacepulse.com/articles/amazon-and-shopify-are-now-half-of-us-e-commerce>.



Without the services major platforms provide, many of our sellers would not be able to start their businesses. Amazon provides sellers with backend assistance to get their shops up and running and technical expertise to assist new sellers in navigating the market. And most importantly, because of their scale these platforms can expose a seller's products to a customer base of hundreds of millions, allowing a shop to become lucrative almost immediately. All of this allows those with a drive to start a small business and explore entrepreneurship to pursue their dreams.

However, exactly because of this scale dominant platforms are able to wield significant power over sellers. Unfortunately, they have not always been good stewards of this power. Amazon, for instance, has been found to manipulate their algorithm to improve their bottom line at the expense of the sellers operating on their platform. Many sellers have had their inventory and accrued funds frozen by Amazon for unsubstantiated counterfeit claims. These goods are held for weeks, and sometimes months, while sellers rack up fees and are unable to move their product out of Amazon's warehouses. When sellers seek to address these issues, they are met with a byzantine, under resourced, and largely automated conflict resolution system.

Amazon also regularly self-preferences its own products at the expense of sellers on their platform. ROCC members, who rely heavily on Amazon to bring their product before consumers, must compete with the platform's algorithm to access its Buy Box, where the majority of sales occur. Amazon has repeatedly insisted that its Buy Box algorithm considers a range of criteria to help predict the best available offer for consumers. In reality, however, this algorithm has been weaponized to expand and maintain Amazon's monopoly power.

These behaviors drive prices up for consumers as well. California Attorney General Rob Bonta is currently investigating Amazon for illegal price manipulation and has uncovered concerning evidence. For example, Amazon requires that sellers advertise their lowest prices on Amazon and penalizes those with lower prices elsewhere on the internet.² Sellers seeking to take advantage of deals, promotions, and sales online are often bullied by Amazon into raising prices on other websites. This behavior harms sellers looking to build their brands elsewhere and leads to higher prices on everyday goods for consumers.

² Annie Palmer, "Amazon 'strong-armed' Levi's, Hanes to hike prices on rival sites, California DA says" CNBC (Apr. 20, 2024) <https://www.cnbc.com/2024/04/20/california-da-amazon-price-fixing-walmart-target.html>.



Our members rely on these platforms to do their business, and appreciate the services provided by Amazon, eBay, and the rest of the e-commerce ecosystem. Their products create vibrant, interesting marketplaces that have helped drive the e-commerce explosion in the last two decades. However, these platforms must use their power responsibly and appropriately to foster innovation and entrepreneurship from the sellers who make their platforms successful. If these platforms fail to adequately invest in and support the sellers on their platform, they will do more to destroy innovation and entrepreneurship than support it.

We commend the Committee for holding today's important hearing on the gig economy and urge you to continue your important work in supporting small businesses, fostering innovation, and making life more affordable for consumers.

Sincerely,

The Responsible Online Commerce Coalition
(ROCC)