



House Education & Workforce Subcommittee
on Workforce Protections Hearing

**"Unlocking Opportunity: Allowing Independent Contractors
to Access Benefits"**

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Witness Statement of
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Testimony as Prepared for Delivery

Chairman Kiley, Ranking Member Adams, and distinguished members of the subcommittee, thank you for the opportunity to appear before you today.

My name is Kristin Sharp, and I am the CEO of Flex, the voice of the app-based economy. We represent America's leading rideshare and delivery companies – DoorDash, Grubhub, HopSkipDrive, Instacart, Lyft, Shipt, and Uber.

We believe in creating opportunities for people to live, work, and run their businesses on their own terms.

The app-based economy is an opportunity economy. It has enabled thousands of **restaurants and merchants** to grow and compete in today's economy and better prepared them for the future. For **consumers**, the app-based industry has brought unparalleled savings, choice, and convenience.

And for **workers**, it's an opportunity to be their own boss. And being your own boss is a powerful thing. Whether you are a single parent, a student or recent retiree, app-based innovations provide additional opportunities to earn money with flexibility and control over your time and earnings.

We are still a young industry, but one that has quickly been embraced by millions of Americans. Last month, Flex released the first-ever app industry Economic Impact

Report. The topline? This industry contributed more than \$212 billion in GDP—and is predicted to grow to \$500 billion in the next few years. For comparison, that is bigger than the beer industry, on par with the pet sector and chasing the movie industry in terms of economic reach.

As we look to the future, our mission at Flex is to ensure that app-based innovations continue to deliver for American consumers and workers. Which is why we are excited to spend this time today discussing the merits of a portable benefit system.

Why Portable Benefits?

One key way to support independent workers is to facilitate their access to portable benefits – benefits tied to the person rather than a job.

Independent work – work outside a traditional employer-employee relationship – is not new. In fact, Upwork estimates that 64 million people earned freelance income last year alone. And technologies like apps have made accessing freelance work easier than ever – at the touch of a button for anyone who wants to open the app.

This work offers a level of autonomy not possible in a traditional employer-employee relationship. As an app-based worker, you don't have to log on for a specific amount of time ... or at a *particular* time ... or even a particular *place*. You can “multi-app” – or earn through more than one company at a time – at your discretion.

In short: you can work as much or as little as the market allows, when, where, and if you want—and in ways that make sense for your life and personal obligations. That flexibility, autonomy, and scalability is what people like about this work. It's what drew 7.3 million active drivers in 2022 alone.

What Do Workers Think?

Data bears this out. 90% of app-based workers say flexibility is why they choose to drive or deliver. Workers value that flexibility so much that a majority say they'd choose to keep their flexible schedule rather than receive a 50 percent earnings bump with a fixed schedule.

The common thread is that app-based work is overwhelmingly additive. Nearly two-thirds of app-based earners spend 15 or fewer hours/week earning.

How are Portable Benefits Different?

So why do traditional W-2 employees have better access to benefits?

First, federal and state employment laws are in part to blame. Misclassifying a worker as an independent contractor—even unintentionally—can trigger liability. So companies choosing to provide independent workers with benefits under the wrong circumstances could open themselves up to substantial legal risk.

Second, conventional workplace benefits are tied to the employer rather than the worker, so people have to change them every time they change jobs. This model simply doesn't work for independent workers.

Last summer, Flex released a set of principles to guide portable benefits development. To work well, portable benefits must be:

1. Flexible: workers should be able to choose the kinds of benefits they need.
2. Portable: contributions should be tied to the worker so that they can accrue from more than one income source.
3. Proportional: benefit contributions must be based on earnings.

How Can We Make Them Work?

Any potential federal portable benefits framework will take time and careful consideration. In the meantime, states are experimenting with ways to support independent workers.

Just last week, for instance, DoorDash launched a new portable benefits pilot program in partnership with Pennsylvania Governor Shapiro, in the hopes that it can serve as a proof of concept.

In conclusion, Congress can support state efforts ... by clarifying that a company's contributions to a portable benefit program authorized by state law may not be used as a factor in determining a worker's labor classification status.

Companies looking to improve the status quo and enhance independent work should *not* be penalized.

Members of the Subcommittee, we appreciate your dedication to entrepreneurship and American ingenuity. And we look forward to working with you on policies that make sense for the 21st century economy. Thank you, and I look forward to your questions.