



Transportation Worker Misclassification Fact Sheet

- Workers in the private sector fit largely into one of two classifications under labor and tax law: employees and independent contractors.
- **Most workplace-related laws only apply to employees.** Under federal law, independent contractors must pay their own payroll taxes and are exempt from, among others:
 - Minimum wages
 - Overtime pay
 - Workplace health and safety requirements
 - Unemployment insurance eligibility
 - Organizing rights
 - Anti-discrimination protections
- To avoid the cost of compliance, some employers misclassify their employees as independent contractors. As a result, **misclassified workers lose access to much of the social safety net and are among the most disadvantaged workers in the country.** This is a problem for many sectors of the economy in every state.
- In recent years, **the number of misclassified workers in the transportation sector has significantly increased.** Transportation and Delivery Network Companies (TNCs and DNCs), such as Uber and DoorDash, have built business models based on misclassification and lobbied heavily for non-enforcement. Despite these efforts, federal courts have almost universally found that drivers at these companies are employees.
- Some companies have argued that the current rules should be changed to accommodate the new business models of app-based companies. These arguments are not new. **Companies in nearly every industry have attempted to evade worker protection laws for the past century because their model was “unique”.** Congress has consistently rejected these arguments because our social safety net depends on an enforceable set of obligations that employers owe their workers. Social security, unemployment insurance, the Affordable Care Act and many other federal laws depend on this relationship.
- **Our public safety laws are also dependent on this relationship.** In transportation, companies are responsible for tracking maximum hours of service, drug and alcohol testing, and many other safety requirements to protect the general public.
- **Companies who misclassify their workers are breaking federal law and denying the poorest Americans access to a fair paycheck and labor rights.** These companies should be tried and barred from federal contracts. Congress can address this systemic problem by adopting a universal test for employment and increasing the funding for enforcement actions.