

RESOLUTION #17

Ending Misclassification of Gig Workers and Independent Contractors and Granting them Union Rights

Submitted by Delegate Steven M. Powell, UFCW Local 881

WHEREAS, the ever expanding “gig economy” continues to disrupt the economy and industries throughout Illinois, upending long term labor relationships, denying workers their rights to unionize and be covered by labor laws unions have spent decades creating and enforcing in large part because of concerted efforts by employers to misclassify their workers as “independent contractors”; and

WHEREAS, employer misclassification of their employees as independent contractors is a widespread phenomenon in the United States. The Internal Revenue Service (IRS) estimates that employers have misclassified millions of workers nationally as independent contractors. While some employers misclassify their workers as independent contractors in error, often employers misclassify their employees intentionally in order to reduce labor costs and avoid paying state and federal taxes; and

WHEREAS, misclassified employees lose workplace protections and are denied Illinois basic labor standards including the right to join a union, wage and hour protections, health and safety standards, retirement security, and face an increased tax burden, receive no overtime pay; and are often ineligible for unemployment insurance and disability compensation. Misclassification also causes federal, state, and local governments to suffer revenue losses as employers circumvent their tax obligations; and

WHEREAS, The misclassification of workers also enables unscrupulous employers and hiring entities to gain an unfair advantage over other employers that obey the law and permits such employers to shift the cost of providing benefits such as a safe workplace, retirement security and unemployment insurance to governmental bodies and, ultimately, the taxpayers; and

WHEREAS, California and New York City have recently enacted labor laws that reign in misclassification and grant gig workers labor rights that employees have to the benefit of those workers and their state’s economy; and

WHEREAS, the Federal government in response to the COVID-19 pandemic and subsequent recession for the first time granted gig workers a different designation for federal aid made available through the Pandemic Unemployment Assistance (PUA) program which seeded state unemployment insurance systems with money to pay out to independent contractors and gig workers unemployment benefits, showing that the federal government acknowledges the growing share of our economy that is tied to gig based work and the lack of a safety net for millions of workers employed therein; therefore be it

RESOLVED, that the Illinois AFL-CIO strongly supports efforts to study misclassification and the effect on workers and our state’s economy and government finances undertaken by Senator Christina Castro and Representative Will Guzzardi who passed a resolution compelling the Illinois Department of Employment Security to analyze their datasets and produce a report for the General Assembly by January 2021; and be it further

RESOLVED, that the Illinois AFL-CIO strongly supports expanding the definition of what constitutes an employee through more stringent ABC testing that will reign in tech platforms and other unscrupulous employers from utilizing misclassification to pay workers less, deny them unionization and labor law protection and rights, and continue to make massive profits in competition with other traditional employers in their industries who are having to abide by existing labor laws; and be it finally

RESOLVED, that the Illinois AFL-CIO will transmit a copy of this resolution to the Central Labor Councils and its affiliates throughout the State of Illinois to support and encourage efforts by the General Assembly and Governor to expand labor law protections to all workers in our state.