



IWV Supports Oversight of the Department of Labor by the U.S. House Committee on Education and the Workforce

April 29, 2024

Dear Chairwoman Foxx and Members of the Committee,

On behalf of Independent Women's Voice, we thank the committee for its rigorous oversight of the Department of Labor. The hearing "Examining the Policies and Priorities of the Department of Labor" will shine a spotlight on the misplaced priorities and harmful policies of the DOL under Acting Secretary Julie Su and President Joe Biden. Independent Women's Voice fights for women and their loved ones by effectively expanding support for policy solutions that aren't just well-intended but actually enhance people's freedom, opportunities, and well-being.

As we celebrate National Small Business Week, we recognize the tremendous economic impact of entrepreneurs, solopreneurs, mom-and-pop shops, and freelancers nationwide. Women own over **12 million** small businesses, generate \$2.1 trillion in sales, and employ 10.8 million workers, according to the Small Business Administration. Entrepreneurship is the backbone of the American economy and the hallmark of free enterprise.

However, the Biden administration's anti-small business policies have severely limited the ability to start and grow a small business or engage in entrepreneurial pursuits and side hustles. Particularly, the DOL's **new rule** revising the Department's guidance on how to analyze who is an employee or independent contractor under the Fair Labor Standards Act (FLSA) will have devastating effects on self-employment nationwide. The new restrictions will make it more difficult for independent contractors to retain that status. We expect that, as occurred when California—under Julie Su when she served as Secretary of the California Labor and Workforce Development Agency—implemented similar restrictions in 2019 through Assembly Bill 5 (AB5), men and women will lose incomes, contracts, businesses, and livelihoods. In California, self-employment plummeted by **10.5%**, and overall employment fell by 4.4%.

Independent contracting is vital for women. In the past year alone, 64 million Americans freelanced, half of them were women. Independent contracting provides highly valued flexibility to balance priorities such as raising children, caregiving for aging parents, and managing personal health conditions and disabilities. Independent contracting is a necessity for many workers who cannot work in a

traditional 9-to-5 job. Women's labor force participation will suffer if these restrictions stand.

"Ninety-two percent of female workers prioritize flexibility over stability when it comes to their careers," **explained** Whitney Munro from Dallas, Texas. Ms. Munro is the founder, president, and CEO of FLEX Partners, a national consulting firm that employs a largely female workforce of employees and independent contractors and is an advisor to Independent Women's Forum. "It will directly affect the livelihoods of entrepreneurs like myself who have built companies that both rely on and offer flexibility and competitive fees to independent contractors."

Here is a small sample of stories sent to us by women nationwide who depend on independent contracting and oppose the administration's efforts to severely restrict it:

Residential specialty contractor, Kathrine Cook (North Carolina):

"My husband and I have been in construction since 1997 as independent contractors. He takes on the small jobs that the big contractors won't take because there is no big profit to be made. Should a [policy] such as what is being suggested be enacted, people like my husband will be subsequently placed out of work..."

"The flexibility of being an independent contractor is so important to me. Before COVID, it allowed me to set a schedule that gave me the freedom to attend my son's soccer games and my daughter's field trips. During COVID, it allowed me to continue working while my kids schooled at home. Most recently, the flexibility of being an independent contractor allowed me to schedule my work around caring for my dad, who passed away recently. And in the future, being an independent contractor will allow me to care for my elderly mother when the time comes."

"For me, the flexibility of being an independent contractor is far more important than the benefits of being a full-time employee."

Wiley March, Survivor Advocate/Author and Public Speaker (New York):

"As a female survivor who raised three children on my own, I can attest to the importance of the gig economy for survivors of domestic violence and human trafficking... Engaging in gig work enables survivors like me to earn income and become financially independent, reducing reliance on dangerous partners. Additionally, it provided a sense of empowerment and control over my own life, allowing me to choose the type of work I did and manage my

finances. Often working a typical job was unmanageable in dealing with CPTSD. Working in the gig economy also offers a level of safety and security, as survivors like me can often work from home or in environments where we feel comfortable, reducing the risk of encountering their abuser.”

Jennifer Digney, Occupational Therapist (New Jersey):

New Jersey “As an OT and working mom the ability to work as an independent contractor for the last 20 years has been invaluable in allowing me the flexibility to work on a schedule that benefits my family. Losing the ability to work this way would be very detrimental to my family both financially and practically.”

Lynnae McCoy, ESL Tutor (Oregon):

“When my husband lost his job in 2016, we needed income. He was unable to find traditional employment, and we were barely making ends meet. In April 2017 I signed a contract to tutor English as a second language to kids in China. In short order, I was able to replace my husband’s lost income while still having the flexibility to care for my children.

Theresa Potts, Home Health Aide (Pennsylvania):

“I worked many years as a subcontractor. I worked nights so I could be home to get my kids off to school, sleep while they were in school, and be home to have dinner with them and get them to bed. It paid well and I was still home for my family. I wouldn’t have it any other way.”

Kelli Knight, Freelance Graphic Designer (Louisiana):

“I was able to work from home and take care of my kids, attend their school functions, and adjust my schedule for their medical needs for 22 years. I contracted out help when necessary and had the freedom to run my business as I saw fit. It was the best way I could provide for my family and government intervention would have killed that opportunity for me.

...

In all of this, I had the freedom to negotiate pay, I had the freedom to pick and choose businesses I wanted to work with or not work with, and I had the freedom to work as much or little as I wanted. I also have the added pride of knowing I helped businesses grow to their full potential. Freelance contract work without government intervention is a win-win in every aspect.

We applaud this committee for passing H.J. Res. 116 using the Congressional Review Act (CRA) to rescind this rule and urge the full House to pass the CRA. Our organization will host the **Worker Freedom Day of Action on May 4, 2024**, for people to contact their representatives and ask that they support both the House and Senate CRAs.

During the hearing, we hope that Acting Secretary Su will be asked to answer the following:

- How many people will be displaced by this rule;
- How many small businesses will be adversely impacted;
- Have they considered how Californians were hurt by similar restrictions; and
- Why would they implement regulations that will adversely impact self-employment, employment, small businesses, and economic opportunity?

As Ms. McCoy noted, “Government overreach amounts to handcuffing small businesses and contractors, thus denying real opportunity and freedom for someone to be available for her or his family as well as earn an income.” We agree.

Respectfully,

A handwritten signature in black ink, appearing to read 'Patrice Onwuka', with a long horizontal flourish extending to the right.

Patrice Onwuka
Senior Policy Analyst
Independent Women’s Voice