



How to Talk About:  
**PROTECTING WORKER  
FLEXIBILITY & FREEDOM**

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# Five Key Points

## About Independent Contracting in America

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1

**Independent contractors value flexibility over benefits. [72.7 million Americans](#)**—42% of the U.S. workforce—freelance nationwide because they prefer the flexibility and independence afforded by these work opportunities. They get to decide when, with whom, and how much they work. They can supplement their regular income or earn a livelihood from independent contracting. Surveys indicate that those who choose to freelance have more job satisfaction and other [benefits](#) than those who work as traditional employees.

2

**Women depend on independent contract work.** While both men and women enjoy these opportunities, many women especially value the flexibility that freelancing offers for work-life balance. It allows them to earn money and focus on their careers without compromising time with family or caregiving duties. About [half](#) of independent workers are women. Some [92%](#) of female workers prioritize flexibility over stability in their careers.

3

**Reclassifying independent contractors as employees will kill flexible work arrangements and leave millions unemployed.** Almost immediately after passage, the effects of California's Assembly Bill 5 (AB5) began to be felt across the state's workforce. This law caused companies to scale back or completely eliminate their use of independent contractors in the state. Workers reported losing clients, contracts, income, and jobs. As a result, self-employment plummeted 10.5%, and overall employment fell 4.4%, according to an [analysis](#) by the Mercatus Center. Sadly, other proposed state and federal legislation and regulations threaten to expand the reach of this bad policy.

*continued >>*

4

**The government should not favor traditional employment models over flexible, innovative models.** Reclassifying independent contractors is an attempt to shoehorn all workers into a one-size-fits-all, traditional employment arrangement. Some **82%** of women and overall voters say the government should not force people to work 9-to-5 jobs.

5

**Workers and consumers pay the price.** Reclassifying workers as employees requires compliance with wage and hour laws, unemployment insurance, and other labor laws that would increase labor costs by an estimated **20-30%**. This leaves fewer resources available for job creation and pay increases for workers. Consumers have fewer options for the services they depend on—from caregivers for the elderly to translators for the hearing impaired, and scores of other necessary services—which will price many out of the market and create significant and lasting harm.

# Top Takeaways

## The Threat to Independent Contracting

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### WHAT'S AT STAKE

Today, over **72 million Americans**—42% of the U.S. workforce—freelance. These self-employed or gig workers overwhelmingly choose independent contracting to **earn more income and enjoy greater flexibility, fulfillment, and work-life balance** than if they were employees.

Women especially value flexibility. Independent contracting is important to mothers, caregivers, retirees, students, and people with disabilities, chronic illnesses, and health conditions that prevent them from working in a traditional job. **Nine out of ten** female workers who shifted from full-time employment to independent contract work said they did so to prioritize flexibility over stability.

Most freelancers are skilled professionals across a wide variety of occupations, such as marketing professionals, event planners, optometrists, artists, transcribers, and writers. The gig economy has also expanded opportunities through ridesharing, delivery services, and task-completion services.

### RECLASSIFICATION DESTROYS FLEXIBLE OPPORTUNITIES

Congress, federal agencies, and states are pushing for greater restrictions on self-employment. Lawmakers and regulators seek to reclassify tens of millions of independent contractors as employees, even if they prefer their current, non-employee status.

In 2021, the Biden administration's Department of Labor finalized a **rule** that could upend self-employment by implementing a new standard to determine independent status. It injected confusion, complexity, and uncertainty into the business environment. In addition, the Protecting the Right to Organize (PRO) Act would lead to the reclassification of tens of millions of self-employed and gig workers.

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Similar restrictions on independent contractors were enacted in California (AB5) under the guise of protecting workers' rights. In reality, AB5:

- **Destroyed** many flexible work arrangements, causing workers to lose their livelihoods.
- Self-employment fell 10.5%, and overall employment fell 4.4% in affected industries, according to an **analysis** by the Mercatus Center.
- Triggered layoffs, and closures were caused by businesses being unable to afford the higher costs.

Reclassifying independent workers as employees will raise labor costs for businesses by an estimated **20-30%** and cost an estimated \$57 billion nationwide.

By margins of **over 80%**, women, Gen Z and Millennials, seniors, and independents oppose the government forcing them into traditional 9-to-5 jobs.

**Misguided policies to reclassify millions of independent contractors must be rejected.**

# In Their Own Words

## Women in Independent Contracting

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### FAST FACTS

- Freelancers contributed \$1.27 trillion to the U.S. economy in annual earnings. ([Freelance Forward, 2023](#))
- Forty-five percent of the independent workforce is female. ([The State of Independence in America, 2024](#))
- Women are now more likely than men to be employed in an alternative work arrangement. ([National Bureau of Economic Research, 2016](#))
- Ninety-two percent of women who shifted from full-time employment to independent contract work said they did so to prioritize flexibility over stability. ([Indeed, 2024](#))
- Eighty-two percent of women and overall voters, joined by 80% of young voters and 79% of seniors, agree that the government should not force people into 9-to-5 jobs, but allow them the flexibility to be independent contractors. ([Independent Women, 2025](#))

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### STORIES: Female Independent Contractors Harmed By California's AB5

- **Karen Anderson**, freelance journalist and founder of Freelancers Against AB5: *"These politicians can say what they want about misclassifying... but the result is that lives are being destroyed, tangibly." She added, "This utopian notion that all of the sudden these independent contractors will be*

*converted to traditional employees is just a fantasy."* ([Karen's Story](#))

- 
- **Monica Wyman**, a florist and event planner, whose business was jeopardized by AB5: *"I'm at this crossroads where I'm*



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*thinking I'm going to have to dissolve my business and close my doors."* Wyman contracted other moms for her business, who also stood to lose.

*"I would rotate in different moms who I knew wanted a few hours here and there. It worked really well for all of us. These are women who need the flexibility."* ([Monica's Story](#))

*writers and artists whose work involves collaboration with other artists. Take my yoga work, I do lectures on anatomy or I help with a portion of training. A mom-and-pop studio can't hire me and put me on payroll for a one- or two-hour lecture that I do once per month. That's wiped out so much work. A lot of studios have shut their doors because of AB5 and COVID-19."* ([Jennifer's Story](#))

- 
- A freelance optometrist who identified herself as **"Nancy P., O.D.":** *"I have been an independent contractor optometrist for 18 years. I currently work part-time so that I can raise my two boys. Being an IC optometrist has given me the flexibility and the income to have the best of both worlds, a fulfilling career and be present for my children."* As a result of AB5, Nancy has seen her income slashed by almost 30% even before the pandemic. (**Email response to Independent Women**)

- 
- **Jennifer O'Connell** is a writer, yoga instructor, and career coach who lost about three-quarters of her income after AB5 was enacted: *"The odds are stacked against the majority of creative people like*



- 
- **Marguerite Kusahara** is an entertainer best known for performing a wide variety of characters including being Mrs. Claus during the holiday season: *"These people say this is going to protect workers. How is this going to protect part time people? We're not crying for benefits or claiming we're being abused. We're very happy. The gig economy is very important. Trying to make it disappear doesn't make any sense."*



*"I know I can't work a regular job because I am a caregiver. [My husband is] legally blind and hard of hearing, had a stroke and even with all of that, I was able to balance work back in December."* Not anymore. ([Marguerite's Story](#))

# Misperceptions v. Facts

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## **1. MISPERCEPTION: Reclassifying independent contractors as employees will improve gig workers' lives.**

**FACT:** Independent contractors understand they are making a tradeoff between benefits and flexibility. According to a 2019 report by Upwork and the Freelancers Union, [46%](#) of freelancers say they depend on contract work because their personal circumstances prevent them from working in traditional jobs.

Flexibility is important to [nine out of ten](#) female workers who shifted from full-time employment to independent contract work. Regulations such as the Biden administration's [labor rule](#) and laws like [AB5](#) remove the workers' choices and threaten their livelihoods.

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## **2. MISPERCEPTION: The number of full-time workers hired to replace independent contractors will balance out the lost income for contract workers.**

**FACT:** Hiring contractors as W-2 employees creates significant additional costs for businesses, including payroll taxes, workers' compensation and unemployment insurance, paid leave, and health insurance if required by law. Companies may hire a much smaller

number of employees while reducing their independent contractor workforce or outsourcing work to other states. In California, [analysis](#) confirmed that AB5 did not lead to a growth in traditional employment.

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## **3. MISPERCEPTION: If workers are unduly burdened by laws or regulations that reclassify workers, such as California's AB5, they should simply seek an exemption from the policy.**

**FACT:** The solution is not simply to carve out protections for one's own profession.

This unfairly excludes those who do not have the money or clout to lobby for an

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exemption. Lobbying for exemptions is undemocratic and unfair. It is also impractical. California lawmakers have exempted over 100 occupations from AB5 before and after the law passed, yet there are many more workers who remain impacted by this job-killing law. Why

should people in professions with less political clout suffer? It is simply unfair.

At the federal level, neither Labor Department regulations nor the PRO Act provided exemptions for its reclassification of independent contractors.

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#### **4. MISPERCEPTION: Worker misclassification is rampant. We need the stricter “ABC test,” as adopted by California’s AB5, to force companies to reclassify workers as employees.**

**FACT:** Worker misclassification is wrong, and workers who feel they should be classified as employees can file a claim to appropriate state and federal authorities. However, the increase in independent contractors is more likely due to the recent development and expansion of innovative work models and platforms (such as those in the gig economy), not a sudden trend toward widespread worker misclassification.

There are distinct differences between independent contractors and employees, namely how much control a company has over the work that a worker performs.

Federal agencies and states have different definitions for who should be classified as independent contractors versus employees. Some standards are more flexible than others. However, advocates for the reclassification of independent contractors want to implement a stringent standard (the ABC test) that assumes all workers are employees and forces them to prove otherwise based on a very narrow set of criteria. When California adopted the ABC test as part of its AB5 law, many of the state’s two million independent contractors were immediately reclassified and lost their incomes.

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#### **5. MISPERCEPTION: Companies misclassify workers to avoid paying their “fair share” of taxes, such as Social Security, Medicare, unemployment, and worker’s compensation insurance.**

**FACT:** Companies have different obligations (such as benefits and

taxes) for traditional employees than

*continued >>*

independent contractors by federal and state law. Workers should not be misclassified, but neither should bona fide independent contractors be forced to be classified as employees when their work and circumstances fall into independent status.

Independent contractors do not receive workplace benefits, so they must secure them separately. States and the federal government are implementing reforms that allow for flexible benefits that companies can pay for their independent workers without triggering their reclassification.

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## **6. MISPERCEPTION: Workers want to be employees and are driving state and federal efforts to reclassify independent contractors.**

**FACT:** Organized labor is driving current fights to reclassify workers as a means of expanding their membership and influence. While employees can organize and bargain collectively under federal labor law, independent contractors cannot. Unions see worker reclassification as an opportunity

to unionize potentially millions of new employees and recruit them as dues-paying members. Surveys of independent contractors show that, **overwhelmingly**, they prefer to work as independent contractors rather than employees.

# Independent Women Poll

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## **82% OF WOMEN SAY: Government Should NOT Force Them Into 9-to-5 jobs**

The vast majority of Americans do not want the government to force people to work 9-to-5 jobs.

- **82% of women and overall voters, joined by 80% of young voters and 79% of seniors, agree** that the government should not force people to work 9-to-5 jobs, but instead allow people the flexibility to be independent contractors.
- The federal government and states have sought to reclassify independent contractors as employees, effectively killing flexible work arrangements and leaving millions unemployed.
- Almost immediately after California passed Assembly Bill 5 (AB5), companies eliminated their independent contractor workforce in the state. Self-employment plummeted 10.5%, and overall employment fell 4.4%, according to an [analysis](#) by the Mercatus Center.
- Reclassifying independent contractors is an attempt to shoehorn workers into a one-size-fits-all, traditional employment arrangement.

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## **Women, seniors, and overall voters almost universally say flexibility is important to them.**

- 93% of seniors, 91% of voters overall, and 90% of women agree that flexibility is important to many workers, especially parents and caregivers.
- Freelancing is on the rise. Over 40% of the workforce ([72.7 million Americans](#)) freelanced in 2024 because they preferred the flexibility and independence afforded by these work opportunities.
- [Surveys](#) indicate that those who choose to freelance have more job satisfaction and other benefits than those who work as traditional employees.
- According to Gallup, [52%](#) of women seeking to start a business want a more flexible work schedule, compared with 38% of men who want to start a business.

Because of caregiving responsibilities, health conditions, or other priorities, women and older Americans turn to independent contracting rather than traditional employment.

- 86% of seniors, 85% of all voters, and 84% of women agree that independent contracting is a good option for people seeking flexible jobs.
- While both men and women enjoy flexible opportunities, flexibility is critically important to women. About **half** of independent workers are women. They can earn money and focus on their careers without compromising time with family or caregiving duties. Some **92%** of female workers prioritize flexibility over stability in their careers.
- Independent contractors are generally **older** than workers in traditional jobs.

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### **Women and seniors support reforms that could expand benefits to independent contractors without risking their independent status.**

- 89% of seniors and 87% of women think the government should make it easier for independent contractors and others without traditional employment to get affordable health insurance and other benefits.
- Companies are legally prohibited from offering workplace benefits such as health care, disability, and unemployment insurance to independent contractors because they are non-employees.
- While some independent contractors can access benefits through their spouses or other employment, upwards of **40%** of independent workers lack access to any options.
- Portable benefits offer workers the ability to maintain coverage no matter how they choose to work or who pays them. An overwhelming **80%** of self-employed U.S. workers support creating such portable benefits solutions.

**SOURCE:** Wick Insights - n1,050 January 24-28, 2025

#### **DOWNLOAD THE FULL REPORT**

<https://www.iwf.org/independent-contractor-polling/>

# Quiz

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**1** Many Americans now work in the “gig economy,” such as driving for Uber, delivering food from restaurants, or performing household tasks on TaskRabbit. These jobs are in a category called “independent contracting” because they are not what are typically defined as “traditional” jobs. Are independent contractors a new work arrangement?

- A. Yes
  - B. No
- 

**2** How many Americans freelanced (worked as independent contractors) in 2024?

- A. 10 million
  - B. 35 million
  - C. 72 million
- 

**3** Why do workers decide to work as independent contractors?

- A. They have trouble holding a traditional job
- B. They prefer the flexibility of freelancing
- C. They need to supplement their income
- D. Any or all of the above

**4** What are the effects of the California state law AB5?

- A. Protects workers’ rights
  - B. Makes it easier to be classified as an independent contractor
  - C. Raises costs for businesses
  - D. Threatens economic security of workers
  - E. Kills flexible work arrangements
  - F. Answers C, D, and E
  - G. None of the above
- 

**5** Do the Department of Labor regulations on independent contractors provide exemptions for certain professions?

- A. Yes
- B. No

# Quiz Answers

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## **Q1 ANSWER: B**

**No.** The emergence of new technologies has led to great growth in the independent contractor workforce today. Apps such as Uber, Lyft, Doordash, or TaskRabbit provide ways to connect workers with customers. While independent contractors are a growing proportion of American workers—[42%](#) of the U.S. workforce—many of these jobs have long been a part of our workforce. Most independent contractors are professionals who work in a wide variety of occupations—from handymen to freelance journalists, HR professionals, musicians, photographers, and more. They are not employees; instead of receiving a salary, these workers are typically paid an hourly rate, a retainer, or a fee for completing a specific task or project. Essentially, they work for themselves, and they get to decide when they will work and which projects they'll do.

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## **Q2 ANSWER: C**

**72 million.** Not only did an estimated [72 million Americans](#) freelance (42% of the workforce), but [over half](#) of freelancers say no amount of money would persuade

them to take a traditional job. And they are doing so by choice. Most independent contractors report that they prefer this arrangement to a traditional job.

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## **Q3 ANSWER: D**

**Any or all of the above.** [Sixty percent](#) of freelancers work as independent contractors by choice. They enjoy the freedom of being their own boss and choosing when, where, and how they work. Additionally, [46%](#) of freelancers say they would have difficulty working for a traditional employer due to personal circumstances, such as health issues or childcare needs, or because they are students. Around [6.8 million](#) workers use independent contracting as a secondary source of income to supplement their primary source.

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## **Q4 ANSWER: F**

**Answers C, D, and E.** AB5 threatened both workers and employers by forcing businesses to reclassify independent contractors as employees. Instead of protecting workers' rights, this made it harder for independent contractors to

*continued >>*

enjoy the flexibility and freedom they value. In many cases, it meant [lost jobs and lost income](#) for workers. According to [analysis](#) by the Mercatus Center, self employment fell by 10.5% and overall employment fell by 4.4%.

AB5 raises costs for businesses by requiring them to offer all workers a variety of benefits and pay for unemployment insurance, employment taxes, and more. As a result, labor costs will increase by [20-30%](#) in the ridesharing industry.

These additional costs force companies to lay off large numbers of independent contractors, and they may hire fewer employees to replace them. Vox Media, for example, laid off [200 freelance writers](#) at the beginning of 2020 to comply with AB5's requirements; they only hired 20 full-time staff writers to replace them.

AB5 has hurt women, as women often prioritize other responsibilities, such as family caregiving duties, over having a traditional 9-5 job. Independent contracting allows such individuals to work around their priorities while still earning a source of income.

### **Q5 ANSWER: B**

**No.** The PRO Act does not provide any exemptions, which is worse than California's AB5. Since the implementation of California's misguided independent contractor law, the state has passed many [exemptions](#) to remedy the unintentional effects of the bill. While exemptions have provided relief to certain professionals in the state, they are [unfair](#) because they are only granted to those with the means to lobby for special treatment while leaving others without work. This unequal treatment is the direct result of bad policy and disproportionately affects many small businesses.

# Background

## Legal Standards for Independent Contractors

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There is no single rule or test to determine whether a worker is an employee or an independent contractor. That does not mean there are no standards.

Various federal agencies, such as the Department of Labor and the Internal Revenue Service, use different definitions. The Supreme Court has held on different occasions that **multiple factors** can be considered to make this determination in federal law or policy. Some states may have a definition of an independent contractor.

In 2024, the Biden administration established a new standard to determine worker status under the federal Fair Labor Standards Act (FLSA). The new rule imposed a stringent six-factor test:

- Opportunity for profit or loss depending on managerial skill;
- Investments by the worker and the potential employer;
- Degree of permanence of the work relationship;
- Nature and degree of control;
- Extent to which the work performed is an integral part of the potential employer's business; and
- Skill and initiative.

No factor carries greater weight than another, and other arbitrary factors could also be considered. This rule, now in effect, has increased confusion and uncertainty for businesses and independent workers. Multiple legal challenges have been filed against the rule to overturn it.

The previous standard established under the Trump administration was viewed as more friendly to businesses and independent workers. The previous rule imposed an “economic reality” test that focused on two core factors:

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- The nature and degree of control over the work; and
- The worker's opportunity for profit or loss, based on initiative and/or investment.

In addition, three other factors can be considered:

- The amount of skill required for the work;
- The degree of permanence of the working relationship between the worker and the potential employer; and
- Whether the work is part of an integrated unit of production.

Supporters of reclassifying independent contractors as employees advocate for adopting the so-called ABC test in state and federal law. Under this test, any person who provides labor or services for remuneration is automatically an employee unless the company hiring them can demonstrate that three conditions are satisfied. The worker is:

- Free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact;
- Performs work outside the usual course of the hiring entity's business; and
- Customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

Adopting this test nationwide would immediately result in tens of millions of independent contractors being reclassified as employees. Reclassifying workers as employees would be prohibitively costly for many employers who would simply lay off these workers. When California adopted the ABC test in Assembly Bill 5 (AB5), self-employment plummeted by [10.5%](#), and overall employment fell by 4.4%.

# Social Media Kit

Post the below messages, videos, and graphics to social media and make your voice heard.

**Tag us so we can RT/Share your post:**

- @IWF @IWV (Twitter)
- @IndependentWomensForum @IndependentWomensVoice (Facebook)
- @IndependentWomensForum @IndependentWomensVoice (Instagram)

**Hashtags to include:** #freethefreelancers #freelancebusting

**VISUALS:** Include these visuals with any Twitter, Facebook, or Instagram posts.

## Download



Are you an independent contractor, freelancer, or gig worker?

We want to hear from you.

[Share Your Story](#)

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NEW POLL

**78%**  
of Women Say  
**EXTEND the**  
**2017 Tax Cuts**

SOURCE: Wick Insights - n1,050 January 24-28, 2025

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NEW POLL

**82%**  
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Government  
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SOURCE: Wick Insights - n1,050 January 24-28, 2025

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