



New Labor Secretary Says Gig Economy Workers Should Be Classified As Employees

Insights

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Secretary of Labor Marty Walsh didn't beat around the bush when he provided his first public thoughts about the gig economy workforce since assuming office. In an interview with Reuters released on Thursday, Walsh said "in a lot of cases, gig workers should be classified as employees." His comments should come as little surprise to those in the industry who have tracked his career and followed President Biden's campaign promises to crack down on purported misclassification.

While he tried to strike a balanced tone – noting that in "some cases" gig workers are treated respectfully, and indicating that he didn't "begrudge" any companies for raising revenue and making profits – his pointed comments send a direct signal to gig economy businesses that the Biden Department of Labor will soon ramp up efforts to force gig workers to be considered employees.

What Can We Expect?

Walsh said that he wants his agency to have conversations with gig economy companies in the coming months in an effort to ensure workers have access to the types of benefits that a typical employee might have: consistent wages, sick time, health care insurance, and similar benefits. While some business leaders have expressed hope that Walsh's pragmatic streak demonstrated throughout his career as a union leader and mayor would carry over to the worker classification debate, it appears that he will push through an aggressive agenda on behalf of unions and workers.

First up? We can expect to soon see the DOL to formally rescind the Trump-era "gig economy rule" that was set to make it far easier to classify workers as independent contractors. In its place, the agency will no doubt release a new rule that will more closely align with the Biden administration's aim to target misclassification and ensure as many workers as possible are considered employees. While litigation filed by business groups is ongoing in an attempt to revive the business-friendly version of the rule, gig economy companies cannot rely on this federal lawsuit to be a magic bullet to erase all concerns in this area.

Walsh also noted the success of the pandemic-related unemployment insurance program that ensured gig economy workers who were left without work could regain some of their lost income. "If the federal government didn't cover the aid economy workers, those workers would not only have

lost their job, but they wouldn't have had any unemployment benefits to keep their family moving forward. We'd have a lot more difficult situation all across the country," he said. But in expressing admiration for that legislation – which was paid for by massive stimulus spending bills approved by Congress – he didn't expressly state how he would expect any future extension of UI benefits for gig workers to be funded or managed.

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Richard R. Meneghello
Chief Content Officer
503.205.8044
[Email](#)

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