

First Crack In The Wall? 2 New York Uber Drivers Awarded Unemployment

Insights

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The New York Times reported yesterday that two Uber drivers were awarded unemployment benefits by the New York State Department of Labor. While the rulings were made earlier this summer in August and September, they had not previously been reported and are just now making the news.

In and of themselves, unemployment awards are not that big of a deal. Employers generally do not see a significant impact on their bottom lines when former workers are granted UI benefits in their states. What the awards signify, however, is much more concerning.

In order to be entitled to benefits under just about any unemployment benefits system in the country, the individual needs to be considered to be an employee and not an independent contractor. Therefore, a decision in favor of benefits means that a state governmental agency has made a decision in favor of misclassification, which is never a good thing.

It needs to be said that these decisions are standalone cases right now. They do not extend to other drivers, and they do not mean that Uber's classification model has collapsed. As a spokesperson for the Department of Labor said, these determinations are made on a "case-by-case" basis, and in fact cited to the fact that other Uber drivers had been determined to be contractors.

So what's next? It's unclear how far worker advocates will push these decisions. If they do go to their next levels of review, it is possible for New York's appellate courts to be called upon to step into the fray. Gig employers everywhere will be monitoring these situations in the coming months.

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