



Departing Labor Secretary Takes Parting Shot At Gig Economy

Insights

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With one of his last official actions as Secretary of Labor, Thomas Perez published a “Memorandum to the American People” touting his accomplishments over the past four years and providing his suggestions for the incoming administration. Given how diametrically opposed he is to his replacement, you might think the forward-looking portion of the memo would be ignored or recycled without review by Andrew Puzder. But the section on the gig economy repeats two of the most common refrains that we have heard about the evolving workforce and what we might need in the near future, so don’t be surprised if you see some follow-through on these calls to action.

In the subsection entitled the “Gig Economy,” Perez first calls for the collection of more data to better understand the emerging trends developing as a result of the sharing economy. This is not a new request. As we noted in August, the recent jobs reports are essentially flawed because they don’t track gig workers. The federal government is on track to collect and release data in May 2017 that will enable us to all have a better handle on how big the gig economy has grown and where it might lead us in the near future. Expect to see a mountain of new data in the next few months, which should help everyone get a sense for what we’re dealing with.

Perez then calls for a mobile benefits solution to assist workers who transition from job to job, gig to gig, in a rapidly changing work environment. Again, this is not a new refrain, and is one supported by those on both sides of aisle. In fact, the Republican platform adopted this past summer indicated the same need. As we noted then, the platform supports individuals who want to join together to form purchasing pools in order to expand healthcare coverage, an issue that has been on the forefront of gig workers. Also, discussing an issue that relates to gig workers and others in the modern workforce, it said: “Today’s highly mobile workforce,” it says, “needs portability of insurance coverage that can go with them from job to job.”

Unfortunately, the memo takes somewhat of a cheap shot at the gig economy in its final substantive section, entitled “Preparing for the Future of Work.” He casts the evolving economy in an extremely unfavorable light, remarking that the “profound change” in the American economy, brought on in large measure because of the gig economy and the evolution of work arrangements, “threatens the basic social compact for American workers.” This is more of the same from those who see only the negative challenges associated with the sharing economy, ignoring the many positives for workers and business owners alike. It’s unfortunate but not surprising; this comes from the man who has tried to recruit whistleblowers for misclassification claims, despite the evidence that the

overwhelming number of gig workers see themselves as independent agents and not misclassified employees.

Secretary Perez oversaw the Labor Department during one of the most dramatic evolutions of the traditional working relationship in our nation's history, and for this he should be commended. However, we're glad to see his antiquated view of the gig economy depart with him. The new economy needs fresh thought and fresh leadership, and we can only hope that the incoming administration takes into account the needs of businesses and workers alike when it comes to the sharing economy.

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