



## Acosta Wants to Focus on the Gig Economy

Insights

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The on-demand economy recently got some attention from a very powerful source. On October 25, U.S. Department of Labor Secretary Alexander Acosta stated during an event organized by the Jack Kemp Foundation that he believes the current administration should consider how to update existing laws to keep up with the rise of the gig economy, and technology changes in general. Specifically, Acosta expressed that the government has the continued duty to keep up with changes in the employer-employee relationship and to reexamine existing laws as needed. According to BNA's Chris Opfer, Acosta said: "I think one of the challenges is can our institutions keep pace with the pace of change in the private sector. Government has an obligation to keep pace and to re-examine the rules that regulate the employer-employee relationships that have an impact on the ability of individuals to work in a modern system."

Acosta's comments highlight the realities that the gig economy is here to stay, and the existing legal framework is going to need to appropriately adjust itself to the large number of companies who use freelancers, as well as the individuals themselves who gain significant portions of their income through nontraditional sources.

While previous administrations (and generations) were used to the traditional employee-employer relationship, today's workforce is much more diverse with the relationships at play. The Freelancer's Union recently estimated that more than a third of today's workers receive part of their income through a freelance job. Examples include being an Uber or Lyft driver, picking up handyman jobs, or even selling homemade crafts. Many of these roles have been made possible only through technology and social media which wasn't even imagined when most employment laws were written. These on-demand positions come with a great deal of flexibility and potential for income growth based upon the amount of effort and skill being utilized. However, they also generally come without benefits or legal security from the existing employment laws. For example, on-demand workers tend to be classified as independent contractors and thus not subject to wage and hour laws such as minimum wage and overtime protections. Of course, when the Fair Labor Standards Act was passed back in 1938, the drafters of the law could not have contemplated a workforce driven by smartphone apps.

Accordingly, it makes sense for government to be considering ways in which the existing laws and regulations can begin to accommodate the ever growing gig economy work force. Issues to be debated include wage and hour, unemployment, workers compensation, and benefits – just to name a few. Whether the government will easily be able to work together on these issues, however,

a few. Whether the government will easily be able to work together on these issues, however, remains to be seen. The fact that the Labor Secretary is now openly discussing the on-demand economy shows that this topic will continue to be a hot issue in Washington for many years to come.

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