



Can Gig Businesses Offer Benefits To Their Workers? Recent Developments May Shed Light On Answer

Insights

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There are obvious “benefits” to participating in the gig economy: Gig companies get to use as little or as much labor as they need. Gig workers are able to work at their chosen capacity. And customers get new products and services. But there are other “benefits” that are receiving more attention of late: “employee benefits.”

One of the main concerns that current gig businesses have with offering benefits to their workers is that doing so might make it easier for workers to establish a misclassification case. It is a hallmark feature of a typical employee-employer relationship, which most gig businesses want to avoid. But let’s set aside the misclassification issues for a moment. Gig companies obviously want to see these workers classified as independent contractors because the burden of employment law compliance falls to the gig worker. Gig workers want the benefits that employees have – whether that is in the form of being called an employee, or whether employee-type benefits can be addressed in the independent contractor status. It is this last area that has been receiving an increasing amount of attention in the past few months. For example:

- The Atlantic has reported on [a proposal in New York City](#) to provide for a tax on gig economy transactions that would provide a portable benefit fund for gig workers. It suggests that gig companies support these options because they would make it easier for gig workers to remain in the industry.
- Next City reports [a Washington state proposal](#) that would require gig companies to contribute to a portable benefits fund that would provide health insurance, time off, workers’ compensation, and other benefits. The state legislator supporting this option claims it is needed because existing workplace protection laws ignore gig workers.
- Finally, Benefitspro reports that [certain gig companies are promoting existing healthcare options](#) under the ACA to their gig workers. These businesses can increase goodwill among gig workers by simply promoting and point them to existing options. How much mileage such gig economies can get out of this depends upon what Washington does with the ACA.

Each of these stories represent different ways of funding employee-type benefits for gig workers. Each of these options will have a different incidence in terms of who will pay for it – the gig company, the gig worker, or the customer. So the question that will need to be answered as these proposals proceed is a fairly simple one – who is going to pay for these benefits?

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