



# Philadelphia's Portable Benefits Plan Could Be Gig Economy Model

Insights

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Philadelphia is about to become the first city in the country to approve legislation that would create a portable bank of paid time off for domestic workers. And it could create the model for a similar blueprint that would aid the gig economy workforce if implemented on a wider scale.

The City Council unanimously passed the Domestic Worker Bill of Rights several weeks ago, and Mayor Jim Kenney is expected to sign it into law in the near future. Among other things, it will create a portable benefits system for domestic workers – such as housecleaners, home health aides, and nannies – to receive paid time off. It is expected to benefit upwards of 16,000 workers right off the bat, with that number increasing in future years.

But the ramifications could be much more significant than that. As reported by Juliana Feliciano Reyes in the Philadelphia Inquirer, “what happens here could be a model for millions of American workers without adequate access to benefits because they are subcontractors or juggling multiple part-time jobs or driving for Uber to supplement their income — so-called nontraditional work arrangements that have become increasingly common and prominent.” In other words, this plan could be readymade for the gig economy workforce.

## How Does Philadelphia Plan Work?

The details of the Philadelphia plan? Similar to the way most paid sick leave laws work, eligible workers will accrue one hour of PTO for every 40 hours they work. There will be provisions addressing accrual, and a maximum cap, and carryover, and other details, but the key factor is that domestic workers can take these benefits with them from one job to the next.

Inevitably, when the conversation comes to benefits, the question of funding gets raised. And many eyes across the country will look to how Philadelphia handles the matter to see how sustainable the funding platform is. Each employer will contribute a prorated amount to a worker's PTO bank based on the worker's pay. The mayor's office estimates that it will lead to a 2.5% increase in costs for all employers contributing to the system.

## What Could This Mean For The Gig Economy?

Reyes' article quotes the research manager for the Aspen Institute's Future of Work initiative, a policy group pushing for portable benefits systems, about the significance of portable benefits. “There's a growing recognition that the safety net of the last century just doesn't match the state of

work today,” said Shelly Steward. “Portable benefits are part of the conversation about how we can change that.”

In other words, the modern workforce continues to suffer through the fact that we are operating in a 21st-century world with 20th-century laws. Those drafting workplace protection laws could not envision a world where workers could accept dozens of gigs per day across multiple platforms with some simple taps of a smartphone. And although hiring entities today would love to offer their workers a suite of basic protections and benefits (such as portable PTO), existing laws could potential punish them for misclassification were they to do so. Which is why reform at the regulatory level is vital, and Philadelphia’s first step is a critical one.

As every business in the gig economy knows, it is vital to have a competent and high-performing workforce in order to get the job done. Incentivizing workers to join the gig workforce can only lead to a higher caliber of workers. By providing a system whereby hiring entities can safely provide benefits and other pieces of the vaunted safety net to gig workers, state regulators can give a much-needed boost to the gig economy.

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