



Crafting a Career Around Family

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INTRODUCTION

The modern U.S. economy is creating new opportunities for working parents to care for their children while earning incomes and pursuing careers. Independent contracting through self-employment, freelancing, and gig economy work provides the flexibility and freedom to determine when, where, for whom, and how much they work. Some 72.9 million Americans—42% of the U.S. workforce—freelance nationwide.¹ Most gig workers (90%) are employed part-time, earning supplemental income, but many freelancers in the broader independent contracting earn a living full-time.²

Millions of families include someone who earns 1099 income instead of, or in addition to, traditional W-2 earnings. Flexibility is uniquely valued by large shares of workers because their personal circumstances prevent them from working in traditional jobs. They are bonding with newborns; shuttling children to schools, sports, and extracurricular activities; taking parents to medical treatments and doctors' appointments; and even managing their own health conditions. Labor force participation among working parents and caregivers is increasingly at risk as policymakers seek to reclassify independent workers through labor law and regulations that will eliminate independent contracting opportunities.

BACKGROUND: How We Got Here

Individuals have long engaged in freelance work and been self-employed. Technology has facilitated these transactions digitally. However, over the

past decade, as gig economy work has gained greater attention, left-leaning policymakers have sought to end the independent contracting model through mass reclassification efforts. This occurs when restrictions are placed on whether workers are classified as independent contractors or employees. These efforts intensified at the state level with the passage of California's Assembly Bill 5 (AB5), leading to job losses, business closures, and a 10.5% decline in self-employment.³

At the federal level, the Protecting the Right to Organize Act (PRO Act) and labor regulations from democratic administrations aim to limit the number of independent contractors nationwide by changing classification standards under the Fair Labor Standards Act (FLSA) and other federal laws to be more restrictive.

SOLUTIONS: *Paths Forward*

Parents value flexibility and thrive as self-employed professionals, freelancers, and gig workers. Reclassifying independent contractors takes away a valued form of child care and caregiving for modern families. It will lead to lost incomes, closed businesses, and destroyed livelihoods.

Policymakers should fight mass reclassification efforts and seek to codify clear and simple standards for independent contractors.

To expand access to traditional workplace benefits, policymakers should also reform laws and regulations to allow companies to provide benefits to independent contractors without changing their reclassification. Close to a dozen states have already passed such legislation.

LIST OF SPECIFIC BILLS

- * **Modern Worker Empowerment Act (H.R.1319 / S.2228):** Establishes a clearer, standard test for determining independent contractor status under the Fair Labor Standards Act and the National Labor Relations Act.⁴
- * **Modern Worker Security Act (H.R.1320) and Unlocking Benefits for Independent Workers Act (S.2210):** Establish a safe harbor in federal law that allows companies to voluntarily provide portable benefits to independent contractors without risking their reclassification as employees.⁵

MISPERCEPTIONS VS. FACTS

MISPERCEPTION: Gig workers are misclassified and are being robbed of worker protections, minimum wage, overtime, and paid leave.

FACT: Traditional jobs offer benefits, but contract work offers independence, flexibility, and greater control. Reclassification efforts would take this choice away from workers and threaten their livelihoods.

MISPERCEPTION: Reclassifying independent contractors will lead to them all being hired as employees by companies.

FACT: History demonstrates this will eliminate flexible independent jobs. Companies and small businesses cannot afford the increased labor costs (20-30%).⁶ In California, AB5 did not increase traditional employment, but reduced overall employment and hurt entrepreneurship.

MISPERCEPTION: To provide independent contractors with benefits, just reclassify them as employees.

FACT: Mass reclassification of independent contractors as employees is a devastating approach that undermines flexibility and worker freedom. A large majority of independent workers prefer their nontraditional job arrangements over a traditional job.⁷

Reasons Women Shift From Full-Time Employment to Independent Contract Work

Prioritize Flexibility Over Stability **92%**

Other
8%

Source: Jack Kelly. "Indeed Study Shows Women Took Gig Work, Preferring Flexibility Over Stability During The Pandemic." *Forbes*, Mar. 9, 2022. <https://www.forbes.com/sites/jackkelly/2022/03/08/indeed-study-shows-women-took-gig-work-preferring-flexibility-over-stability-during-the-pandemic/>.

BOTTOM LINE

Families flourish when they have the ability to choose what type of work best fits their needs. Policymakers should stand firm against mass reclassification efforts of independent contractors and support ways to provide benefits to non-traditional workers.

ENDNOTES

- 1 "The State of Independence in America 2025." *MBO Partners*, 2025. <https://www.mbopartners.com/state-of-independence/>.
- 2 "Department of Labor Independent Contractor Rule." *Flex Association*, Feb. 2026. https://www.flexassociation.org/wp-content/uploads/2026/02/Flex-One-Pager-2-1.pdf?utm_medium=email&_hsenc=p2ANqtz-_y-z0m4opvkU83ujXL-LQoinAfQ7ue_eK-v2RxM8CdNYn-TUI-FWcHN6E0gsxWolmKtc2KSmFHXJm92gXP0akCrS8H4g&_hsmi=412392284&utm_content=412392284&utm_source=hs_email.
- 3 Liya Palagashvili, Paola Suarez, Christopher M. Kaiser, and Vitor Melo. "Assessing the Impact of Worker Reclassification on Employment Outcomes: Post-California AB5." *Mercatus Center at George Mason University*, Jan. 31, 2024. <https://www.mercatus.org/research/working-papers/assessing-impact-worker-reclassification-employment-outcomes-post>.
- 4 Kevin Kiley. "H.R.1319 - Modern Worker Empowerment Act." *119th Congress*, 2025. <https://www.govtrack.us/congress/bills/119/hr1319/text>; Tim Scott. "S.2228 - Modern Worker Empowerment Act." *119th Congress*, 2025. <https://www.govtrack.us/congress/bills/119/s2228/text/is>.
- 5 Kevin Kiley. "H.R.1320 - Modern Worker Security Act." *119th Congress*, 2025. <https://www.govtrack.us/congress/bills/119/hr1320/text>; Bill Cassidy. "S.2210 - Unlocking Benefits for Independent Workers Act." *119th Congress*, 2025. <https://www.govtrack.us/congress/bills/119/s2210/text>.
- 6 Kate Conger and Noam Scheiber. "California Bill Makes App-Based Companies Treat Workers as Employees." *The New York Times*, Sept. 11, 2019. <https://www.nytimes.com/2019/09/11/technology/california-gig-economy-bill.html>.
- 7 Liya Palagashvili. "Consequences of Restricting Independent Work and the Gig Economy." *Mercatus Center at George Mason University*, Nov. 19, 2022. <https://www.mercatus.org/research/policy-briefs/consequences-restricting-independent-work-and-gig-economy>.