

TOPLINE: Lawmakers should protect entrepreneurship and independent work by codifying bright-line tests, consistent across all federal law, based on the level of control an individual exercises over their work.

BACKGROUND: The platform-based gig economy has expanded opportunities for flexible, independent work. Whether full-time, part-time, or as side hustles, an [estimated 72.9 million Americans](#)—more than 40% of the workforce—performed independent work in 2025. Independent work is especially valuable to parents of young children, caregivers, and individuals with disabilities who typically need more flexibility than a traditional 9-to-5 job affords. Yet, differing legal definitions of “employee” versus “independent contractor” across federal law, as well as flip-flopping federal regulations and restrictive state laws can limit or eliminate independent work opportunities.

Action Items (Congress):

- **Clarify across all federal law that an individual who exercises significant control over their work is an independent contractor** and not subject to the same labor law restrictions and requirements as traditional employees.

How It Would Make Life More Affordable:

- It would increase incomes by enabling opportunities for people to work more and earn more. California's law that restricts independent work—AB 5—[was estimated](#) to reduce self-employment by 10.5% and lead to a 4.4% decline in total employment.
- It would reduce prices by expanding employment, which is currently roughly 5.8 million workers below where it would be at the January 2020 employment-to-population ratio. More workers would put downward pressure on the prices of goods and services they provide.
- Many people place a high value on flexible work. Without flexible options, some people cannot work at all. The [average Uber driver](#), for example, would not drive at all if he could not control his schedule.

Related Legislation: 21st Century Worker Act ([S. 2159 \[118th Congr.\]](#)); Modern Worker Empowerment Act ([S. 2228](#), [H.R. 1319](#)).

BOTTOMLINE: Congress should provide certainty and consistency across all federal law by establishing a single, bright-line test of employee or independent contractor status based on how much control an individual has over their work.