



VERMONT  
BUSINESSES  
FOR SOCIAL  
RESPONSIBILITY

## Independent Workforce

*House Committee on  
Commerce and Economic  
Development  
March 3, 2017*

Vermont Businesses for Social Responsibility (VBSR) is a non-profit, statewide business trade organization with a mission to advance business ethics that value multiple bottom lines- economic, social, and environmental. We strive to help members set a high standard for protecting the natural, human and economic environments of the state's residents, while remaining profitable. Founded in 1991, VBSR has more than 750 members across Vermont.

VBSR believes that the ideal job for many Vermonters is still full-time, pays a living wage, and includes employer-sponsored health insurance and other important benefits. Economic models that exploit workers and create unlevel playing fields should be rejected.

Still, our economy is changing and our laws must adapt to allow for an entrepreneurial spirit that challenges conventions. New industries and a younger workforce bring energy, opportunity, and new ideas to our economy. Vermont must respond to that. The economy and workforce succeed when workers have both stability and flexibility – and we should not sacrifice one for the other.

### **Defining Independent Contractor in a Shared Economy**

The USDOL Economic Realities Test can be adopted by Vermont as a standard for determining more accurate classification. This test weighs six factors in totality, allowing the employer more discretion and flexibility in hiring choices while also protecting the present

employer-based system that has served Vermont well.

The USDOL test considers:

- 1) the degree of control exerted by the employer over the worker;
- (2) the worker's opportunity for profit or loss;
- (3) the worker's investment in the business;
- (4) the permanence of the working relationship;
- (5) the degree of skill required to perform the work; and
- (6) the extent to which the work is an integral part of the alleged employer's business.

### **Better Compliance**

Misclassification is a serious concern in our economy because it deprives workers of important rights in the workplace and creates an unlevel playing field for businesses that are following the rules. State resources are limited and should be focused on high-risk or low-wage industries that are known to routinely misclassify employees.

### **Independence Requires Portability**

The traditional method of delivering and paying for benefits such as health insurance, paid time off, unemployment insurance, and retirement benefits has been the responsibility of the business community. This imperfect system is challenged by the shift to an independent

workforce, which severs the ties between many of the employment benefits that support working families and the notion of work. This has tremendous potential to leave low and middle-income workers at an economic disadvantage and to damage the financial sustainability of state programs such as the unemployment insurance fund.

If our economy continues to shift to a more independent workforce, Vermont needs to develop and test pilot programs that match the needs of this new employment model and allow for the delivery and financing of benefits that are portable and universal.

**Daniel Barlow**

**VBSR Public Policy Manager**

**[danielb@vbsr.org](mailto:danielb@vbsr.org)**

**(802) 355-7461**

**[www.vbsr.org](http://www.vbsr.org)**