

NJ update of labor law needed to block tech-based abuses

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Online ride-hailing services such as Uber and Lyft allow people with smartphones to more easily call for what essentially is a taxi ride. But that simple improvement didn't get investors to value them in the billions. Their promise of fantastic profits rested on not having to treat their workers as employees who must earn a minimum wage, be paid for overtime, get unemployment coverage and more.

In short, they promised to help create a new class of workers who would cost tech-enabled companies a fraction of what ordinary employees cost by compensating them less. The trick? Use technology to break down the tasks and keep those performing them at arm's length so they can be classified as independent contractors. In other words, pretend that each worker is a one-person business and therefore exempt from all the employee protections adopted over the past century.

If this was allowed to stand, who knows how many jobs would be broken up and farmed out over the internet. It would undermine working-class protections developed since the industrial revolution to maintain a stable society.

Thankfully, New Jersey leaders have seen the threat of this dismal future and taken a big step toward avoiding it. A bill advanced by Senate President Steve Sweeney would update the state's definition of an employee of a company and make it harder to misclassify them as independent contractors. It cleared the Senate Labor Committee two weeks ago.

In early 2017, when the Legislature and Gov. Chris Christie legalized ride-hailing services and their independent-contractor business model, we sMMM

The previous year, the William J. Hughes Center for Public Policy at Stockton University — in a big report, “The Underground Construction Economy in New Jersey” — found that companies often classified workers as self-employed to avoid mandatory payroll taxes. “Businesses that misclassify may also evade labor laws such as minimum and prevailing wages, overtime payments, and laws that protect collective-bargaining rights,” the report said. In New Jersey, that also deprives workers of disability and family-leave benefits.

Sweeney’s bill would disallow classifying a worker as an independent contractor simply because they perform their work outside a company’s place of business. It also would require that independent contract work be in “an independently established trade, occupation, profession or business.”

At the same time, the administration of Gov. Phil Murphy is seeking to recoup \$650 million from Uber in assessed but uncollected disability and unemployment insurance payments, plus interest.

As Sweeney and a Murphy task force on the issue have pointed out, misclassification also hurts the vast majority of businesses that dutifully make their payments, and then see their costs raised to cover workers whose employers didn’t pay.

Fans of creating a vast workforce with no wage and hours protections say reining in companies that want such cheap labor might cause them to go to other states and deprive people of opportunities for brief supplemental work when they want it. Well, companies can still employ people part time and avoid some of the costs of full-time employees — a balance of labor flexibility and protections long established.