

MEMO Published July 17, 2024 • 8 minute read

What's New on Benefit Models for Gig Workers



Curran McSwigan, Senior Economic Policy Advisor, Fredrick Hernandez, Fellow, Economic Program

The rise of gig platforms has made it easy to schedule a ride to the airport, get groceries delivered to your door, or rent a beach bungalow for the weekend. What's harder is figuring out how to provide protections and support for the ever-growing gig workforce. Recently, the Biden Administration has taken one route, implementing a new rule that expands federal labor laws to certain independent contractors. But that approach is by no means the only way to ensure gig workers have benefits.

In a previous [explainer](#), we highlighted a number of places in the United States and abroad that are experimenting with ways to provide key protections to workers in the gig economy. Since then, there have been numerous new local, state, and international efforts which have taken three different approaches: 1. Expanding portable benefits, 2. Expanding benefits and protections

directly, 3. Increasing pay transparency. Below, we explore a variety of new initiatives across those three approaches as well as what some other countries have been pursuing.

Approach 1: Pursuing portable benefits models

Numerous states are experimenting with a unique approach: flexible and portable benefits accounts. With this model, contributions from companies (as well as workers if they choose) are placed into accounts that workers can then use for things like paying for health insurance, paid time off, or retirement.

Pennsylvania

DoorDash recently announced a new portable benefits savings pilot program in Pennsylvania which will run for six months this year. Through the program, DoorDash will contribute an amount equal to 4% of eligible workers' pre-tip earnings to accounts that workers can use for benefits such as retirement accounts and health insurance.¹ DoorDash drivers can also contribute funds themselves. Notably, these funds remain portable and stay with the individual, whether or not they continue to drive for the company.

Wisconsin

At the end of last year, the Wisconsin state legislature introduced legislation which seeks to expand portable benefits to app-based drivers. If passed, the bill would allow state-approved companies or financial institutions to provide portable benefit accounts to eligible app-based workers.² The driver, company, or both have the option to contribute to the benefits accounts for the driver. Workers may use their portable benefits funds to purchase health insurance, make contributions to a retirement account, or replace lost income in certain circumstances.³

Minnesota

In 2023, Minnesota's legislature passed a law increasing rideshare drivers' compensation and bolstering safeguards for rideshare drivers in the deactivation process.⁴ In 2023, Governor Tim Walz vetoed the bill arguing that it would make the state one of the most expensive places in the country for rideshare. However, he did establish a commission to make policy recommendations to better support rideshare drivers.⁵

In March 2024, a new bill seeking to expand portable benefits to delivery platform drivers was introduced, which would require delivery network companies to make quarterly contributions to eligible portable benefits accounts.⁶ Workers may use their portable benefits to purchase health

insurance, contribute money to a retirement savings account, and replace lost income in certain circumstances. The bill would also require delivery network companies to provide free occupational accident insurance for all drivers, which some companies currently do voluntarily.

Utah

In March of 2023, Utah signed into law SB233 which authorizes companies engaging independent contractors to voluntarily contribute to portable benefits plans.⁷ This bill is more expansive in that it captures all contractual workers who are not regularly employed by a company, not just drivers of app-based companies.⁸ The law does not require companies that elect to create a portable benefits program to contribute to it, nor does it prescribe what benefits any portable benefits program should include.⁹

Approach 2: Expanding benefits and protections directly

Several places across the country are looking to directly expand benefits and protections to gig workers. The following cities have each approached expanding benefits by using legislation to enshrine access to supports such as paid leave and minimum pay requirements into law.

New York City

New York City was one of the first places to implement an earnings floor—which sets a baseline for how much a worker must be paid per hour—for rideshare drivers in 2018 and then for delivery workers in 2021.¹⁰ The minimum wage floor recently came into effect, making New York City the first major city to institute a wage floor, guaranteeing at least \$18 per hour for app-based delivery workers.¹¹ Proponents of the law see it as a victory for delivery workers, pointing to research that suggested these workers saw an hourly rate below the new wage floor. But other research finds that now some workers have reported a decrease in pay because tips have fallen off dramatically and some platforms have limited work hours. The decline in tips may, in part, be due to changes in the tipping interface for app users, which was highlighted by the city of New York as a potential way for companies to address consumer costs.

Chicago

A Chicago ordinance is looking to create higher safety standards for rideshare drivers while enshrining their right to certain benefits. The ordinance raises drivers' minimum pay per ride, caps the amount rideshare companies can take per trip, increases pay transparency, and amps up safety protocols to better support drivers.¹²

Seattle

Seattle legislators are continuing to push forward efforts to provide benefits to gig workers. The city passed a pay floor for rideshare drivers in 2020 and then extended that to app-based delivery workers in 2022. Last year, the city enshrined a pandemic-era policy into law, which would allow all app-based workers to accrue paid sick and safe leave time.¹³ (Rideshare drivers already have access to up to 12 weeks of paid leave through a broader state law in Washington passed in 2022.¹⁴)

As a result of these efforts, many app companies have started charging additional fees per order.¹⁵ One study from DoorDash noted that the law resulted in 30,000 fewer orders over a two-week period stemming from fees implemented to account for higher operating costs associated with accommodating the new legislation.¹⁶ In response, the Seattle City Council is considering a reform bill that would amend the new earnings standard.¹⁷

Approach 3: Increasing pay transparency

There are various differences in how gig workers are paid, depending on the type of work. For example, a passenger using a rideshare platform pays a fare to the driver, and the platform takes a cut. However, pay for delivery drivers is not correlated with the amount a consumer pays for an order—a driver delivering \$10 tacos is paid the same as one delivering a \$50 steak. There have been several state-level efforts focused on improving pay transparency for gig workers so that people better understand how fees are being used to pay workers. In some instances, states may pair increased transparency with wage floors.

Colorado

Colorado Governor Jared Polis recently signed two bills into law, which would increase pay transparency for both delivery drivers as well as rideshare drivers. Both bills require companies to provide information on how much of a fare goes to the driver. Delivery drivers would also be able to see the destination before accepting a ride.¹⁸ Additionally, the law would require rideshare companies to develop a clear and fair deactivation policy and establish an appeals process.¹⁹

Connecticut

Senate Bill 1180 was introduced last spring in the Connecticut legislature.²⁰ The bill sought to adopt a wage floor for driver compensation (which would be based on a per mile minimum) and set a minimum requirement on how much income a company must share with a driver.²¹ The bill would also have allowed Connecticut drivers to pick up passengers in out-of-state locations, which has been a point of concern for many drivers.²² In 2024, a similar bill was introduced but died in committee after bipartisan opposition.²³

Approach 4: International gig worker efforts

Internationally, different countries continue to pursue varied approaches to gig benefits. These efforts range from creating regulatory bodies to set key benefit standards, to allowing worker commissions to bargain on behalf of gig workers, to closing labor loopholes.

European Union

The European Union's new regulatory agreement on gig workers allows member states to make determinations on whether they want to consider gig workers as employees or not.²⁴ The new regulations come after a push to mandate that all countries treat gig workers as employees failed.²⁵ The new agreement will also place new rules on how workers can be de-activated on the apps.²⁶

Australia

Australia's Fair Works Commission, which is responsible for maintaining a safety net for wages and working conditions, is at the center of efforts to better regulate the gig economy and ensure gig workers are entitled to key protections. Recent laws passed by the Australian Parliament allow gig workers to retain their status as independent contractors but allows the Fair Work Commission to set standards on their behalf and enforce those standards on companies failing to comply.²⁷

South Korea

In 2020, the South Korean government passed amendments to its labor code after a series of gig worker deaths heightened concerns over a lack of protections for these types of workers. The new laws also expanded paid leave benefits to gig workers as well as guaranteed access to unemployment benefits and accident coverage and closed loopholes that could leave workers without occupational insurance.²⁸

Conclusion

Different countries, states, and cities are experimenting with ways to get gig workers better protections—while still maintaining the flexibility and independence core to their jobs. As gig work continues to be an integral part of our day-to-day lives—and the broader economy—it is critically important that there is a series of protections for the workers who keep the system going.

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