In June 2018, the Bureau of Labor Statistics (BLS) released its first report on the nontraditional workforce since 2005. The results were surprising, even somewhat shocking—the number of people working in the “gig economy” or “alternative work arrangements” dropped a percentage from 10.7 percent in 2005 to 10.1 percent in 2017. A February 2019 report by the Economic Policy Institute (EPI) confirmed these findings. Despite the BLS and EPI conclusions, employers continue to report that they plan to expand their use of independent contractors, including for the purpose of accomplishing special projects. Because the gig economy did not grow to the near 43 percent levels as once predicted, some have suggested that instead of reforming other labor/employment laws to add new categories of workers, better policies for independent contractors could be useful, including a “crack down on misclassification.”

IT and engineering professionals often choose to operate their own businesses by providing services as independent contractors. They tend to be among the most highly educated, highly skilled professionals with very marketable skill sets. Virtually all have a four-year degree and many have advanced degrees in order to keep up with new technologies and constantly improve their highly sought-after skills. Most independent contractors in the IT and engineering staffing industry earn far above the median wage levels in the workplace. Due to the nature of their expertise, independent contractors who work in IT and engineering prefer to operate independently, deciding when and where they will work, and at what rate.

As Congress considers legislation to address gig economy and worker classification issues, we urge legislators to fully accommodate IT and Engineering entrepreneurs who offer their services as ICs –

**IT and Engineering Professional Self-Select IC Status.** IT/engineering professionals who elect to work as independent contractors are highly educated, highly paid (on average more than $80,000), highly skilled, and highly independent. IC status allows them to operate as an independent business owner, granting them the freedom to work on their own schedule, at a mutually negotiated hourly rate, and their preferred work location. Working as an IC has also allowed them to establish their own tax-preferred retirement and other benefit plans which follow them from project to project.

**Jeopardizing the IC Status of IT Entrepreneurs Would Harm Workers, Industry, and the Economy.** The harm to high-tech firms and workers caused by the lack of certainty for technical services firms contracting with independent contractors is more than theoretical. Accessing the talent of IT and Engineering independent contractors/small businesses is critical to business competitiveness.

**Gig Economy-Related Legislation Should Accommodate the Independent IT Professional Business Model.** Over the years and in the current Congress, legislation has been introduced attempting to address online gig economy-related employment issues. Proposals defining IC status likely exclude IT and engineering professionals and firms—businesses would be ineligible if the IC is primarily paid by the hour. Most IT/engineering consultants working within the industry are paid by the hour. Proposed legislation also requires the IC to incur “significant unreimbursed” expenses. While contractors in the IT/engineering staffing industry do incur unreimbursed expenses, it is unclear whether these expenses would be considered “significant.” We urge Congress to consider the differences in business models and workers as it considers New Economy-related legislation.