



Independent Professionals Association
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August 14, 2020

The Honorable Gavin Newsom
Governor of California
Governor's Office
State Capitol, Sacramento, California. 95814

Dear Governor Newsom,

We appreciate your leadership and continue to support you in your efforts to guide California through these great challenges. In this extraordinary moment in our nation's history, it has never been more important for citizens to be able to trust that its leaders will speak the truth, make decisions based upon facts, and do all in their power to protect lives.

Here are the facts: The coronavirus pandemic is impacting Black and Hispanic communities at a devastatingly disproportionate rate. Infection and death rates are as much as 50% higher for Black and Hispanic Americans. Unemployment among Blacks and Hispanics stands at 15.8% and 14.7% respectively and now exceeds 30% among young people of color. More than 40% of Black businesses and a third of Hispanic businesses have closed since the pandemic began, most of them permanently. Without immediate, focused action by state and federal leaders, COVID-19 will condemn millions of Black and Brown American families to poverty for generations to come.

It is unconscionable for the State of California to wage a political war on the gig-economy in the middle of this crisis. Thousands of small businesses were forced to close or lay off workers because of a controversial law you signed aimed at forcing companies to restrict the use of independent contractors. While the law may have been well-intentioned, thousands of Black businesses are being crushed by the twin catastrophes of AB5 and COVID-19. And now your Administration is attempting to shut down the gig-economy platforms that you yourself declared to be providing essential services, critical to health and safety, during a national crisis.

Millions of people who are abiding by your stay-at-home order are relying on gig-economy platforms for food delivery, transportation, and access to COVID testing out of fear of using public transit. While

thousands of businesses are shutting their doors, rideshare, delivery, and other on-demand networks are looking for workers - ***offering the only available source of income now and for the foreseeable future.***

Governor – we urge you to use the power of your office to stop the political war and order the parties to propose a resolution.

We know there is a better way. Other states are already advancing discussions on a compromise proposal that allows workers to remain independent while providing benefits to workers and ensuring that the basic rights and protections enshrined in federal and state laws are extended to all workers regardless of employment classification. These proposals, sponsored by labor organizations and supported by gig-economy companies, include the right for independent workers to organize and engage in collective bargaining.

The fact is that this crisis demands a new approach. COVID-19 has exposed just how broken the existing safety net programs are for people of color. Unemployment insurance in the U.S. is a patchwork of state-controlled programs originally designed to allow states to exclude Black domestic and agricultural workers during the Great Depression. The challenges faced by Black Americans in accessing unemployment assistance, business loans, and other pandemic assistance funding today are the direct result of racist policies that systematically disenfranchise Black Americans ***because they do not look like the traditional employees and businesses for whom these programs were designed.***

Ninety-six percent of Black-owned businesses and 82% of all minority owner businesses are sole proprietorships, most with fewer than 5 employees. Between one third and one half of workers in the so-called “gig” economy are people of color. Men and women of color are using freelance technology platforms like Lyft, Uber, UpWork, Fiverr, Etsy, and Doordash to create their own safety nets, access employment opportunities, or start their own businesses. We pay for our own sick leave, family leave, health care, and unemployment. More often than not we go without, because who we are, where we live and how we work dictates whether these benefits are affordable or even available.

The Fair Shake Commission, a body founded by the leadership of your own economic recovery task force, laid out key principles to level the playing field for all workers, including extending basic worker protections such as minimum wage, unemployment and worker’s compensation to contract and independent workers; creating portable benefit structures for healthcare, retirement and other benefits; and allowing labor unions to organize and represent independent workers in bargaining for compensation and other benefits. Instead of waging war on the gig-economy and trying to force millions of individuals to into traditional employment just to be protected by antiquated labor codes, this crisis demands that we use the opportunity to update the labor codes to extend protections to all workers regardless of whether they work full time, part-time, as employees, or as independent contractors.

As organizations serving communities of color, we encourage you to use your executive authority during this emergency to harness the power of the gig-economy and provide immediate funding for job training and apprenticeship programs in communities experiencing high unemployment.

Specific provisions we support include:

- **Flexible, Portable Benefits for Independent Workers:** Require participating businesses to pay surtaxes to cover benefits for independent workers and allow individuals to make tax free contributions. Allow independent workers to use funds deposited into portable benefits accounts to cover paid time off, sick leave, health care costs, temporary unemployment or retirement savings.
- **Job Training, Re-Skilling, Apprenticeship Funding:** Require participating businesses to spend amounts equal to at least 1% of revenues annually on accredited job training, paid internships, and apprenticeship programs serving communities with high unemployment.
- **Business-Labor Industry Council:** Permit labor unions to represent independent workers through the creation of business-labor industry associations (“Industry Councils”) authorized to collectively bargain issues related to compensation and terms and conditions of work across industry sectors.
- **Social Equity:** Require all entities participating in Industry Councils - labor, businesses, government, and non-governmental organizations -- to publish social equity scores and policies aimed at eliminating racial bias in hiring, training, promotion, services and resource allocation, including a requirement to annually publish data identifying the percentage of the organization’s governing boards, executives and employees that are people of color.
- **Community Financial Institutions:** Require businesses contributing to portable benefit funds to utilize Community Financial Institutions with priority given to Minority Financial Institutions and Minority Asset Managers for the administration of benefit funds.
- **Worker Rights / Recognition of Gig-Economy Workers:** Protect the rights of self-employed individuals to work independently while ensuring that the basic rights and protections enshrined in federal and state laws extend to all workers regardless of employment classification. Also, recognize a new category of “mixed earner” to ensure that workers who earn a mix of traditional (W-2) and independent (1099) employment income are able to fully access federal and state unemployment assistance and benefit programs.

Governor, for African Americans, self-employment is not just a matter of pride – it is a matter of principle. Our people have been fighting for the right to profit from our own labor for over 400 years. We are proud of our resilience and entrepreneurship in the face of odds that have always been stacked against us. But while the coronavirus is destroying Black businesses, we must not allow this disease to destroy our independence.

You have an historic opportunity to help communities of color rebuild from this disaster and in doing so create a strong, new safety net for all Californians and a model for the nation. African Americans have the strength to lift ourselves up and rebuild from COVID-19. We urge you to use the power of your office to give us the tools to do so.

Sincerely,



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