

TESTIMONY

OF

WILLIAM M. GEORGE, PRESIDENT

PENNSYLVANIA AFL-CIO

ON

HOUSE BILL 2400 – INDEPENDENT CONTRACTOR LEGISLATION

FOR THE

PENNSYLVANIA HOUSE LABOR RELATIONS COMMITTEE

HONORABLE ROBERT E. BELFANTI, JR., CHAIRMAN

HONORABLE GENE DIGIROLAMO, CHAIRMAN

APRIL 23, 2008

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**Written Testimony on House Bill 2400 – Independent Contractor Legislation
For the House Labor Relations Committee
Submitted by the
Pennsylvania AFL-CIO
April 23, 2008**

Good day, Chairmen Belfanti and DiGirolamo, committee members and committee staff.

My name is Bill George and I am President of the Pennsylvania AFL-CIO, representing over 850,000 organized workers in the Commonwealth.

I appreciate this opportunity to speak on their behalf regarding an extremely serious matter to them, misclassifying employees as independent contractors.

I commend Representative Lentz for introducing House Bill 2400, its co-sponsors and Chairman Belfanti for assigning highest priority to legislating it.

The Pennsylvania AFL-CIO firmly supports legislation that promotes workers' human rights and enforces employers' statutory responsibilities and obligations to their employees.

Thus, the Pennsylvania AFL-CIO adamantly opposes the mere vulnerability of, let alone tolerance of misclassifying employees as independent contractors.

The Pennsylvania AFL-CIO opposes as forcefully as we can and with all of our resources all legislation that allows dishonorable employers to wrongfully deprive workers of the equitable compensation and lawful protection they rightfully deserve in exchange for their labor. This is precisely what misclassifying employees as independent contractors does to workers and to unions, honorable businesses and all taxpayers and consumers.

First and foremost, misclassifying employees as independent contractors robs workers of the equitable level of pay, benefits and dignity they rightfully deserve in exchange for their labor. Most unconscionably, employee misclassification precludes Prevailing Wage opportunities and denies: Workers' Compensation for injured workers, Unemployment Compensation for jobless workers and correct Social Security benefits for retired workers. Employee misclassification also victimizes workers as taxpayers and consumers.

In fact, misclassifying employees as independent contractors cheats all taxpayers, especially honorable businesses and by doing so also embezzles local, state and federal governments of anticipated tax revenues.

Employee misclassification provides dishonorable businesses with an intolerable bidding advantage over honorable, law-abiding businesses.

Also, misclassifying employees as independent contractors insidiously threatens workers' legal rights because it conjures the delusion that there is no employer-employee relationship. The reality is whenever human beings exchange their labor for financial remuneration there is an employer-employee relationship, no matter how deceitful the semantics to disguise it.

The Pennsylvania AFL-CIO seeks an employee misclassification law that does not afford an advantage for one or some of the interested parties but instead ensures fairness for all persons.

However, unscrupulous businesses clearly want to continue to equivocate, obfuscate, quibble and prevaricate to circumvent and subvert laws seeking fairness for all parties, until they are stopped.

To stop malicious employee misclassification the General Assembly first must enact a law that correctly and precisely distinguishes independent contractors and employees from each other. Second, this law must contain strict, uniform and exacting enforcement provisions.

Some of our affiliated unions have testified or will testify today in support of House Bill 2400 as the legislation that would accomplish this. Accordingly, the Pennsylvania AFL-CIO supports House Bill 2400 because it appears to ensure workers will receive the equitable compensation and due protection they deserve in exchange for their labor. Therefore, the Pennsylvania AFL-CIO urges this Committee to support House Bill 2400.

I appreciate the opportunity to testify before the Committee and I would be glad to answer any questions.

Thank you.

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