FUTURE OF WORK: PORTABLE BENEFITS

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BUSINESS FORWARD
EXECUTIVE SUMMARY

Millions of workers today lack benefits that are essential to financial security. Portable benefits promise to address this problem, improve the lives of workers, and strengthen the American economy.

Our System of Workplace Benefits Is Outdated and Inadequate

Benefits—including health care, retirement, workers’ compensation, and paid time off—are critical to household financial security. Through the 20th century, many U.S. workers received benefits coverage through their employers. This system evolved over time, a product of action, struggle and compromise between government, business, and labor leaders. As globalization, technology, and short-term financial pressures have transformed the economy, workers have been left behind.

Portable Benefits Promise to Bring Essential Benefits to More Workers

As a complement to the employer-provided benefits system, portable benefits are suited to today’s economy, and promise to extend benefits to more workers. Effective portable benefits models share three main characteristics: they are portable, prorated, and universal. These benefits make up one part of a comprehensive solution to address the insecurity facing workers in America.

Policymakers Have a Path Forward

In order to develop effective portable benefits solutions, policymakers need to answer key design questions. There are a wide range of models, and the solution that is most feasible and effective in each case likely differs. Policymakers have two options in pursuing policy change in this area: creating entirely new portable benefits models, or expanding eligibility for existing or emerging benefits to more workers, including non-traditional workers. Policymakers can move forward immediately; programs proposed and underway offer examples of concrete policy solutions.
PORTABLE BENEFITS FOR THE FUTURE OF WORK

1. NON-TRADITIONAL WORK: WHO, WHAT, WHERE, WHY - AND SO WHAT?

2. THE CASE FOR PORTABLE BENEFITS POLICY

3. PORTABLE BENEFITS: DEFINITION AND EXISTING MODELS
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**NOTE:** REFLECTS FORMAL WORK ARRANGEMENTS
HOW MANY NON-TRADITIONAL WORKERS ARE THERE?

ENGAGED IN ANY CAPACITY
PRIMARY AND SUPPLEMENTARY WORK

ABOUT 1 IN 3

AS MAIN JOB
NON-TRADITIONAL WORK IS PRIMARY

ABOUT 1 IN 10

ONLINE PLATFORMS
UBER, LYFT, TASKRABBIT, AND OTHERS

ROUGHLY 1 IN 100

TOTAL U.S. WORKFORCE
Tax and other administrative data show steady increases in the number of people engaged in independent work.

NOTE: SCHEDULE SE AND SCHEDULE C FILINGS ARE USED TO REPORT SELF-EMPLOYMENT INCOME AND SOLE-PROPRIETORSHIPS. THIS COUNT INCLUDES ONLY SELF-EMPLOYED WORKERS, AND SO EXCLUDES MANY OTHER INDEPENDENT ARRANGEMENTS, LIKE TEMP-AGENCY, ON-CALL, AND CONTRACT-COMPANY WORK. IN ADDITION, ALTHOUGH IT CONSIDERS COMPREHENSIVELY ALL TAX RETURNS FILED, WORKERS MAY NOT ALWAYS BE FILING THE APPROPRIATE FORMS.

The online platform economy has continued to grow – now accounting for roughly 1.6 percent of the workforce (based on sample).
INDUSTRY SPOTLIGHT: FILM

LONG STANDING EXAMPLE OF GIG WORK
- Most work done by independent contractors on a temporary basis

BENEFITS ACCESS THROUGH GUILDS
- All workers (union and non-union) accrue benefits funded by production companies but managed by guilds

WORK MAY BE INTERMITTENT BUT COVERAGE IS CONTINUOUS
- Benefits follow workers from job to job
OUR SYSTEM OF BENEFITS IS INADEQUATE

BUSINESSES

Need new ways to invest in workers that match the realities of today’s economy

WORKERS

Are unable to move jobs, explore new opportunities, or become entrepreneurs

Have increased insecurity at a time when it’s needed more than ever
NON-TRADITIONAL WORKERS LACK BENEFITS COVERAGE

SOURCE: 2017 CONTINGENT WORKER SUPPLEMENT, MAY 2017 CURRENT POPULATION SURVEY, BUREAU OF LABOR STATISTICS
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PORTABLE BENEFITS: KEY OBJECTIVES

IMPROVE INDIVIDUAL AND HOUSEHOLD FINANCIAL SECURITY BY CREATING A BETTER SYSTEM OF BENEFITS
- Portable benefits models aim to extend essential benefits to more workers.

CREATE EQUITY BETWEEN TRADITIONAL AND NON-TRADITIONAL WORKERS
- Many companies currently have a strong financial incentive to hire workers as independent contractors, for whom they are not required to provide benefits.

FUEL A DYNAMIC LABOR MARKET
- With benefits that are portable across work arrangements, individuals have the protection they need to make a job change or take on an entrepreneurial endeavor.
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MODELS SHARE THREE KEY ATTRIBUTES

1. PORTABLE

Benefits are connected to an individual, rather than a single employer, and can be taken from job to job without interruption in coverage or loss of funding.

2. PRORATED

Benefits can be funded by contributions from a variety of sources - including employers, customers, government, and workers - either simultaneously or sequentially.

Contributions can be allocated in proportion to hours worked or other relevant units of labor.

3. UNIVERSAL

Benefits are accessible to all workers, regardless of hours worked or type of work arrangement.
EXISTING MODELS: PRIVATE / NONPROFIT

**Covered by Prudential**

Tax withholding, short term savings, retirement and life insurance

**Stride**

Platform to search, compare and purchase benefits, including: health coverage, tax-related mileage and expense tracking; dental, vision, accident, term life and disability insurance; and Health Savings Accounts and other short and long-term savings options

Partners with online platform companies and traditional employers

**Freelancers Union**

Created one of the first benefits offerings for freelancers

Individuals may purchase benefits at rates negotiated by Freelancers Union, including: health, dental, disability, term life, liability, and retirement
MODERNIZE UNEMPLOYMENT INSURANCE

EXAMPLE: Self-Employment Assistance Program

Allows unemployed workers to continue receiving UI benefits while starting a business

Implemented in Mississippi and eight other states

MAKE EDUCATION AND TRAINING MORE PORTABLE

EXAMPLE: Lifelong Learning and Training Accounts

Portable accounts funded by workers, employers, and government, and could be used by workers to pay for education and training opportunities over the course of their career

Proposed at Federal level, in two states, and two cities

EXPAND PAID FAMILY AND MEDICAL LEAVE

EXAMPLE: Provide opt-in for self-employed workers

Consider multiple income earners

Washington and Massachusetts have launched portable PFML programs
PORTABLE BENEFIT LEGISLATION: STATE EXAMPLES

NEW YORK BLACK CAR FUND

Legislatively created in 1999; expanded in 2017
Workers’ compensation insurance for independent contractor for-hire and rideshare drivers
Funded by 2.5% customer surcharge

WASHINGTON

Applies to any company that connects workers with clients, online or offline
Requires company contribution to worker benefits fund; fee can be passed through to consumer
Includes “hold harmless” provision

MASSACHUSETTS

Legislation introduced to establish a state portable benefits innovation fund and grant program