

TESTIMONY

Statement before the Joint Committee on Financial Services In Support of:

H. 4375/4376, An Act defining and regulating the contract-based relationship between network companies and app-based drivers

March 30, 2022

**Christopher R. Anderson, President
Massachusetts High Technology Council**

- **Thank you, Chairman Feeney, and Chairman Murphy, for the opportunity to speak today in support of House Bills 4375 and 4376.**
- **My name is Chris Anderson, and I am President of the Massachusetts High Technology Council, an organization of leading private sector employers, professional services firms, and research institutions.**
- **Over our 45-year history we have carried out non-partisan efforts in service of our central mission of creating, enhancing, and protecting conditions that support investment and job growth in Massachusetts.**
- **Two of our efforts central to that mission are:**
 - o **ensuring Massachusetts' competitiveness with other states and**
 - o **supporting strong talent pipelines, including advancing diversity and equity in our workforce.**

House Bill 4375 and 4376 establish a framework to help the Commonwealth achieve both of those objectives.

- **We support these proposals because of efforts by some in Massachusetts public policy arena to reclassify transportation network drivers as employees and not independent GIG economy workers. No other state has enacted such a ludicrous policy.**

- **This proposal preserves a successful business model while ensuring workers maintain flexibility *and* receive robust benefits and protections. As multiple polls show, this is the format that the overwhelming majority of app-based drivers want. That fact should be front and center in considering the legislation before you.**
- App-based rideshare and delivery services have transformed the transportation landscape over the last decade. Their integration into our state’s innovation economy and culture has facilitated movement of people enabling significant economic growth—growth that otherwise would not have been possible.
- Under this legislation, these services would continue to be a huge value add for consumers. And the consumer groups who have benefited from these services are diverse, spanning many industries and communities.
- App-based operators have been a go-to mobility option for many employees of our member companies, providing easy access to tech campuses that aren’t served by the transportation network in Boston and Cambridge.
- Entrepreneurs and tech workers at some of the largest firms in the Commonwealth, alike, working late into the night after trains have stopped running or who need reliable food delivery. Hospital workers working shifts at irregular hours that don’t match the MBTA’s schedule. Thousands of residents of Boston and other cities who work in knowledge industries, living in neighborhoods where public transit isn’t adequate to meet their needs - commuting or otherwise. All have benefited immensely from these mobility and delivery options; and they stand to lose the most were app-based drivers to be reclassified.
- Flexible work model: App-based services have given many Massachusetts residents earnings opportunities that work best for them and don't conform to traditional models of employment. Go to any college campus in the area or speak to young people starting their careers in Greater Boston: you will hear countless stories about driving for an app-based platform to make some extra money on their own time.
- These people are not looking to these apps for a full-time job or a 9-5 workday; they seek seeking flexible earnings opportunities to maximize time for other commitments. And the earnings potential is well beyond common alternatives to app-based driving jobs, such as retail work. Recent research by BW Research/Mass Insight shows that app-based drivers in Massachusetts earned almost \$26 per hour—almost twice the state’s current minimum wage—after accounting for driver expenses.

- **The bottom line: the flexible nature of app-based work drives the value that these companies and their workforce add to our economy, and this legislation retains that flexibility.**
- **Going in a different direction to reclassify these workers would wipe out significant part of our workforce. The Beacon Economics study released earlier this month found that reclassifying these jobs would kill up to 87% of all ride-hail and delivery jobs in Massachusetts. The equity implications of this, especially, should not be understated, as a significant share of Massachusetts app-based drivers identify as being in a minority group.**
- **Massachusetts' legacy as curating the most innovative economy in the nation should be welcomed by public policy makers. According to our recently revised workforce and state competitiveness dashboard, Massachusetts technology industry job concentration is ranked #1 in the nation.**
- We should not be shutting the door on disruptive technology platforms. Consider the message reclassifying app-based drivers would send in a state where we lead the nation in producing the technologies for the benefit of tomorrow's residents. Instead, we advocate for a broader, future-looking vision for Massachusetts: to be a national leader, and not the outlier that shuns innovation when states are aggressively competing for talent and capital.
- **We should be forward-thinking but practical in the framework for reconciling worker benefits with dynamic job formats. House Bills 4375 and 4376 would achieve that in a carefully considered and measured way.**