### Crowd Workers

**Crowdsourcing and Human Computation** 

**Instructor: Chris Callison-Burch** 

Website: crowdsourcing-class.org

# Ethical questions about Mechanical Turk

- Who are the workers?
- Why would they work for pennies?
- Is it a digital sweatshop?

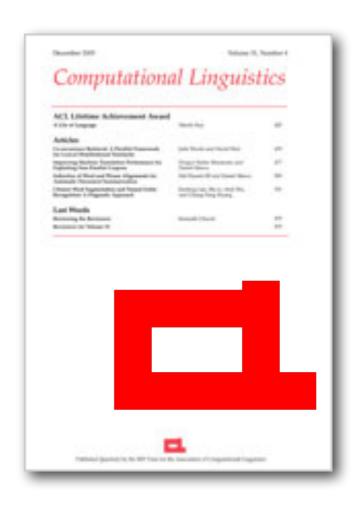
# Ethical questions about Mechanical Turk

### Amazon Mechanical Turk: Gold Mine or Coal Mine?

Karën Fort\*
INIST-CNRS/LIPN

K. Bretonnel Cohen<sup>†</sup>
U. Colorado School of Medicine/U.
Colorado at Boulder

Gilles Adda\*\*
LIMSI/CNRS



Recently heard at a tutorial in our field: "It cost me less than one hundred bucks to annotate this using Amazon Mechanical Turk!" Assertions like this are increasingly common, but we believe they should not be stated so proudly; they ignore the ethical consequences of using MTurk (Amazon Mechanical Turk) as a source of labour.

Manually annotating corpora or manually developing any other linguistic resource,

Here's an excerpt from an IRB application Chris Callison-Burch posted - "We will pay participants small sums of money to complete our tasks, ranging from \$0.01 to \$1. All participants can choose for themselves whether the compensation is fair, and opt not to do it if they deem the compensation to be too low. Amazon's Mechanical Turk has many other researchers and companies offering tasks, so we will offer compensation that is similar to what others offer."

He first refers to Amazon's Mechanical Turk as "an online labor market." And that, I agree with. It is an online labor market.

**Requesters like him**, and CrowdFlower, **collude**, explicitly or implicitly, **to keep wages at a substandard level** that is compatible with existence standard.

Unlike Jewels, I don't blame workers for taking low paying jobs. I can't blame a person for being needy enough to take what amounts to a crust of bread. I blame Chris Callison-Burch, and others like him, for keeping the standard wage at crust of bread level.

I feel like Maria in "Metropolis."

I tried one of those to see, I gave it up at 4 minutes in and about 2/3 of the way through. For the whole hit, I'd have taken about 6 minutes. 10 hits an hour - \$1.70 an hour. Restricted to U.S. residents.

**This is far too low to be considered a fair wage for a U.S. resident.** My performance may be very far off from what others can do. Perhaps I took 4 times or more as long as an average worker would.

My complaint is that any U.S. requester knows what wage rate is required for a U.S. resident to survive. We may not agree on an exact number. But as they say, I know a fair wage when I see it, and this is not it.

Mturk is actually much smaller than what it can appear to be. Something close to requester monopoly has the power to keep wages low. Requester co-operation, explicit or implicit, reinforces this.

Chris Callison-Burch is not unaware, I think, of the mechanics of the wage structure of Mturk.

# WORKERS OF THE WORLD UNITE



# Web Workers Unite! Addressing Challenges of Online Laborers

Bederson and Quinn (ALT CHI 2011)

The ongoing rise of human computation has created an environment where human workers are often regarded as nameless, faceless computational resources. Some people have begun to think of online tasks as a "remote person call".

Unfortunately, as with any labor market, once humans and money are involved, a host of problems surface. From privacy breaches to unpaid or underpaid labor, there are real social risks that arise with the use of these technologies

It is our responsibility to address them since it is designers, not ethicists or policy makers, who have the power to influence what is built and to mitigate risks before any harm is done.

### MTurk for Workers



0.00

**HITs Availa** 



HITs

158,849 HITs Qualifications

that pay at least \$

available now

#### All HITs | HITs Available To You | HITs Assigned To You

HI HIT Creation Date (oldest first) HIT Creation Date (newest first) HITs Available (fewest first) HITs fo

amazonmechanical turk

HITs Available (most first)

Reward Amount (least first)

Artificial Artificial Intelligence

Reward Amount (most first) Sort by: <

Expiration Date (soonest first)

Expiration Date (latest first) Transcr

Title (A-Z) Reque Title (Z-A)

Find

1-10 of

Time Allotted (least first) Time Allotted (most first) GO! Show all details | Hide all details

nderstand, would be useful to know how to clean up aud

Sep 4, 2013 (1 day 21 hours) Reward: HIT Expiration Date:

Time Allotted: 24 hours

Transcription of approximately 15 minutes of audio

HIT Expiration Date: Sep 5, 2013 (2 days 23 hours) Reward: Requester: Amelia Jones

> Time Allotted: **HITs Availa** 8 hours

By Invitation Only: Answer a few questions in a brief survey

HIT Expiration Date: Sep 5, 2013 (2 days 21 hours) Reward: Requester: Qualtrics Survey

> Time Allotted: **HITs Availa** 30 minutes

Take a geo-tagged photo of a landmark in North Dakota

HIT Expiration Date: Sep 5, 2013 (2 days 16 hours) Reward: Crowdsourcing at Thomson Reuters Requester:

> Time Allotted: **HITs Avai** 3 days

Introduction | Dashboard | Status | Account Settings

#### Dashboard - Chris Callison-Burch (If you're not Chris Callison-Burch, click here.)

Your Worker ID: A23KO2TP7I4KK2

Rewards You Have Earned						,	Value
Approved HITs							\$44.29
Bonuses							\$0.00
Total Earnings Show earnings details ¥						\$44.29	
Your HIT Status (What's t	:hls?)						
ate			Submitted	Approved	Rejected	Pending	Earnings
Today			2	1	0	1	\$0.05
Sep 2, 2013			8	8	0	0	\$0.24
						<u>v</u>	iew more
HIT Totals (What's this?)							
HITs You Have Accepted	Value	Rate	HITS	You Have S	ubmitted	Value	Rate
HITs Accepted	1303		<ul> <li>HITs Submitted</li> </ul>		109	5 —	
Submitted	1095	84.09	0% Approved		108	98.8%	
Returned	119	9.19	1% Rejected		1	3 1.2%	
Abandoned	89	6.89		nding			1 –

HITs

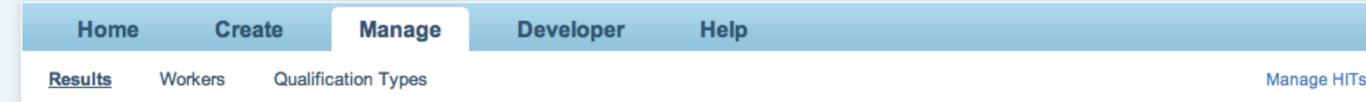
#### Status Detail - Chris Callison-Burch (If you're not Chris Callison-Burch, click here.)

Show: All HITs 💠 🐽

Requester	Title	Reward	Status	Feedback
Project Gandolph Speech)	You need a microphone on your computer - you will record a word or phrase in your own voice		Approved - Pending Payment	
Project Gandolph Speech)	You need a microphone on your computer - you will record a word or phrase in your own voice	\$0.03	Approved - Pending Payment	
Project Gandolph Speech)	You need a microphone on your computer - you will record a word or phrase in your own voice	\$0.03	Approved - Pending Payment	
Project Gandolph Speech)	You need a microphone on your computer - you will record a word or phrase in your own voice	\$0.03	Approved - Pending Payment	
Project Gandolph Speech)	You need a microphone on your computer - you will record a word or phrase in your own voice	\$0.03	Approved - Pending Payment	
Project Gandolph Speech)	You need a microphone on your computer - you will record a word or phrase in your own voice	\$0.03	Approved - Pending Payment	
Project Gandolph Speech)	You need a microphone on your computer - you will record a word or phrase in your own voice	\$0.03	Approved - Pending Payment	
Project Gandolph	You need a microphone on your	\$0.03	Approved -	

# What sucks about the MTurk worker interface?

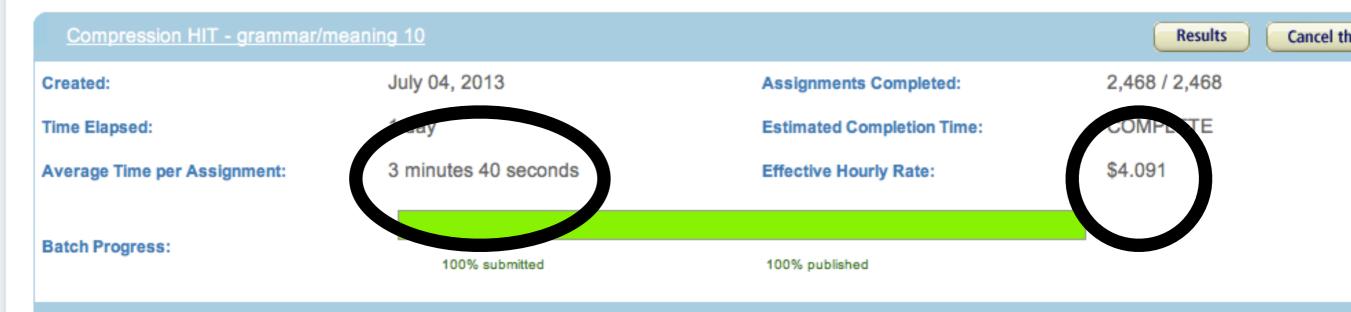
- No way to search by expected hourly rate
- No way to estimate the difficulty or length of time that it will take to do a task
- No way to know how reputable a requester is in advance
- No way to know how long until they will pay
- information asymmetry, imbalance of power



#### Manage Batches

Click on the name of the batch to see more details

Batches in progress (1)



Batches ready for review (143)

« Previous 1 2 3 4 5 6 7 8 9 ...



#### IT - grammar/meaning 10

is batch, make changes, or get results.

ces and decide how grammatical they are

Cancel this bar

Resu

100% submitted 100% published

2,468 / 2,468 July 04, 2013 1:03 PM PDT Average Time per Assignment: 3 minutes 40 seconds

Average Hourly Rate: \$4.091

COMPLETE Estimated Completion Time:

#### IIT - grammar/meaning

Read a group of sentences and decide how grammatical they are English, writing, editing, language, research, language, paraphrasing, paraphrases, summarization, summaries, text, comprehension, reading HIT Approval Rate (%) for all Requesters' HITs greater than or equal to 85 (Required for preview)

Number of HITs Approved greater than 100 (Required for preview) Location is UNITED STATES (Required for preview)

r HIT: 2

\$0.250

compression-evaluation.dev.csv

Results

Assignments pending review

Assignments approved:

Assignments rejected:

2,070

398

#### Cost Summary

**Estimated Total Reward:** \$500.000

Estimated Fees to Mechanical Turk: \$50.000 (fee

details)

\$550.000 Estimated Total Cost:

These costs are only an estimate until all of the

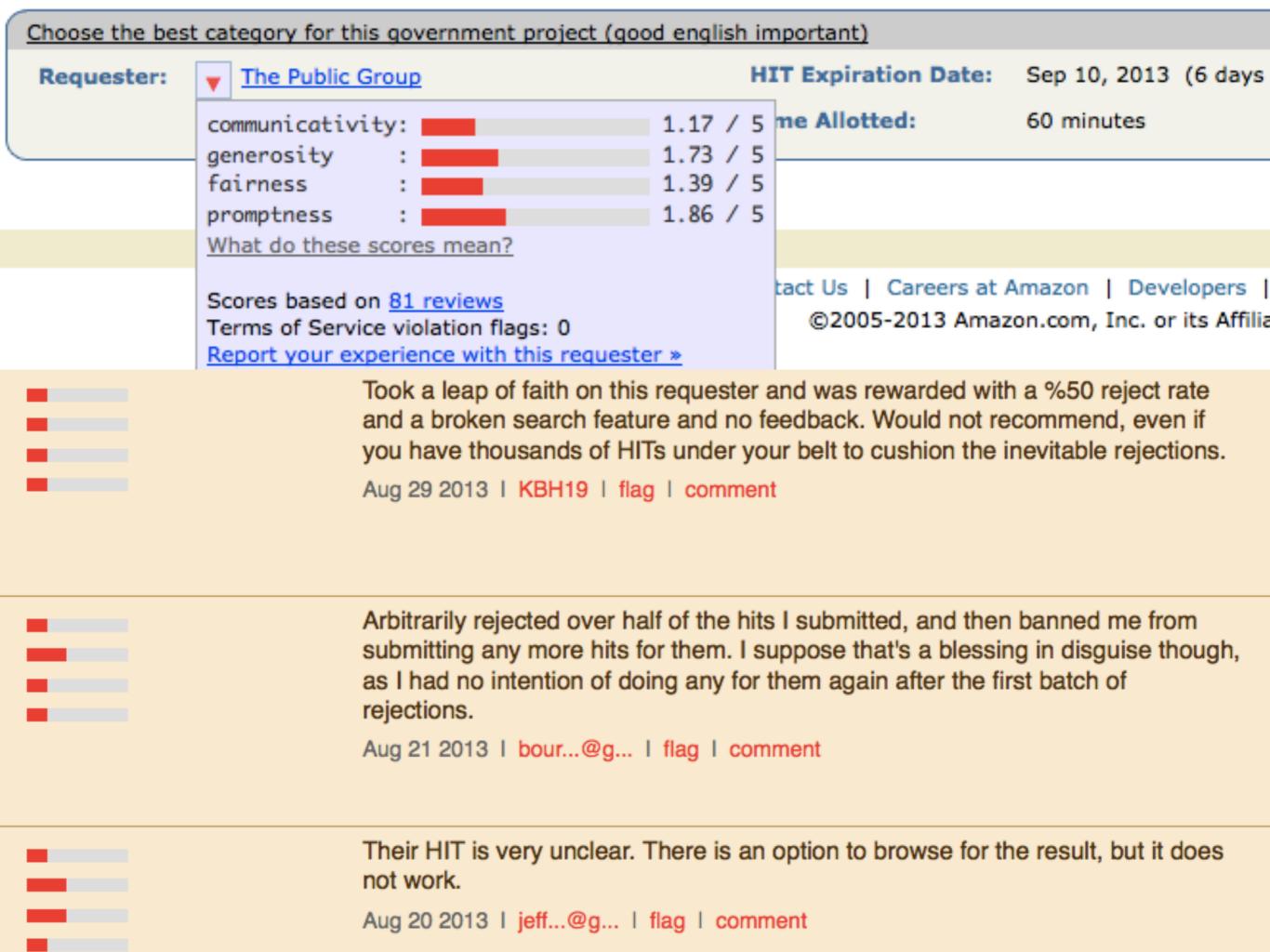
accianments have been submitted and reviewed

Approve Reject	Mode Tiese	1 Madiana	Immust Coreta as Nie as a C	Other	Deele
Worker ID	Work Time In Seconds	Lifetime Approval Rate	Input.System Names 0	City	Regior
A1H11P4QSM08Y1	145	100% (59/59)	pos_control neg_control /export/common/SCALE13/		
A3O7D2TTK99UK5	3	12% (119/1007)	pos_control neg_control /export/common/SCALE13/		
ASB13NJKTGCYB	122	100% (44/44)	pos_control neg_control /export/common/SCALE13/		
A1BM57TUNAQIXM	478	100% (3/3)	pos_control neg_control /export/common/SCALE13/	Los Angeles	California
A3445FTO62DGIX	231	100% (78/78)	pos_control neg_control /export/common/SCALE13/		
AYSX5GNO640MZ	141	13% (5/39)	pos_control neg_control /export/common/SCALE13/		
A21U64TBRENETA	158	100% (17/17)	pos_control neg_control /export/common/SCALE13/	Orlando	Florida
A23AFAXSEYH61S	241	100% (177/177)	pos_control neg_control /export/common/SCALE13/	Los Angeles	California
A1GYXHW4YCOJ0H	154	100% (77/77)	pos_control neg_control /export/common/SCALE13/		
A3O7D2TTK99UK5	21	12% (119/1007)	pos_control neg_control /export/common/SCALE13/		
AUGRDUEDEUXUS	184	100% (12/12)	pos_control neg_control /export/common/SCALE13/		
AYSX5GNO640MZ	182	13% (5/39)	pos_control neg_control /export/common/SCALE13/		

## TurkOpticon plugin

Workers rate Requesters based on a Requester's:

- communicativity: How responsive has this requester been to communications or concerns you have raised?
- generosity: How well has this requester paid for the amount of time their HITs take?
- **fairness**: How fair has this requester been in approving or rejecting your work?
- promptness: How promptly has this requester approved your work and paid?





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Nov 12, 2013 (9 weeks

60 minutes

For those of you who know Arabic, this is a very solid requester with a very fair pay. Highly recommended for those who want to make some real money Payment usually take one week depending on the HITs you are doing

don't waste your time trying to submit machine translated crap, or random answers to multiple choice questions, you will get blocked instantly

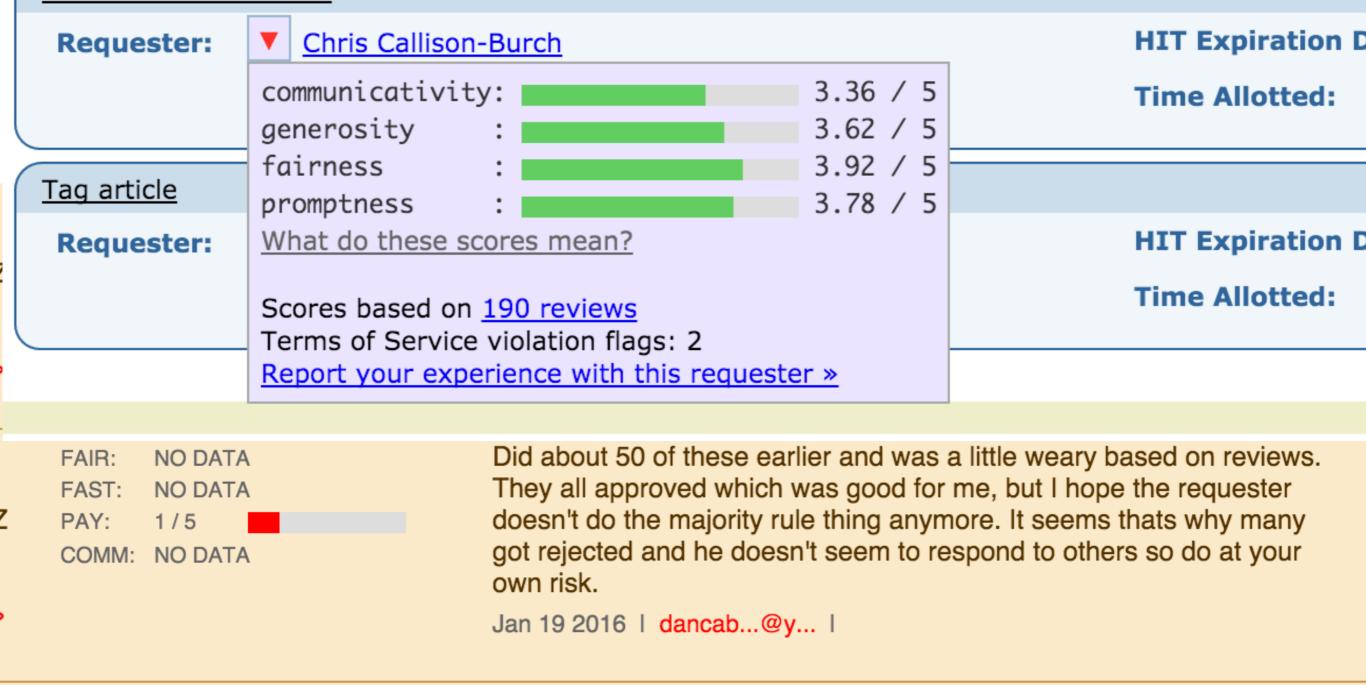
Jul 27 2013 | hala...@h... | flag | comment

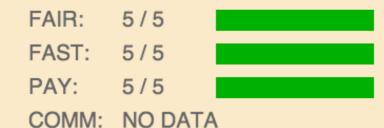
Chris is one of the better requesters on MTurk, if you meet his qualifications and actually do the work as he requires. Glad to see that someone out there can finally work on those Arabic translation HITs that we've all seen for months now.

Jul 27 2013 baudelai...@m...

Good requester. Everything approved in a couple of days. I had no problems. This is a safe requester to work for.







#### HIT(s):

Determine whether or not sentences are true; Translation from Russian to English

I've done a few of the "Determine whether or not sentences are true" HITs for this requester, which were great, paid fairly, in my opinion and took just a couple hours to approve and pay.

I also did many translations from Russian to English and all of them got approved. Pay on these varies because it's 4 sentences per HIT for 30c but sometimes sentences are very long, sometimes very short.

# Turker Nation discussion boards

- A watering hole for Turkers to discuss MTurk and Requesters
- Has a Requester Hall of Fame / Shame
- Lots of engaging conversation
- Sometime people vent their frustration

### crowd-workers.com

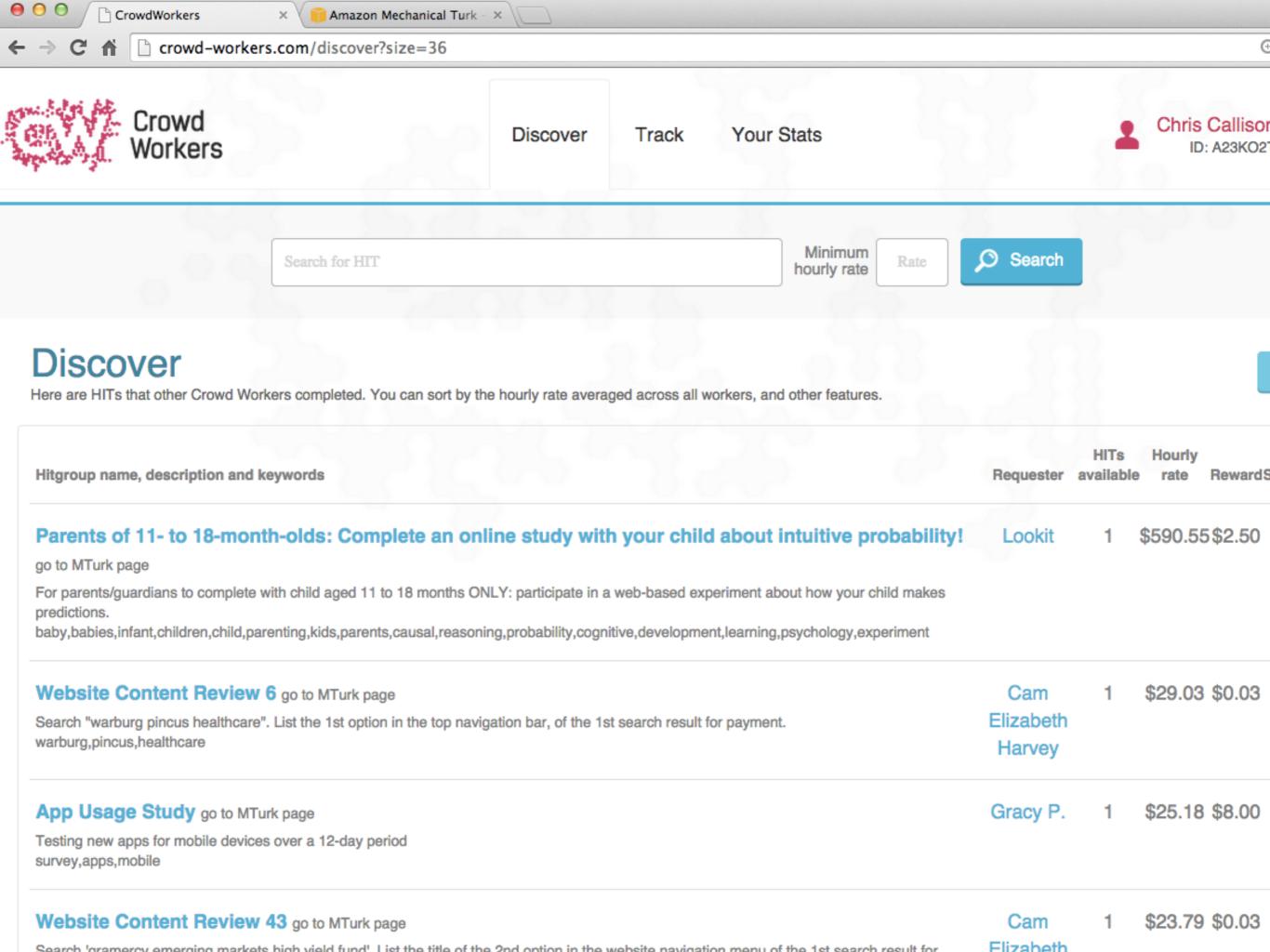
- I am developing a browser plug-in that will improve the MTurk UX for Workers
- The idea is to track and aggregate statistics across many workers, so that they have better information
- Academically, I am interested in these questions
  - a) How much time does the average Turker spend working?
  - b) What is their hourly rate?
  - c) How reputable are requesters (what fraction of the HITs do they approve v. reject)?
  - d) How much time to workers spend searching v working?

## qualitative v quantitative

TurkOpticon's qualitative attributes	CrowdWorker's quantitative equivalents
promptness: How promptly has this requester approved your work and paid?	Expected time to payment: On average, how much time elapses between submitting work to this Requester and receiving payment?
generosity: How well has this requester paid for the amount of time their HITs take?	Average hourly rate: What is the average hourly rate that other Turker make when they do this requester's HITs?
fairness: How fair has this requester been in approving or rejecting your work?	Approval/rejection rates: What percent of assignments does this Requester approve? What percent of first-time Workers get any work rejected?
communicativity: How responsive has	Reasons for rejection: Archive of all of the

this requester been to communications or concerns you have raised?

Reasons for rejection: Archive of all of the reasons for Workers being rejected or blocked by this Requester.



#### The Advantage of a Clear View

TurkerView is designed to bridge the gap between workers & requesters through data & communication.









Wage Aggregates

Reward Sentiment

Communication Scores

Approval Tracking

#### Wage Aggregate Tracking

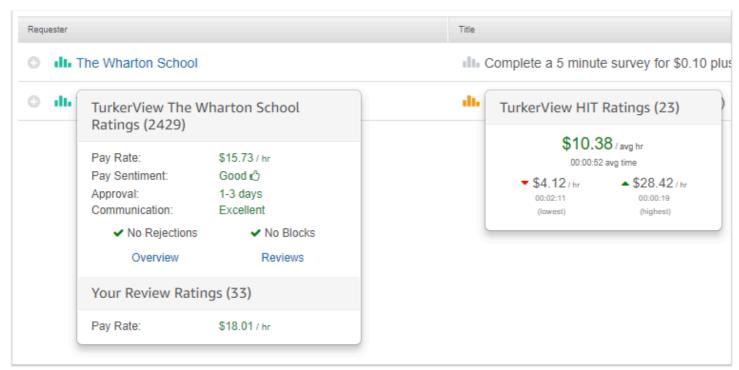
This is fairly straightforward: we take the completion time & the reward amount (where available) and calculate the average hourly rate for the task. We then apply that number to a simple range based on US minimum wage standards to color-code the data for easy to digest numerical data.

Color	Pay Range (Hourly)	Explanation
RED	< \$7.25 / hr	Hourly averages below US Federal minimum wage
ORANGE	\$7.25 - \$10.00 / hr	Hourly averages between Federal & highest statewide (CA) minimum wages.
GREEN	> \$10.00 / hr	Hourly averages above all US minimum wage standards

#### Data Driven by TurkerViewJS

TurkerViewJS is the engine behind TurkerView. An efficient collection process combined with a user-friendly interface encourages more frequent worker input & allows for the refinement of aggregate data in real time.

Our API also allows users access to real-time data about HITs and requesters. Users can feel confident with the knowledge that our platform has vetted thousands of requesters who treat workers fairly.



### Workers' concerns

- Wage issues: unfairly rejected work, slow payment, and payments that do not fairly reflect the work that they performed
- No appeals process for unfairly rejected work. Requestors can unresponsive.
- Grass roots tools, user-maintained ratings/blacklist of requestors

## Requesters' concerns

- Quality: Workers may do substandard work or more blatantly cheat
- Cheating by randomly clicking or typing, using scripts to enter useless input, or giving answers that are not useful, but just relevant enough to get payment
- No ability to judge workers' skills or qualifications in advance
- Often difficult to automatically judge the quality of work

## System Design Guidelines

Bederson and Quinn (ALT CHI 2011)

- Provide hourly pay and disclose the expected wage
- Value workers' time and optimize tasks to use worker's time effectively
- Use Objective quality metrics to approve or reject
- Give immediate feedback to workers on their quality, and warnings to problematic workers

## System Design Guidelines

Bederson and Quinn (ALT CHI 2011)

- Define **payment terms** including how quickly payments will be paid, and follow them.
- Provide a grievance process for workers who were treated unfairly. Removes the imbalance of power.
- Provide task context: Makes work more satisfying to workers, and lets them make informed ethical choices about what work to do
- Limit anonymity: Anonymity of requestors enables them to reject work with impunity. Anonymity for workers enables them to cheat with nearly no risk

### Who are the Turkers?

#### Worker ID

A1H11P4QSM08Y1

A3O7D2TTK99UK5

ASB13NJKTGCYB

A1BM57TUNAQIXM

A3445FTO62DGIX

AYSX5GNO640MZ

Requesters are given very little information about Turkers - basically just a serial number

 No names, no demographic information (like what languages they speak)

 Who are these people who work for us?

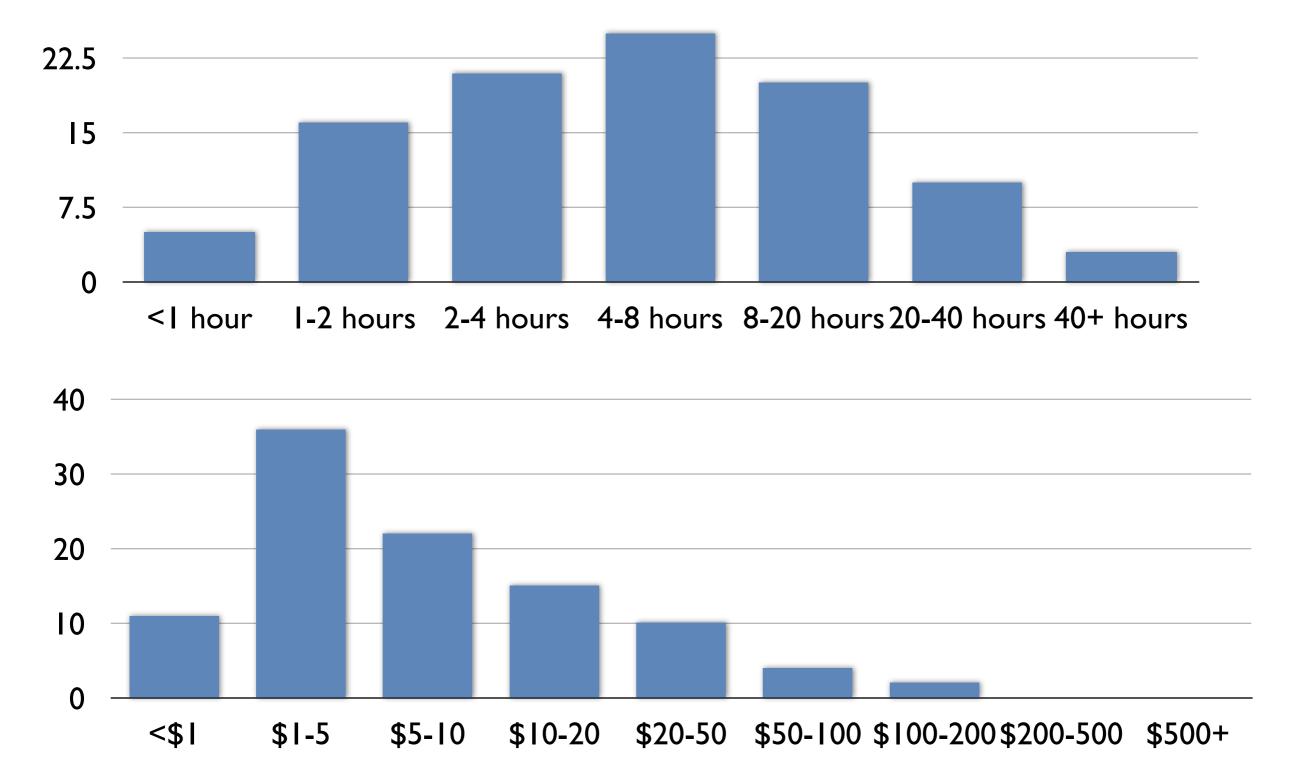
# Implications for anonymity of crowd workers

- Cannot assume that they have a particular set of skills
- They should be treated as non-experts
- It important to design tasks to be simple and easy to understand
- Quality control is a significant challenge

### Who are the Turkers?

- Post a HIT to interview them!
- Panos Ipeirotis has a nice demographic survey on his blog "A Computer Scientist In Business School"
- Age, Gender, Education Levels, Marital Status, Household Income, Weekly earnings. Why do you it?
- India versus USA

## Weekly hours, earnings



## Why do you do it? India

I use MTurk to kill time

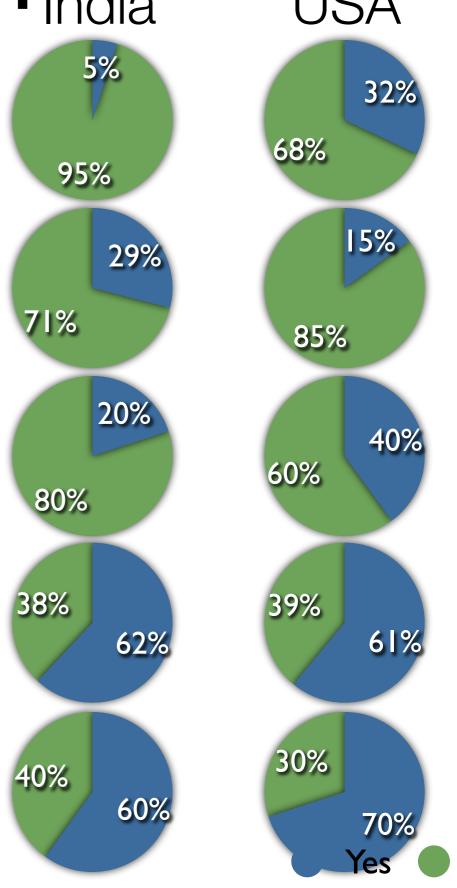
Primary source of income

I participate on MTurk for fun

Secondary source of income or for pocket change

Fruitful way to spend free time and get cash (instead of TV)





## Survey Methodology

- Ask 1000 Turkers to fill out questionnaire
- Pay them each \$0.10 for ~3 minutes
- Do you think that the methodology was good?
- Do you think it yields an accurate sample of Turkers?
- Any bias?



#### http://www.electionstudies.org

HOME	DATA CENTER	UTILITIES	HELP CENTER	LIBRARY
MIL-4 !- ANIEGO				

#### What is ANES?

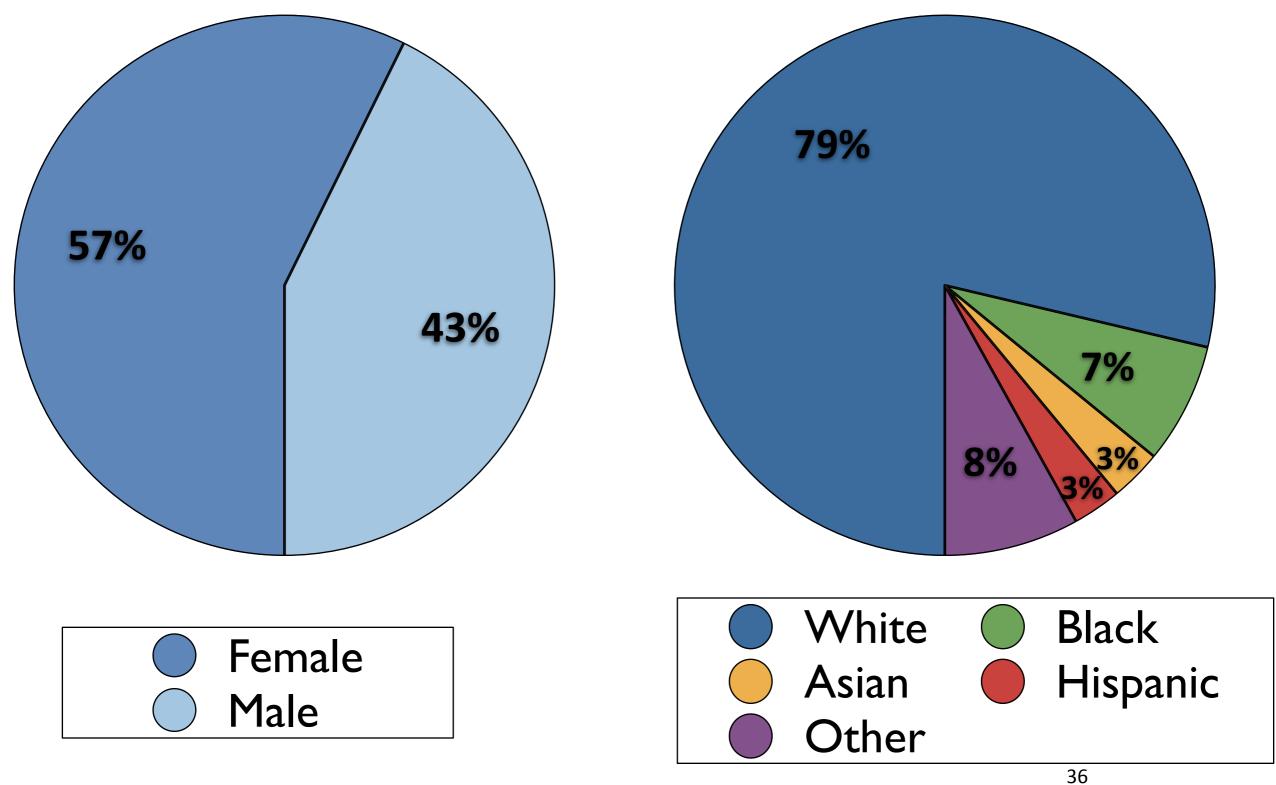
To serve the research needs of social scientists, teachers, students, policy makers and journalists, the ANES produces high quality data from its own surveys on voting, public opinion, and political participation.

Should same-sex couples be ALLOWED to marry, or do you think they should NOT BE ALLOWED to marry?

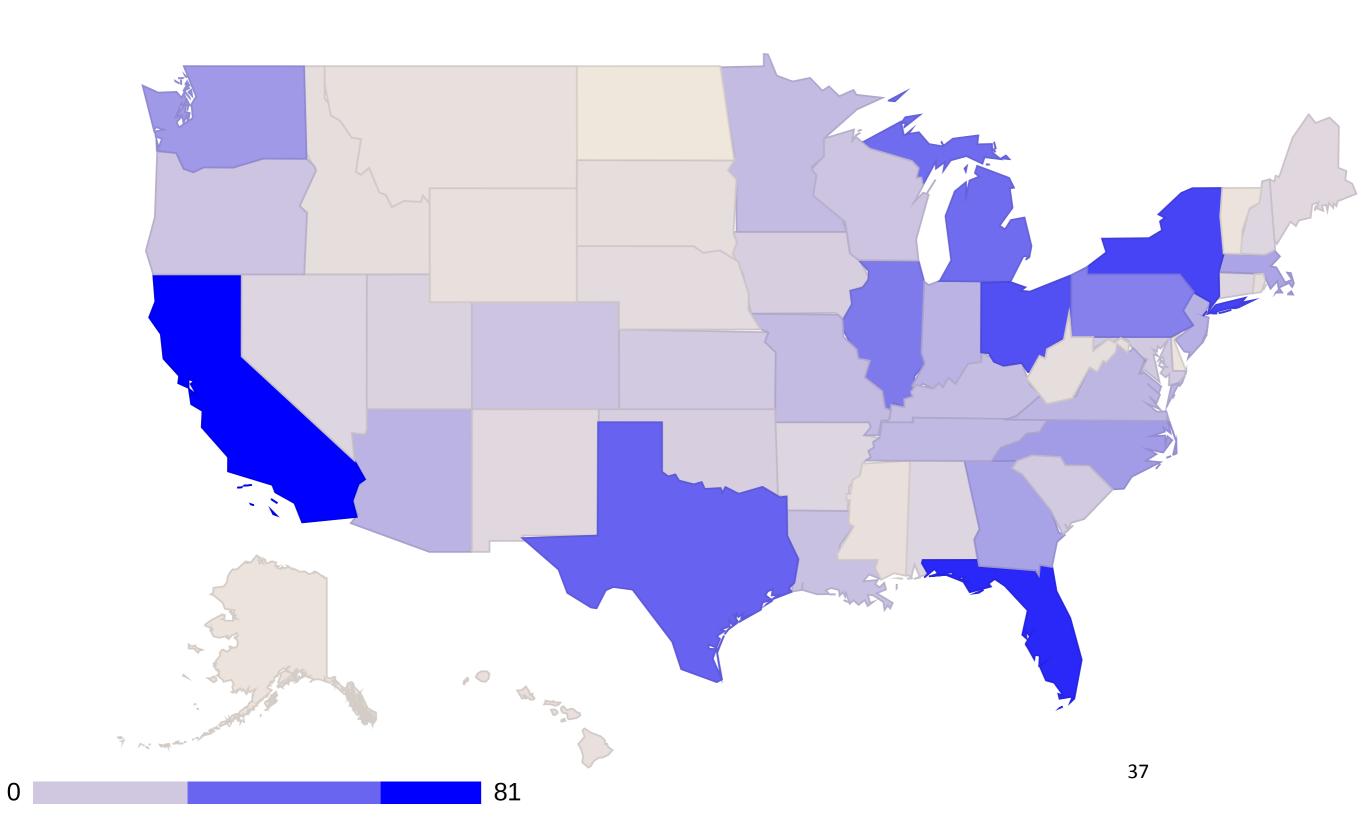
Is there something that would make you vote for a Republican presidential candidate? Please list as many reasons as you can think of.

We are interested in how people are getting along financially these days. Would you say that you / you and your family are BETTER off or WORSE off than you were a year ago?

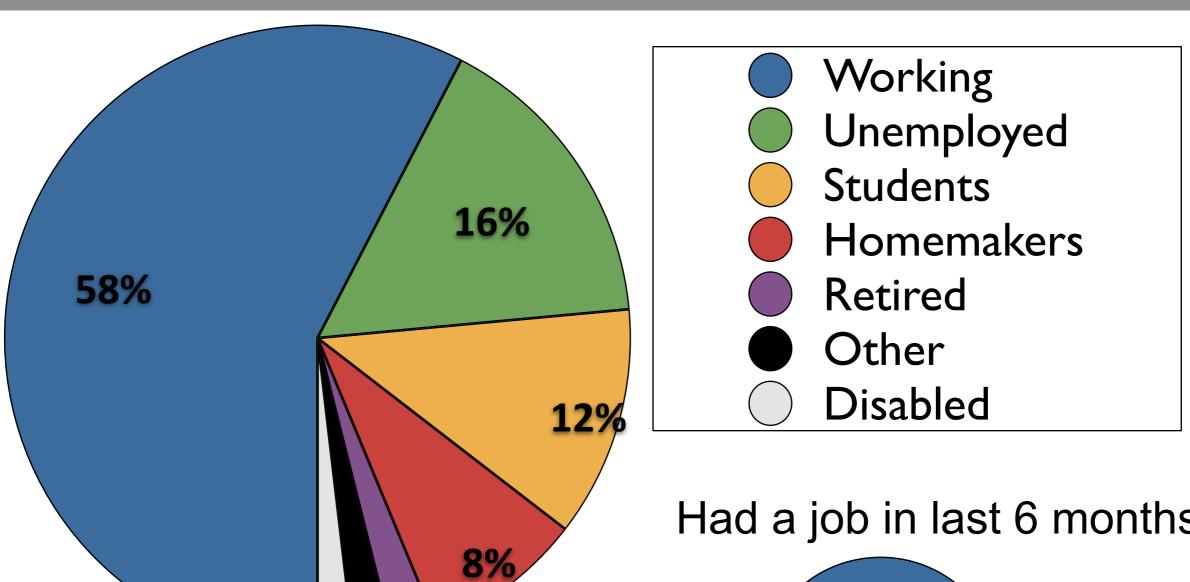
### Demographics



# Geographic distribution

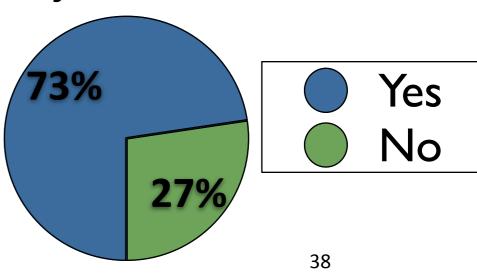


## Employment status



2% 2% 2%

Had a job in last 6 months?



My jobs have always consisted of customer service, cashier at a gas station, grocery store, etc. Currently, I am not employed. I stay at home and care for my disabled son.

I am an event planner for a non-profit organization. I plan events, coordinate auctions, solicit donations from corporations and individuals

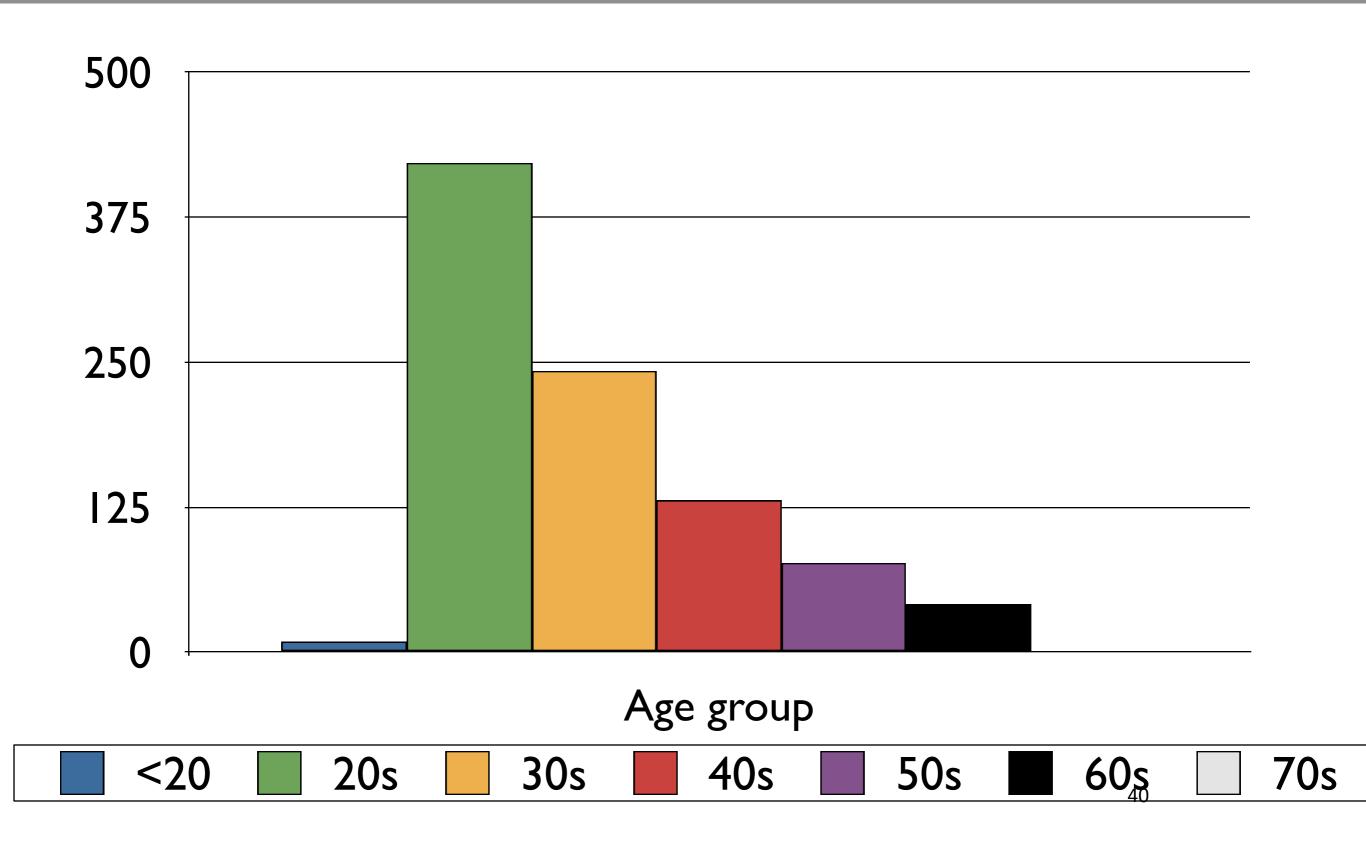
My last job was working in a subshop called Jimmy Johns. My duties were to make subs, as well as cleaning up during my shift and at close

My last regular job was for the U.S. Census Bureau. My job involved going door to door in my town and neighboring towns in my county and interviewing residents

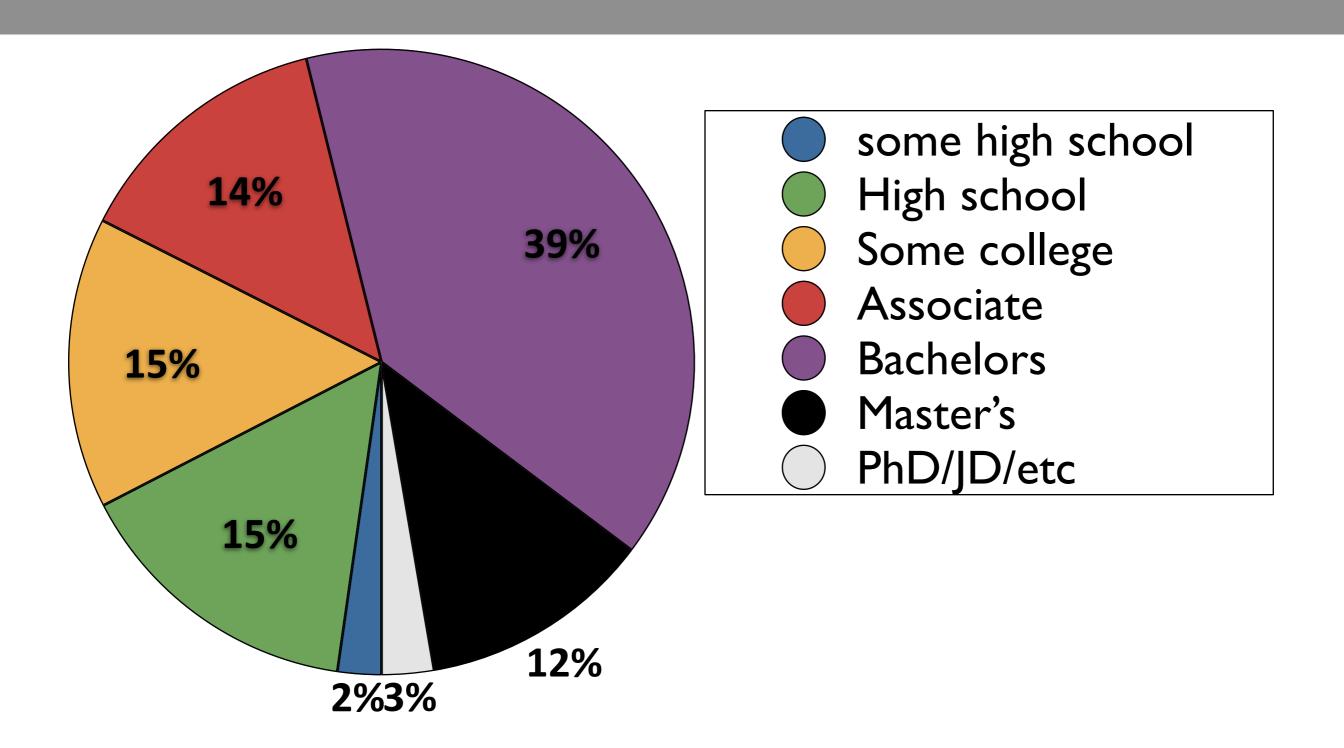
My last job was at Walgreens. I was a cashier overnight. Now, I am unemployed and I make very little money on mturk.

I am an energy efficiency analyst working at a utility. I oversee evaluation of our energy efficiency programs so that their impact can be accurately estimated

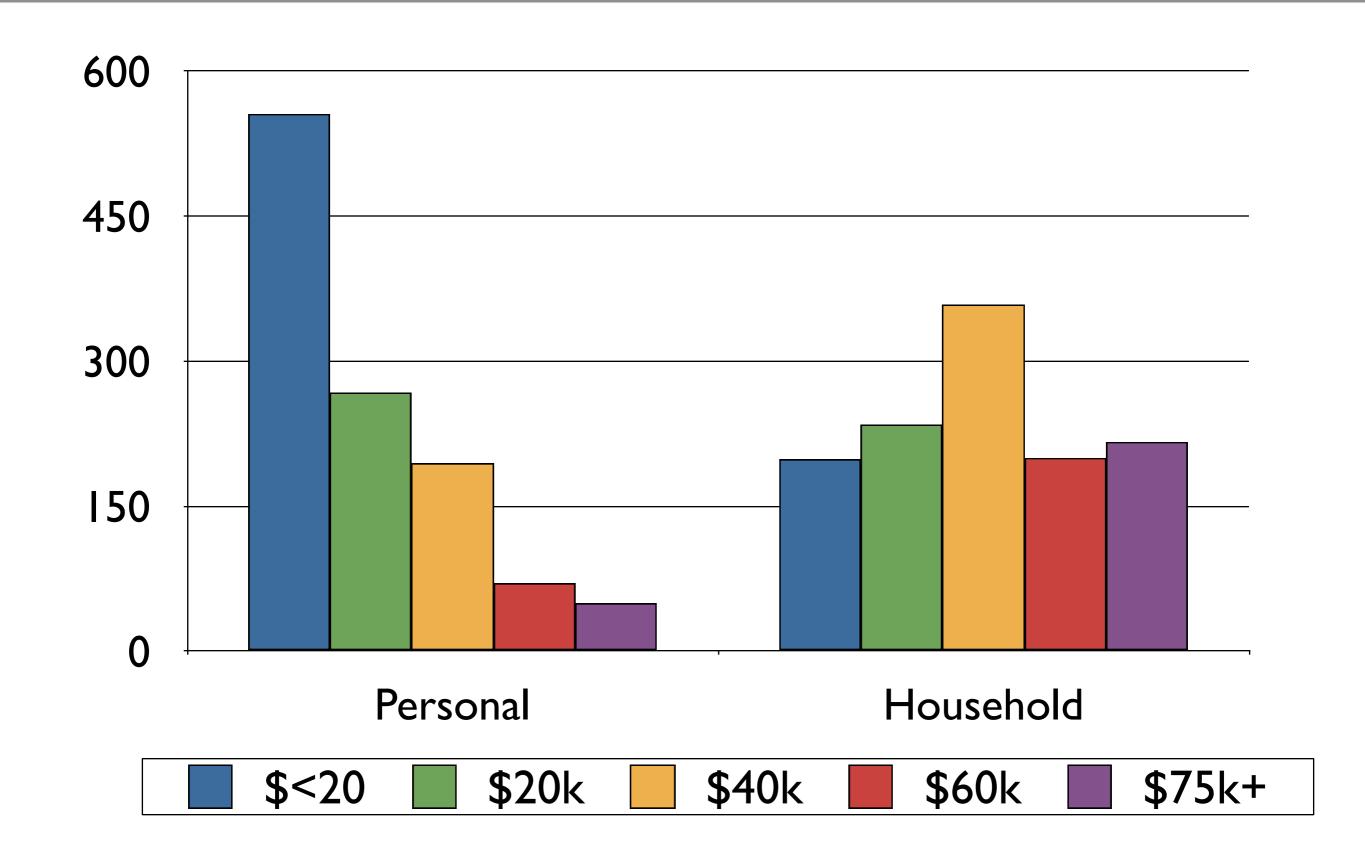
# Age



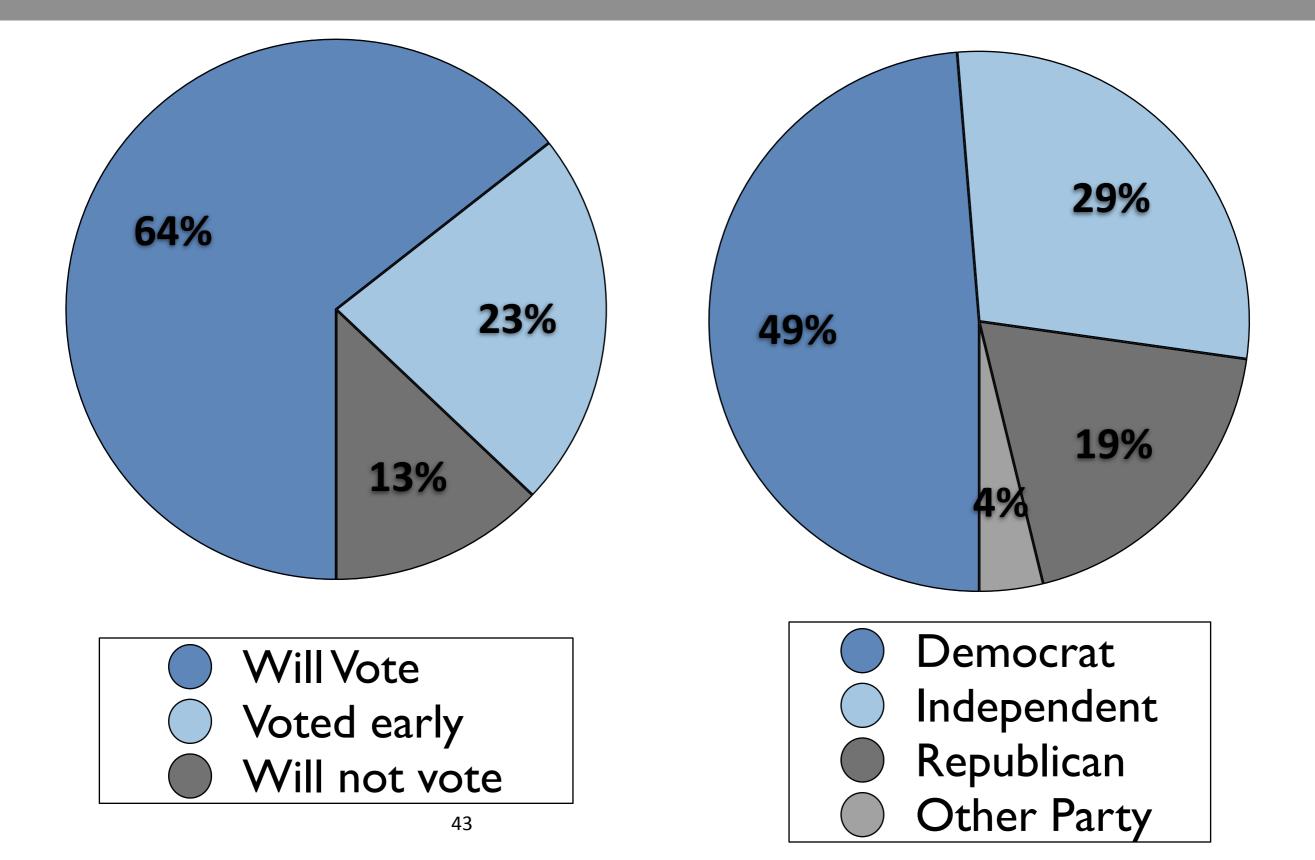
### Education level



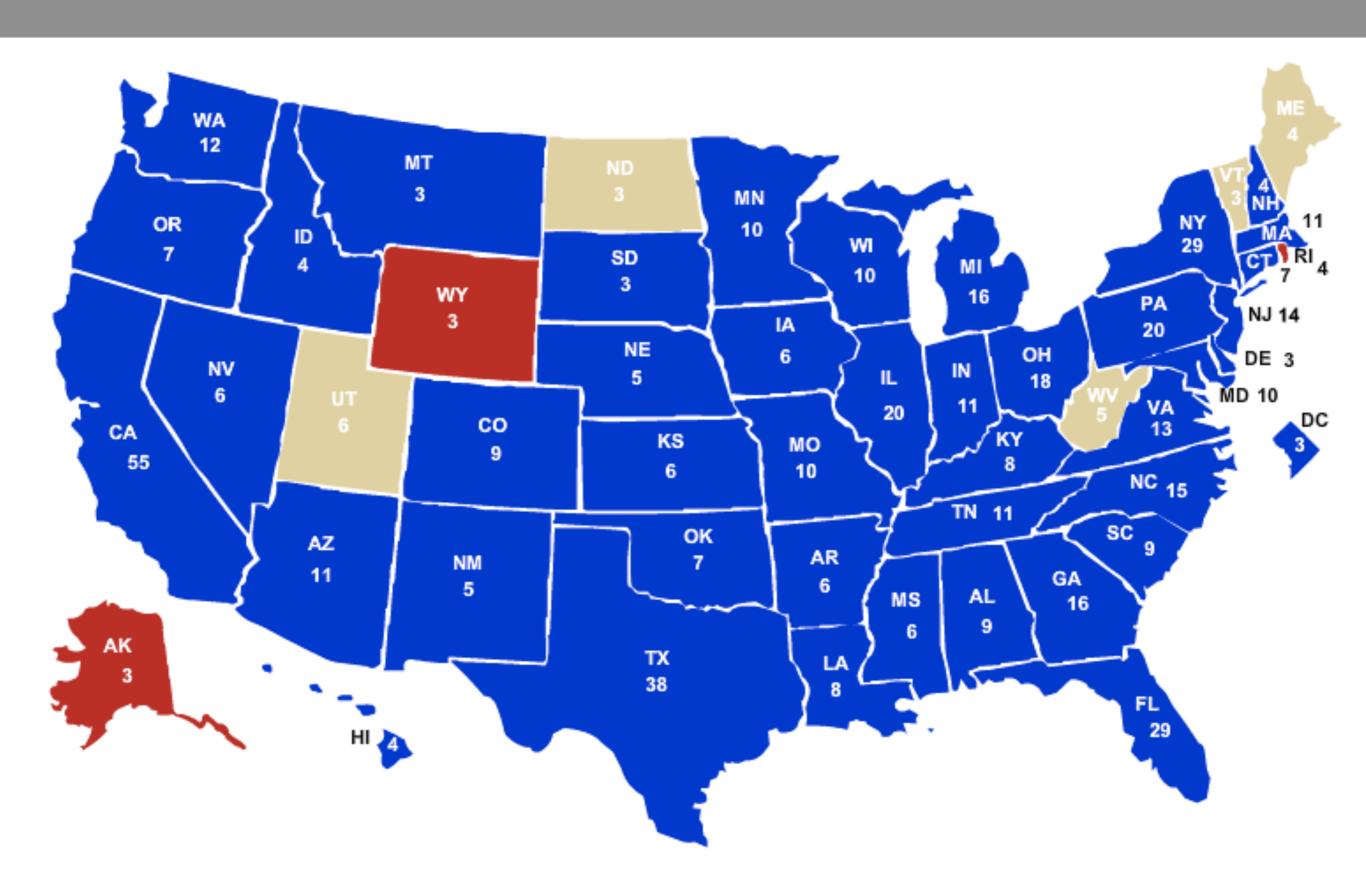
### Annual Income



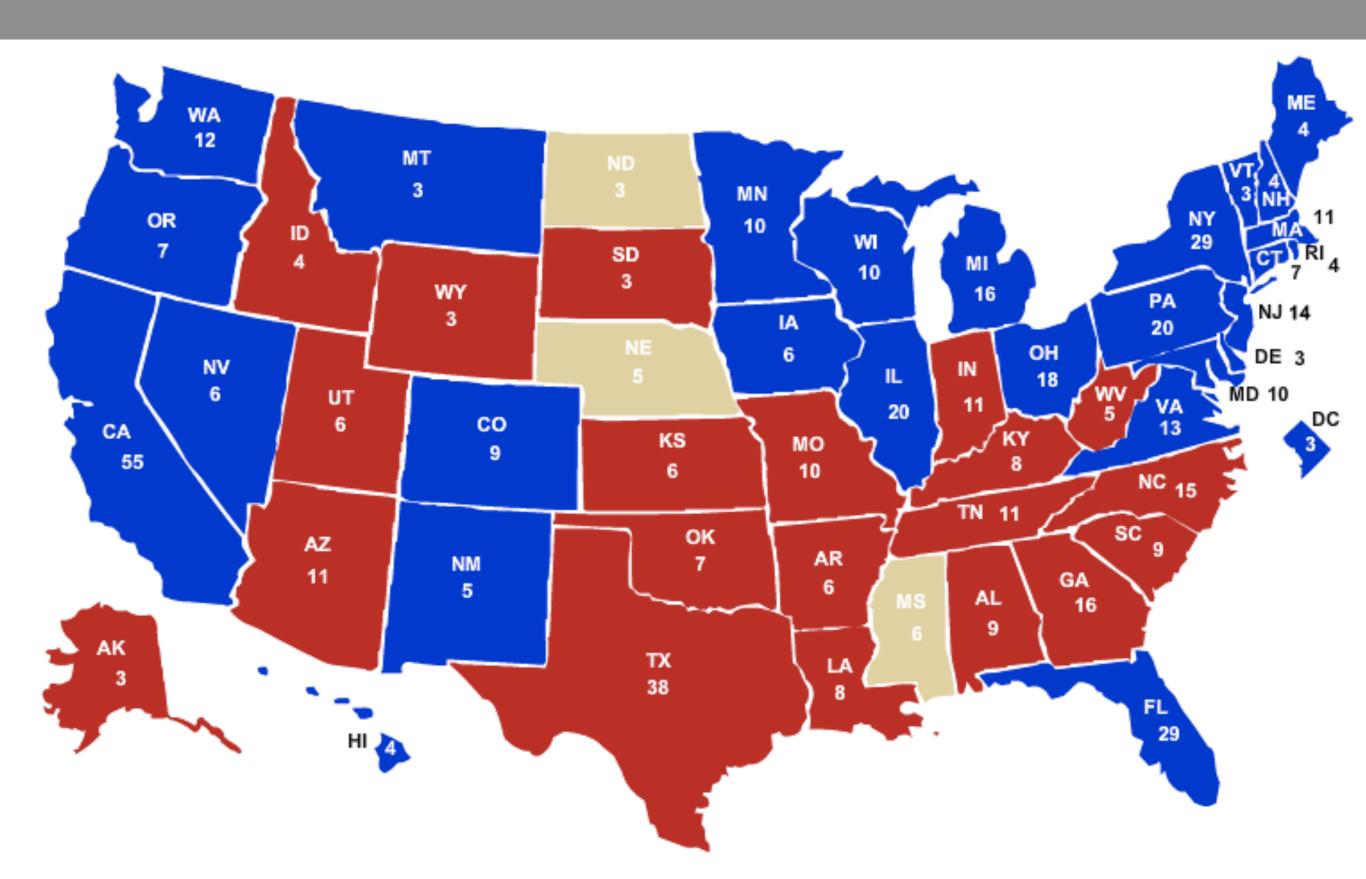
## Plans to vote / Party Affiliation



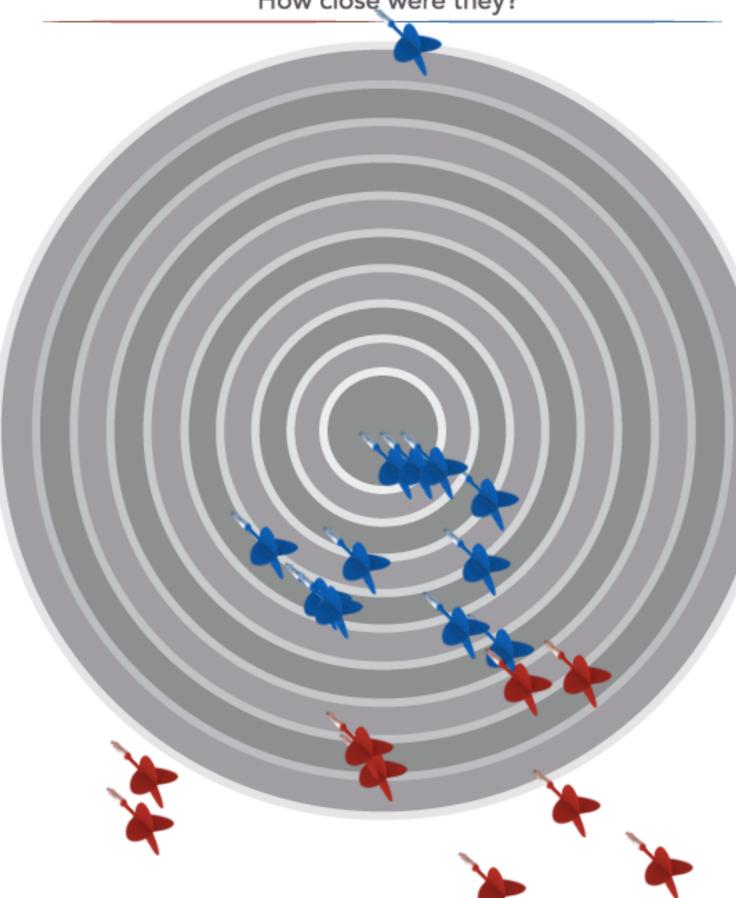
# Obama Landslide if only Turkers voted



## Turkers accurately predict their states









Nate Silver The New York Times

Obama: 332 Romney: 206 Difference: 0

#### amazonmechanical turk Artificial Artificial Intelligence

Obama: 335, Romney: 189 Error: 3, Unallocated: 14



Vice Chairwoman of the Democratic National Committee

Obama: 313 Romney: 225 Difference: -19



Ann Coulter

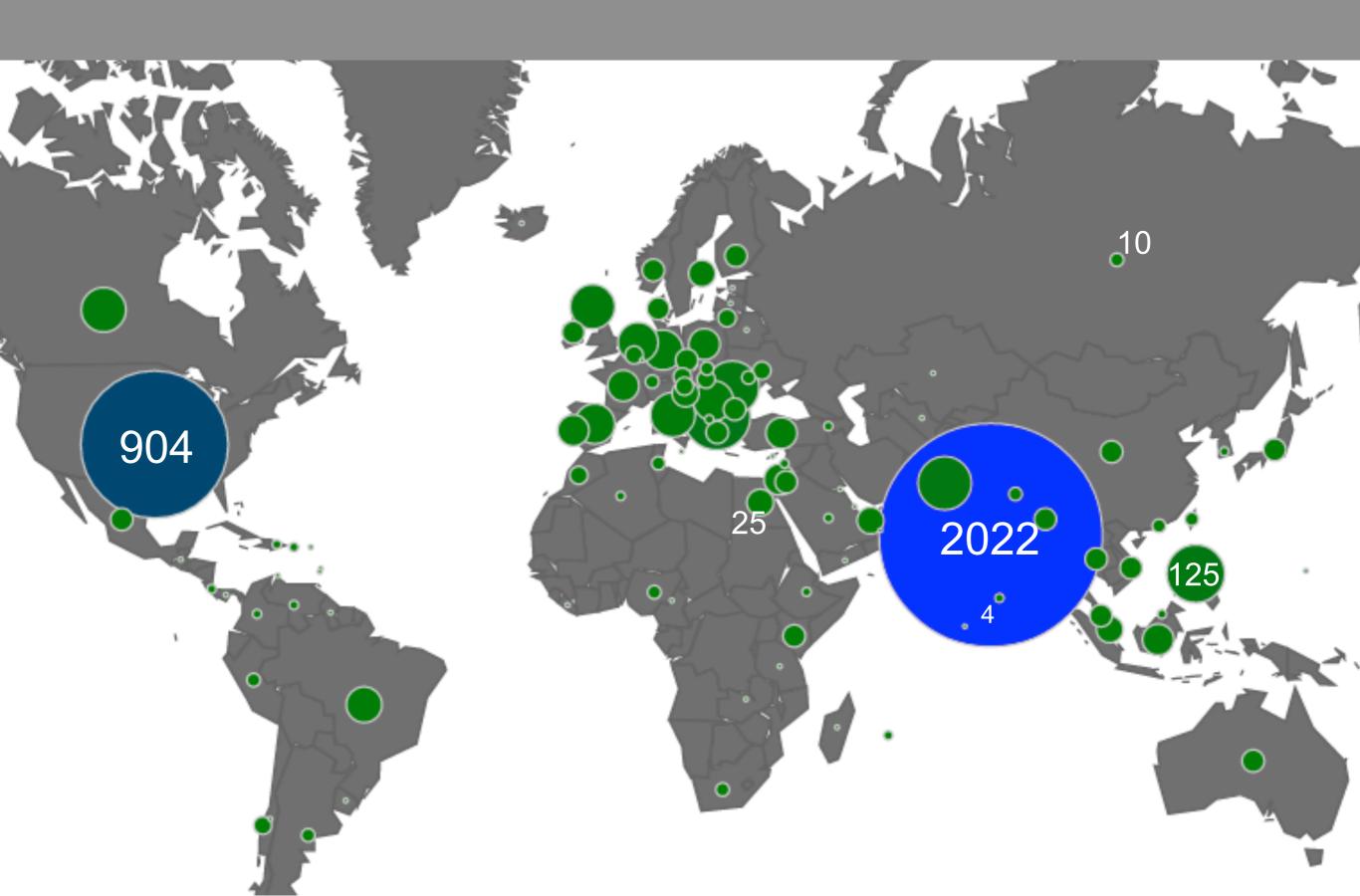
Fox News Obama: 265 Romney: 273 Difference: -67



#### Karl Rove

Obama: 259 Romney: 279 Difference: -73

# Worldwide Workforce



# Ethnographic Study of Turker Nation

Being a Turker, Martin et al (CSCW 2014)

Observation: 40% of USbased Turkers said they did it for fun.(Ipeirotis study)

Conclusion: Turkers do HITs because they like them, regardless of what the pay is

# Turking for Fun?

#### <u>danturker</u>

This attitude would be requesters dream come true. The workers come here to have fun and play and the lousy pay for work is not an issue. This attitude helps create low pay for the AMT work force that does care about fair pay.

#### *larak56*

I agree with most everyone here. While I do find some of the HITS fun and actually learn an incredible amount by doing HITS, I do it for the cash.

# Ethnographic Study of Turker Nation

Being a Turker, Martin et al (CSCW 2014)

Assumption: MTurk is a pure form of market that falls into a fair equilibrium. Bad employers and workers are rooted out as their poor actions become visible. Wages or pricing settles to a 'natural' level.

Conclusion: "apparently half a million people find work at pay rates they're entirely happy with but pay rates that are below minimum wage"

-Tim Worstall, Forbes blogger

# Pay Expectations

#### jimtexan79

- I was hoping to make at least \$3,650.00 (you know, 10 bucks a day) but, alas, I fell short. I blame all those summer months that I slacked off. :[
- So, how much didja make? Was it what you hoped?

#### <u>mwanza57</u>

I made \$1,179. Would love to double that for next year.

#### <u>bubbles</u>

\$14,476.93 Hoping to do better this year.

#### <u>defectturk</u>

It is a full part time job for me. I can turk during slow periods at my day job and from 4-10 during the week I turk. Because of pay cuts at my day job I would have to be working a part time job outside the home if I did not turk. And yes, my boss is aware of my activities and when they cut our pay the last time, he openly told us that if we can find other work that he would be flexible in allowing it. Just trying to hold on until the housing market rebounds and keep the company in business. It is cool of him to allow it, but I would much rather have my salary back and drop turking.

#### <u>jane</u>

I am having a hard time. Mentally, spiritually, physically, and especially financially. My roommate has been out of work for almost 2 months, and ran out of money a few weeks ago... I have to come up with \$\$ if he can't to keep this roof over my own head. And he does now have a job that he is in training for--tho he will not see any money from it for a few MORE weeks. In the meantime, rent is due today, and I don't have all of it. I am going to have to beg the office to take what I do have, and let me pay the rest next paycheck. I could stand that, if that were all there was, but the power and internet need to stay on, or NEITHER ONE OF US will have any income. I paid the power right before cut off last time--that means it can't be long before cut-off notice comes a-knockin again. I know the internet bill is like that too now... I have been beating my head in trying to do more turking, more anything online [... rest of post omitted...]

# Jobs in the sharing economy



#### Slate





The ride-sharing service says its median driver makes close to six figures. But the math just doesn't add up.







2.3k

By Alison Griswold





New York Uber Driver Refuses to Take Woman in Labor to Hospital, Charges Her \$13



Taxis Are Doomed and They Know It. Here's Why There's Nothing They Can Do.



Can a Field in Which Physicists Think Like Economists Help Us Achieve Universal Knowledge?

#### FROM THE WEEK



Report: Most of America's largest police departments allow officers to choke, strangle, and hog-tie people



The Economy Kind of Sucks for People Who Don't Drive

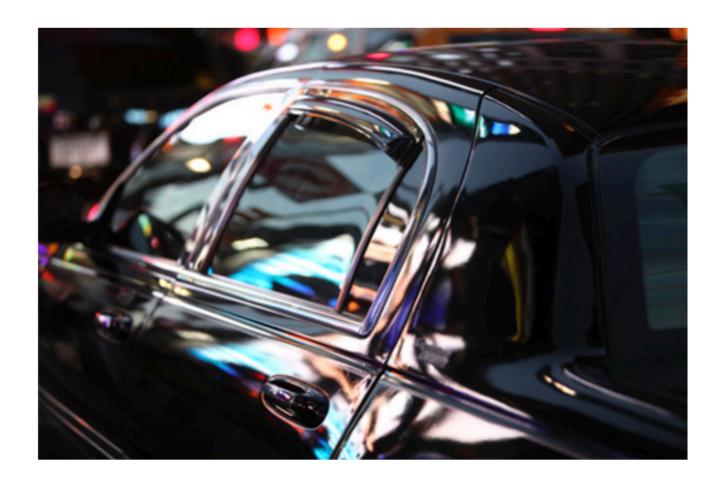
#### U B E R D R I V E R S

Read here about an important lawsuit brought by Uber drivers to recover the tips they should have received and reimbursement for expenses

Uber drivers have filed a class action lawsuit claiming they have been misclassified as independent contractors and are entitled to be reimbursed for their expenses that Uber should have to pay, like for gas and vehicle maintenance. The lawsuit also challenges Uber's former practice of telling passengers that the gratuity is included and not to tip the drivers, even though (until 2017) you were not getting a tip!!

#### **LATEST NEWS:**

In September 2018, the Ninth Circuit Court of Appeals reversed the District Court's decision which had certified a class of most Uber drivers in California and had declared Uber's arbitration clause to be unenforceable. As a result of the Ninth Circuit's decision, all Uber drivers who are covered by an arbitration clause cannot be part of the lawsuit in court but instead can only pursue their claims through individual arbitration. (We expect our court case will continue to include drivers who are not bound by Uber's arbitration clause.) We are pursuing arbitrations for thousands of Uber drivers. If you are signed up with us to pursue an arbitration if it became necessary, please watch your emails for any updates from us related to your arbitration.



In order to join our contact list of drivers interested in the case who want to receive updates, please email us at uberlawsuit@llrlaw.com and tell us your name, email address, and location where you have driven for Uber.

The attorneys representing the drivers are:

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#### IN THE SUPREME COURT OF CALIFORNIA

DYNAMEX OPERATIONS WEST, INC.,	)
Petitioner,	)
	S222732
v.	)
	) Ct.App. 2/7 B249546
THE SUPERIOR COURT OF	)
LOS ANGELES COUNTY,	) Los Angeles County
Respondent;	) Super Ct. No. BC332016
	)
CHARLES LEE et al.,	)
Real Parties in Interest.	)

Under both California and federal law, the question whether an individual worker should properly be classified as an employee or, instead, as an independent contractor has considerable significance for workers, businesses, and the public generally. On the one hand, if a worker should properly be classified as an employee, the hiring business bears the responsibility of paying federal Social Security and payroll taxes, unemployment insurance taxes and state employment taxes, providing worker's compensation insurance, and, most relevant for the

present case, complying with numerous state and federal statutes and regular governing the wages, hours, and working conditions of employees. The worken obtains the protection of the applicable labor laws and regulations. On other hand, if a worker should properly be classified as an independent contract the business does not bear any of those costs or responsibilities, the worker none of the numerous labor law benefits, and the public may be required un applicable laws to assume additional financial burdens with respect to such workers and their families.

Although in some circumstances classification as an independent cormay be advantageous to workers as well as to businesses, the risk that work who should be treated as employees may be improperly misclassified as independent contractors is significant in light of the potentially substantial economic incentives that a business may have in mischaracterizing some we as independent contractors. Such incentives include the unfair competitive advantage the business may obtain over competitors that properly classify s workers as employees and that thereby assume the fiscal and other responsitionand burdens that an employer owes to its employees. In recent years, the reregulatory agencies of both the federal and state governments have declared the misclassification of workers as independent contractors rather than emplies a very serious problem, depriving federal and state governments of billion

dollars in tax revenue and millions of workers of the labor law protections t

which they are entitled.<sup>2</sup>

See United States Department of Labor, *Commission on the Future of Worker-Management Relations* (1994) page 64 ["The single most important factor in determining which workers are covered by employment and labor statutes is the way the line is drawn between employees and independent contractors"] <a href="https://digitalcommons.ilr.cornell.edu/key\_workplace/2/">https://digitalcommons.ilr.cornell.edu/key\_workplace/2/</a> (as of Apr. 30, 2018).

See United States Department of Labor, Wage & Hour Division, Misclassification of Employees as Independent Contractors
<a href="https://www.dol.gov/whd/workers/misclassification/">https://www.dol.gov/whd/workers/misclassification/</a> (as of Apr. 30, 2018) California Department of Industrial Relations, Worker Misclassification
<a href="http://www.dir.ca.gov/dlse/worker-misclassification.html">http://www.dir.ca.gov/dlse/worker-misclassification.html</a> (as of Apr. 30)

like independent plumbers or electricians, who have traditionally been viewed as *genuine* independent contractors who are working only in their own independent business.

For the reasons explained hereafter, we conclude that in determining whether, under the suffer or permit to work definition, a worker is properly considered the type of independent contractor to whom the wage order does not apply, it is appropriate to look to a standard, commonly referred to as the "ABC" test, that is utilized in other jurisdictions in a variety of contexts to distinguish employees from independent contractors. Under this test, a worker is properly considered an independent contractor to whom a wage order does not apply only if the hiring entity establishes: (A) that the worker is free from the control and direction of the hirer in connection with the performance of the work, both under the contract for the performance of such work and in fact; (B) that the worker performs work that is outside the usual course of the hiring entity's business; and (C) that the worker is customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed for the hiring entity.

U.S. Department of Labor Wage and Hour Division Washington, D.C. 20210

Misclassification of employees as independent contractors is found in an increasing number of workplaces in the United States, in part reflecting larger restructuring of business organizations. When employers improperly classify employees as independent contractors, the employees may not receive important workplace protections such as the minimum wage, overtime compensation, unemployment insurance, and workers' compensation. Misclassification also results in lower tax revenues for government and an uneven playing field for employers who properly classify their workers. Although independent contracting relationships can be advantageous for workers and businesses, some employees may be intentionally misclassified as a means to cut costs and avoid compliance with labor laws.

The Department of Labor's Wage and Hour Division (WHD) continues to receive numerous complaints from workers alleging misclassification, and the Department continues to bring successful enforcement actions against

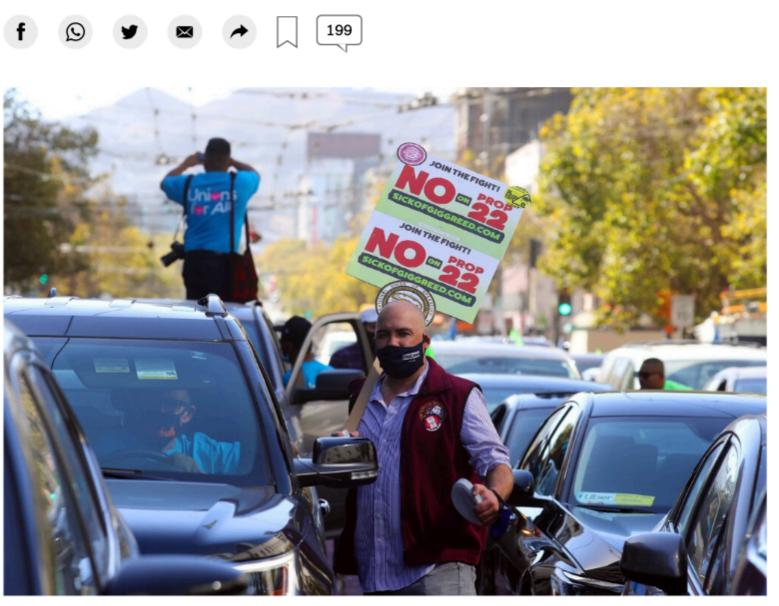
#### Summary

On September 18, 2019, Governor Newsom signed California Assembly Bill 5 (AB 5) into law – codifying and expanding the California Supreme Court's decision in the *Dynamex* case and the "ABC test" for determining if a worker may be classified as an independent contractor, instead of an employee.



# Uber and Lyft Drivers in California Will Remain Contractors

The victory of Proposition 22, the most expensive initiative in the state's history, could help gig companies remake labor laws throughout the country.



Drivers and other gig workers urging voters to reject California's Proposition 22 outside Uber's headquarters in San Francisco last month.  $\mbox{Jim Wilson/The New York Times}$