



Written by [Bob Adelman](#) on November 5, 2020

Passage of Prop 22 Sets Tone for National Gig Economy

When Kim Kavin, co-founder of Fight for Freelancers, learned that California voters passed Proposition 22 overwhelmingly on Tuesday, [she was delighted](#): “Everybody is celebrating today.... We are just thrilled about this one result.”

But her organization is located in New Jersey, on the opposite side of the country from California. And Proposition 22 is just simply another “carve-out” — one of hundreds of other exemptions — from California’s AB 5, the state law requiring employers such as Uber and Lyft to reclassify their drivers from freelancers to employees.



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Kavin explained why: “We see this as a major win in a bigger battle: we see voters standing with us. We sure hope it has an impact on New Jersey policymakers ... and at the federal level.”

New Jersey is one of several states — including Massachusetts, New York, Illinois, and others — considering something like California’s AB 5. With the clear message delivered by California voters on Tuesday — Prop 22 passed with 58 percent of the vote — politicians may just be a little less eager to tamp down the burgeoning gig economy, especially as that economy is ramping up after the ending of the COVID-inspired shutdowns across the land.

The so-called “gig economy” encompasses an estimated 12 to 15 percent of the U.S. economy at present. And as business owners and entrepreneurs are looking at how business, and the economy, will operate post-COVID, they are likely to find a middle road: the “quasi-employee” or “hybrid” employee who operates as a freelancer but with some benefits guaranteed.

That is certainly one reason why Uber, Lyft, DoorDash, Instacart, and Postmates collectively invested more than \$250 million in supporting Prop 22. Passage, which becomes effective next month, not only makes those companies better able to estimate their future labor costs, but more attractive to drivers seeking the freedom to run their own lives at their own pace on their own schedule.

Bernard Coleman, a former Uber executive who now works at HR software startup Gusto, thinks the passage of Prop 22 in California will “prompt companies [across the country] with full-time employees to shift toward a hybrid model to [cut] costs.”

The companies behind Prop 22 are planning to lobby for national legislation that reflects the new freedom, so that they, and others with a national presence, can target their future marketing plans more clearly. Their market: people working from home who like working from home but are chafing under rules made for employees working in cubicles.

As DoorDash CEO Tony Xu said, “Now, we’re looking ahead and across the country, ready to champion new benefits structures that are portable, proportional, and flexible.”



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That's the shape of the new gig economy, thanks to the unfettering of restrictions put in place by AB 5 by the passage of Prop 22 in California on Tuesday.



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