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Hruby: Making the ‘Gig Economy’ Work

The case for a state ‘Office of Self-Employment’

By Mike Hruby, Guest Columnist

According to the “Intuit 2020 Report,” “contingent workers” such as freelancers and contractors will grow to 40 percent of the nation’s work-force during the next five years. Sadly, few states are less ready to accommodate this transformation than Massachusetts.

To change that, I offer what is for me an unlikely proposal: creating a new state agency. The Executive Office of Self-Employment (EOSE) would deal with self-employment in the services, oversee voluntary contract work and facilitate the growth of self-employment.

Companies like Uber and Airbnb are the most visible examples of the new “gig” or sharing economy. Individuals in rapidly growing numbers are embracing the freedoms of self-employment: owning their own small business, working when they choose and doing the work they like most. By having multiple clients, some see self-employment as less risky.

Sixty percent of gig workers who left traditional employment—particularly the high-skill individuals so prevalent in Massachusetts—now earn more than they did working the old way, according to a 2015 study from Upwork. They rarely want to go back.

Over 30 percent of the commonwealth’s workforce, more than a million people, are already part of the gig economy. Massachusetts invented venture capital and used it to ignite the global high-tech industry. We just reached a 15-year high in quarterly VC financing and are home to many grow-ing tech, biotech and computer firms that need specialized, short-term project work.

Despite this success, Massachusetts has also experienced setbacks. By failing to acknowledge this voluntary, tectonic shift in how people work, the state that lost its high-tech leadership to Silicon Valley and saw a budding Facebook flee to Menlo Park is

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again at risk for failing to adapt to a changing economy.

Massachusetts employment law assumes that everyone in a service occupation—every marketer, accountant, hair stylist, engineer and software code writer—is an employee. But freelancers like Uber drivers, self-employed professionals, small business owners and entrepreneurs now have a project-based relationship with their customers.

Currently, state law and the structure of state government do not address these project relationships. Nearly half of the commonwealth's workforce will soon see themselves as their own bosses, their own job creators. EOSE would accommodate this huge change.

EOSE should be a cabinet-level office that makes it possible with just a click of a mouse for the self-employed to automatically and confidentially declare their voluntary status. The office should streamline tax compliance for the self-employed, make it easy to engage other contractors and hire up to a handful of regular employees, and advocate for both full- and part-time self-employed workers.

EOSE should measure self-employment growth and geographic distribution. This would, for example, help the Massachusetts Department of Transportation plan for changing commuter patterns. EOSE should also create a no-cost corporate form that

allows the self-employed to protect their homes and other assets from lawsuits.

People want to comply; better to make it easy rather than drive them underground in search of work.

The public expects government to adapt to its changing needs by keeping government institutions relevant and vital. Creating an Executive Office of Self-Employment would be a critical next step toward achieving those goals.

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