



**THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER**

TESTIMONY OF NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER
IN SUPPORT OF Int. 1017-A

BEFORE MEMBERS OF THE
COMMITTEE ON CONSUMER AFFAIRS
OF THE NEW YORK CITY COUNCIL

FEBRUARY 29, 2016

Thank you to Chairperson Espinal and the members of the Committee on Consumer Affairs for holding this hearing today on Int. 1017-A, The Freelance Isn't Free Act, and to Council Member Lander for his leadership on this issue. This bill would ensure that freelancers are paid for the full value of their labor in a timely manner and would provide meaningful protections for a growing portion of the City's workforce. As a result, I strongly urge the Council to pass this bill.

The Freelancers Union estimates that there are 1.3 million freelancers¹ in New York City, otherwise known as independent contractors, 1099 workers, or the self-employed.² While estimates for the number of workers engaged in this economy nationally ranges from 15 million³ to 54 million,⁴ one thing is clear – the number of freelancers is increasing.⁵

Yet these hardworking New Yorkers—many of whom already face economic insecurity—often have to grapple with wage theft and delayed payment. According to the Freelancers Union, in 2014, 50 percent of freelancers had trouble getting paid and 71 percent faced non-payment at some point in their careers. Of that 71 percent, 81 percent were paid late. On average, freelancers lost \$5,968 in unpaid wages in 2014.⁶

One study estimates that freelancers in New York State may be owed \$2.3 billion to \$3.7 billion in unpaid wages annually. These wages would generate \$193 million to \$323 million in state tax revenue. For a freelancer in New York City, the lost wages could cover six months of housing expenses, one to two years of food expenses, six to eight months of child care expenses, or two years of transportation expenditures.⁷

Without written contracts and enforcement mechanisms to collect wages that are due, freelancers face enormous challenges in recovering stolen pay. That is why this bill is so critical.

By requiring both parties to enter into a contract that details the work to be performed and the terms and dates of payment, and giving the Department of Consumer Affairs the authority to enforce these provisions, we can stand with the growing legion of freelancers throughout the five boroughs who deserve to be paid, on-time and in full, for their services.

Our current public policies were established when most Americans received paychecks from full-time employers, and as a result, contain gaps that threaten the livelihood of freelancers. This legislation will ensure that the smallest businesses—often single-person LLCs—are paid for their work and have the same protections as other workers in our City. The way New Yorkers work has changed, and our laws must be updated to reflect this change.

From the first minimum wage and workplace safety laws a century ago, to more recent fights for environmental justice and paid sick leave, New York City always been a leader in protecting workers, especially when federal policies fail to keep up with the changing nature of work.

The Freelance Isn't Free Act is a continuation of that proud legacy and deserves the support of all those who strive to protect the rights of workers.

Thank you.

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- ¹https://fu-web-storage-prod.s3.amazonaws.com/content/advocacy/uploads/resources/FU_NonpaymentReport_r3.pdf
- ²<http://www.aspeninstitute.org/sites/default/files/content/images/1099%20backgrounder%20FINAL%20090815.pdf>
- ³ Comptroller's analysis of Bureau of Labor Statistics Current Population Survey data on self-employed, unincorporated and incorporated, 2015 averages
- ⁴https://fu-web-storage-prod.s3.amazonaws.com/content/advocacy/uploads/resources/FU_NonpaymentReport_r3.pdf
- ⁵ <http://www.fastcompany.com/3049532/the-future-of-work/heres-why-the-freelancer-economy-is-on-the-rise>; <http://www.forbes.com/sites/waldleventhal/2014/11/24/5-predictions-for-the-freelance-economy-in-2015/#758053f61425>; http://http-download.intuit.com/http.intuit/CMO/intuit/futureofsmallbusiness/intuit_2020_report.pdf.
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