

Freelancers Challenge Biden Administration's Contractor Classification Rule in Landmark Lawsuit



A cadre of freelance writers and editors has launched a legal battle against the U.S. Department of Labor, alleging that the recently introduced rule by the Biden administration, designed to tighten regulations on the classification of workers as independent contractors, is unlawful and should be invalidated. The four freelancers filed their lawsuit in a Georgia federal court, contending that the newly unveiled rule, deemed excessively vague, violates the U.S. Constitution.

Legal Challenge Unveiled

This groundbreaking lawsuit, the first to contest the rule, comes as the regulation is slated to take effect on March 11. The litigants expressed their intention in the complaint to seek an injunction to temporarily halt the rule's implementation while the legal proceedings unfold.

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Impact on Industries

Anticipated to raise labor costs across various sectors, the rule is expected to have significant repercussions for businesses relying on contract labor or freelance services, spanning industries such as trucking, manufacturing, healthcare, and app-based gig services.

Silence from the Labor Department

Despite the legal challenge, the U.S. Department of Labor has not responded to the lawsuit. In its initial announcement of the rule, the agency asserted that the objective was to clarify the criteria for distinguishing between independent contractors and employees entitled to legal protections like minimum wage and overtime pay.

Critique of the Rule

The freelancers behind the lawsuit argue that the Labor Department failed to provide sufficient rationale for abandoning the simpler Trump-era rule, which business groups favored. The 2021 rule emphasized key factors in determining worker classification, such as the level of control a company has over a worker and the worker's potential for profit or loss. In contrast, the new rule introduces additional considerations, including the permanence of a job, the required degree of skill and initiative, and whether the work performed is integral to a company's business.

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In their legal challenge, the freelancers assert that businesses are left without clear guidance on the rule's scope, making it challenging to structure their operations in compliance with its requirements. The litigants, represented by the Pacific Legal Foundation, a libertarian group, express concern that the uncertainty surrounding the new rule may lead to losing business opportunities due to fears of liability risks.

This legal battle underscores the ongoing debate over the classification of workers in the evolving landscape of the gig economy, with potentially far-reaching implications for freelancers and the industries that heavily rely on their services.

Don't be a silent ninja! Let us know your thoughts in the comment section below.

