



Vermont Businesses
for Social Responsibility

VBSR Employment Values

The economy and workforce succeed when workers have both stability and flexibility – and we should not sacrifice one for the other.

The nature of work and the values that the new workforce brings to employment are quickly changing – and will continue to change swiftly over the next decade. For some Vermont workers, stable and full-time employment, with all the benefits associated with those jobs, is ideal. Other workers, especially Millennials and the younger workforce, value the flexibility of work that is part time or performed as Independent Contractors. **Both perspectives are valuable, and Vermont should not gamble away one for the other.**

Benefits should be portable.

The traditional method of delivering and paying for benefits such as health insurance, paid time off, unemployment insurance, and retirement benefits has been the responsibility of the business community. This imperfect system is challenged by the shift to an independent workforce, which severs the ties between many of the employment benefits that support working families and the notion of work. This has tremendous potential to leave low and middle-income workers at an economic disadvantage and to damage the financial sustainability of state programs such as the unemployment insurance fund. **Vermont needs to develop and test pilot programs that match the needs of this new employment model and allow for the delivery and financing of benefits that are portable and universal.**

Everyone has responsibility in a shared economy.

VBSR believes that a good job for many Vermonters still includes a strong living wage, employer-sponsored health insurance, paid time off, access to equal pay and other anti-discrimination benefits, and educational and career-advancement opportunities. Economic models that exploit workers and create unlevel playing fields should be rejected. Businesses that rely on independent workforce models are encouraged to explore private sector models and programs that can deliver the benefits associated

with High Road Employers. **Workers and businesses, no matter the categorization of their workforce, should fairly and sustainably fund the creation of public programs delivering benefits that have been severed from employment, such as vehicle for portable benefits.**

Recommendations

- Enforcement: Vermont needs accurate data on misclassification to reveal the true extent of the problem in our economy, including detailing the level of casual or accidental misclassification and the more devious attempts to willfully misclassify workers and avoid the associated costs of being an employee.
- Limited resources restrict enforcement of Vermont labor laws. Vermont should rely on federal guidance in directing regulation of state employment law, including abandoning random audits, and instead focus enforcement on industries that have persistently misclassified.
- Companies that routinely and willfully misclassify employees should be identified publicly by the state in a published report posted annually on the Department of Labor website. These companies should be restricted from applying for any state funding or contracts for a period of several years.
- Increase cooperation and information sharing between the Vermont Department of Labor, the Vermont Department of Taxes, and other relevant state agencies or departments to combat willful misclassification. An aggressive interagency task force could result in smart and targeted investigations that recoup lost state revenue and worker wages.
- Close the federal “safe harbor provision” loophole that has allowed companies to misclassify workers with impunity. This loophole in IRS rules allows companies to avoid paying back taxes associated with misclassification if the employer had a “reasonable” explanation. Eliminating this loophole would result in the collection of an estimated \$8 billion in lost federal tax revenue.