

HOW MISCLASSIFICATION SHORTCHANGES WOMEN WORKERS

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Introduction

Under federal, state, and local laws, workers throughout the United States have a number of foundational legal rights that create significant protections in the workplace, including minimum wage, overtime, and paid sick leave. However, the vast majority of these laws only protect workers who are labeled as “employees,” and leave out workers who are labeled as “independent contractors.” When workers are improperly labeled as independent contractors, they miss out on many key protections, leading to significant real costs to workers.

In principle, existing law seeks to protect workers against this misclassification of their legal status. Because the employment law landscape is much less protective of independent contractors than employees, many corporations and employers purposely misclassify their workers in order to shirk their responsibilities and bolster their bottom line. For example, because employers do not pay payroll taxes or the cost of social insurance programs that are funded through payroll contributions (such as workers’ compensation) for independent contractors as they do for employees, misclassifying workers can significantly reduce employers’ payroll costs.¹ Instead, these costs are often directly shifted onto misclassified workers, such as in the case of Social Security and Medicare contributions.² Misclassified workers also bear indirect costs in the workplace as they lack access to a number of workplace standards and protections that employees benefit from, such as paid sick leave and overtime.³ This gap between what employers must pay if they hire a worker as an employee and what they must pay if they hire that same worker as an independent contractor gives firms a significant incentive to declare that a worker is an independent contractor, rather than an employee.

The practice of mislabeling an employee as an independent contractor is known as “misclassification,” and it is on the rise across industries.⁴ While no official statistics exist on the number of employees misclassified as independent contractors, an analysis by the Bureau of Labor Statistics of 2023 data from the Contingent Work Supplement of the Census Bureau’s Current Population Survey found that 11.9 million workers were employed as independent contractors, up from 10.6 million in May 2017.⁵ The Bureau of Labor Statistics, however, did not estimate the share of these workers who were incorrectly classified as independent contractors. Though some workers can lawfully be categorized as independent contractors, as alternative work arrangements become increasingly present throughout different sectors of the economy, it is important to monitor the impact on workers, many of whom may be suffering from misclassification.⁶

An earlier review of the available research by the National Employment Law Project concludes that studies at the state and national level found “that 10 to 30 percent of employers (or more) misclassify their employees as independent contractors, which indicates that several million workers nationally may be misclassified.”⁷

This report analyzes publicly available data for ten occupation groups that have both large shares of women workers and are among those that researchers have identified as particularly vulnerable to the misclassification of employees as independent contractors. We document the range of potential direct costs to misclassified women workers in these occupations. We also note, but don't estimate, the indirect costs of misclassification—in the form of downward pressure on wages—for women working as employees in these same occupations where misclassification is widespread.

MISCLASSIFICATION COSTS WOMEN

While misclassification is an insidious issue for all workers, this paper will explore its impact on women in particular. Women, especially women of color and immigrants, are heavily represented in occupations where misclassification is common. Several occupations where women are overrepresented are rife with misclassification. For example, in 2021, the Wage and Hour Division of the U.S. Department of Labor launched a compliance initiative focused on residential care, nursing facilities, home health services and other care-focused industry employers—sectors where women compose upwards of 80 percent of workers.⁸ In its first year, the initiative found violations in 80 percent of the more than 1,600 investigations that it conducted, with the misclassification of workers being among the most common violations cited.⁹ Further, many low-wage industries—where women may also be especially prevalent—are more impacted by worker misclassification. A New York State study found that over the past decade, women outpaced men in their growth in low-paid independent contractor roles.¹⁰

As a result, millions of women work in occupations and industries where the legal misclassification of employees as independent contractors is widespread. The women performing these jobs as independent contractors are ineligible for employer-provided benefits (such as health insurance and retirement plans), are not covered by any federal, state, or local paid or unpaid family and medical leave or sick leave laws,¹¹ are not eligible for unemployment insurance or workers compensation, and are prohibited from forming or joining a union.¹²

Findings

Investigations by federal, state, and local government agencies, academic researchers, and worker advocacy organizations have identified a set of occupations where workers are particularly vulnerable to misclassification. In this section, we use a selection of these occupations that have large shares of women workers to provide a profile of the women who work in these occupations.¹³ In the next section, we will estimate the potential costs of misclassification to women working in these occupations.

The occupations we focus on are:

- Home aides;
- Childcare providers;
- Hair, nail, skin technicians;
- Massage therapists;
- House cleaners;
- Janitors;
- Retail sales;
- Customer service and call centers;
- Bookkeeping, virtual assistants; and
- Restaurant servers.

WOMEN WORKERS AT RISK

Table 1 lists the ten occupations we focus on here and provides basic demographic information about each. Women make up between 36.0 percent and 93.3 percent of workers in the occupations we analyze. In all but one of these occupations (Janitors), women are more heavily represented than is the case in the rest of the economy (45.0 percent).

TABLE 1

Women workers, especially women of color, are at higher risk of being misclassified

OCCUPATION	WOMEN'S SHARE OF TOTAL EMPLOYMENT	SHARE OF WOMEN BY RACE/ETHNICITY (%)				
		WHITE	BLACK	HISPANIC	ASIAN	OTHER
Home aides	82.2%	38.9%	25.7%	20.6%	9.2%	5.7%
Childcare providers	93.3%	53.1%	14.2%	22.3%	4.1%	6.3%
Hair, nail, skin technicians	89.8%	54.4%	8.8%	13.5%	19.0%	4.4%
Massage therapists	79.8%	66.5%	7.0%	8.6%	10.9%	7.0%
House cleaners	87.1%	31.1%	12.6%	46.1%	3.9%	6.3%
Janitors	36.0%	40.4%	13.3%	37.6%	3.1%	5.6%
Retail sales	47.6%	60.2%	12.1%	15.9%	5.8%	6.0%
Customer service and call centers	65.7%	53.7%	20.8%	15.5%	4.2%	5.8%
Bookkeeping, virtual assistants	85.9%	71.1%	7.5%	11.0%	5.2%	5.2%
Restaurant servers	66.1%	63.2%	7.6%	16.0%	6.5%	6.6%
All Other	45.1%	61.9%	12.6%	12.8%	7.1%	5.5%

Source: Authors' analysis of combined American Community Surveys for 2023 and 2024.

Table 1 also shows the racial and ethnic composition of women working in each occupation. Compared to employment in the rest of the economy, Black women are over-represented in home aides, childcare providers, janitors, and customer service and call centers. Latina workers are over-represented in home aides, childcare providers, "Hair, nail, skin technicians," janitors, house cleaners, direct sales, retail sales, customer service and call centers, and restaurant servers.

Immigrant women make up a large share of the workforce in these occupations, including 54.4 percent of house cleaners, 41.1 percent of janitors, 32.5 percent of home aides, 29.1 percent of hair, nail, and skin technicians, and 24.0 percent of childcare providers (Table 2).

TABLE 2

Immigrant women and women who are not citizens are at higher risk of being misclassified

OCCUPATION	WOMEN'S SHARE OF TOTAL EMPLOYMENT	SHARE OF WOMEN (%)	
		IMMIGRANT	NOT A US CITIZEN
Home aides	82.2%	32.5%	13.6%
Childcare providers	93.3%	24.0%	13.5%
Hair, nail, skin technicians	89.8%	29.1%	10.2%
Massage therapists	79.8%	18.0%	7.4%
House cleaners	87.1%	54.4%	38.6%
Janitors	36.0%	41.1%	27.2%
Retail sales	47.6%	15.4%	6.4%
Customer service and call centers	65.7%	12.5%	4.8%
Bookkeeping, virtual assistants	85.9%	12.6%	3.8%
Restaurant servers	66.1%	14.6%	8.7%
All Other	45.1%	15.6%	6.3%

Source: Authors' analysis of combined American Community Surveys for 2023 and 2024.

While women with all levels of formal education can be misclassified as independent contractors, workers with a high school degree or less are over-represented in occupations linked with high rates of misclassification (Table 3). Only about 3.5 percent of women working outside the ten high-misclassification occupations that are the focus here have less than a high school degree, but the rate is two to eight times higher for house cleaners (29.4 percent), janitors (23.8 percent), home aides (13.1 percent), child care providers (8.6 percent), restaurant servers (7.4 percent), and hair, nail, and skin technicians (7.1 percent).

TABLE 3

Misclassification affects women at all levels of education, but especially those with a high school degree or less

OCCUPATION	WOMEN'S SHARE OF TOTAL EMPLOYMENT	SHARE OF WOMEN BY EDUCATION (%)				
		LESS THAN HIGH SCHOOL	HIGH SCHOOL	SOME COLLEGE	COLLEGE	ADVANCED
Home aides	82.2%	13.1%	48.5%	24.9%	10.4%	3.1%
Childcare providers	93.3%	8.6%	43.4%	29.0%	15.4%	3.7%
Hair, nail, skin technicians	89.8%	7.1%	55.2%	29.1%	7.2%	1.5%
Massage therapists	79.8%	2.4%	30.8%	42.2%	18.9%	5.7%
House cleaners	87.1%	29.4%	50.4%	13.5%	5.4%	1.3%
Janitors	36.0%	23.8%	53.1%	16.1%	5.5%	1.4%
Retail sales	47.6%	5.5%	42.8%	28.5%	18.9%	4.3%
Customer service and call centers	65.7%	3.0%	41.5%	32.1%	19.4%	4.0%
Bookkeeping, virtual assistants	85.9%	2.5%	38.9%	38.5%	16.4%	3.6%
Restaurant servers	66.1%	7.4%	45.7%	32.4%	12.6%	1.9%
All Other	45.1%	3.5%	25.6%	23.0%	28.2%	19.7%

Source: Authors' analysis of combined American Community Surveys for 2023 and 2024..

THE COST OF MISCLASSIFICATION TO WORKERS

Employers' principal motivation for misclassifying employees as independent contractors is the reduction in the direct and indirect costs associated with employee status, including paid time off, overtime pay, health insurance, retirement plans, and employers' contributions to Social Security and Medicare. Workers who are misclassified as independent contractors rather than as employees are at risk of losing some or all of these forms of pay and benefits. In this section, we quantify the potential financial losses for the typical misclassified worker in ten occupations with high shares of women workers.

We use the case of home health and personal aides ("Home aides") to illustrate how we have estimated the potential costs of misclassification (**Table 4**). According to the most recent publicly available government data from the American Community Survey (ACS), the median hourly wage of "Home aides" (home health aides and personal care aides) was \$15.29.¹⁴ This estimated median hourly wage typically includes any paid leave (vacations, holidays, sick days) and may also include any form of supplemental pay (overtime, shift differentials). For home aides, paid leave amounted to 5.8 percent of total compensation (\$1.07 per hour, at the median) and supplemental pay, to 4.0 percent (\$0.74 at the median).

Employer-contributions to insurance (primarily health insurance) were 7.2 percent of total compensation, or \$1.33 per hour over and above hourly pay. Employer contributions to retirement were 1.9 percent (\$0.35) of total compensation.

Finally, employer contributions to Social Security, Medicare, and other federal, state, and local government insurance programs including unemployment insurance and workers' compensation accounted for 8.3 percent (\$1.53) of total compensation.

TABLE 4
Total compensation for median wage earner: “Home aides”

Median real 2024 hourly wage

	HOURLY VALUE (\$)	HOURLY RATE (\$)	SHARE OF TOTAL COMPENSATION (%)
Median hourly wage		15.29	
Base pay excluding paid leave, supplemental pay, and all benefits	13.48	13.48	72.9
Paid leave	1.07	14.55	5.8
Supplemental pay	0.74	15.29	4.0
Employer-contribution to insurance	1.33	16.62	7.2
Employer-contribution to retirement	0.35	16.97	1.9
Employer-contribution to Social Security, Medicare	1.53	18.51	8.3
Total	5.03	18.51	100.1

Notes: Paid leave includes vacation, holiday, sick pay, and related. Supplemental pay includes overtime and premium pay, shift differentials, and nonproduction bonuses. Social Security, Medicare also includes other legally required benefits. See data appendix for details.

Sources: Median hourly wage from authors' analysis of the pooled 2023 and 2024 American Community Survey. Compensation distribution from authors' analysis of the Bureau of Labor Statistics September 2025 Employer Costs for Employee Compensation Survey.

In total, the median home aide, who had wage earnings of \$15.29 per hour, received a total compensation package of \$18.51 per hour. The base pay—the wage excluding any paid leave, overtime, or other forms of supplemental pay—was \$13.48 per hour. The difference between the base pay and the other elements of total compensation account for over one-quarter (27.1 percent) of compensation for home aides.

For home aides, the largest component of compensation outside of base pay is the employer contribution to Social Security, Medicare, unemployment insurance, and workers' compensation (8.3 percent of total compensation).

The loss of employer contributions to Social Security and Medicare—and the effective loss of access to unemployment insurance and workers' compensation—are the biggest challenges

facing most misclassified workers. Workers hired as employees must pay 7.65 percent of their gross wages for Social Security (6.2 percent) and Medicare (1.45 percent); employers pay matching amounts for all employees, but importantly make no contribution for independent contractors.¹⁵ Workers hired as independent contractors are responsible for paying both the worker's contribution and the employer's contribution toward Social Security and Medicare—an additional burden that represents a reduction in total compensation of approximately seven percent.¹⁶

On the other hand, independent contractors do not pay employee or employer contributions toward unemployment insurance or workers compensation because, as independent contractors, they are not eligible for either program. However, the resulting relatively small savings¹⁷ on premiums owed must be weighed against the loss of publicly provided unemployment insurance and workers compensation, which are typically either not available through private providers or are prohibitively expensive, particularly for workers in many of the occupations we focus on here.

For home aides, the next largest form of total compensation after employer contributions to various forms of social insurance is the employer payment toward private insurance, principally employer-sponsored health insurance, which accounts for 7.2 percent of total compensation. Independent contractors are, by law, not eligible for employer-sponsored health plans and must seek other sources of health insurance or go without. Home aides also receive about 1.9 percent of their total compensation in the form of employer contributions toward retirement.

Various forms of paid leave (vacations, holidays, and sick days—together about 5.8 percent of compensation) and supplemental pay (principally, overtime and shift differentials, about 4.0 percent of compensation) account for almost 10 percent of total compensation. While many of these payments are not legally mandated, a portion of these expenses are required by law for employees, but not for independent contractors.

These sources and sizes of the gap between home aides' total compensation and their base pay provide a range of estimates for the cost to workers of independent contractor status. If home aides hired as independent contractors were to lose all forms of pay and benefits over and above their "base pay," their hourly compensation would fall from \$18.51 per hour to \$13.48 per hour, a decline of 27.1 percent. If, instead, employers made independent contractors whole for the loss of paid leave and supplemental pay, workers would still face a 17.3 percent decline in compensation. Adding full employer reimbursement for lost insurance and retirement contributions would reduce the compensation cut to a still substantial 8.3 percent. Even if employers replaced dollar-for-dollar the employee-level of total compensation, by agreeing to cover the employer contribution to social insurance (Social Security, Medicare, unemployment insurance, and workers' compensation) that rate would fall short of making independent contractors whole because independent contractors would no longer be eligible for federal and state unemployment insurance programs or the federal workers' compensation program. Employers would actually need to increase total compensation relative to employee status in order to allow independent contractors to cover private unemployment and private injury and accident insurance, which would be more expensive than public insurance or, even more likely, effectively unavailable.¹⁸

In practice, employers may choose to compensate misclassified independent contractors for some forms of employee compensation by paying independent contractors at a higher hourly rate. The terms of any agreement along these lines, however, are heavily conditioned by the relative power of workers and employers. The base pay, educational attainment, gender, racial and ethnic composition, as well as the immigration and citizenship status of the workforces analyzed here are all generally associated with significant imbalances of power against workers and in favor of their employers. An additional factor exacerbating these power imbalances is the lack of legal protections under the National Labor Relations Act, which impedes many independent contractors from unionizing.¹⁹ Given these many power imbalances and that employers' principal motivation for misclassification is to reduce costs, it is reasonable to assume that the result of any individual bargain between misclassified workers and their employers is more likely than not to involve substantial reductions in the total compensation of independent contractors and an unambiguous decline in access to union representation and to unemployment and workers' compensation insurance.

The potential reductions in hourly earnings for home aides employed as independent contractors relative to their earnings as regular employees translate to large annual income declines. A home aide working full-time, full-year at the median rate of annual compensation for an employee (\$36,977) could lose up to \$10,058 in total compensation if classified instead as an independent contractor (**Table 5**). An independent contractor working part-time, part-year as a home aide, making \$18,489 at the median compensation for an employee, could lose up to \$5,029 when classified as an independent contractor.

TABLE 5
Estimated potential losses to independent contractors, relative to the same worker working as an employee: “Home aides”

Median real 2024 hourly wage

	HOURLY VALUE (\$)	FULL-TIME, ASSUMING 2,000 HOURS PER YEAR (\$)	PART-TIME OR PART-YEAR, ASSUMING 1,000 HOURS PER YEAR (\$)	AS A SHARE OF ANNUAL EARNINGS (%)
Total compensation	18.49	36,977	18,489	
Employer-contributions to Social Security, Medicare, etc.	-1.53	-3,069	-1,535	-8.3
Employer-provided benefits	-1.68	-3,365	-1,682	-9.1
Vacation, sick, overtime, etc.	-1.81	-3,624	-1,812	-9.8

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

The preceding calculations do not factor in one additional impact of independent contractor status on workers' compensation. An increase in the share of independent contractors in an occupation or industry at rates of total compensation below what regular employees earn in the same industry and

occupation would put downward pressure on compensation for regular employees, even when those employees avoid independent contractor status.²⁰

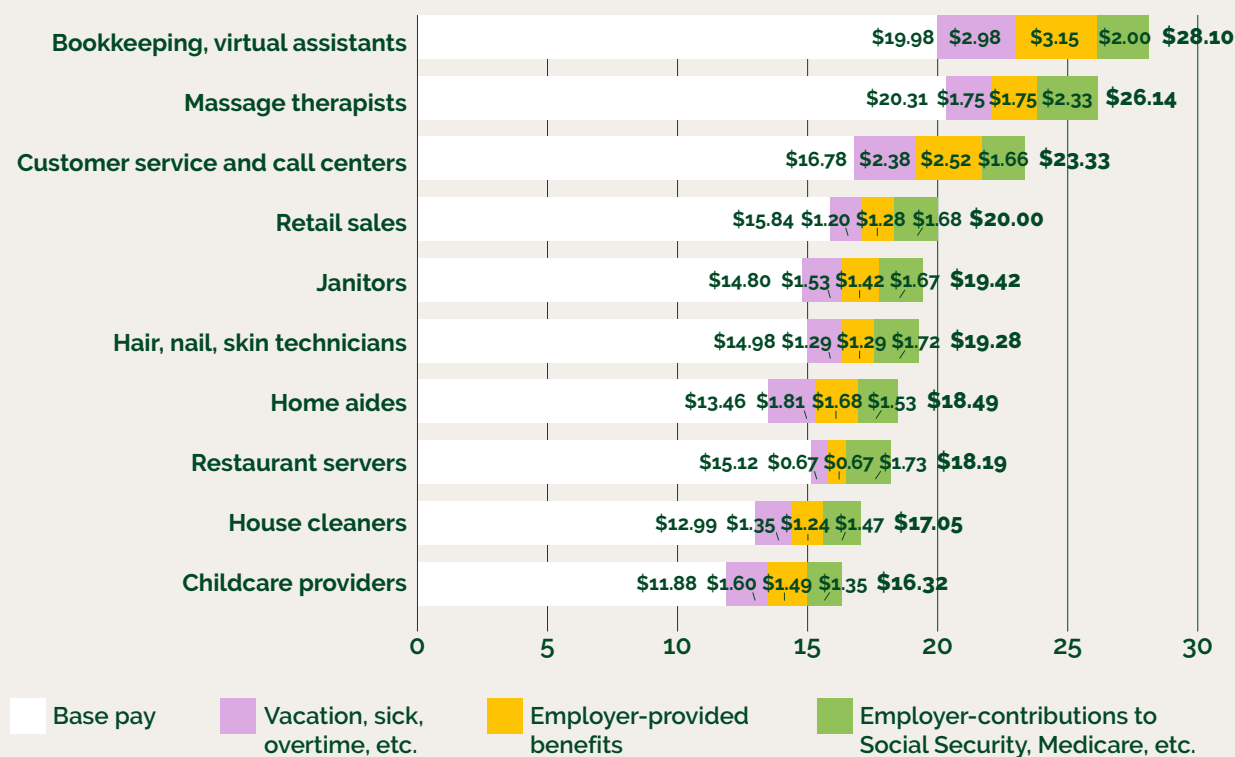
A parallel analysis across all of the occupations we examine here shows the same potential for large declines in total compensation when workers are classified as independent contractors rather than employees. **Figure 1** summarizes the impact of independent contractor status on the hourly earnings across the ten occupations we focus on here. **Figure 2** translates those same calculations to annual losses for a full-time, full-year worker.

The potential losses for independent contractors are high across all of the occupations, whether expressed in dollar terms or as a share of total compensation. In dollar terms, Bookkeepers and virtual assistants have the most to lose, both because they have the highest median total compensation (\$56,201 per year) and because they have the highest share of compensation coming from non-base-wage benefits (29 percent). But even the lowest paid occupation — childcare providers, where the annual earnings for a full-time, full-year worker earning the median wage is \$32,648—are at risk of losing up to \$8,880 if classified as an independent contractor rather than an employee.

FIGURE 1

Misclassified independent contractors risk losing everything but base pay

Dollar value of base pay and at-risk compensation (hourly, \$)

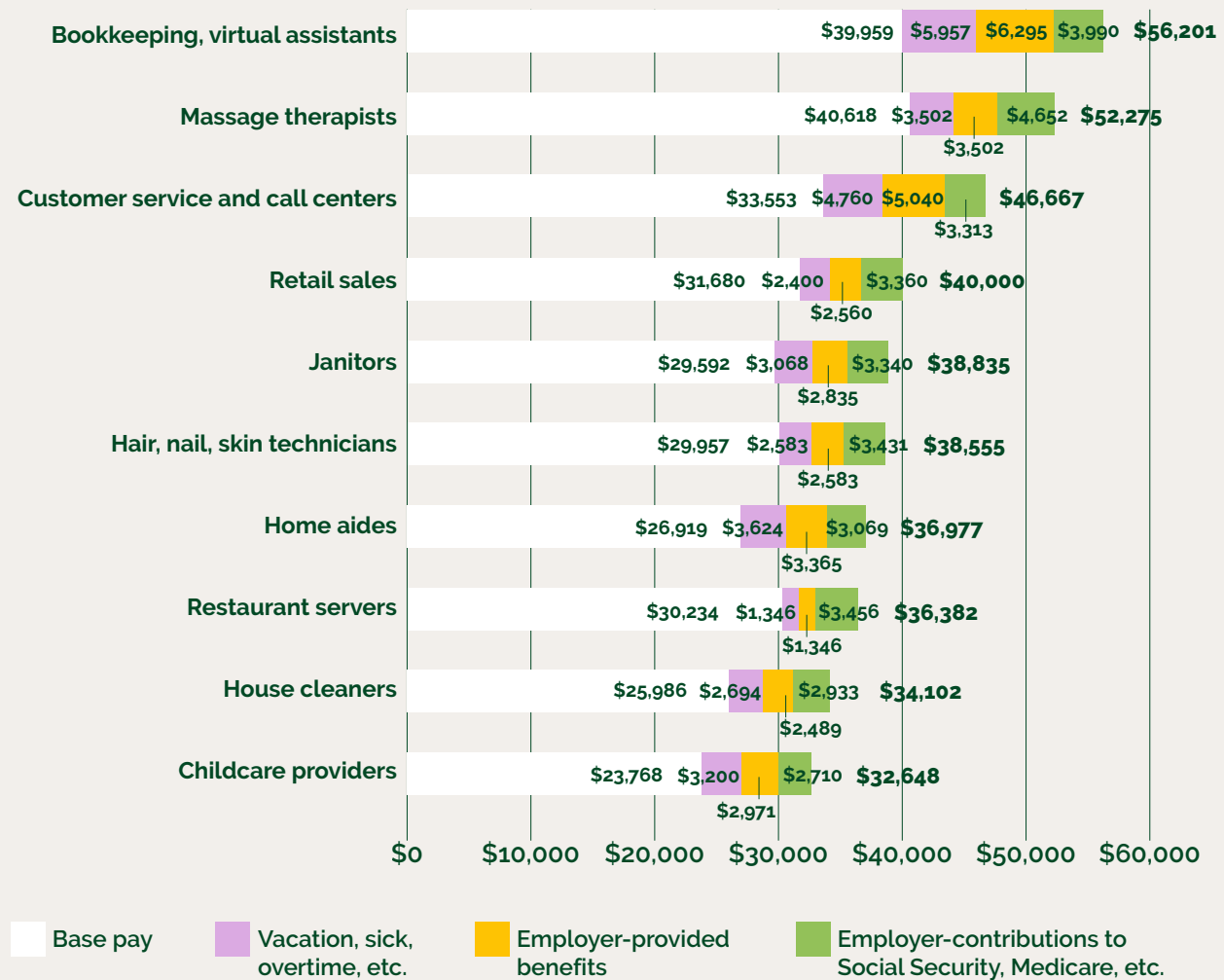


Source: Authors' analysis of BLS ECEC and IPUMS ACS data.

FIGURE 2

Estimated range of potential losses to a full-time, full-year independent contractor relative to a regular employee in the same occupation

Dollars per year



Source: Authors' analysis of BLS ECEC and IPUMS ACS data.

Conclusion & Recommendations

While the rate of worker misclassification can be difficult to quantify, the cost to workers is not. Misclassification costs working women thousands of dollars per worker every year.

The impact of misclassification on women in the workforce can be especially harmful. When workers are misclassified as independent contractors, they lose out on wages, benefits, and vital workplace protections. When taken with the wage gap that women throughout the U.S. experience, the cost of misclassification on women is compounded.²¹ Further, the women who are most likely to suffer from misclassification are already in underpaid occupations, and are more likely to be Black and brown or immigrant workers. At a time when women are more likely to be the primary breadwinners for their families than ever before,²² it is imperative that they receive the full pay and benefits to which they are entitled.

To combat misclassification and ensure that workers are being paid what they're owed, legislators and administrative agencies must work together so that workers and their wages and rights are not being left behind. We recommend the following:

Make worker protections more accessible. As advocates continue to fortify worker protections at the federal, state, and local levels, it is crucial that laws broadly define the employee/employer relationship. The three-pronged “ABC Test” sets a fair standard that presumes a worker is an employee unless the worker meets specific criteria that prove they are self-employed.²³ This test can be included in new legislation or adopted as an amendment to existing laws.

Tighten regulatory standards. Once a law governing workplace standards is on the books, it is essential to advocate for strong regulatory standards. For example, at the federal level, the Fair Labor Standards Act (FLSA), broadly defines the scope of the employer/employee relationship to safeguard against misclassification. However, the Department of Labor recently proposed a rule to weaken the standard for determining who is considered an employee under the FLSA, the Family and Medical Leave Act, and the Migrant and Seasonal Agricultural Worker Protection Act.²⁴ While these laws provide keystone protections to employees throughout the U.S.—including overtime and minimum wage rights—under the Department’s latest proposed rule, many workers who would otherwise be considered employees could stand to be mislabeled as independent contractors.²⁵ It is important the Department of Labor rescind its latest proposal, and instead enact a stronger standard, such as that proposed in recent years.²⁶

Strengthen enforcement efforts. To combat misclassification, enforcing agencies must be properly resourced. When agencies are sufficiently funded and staffed, they are better able to educate workers and employers about their rights and obligations, conduct employer audits, investigate worker complaints, and pursue claims and violations. Adequate agency resources are essential to preventing misclassification and remedying it when it occurs.

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About The 75 Million Campaign

The 75 Million Campaign is a national movement that fights for the 75 million working women who power America's economy to defend their rights, wages, safety, and opportunity at work. It opposes extremist attacks on workplace protections and holds policymakers and corporations accountable for advancing substantive economic justice for women.

About NELP

Founded in 1969, the National Employment Law Project (NELP) is a nonprofit advocacy organization dedicated to building a just and inclusive economy where all workers have expansive rights and thrive in good jobs. Together with local, state, and national partners, NELP advances its mission through transformative legal and policy solutions, research, capacity-building, and communications. NELP is the leading national nonprofit working at the federal, state, and local levels to create a good-jobs economy. Learn more at www.nelp.org.

APPENDIX: TOTAL COMPENSATION TABLES

Total compensation for median wage earner: “Hair, nail, skin technicians”			
Median real 2024 hourly wage			
	Hourly value (\$)	Hourly rate (\$)	Share of total compensation (%)
Median hourly wage	–	16.27	–
Base pay excluding paid leave, supplemental pay, and all benefits	14.98	14.98	77.7
Paid leave	0.81	15.79	4.2
Supplemental pay	0.48	16.27	2.5
Employer-contribution to insurance	1.02	17.29	5.3
Employer-contribution to retirement	0.27	17.56	1.4
Employer-contribution to Social Security, Medicare	1.72	19.28	8.9
Total	4.30	19.28	100.0
Notes: Paid leave includes vacation, holiday, sick pay, and related. Supplemental pay includes overtime and premium pay, shift differentials, and nonproduction bonuses. Social Security, Medicare also includes other legally required benefits. See data appendix for details.			
Sources: Median hourly wage from authors' analysis of the pooled 2023 and 2024 American Community Survey. Compensation distribution from authors' analysis of the Bureau of Labor Statistics September 2025 Employer Costs for Employee Compensation Survey.			

Total compensation for median wage earner: “Massage therapists”			
Median real 2024 hourly wage			
	Hourly value (\$)	Hourly rate (\$)	Share of total compensation (%)
Median hourly wage	–	22.06	–
Base pay excluding paid leave, supplemental pay, and all benefits	20.31	20.31	77.7
Paid leave	1.10	21.41	4.2
Supplemental pay	0.65	22.06	2.5
Employer-contribution to insurance	1.39	23.45	5.3
Employer-contribution to retirement	0.37	23.81	1.4
Employer-contribution to Social Security, Medicare	2.33	26.14	8.9
Total	5.83	26.14	100.0
Notes: Paid leave includes vacation, holiday, sick pay, and related. Supplemental pay includes overtime and premium pay, shift differentials, and nonproduction bonuses. Social Security, Medicare also includes other legally required benefits. See data appendix for details.			
Sources: Median hourly wage from authors' analysis of the pooled 2023 and 2024 American Community Survey. Compensation distribution from authors' analysis of the Bureau of Labor Statistics September 2025 Employer Costs for Employee Compensation Survey.			

Total compensation for median wage earner: “House cleaners”

Median real 2024 hourly wage

	Hourly value (\$)	Hourly rate (\$)	Share of total compensation (%)
Median hourly wage	-	14.34	-
Base pay excluding paid leave, supplemental pay, and all benefits	12.99	12.99	76.2
Paid leave	0.77	13.76	4.5
Supplemental pay	0.58	14.34	3.4
Employer-contribution to insurance	1.09	15.43	6.4
Employer-contribution to retirement	0.15	15.58	0.9
Employer-contribution to Social Security, Medicare	1.47	17.05	8.6
Total	4.06	17.05	100.0

Notes: Paid leave includes vacation, holiday, sick pay, and related. Supplemental pay includes overtime and premium pay, shift differentials, and nonproduction bonuses. Social Security, Medicare also includes other legally required benefits. See data appendix for details.

Sources: Median hourly wage from authors' analysis of the pooled 2023 and 2024 American Community Survey. Compensation distribution from authors' analysis of the Bureau of Labor Statistics September 2025 Employer Costs for Employee Compensation Survey.

Total compensation for median wage earner: “Janitors”

Median real 2024 hourly wage

	Hourly value (\$)	Hourly rate (\$)	Share of total compensation (%)
Median hourly wage	-	16.33	-
Base pay excluding paid leave, supplemental pay, and all benefits	14.80	14.80	76.2
Paid leave	0.87	15.67	4.5
Supplemental pay	0.66	16.33	3.4
Employer-contribution to insurance	1.24	17.57	6.4
Employer-contribution to retirement	0.17	17.75	0.9
Employer-contribution to Social Security, Medicare	1.67	19.42	8.6
Total	4.62	19.42	100.0

Notes: Paid leave includes vacation, holiday, sick pay, and related. Supplemental pay includes overtime and premium pay, shift differentials, and nonproduction bonuses. Social Security, Medicare also includes other legally required benefits. See data appendix for details.

Sources: Median hourly wage from authors' analysis of the pooled 2023 and 2024 American Community Survey. Compensation distribution from authors' analysis of the Bureau of Labor Statistics September 2025 Employer Costs for Employee Compensation Survey.

Total compensation for median wage earner: “Retail sales”

Median real 2024 hourly wage

	Hourly value (\$)	Hourly rate (\$)	Share of total compensation (%)
Median hourly wage	-	17.06	-
Base pay excluding paid leave, supplemental pay, and all benefits	15.86	15.86	79.3
Paid leave	0.86	16.72	4.3
Supplemental pay	0.34	17.06	1.7
Employer-contribution to insurance	0.98	18.04	4.9
Employer-contribution to retirement	0.30	18.34	1.5
Employer-contribution to Social Security, Medicare	1.68	20.02	8.4
Total	4.16	20.02	100.1

Notes: Paid leave includes vacation, holiday, sick pay, and related. Supplemental pay includes overtime and premium pay, shift differentials, and nonproduction bonuses. Social Security, Medicare also includes other legally required benefits. See data appendix for details.

Sources: Median hourly wage from authors' analysis of the pooled 2023 and 2024 American Community Survey. Compensation distribution from authors' analysis of the Bureau of Labor Statistics September 2025 Employer Costs for Employee Compensation Survey.

Total compensation for median wage earner: “Customer service and call centers”

Median real 2024 hourly wage

	Hourly value (\$)	Hourly rate (\$)	Share of total compensation (%)
Median hourly wage	-	19.18	-
Base pay excluding paid leave, supplemental pay, and all benefits	16.80	16.80	72.0
Paid leave	1.66	18.46	7.1
Supplemental pay	0.72	19.18	3.1
Employer-contribution to insurance	1.91	21.09	8.2
Employer-contribution to retirement	0.61	21.70	2.6
Employer-contribution to Social Security, Medicare	1.66	23.36	7.1
Total	6.56	23.36	100.1

Notes: Paid leave includes vacation, holiday, sick pay, and related. Supplemental pay includes overtime and premium pay, shift differentials, and nonproduction bonuses. Social Security, Medicare also includes other legally required benefits. See data appendix for details.

Sources: Median hourly wage from authors' analysis of the pooled 2023 and 2024 American Community Survey. Compensation distribution from authors' analysis of the Bureau of Labor Statistics September 2025 Employer Costs for Employee Compensation Survey.

Total compensation for median wage earner: “Bookkeeping, virtual assistants”			
Median real 2024 hourly wage			
	Hourly value (\$)	Hourly rate (\$)	Share of total compensation (%)
Median hourly wage	-	22.93	-
Base pay excluding paid leave, supplemental pay, and all benefits	19.95	19.95	71.0
Paid leave	1.94	21.89	6.9
Supplemental pay	1.04	22.93	3.7
Employer-contribution to insurance	2.56	25.49	9.1
Employer-contribution to retirement	0.59	26.08	2.1
Employer-contribution to Social Security, Medicare	2.00	28.07	7.1
Total	8.12	28.07	99.9
Notes: Paid leave includes vacation, holiday, sick pay, and related. Supplemental pay includes overtime and premium pay, shift differentials, and nonproduction bonuses. Social Security, Medicare also includes other legally required benefits. See data appendix for details.			
Sources: Median hourly wage from authors' analysis of the pooled 2023 and 2024 American Community Survey. Compensation distribution from authors' analysis of the Bureau of Labor Statistics September 2025 Employer Costs for Employee Compensation Survey.			

Total compensation for median wage earner: “Restaurant servers”			
Median real 2024 hourly wage			
	Hourly value (\$)	Hourly rate (\$)	Share of total compensation (%)
Median hourly wage	-	15.79	-
Base pay excluding paid leave, supplemental pay, and all benefits	15.12	15.12	83.1
Paid leave	0.45	15.57	2.5
Supplemental pay	0.22	15.79	1.2
Employer-contribution to insurance	0.51	16.30	2.8
Employer-contribution to retirement	0.16	16.46	0.9
Employer-contribution to Social Security, Medicare	1.73	18.19	9.5
Total	3.07	18.19	100.0
Notes: Paid leave includes vacation, holiday, sick pay, and related. Supplemental pay includes overtime and premium pay, shift differentials, and nonproduction bonuses. Social Security, Medicare also includes other legally required benefits. See data appendix for details.			
Sources: Median hourly wage from authors' analysis of the pooled 2023 and 2024 American Community Survey. Compensation distribution from authors' analysis of the Bureau of Labor Statistics September 2025 Employer Costs for Employee Compensation Survey.			

APPENDIX: ESTIMATED POTENTIAL ANNUAL LOSSES

Estimated potential losses to independent contractors, relative to the same worker working as an employee: “Home aides”

Median real 2024 hourly wage

	Hourly rate (\$)	Full-time, assuming 2,000 hours per year (\$)	Part-time or part-year, assuming 1,000 hours per year (\$)	As a share of annual earnings (%)
Total compensation	18.49	36,977	18,489	
Employer-contributions to Social Security, Medicare, etc.	-1.53	-3,069	-1,535	-8.3%
Employer-provided benefits	-1.68	-3,365	-1,682	-9.1%
Vacation, sick, overtime, etc.	-1.81	-3,624	-1,812	-9.8%

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

Estimated potential losses to independent contractors, relative to the same worker working as an employee: “Hair, nail, skin technicians”

Median real 2024 hourly wage

	Hourly rate (\$)	Full-time, assuming 2,000 hours per year (\$)	Part-time or part-year, assuming 1,000 hours per year (\$)	As a share of annual earnings (%)
Total compensation	19.28	38,555	19,277	
Employer-contributions to Social Security, Medicare, etc.	-1.72	-3,431	-1,716	-8.9%
Employer-provided benefits	-1.29	-2,583	-1,292	-6.7%
Vacation, sick, overtime, etc.	-1.29	-2,583	-1,292	-6.7%

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

Estimated potential losses to independent contractors, relative to the same worker working as an employee: “Childcare providers”

Median real 2024 hourly wage

	Hourly rate (\$)	Full-time, assuming 2,000 hours per year (\$)	Part-time or part-year, assuming 1,000 hours per year (\$)	As a share of annual earnings (%)
Total compensation	16.32	32,648	16,324	
Employer-contributions to Social Security, Medicare, etc.	-1.35	-2,710	-1,355	-8.3%
Employer-provided benefits	-1.49	-2,971	-1,485	-9.1%
Vacation, sick, overtime, etc.	-1.60	-3,200	-1,600	-9.8%

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

Estimated potential losses to independent contractors, relative to the same worker working as an employee: “Massage therapists”

Median real 2024 hourly wage

	Hourly rate (\$)	Full-time, assuming 2,000 hours per year (\$)	Part-time or part-year, assuming 1,000 hours per year (\$)	As a share of annual earnings (%)
Total compensation	26.14	52,275	26,137	
Employer-contributions to Social Security, Medicare, etc.	-2.33	-4,652	-2,326	-8.9%
Employer-provided benefits	-1.75	-3,502	-1,751	-6.7%
Vacation, sick, overtime, etc.	-1.75	-3,502	-1,751	-6.7%

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

Estimated potential losses to independent contractors, relative to the same worker working as an employee: “House cleaners”

Median real 2024 hourly wage

	Hourly rate (\$)	Full-time, assuming 2,000 hours per year (\$)	Part-time or part-year, assuming 1,000 hours per year (\$)	As a share of annual earnings (%)
Total compensation	17.05	34,102	17,051	
Employer-contributions to Social Security, Medicare, etc.	-1.47	-2,933	-1,466	-8.6%
Employer-provided benefits	-1.24	-2,489	-1,245	-7.3%
Vacation, sick, overtime, etc.	-1.35	-2,694	-1,347	-7.9%

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

Estimated potential losses to independent contractors, relative to the same worker working as an employee: “Janitors”

Median real 2024 hourly wage

	Hourly rate (\$)	Full-time, assuming 2,000 hours per year (\$)	Part-time or part-year, assuming 1,000 hours per year (\$)	As a share of annual earnings (%)
Total compensation	19.42	38,835	19,417	
Employer-contributions to Social Security, Medicare, etc.	-1.67	-3,340	-1,670	-8.6%
Employer-provided benefits	-1.42	-2,835	-1,417	-7.3%
Vacation, sick, overtime, etc.	-1.53	-3,068	-1,534	-7.9%

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

Estimated potential losses to independent contractors, relative to the same worker working as an employee: "Retail sales"

Median real 2024 hourly wage

	Hourly rate (\$)	Full-time, assuming 2,000 hours per year (\$)	Part-time or part-year, assuming 1,000 hours per year (\$)	As a share of annual earnings (%)
Total compensation	20.00	40,000	20,000	
Employer-contributions to Social Security, Medicare, etc.	-1.68	-3,360	-1,680	-8.4%
Employer-provided benefits	-1.28	-2,560	-1,280	-6.4%
Vacation, sick, overtime, etc.	-1.20	-2,400	-1,200	-6.0%

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

Estimated potential losses to independent contractors, relative to the same worker working as an employee: "Customer service and call centers"

Median real 2024 hourly wage

	Hourly rate (\$)	Full-time, assuming 2,000 hours per year (\$)	Part-time or part-year, assuming 1,000 hours per year (\$)	As a share of annual earnings (%)
Total compensation	23.33	46,667	23,333	
Employer-contributions to Social Security, Medicare, etc.	-1.66	-3,313	-1,657	-7.1%
Employer-provided benefits	-2.52	-5,040	-2,520	-10.8%
Vacation, sick, overtime, etc.	-2.38	-4,760	-2,380	-10.2%

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

Estimated potential losses to independent contractors, relative to the same worker working as an employee: "Bookkeeping, virtual assistants"

Median real 2024 hourly wage

	Hourly rate (\$)	Full-time, assuming 2,000 hours per year (\$)	Part-time or part-year, assuming 1,000 hours per year (\$)	As a share of annual earnings (%)
Total compensation	28.10	56,201	28,100	
Employer-contributions to Social Security, Medicare, etc.	-2.00	-3,990	-1,995	-7.1%
Employer-provided benefits	-3.15	-6,295	-3,147	-11.2%
Vacation, sick, overtime, etc.	-2.98	-5,957	-2,979	-10.6%

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

Estimated potential losses to independent contractors, relative to the same worker working as an employee: “Restaurant servers”

Median real 2024 hourly wage

	Hourly rate (\$)	Full-time, assuming 2,000 hours per year (\$)	Part-time or part-year, assuming 1,000 hours per year (\$)	As a share of annual earnings (%)
Total compensation	18.19	36,382	18,191	
Employer-contributions to Social Security, Medicare, etc.	-1.73	-3,456	-1,728	-9.5%
Employer-provided benefits	-0.67	-1,346	-673	-3.7%
Vacation, sick, overtime, etc.	-0.67	-1,346	-673	-3.7%

Notes: Hourly wage rate is from the pooled 2023 and 2024 median hourly rate. The hourly compensation rate is the ACS wage rate scaled by the BLS ECEC average compensation distribution for September 2025.

ENDNOTES

- ¹ Ismael Cid-Martinez et al., *Misclassifying Workers As Independent Contractors Is Costly for Workers and Social Insurance Systems*, Econ. Pol’y Inst. (Apr. 15, 2026), <https://www.epi.org/publication/misclassifying-workers-as-independent-contractors-is-costly-for-workers-and-social-insurance-systems/>.
- ² Id.
- ³ For a non-exhaustive list of workplace protections that independent contractors lack as compared to employees, see End Independent Contractor Misclassification, Nat’l Emp. Law Project, <https://www.nelp.org/explore-the-issues/contracted-workers/misclassified-workers/> (last accessed Aug. 26, 2026).
- ⁴ See generally Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries, Nat’l Emp. Law Project (Oct. 20, 2020), <https://www.nelp.org/insights-research/independent-contractor-misclassification-imposes-huge-costs-workers-federal-state-treasuries-update-october-2020/>.
- ⁵ See Table 5A in Bureau of Labor Statistics, “Contingent and Alternative Employment Arrangements - July 2023,” November 8, 2024, <https://www.bls.gov/news.release/pdf/conemp.pdf> and Table 5 in Bureau of Labor Statistics, “Contingent and Alternative Employment Arrangements News Release,” June 7, 2018, https://www.bls.gov/news.release/archives/conemp_06072018.htm.
- ⁶ For more information on workers who may qualify as independent contractors, see End Independent Contractor Misclassification, Nat’l Emp. Law Project, <https://www.nelp.org/explore-the-issues/contracted-workers/misclassified-workers/> (last accessed Aug. 26, 2026).
- ⁷ National Employment Law Project, “Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries,” Policy Brief, October 2020, <https://www.nelp.org/app/uploads/2017/12/Independent-Contractor-Misclassification-Imposes-Huge-Costs-Workers-Federal-State-Treasuries-Update-October-2020.pdf>. See also James Parrott and L.K. Moe, “For One in Ten New York Workers, ‘Independent Contractor’ Means Underpaid and Underprotected,” Center for New York City Affairs, The New School, June 2022, <https://www.centrernyc.org/reports-briefs/one-in-10-new-york-workers-independent-contractor-means-underpaid-and-unprotected>.
- ⁸ Department of Labor Initiative Finds Violations in 80% of Care Industry Investigations, U.S. Dep’t Lab. (Nov. 16, 2022), <https://www.dol.gov/newsroom/releases/whd/whd20221116>.
- ⁹ Department of Labor Initiative Finds Violations in 80% of Care Industry Investigations, U.S. Dep’t Lab. (Nov. 16, 2022), <https://www.dol.gov/newsroom/releases/whd/whd20221116>.
- ¹⁰ James Parrott & L.K. Moe, For One in 10 New York Workers, ‘Independent Contractor’ Means Underpaid and Unprotected, at 2 (June 2022), <https://static1.squarespace.com/static/53ee4f0be4b015b9c3690d84/t/62b29d354dfc96468ac9a02b/1655872843122/CNYCA+June+21+C+report.pdf>.
- ¹¹ The federal Family and Medical Leave Act (FMLA) provides job protected leave for eligible employees, but does not provide or require employers to provide pay during the period of leave. Several states have enacted their own paid family and medical leave laws, which may allow independent contractors to opt into coverage. For a recent review of the federal and state of paid family and medical leave laws, see Molly Weston Williamson, “The State of Paid Family and Medical Leave in the U.S.” Center for American Progress, April 2026, <https://www.americanprogress.org/article/the-state-of-paid-family-and-medical-leave-in-the-u-s/>.
- ¹² See Leberstein, Sarah and Catherine Ruckelshaus, “Independent Contractor vs. Employee: Why independent contractor misclassification matters and what we can do to stop it,” National Employment Law Project, Policy Brief, May 2016, <https://www.nelp.org/app/uploads/2016/05/Policy-Brief-Independent-Contractor-vs-Employee.pdf> and Ben Zipperer, Celine McNicholas, Margaret Poydock, Daniel Schneider, and Kristen Harknett, “National survey of gig workers paints a picture of poor working conditions, low pay,” Economic Policy Institute, June 1, 2022, <https://www.epi.org/publication/gig-worker-survey/>.
- ¹³ See, for example: Charlotte S. Alexander, “Misclassification and Antidiscrimination: An Empirical Analysis,” *Minnesota Law Review*, 101 907 (2017), <https://scholarship.law.umn.edu/cgi/viewcontent.cgi?article=1150&context=mlr>; Abraham, Katharine G., Brad J. Hershbein, Susan N. Houseman, Beth C. Truesdale, “The Independent Contractor Workforce: New Evidence on Its Size and Composition and Ways to Improve Its Measurement in Household Surveys,” *ILR Review*, vol. 77, no. 3, <https://doi.org/10.1177/00197939241226945>; New York State Department of Labor, “Annual Report of the Joint Enforcement Task Force on Employee Misclassification,” February 1, 2015, <https://dol.ny.gov/system/files/documents/2021/02/misclassification-task-force-report-2-1-2015.pdf>; Abraham, Katharine G., Susan N. Houseman, “What Do We Know About Alternative Work Arrangements in the United States? A Synthesis of Research Evidence from Household United States? A Synthesis of Research Evidence from Household Surveys, and Administrative Data Surveys, and Administrative Data,” W.E. Upjohn Institute for Employment Research, January 5, 2022, <https://research.upjohn.org/reports/271>; Cid-Martinez, Ismael, Nina Mast, Margaret Poydock, and Valerie Wilson, “Misclassifying workers as independent contractors is costly for workers and social insurance systems,” Economic Policy Institute, April 15, 2026, <https://www.epi.org/publication/misclassifying-workers-as-independent-contractors-is-costly-for-workers-and-social-insurance-systems/>.
- ¹⁴ To increase the sample size, we have combined the data from the 2023 and 2024 ACS and converted the 2023 wages to 2024 dollars using the CPI-U.

- ¹⁵ The Social Security tax is capped at \$184,500 in 2026. The Medicare tax rises by 0.9 percentage points on earned incomes above \$200,000.
- ¹⁶ A small adjustment allowed for the income tax code means that the self-employed independent contractor pays about eight percent less than double their share if they had been an employee. See Internal Revenue Service, "Instructions for Schedule SE (Form 1040)," <https://www.irs.gov/instructions/i1040sse> and IRS, "Self-employment tax (Social Security and Medicare taxes)," <https://www.irs.gov/businesses/small-businesses-self-employed/self-employment-tax-social-security-and-medicare-taxes>, accessed August 30, 2026.
- ¹⁷ Total employer contributions toward Social Security, Medicare, unemployment insurance, workers' compensation, and all other obligatory contributions total 8.3 percent; Social Security and Medicare together total 7.65 percent.
- ¹⁸ Both unemployment insurance and workers' compensation insurance suffer from potentially significant problems of moral hazard.
- ¹⁹ Victoria Scarlet Berka, "Can Freelancers Unionize?," Emergency Workplace Organizing Committee (July 29, 2026), <https://workerorganizing.org/can-freelancers-independent-contractors-unionize-13325/>.
- ²⁰ See Françoise Carré, "(In)dependent Contractor Misclassification," Economic Policy Institute, June 8, 2015, <https://www.epi.org/publication/independent-contractor-misclassification/>.
- ²¹ "America's Women and the Wage Gap," National Partnership for Women & Families (March 2026), <https://nationalpartnership.org/wp-content/uploads/2023/02/americas-women-and-the-wage-gap.pdf>.
- ²² Kennedy Andara et al., "Breadwinning Women Are a Lifeline for Their Families and the Economy," Center for American Progress (May 9, 2025), <https://www.americanprogress.org/article/breadwinning-women-are-a-lifeline-for-their-families-and-the-economy/>.
- ²³ For more information regarding the ABC test, see "The ABC's of Independent Contractor Status Video," National Employment Law Project (July 8, 2020), <https://www.nelp.org/the-abcs-of-independent-contractor-status-video/>.
- ²⁴ For more information regarding the Department of Labor's proposed rule, see Laura Padin, "NELP Slams Trump DOL's Independent Contractor Rule," National Employment Law Project (May 6, 2026), <https://www.nelp.org/nelp-slams-trump-dols-independent-contractor-rule/>.
- ²⁵ For an explanation of the rule's impact on women workers, see "Why Women Need the U.S. Department of Labor's Independent Contractor Rule," National Partnership for Women and Families & National Women's Law Center (March 2024), <https://nationalpartnership.org/wp-content/uploads/women-need-dol-independent-contractor-rule.pdf> (assessing the rule as proposed in 2024).
- ²⁶ For information on previous iterations of the rule proposed by the Department of Labor, see "US DOL's Independent Contractor Rule: What it Means for Workers," National Employment Law Project (Jan. 2024), <https://www.nelp.org/app/uploads/2023/02/NELP-USDOL-IC-Rule-Explainer-2023V2.pdf>.