



FOR IMMEDIATE RELEASE

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WLF Urges Department of Labor To Let Independent-Contractor Rule Take Effect

(In re Independent Contractor Status Under the Fair Labor Standards Act)

“Withdrawing the independent-contractor rule will force companies to decide between exposure to FLSA liability and loss of precious resources.”

—John Masslon, WLF Senior Litigation Counsel

WASHINGTON, DC—Washington Legal Foundation (WLF) today urged a federal labor regulator to stay the course and not withdraw a recently promulgated independent-contractor rule. In formal comments filed with the Department of Labor’s Wage and Hour Division, WLF explains that withdrawing the rule would cause economic uncertainty and hurt vulnerable businesses in an already uncertain economic climate.

In September, the Department of Labor proposed a rule clarifying when a worker is an employee or an independent contractor. Earlier this year, the agency finalized the rule with an effective date of March 8, 2021. The final rule tracks the FLSA’s text and provides regulatory certainty for companies that may hire an independent contractor. But only weeks later, DOL delayed the final rule’s effective date. Now, DOL wants to withdraw the rule.

DOL issued the rule to promote regulatory certainty. But as explained in WLF’s comments, withdrawing the rule would cause regulatory uncertainty. Many experts—from the former chairman of the Federal Reserve to the current head of the International Monetary Fund—believe that regulatory uncertainty hurts the economy. In these trying times, regulatory uncertainty could be what pushes companies out of business. WLF urges the Department of Labor not to go down this path. Rather, it should let the rule take effect.

Celebrating its 44th year, WLF is America’s premier public-interest law firm and policy center advocating for free-market principles, limited government, individual liberty, and the rule of law.

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