

# **The Emergency Portable Benefits for Independent Workers Act (S. X)**

*A proposal by Senator Mark R. Warner (D-VA) and Senator Steve Daines (R-MT) that directs the Department of Labor to test and evaluate innovative portable benefit designs for the independent workforce.*

## **Background:**

COVID-19 shined a light on the myriad ways in which our patchwork system of worker benefits fails to extend a lifeline of social insurance to American entrepreneurial, self-employed, or vulnerable workers. According to the Department of Labor's (DOL) most recent survey findings, workers that specify contingent and independent work as their primary source of income make up 10.1% of the workforce or 16 million Americans.<sup>1</sup> Even more have mixed sources of income from both traditional W-2 jobs and independent work. In a 21<sup>st</sup> century economy, the United States needs to find innovative and local community-oriented solutions to its worker benefits system. Those who earn all or some of their income as independent contractors, part-time workers, temporary workers, or contingent workers should not need an Act of Congress to get access to a safety net during an economic downturn. COVID-19 has made it clear that the need for people to have access to portable benefits they can take from job to job is crucial. By creating a fund for local innovation, we have an opportunity for cities, states, and non-profits to experiment with new solutions and support entrepreneurial growth in their local economies.

## **The Legislation:**

This proposal would create an emergency portable benefits fund at the Department of Labor of \$500 million. Funds would be administered to states through a formula based on population size to accomplish two goals simultaneously: (1) partially cover additional administrative costs of modernizing state Unemployment Insurance (UI) technology systems, and (2) experiment with setting up a portable benefit program that a combination of employers, consumers, public entities, and worker advocate non-profits could potentially contribute to depending on state need.

## **Provide additional administrative funding to modernize unemployment insurance technology:**

In order to avoid the need for an Act of Congress during the next economic downturn and, instead, innovate technological solutions to crises moving forward, states will need additional funding to cover added administrative costs incurred from modernizing state UI technology systems. Modernizing their existing technology infrastructure would allow states to facilitate expanded eligibility and enable transitioning workers to long-term solutions, such as standing up portable benefits programs.

The bill would appropriate supplemental funding to states that are interested in modernizing their technology infrastructure for the purposes of long-term innovation and expanded eligibility. For each state, up to 50% of the funding could be used to cover the immediate need for IT modernization. This will allow states to better track workers who might become long-term unemployed.

## **Creates a fund for portable benefits programs for states:**

States should have the ability to experiment with portable benefit programs they can eventually transition workers to. For each state, up to 50% of the funding would go to the design, implementation,

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<sup>1</sup> "Contingent and Alternative Employment Arrangements Summary". USDL-18-0942. Bureau of Labor Statistics. Washington, DC. 7 June 2018.  
<https://www.bls.gov/news.release/conemp.nr0.htm>

and evaluation of new models for portable benefits.<sup>2</sup> These portable benefit programs could include innovative proposals for paid leave, healthcare, retirement, and other programs specific to local economies. Cities, localities, and worker advocate non-profits could partner with the state to implement the funding for the portable benefit and experiment with the transition to innovative long-term solutions. Eligible workers would include – but need not be limited to – those not traditionally eligible for UI who have been affected by the COVID-19 crisis.

**Encourages an entrepreneurial economy:**

Cities, states, localities, and non-profits that engage in supporting and welcoming innovation will have an opportunity to strengthen a local entrepreneurial economy. Workers will be attracted to move to places that support and incentivize opportunities for free-lance work.

**Provides benefits to a variety of independent workers:**

Eligible workers include any independent contractor, contract worker, self-employed individual, freelance worker, temporary worker, or contingent worker. Under the program, workers could gain access to benefits such as workers’ compensation, disability coverage, health insurance, training expenses, short-term savings, and income security.

**Requires accountability in the form of a national evaluation:**

By design, the bill includes a national impact evaluation to understand the effects of the program for workers. The impact evaluation is conducted by the independent Government Accountability Office.

“The COVID-19 crisis has highlighted the inadequacy of America’s safety net, which leaves millions of non-traditional and low-wage workers without access to key workplace benefits and protections. Although the Pandemic Unemployment Assistance program expanded unemployment benefits to self-employed and freelance workers, it is temporary and has been difficult to administer. The resources provided by this legislation will provide critical aid to help states implement expanded unemployment insurance programs, and encourage the development and expansion of portable benefit systems that can provide financial security to workers across different types of work arrangements during the current crisis and beyond,” - **Alastair Fitzpayne, Executive Director, Aspen Institute’s Future of Work Initiative.**

“Our employment system needs to catch up with the rapidly changing technological landscape and shifting nature of work. Portable benefits made sense before the crisis, and today the need is urgent. This legislation provides the impetus for states to upgrade systems, innovate, and support workers through streamlined delivery of benefits. Portable benefits are a key component of a modernized employment system. By making it easier for workers to access benefits like healthcare, sick leave, and training, portable benefits can help states create a more resilient and tech-savvy workforce as we emerge from the COVID-19 crisis.” - **Marcela Escobari, senior fellow at the Brookings Institution.**

*If you have any questions, please contact Carolina Young in Senator Warner’s office at [Carolina\\_Young@Warner.Senate.Gov](mailto:Carolina_Young@Warner.Senate.Gov) or PJ Austin in Senator Daines’ office at [PJ\\_Austin@daines.senate.gov](mailto:PJ_Austin@daines.senate.gov).*

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<sup>2</sup> Reder, Libby, Shelly Steward, and Natalie Foster. 2019. “Designing Portable Benefits: A Resource Guide for Policymakers.” Aspen Institute Future of Work Initiative.