

Court tells Uber, Lyft to classify drivers as employees

August 12 2020, by Glenn Chapman



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A California court has given Uber and Lyft until the middle of next week to reclassify drivers as employees in compliance with a new state law.

The order came Monday when a judge granted a [restraining order](#) in a lawsuit filed by California attorney general Xavier Becerra and three cities including San Francisco, where Lyft and Uber are based.

The suit calls on the companies to comply with a state law that went into effect at the start of this year that requires "[gig workers](#)" such as Uber and Lyft drivers to be classified as employees, eligible for unemployment, medical and other benefits.

"The court has weighed in and agreed: Uber and Lyft need to put a stop to unlawful misclassification of their drivers while our litigation continues," Becerra said in a release.

"While this fight still has a long way to go, we're pushing ahead to make sure the people of California get the workplace protections they deserve."

Uber is backing a referendum in the state to overturn the law, while pledging to provide benefits for a [social safety net](#) that would keep gig workers independent.

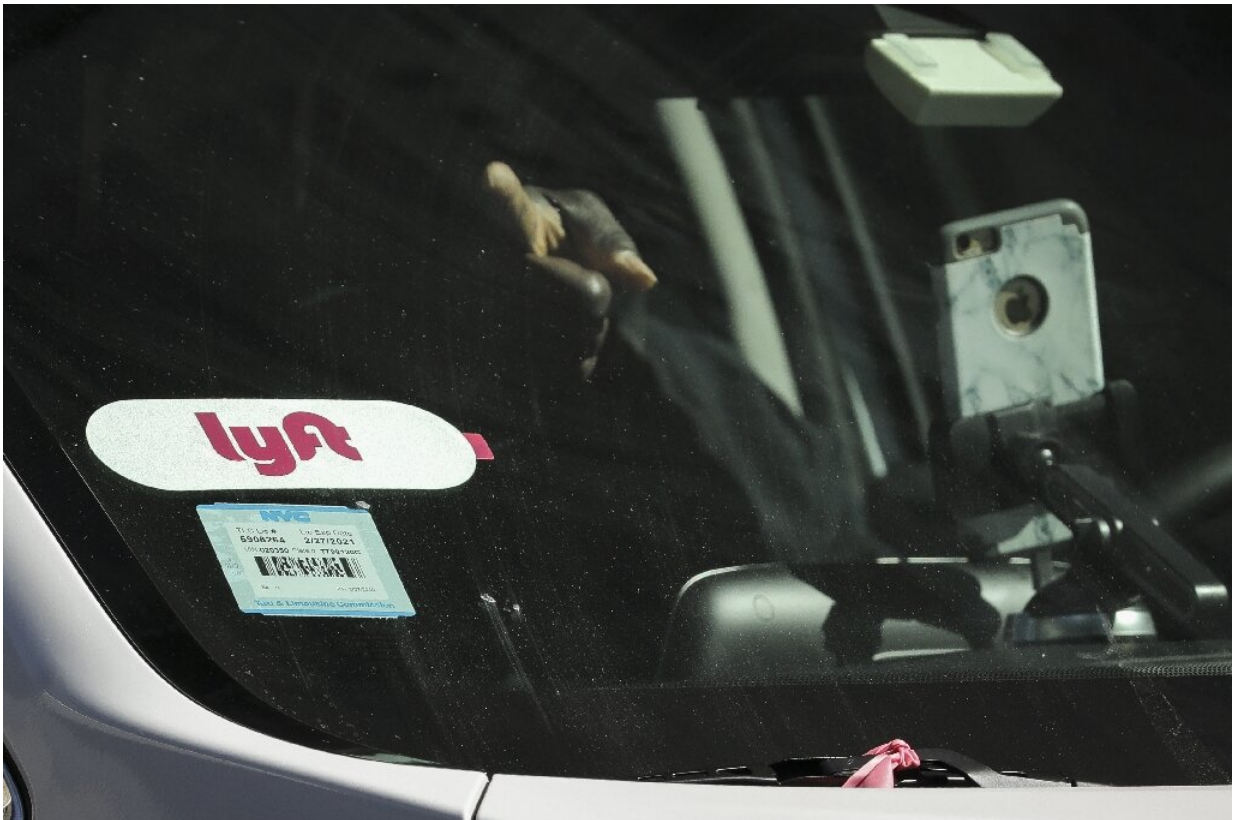
The judge wrote in the ruling that Uber and Lyft could not indefinitely put off their "day of reckoning" when it came to complying with the law.

Uber has argued that most of its drivers want to remain independent even if they also are looking for benefits.

Lyft vowed to appeal the judge's ruling, referring to the court battle as a fight for driver independence.

"Drivers do not want to be employees, full stop," Lyft said in response to an AFP inquiry.

"Ultimately, we believe this issue will be decided by California voters and that they will side with drivers."



A California judge gave Uber and Lyft 10 days to reclassify drivers as employees in compliance with a new state law

'A new model'

"Misclassification hurts drivers and it puts the burden on taxpayers to pay for benefits that Uber and Lyft should be providing," said San Francisco city attorney Dennis Herrera.

"During this global pandemic, it's even more important for drivers to get

access to protections like unemployment insurance."

The judge gave Uber and Lyft 10 days to comply with the order, which the companies can appeal.

Uber outlined proposals this week for a new type of relationship with gig workers, including its own drivers, that would keep them as independent contractors but with some guaranteed benefits.

The ride-hailing giant described "a new model for independent platform work" in a document it hopes can be used as a blueprint for Uber and similar firms relying on independent workers.

The company seeks "to deliver certainty for millions of [independent contractors](#) who will increasingly rely on independent work to help them face the economic challenges that lie ahead," Uber said in its document.

Uber proposed that gig economy companies be required to establish "benefits funds," allowing gig workers to accrue and use the money for benefits or paid leave.

Chief executive Dara Khosrowshahi, writing in The New York Times, said that the current employment system is outdated and "forces every [worker](#) to choose between being an employee with more benefits but less flexibility, or an independent contractor with more flexibility but almost no safety net."

Uber argues that requiring drivers to be classified as employees would leave jobs only for a small fraction of its drivers and that costs would become more expensive.

More than 85 percent of Lyft [drivers](#) in California work fewer than 20 hours weekly, with many of them seeking flexible hours because they

are parents, students, retirees or hold other jobs, according to the company.

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