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POLICY SPOTLIGHT

Bringing Portable Benefits to Pennsylvania's Independent Workforce: Overview

Modernizing benefit laws could empower nearly one million Pennsylvania workers

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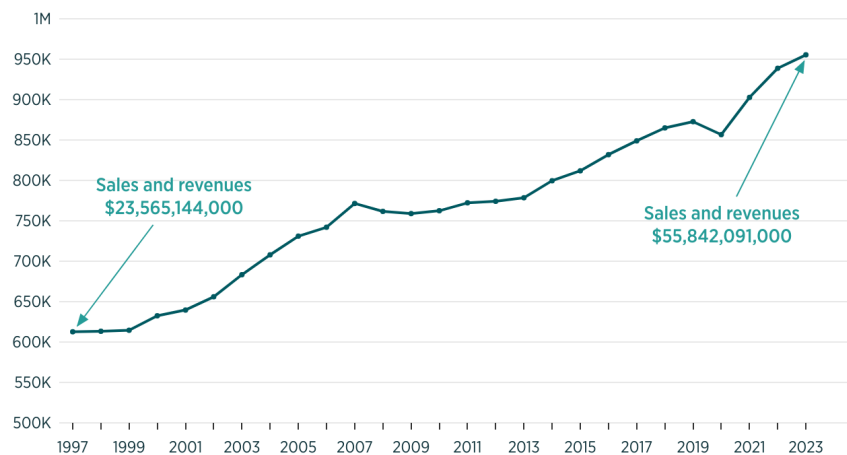
In today's economy, nearly one million Pennsylvania residents are freelancers, contractors, or self-employed workers. They include rideshare and delivery drivers, truckers, freelance creatives, real estate agents, hairstylists, childcare providers, professional consultants, and countless other occupations. US Census Bureau data show that this is a growing workforce, generating more than \$55 billion annually in revenue or sales for the state (figure 1).

Yet because these workers operate outside traditional employment, they often lack job-based benefits such as health insurance, retirement plans, and paid leave—not because companies are unwilling to offer the benefits, but because outdated laws make it risky to provide them to non-employees. Under Pennsylvania law, providing benefits can trigger reclassification as an “employee.”

Many self-employed workers could gain access to benefits if companies were legally allowed to contribute to portable benefit plans on their behalf.

FIGURE 1. Growth in self-employment in Pennsylvania, 1997 to 2023

Number of establishments



Source: US Census Bureau, *Nonemployer Statistics (NES)*, last modified May 9, 2024, <https://www.census.gov/programs-surveys/nonemployer-statistics.html>.



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What Are Portable Benefits?

Portable benefits are a solution designed for today's flexible workforce. Tied to the individual worker—not a job or employer—portable benefits allow independent workers to receive contributions from multiple companies into a single worker-owned account managed by a bank or third-party platform. These accounts can support health insurance premiums, paid time off, retirement savings, and more.¹

In 2024, Governor Shapiro approved a temporary pilot portable benefits program by DoorDash, managed by Stride, giving Pennsylvania Dashers support for health insurance, retirement, and paid time off.

Momentum Across the States

Several states are leading the way:

- **Maryland and Georgia:** As in Pennsylvania, governors in Maryland and Georgia have supported a DoorDash pilot program. Portable benefits legislation would create a more sustainable solution.
- **Utah:** Passed the first voluntary portable benefits law in 2023; Target and Lyft launched a pilot program
- **Alabama, Tennessee, and Wisconsin:** Enacted laws in April and June 2025 similar to Utah's 2023 portable benefits law, removing legal barriers for companies to offer benefits to independent workers

The Worker's Case for Portable Benefits

- **Preference for independent work:** According to the Bureau of Labor Statistics, 80.3 percent of independent workers prefer to stay independent; only 8.2 percent prefer W-2 work.
- **Support for benefits:** 80.1 percent of self-employed workers want access to portable benefits.
- **Desire for balance:** Workers want security without sacrificing flexibility and independence.

Independent workers in Pennsylvania's top 10 industries would benefit from portable benefits laws:

- | | |
|---|--------------------------------------|
| 1. Professional, Scientific, & Technical Services | 6. Retail Trade |
| 2. Real Estate & Rental Leasing | 7. Administrative & Support Services |
| 3. Transportation & Warehousing | 8. Health Care & Social Assistance |
| 4. Construction | 9. Finance & Insurance |
| 5. Other Services (e.g., repair, personal care) | 10. Arts, Entertainment, Recreation |

The Business Case for Portable Benefits

- **Workforce stability:** Helps attract and retain a more reliable and engaged independent workforce
- **Legal clarity:** Enables companies to offer benefits without fearing legal backlash
- **Operational flexibility:** The voluntary, opt-in model avoids mandates for resource-constrained businesses, while empowering better-resourced companies to support their independent workers

Policy Recommendation for Pennsylvania

Pennsylvania can join the national movement by allowing workers to create portable benefits accounts and companies to contribute to portable benefits funds without triggering worker reclassification rules. In doing so, Pennsylvania can support a modern, inclusive economy that aligns with how people actually work today—empowering businesses to innovate and enabling workers to thrive.

¹ See <https://www.mercatus.org/research/policy-briefs/flexible-and-portable-benefits-independent-workers-state-policy-guide>.