

California Court Orders Uber and Lyft to Reclassify Drivers as Employees, SHRM, ft. Katherine Catlos

SHRM quotes Katherine Catlos on court order reclassifying Uber/Lyft drivers as employees written by Lisa Nagele-Piazza published on August 12, 2020.

A trial court judge in San Francisco issued a preliminary injunction blocking Uber and Lyft from continuing to classify drivers as independent contractors under California's employment laws. The judge briefly delayed enforcement, however, so the ride-hailing services will have time to appeal the order.

California Attorney General Xavier Becerra and other state leaders sued Uber and Lyft seeking millions of dollars in back pay for drivers who were allegedly misclassified. The lawsuit was brought under a state law that took effect Jan. 1 that allows businesses to classify workers as independent contractors only if they meet stringent requirements under a three-part test.

If the ride-hailing drivers are ultimately deemed employees under California law, they will be entitled to minimum wage, overtime pay and other benefits that are not generally provided to independent contractors.

The battle isn't over yet, but the ruling sends a strong message from California courts to gig-economy businesses, said Katherine Catlos, an attorney with Kaufman Dolowich & Voluck in San Francisco. She noted that some app-based companies view themselves as technology platform providers rather than transportation services.

Employers should be aware that they need to monitor their independent-contractor roles and decide whether they need to be reclassified to employee roles, Catlos said.