



Testimony Before the Alaska House Committee on Labor and Commerce
[House Bill 305](#) — *Compensation Standards for Transportation Network Company Drivers*
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Representative Fields and distinguished members of the committee:

Thank you for convening this hearing on a consequential issue that, if effectively addressed, could have a major impact on the rights of platform workers in the state of Alaska and potentially across the country.

My name is [Lena Simet](#). I am a senior advisor on economic justice with [Human Rights Watch](#), an international nongovernmental organization working in more than 100 countries, documenting human rights violations and making recommendations to address them. Our research on labor rights violations spans a wide range of issues, including forced labor, occupational safety and health, and labor protections in emerging sectors of the economy. To maintain our independence, Human Rights Watch does not accept funding from governments.

For the past six years, we have been researching what is commonly referred to as the “gig” or “platform economy” from a human rights perspective. Last year, Human Rights Watch published [The Gig Trap](#), a report examining algorithmic, wage and labor exploitation in ride-hailing, food delivery, and grocery shopping platform services in the United States.

Our research methodology included interviews with 95 platform workers across the country, as well as a survey of 127 workers in the state of Texas, which resulted in findings about seven platform companies. While the survey was not representative, the patterns we identified are consistent with findings across academic research and labor groups, and they are directly relevant to the provisions under consideration in House Bill 305.

Today I would like to highlight three findings from our research that may be relevant to this committee’s consideration of compensation standards for rideshare drivers.

1. Platform workers have very low and often unpredictable earnings, with a significant share of unpaid work.
2. Many workers lack access to social protection – meaning, for example, financial compensation in the event of work-related injury.

3. Algorithmic management systems create significant power imbalances between companies and workers.

Before discussing these findings, it is important to understand what they look like in workers' everyday lives.

Jacob F. is a full-time platform worker Human Rights Watch interviewed in Dallas. Every morning, he logs on knowing exactly how much he needs to earn that day – at least enough to cover rent, a bill, groceries. Whether he reaches that number depends almost entirely on factors he cannot see or control.¹

One day, a customer gave him a 4 out of 5-star rating. He received no explanation for the low rating. But soon after, the app began sending him fewer orders. Wait times between jobs stretched longer. His weekly earnings dropped sharply, not because of anything he did differently, but because an algorithm had quietly reassessed him.

The financial consequences were immediate. Jacob F. took on debt to buy groceries. He left the lights off to cut his electric bill. He let other payments slide. "Some days I know I need to make a certain amount to pay rent," he told us, "and I don't make it. How do you go home and sleep?"²

That kind of precarity is not unusual. In our survey, a majority reported experiencing food insecurity in the previous year. Nearly one in three reported experiencing difficulty paying for food and groceries nearly every month. Jacob F.'s experience reflects the structural patterns our research documented across the platform economy, patterns that House Bill 305 could help address.

The first issue concerns earnings.

It is astonishingly difficult to know with certainty how much a platform worker earns by the hour. This opacity is not accidental; it is built into how the system operates.

Platform workers are generally not paid hourly wages. Instead, they are paid by the "gig," for each ride they complete or order they deliver. And platforms compensate workers almost exclusively for what they call "engaged time," the period when a passenger is physically in the car or a delivery is in progress.

But workers spend a substantial portion of their working day waiting for requests, traveling to pick up locations, and repositioning in search of customers.

In our survey, workers reported spending roughly 40 percent of their working hours waiting or traveling to pickups, time that is unpaid but without which the service cannot function. Drivers call this "deadheading." It is not downtime. It is the hidden labor that makes every ride possible.

In our Texas survey, workers reported gross hourly earnings of \$16.75 per hour, including tips. But that figure does not reflect what workers actually take home.

Because drivers are classified as independent contractors, they bear the full costs of operating their vehicles. After deducting expenses such as fuel, car payments, commercial insurance, tolls,

¹ Human Rights Watch interview with Jacob F., Dallas, May 11, 2021.

² Ibid.

maintenance, and phone data plans, the average hourly wage dropped from \$16.75 to \$7.53 per hour.

But there is more to deduct.

Since most platform workers are classified as independent contractors, they are their own employers. This means they also cover social security contributions mandated by state or federal law that employers typically share in employment relationships. Accounting for these non-wage benefits, calculated at standard rates in traditional transportation jobs, reduced the estimated hourly wage further to just \$5.12 per hour.

That average wage is 29 percent below [the federal minimum wage of \\$7.25](#), and roughly 70 percent below the living wage threshold in [Texas estimated by MIT for a single adult](#) at the time we conducted the survey. Both figures are set higher in Alaska; the latest MIT estimate indicates that a single adult without children in Alaska needs to earn at least [\\$24.98 per hour](#) to cover their everyday living expenses.

The second issue concerns what happens when something goes wrong, without access to social protection.

Platform workers face significant occupational risks. Drivers and delivery workers spend long hours on the road, often under pressure to complete tasks quickly to maintain ratings or qualify for incentives.

Many workers told Human Rights Watch that these pressures increase the risk of accidents.

In our Texas survey, one in three workers reported having been involved in a work-related traffic accident, and one in four reported suffering a work-related injury.

Because drivers are classified as independent contractors, companies do not contribute to unemployment insurance, workers' compensation, or employer-sponsored benefits. An injury, an account deactivation, or a sudden drop in demand can produce an immediate financial crisis with no protections to catch the fall. This exclusion denies them essential securities that international standards call for.

One worker we interviewed fractured her arm while making a grocery delivery. The injury kept her out of work for more than two months. The platform provided some limited assistance, not enough to cover her expenses. "I got majorly behind," she told us.³

The exclusion from social protection also carries a significant public cost. Our study estimated that the state of Texas lost more than \$111 million in forgone unemployment insurance contributions between 2020 and 2022 due to the misclassification of platform workers. An audit by [New Jersey's Department of Labor and Workforce Development](#) found that Uber owed \$523 million in taxes for unemployment and disability insurance from 2014 to 2018. Similar findings have emerged in [California](#), [Massachusetts](#), and [New York](#) - suggesting that the fiscal impacts of worker misclassification may be widespread, including potentially in Alaska.

The third issue concerns algorithmic management and power imbalance.

³ Human Rights Watch interview with Debra W., College Station, Texas. May 13, 2021.

Platform companies often present themselves as technology intermediaries that simply connect workers with customers. But the way the work is organized often suggests otherwise.

Opaque algorithms decide which worker receives which task, how much it pays, and how performance is evaluated. The system records how quickly workers accept requests, how long tasks take to complete, and how customers rate the service.

Workers who decline too many jobs or accumulate low ratings may see fewer opportunities appear on their screens. Algorithmic management relies on pervasive monitoring of virtually every move that workers make, yet many workers say they do not understand how decisions about their wages and performance are made, or how to challenge them. This lack of transparency contributes to a working environment that incentivizes long, grueling hours for low and unpredictable pay, with detrimental effects on their rights to a decent living and safe and healthy working conditions.

Under international labor standards, whether a worker is considered an employee does not depend on the label used in a contract. Instead, it depends on the reality of the working relationship, including whether a company directs or controls how the work is performed.

By these measures, most platform companies function as employers. They determine pay rates, allocate and evaluate work, and can suspend or dismiss workers unilaterally. Yet by labeling workers as independent contractors, they deny these indicators of employment and evade their domestic labor obligations, such as fair pay, safe conditions, and social security contributions.

This classification is not a technicality. It is what allows platforms to shift economic risks onto workers and, in many cases, onto the public.

Taken together - low and unpredictable pay, unpaid working time, lack of social protection, and opaque algorithmic control - these features create a system that can leave workers trapped in a constant state of economic insecurity.

It is within this broader context that House Bill 305 should be understood.

The legislation before this committee is targeted. While it does not resolve all structural problems in the platform economy, it addresses two concrete and measurable sources of harm.

First, it establishes that drivers must receive at least 90 percent of the fare charged to the rider. Currently, platforms have broad discretion over what share of a fare ultimately reaches the driver. Establishing a floor helps ensure that when riders pay more, drivers benefit rather than seeing that additional revenue absorbed by the platform.

Second, the bill requires compensation for deadhead mileage and time when drivers travel more than 10 miles to reach a rider. This recognizes that work begins before the passenger enters the vehicle.

The committee may also wish to consider whether similar protections should extend to shorter trips, since unpaid travel time is a structural feature of this work at any distance, not only on longer runs.

Human Rights Watch calls on policymakers to take additional steps to ensure that platform work respects workers' rights. These include:

- Transparency requirements around how algorithmic systems that determine pay and allocate work.
- Meaningful due process for workers facing account deactivation.
- Compensation for all working time.
- Access to social protection, including unemployment insurance and workers' compensation.
- Protection of workers' ability to organize and bargain collectively.

These questions are being addressed at the international level as well. In June 2025, governments, employers, and worker representatives at the International Labour Organization voted to begin negotiations on new [international labor standards for decent work in the platform economy](#). Those negotiations are ongoing, reflecting a growing global recognition that the platform economy requires clear rules to protect workers' rights.

House Bill 305 represents a meaningful step forward. By increasing transparency around compensation and ensuring drivers receive a larger share of the fares they generate, it addresses some of the most immediate harms identified in our research and signals that Alaska expects platforms operating in the state to meet certain standards.

As platform companies are reshaping our labor market, ensuring that they respect workers' rights and provide fair compensation is ultimately a matter of policy choices. Those choices are now before this committee and the legislature of Alaska.

I am grateful for the committee's attention to this issue, and I welcome your questions.