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Messenger Courier Association of America (MCAA) Independent Contractor Issue

Executive Summary

- The courier industry is an integral part of the American economy, providing transportation of packages, medical supplies, bulk materials and documents among businesses and corporations in the United States.
- There are more than seven thousand small, locally owned and operated, businesses located in communities throughout the United States that make up this multi-billion dollar courier industry.
- The business model for the courier industry is particularly dependent on independent contractors, which are used in addition to its dedicated employee resources.
- The owner-operator drivers are a key part of the same-day delivery practice as they provide the ability for flexible scheduling and ensure couriers will always be available for a customer delivery.
- Independent contractors are responsible for paying their own unemployment and workers' compensation taxes. Businesses that use independent contractors do not pay their unemployment and workers' compensation tax requirements, but do issue 1099 forms for the service they perform.

The courier industry is an integral part of the American economy, providing transportation of packages, medical supplies, bulk materials and documents among businesses and corporations in the United States and beyond. What distinguishes the expedited courier sector from other components of the delivery supply chain is the emphasis on less than 24 hours, just-in-time delivery of packages based on customer demand. The courier industry consists almost entirely of small, locally owned and operated businesses, ensuring that revenue is retained within the community served, rather than siphoned off by a multi-national corporation. There are roughly seven thousand courier companies that make up this multi-billion dollar sector.

The business model for the courier industry is particularly dependent on independent contractors, which are used in addition to its dedicated employees. The nature of the industry, with its unpredictable on-demand, often unscheduled delivery model, requires a varying number of courier drivers on any given day and time of day to complete a set service. This lack of consistency makes it impractical to hire as many full-time, employee couriers busy days would require. Mandating a rigid staffing schedule would create either a deficit or surplus of drivers. A surplus of drivers would dramatically increase costs for courier firms and the commercial businesses that rely on them, as they are primarily small businesses. A deficit of drivers would cause backlogs and delays in delivery, which would impact the economy and the businesses that depend on expedited delivery services.

Independent owner operator drivers are a key part of the same-day delivery practice as they provide the ability for flexible scheduling and ensure a courier will always be available for a customer delivery. Industry surveys indicate that 99 percent of independent contractor drivers are professional drivers. Often times this includes knowledge of safety and Transportation Security Administration guidelines.

Use of independent contractors has come under scrutiny. Independent contractors are responsible for paying their own unemployment and workers' compensation taxes. There is not clear and consistent regulatory guidance. The legislation introduced in the last Congress on independent contractor reform dismantles the current and historical system. If this kind of legislation were to go forward the result has the potential to cripple a number of industries, including the courier industry and ultimately the tens of thousands of businesses that rely on the flexibility, the service and the independence the current business model provides.

MCAA recognizes the need for greater clarity for business in making determinations about whether an individual is an employee or an independent contractor. We are seeking to promote legislation to provide this necessary clarity. We are asking that you consider supporting and cosponsoring the legislation MCAA will endorse. This legislation is necessary for the same day or less than 24 hours delivery companies to be able to maintain their current and historical treatment.