



**Written Testimony of Kristin Sharp, CEO of Flex  
House Small Business Committee Hearing  
“Independent Work, Real Opportunity: The Gig Economy and the Future of Entrepreneurship”**

Chairman Williams, Ranking Member Velazquez, and distinguished members of the committee, thank you for the opportunity to share how the app-based industry is supporting small business across America.

My name is Kristin Sharp, and I am the CEO of Flex, the voice of the app-based industry. We represent America’s leading rideshare and delivery platforms.

The scale of this industry is significant. Rideshare and delivery platforms contributed an estimated \$212 billion to the U.S. economy as of 2024 and facilitated roughly 4.3 billion rides and deliveries nationwide. That is equivalent to more than 16 transactions for every U.S. adult.<sup>1</sup> An estimated 23 million Americans choose to work with app-based delivery or rideshare platforms<sup>2</sup>, and the industry indirectly supports at least 2.1 million traditional jobs beyond that. Looking ahead, the economic impact of the app-based economy could reach as much as \$500 billion over the next decade.<sup>3</sup>

This is not a niche phenomenon. McKinsey’s American Opportunity Survey found that 36% of employed Americans now identify as independent workers, equivalent to roughly 58 million people, a significant increase from 27% in 2016.<sup>4</sup>

Across dozens of platforms – from rideshare and delivery to freelance services and creative marketplaces – millions of Americans are earning, shopping, and building businesses through technologies that simply didn’t exist a generation ago.

For consumers, the platform industry has delivered unparalleled savings, choice, and convenience. For workers, it offers a powerful opportunity to be your own boss, with real control over your time and money. And for partner restaurants and local businesses, it opens new markets and reaches new customers.

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<sup>1</sup> Flex Association, U.S. App-Based Rideshare and Delivery Economic Impact Report (2024), available at <https://flex.publicfirst.co/>.

<sup>2</sup> Flex Association, Putting Workers’ Voices First (2022), available at <https://www.flexassociation.org/putting-workers-voices-first/>.

<sup>3</sup> Flex Association, U.S. App-Based Rideshare and Delivery Economic Impact Report (2024), available at <https://flex.publicfirst.co/>.

<sup>4</sup> McKinsey Global Institute, “Freelance, side hustles, and gigs: Many more Americans have become independent workers” (Aug. 2022),



## A Significant Boost for Small Businesses

Small businesses are the backbone of the American economy. And app-based platforms have become one of the most powerful tools they have. The app-based industry generates \$32 billion in additional revenue for restaurants, grocers, and local businesses, and \$5.1 billion in additional earnings for independent contractors, across the country every year.<sup>5</sup>

The numbers tell the story. More than half of consumers have used an app-based platform for meal or grocery delivery, three in five (60%) for package delivery and nearly half (47%) have used them for access to convenience items.<sup>6</sup> These aren't abstract statistics. They represent real customers walking through the digital doors of businesses that might not otherwise reach them.

These marketplaces connect small businesses to large digital audiences and help them compete with bigger firms by providing critical infrastructure, including on-demand workers, logistics, digital payments, access to customers, and targeted marketing tools. Small businesses can tailor models that work for them, from flexible pickup for takeout to a range of delivery options built for different business models. One example is our member company Instacart. They have helped small grocers across the U.S. increase their revenue by \$7 billion and create more than 68,000 net new small business jobs by helping them bring their businesses online and reach new customers.<sup>7</sup> As a result, millions of American businesses have modernized how they operate and have found new pathways to scale.

At the same time, many small businesses count on these platforms as consumers themselves — local daycares and restaurants and more who routinely use delivery platforms to access the supplies and ingredients they need to keep their businesses running. For example, more than 1 million businesses representing all 50 states — most of them small businesses — have placed orders via Instacart Business.

That reach extends to communities that need it most. Research from Brookings Institution found that 90% of people living in low-income, low-access census tracts have

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<sup>5</sup> Flex Association, Small Business Impact Report (2024), available at <https://www.flexassociation.org/wp-content/uploads/2024/03/Small-Business-Impact-Report-v3.pdf>.

<sup>6</sup> Flex Association, U.S. App-Based Rideshare and Delivery Economic Impact Report (2024), available at <https://flex.publicfirst.co/>.

<sup>7</sup> Instacart, *Economic Impact Report (2025)*, available at <https://www.instacart.com/company/static/pdfs/2025-instacart-economic-impact-report.pdf>. (instacart.com)



at least one digital food delivery option, and coverage exceeds 95% in metropolitan food deserts.<sup>8</sup>

## Income on Demand

The scale of the app-based industry has provided millions of Americans with an essential lifeline to navigate economic uncertainty. Digital platforms offer immediate, flexible income with minimal barriers – no lengthy hiring process, no restrictions on the number of platforms one uses, just a smartphone, an idea, and the opportunity to start earning right now. It's why more than 75% of app-based earners prefer to remain independent contractors.<sup>9</sup>

For caregivers, students, and workers between jobs, this flexibility fills gaps that traditional employment cannot. Nearly 9 in 10 workers with children say app-based work makes it easier to balance family and work responsibilities, and 69% say it has helped them earn money in an emergency.<sup>10</sup> In an unpredictable labor market, on-demand earning provides real-time stability when families need it most.

The value of this flexibility shows up clearly in our data. Nearly all app-based earners (85%) say the ability to earn income on app-based platforms has been helpful for dealing with inflation. The majority also report using multiple platforms during a work period as a way of maximizing their earnings.<sup>11</sup> Perhaps the most telling data point of all is that half of driver and delivery workers would rather be able to choose their own hours than receive even a 50% increase in earnings with a fixed schedule. That is how much flexibility matters to those who participate in the platform economy.<sup>12</sup>

These findings are corroborated by independent federal data. The Federal Reserve's Survey of Household Economics and Decisionmaking found that 31% of gig workers say that without gig activities they would have trouble making ends meet.<sup>13</sup>

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<sup>8</sup> Brookings Institution, "Delivering to deserts: New data reveals the geography of digital access to food in the U.S." (2022)

<sup>9</sup> Flex Association, The App-Based Economy: National and State-Level Analysis (Apr. 2023), available at [https://www.flexassociation.org/wp-content/uploads/2024/03/Flex\\_Association\\_App\\_Based\\_Economy\\_April\\_2023\\_ANALYSIS\\_FINAL.pdf](https://www.flexassociation.org/wp-content/uploads/2024/03/Flex_Association_App_Based_Economy_April_2023_ANALYSIS_FINAL.pdf).

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Public First and Flex Association, U.S. App-Based Rideshare and Delivery Economic Impact Report (Mar. 2024), available at <https://flex.publicfirst.co/>.

<sup>13</sup> Board of Governors of the Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2024 (May 2025)



## **Workforce for the Modern Economy**

Who are these workers? The Federal Reserve's latest household survey found that 20% of U.S. adults performed gig activities in the prior month. Participation is highest among groups for whom flexibility matters most: 30% of students, 26% of adults aged 18-29, 26% of parents with young children, and 24% of Hispanic adults.<sup>14</sup>

And this is not reluctant participation. McKinsey's research has found that independent workers who choose their status report higher satisfaction than traditional employees on 12 of 14 work-life dimensions, including engagement, autonomy, and control over their schedules.<sup>15</sup>

## **A Route to Entrepreneurship**

But here's something that rarely gets mentioned. App-based work is quietly one of the most powerful on-ramps to entrepreneurship in the American economy.

A study from Rice University found a 7% to 12% increase in entrepreneurial interest after the arrival of rideshare platforms in a community, attributed to the safety net that app-based work provides while people pursue their goals.<sup>16</sup>

Another recent study of U.S. tax records found that app-based workers start new companies at more than three times the rate of the general working-age population. Independent work builds experience, capital, and the flexibility to launch a business on your own schedule.<sup>17</sup>

That same research shows the payoff is real and sustained. Gig-economy founders experience income that is 3.2% higher one year after starting their businesses, rising to 13.1% higher after three years, relative to other entrepreneurs. About three-quarters of this entrepreneurial effect comes from first-time founders. And the firms these individuals create are significantly larger at inception: 23% higher in revenue and 39% higher in employee count compared to firms founded by those without gig experience.<sup>18</sup>

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<sup>14</sup> Ibid.

<sup>15</sup> McKinsey Global Institute, "Independent work: Choice, necessity, and the gig economy" (Oct. 2016)

<sup>16</sup> Rice University, "Access to gig economy may spur small business creation, study finds" (Jan. 31, 2022), available at

<https://news.rice.edu/news/2022/access-gig-economy-may-spur-small-business-creation-study-finds>.

<sup>17</sup> Matthew R. Denes, Spyridon Lagaras, and Margarita Tsoutsoura, "Entrepreneurship and the Gig Economy: Evidence from U.S. Tax Returns," NBER Bulletin on Entrepreneurship (2025), available at <https://www.nber.org/be/20252/gig-economy-and-entrepreneurship>.

<sup>18</sup> Ibid.



And it's opening doors for people who've historically been locked out of entrepreneurship – younger workers, lower-income earners, veterans, parents with kids at home. The average gig-worker founder is 38 years old, and the businesses they build generate nearly 40% higher gross profits in their first year than those started by the broader population.<sup>19</sup>

So, when someone drives through Uber, delivers through DoorDash or shops with Instacart, they may not just be making ends meet. They may be building toward the next great American small business.

### **How Policymakers Can Help**

Despite all of this, our nation's policies remain rooted around a single, full-time, 9-to-5 job. Too often, the go-to response is retraining programs that funnel workers into specific, pre-defined jobs. This is an approach that assumes a kind of stability that no longer reflects how people actually work today.

The modern labor market is defined by constant change. Workers – especially younger ones – understand this. Last year, more than half of younger Americans earned money outside their primary job. App-based platforms fit naturally into that reality.

So what do we ask of policymakers? Reflect reality.

There is encouraging progress on this front. On behalf of the app-based industry and its millions of independent workers, we thank Congress for including app-based earners in the proposed “No Tax on Tips” initiative. This legislation champions American workers by ensuring they retain more of their income while maintaining transparency and accountability.

The Flex Association also applauds the Department of Labor’s decision to propose a commonsense, pro-worker classification framework. This proposal helps preserve the flexible independent work model that underpins the app-based economy and the services millions of Americans and businesses rely on daily.

Platforms are vital infrastructure for consumers, small businesses, workers who need flexible income to weather uncertainty, and who may be tomorrow's entrepreneurs. Protect that flexibility. Don't shoehorn independent workers into traditional employment against their wishes and strip away the autonomy they've chosen.

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<sup>19</sup> Ibid.



And go further. The Small Business Administration should examine how conflicting definitions of independent contractor status create compliance costs and legal confusion and bring those standards into alignment. An annual index tracking how regulatory changes affect gig worker participation and income stability would make visible the real costs of inconsistent policy. And an SBA-led education initiative on taxes, business formation, and income strategies would treat these workers as what they already are: small business owners.

The nature of work is changing, but the need for security and opportunity has not. If we want an economy that works for today's workers, we should strengthen the systems that people are already relying on to earn income and reach their goals.

App-based work is one of them. Thank you.