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Household Workers - What is Right?

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Household Workers — What is Right?

Private household workers are the country's lowest-paid employees. In 1993, their average full-time weekly earnings were a princely \$187. Recognition of their labor market powerlessness to provide for old-age or periods of unemployment or disability led Congress to extend social security coverage to them.

If those who are rich enough to deem scrubbing their own bathrooms beneath their dignity are also too cheap to pay the employment taxes all other employers pay, they should launch a campaign to abolish social security coverage for workers whose income is only one-fiftieth of their own. Instead of proposing this embarrassing agenda, however, domestic employers hire lawyers to help them pretend that the most dependent workers alive are really self-employed businesswomen.

In his eagerness to save clients money, the author of "Household Workers: A Tax Primer, Part I" (May 1994, p. 498) ignores the consequences for domestic workers. If the IRS accepts the preposterous claim of household employers that they are not employers, their domestic workers become ineligible for unemployment compensation. Next, the workers may be hit with a notice from the IRS that they are self-employed and owe both shares of the FICA tax and interest and penalties. In the best case, after the employer has made the workers battle with the IRS for years, the workers will pay the employee's share. And who pays the employer's share? Either the rest of the taxpayers or nobody — in which case the solvency of the social security trust fund is undermined.

Why should the safety net for the poorest workers be shredded to subsidize rich people's housecleaning?

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