

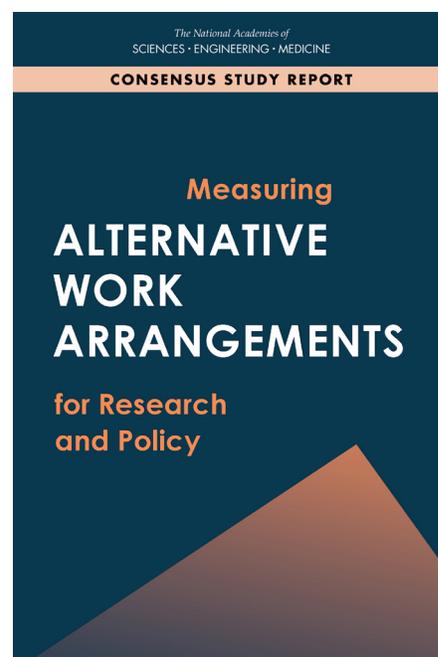


Measuring Alternative Work Arrangements for Research and Policy

Over the last few decades, significant, and in some ways unpredictable, shifts in business structures, employment relationships, job characteristics, and worker outcomes have occurred in the United States. The way people work, who they choose to work for, and how they are paid is rapidly changing, as reflected by the increase in the number of people engaging in alternative work arrangements (AWAs). AWAs include independent contractor and other non-employee jobs, as well as work through intermediaries such as temporary help agencies and other contract companies. Currently, data to fully assess the role of AWAs in the workforce are limited; as a result, policy makers and researchers are struggling to understand the implications of this shift. An important tool with the potential to more fully characterize today's workforce trends is the Bureau of Labor Statistics' (BLS) Contingent Worker Supplement (CWS), of the Current Population Survey (CPS). First administered in 1995, the CWS was developed to measure aspects of the employment relationship, focusing on whether people's jobs were temporary or contingent, and thus less secure.

Although much has changed since the first CWS was fielded, its original objectives are still relevant today. However, as the economy evolves, the CWS must be periodically reexamined. To address this need, the BLS asked the National Academies of Sciences, Engineering, and Medicine to develop recommendations to help guide the agency in its continued efforts to improve and modernize the CWS. The National Academies appointed a committee with expertise in labor economics, statistics, sociology, survey methodology, and public policy to undertake this task.

The committee's report, *Measuring Alternative Work Arrangements for Research and Policy* (2020), argues that modifications to the survey are needed to keep pace with today's policy and research needs. The report recommends specific modifications to the CWS to better capture nonstandard work performed by respondents, particularly those who work in jobs with unpredictable schedules, and about why people engage in AWA. The report also provides information about other data sources that may be used to help fill information gaps and complement the CWS.



SURVEY SCOPE: THE UNIVERSE OF WORKERS AND TYPES OF WORK COVERED

The CWS collects information about the main job of respondents who report having worked during the survey reference period (the previous week). By design, it does not capture work that generates income not reported in response to core CPS employment questions. Evidence suggests that AWAs are often held sporadically, which means much work will be missed with a survey that is limited to a one-week reference period. Additionally, secondary work activities, which often take the form of AWAs, can be important in supplementing household income. To address these issues, the panel recommends adding two screener questions to capture main and secondary work over a longer time horizon (e.g., one month) for those who did not report work or secondary employment on CPS. Screener questions may also capture work not reported in basic CPS, which is also likely to be AWA. Respondents would first be asked if they did anything for pay (to supplement income) beyond what they have already reported for their main job.

It would be desirable to ask respondents the full battery of CWS questions about all secondary jobs held either during the reference week or during the longer one-month time frame. At a minimum, the committee recommends that the CWS collect information on selected characteristics of the secondary job such as: whether the job is a self-employment or independent contractor arrangement, hours and earnings, hours variability, and the main reason for holding the second job. If not already collected in the basic CPS, information on industry and occupation also should be collected. Importantly, implementation of the new questions proposed for the CWS will require extensive cognitive testing to determine the optimal reference period and wording to solicit responses about work that was not reported by respondents in the main CPS. To minimize potential disruptions to the CPS of adding follow-up probing questions such as those described above, tests can be run on outgoing rotation groups to see how much additional employment is being picked up.

JOB TYPES: CATEGORIES OF ALTERNATIVE WORK ARRANGEMENTS

The CWS sorts the main job held by respondents into one of several categories:

- Temporary agency worker
- Contract company worker
- Independent contractor
- Employee, not in an alternative work arrangement, or
- Self-employed, not an independent contractor.

The critical distinction for policy is whether a worker is an employee or self-employment/non-employee arrangement, as the latter is not typically covered by social insurance programs; often employment and labor laws also do not apply in the same way. Research evidence (from other surveys and administrative tax data) raises concerns that CWS estimates of independent contractor work understates prevalence. For example, a person working primarily for one organization may not think of themselves as obtaining customers in the same way as, say, a self-employed business owner might. To address this, the panel recommends that questions pertaining to independent contractors use a broad concept to better capture those in nonemployee arrangements who are not business owners with significant capital investments. This would include those in informal paid work arrangements, as well as web platform jobs.

It is critical for policy purposes that the BLS endeavor to capture all significant work activity in order to address one of the profound policy questions about modern employment—how people are piecing together income. Toward this end, BLS has recently prioritized measurement of web platform work. Because this type of employment is perceived to be growing, there is a strong research and policy interest in tracking it. Among other things, the panel recommends that questions about platform work do not try to distinguish between those that are capital-based and those that are labor-based. Rather, the panel

suggests that respondents be asked to provide the name of the platform, and then BLS (or researchers using the data) could classify the type of work as appropriate to the context.

JOB CHARACTERISTICS: PREDICTABILITY, STABILITY, AND SECURITY

A primary focus of the CWS has been to capture information on workers' job security—for example, whether a worker's job is temporary or expected to last for a limited time—factors that may contribute to earnings insecurity. To more fully capture data on earnings insecurity, the committee recommends probing more deeply into the characteristics of work performed by respondents.

Variable or unpredictable hours, as with contingency, is a source of earnings instability. While the current CWS only collects information about on-call arrangements, research evidence points to a high prevalence of work schedules characterized by variable, unpredictable hours. As evidenced by recent city ordinances governing notice of workers' schedules, this is an issue of high policy salience. To address this, the panel recommends that the CWS continue to ask about on-call work, but collect the information as a job characteristic, not a label (“on-call worker”).

For respondents who are employees, the committee recommends that the CWS inquire about the following aspects of their work:

- Usual hours worked and hours worked last week (on primary and secondary jobs);
- Schedule autonomy—who determines the schedule, the employer or the worker?
- Schedule predictability—whether the schedule is generally the same from week-to-week or, if it varies, how much notice the worker typically receives;
- The amount by which weekly hours vary; and
- Whether a worker must be available if called.

EARNINGS, BENEFITS, AND MOTIVATION INFORMATION FOR AWAS

The positive relationship between people's earnings and their well-being is obvious. Much attention has been given to the flat earnings growth experienced by workers over recent decades and the negative economic, health, and social impacts this has had on families. But how this trend relates to changing work arrangements and the expansion of AWAs is not fully understood, nor are their potential ripple effects on conditions in standard employment settings.

Additionally, given the employer-delivered nature of many benefits in the United States, AWA workers are in some cases disadvantaged with respect to retirement plans, medical care plans, and other benefits. The possible link between AWAs on the one hand and wages and access to critical benefits on the other is of high policy interest. The onset of a global pandemic has underscored the need for increased awareness of the economic vulnerabilities present in the labor market. Because understanding the relationship between specific work arrangements and worker outcomes is a key goal of the CWS, the survey should continue to collect information on workers' earnings and benefits.

Additionally, preferences regarding work arrangements are important. The current CWS asks temporary workers, temporary agency workers, on-call workers, day laborers, and self-employed/independent contractors whether they would prefer a “non-contingent” job arrangement. While this information is valuable, it is also difficult to interpret. To address this, the committee recommends that BLS ask questions on job satisfaction for all workers. The agency should also continue to ask about reasons for working in selected alternative work arrangements but should consider moving away from field coding the responses and instead provide a preset list of reasons and ask respondents to identify the most important. For those with a second job or work activity, BLS should ask about their motivations for holding multiple jobs. To make room in the CWS for the above additions to the survey, the committee identified areas where the

current CWS could be streamlined, including certain questions in the survey about temporary help agency work and respondents' job history, which have proven less useful and where the quality of the resultant data is uncertain.

THE ROLE OF MULTIPLE DATA SOURCES IN MEASURING ALTERNATIVE WORK ARRANGEMENTS

The committee also assessed data sources beyond the CWS that can contribute to knowledge about AWAs, noting that no single data source can fully inform key research and policy questions. Nonsurvey data can shed light on the range of jobs from which individuals and households earn income. For example, commercial financial accounts data capture information on income, spending, and liquid assets on a high-frequency basis. Administrative data can also be useful, improving the overall efficiency of data programs, and in some cases, could be used to replace survey data. Tax records, for example, capture payments by organizations to unincorporated individuals for nonemployee services; and tax data based on individual returns have generated evidence of significant numbers of workers combining employee and self-employment income. Ultimately, the capacity to improve understanding around AWAs will be influenced by how effectively multiple data sources can be drawn from and combined.

COMMITTEE ON CONTINGENT WORK AND ALTERNATIVE WORK ARRANGEMENTS

SUSAN N. HOUSEMAN (*Chair*), W.E. Upjohn Institute for Employment Research, Kalamazoo, Michigan; **KATHARINE G. ABRAHAM**, University of Maryland, College Park; **ANNETTE BERNHARDT**, University of California, Berkeley; **JENNIFER DYKEMA**, University of Wisconsin–Madison; **DIANA FARRELL**, JPMorgan Chase Institute, Washington, DC; **ARNE L. KALLEBERG**, University of North Carolina at Chapel Hill; **KRISTEN M. OLSON**, University of Nebraska–Lincoln; **BARBARA J. ROBLES**, Federal Reserve Board, Washington, DC; **MICHAEL R. STRAIN**, American Enterprise Institute, Washington, DC; **DAVID WEIL**, Brandeis University; **CHRISTOPHER MACKIE**, *Study Director*; **ANTHONY S. MANN**, *Program Associate*; **FIONA GREIG**, *Consultant*.

For More Information . . . This Consensus Study Report Highlights was prepared by the Committee on National Statistics based on the Consensus Study Report, *Measuring Alternative Work Arrangements for Research and Policy* (2020). The study was sponsored by the U.S. Department of Labor, Bureau of Labor Statistics. Any opinions, findings, conclusions, or recommendations expressed in this publication do not necessarily reflect the views of any organization or agency that provided support for the project. Copies of the Consensus Study Report are available from the National Academies Press, (800) 624-6242; <https://nap.edu>.

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