

# MAKING THE GIG ECONOMY WORK\*

\*FOR EVERYONE

*Some Strategies to Reduce Precarity for Contingent Workers*

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# WHAT IS THE GIG ECONOMY?

- Formerly known as:
  - “flexible employment” (Carnoy et al., 1997; Peck and Theodore, 2007)
  - “contingent workers” (Polivka and Nardone, 1989)
  - ”non-standard work arrangements” (Polivka, 1996)
  - “peripheral workers” (Adler and Adler, 2004)
- And more recently...
  - The “sharing economy”
  - The ”gig economy”
  - “On-demand workers”, “digital labour markets”, etc. (Codagnone, Abadie and Biagi, 2016)



## SOME KEY CHARACTERISTICS

- **All Alternative Work Arrangements 40.4%**
  - Agency temps: (1.3%)
  - On-call workers: (3.5%)
  - Contract company workers (3.0%)
  - Independent contractors (12.9%)
  - Self-employed workers (3.3%)
  - Standard part-time workers (16.2%)
- Lack of job security
- Unpredictable work hours
- Lack of access to benefits typical of traditional work arrangements

(From U.S. Government Accountability Office, 2015)

(From Liu and Kolenda, 2012)



# RESULTS FROM RECENT POLLS & SURVEYS

- NPR/Marist Poll
  - December 2017
- Pew Research Center Survey
  - July/August 2016 & November/December 2015
- Katz & Krueger's RAND-Princeton Contingent Worker Survey
  - October/November 2015



# NPR/MARIST POLL



- Key findings:
  - 20% of all American workers are contract workers
  - Part-time & contract workers lag well behind full-time workers in receiving benefits
  - 51% of contract workers don't receive employer benefits
  - 49% of contract workers have income that variable incomes
  - 65% of contract workers are male, and 62% are under 45.
  - 66% of part-time workers prefer their arrangement

(From “Freelanced: The Rise of the Contract Workforce”, NPR, 2018)

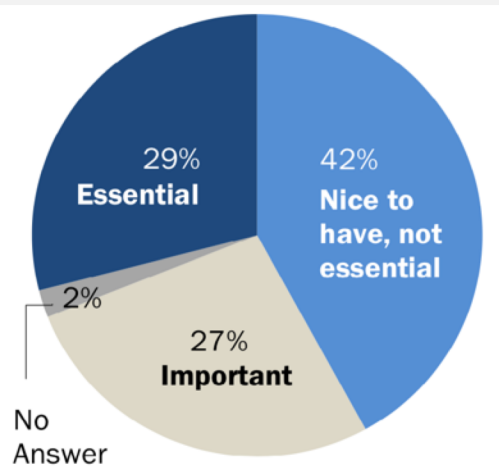


# PEW RESEARCH CENTER SURVEY

- Pew Research Center Survey on “Gig Work, Online Selling and Home Sharing”

- Findings included:

- 8% of Americans have earned money from an online ‘gig’ platform in the last year
- **Nearly one-in-three digital gig workers say the income they earn is essential to meeting their basic needs**
- Young adults and non-whites are especially likely to have earned money from online gig platforms in the last year
- ~25% of digitally enabled gig workers are students; fewer than half are employed full time
- Another 1/3 said that they have performed work on these platforms for which they were not paid



Pew Research Center



# RAND-PRINCETON CWS SURVEY

- Key findings:
  - "alternative work arrangements" (freelancers, contractors, on-call workers and temp agency workers) grew from 10.1% in 2005 to 15.8% in 2015
  - 94% of net jobs created from 2005 to 2015 were these sorts of impermanent jobs
  - Worker Satisfaction with their arrangement:
    - Majorities of contract and part-time workers prefer their arrangement,
    - Only a slight majority of on-call workers would prefer this to a job with regularly scheduled hours, and
    - A large majority of temp workers would prefer a permanent job.

(From Katz & Krueger, 2016)



# WHAT'S WORKING?

- 84% of independent contractors prefer “gig” work (Katz & Krueger, 2016)
- 66% of part-time workers prefer that to full-time work (NPR Marist Poll, 2018)
- Some positives:
  - Flexibility on work hours
  - Work at home (or anywhere)
  - Being one's own boss
  - Diversity of work and clients (keeps it interesting)

(Some of these are summarized from the NPR series "the rise of the contract workers", 2018)





## ... AND WHAT'S NOT WORKING?

- **No** employer health insurance
- **No** unemployment compensation or wage insurance
- **No** minimum wage
- **Few** workplace legal protections (overtime, wage theft, etc.)
- **No** employer contributions to Social Security or retirement savings
- **No** schedule consistency
- **No** income based student loan repayment
- **No** sick days, family leave & vacation

***The vast majority of temporary workers, and large minorities of other gig workers, would prefer a permanent job (Katz & Krueger, 2016)***



# SOME POLICY IMPLEMENTATIONS

Examples from New York, Canada & the EU



# SOME POLICY OPTIONS

- Portable benefits programs (state & federal)
- Workers' Compensation Insurance (e.g., Black Car Fund in NY)
- Independent worker/dependent contractor legal classification (e.g., Canada)
- Facilitate worker cooperatives (e.g., SMart in EU)
- Allow organized labor unions (e.g., the Freelancers Union)
- Other ideas
  - Universal basic income
  - Increase minimum wage and/or apply it to contract/platform work
  - Wage insurance or loans (look at farmers as a model)
  - Revise income-based repayment of student loans



# ASPEN INSTITUTE'S PORTABLE BENEFITS PROPOSALS

<http://www.aspeninstitute.org>



THE ASPEN INSTITUTE

- Recommendations include:
  - Creating “Benefit Innovation Zones”
  - Creating a “Portable Benefits Innovation Challenge” fund
  - Developing partnerships between localities & portable benefits providers
  - Creating local advisory councils to better address gig economy workers
- The *Portable Benefits for Independent Workers Pilot Program Act* (Warner-DelBene) – (introduced May 2017)
  - “...establishes a \$20 million grant fund...to incentivize states, localities and nonprofit organizations to experiment with portable benefits models for the independent workforce.”
- New Jersey & Washington are considering similar measures



# THE BLACK CAR FUND (NEW YORK STATE)

<http://www.nybcf.org>



- A non-profit created in 1999 by NY statute
- 300 member organizations & 70,000 affiliated drivers
- Funded by 2.5% surcharge added to the passenger's fare
- Services include:
  - Background Checks
  - Safe Driving Programs
  - First Responder Training
  - AMBER Alert Response
  - Workers' Compensation Insurance
  - Driver Death Benefit

Could this concept be expanded to offer additional services (e.g., health insurance, retirement savings, etc.)



# “DEPENDENT CONTRACTOR” / “INDEPENDENT WORKER” CLASSIFICATIONS

- Some countries have a hybrid category of workers, between “independent contractor” and “employee” (from Cherry & Aloisi, 2016)
  - Includes Canada, Italy, and Spain
- Problem
  - The category must be broad enough to include vulnerable small businesses and tradespeople (e.g., Canada)
  - Italy saw companies overuse the hybrid category for employees, while
  - Spain’s law was so burdensome that few have adopted the new category



# SMART (IN THE EU)

<http://smart-eu.org>

**SMart**eu

- Started in Belgium in 1998
- Now 85.000 members in 9 European countries:
  - Belgium, France, Spain, Sweden, Italy, The Netherlands, Germany, Austria & Hungary
- Services include:
  - Project management software
  - Insurance for work accidents, theft abroad, civil liability, etc.
  - Billing & debt collection
  - Mutual Guarantee Fund to ensure payment within a few days of their work
  - Assistance in securing financing & office space
  - Advice & research



# FREELANCERS UNION

<http://www.freelancersunion.org/>



- Freelancers Union was founded by Sara Horowitz in 1995
- Freelancers Insurance Company launched in 2008
- >350,000 US independent contractors
- Services include:
  - **Benefits** such as health, dental, term life, disability, and liability insurance
  - **SPARK**, local freelance hubs in over 20 cities
  - **Advocacy** for policy change
- **Not** collective bargaining, etc.





# UNIVERSAL BASIC INCOME

ONTARIO



- Endorsed by Mark Zuckerberg, Richard Branson, Elon Musk & Sam Altman

*“50 years from now, I think it will seem ridiculous that we used fear of not being able to eat as a way to motivate people. I also think that it’s impossible to truly have equality of opportunity without some version of guaranteed income.” - **Sam Altman, Y Combinator***
- Oh, and also this guy...

*“I’m now convinced that the simplest approach will prove to be the most effective—the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income.”*  
- **Martin Luther King, Jr.**
- The Stockton (CA) Economic Empowerment Demonstration (SEED) is a public-private initiative providing direct, unconditional cash transfers to a select number of residents over several years
- Ontario is already implementing a UBI pilot program, & Scotland, France, & the Netherlands are also exploring the concept
- GiveDirectly, a nonprofit, is currently doing basic income experiments in Kenya



Combinator

GiveDirectly

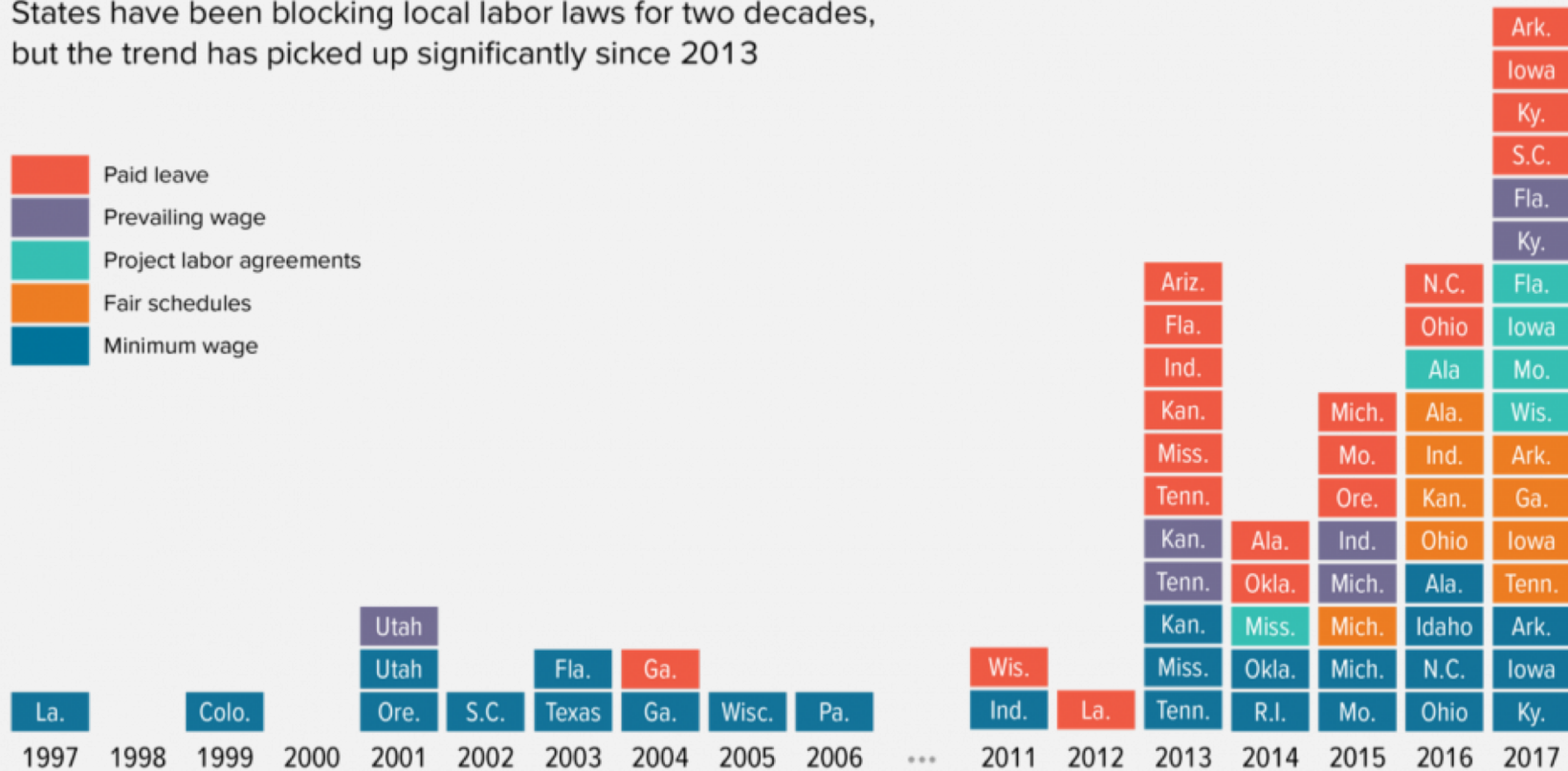
## SOME CHALLENGES

- Lack of federal and/or state programs or funding
  - Current policies of federal government and many states
- Preemption by states (and federal)
  - In addition to not helping, higher level governments are actively
  - Many cases of states preventing municipalities from raising min. wage, fair scheduling, etc.
    - Living Wage Mandate Preemption Act proposed by ALEC created in 2002



# PREEMPTION OF LOCAL LABOR LAWS 1997-2017

States have been blocking local labor laws for two decades,  
but the trend has picked up significantly since 2013



Source: EPI analysis of preemption laws in all 50 states



## ADDITIONAL RESEARCH

- Further analysis of what's working and what's not in the examples discussed
- Find more examples of ways to address the issues of the gig worker
- Awaiting results from BLS Contingent Workers Survey from May 2017



QUESTIONS?

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