Making the Gig Economy Work*

*For Everyone

Some Strategies to Reduce Precarity for Contingent Workers

Ric Kolenda, Ph.D.
DePaul University School of Public Service
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
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)
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
ASPEH INSTITUTE’S PORTABLE BENEFITS PROPOSALS
http://www.aspeninstitute.org

- 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.)
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

- 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 was founded by Sara Horowitz in 1995.
>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

• 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
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
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?

Ric Kolenda, Ph.D.
DePaul University, Chicago IL
rkolenda@depaul.edu
http://kolenda.com