

Number of Contingent Workers Inches Higher, DOL Survey Finds

By Suellen Oswald & Ted Kazaglis

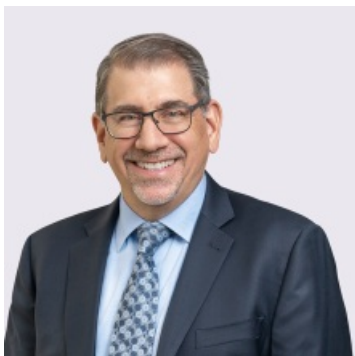
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The Department of Labor (DOL) has confirmed the gig economy is alive and well, but the number of workers has increased only slightly in the past decade. The DOL released its much-anticipated “Contingent and Alternative Employment Arrangements Survey” report on June 7, 2018.

The number of U.S. workers classified as “contingent” (including those in the gig economy) increased from 5.7 million to 5.9 million, according to the report. However, the percentage of the workforce made up of contingent workers decreased to 3.8 percent, from 4.1 percent in 2005.

[The Contingent and Alternative Employment Arrangements Survey](#) defines contingent workers as those who do not expect their jobs to last, or who reported that their jobs are temporary. The new figures reflect data collected in May 2017 by the Bureau of Labor Statistics (BLS), an agency of the DOL. The report does not cover answers to questions BLS asked to identify individuals who find work through mobile apps or websites. Those results will be released in a follow-up report.

Prior to the release of the 2017 data, the most recent previous BLS data on this segment of the workforce was from a 2005 survey. In 2005, such companies as Lyft, Instacart, and Care.com were not yet in existence. The latest data shows the presence of such services has not resulted in a severe increase in the overall number of contingent workers.

Nevertheless, the report shows that contingent workers continue to have a steady presence in the overall employment picture.

The report also confirms that independent contractors remain a presence in the workplace, with 10.6 million in the United States, representing 6.9 percent of total employment. The percentage of the workforce classified as independent contractors is down slightly from 2005, when 7.4 percent of workers were independent contractors.

However, contractors and employers continue to be satisfied with the arrangement, particularly popular with millennials and baby boomers who have decided not to seek or continue regular, full-time employment in order to have flexibility in hours, workload, and location of work. The report found that the vast majority (79 percent) of independent contractors prefer their arrangements to traditional jobs; fewer than one in ten would prefer traditional employment.

The implications for the growing number of contingent workers and independent contractors for employers are vast. Employers may want to revisit staffing logistics, assess risk related to wage-and-hour laws, re-evaluate benefits, reclassify workers as employees or independent contractors, and even implement creative employee-relations solutions in “workplaces” where people are less likely to work together in the same physical space or for extended periods. For example, at the ride-sharing company Lyft,

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drivers in the contingent workforce are not employees, but are provided with an [array of discounts](#) that Lyft calls a “treasure trove of perks and discounts.”

Contingent workers are more likely to work in occupations classified as “professional and related occupations” or “construction and extraction” than are non-contingent workers. The same was true in 2005.

The new data also shows consistency in the industries that employ contingent workers. Approximately one-third of contingent workers are employed in the education and health services industries, and contingent workers were more likely than non-contingent workers to be employed in the agriculture and construction industries. Similarly, in 2005, contingent workers were more likely to hold jobs in the education, health services, and construction industries.

The new report shows that median pay for full-time contingent workers is \$685 per week. In February 2005, full-time contingent workers made \$488 weekly, unadjusted for inflation. The new survey results show an ongoing gap between median wages for contingent and non-contingent workers, with contingent workers making 77 percent of wages earned by non-contingent workers. BLS attributes the difference to the demographics of contingent workers, who are, on the whole, younger, more likely to be students, and more likely to hold lower-paying jobs than their non-contingent counterparts.

Contingent workers are more likely than they were in 2005 to have employer-provided health insurance, but less likely than non-contingent workers. Just one-fourth of contingent workers have employer-provided health insurance, compared with half of non-contingent workers. In 2005, approximately 18 percent of contingent workers were covered by employer-provided health insurance. The issue of insurance coverage is on the radar of state legislatures and Congress, where legislation has been introduced to extend health insurance opportunities to contingent workers through “portable benefits.”

Please contact a Jackson Lewis attorney to discuss these and other developments.

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