

Measuring Non-Standard and Informal Employment in the United States Using Bureau of Labor Statistics Data

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The concept of informal employment is not particularly applicable to the United States. Most U.S. workers are required to pay taxes on their employment earnings and most employers make payments for social insurance expenditures, both legally required and contractual. BLS has conceptualized and measured non-standard employment arrangements, and a number of workers in these arrangements might be considered as within the concept of informality. However, non-standard arrangements are not necessarily precarious and unstable, they can pay relatively high wages, and such workers may be covered by employer sponsored benefit programs. Data on non-standard working arrangements are collected in several BLS surveys, and no one survey covers the entire spectrum of these arrangements. Consequently, data vary according to source, frequency, and reliability, and some non-standard arrangements overlap with others. There are also a number of measurement issues involved in this arena that affect data quality.

In the following Brief, we first discuss the conceptualization of non-standard work arrangements, defining standard work arrangements quite narrowly and non-standard arrangements quite broadly. We include a brief discussion of conceptualization of informal work arrangements. Then we proceed to define each of 12 non-standard arrangements, including data on the magnitude and trends in each arrangement. Data are cited for both sexes only, but data are also available broken down by sex for most of these arrangements. We include discussion of some measurement issues, and we conclude with a note about measurements that are mutually exclusive.

1. Conceptualization of Non-Standard Work Arrangements

In the mid 1980's a concern arose in the U.S. that there had been a fundamental shift in employer-employee relationships. Although at the time most studies indicated that there had been no change in U.S. workers' job tenure, it was thought that employers had shifted away from long-term stable employment relationships to contingent, just in time employment; and from directly hiring workers, to obtaining workers through employment intermediaries. To address the concern that U.S. employment had become more "precarious", in 1989 BLS developed the following conceptual definition of contingent work: *Contingent work is any job in which an individual does not have an explicit or implicit contract for long-term employment, or an employment arrangement in which the minimum number of hours worked vary in a non-systematic manner.*

In 1995 BLS operationalized this definition by asking a series of questions in a supplement to the Current Population Survey—the monthly household survey sponsored by BLS from which U.S. labor force estimates are derived. In addition, the supplement also contained questions to identify workers in several alternative (on-call workers and independent contractors) or intermediated work arrangements (temporary help agency

¹ Prepared for a WIEGO, Kennedy School of Government, Harvard University Workshop on "Measuring Informal Employment in Developed Countries, Oct31-November 1, 2008.

workers, and contract company workers). Workers in these arrangements were identified separately on the theory that to a certain extent these arrangements represented a weakening of the employer-employee relationships with a potential shift in responsibility for worker safety, conditions of employment, tax payments and unemployment insurance liability. In addition, the hours individuals in these arrangements work could vary in a non-systematic or unpredictable manner. By design, the measurement of contingency overlapped with the measurement of workers in alternative or intermediated relationships. However, not all workers in an alternative or intermediated work arrangement were contingent or vice versa.

Although BLS's focus was primarily on the strength of the employment relationship and job security, many analysts have been interested in various other aspects of employment arrangements. Correspondingly, what is considered a non-standard or atypical work arrangement has varied greatly among analysts -- with some definitions being quite expansive. Consequently, for the purpose of this Brief to accommodate various interests and to more clearly illustrate available data, along with its strength and weaknesses, we will define a standard work arrangement quite narrowly and non-standard work arrangements quite broadly. Specifically, we will consider a standard work arrangement only to be those arrangements where a worker is directly hired by an employer, to work full time, for an indefinite time period (directly hired, full-time, non-temporary, wage and salary workers), and non-standard work arrangements as all other work arrangements. Under this rubric we consider the following to be non-standard:

- Part-time workers who work part time for economic reasons
- Part-time workers who work part time for non-economic reasons
- Self-employed workers who are incorporated
- Self-employed workers who are unincorporated
- Independent contractors (primarily a subset of the self-employed)
- Unpaid family workers
- Temporary help services workers
- Leased employees (Professional Employee Organization workers)
- Contracted out workers (except temporary help and leased workers)
- On-call workers
- Day laborers
- Direct hire temporary workers

It should be noted at the outset that not all of these non-standard work arrangements are "precarious" with regard to job tenure, the rate of pay received, or participation in employer sponsored benefit programs such as pension and health insurance programs. Further, there are other dimensions of work about which BLS has information that are not identified by these non-standard work arrangements. For example, information is available on the time of day or week during which individuals work, flexibility in the work schedule, variation in the place of work, and the number of jobs individuals hold simultaneously along with the hours multiple job holders work on each job.

Finally, this more expansive definition should not be considered an official BLS definition. BLS does collect data from which estimates of all of the non-standard arrangements outline above can be estimated (except contracted out workers for which only a subset can be estimated). However, sources of the data (household surveys,

establishment surveys, or both) and frequency of data collection (monthly, quarterly or periodically) varies. Further, since it has not been BLS's objective to obtain a total count of the number of workers in non-standard work arrangements using the above taxonomy, BLS does not publish estimates for all of the categories discussed above. BLS only publishes estimates of the number of contingent workers, part-time workers (both economic and non-economic), temporary help service workers, independent contractors, contract company workers (a subset of contracted out workers), leased employees, self-employed workers (both incorporated and unincorporated) independent contractors and on-call workers. In constructing these estimates, BLS does not, by and large, make any attempt to eliminate overlap in the measurements nor are all of the measures available with the same frequency. In addition, for some of the non-standard work arrangements data are available from more than one BLS survey.

2. Conceptualization of Informal Work Arrangements

In the United States most employment arrangements can be unilaterally severed by the employer (employers have "employment at will"). At the same time most workers are covered by worker's compensation laws and are required to pay taxes on their employment earnings, although the party liable for these payments can vary and sometimes is open to interpretation. Consequently, the concept of "informal" employment is not particularly applicable to the United States.

With the minor exceptions of unpaid family workers, and a periodic measurement of day laborers, BLS makes no attempt to distinguish informal employment from other types of employment in any of its comprehensive surveys. The National Longitudinal Survey of Youth, however, has asked individuals who were between the ages of 15 and 18 between 1995 and 2001, whether they were engaged in any casual or irregular employment throughout the year, in addition to asking about whether these individuals worked for an employer or were self employed. For those who were this age between 1995 and 2001, the NLS indicates 46.4% engages in this type of freelance employment at some point, while 40.2% worked at a more standard employer type job. The estimates indicate that during this time period the freelance type job was the only type of employment for 28.9% of these teenagers.

3. Measurement of Non-standard Work Arrangements

As alluded to earlier, BLS data available on the non-standard work arrangements identified above varies in terms of source, currency, frequency, and reliability. The source of the data, trends over time, and a comparison of estimates when data are available from more than one source will be discussed below for each of the non-standard work arrangements outlined above. The three data sources discussed most frequently will be (1) the Current Population Survey (CPS) -- a household survey of 60,000 households sponsored by BLS that collects information on the labor force status, demographics and job related information of approximately 110,000 individuals age 16 and older each month; (2) the Current Employment Statistics program (CES) -- an establishment survey of approximately 160,000 businesses and government agencies conducted by State employment security agencies in cooperation with BLS that collects detailed industry data on employment, average hours, and average earning of workers on nonfarm payrolls for approximately 400,000 individual worksites each month; and (3) the

Contingent Worker Supplement – a supplement to the CPS that was asked in February of 1995, 1997, 1999, 2001, and 2005.

3a. Part-time Employment

Part-time for Economic Reasons

In the CPS individuals are asked every month how many hours they usually work per week and how many hours they actually worked during the reference week (the week containing the 12th of the month). Individuals who worked from 1 to 34 hours during the reference week are asked the reason why they worked less than 35 hours. Two groups of individuals are classified as part time for economic reasons—individuals who usually work full time (35 or more hours a week) who actually worked less than 35 hours during the reference week for an economic reason, and individuals who usually work part time for an economic reason who also want to and are available to work full time. Economic reasons for working part time include unfavorable business conditions, inability to find full time work, and seasonal declines in demand.

The seasonally adjusted number of people who are working part time for an economic reason is published every month. In September 2008 6,055 thousand individuals worked part time for an economic reason which represented 4.2% of those who were employed in September (seasonally adjusted). Examination of annual averages from 1994 to 2007 (Graph 1) seems to indicate that the proportion of employed who work part time for an economic reason is cyclically sensitive -- increasing in conjunction with a rise in the unemployment rate. This cyclical nature also is observed in the monthly estimates. From March 2007 when the seasonally adjusted unemployment rate was 4.4% -- the most recent trough in the seasonally adjusted unemployment rate -- to September 2008 when the unemployment rate was 6.1%, the proportion of employed who worked part time for an economic reason increased from 2.9% to 4.2%.

Part-time for Non-Economic reasons

Individuals who usually work less than 34 hours a week for a non-economic reason are classified as part-time for a non-economic reason, as are those who usually work less than 35 hours for an economic reason, but said that they did not want to or were unavailable to work full time. In September, 2008 19,371 thousand individuals worked part time for a non-economic reason or approximately 13.3% of those who were employed (seasonally adjusted). The proportion of employed who worked part time for a non-economic reason has shown relatively little variation over time, ranging from 13.0% to 13.9% over the entire time period from January 1994 to September 2008. As can be seen by comparing the proportion of employed who work part time for economic reasons and the proportion who work part time for non-economic reasons, the majority of individuals who work part time in the U.S. do so voluntarily. Specifically, only 15.1% of those who usually worked part time (including both those who were at work and those who were temporarily absent during the reference week) in September 2008 indicated that they wanted to work more than 35 hours a week.

3b. Self-Employed Unincorporated and Incorporated

The CPS includes the self employed in its monthly measurement of employment. The monthly CPS also includes specific questions for those identified as self employed, including whether the self employed's business was incorporated, and for a sub sample of those whose business was not incorporated whether the self employed individual had any other employees working for him/her and if so the number of employees. Self-employed

are defined as those who work for profit or fees in their own business, profession, trade, or farm. BLS's published estimates only includes in the self employed category those whose business was not incorporated (self employed unincorporated). Self employed individuals whose businesses are incorporated (self employed incorporated) are included among wage and salary workers (except for the earnings estimates), on the grounds that the self employed incorporated are paid employees of their incorporated business. Since January 2000, however, unpublished monthly estimates of the self employed incorporated have been generated on an unseasonally adjusted bases. The self employed incorporated also were asked in the Contingent Worker Supplement if they had any other employees working for them, and if so how many.

The proportion of employed who are self-employed *unincorporated* generally has declined since the mid 1990's, decreasing from an annual average of 8.7% in 1994 to 7.1% in 2007. In February 2005, 17.1% of the self employed unincorporated had other employees working for them, and the average number of employees for those with others working for them was 6.1. Approximately 34% of the self employed unincorporated with employees had only one additional employee.

In 2007, the proportion of employed who were self employed *incorporated* was 3.9%. Since 1994, the proportion of self employed incorporated has remained within a relatively narrow range -- between 3.3% and 3.9% -- although it has followed a slight u-shaped path from 1994 through 2007. In February 2005 approximately 57% of the self employed incorporated had other employees working for them, and the average number of employees of the self employed incorporated for those with employees was 13.6. Approximately 10% of the self employed incorporated with employees had 24 or more people working for them, while approximately 12% only had one other employee working for them.

In 2007 the total number of self employed (both unincorporated and incorporated combined) was 16,149 thousand which represented about 11.1% of the total employment measured in the CPS in 2007. Although generally declining since 1994, the proportion of employed who were self employed showed a very slight tendency to follow a bath tub shape path --decreasing as a proportion of the employed up to the year 2000 and increasing thereafter.

Measuring the incorporation status of the self employed and the number of employees the self employed have working for them is an area that has presented some measurement challenges. These challenges include the advent of new legal arrangements such as limited liability corporations, and the collection of information in the CPS for all individuals in a household from one individual (proxy response) who may or may not be the self employed individual.

3c. Independent Contractors

The Contingent Worker supplement asks questions to identify independent contractors (those working as independent contractors, independent consultants or free-lance workers who obtain customers on their own to provide a product or service) regardless of whether they are identified as self employed or wage and salary workers in the monthly CPS. In February 2005, there were 10,342 thousand independent contractors which accounted for approximately 7.4% of the employed. Between February 1995 and February 2001, the proportion of the employed identified as independent contractors remained relatively constant --ranging from 6.3% to 6.7%. Between February 2001 and

February 2005, however, the proportion of the employed identified as independent contractors increased a percentage point from 6.4% to 7.4%. In February 2005, 87% of independent contractors were identified as self-employed in the main questionnaire, while 13% were identified as wage and salary workers. Conversely in February 2005 approximately 3 out of 5 (59.4%) of the self employed (both incorporated and unincorporated) were identified as independent contractors.

Some analysts and policy makers have suggested that independent contractors who also are wage and salary workers provides an indication of the number of employees of companies who are misclassified as independent contractors to avoid legal requirements. However, the wording of the questions does not allow this distinction to be drawn. Further, the industry distribution of independent contractors identified as wage and salary workers calls this assumption into question for at least some workers.

The two most common industries for independent contractors identified as wage and salary workers were: Other Services (19.9%) which includes Private Household workers who are automatically coded as wage and salary workers in the CPS in accord with IRS regulations (even if they identified themselves as self employed during the survey), and Financial Activities (18.7%) which includes the Real Estate industry. Some states require real estate agents to be classified as employees of a company for unemployment insurance taxes, and in general whether a real estate agent is considered self employed or an employee of a larger umbrella company can vary by company and method of compensation, and be somewhat unclear. Private Household workers alone constituted 12.8% of independent contractors who also were identified as wage and salary workers, while workers in the Real Estate industry constituted 14.6% of these independent contractors.

In contrast, the two most common industries for those independent contractors identified as self employed were: Construction (23.4% of self employed independent contractors), and Professional and business services which includes Management, scientific and technical consulting; Computer systems design; Landscaping; and Services to buildings (22.4% of self employed independent contractors).

The high proportion of independent contractors who also are self employed indicates that independent contractors are by and large a subset of the self employed. However, the relatively high proportion of the self employed who are not also identified as independent contracts (because for instance they are self employed as shop or restaurant owners) indicates that one would be amiss to classify all the self employed as independent contractors. Further, the industry distribution of independent contractors who are wage and salary workers, particularly the relatively high proportion who were involved in Financial Activities, illustrates some of the murkiness involved in distinguishing who are independent contractors and who are not, along with illustrating some of the difficulties in determining who actually is self employed.

3d. Unpaid Family Workers

In the CPS, unpaid family workers are defined as individuals who work without pay for 15 hours a week or more on a farm or in a business operated by a member of the household to whom they are related by birth or marriage (all other individuals who usually work at least an hour a week are classified as employed) . Unpaid family workers are identified in the CPS on a monthly basis, but they constitute quite a small proportion of the employed. In 2007, the average monthly number of unpaid family workers was

131 thousand. This represents 0.09% of the employed. From 1999 through 2007 the proportion of employed who were unpaid family workers was a tenth of a percent or less.

3e. Temporary Help Agencies Workers

Temporary Help Agencies (THA) workers are one of the most salient examples of workers in an intermediated or contracted out employment arrangement, and as such have garnered a great deal of attention. The most commonly cited estimates of THA workers are from the CES. In September 2008, it was estimated that there were 2,332 thousand Temporary Help Agencies jobs which represented approximately 1.7% of non-agricultural payroll (wage and salary) employment. Recently, the CES estimates of THA workers have displayed some cyclicity—moving fairly concurrently with the unemployment rate. For example, from March 2007 to September 2008, THA workers proportion of seasonally adjusted payroll employment decreased from 1.9% to 1.7% of non-agricultural payroll employment, while the seasonally adjusted unemployment rate increased from 4.4% to 6.1%.

Although the CES is the most commonly cited source for monthly estimates of THA workers, estimates also can be derived from the CPS through the information collected on the industry of individuals' primary and secondary jobs. A comparison of the CES 2007 annual estimates of the number of THA workers with the average monthly 2007 CPS estimates of the number of Employment Service workers (of which THA workers according to CES estimates constitute approximately 72%), indicates that the monthly CPS estimate is less than half of the CES estimate --1,081 thousand versus 2,605 thousand. (The CPS estimate of employment services is less than a third of the CES estimate. As is discussed more below the identification of leased employees, which constitute the bulk of the remainder of Employment Services workers in the CES, are difficult to identify and measure in the CPS). The proportional changes in the CPS estimates of Employment Service workers year to year also have tended to be less than the changes in the CES estimates of THA employment, although since 2001 the proportional changes have generally moved in the same direction. For example, the basic CPS annual estimate of Employment Service workers decreased 5.4% between 2001 and 2002, and increased 4.2% between 2004 and 2005, 6.1% between 2005 and 2006 and 0.4% between 2006 and 2007. The CES annual estimate of THA employment decreased 6.2% between 2001 and 2002 and increased 6.8% between 2004 and 2005, 3.5% between 2005 and 2006 and 1.2% between 2006 and 2007.

It is suspected that THA employment is underreported in the monthly CPS in part because respondents often report as their employers the client to whom they are assigned to work as opposed to the temporary help agency. In addition, the CES counts the number of jobs in the THA sector, while the CPS counts the number of individuals who are employed. Consequently, individuals who have more than one THA job or a second THA sector job will be counted twice in the CES (at least one in the THA sector); while in the CPS estimates these individuals generally will only be counted once.

The structure and wording of the industry questions in the CPS may to a certain extent encourage underreporting. Specifically, in the monthly CPS an individual's industry of employment is determined through the provision of the name of the employer for which an individual works and an inquiry about the industry of this employer. The inquiry about the industry also includes the following clarification that interviewers are instructed to read if necessary, "What do they make or do where you work?" This

instruction could prompt some THA workers to describe the activities at the place where they are assigned to work, and thus lead to a misclassification of their industry in the monthly CPS. In addition, other THA workers may be unclear about which name to provide as their employer, and provide the name of the client even without this clarifying instruction.

The wording of the question in the Contingent Worker Supplement was crafted to try to correct this underreporting in that individuals were asked whether they were *paid* by a temporary help agency. Estimates of the number THA workers and percentage of employed in the THA sector from the CWS are higher than those reported in the monthly CPS and thus are more similar to the CES estimates. The CES estimates for the share in temporary help employment, however, still are considerably larger than those derived from the CWS. Further, in February 2005 only about 54% of those classified as working in employment services in the monthly CPS were identified either as being paid by a temporary help agency or working as a contract company worker in the CWS. Although this estimate primarily provides further evidence of the difficulty of classifying workers into the employment sector in the monthly CPS, it also perhaps could be indicative of some measurement issues with the CWS question about temporary help agency workers.

3f. Leased Employees (Professional Employer Organization workers)

Typically in a leased employee arrangement a company transfers its workforce to a leasing or Professional Employer Organization company that assumes a company's human resource functions such as payroll processing, design and administration of employee benefits programs, payment of payroll tax withholding and unemployment insurance taxes, and administration of employment disability and workers' compensation programs. The PEO then "leases" the workers back to the client company. Employees of PEOs, usually are managed by the staff of the company that contracted with the PEO for services, but the PEO typically assumes many of the legal responsibilities for the employees who work at the client company's worksite. PEOs often have the status of co-employers with the client company. The IRS, however, considers the PEO to be the employer of record, and as such PEOs are liable to pay trust fund income and unemployment taxes.

Owing to their growth, PEOs, which had been grouped with temporary help employed services in the help supply services in the SIC industry codes, were broken out as a separate industry code in the NAICS. Starting in 2003, the CES began to publish estimates for PEOs separately (although estimates for PEOs separate from temporary help employment were project back for several years prior to 2003).

On an annual basis the CES indicates that there were approximately 692 thousand PEO jobs in 2007, which represents approximately 0.50 percent of the employment measured in the CES. CES estimates indicate that the proportion increased from 0.37% in 1995 to 0.64% in 2000. Since 2003, PEO employment as a proportion of CES employment has fallen slightly each year from 0.63% of employment in 2003 to 0.50% of employment in 2007.

Although the magnitude is not known, some of the decrease in PEO employment since 2003 may be attributable to the change in the treatment of PEO workers in the Quarterly Census of Employment and Wages (QCEW); the administrative data from which the CES sample is drawn and to which the CES estimates are benchmarked each year. The QCEW employment figures are derived from employers' quarterly reports to

the State Employment Security agencies. In these reports employers that are covered by state Unemployment Insurance filing rules provide their total UI covered employed for each month of the quarter. Under the Unemployment Insurance filing rules, several states require PEOs to report their clients' employment in separate unemployment insurance accounts and to assign the industry of the client to these accounts. Several other states require PEOs to file multiple worksite reports. Under this requirement, PEOs are requested to file a separate worksite report for each of its customers, providing the customers' employment and industry. In 2002, fourteen states required PEOs to report employment using a separate Unemployment Insurance accounts for its clients, and another twenty states required PEOs to file a separate worksite report for each of its customers. Both state requirements that PEOs report clients' employment in separate UI accounts or the use of multiple worksite reports should remove the clients' employment from the estimates of PEO employment and thus reduce the number of workers in the QCEW and correspondingly the CES estimates of PEO employment. Further, in combination with these state mandates, BLS staff has undertaken efforts in recent years to have PEOs report workers in their clients' industries. These efforts also may have reduced the estimated number of PEO workers. In 2002 the Bureau of the Census's Economic Census (which does not assign PEO employment to their clients) indicated that PEO employment constituted 1.5% of all wage and salary nonagricultural employment, compared to an estimate of 0.6% in the CES. (Although comparison of means across states with different reporting requirements indicates that these UI requirements can account for only some of the difference in QCEW and Economic Census estimates of PEO employment). Another issue with BLS's establishment measurement of the employment actually included in both PEO and temporary help agency sector is that industry to which these workers are assigned is not collected. A proposed supplement to the CES to collect some of this information has not been implemented due to a lack of funding.

BLS does not ask individuals to identify themselves as PEO or leased employees in any of its household surveys. An attempt was made to ask workers if they were leased employees in the original 1995 Contingent Worker Supplement. Monitoring of interviews and examination of the data indicated that leased employee relationships by and large were too transparent for respondents to report, and the concept caused confusion among respondents who were not in a leased employment relationship. Consequently, the question was removed from subsequent CWSs.

3g. Contracted Out Workers (except Temporary Help and Leased Employees)

Although temporary help agency and PEO workers are perhaps the most salient examples of workers who are in intermediated employment relationships, other types of companies also may provide workers or their services under contract to others. For example, companies may provide computer programmers, security guards, or cleaning staff to customers in lieu of these customers hiring these workers directly. Other companies may provide specialized IT services, accounting support, legal advice or advertising services.

Determining the exact boundary between what is and what is not an intermediated work relationship and what constitutes non-standard work across the wide variety of contractual arrangements can be difficult. The CWS implements a measurement that only captures workers who clearly are in an intermediated relationship—contract

company workers.² In the CWS, contract company workers are defined as “workers who are employed by a company that provides them or their services to others under contract and who are usually assigned to only one customer and usually work at the customer’s worksite”. The CWS includes specific follow-up questions for those who indicated that they work for a company that contracts out them or their services to determine whether they work at the customer’s worksite and if they usually are assigned to more than one customer.

Using the CWS definition of contract company workers, it was estimated that there were 813 thousand contract company workers in February 2005 which represented 0.6% of the employed. The proportion of the employed who worked as contract company workers did not show any trend from 1995 to 2005 when the five CWS surveys were conducted.

A supplement to the CES on employers use of temporary help agency workers, leased workers and other contract workers (self employed independent contractors and workers under long-term service contracts) was proposed and tested. Testing, (which included 30 exploratory interviews with potential respondents and 124 pretest, cognitive interviews with respondents), revealed, however, that collection of quality data about the number of other contract workers was not feasible. Data quality issues included confusion engendered in the term “contract” and the term “contractors” having multiple meanings; respondents being less likely to recall workers under long term contracts; and establishments frequently not having available records on their use of other contract workers. Given these findings it was decided that no question on the number of other contract workers would be included in the supplement. Instead establishments would only be asked a “yes/no” question about whether they had other contract work performed by another company during the pay period and if “yes” what type of work was contracted. Further, it was decided that responses to the other contracted work questions would not be used for analytical purposes, rather the question was only included in the survey form to assist respondents in completing the form. The CES supplement was never administered to the entire CES sample, due to the lack of funding.

3h. On-Call Workers

The Contingent Worker Supplement asks questions to identify on-call workers, defined as workers who are called to work only as needed, although they can be scheduled to work for several days or weeks in a row. Examples of on-call workers are substitute teachers, nurses, truck drivers, and construction workers hired through union hiring halls. In February 2005, there were 2,454 thousand individuals who worked on-call which represents 1.8% of those classified as employed by the CPS. There has been no trend in the proportion of employed working on-call in the five years when on-call workers were identified in the CWS. In February 1997 (and thereafter) a question was added to the supplement to clarify whether individuals who said that they worked on-call worked all of their hours on an on-call bases (for example substitute teachers), or whether they worked on-call hours in addition to their regularly scheduled hours. Only those who

² A discussion of trends in contracting out in general, and a more detailed discussion of the comparison of CWS and CES data on temporary agency and PEO workers can be found in Matthew Dey, Susan Houseman and Anne Polivka, “What Do We Know About Contracting Out in the United States?: Evidence from Household and Establishment Surveys,” prepared for the *CRIW Conference on Labor in the New Economy*, November, 2007.

worked on-call exclusively were classified as on-call workers. On-call workers disproportionately work part time compared to other workers. The BLS press release on contingent and alternative workers indicates that in February 2005 44.1% of on-call workers usually worked part time (less than 35 hours a week), compared to 16.9% of workers in traditional arrangements.

3i. Day Laborers

The Contingent Worker supplement includes a question to identify people as day laborers. Specifically, individuals are asked “Some people get work by waiting at a place where employers pick up people to work for a day. These people are sometimes called DAY LABORERS. Were you a DAY LABORER last week?” The estimate of the number of day laborers obtained through this question is only about 0.1% of the employed, and as such is too small to publish separately for a single month. It should be noted, that although all individuals residing at an address should be included in the CPS, to the degree that illegal immigrants are less likely to answer the survey or identify themselves as day laborers if they do respond, the CPS will understate day laborers. BLS does not separately identify day laborers in any other of its surveys or programs

3j. Direct Hire Temporaries

BLS does not publish an estimate of the number individuals hired directly by an employer for a short term, temporary job – direct hire temporaries. However, an estimate of the number of direct hire temporaries can be derived using responses to questions in the CWS. Specifically individuals can be classified as a direct hire temporary if they indicate that their jobs are temporary or that they cannot stay as long as they wish for any of the following reasons: they are working only until a specific project is completed, they are temporarily replacing another worker, they are hired for a fixed period of time, their job is seasonal, or they expect to work for less than a year because their job is temporary. These reasons for indicating that a person was temporary are included in the definition of a direct hire temporary to distinguish individuals who were in temporary jobs from those who, for personal reasons, were temporarily holding jobs that offered the opportunity of ongoing employment. For example college students working part time in fast food restaurants during their summer vacations might view these jobs as temporary, because they intend to leave them at the conclusion of the summer. The jobs themselves, however, would continue to be filled by other workers once these students left, and thus the jobs would not be temporary. In February 2005, if individuals employed as on-call workers, temporary help agency workers, independent contractors and contract company workers are allowed to take precedence, 2.1% of CPS workers were classified as direct hire temporaries or 2,918 thousand workers. The proportion of workers who were direct hire temporaries using this definition and excluding workers in the other noted arrangements, displayed a very slight downward trend between February 1995 when it was 2.8% and February 2005 when it was 2.1%.

4. Mutually Exclusive Measurement

As noted earlier, BLS does not publish estimates using the taxonomy outlined in the first section. Further, individuals who wish to generate estimates using the above taxonomy with BLS data need to take care to avoid double or triple counting workers,

since the categories can overlap. For example, in addition to being an on-call worker, an individual also could be working part time for an economic reason and could be a direct hire temporary worker.

Estimates of the number and proportion of employed in various non-standard arrangements using mutually exclusive categories can only be obtained from the Contingent Worker Supplement. In constructing these mutually exclusive categories, the small number of individuals classified as both on-call and contract company workers were classified as on-call workers; individuals were classified as direct hire temporaries only if they also were not on-call workers, independent contractors, agencies temporaries, or contract company workers; regular self employed included both those who were incorporated and those who were not incorporated and individuals were classified as part-time (either economic or non-economic) only if they were not in another non-standard arrangement and they actually worked during the reference week.

Table 1 which contains estimates from each of the CWS supplements using mutually exclusive categories indicates that 68.6% of those employed in February 2005 were regular full-time workers. The largest group of workers who might be considered in a non-standard work arrangement was those who were part time for non-economic (voluntary) reasons at 11.2% of those employed in February 2005, followed by independent contractors who constituted 7.4% of the employed.

Graph 1
Proportion of Employed in Various Arrangements and Unemployment Rate
Annual Averages, CPS Data

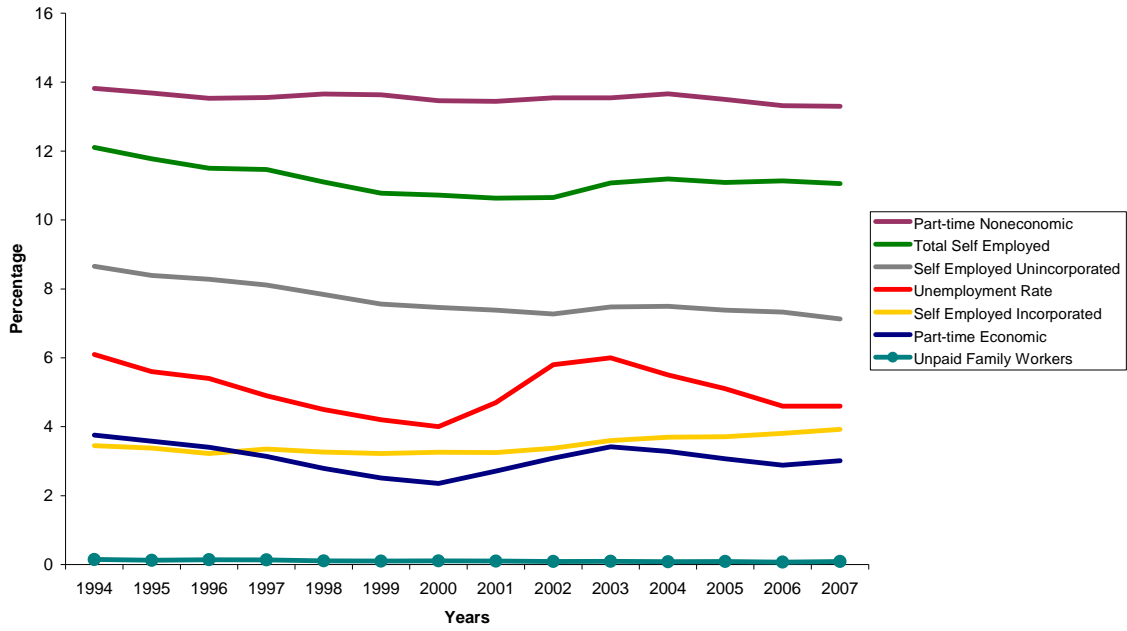


Table 1
 Proportion of Employed In Mutually Exclusive Arrangements
 Non-Seasonally Adjusted, February, Contingent Worker Supplement Data

Year	Type of Arrangement								
	Temporary Help Agency Workers	On-Call Workers	Independent Contractors	Contract Company Workers	Direct Hire Temporaries	Regular Self Employed	Economic Part time	Noneconomic Part time	Regular Full time
1995	0.96	1.69	6.74	0.48	2.75	5.89	2.68	11.14	67.10
1997	1.03	1.60	6.67	0.60	2.57	5.14	2.56	11.34	67.95
1999	0.90	1.71	6.27	0.53	2.45	4.78	1.97	11.42	69.45
2001	0.87	1.74	6.38	0.44	2.16	4.34	1.82	11.67	70.04
2005	0.86	2.00	7.44	0.55	2.14	4.41	2.26	11.22	68.61

Source: Contingent and Alternative Work Supplements to February CPSs

Note: The proportion of employed part time workers who were temporarily absent from their jobs are not displayed. The proportion was approximately 0.50% across all years.