



NOVEMBER 2018

## Workers In Alternative Employment Arrangements

**Karen Kosanovich**

A May 2017 survey collected information about workers who were in four alternative employment arrangements—people employed as independent contractors, on-call workers, temporary help agency workers, and workers provided by contract firms.

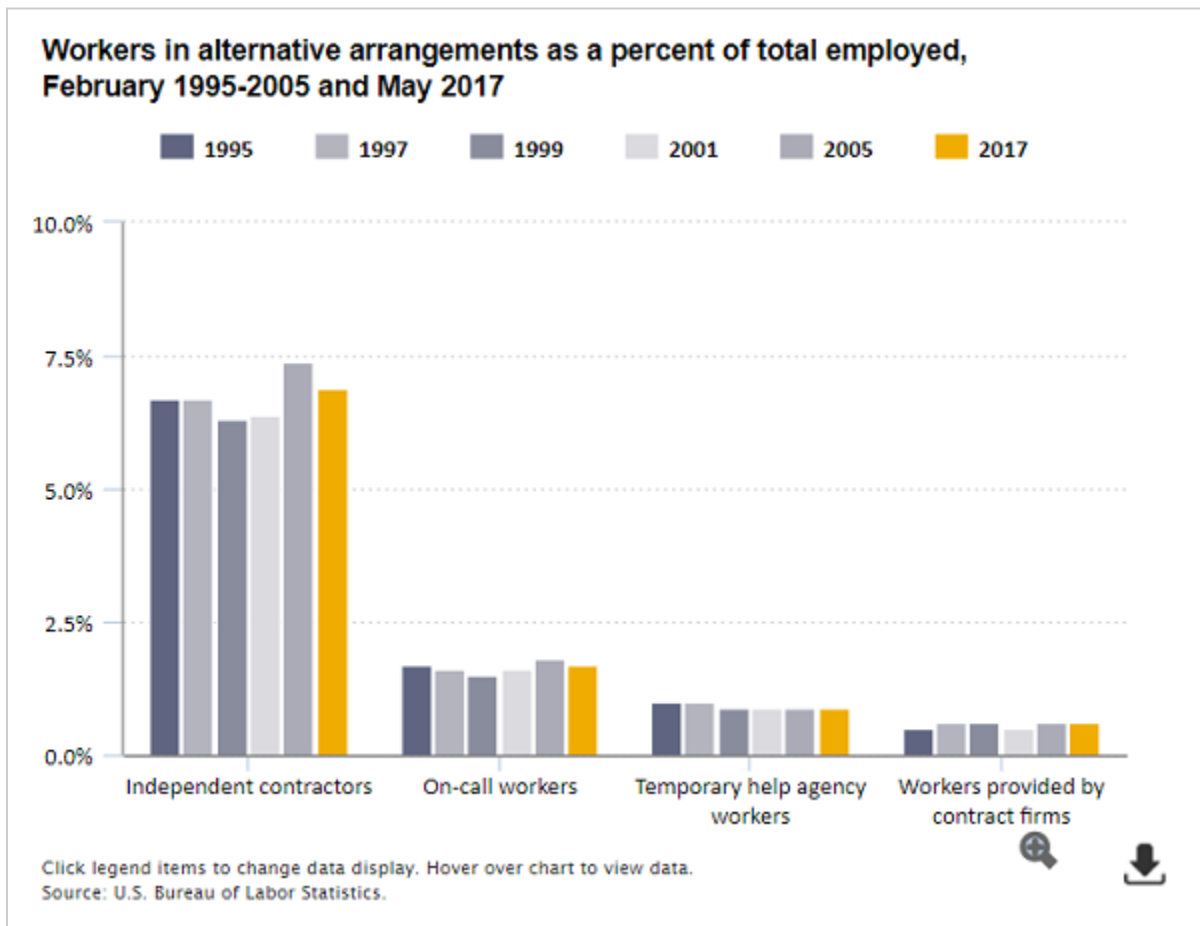
These data were collected in a special supplemental survey to the Current Population Survey, the monthly household survey that provides information on employment and unemployment in the United States. Information about alternative employment arrangements was collected in five previous surveys, each time in February.

Workers in the four groups continued to differ considerably from each other as well as from workers in traditional arrangements.

## Independent contractors remain the largest of alternative employment arrangements

Independent contractors remained the largest of the four alternative arrangements, with 10.6 million independent contractors making up 6.9 percent of total employment in May 2017. The second-largest category of alternative work arrangements was on-call workers, with 2.6 million people or 1.7 percent of total employment. Temporary help agency workers (1.4 million people) accounted for 0.9 percent of total employment, and workers provided by contract firms (933,000 people) made up 0.6 percent of total employment.

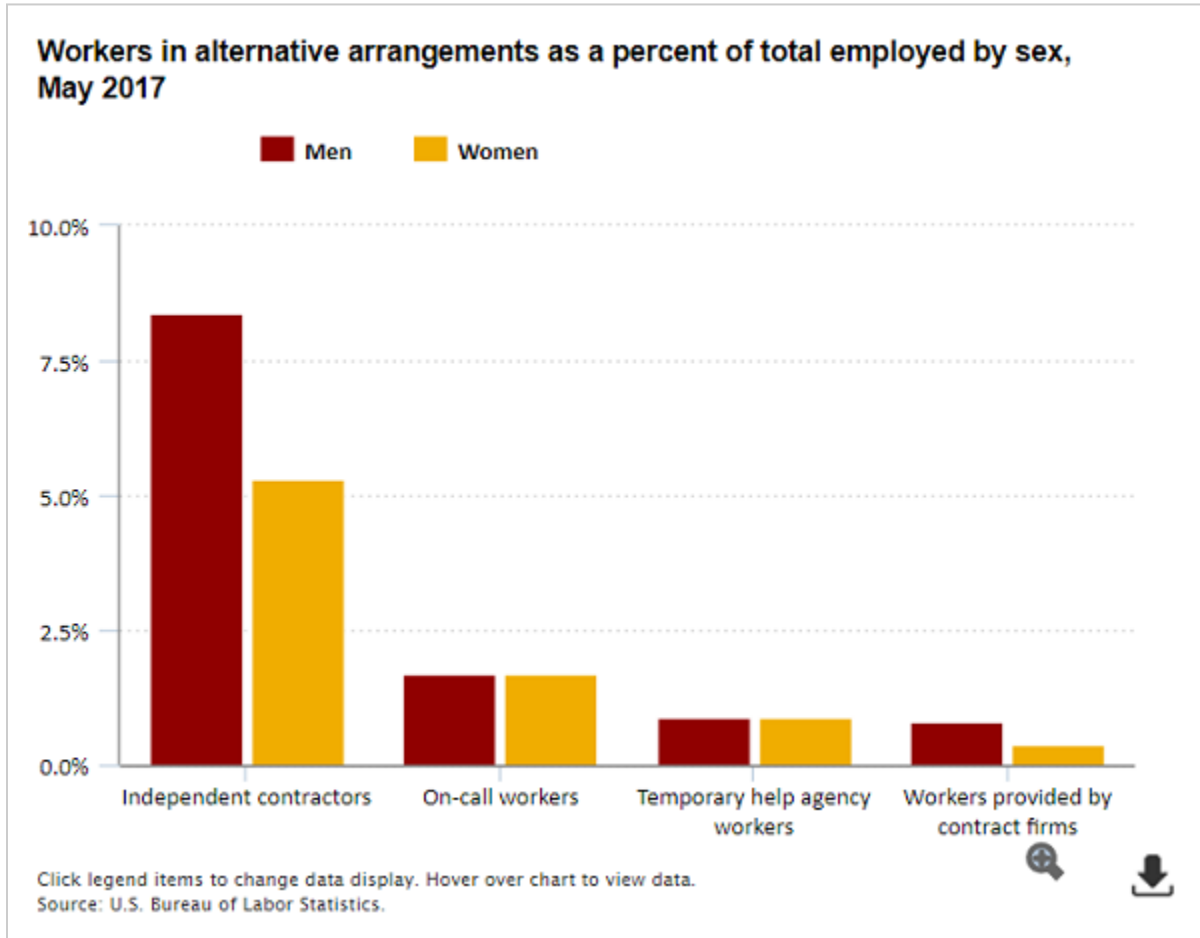
Compared with February 2005 (the last time the survey was conducted), the proportion of the employed who were independent contractors was lower in May 2017. The proportions employed in the other three alternative arrangements were little different.



## Men more likely than women to be independent contractors

As in past surveys, men were more likely than women to be independent contractors in May 2017 (8.4 percent and 5.3 percent, respectively).

Men were also more likely than women to be contract company workers. Men and women were equally likely to be on-call workers or temporary help agency workers in May 2017.



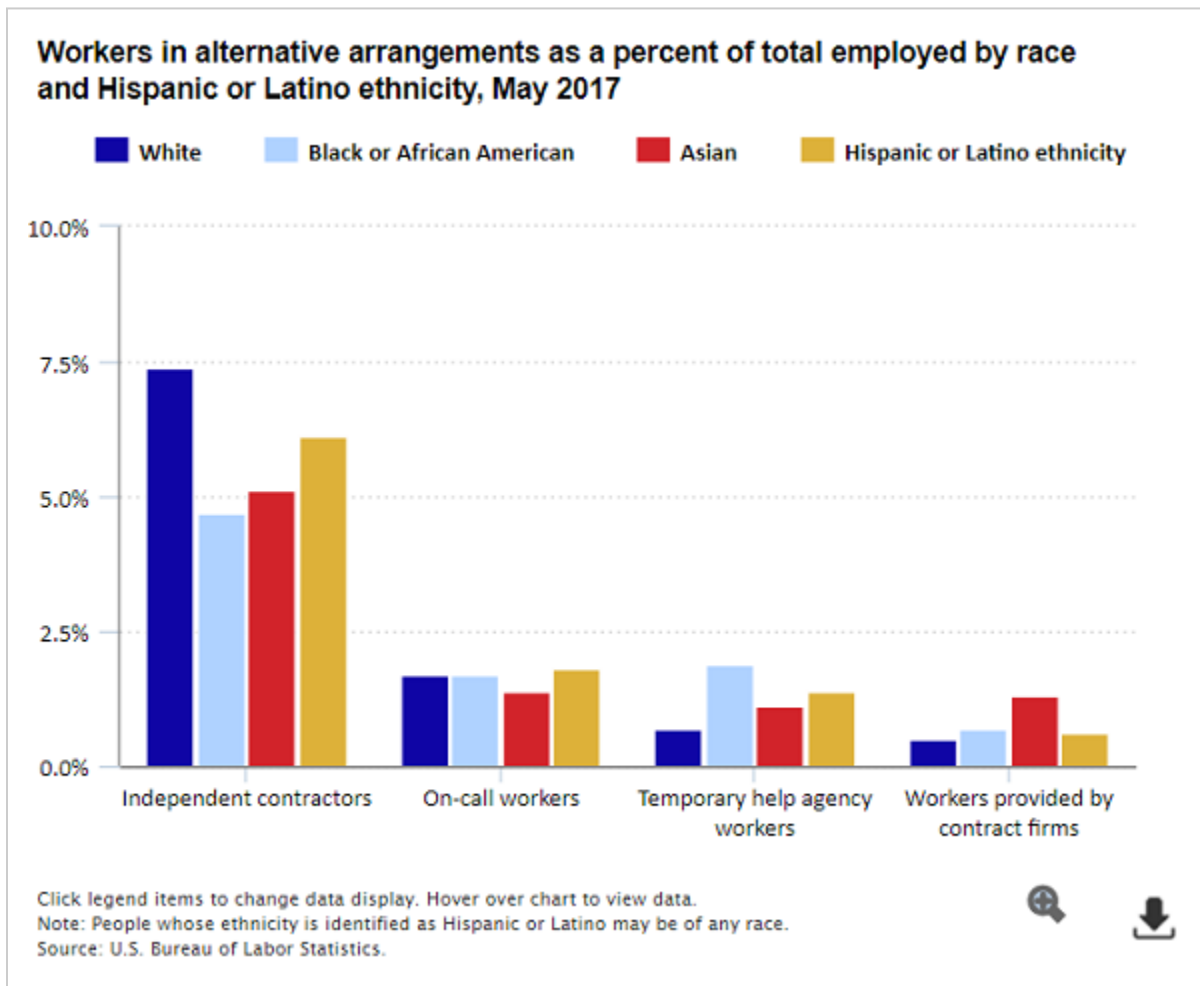
## Black workers most likely to work for temporary help agencies

White workers were more likely than Black, Asian, or Hispanic workers to be independent contractors in May 2017. This was also the case in prior surveys.

Black workers were slightly more likely than other workers to be temporary help agency workers in May 2017.

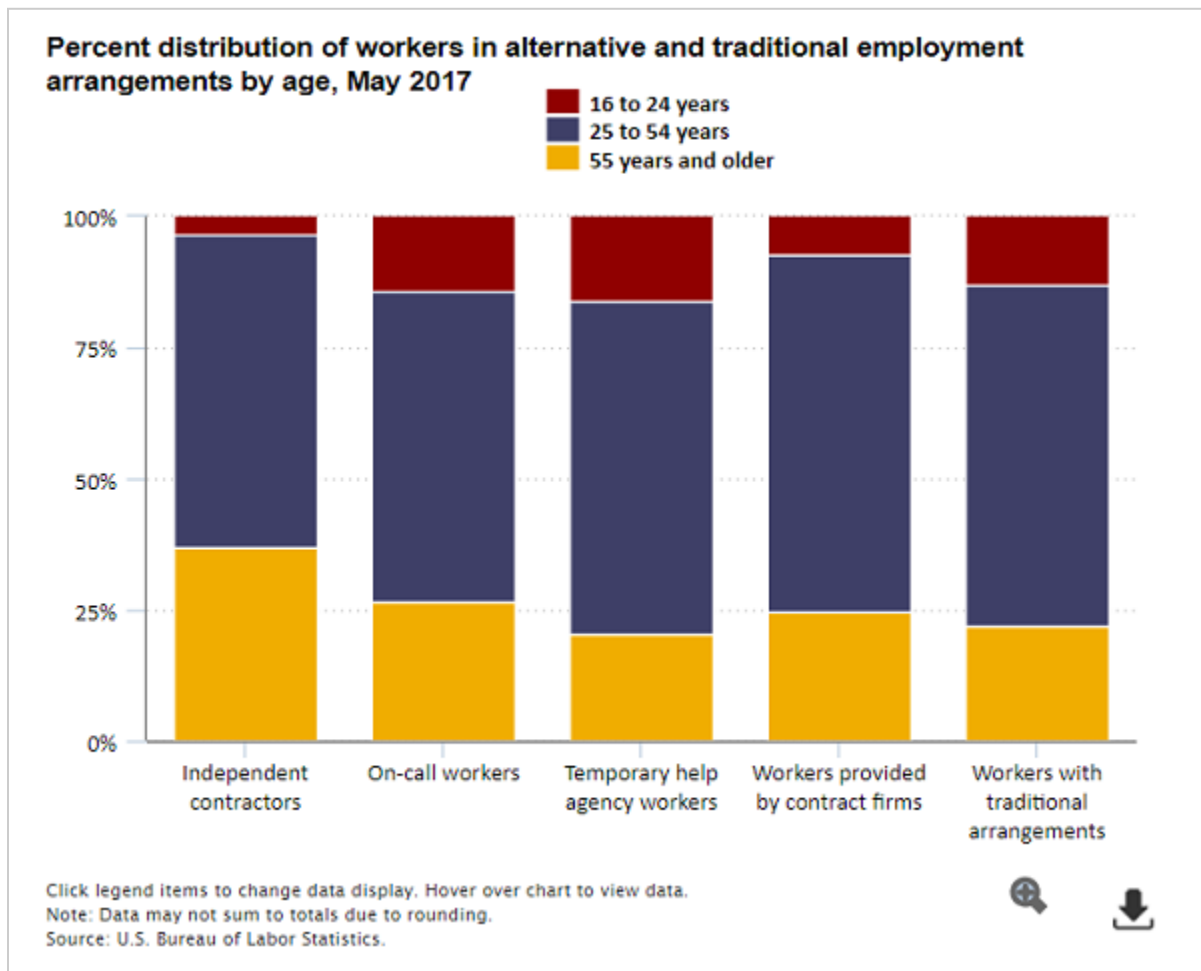
In May 2017, Asian workers were more likely than other groups to work for contract firms.

The likelihood of being an on-call worker did not vary by race or Hispanic ethnicity.



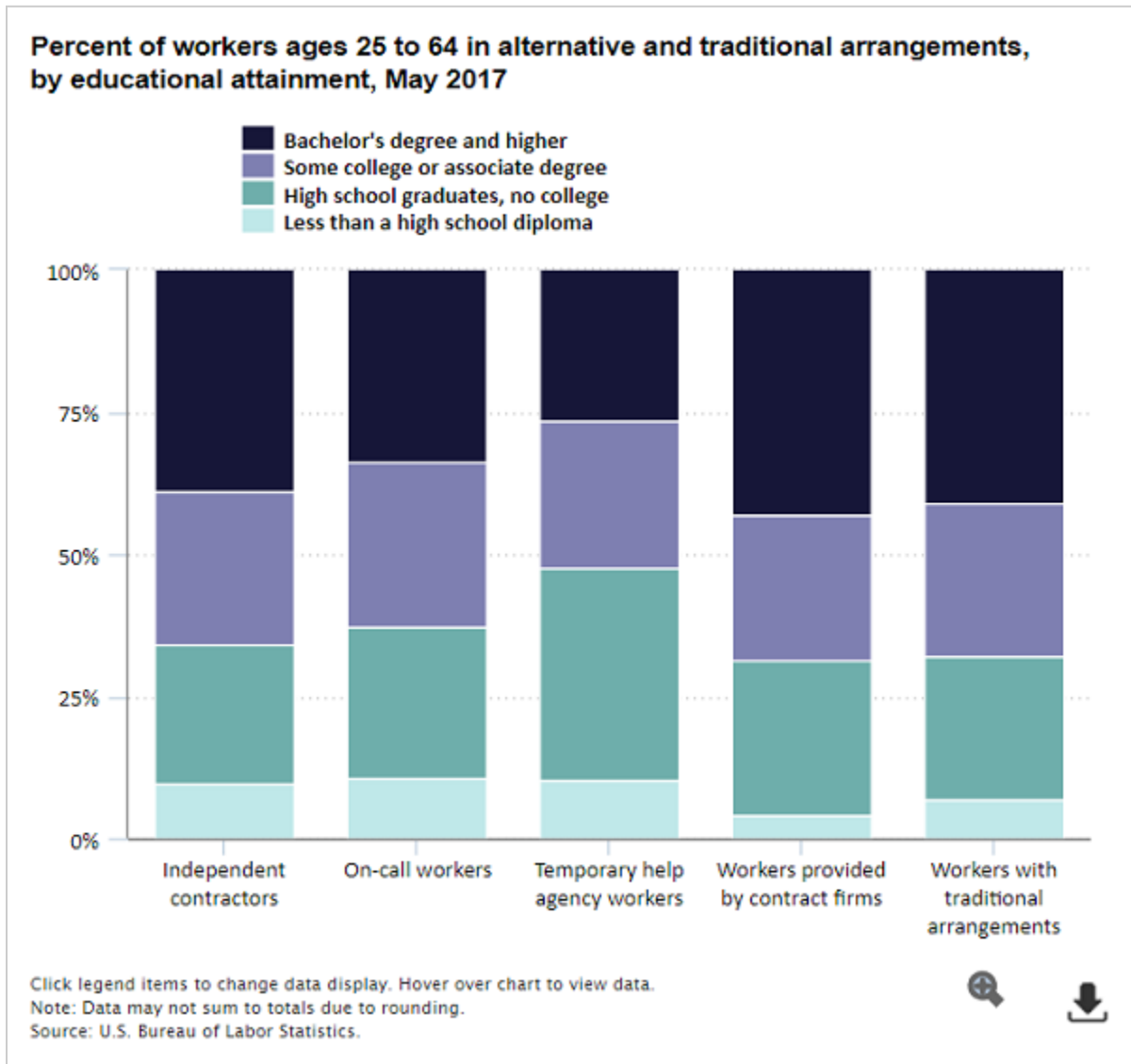
## Independent contractors tend to be older than other workers

In May 2017, independent contractors were generally older than workers in other alternative arrangements and in traditional work arrangements. This was similar to previous surveys. More than 1 in 3 independent contractors were age 55 or older in May 2017, compared with fewer than 1 in 4 workers in traditional arrangements. The likelihood of an employed person to be an independent contractors rises with age.



## Temporary help workers less likely to have attended college

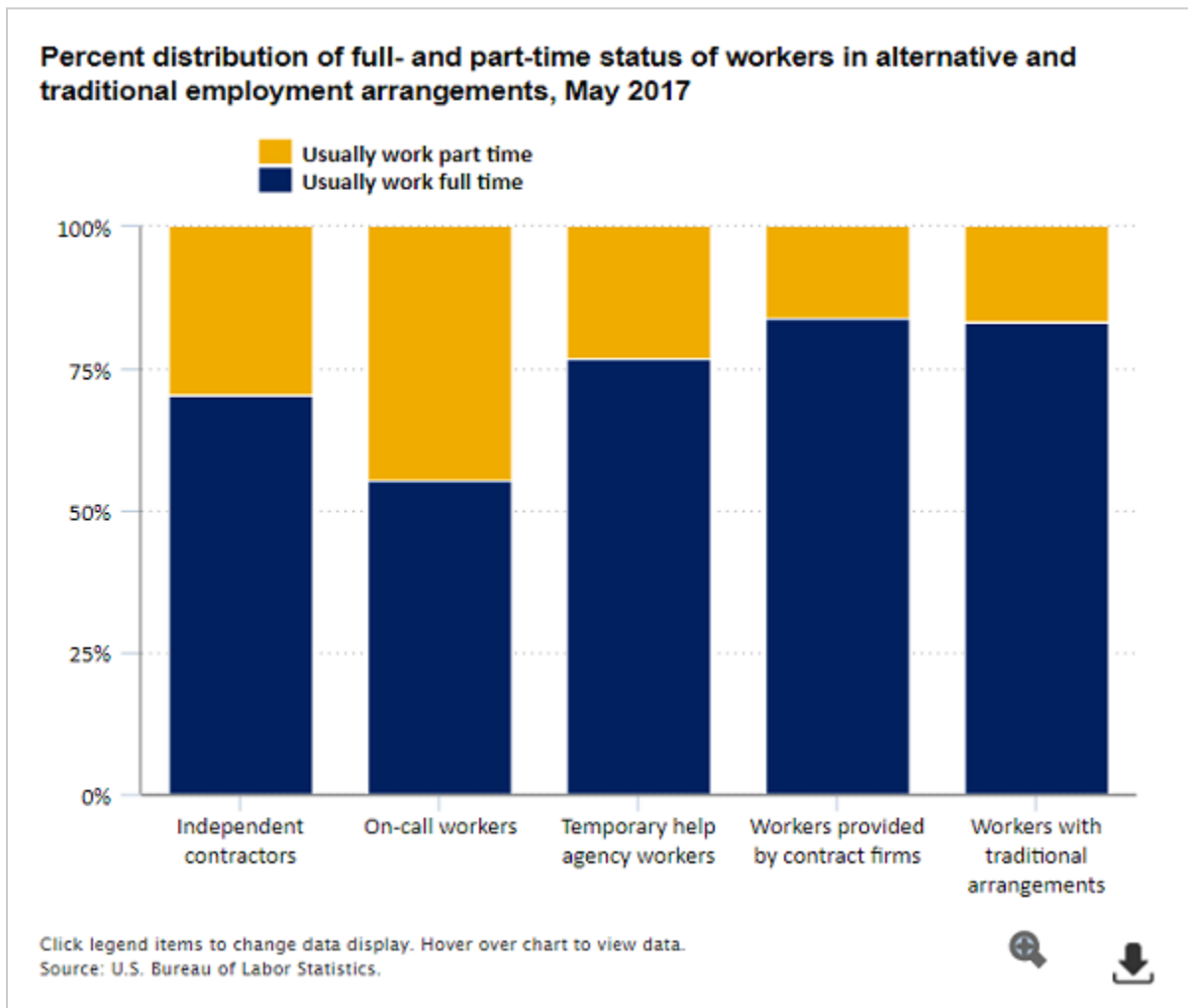
Temporary help agency workers ages 25 to 64 were less likely than traditional workers or workers in other arrangements to have attended college. About half of temporary help agency workers in May 2017 had completed at least one year of college. That compares with roughly two-thirds of workers in other alternative or traditional arrangements.



## On-call workers more likely to work part time than other workers

About 45 percent of on-call workers worked part time in May 2017, a much higher proportion than either traditional workers or workers in other alternative arrangements.

Roughly 1 in 3 independent contractors and 1 in 4 temporary help agency workers had a part-time schedule—slightly higher proportions than for workers provided by contract firms and traditional workers.



## Nearly 2 in 5 temporary help workers in production occupations

The large share of temporary help workers without college degrees is reflected in the occupational distribution of these workers. Temporary help agency workers in May 2017 were heavily concentrated in production, transportation, and material moving occupations. These occupations accounted for 39 percent of temporary help workers, compared with 12 percent of workers in traditional arrangements.

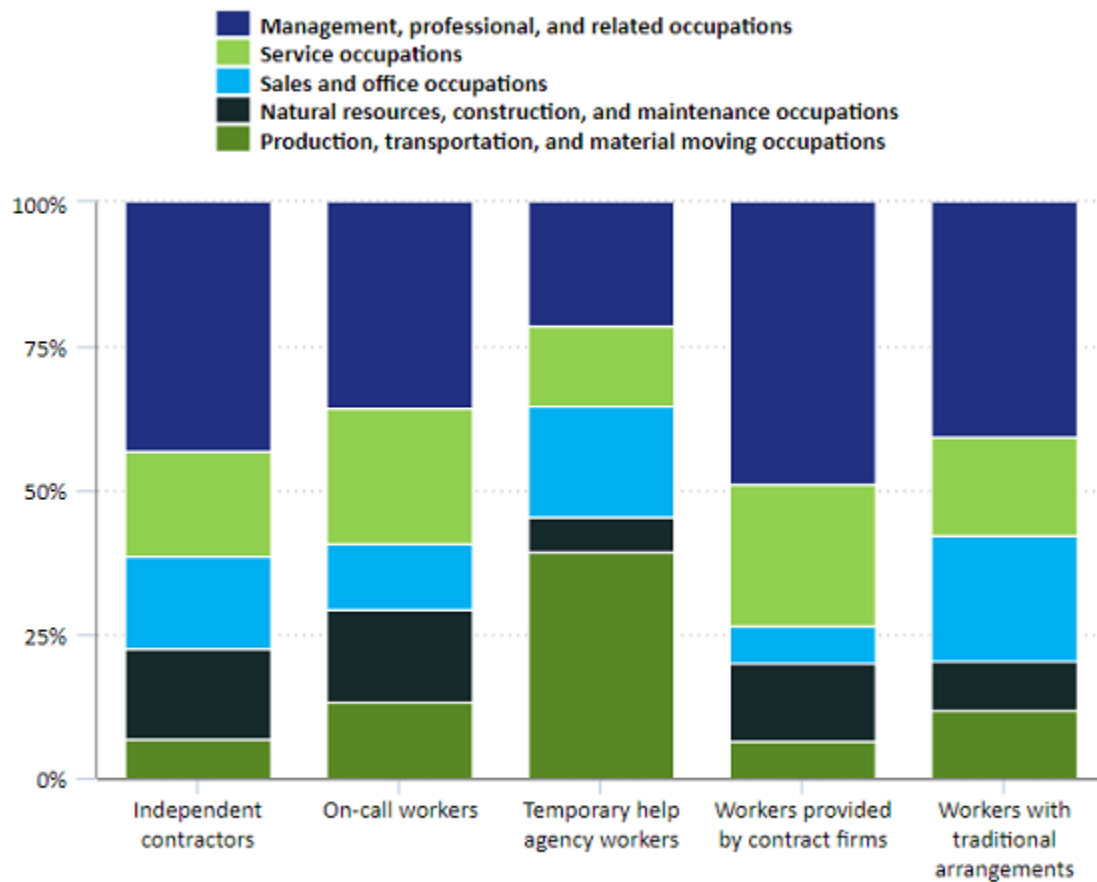
Compared with people in traditional arrangements, independent contractors were more likely to work in management, business, and financial operations occupations; sales and related occupations; and construction and extraction occupations.

On-call workers were more likely than those in traditional arrangements to work in professional and related occupations, service occupations, construction and extraction occupations, and transportation and material moving occupations.

In May 2017, more than one-third of contract company workers were in professional and related occupations and one-fourth were in service occupations. Computer professionals and security guards are common occupations for contract firm workers.



### Percent of workers in alternative and traditional arrangements, by occupation, May 2017



Click legend items to change data display. Hover over chart to view data.

Note: Data may not sum to totals due to rounding.

Source: U.S. Bureau of Labor Statistics.

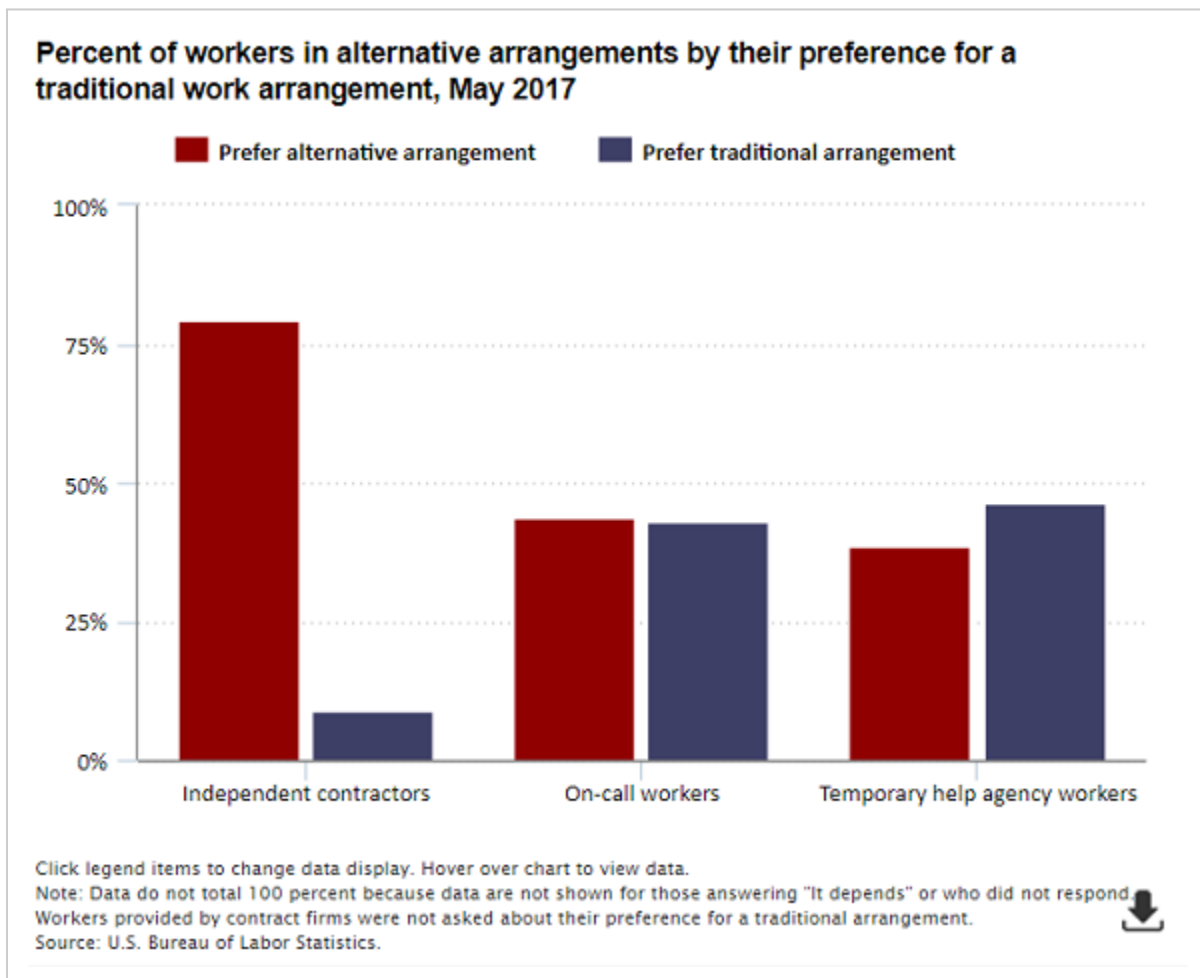


## Most independent contractors prefer current work arrangement

Independent contractors overwhelmingly favored their alternative employment arrangement (79 percent) to a traditional one (9 percent) in May 2017.

On-call workers and temporary help agency workers were more evenly split in their preferences. Among on-call workers, 43 percent would have preferred to work in a traditional arrangement, about the same percentage as preferred their alternative arrangement. In May 2017, 46 percent of temporary help agency workers would have preferred a traditional job, less than the 56 percent in February 2005.

Some people expressed no clear preference about their arrangement, answering “It depends” or not responding to the preference question. (These responses are not shown in the graph.) Workers provided by contract firms were not asked about their preference for a traditional arrangement.

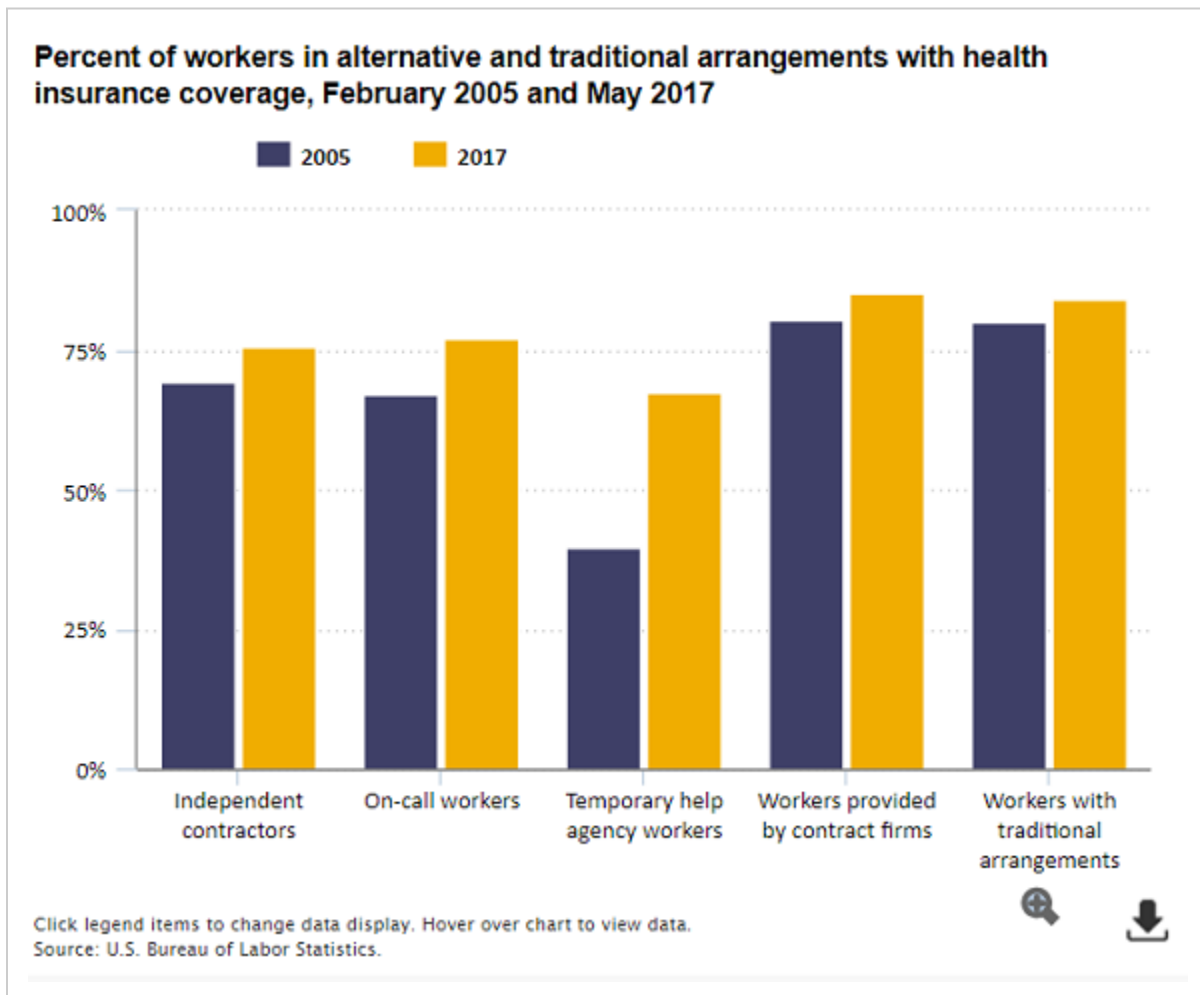


## Temporary help workers had largest increase in health insurance coverage from 2005 to 2017

The likelihood of having health insurance was higher for workers in all categories in May 2017 than in February 2005. The largest increase occurred among temporary help agency workers.

Compared with workers in traditional arrangements (84 percent) and those provided by contract companies (85 percent) in 2017, workers in the other alternative employment arrangements were less likely to be covered by health insurance. In particular, temporary help agency workers were the least likely to have health insurance (67 percent).

These measures refer to health insurance from any source, including coverage from an employer, another family member's policy, through a government program, or by purchasing it on their own.



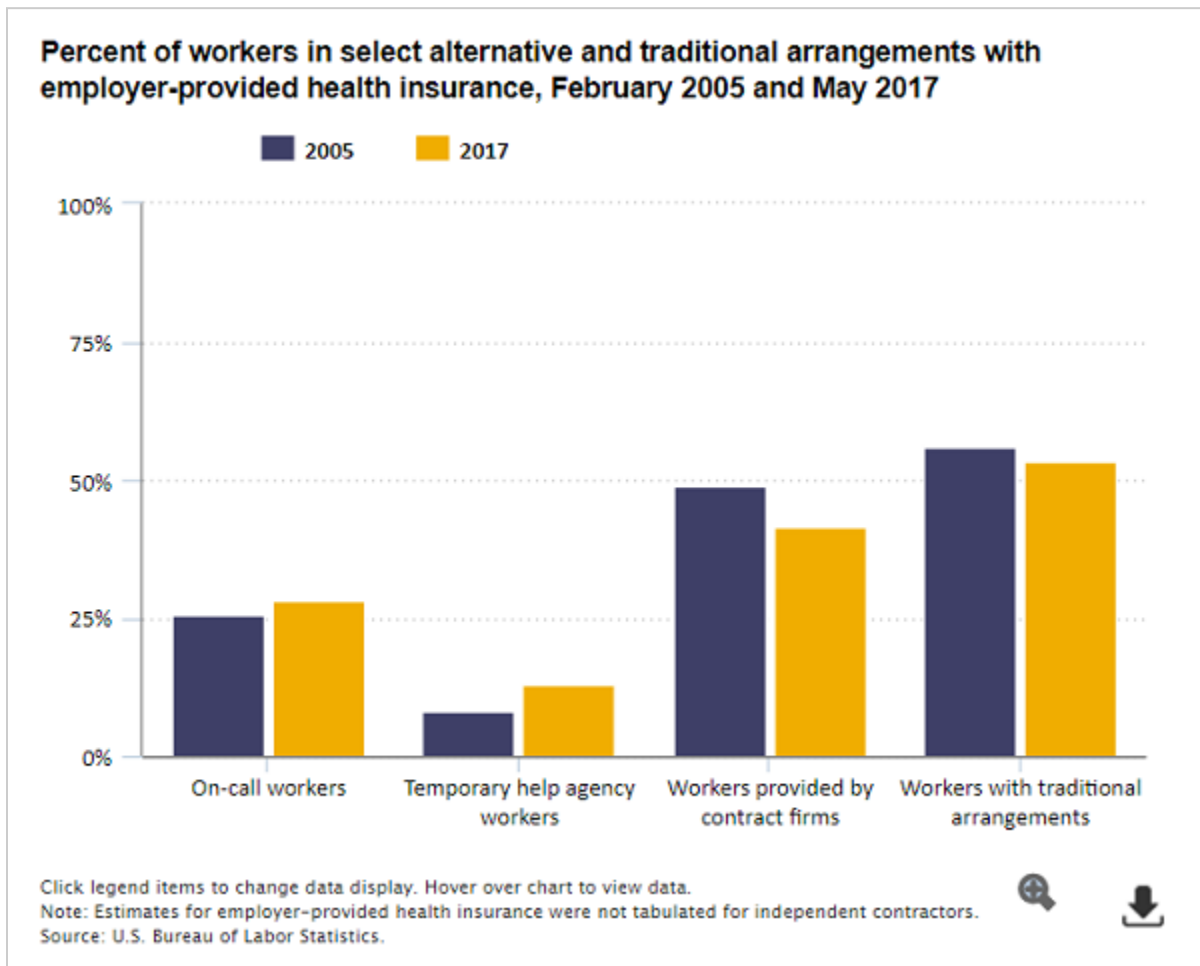
## Workers in traditional arrangements more likely to have employer-provided health insurance

Workers in alternative arrangements remained less likely than workers in traditional arrangements to have employer-provided health insurance.

In May 2017, 41 percent of contract company workers had employer-provided health insurance, compared with 28 percent of on-call workers and 13 percent of temporary help agency workers.

In contrast, 53 percent of workers in traditional arrangements received health insurance benefits through their employers in May 2017.

(Estimates of employer-provided health insurance were not tabulated for independent contractors.)



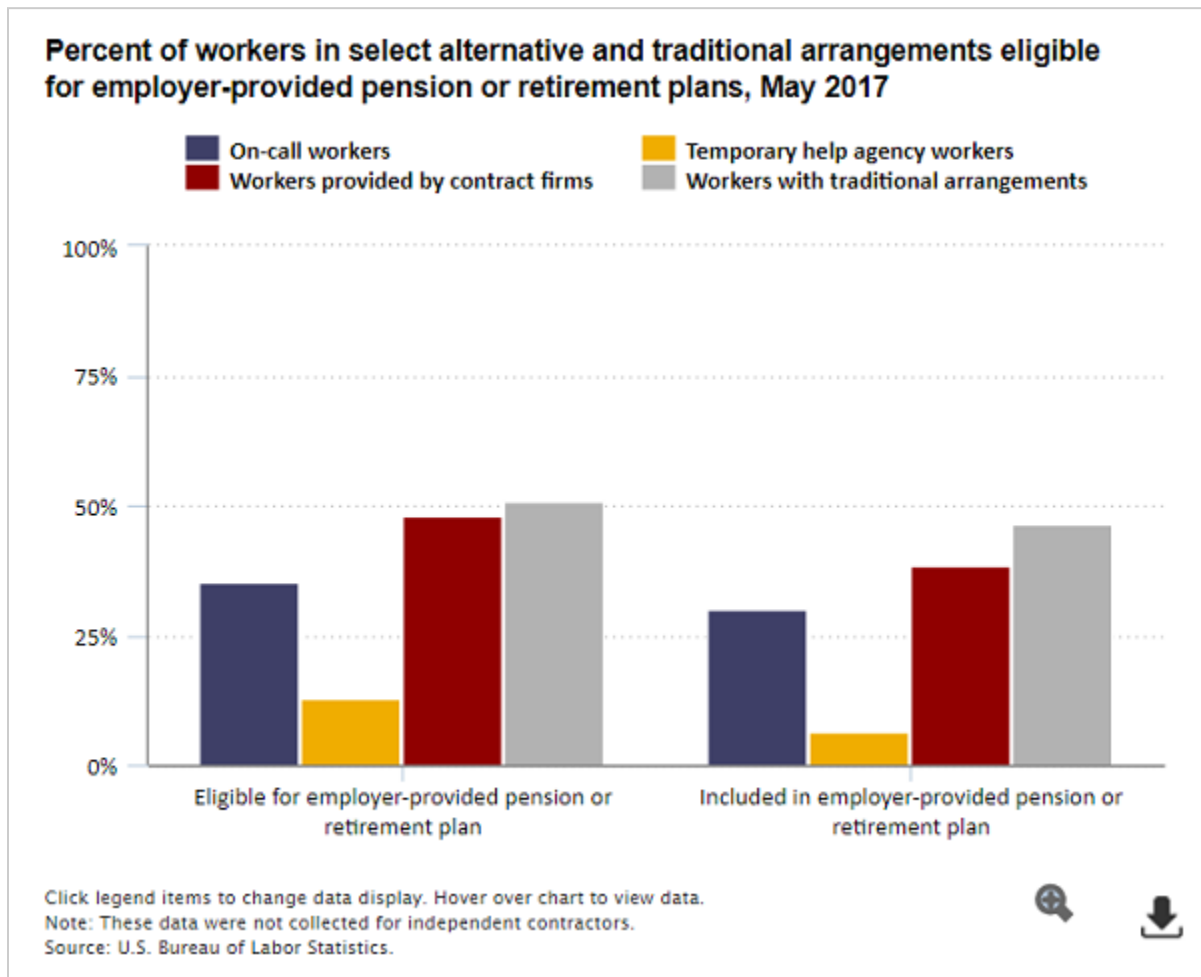
## Temporary help and on-call workers less likely to be offered retirement benefits

Eligibility for employer-provided pension or retirement plans varies across employment arrangements.

In May 2017, temporary help agency workers (13 percent) and on-call workers (35 percent) were less likely to be eligible for employer-provided plans than were contract company workers (48 percent) or those in traditional arrangements (51 percent).

Overall, the proportions of workers in alternative arrangements who actually participated in employer-provided plans were lower than for those in traditional arrangements.

(These data were not collected for independent contractors.)

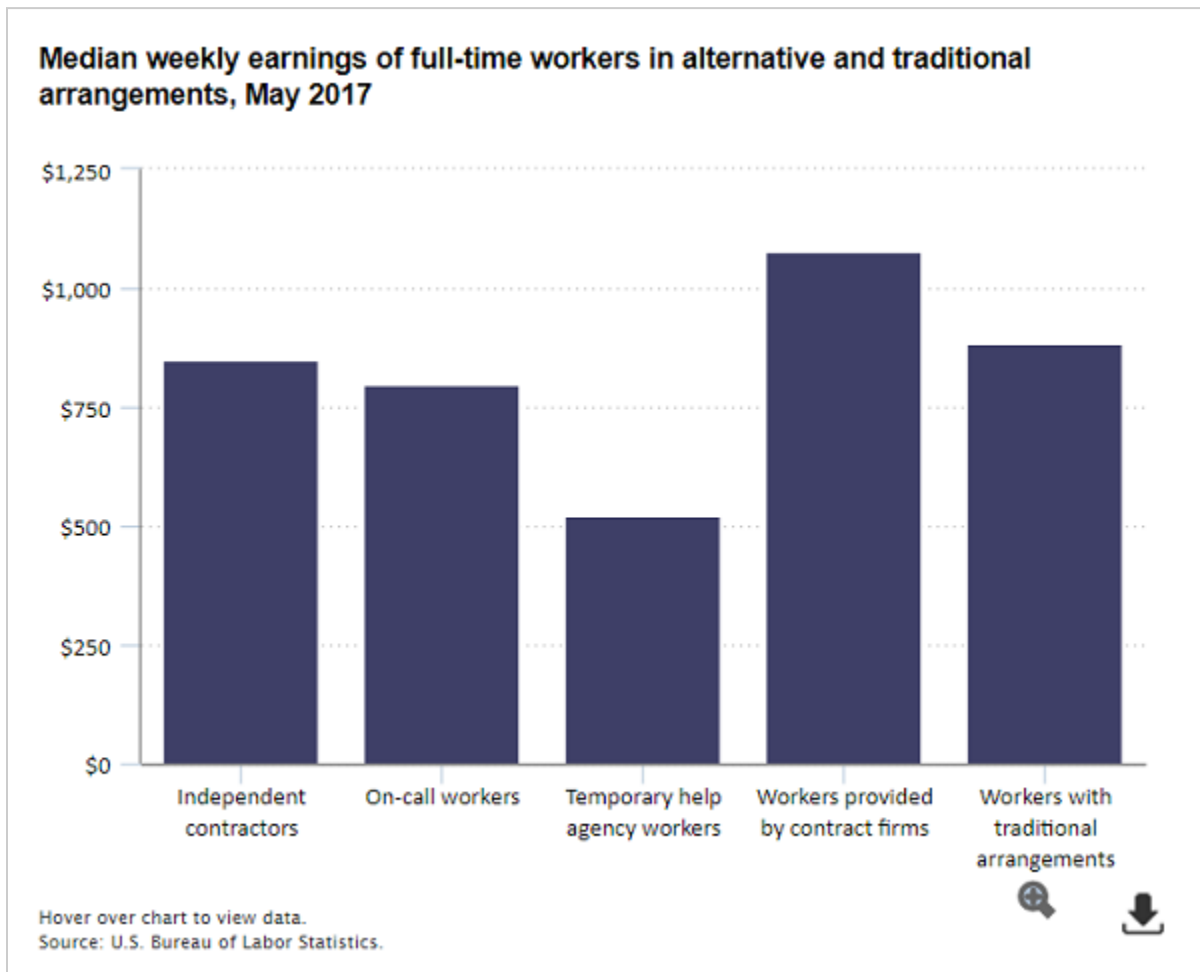


## Contract company workers had highest median weekly earnings

Among full-time workers, there was wide variation in the median earnings of those in alternative employment arrangements relative to one another and to workers in a traditional arrangement.

In May 2017, median weekly earnings were highest for contract company workers (\$1,077). Earnings for independent contractors (\$851) were roughly similar to those for workers in traditional arrangements (\$884), while earnings for on-call workers (\$797) and temporary help agency workers (\$521) were lower.

Differences in earnings for workers in the four alternative arrangements likely reflect variations in the occupational distributions and the demographic characteristics of the workers. For example, contract company workers were concentrated in professional and related occupations, which tend to be more highly paid. By comparison, temporary help agency workers were less likely to have attended college and were concentrated in lower-paying production, transportation, and material moving occupations.



## More information

Karen Kosanovich is an economist in the Division of Labor Force Statistics, U.S. Bureau of Labor Statistics. For questions about this Spotlight, please email her at [kosanovich.karen@bls.gov](mailto:kosanovich.karen@bls.gov).

The May 2017 Contingent Worker Supplement collected information about workers in four alternative employment arrangements. These data were collected in a special supplemental survey to the Current Population Survey, the monthly household survey that provides information on employment and unemployment in the United States. In the supplemental survey, employed people were asked questions about their main job—that is, the job in which they usually worked the most hours.

**Independent contractors** are workers who are considered independent contractors, independent consultants, or freelance workers in the supplement, whether they are self-employed or wage and salary workers.

**On-call workers** are people who are called to work only as needed, although they can be scheduled to work for several days or weeks in a row.

**Temporary help agency workers** are people who were paid by a temporary help agency, whether or not their jobs were temporary.

**Workers provided by contract firms** are those who are employed by a company that provides them or their services to others under contract. They are usually assigned to only one customer and usually work at the customer's worksite. For example, computer professionals and security guards are common occupations for workers provided by contract firms.

Learn more about [workers in alternative employment arrangements](#), including answers to [Frequently Asked Questions](#).

Contact the [Current Population Survey staff](#) for assistance with these data.