

9-7-1999

Testimony before the Working Group on the Benefit Implications of the Growth in the Contingent Workforce: U.S. Department of Labor

Susan N. Houseman

W.E. Upjohn Institute for Employment Research, houseman@upjohn.org

Citation

Houseman, Susan N. 1999. "Testimony before the Working Group on the Benefit Implications of the Growth in the Contingent Workforce: U.S. Dept. of Labor." Presented to the U.S. Dept. of Labor's Working Group on the Benefit Implications of the Growth in the Contingent Workforce, September 7, 1999.

<https://research.upjohn.org/testimonies/11>

This title is brought to you by the Upjohn Institute. For more information, please contact repository@upjohn.org.

Testimony before the Working Group on the Benefit Implications of the Growth in the Contingent Workforce: U.S. Department of Labor

Authors

Susan N. Houseman, *W.E. Upjohn Institute for Employment Research*

Upjohn Author(s) ORCID Identifier

 <https://orcid.org/0000-0003-2657-8479>

**Testimony before the Working Group on the Benefit Implications of the
Growth in the Contingent Workforce**

U.S. Department of Labor

**Susan N. Houseman
Senior Economist
W.E. Upjohn Institute for Employment Research**

September 7, 1999

There is a widespread perception that employment in what has variously been called “contingent,” “flexible,” “alternative,” or “nonstandard” staffing arrangements is large and growing. Many regard such a development as troubling, in part because workers in these arrangements typically receive few benefits. Moreover, some firms allegedly use these arrangements to circumvent laws governing benefits and other labor standards. This situation has raised concerns that existing employment and labor laws are inadequate to protect workers in these arrangements.

Others, citing recent BLS statistics on “contingent” employment, counter that the phenomenon is small, and consequently does not merit major policy changes.

Confusion over whether the phenomenon of contingent employment is large or small arises not so much over disagreements about what the data say but rather over what the word contingent means. I will begin my presentation by discussing the various uses of the term “contingent,” and will argue that the scope of employment arrangements covered by this working group is considerably greater than that measured in the BLS figures on contingent employment.

In the remainder of my presentation, I will draw upon BLS data and data from a nationwide employer survey conducted by the Upjohn Institute for Employment Research to discuss employment levels, employment trends, and the incidence of benefits among workers in a wide range of employment arrangements, including temporary help, direct-hire temporary, on-call, contract company, independent contractor, and regular part-time jobs. I also will discuss evidence that employers use these arrangements, in part, to save on benefits costs.

What is Contingent Work?

The term "contingent work" was coined by Audrey Freedman in 1985 to describe "conditional and transitory employment arrangements as initiated by a need for labor--usually because a company has an increased demand for a particular service or a product or technology, at a particular place, at a particular time."¹ Since then the term has been used in various ways. Richard Belous and others, who popularized the term in the late 1980s, used it to refer to all employment arrangements besides traditional full-time, employment. Thus, “contingent” workers by this definition include all part-time and self-employed workers, in addition to temporary and on-call workers. In a recent book, Kathleen Barker and Kathleen Christensen note that the term contingent employment is "generally thought to include those jobs that are done on temporary, self-employed contract, or involuntary part-time bases."²

¹Audrey Freedman, "The New Look in Wage Policy and Employee Relations," Conference Board Report No. 865, New York: The Conference Board, 1985.

²Kathleen Barker and Kathleen Christensen, *Contingent Work: American Employment Relations in Transition*, Ithaca, NY: ILR Press, 1998.

Beginning with the February 1995 Supplement to the CPS, BLS sought to collect data on the number of "contingent" workers, and, by implication, provide a more precise definition for the term. In an article published prior to the design of the February 1995 Supplement, BLS economists Anne Polivka and Thomas Nardone sharply criticized the common usage of the term contingent worker as being too broad and discussed how it should be defined and measured.³ They proposed that, based on Freedman's original concept of contingent employment, two key criteria be used in classifying a worker as contingent: 1) a low degree of job security, in particular the amount of job security embodied in the employment arrangement and 2) variability in hours worked. However, in designing the Contingent and Alternative Worker Supplement, BLS only incorporated the first criterion into its definition of contingent workers. In addition, the classification is based on workers' perceptions of job security, rather than on the actual contractual nature of the employment relationship. Specifically, only workers who do not expect their jobs to last for economic reasons are classified as contingent workers in the BLS data.

Using Freedman's original concept of contingent worker, it is clear that while some researchers have over counted the number of contingent workers, the BLS definition undercounts them. For instance, on-call workers are intrinsically contingent, because their hours of work vary. In fact, in their 1989 article Polivka and Nardone cited on-call workers like substitute teachers as examples of workers who should be classified as contingent. However, this aspect of contingency--hours variability--is not measured in the BLS concept. In 1997, only 28 percent of on-call workers were classified as contingent under the broadest BLS definition of contingency. The problem is not limited to on-call workers. For instance, temporary help agency workers are also intrinsically contingent. While agency temporaries may establish a long term relationship with the staffing agency, their employment, hours, and pay will vary with the availability of assignments. However, only 57 percent of agency temporaries are classified as contingent in the 1997 BLS survey. The surprisingly low percentage of agency temporaries who are classified as contingent in the BLS survey suggests a problem with the way the concept of temporary is being measured in the survey or with respondents' understanding of the questions being asked. Similarly, because independent contractors and other self-employed workers are classified as contingent by BLS only if they expect that they will not be self-employed in the near future, very few in these arrangements are counted as contingent. Yet, their assignments with clients may be temporary in nature and it is this contingent use of workers by businesses that Audrey Freedman was referring to in her original article. Consequently, in its statistics on contingent employment, the BLS--probably unwittingly--introduced yet another definition of the term contingent, which does not correspond very closely to and is considerably narrower than any prior usage of the term.

By covering in its hearings a broad set of employment relationships that go well beyond the concept of contingency captured in BLS statistics or even in Audrey Freedman's original use

³Anne E. Polivka and Thomas Nardone, "On the Definition of 'Contingent Work,'" *Monthly Labor Review*, December 1989, pp. 9-16.

of the term, this working group implicitly has been using the more popular concepts of contingent work. Consequently, BLS's statistics on the "contingent" workforce, which have been discussed in detail by several previous witnesses, are not relevant for this working group.

I would agree with BLS economists and many others who object to the use of the term "contingent" to refer to most workers who are not traditional full-time employees. If I had named this working group, I would have substituted the term "nonstandard work arrangements" or "flexible staffing arrangements" for "contingent workforce." Nevertheless, examining such a broad set of employment relationships is an appropriate scope for this working group for two reasons. First, workers who are not in regular, full-time employment relationships are much less likely to receive benefits than those who are. Second, ERISA and other regulations governing benefits primarily protect full-time employees, and thus firms often can use other employment arrangements to avoid providing benefits to certain groups of workers.

The Number of Workers in "Contingent" or "Flexible Staffing" Arrangements

In addition to generating the first official statistics on "contingent workers," the February 1995 Supplement to the CPS represented the first attempt in government statistics to count the number of workers in a wide variety of "alternative" or--the term I prefer--"flexible" staffing arrangements. The Supplement on Contingent and Alternative Work Arrangements was repeated in February 1997 and February 1999. Table 1 presents the distribution of the workforce by staffing arrangement in 1997.⁴

In the survey, individuals were directly asked whether they were paid by a temporary help agency, whether they were an on-call or day laborer, or whether they were an independent contractor, independent consultant, or free lance worker. Those answering in the affirmative were classified as agency temporaries, on-call or day laborers, and independent contractors, respectively. The category agency temporaries includes the permanent staff of these agencies, though they represent a small percentage of those employed in that industry.⁵ Under the legal definition, independent contractors are self-employed. However, about 12 percent of those calling themselves independent contractors, independent consultants, or free lancers, also stated that they were wage and salary workers. Workers were classified as contract company workers if they responded that they worked for a company that contracted out their services, that they worked at the client's site, and that they primarily worked for one client. The category "other self-employed" comprise self-employed workers who are not classified as independent contractors. Regular part-time employees work fewer than 35 hours per week and are not classified in another flexible staffing arrangement.

⁴The 1999 data were not publicly available at the time of this writing.

⁵A 1989 Industry Wage Survey indicated that permanent full-time staff constituted just 3.2 percent of employment in the industry Help Supply Services, which is primarily made up of temporary help agencies.

Although the CPS does not include a specific question classifying individuals as direct-hire temporaries, I constructed this category from questions in the February Supplement. Specifically, individuals were classified as direct-hire temporaries if they indicated that their job was temporary or they could not stay in their job as long as they wish for any of the following reasons: they were working only until a specific project was completed, they were temporarily replacing another worker, they were hired for a fixed period of time, their job was seasonal, or they expected to work for less than a year because their job was temporary.

To avoid double counting, the categories of employment in Table 1 are constructed to be mutually exclusive. The main overlap across categories occurs with direct-hire temporaries; a number of on-call workers, wage and salary independent contractor workers, and contract company workers are hired on a short-term basis. The proportion of workers in these categories who are also direct-hire temporaries is indicated in Table 1. The category "other direct-hire temporaries" are those short-term hires not classified in another flexible staffing arrangement. Including the on-call, independent contract, and contract company workers who are also direct-hire temporaries, 3.2 percent of the workforce are direct-hire temporaries. In addition, a small number of workers work on an on-call basis or for a contract company. They are classified as on-call workers in the table.⁶

Independent contractors comprise the largest category of flexible staffing arrangements. In fact, over half of all the self-employed call themselves independent contractors, independent consultants, or free lancers. Collectively, agency temporaries, on-call workers, independent contractors, contract company workers, and direct-hire temporaries comprise 12.5 percent of the workforce. Another 5.1 percent are other self-employed and another 13.6 percent are regular part-time employees.

It is noteworthy that agency temporaries account for only one percent of total employment in the CPS Supplement, whereas they account for about 2 percent of employment in the Current Employment Statistics (CES), the Bureau of Labor Statistics's establishment survey. Data from the National Association of Temporary Services Staffing suggests employment in temporary services is slightly less than that reported in the CES, but is much higher than that reported in the CPS, and it is generally presumed that the CPS understates employment in temporary help agencies.⁷

⁶The classification scheme used in this table follows that used in my paper with Anne Polivka: "The Implications of Flexible Staffing Arrangements for Job Stability," in *On the Job: Is Long-Term Employment a Thing of the Past?* edited by David Neumark, New York: Russell Sage Foundation, forthcoming.

⁷Some of the difference in the CPS and CES figures on temporary agency employment stems from differences in the type of data collected in the two surveys. Specifically, the CES counts jobs in the temporary help services industry, while the CPS counts workers whose main jobs are in this industry. Consequently, individuals registered with more than one temporary agency would show up once in the CPS, but would show up more than once in the CES, if they worked two or more jobs for two or more temporary help agencies during the survey week. Also, multiple job holders with secondary jobs in the temporary help industry would not be counted in the CPS as

Table 1 also shows that those in flexible staffing arrangements are more likely to work part time than workers in regular wage and salary positions. This is particularly true for on-call workers and direct-hire temporaries.

Data on the number of workers hired by employee leasing companies are not currently available. In the February 1995 CPS Supplement, respondents were asked if they were paid by an employee leasing agency. A very small percentage (0.3 percent) responded in the affirmative. Subsequent field tests by BLS showed considerable confusion among respondents over that question and so it was omitted from the 1997 and 1999 Contingent and Alternative Work Arrangement Supplements. A report on employee leasing prepared for the Department of Labor estimated there were 608,198 leased employees in 24 states in 1993. At the time, other states collected no data on the number of leased employees, and the report cast doubt on the accuracy of the figures from many of the states that did report data.⁸ It is believed that many leased employees are classified in the help supply services sector along with temporary help agency workers in the CES. In an ongoing project, the BLS is attempting to provide separate estimates for leased employees and agency temporaries.

Trends in Flexible Staffing Arrangements

Very little is known about trends in most flexible staffing arrangements. As noted above, the CES provides information on employment in the help supply services industry, SIC 7363, which is comprised primarily of temporary help agencies. According to this source, employment in the temporary help industry grew dramatically in the 1980s and 1990s. From 1982 (the first year for which data on this industry are available) to 1997, the share of non-farm payroll employment in help supply services grew from 0.5 percent to 2.3 percent. The share in self-employment and in part-time employment has not grown in recent years.

Statistics for on-call, independent contractor, contract company, and direct-hire temporary workers were first collected in the February 1995 Supplement to the CPS. Between 1995 and 1997, the percent of employment in these categories was stable, but this two year time period, during which the economy was in rapid expansion, is too short to determine any trend. Future CPS Supplements on Contingent and Alternative Work Arrangements will provide

agency temporaries, whereas those workers' secondary jobs would be counted in the CES. Another possible explanation for the differences is that, in spite of questions in the CPS designed to avoid this problem, some respondents may still view the client to whom they are assigned as their employer and thus fail to report that they are paid by a temporary help service. The widespread confusion over who is their employer is evidenced by the fact that among those identified as agency temporaries in the CPS, over half at first incorrectly named their client, rather than the temporary help agency, as their employer. Finally, many establishments classified as temporary help agencies in the CES may also provide contract company workers or leased employees.

⁸KRA Corporation, *Employee Leasing: Implications for State Unemployment Insurance Programs*. Final Report, submitted to the Unemployment Insurance Service, U.S. Department of Labor, contract no. K-4280-3-00-80-30, 1996.

valuable evidence on trends in these work arrangements.

In the absence of employment data on specific flexible staffing arrangements, some researchers have looked at the growth in business services employment. In addition to including agency temporaries within help supply services, business services is thought to include many employed as contract company workers. Figure 1 plots indexes of employment in help supply services, business services, and the aggregate non-farm payroll sector over the 1982-98 period. Help supply services grew more rapidly than aggregate business services, which, in turn, grew more rapidly than aggregate employment over the period. Within the business services sector, help supply services was the fastest growing component. However, each component of the business services sector also increased faster than aggregate employment over the period.

Evidence from various employer surveys points to growth in other types of flexible staffing arrangements. For instance, in a 1995 survey of Conference Board members, 34 percent of companies reported sizable growth in their use of direct-hire temporaries in the preceding five years and 24 percent expected sizable growth in the coming five years. Thirty-one percent reported sizable growth in their use of independent contractors and 28 percent expected sizable growth in their use of independent contractors in the next 5 years.⁹ Data from BLS Industry Wage Surveys in 1986 and 1987 show growth in contracting out of services in thirteen manufacturing industries between 1979 and 1986/1987.¹⁰ In a survey of members of the Bureau of National Affairs, a larger percentage of employers reported an increase than reported a decrease between 1980 and 1985 in their use of direct-hire temporaries, on-call workers, administrative or business support contracts, and production subcontracting relative to regular workers.¹¹ In an Upjohn Institute survey of a nationally representative sample of 550 employers, a much larger percentage reported contracting out work previously done in house than reported bringing work back in house since 1990. Moreover, two-thirds of respondents to the Upjohn Institute survey predicted that organizations in their industry would increase their use of flexible staffing arrangements in the coming five years.¹² Thus, it is reasonable to assume that there has

⁹The Conference Board, "Contingent Employment," *HR Executive Review*, 3 (2), 1995.

¹⁰Katharine G. Abraham, and Susan K. Taylor, "Firms' Use of Outside Contractors: Theory and Evidence," *Journal of Labor Economics*, 14(3): 394-424, 1996.

¹¹Katharine G. Abraham, "Restructuring the Employment Relationship: The Growth of Market-Mediated Work Arrangements," In Katherine Abraham and Robert McKersie, eds., *New Developments in the Labor Market: Toward a New Institutional Paradigm*, Cambridge, MA: MIT Press, 1990.

¹²Susan N. Houseman, "Temporary, Part-Time, and Contract Employment in the United States: A Report on the W.E. Upjohn Institute's Employer Survey on Flexible Staffing Policies." Report to the U.S. Department of Labor, Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 1997.

been some growth recently in other types of flexible staffing arrangements, though the amount they have grown is unknown.

Benefits

Lack of benefits is an important issue facing workers in all flexible staffing arrangements. Table 2 shows the incidence of health insurance and retirement benefits by work arrangement. Those in flexible staffing arrangements are far less likely to receive benefits such as health insurance or a retirement plan from their employers than are regular full-time workers. Because many employees who are eligible to participate in an employer provided health insurance or retirement plan decline to do so, it is interesting to look at not only the fraction of workers who receive these benefits from their employer, but also the fraction that are eligible to receive them. Among wage and salary employees, those in flexible staffing arrangements are much less likely than regular full-time employees to participate in and be eligible to participate in a health insurance and retirement benefit plan. The incidence of these benefits is particularly low among agency temporaries. Whereas 73 percent of regular full-time workers receive health insurance through their employer and 84 percent are eligible to participate in an employer health insurance plan, just 7 percent of agency temporaries receive health insurance through their employer and only 24 percent are eligible to participate in an employer health insurance plan. Only 4 percent of agency temporaries participate in an employer retirement plan and only 10 percent are eligible to do so, compared to 63 percent and 67 percent of regular full-time employees who participate or are eligible to participate, respectively, in an employer retirement plan.

This lack of benefits would be of less concern if those in flexible staffing arrangements generally had health insurance from other sources or saved for retirement through a tax deferred retirement account. However, agency temporaries, on-call workers, independent contractors, direct-hire temporaries and regular part-time workers are much less likely to have health insurance coverage from any source compared to regular full-time employees. Over half of agency temporaries have no health insurance from any source. Similarly, workers in all types of flexible staffing arrangements are much less likely than regular employees to have some type of retirement plan. As shown in Table 3, while workers who are not in regular full-time employment arrangements account for slightly over 30 percent of the workforce, they account for almost half of all workers with no health insurance and almost half of those with no retirement plan.

One might speculate that the reason workers in flexible staffing arrangements are less apt to receive benefits is because they are, on average, less productive workers employed in lower paying jobs, who probably would not receive benefits even if they were regular full-time employees. However, demographic and job characteristics cannot explain why workers in flexible staffing arrangements are much less likely to receive benefits than those in regular full-time positions. Using data from the February 1995 Supplement to the CPS, I have estimated models of the probability a worker is eligible to participate in an employer-sponsored health insurance plan, has health insurance from any source, or is eligible to participate in an employer-

sponsored retirement plan. The results show that even controlling for age, education, race, geographic region, union status, industry and occupation, workers in all flexible staffing arrangements are significantly less likely to be eligible to participate in an employer-sponsored health insurance or pension plan or to have health insurance from any source.

One might also speculate that an important reason why workers in flexible staffing arrangements are much less likely to receive health insurance and pension benefits from their employer is because they are more likely to work for employers who do not offer benefits to any workers—including regular full-time employees. However, evidence from the Upjohn Institute employer survey suggests otherwise. Specifically, within establishment comparisons shows that employers are much more likely to offer regular full-time employees these benefits than they are to offer employees in flexible arrangements (Table 4). This finding is important, for it implies that employers are using these employment arrangements to determine benefits eligibility. ERISA and non-discrimination clauses in the IRS tax code make it difficult for employers to offer pension and health insurance benefits just to selected groups of regular full-time workers. However, hiring workers on a part-time or temporary basis may be one way for an employer to avoid offering these benefits to certain groups of workers.

Data from the Upjohn Institute employer survey also show that employers typically offer benefits like paid vacations and holidays and paid sick leave, in addition to health insurance and a retirement plan, to their regular full-time employees. However, they are much less likely to offer these benefits to regular part-time employees and they rarely offer these benefits to employees who work on an on-call or temporary basis.

Using Flexible Staffing Arrangements to Reduce Benefits Costs

Many have hypothesized that employers use various flexible staffing arrangements in order to reduce fringe benefits costs of their workforce and that this practice has become more important with the growth of fringe benefits costs. As already noted, restrictions in ERISA and non-discrimination clauses in the IRS tax code make it legally difficult to limit fringe benefits to certain groups of workers. For example, under ERISA, employers must cover 70 percent of their non-highly compensated workforce in any pension plan they offer in order for that plan to receive favorable tax treatment. However, employers may circumvent ERISA, which applies only to employees working 1000 hours per year or more, by hiring low-hours part-time, on-call, or temporary workers. In addition, ERISA restrictions do not apply to independent contractors, who are self-employed, and to agency temporaries and contract company workers, who are deemed another company's employees.

Although the IRS has cracked down on the misclassification of employees as independent contractors and Congress passed legislation to limit companies' ability to avoid pension obligations by "leasing" its workers from another company, some evidence suggests that the use of flexible staffing arrangements to lower wage and benefits costs is still an important motivation for using many types of flexible staffing arrangements. For instance, in her survey of 21 large

companies, Kathleen Christensen found that 38 percent of companies using direct-hire temporaries, 19 percent using agency temporaries, and 29 percent using independent contractors did so, in part, to reduce health care costs.¹³ In their survey of 1000 organizations, Arne Kalleberg, Jeremy Reynolds, and Peter Marsden report that 16 percent of businesses say that avoiding fringe benefits costs is a very important reason they use agency temporaries or contract company workers and another 22 percent say this factor is moderately important.¹⁴

When directly asked why they use workers in various flexible staffing arrangements, less than 12 percent of employers in the Upjohn Institute survey indicated savings on wage and benefits costs are important. Nevertheless, in a separate set of questions, many indicated that they do, in fact, save on hourly wage and benefit costs by using these arrangements. Specifically, employers were first asked to compare the hourly pay cost of workers in various flexible staffing arrangements to the hourly pay cost of regular workers in similar positions. Next, employers were asked to compare the hourly pay plus hourly benefit costs of workers in flexible staffing arrangements and those of regular workers in similar positions. (In the case of agency temporaries the comparison was between the billed hourly rate of the agency temps and the hourly pay cost or the hourly pay plus benefits cost of regular workers.) Savings on benefits costs appeared to be particularly important.

As shown in Table 5, among employers using agency temporaries, only 19 percent stated that the billed hourly rate is higher than the hourly wage and benefit cost of regular workers in similar positions and 38 percent indicated that it is lower. A negligible percent of employers reported that the hourly wage and benefit cost of direct-hire temporaries, regular part-time employees, and on-call workers is higher than that of regular workers in similar positions, while 59 percent of those using direct-hire temporaries, 63 percent using regular part-time workers, and 73 percent using on-call workers indicated that it is lower.

Statistical analysis of the Upjohn survey data also shows that employers who offered both pension and health insurance to their regular, full-time workforce were more likely to use agency temporaries, direct-hire temporaries, regular part-time workers, and on-call workers and/or to use them more intensively than were employers providing less generous benefits. Similarly, in an early employer survey on the subject, Garth Mangum, Donald Mayall, and Kristen Nelson found that the higher the level of fringe benefits, the more likely the firm was to use agency temporaries

¹³Kathleen Christensen, *Contingent Work Arrangements in Family-Sensitive Corporations*, Boston: Center on Work and Family, Boston University, 1995.

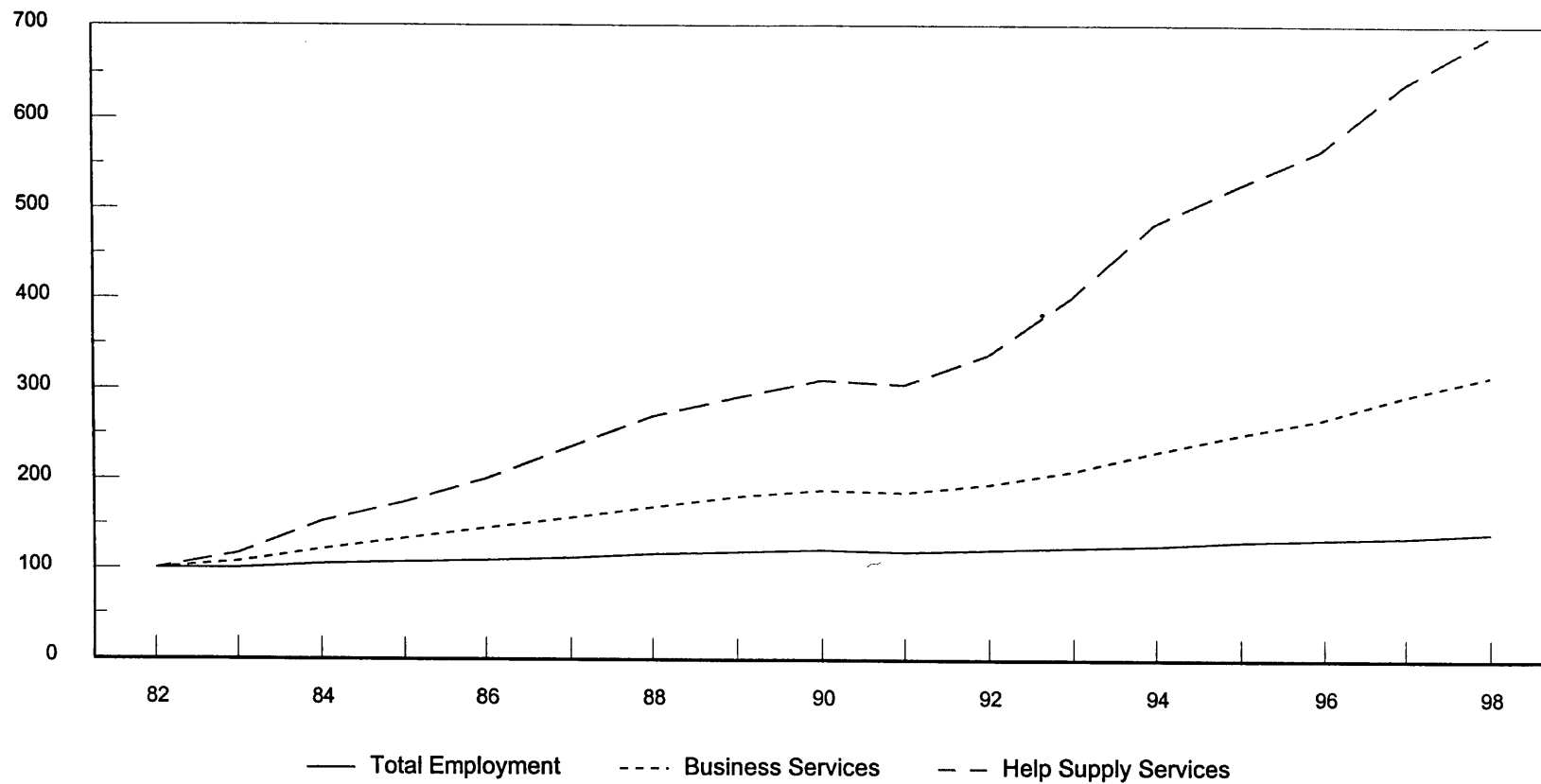
¹⁴Arne L. Kalleberg, Jeremy Reynolds, and Peter V. Marsden, "Externalizing Employment: Flexible Staffing Arrangements in U.S. Organizations," Unpublished paper, University of North Carolina at Chapel Hill, 1999.

or on-call workers.¹⁵ These findings provide indirect evidence that employers are motivated to use flexible staffing arrangements to avoid benefits costs.

It would be misleading to suggest that reducing fringe benefits costs is the only reason, or even the most important reason, businesses use various types of flexible staffing arrangements. For instance, firms traditionally have used all types of flexible staffing arrangements to accommodate fluctuations in their workload or to fill in for absences or vacancies in their regular staff. Firms use flexible staffing arrangements, especially temporary help agencies, to screen workers for regular positions. Additionally, firms use flexible staffing arrangements, especially contract company workers and independent contractors to access special skills. Nevertheless, even if it is not their principal motivation for using workers in these arrangement, evidence suggests that firms often save on benefits costs. The growth in benefits costs has likely made use of these arrangements more attractive.

¹⁵Garth Mangum, Donald Mayall, and Kristen Nelson. "The Temporary Help Industry: A Response to the Dual Internal Labor Market." *Industrial and Labor Relations Review*, 38 (4) 1985, pp. 599-611.

Figure 1. Employment Indexes
(1982=100)



Source: U.S. Bureau of Labor Statistics, Employment and Earnings
D:\Bls\fig4\page1

Table 1. Distribution of Employment by Work Arrangement, 1997

Employment Arrangement	As a Percent of Workforce	Percent Who are Direct Hire Temporaries	Percent Working Part-time
Agency Temporaries	1.0	NA	21.2
On-call or Day Laborers	1.6	26.7	54.1
Independent Contractors	6.7	1.6	28.1
Contract Company Workers	0.6	12.7	18.1
Other Direct-hire Temporaries	2.6	100.0	49.2
Other Self-employed	5.1	NA	22.8
Regular Part-time Employees	13.6	NA	100.0
Regular Full-time Employees	68.8	NA	0.0

Source: Author's tabulations from the February 1997 CPS Supplement on Contingent and Alternative Work Arrangements.

Table 2. Percent of Workers with Health Insurance and Retirement Plan, by Work Arrangement

Health Insurance			
	Health Insurance	Health Insurance through Employer	Eligible for Health Insurance from Employer
Agency Temporaries	48.1	7.3	23.8
On-call or Day Laborers	68.5	20.0	29.6
Independent Contractors	74.6	NA	NA
Contract Company Workers	83.1	51.3	68.8
Other Direct-hire Temporaries	74.1	27.1	35.9
Other Self-employed	82.3	NA	NA
Regular Part-time Employees	77.1	17.7	31.1
Regular Full-time Employees	87.6	73.1	83.8
Retirement Plan			
	Covered by Employer Pension Plan or has Tax Deferred Retirement Account	Participates in Employer Pension Plan	Eligible to Participate in Employer Pension Plan
Agency Temporaries	18.3	4.3	9.5
On-call or Day Laborers	37.0	22.2	25.9
Independent Contractors	39.8	NA	NA
Contract Company Workers	50.7	39.2	46.3
Other Direct-hire Temporaries	30.4	19.8	23.3
Other Self-employed	44.9	NA	NA
Regular Part-time Employees	30.6	20.4	24.9
Regular Full-time Employees	68.6	62.6	67.1

Source: Author's tabulations from the February 1997 Supplement on Contingent and Alternative Work Arrangements.

Table 3. Distribution of Workers with No Health and No Retirement Plan

Frequency	Distribution (in percent)		
	All Workers	With No Health Insurance	With No Retirement Plan
Agency Temporaries	1.0	3.3	2.0
On-call or Day Laborers	1.6	3.1	2.6
Independent Contractors	6.7	10.6	9.8
Contract Company Workers	0.6	0.6	0.7
Direct-hire Temporaries	2.6	4.2	4.4
Other Self-employed	5.1	5.6	6.6
Regular Part-time Employees	13.6	19.5	21.6
Regular Full-time Employees	68.8	53.0	52.4
Total	100.0	100.0	100.0

Source: Author's tabulations from the February 1997 CPS Supplement.

Table 4. Provision of Benefits, by Type of Worker

Among Employers with:	Direct-hire Temporaries		Part-time Employees			On-call Workers		Full-time Employees
The Percent Offering Benefits to:	Direct-hire Temporaries	Full-time Employees	To Any Part-time Employees	To 50% or More Part-time Employees	Full-time Employees	On-Call Workers	Full Time Employees	Full-time Employees
Paid Vacation and Holidays	11.0	95.7	53.7	48.3	94.9	15.3	98.7	95.8
Paid Sick Leave	5.7	82.4	35.8	32.0	79.2	11.3	88.0	83.5
Pension Benefits	3.8	71.4	37.6	30.2	67.3	14.0	78.7	78.5
Profit or Gain Sharing	NA	37.1	16.0	13.1	34.5	6.0	36.7	37.6
Health Insurance	9.5	93.8	38.9	34.2	88.8	13.3	96.0	89.8
Any of Above Benefits	16.2	97.6	66.7	60.2	96.2	24.7	99.3	96.5

Source: Upjohn Institute 1996 Employer Survey on Flexible Staffing Arrangements.

Table 5. Comparison of Wage and Benefit Costs

	Sample Size	Higher	Lower	About the Same	Don't Know
Percent of Establishments Responding that the Hourly Pay Cost of Workers in Flexible Arrangements is Generally Higher, Generally Lower, or About the Same as the Hourly Pay Cost of Regular Employees in Similar Positions					
Agency Temporaries ¹	253	62.1	13.4	21.7	2.8
Short-Term Hires ²	138	8.7	21.7	66.7	2.9
Part-Time Workers	394	4.6	19.8	74.6	1.0
On-Call Workers	150	16.7	18.7	61.3	3.3
Percent of Establishments Responding that the Hourly Pay Plus Benefits Costs of Workers in Flexible Arrangements is Generally Higher, Generally Lower, or About the Same as the Hourly Pay Plus Benefits Costs of Regular Employees in Similar Positions					
Agency Temporaries ¹	253	19.4	38.3	38.3	4.0
Short-Term Hires ²	138	2.9	59.4	29.7	8.0
Part-Time Workers	394	2.8	62.9	31.5	2.8
On-Call Workers	150	5.3	72.7	19.3	2.7

¹For agency temporaries, the comparison was between the hourly billed rate for temporary help agency workers and the hourly pay or hourly pay plus benefits cost of regular employees in comparable positions.

²Because of an error in the CATI program, some applicable respondents were not asked this question.

Source: The Upjohn Institute 1996 Employer Survey on Flexible Staffing Arrangements.