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EMPLOYMENT RESEARCH

How Many Independent Contractors Are There and Who Works in These Jobs?

Katharine G. Abraham, Brad Hershbein, Susan N. Houseman, and Beth C. Truesdale

ARTICLE HIGHLIGHTS

■ *The independent contractor workforce is hard to measure, and different sources of data disagree about its size.*

■ *To understand these discrepancies and potential problems with standard household surveys, we conducted focus groups to learn about the terms contractors use to describe their work and used these findings to design and implement a large-scale survey.*

■ *By probing about workers' job arrangements in this survey, we found that about 1 in 10 people initially reporting that they worked for an employer in fact were independent contractors.*

■ *Adjusting for these "miscooded employees" nearly doubles the share of workers who are independent contractors on their main job, from 8 percent to 15 percent.*

ALSO IN THIS ISSUE

What Happens to Residents Evicted under California's Ellis Act?

Brian J. Asquith
page 4

Independent contractors include workers in a wide range of jobs, from freelance consultants providing technical services to businesses, to drivers providing rideshare services through platforms like Uber and Lyft, to informal workers providing home maintenance, child care, and elder care services. As self-employed workers, independent contractors are not covered by wage and hours laws, do not have the right to unionize, and are not eligible for workers' compensation, unemployment insurance, or most employer-provided benefits. Independent contractors are legally distinct from employees in the degree of autonomy they have over how their work is performed, but there is growing concern among policymakers about employers misclassifying workers as independent contractors to save on labor costs. With the rise of online platforms, the importance of understanding the prevalence of independent contractor arrangements will continue to grow.

Unfortunately, good data on the size of the independent contractor workforce are scarce. Existing government data sources, whether household surveys or tax records, provide an incomplete—and sometimes inconsistent—picture. In [recent research](#), we investigate how government surveys can be improved to better measure the independent contractor workforce. We first conducted focus groups with independent contractors to learn more about the language they used to describe their work. We then used these findings to develop a survey module asking follow-up questions to identify such work. Working with the Gallup organization, we fielded the survey module to more than 61,000 respondents during 2018–

2019. Data from the survey allow us to examine independent contract work among different demographic groups.

A key finding is that many independent contractors think of themselves as employed by their clients and may not answer standard questions about their employment arrangement

Independent contractors typically described themselves as working for their clients—a likely reason that surveys may miscode them as employees.

in the way intended. Indeed, our survey module reveals that, based on further probing, about 1 in 10 workers who initially report being “employed by an employer” are actually independent contractors. Accounting for these “miscooded employees” nearly doubles the share of workers who are independent contractors on their main job, from 8 percent to 15 percent. This implies that existing government surveys, which generally do not carefully probe for independent contract work, likely miss many such workers, classifying them as employees rather than as self-employed. Moreover, accounting for “miscooded employees” changes the composition of the independent contractor workforce, raising the share who are young, less-educated, Black, and Hispanic. Miscooded employees also are more likely to hold multiple jobs or work low-hours part-time jobs. The Gallup module detects more secondary work activity than traditional government surveys, which we attribute to questions that ask more explicitly about low-

How Many Independent Contractors Are There and Who Works in These Jobs?

hours work. Much of this secondary activity is independent contract work.

Our results suggest important and straightforward changes to household surveys that would improve the collection of data on the independent contractor workforce.

Discrepancies over the Estimated Size of the Independent Contractor Workforce

Researchers have used several data sources to study the prevalence of self-employment in the United States, including the subset who are independent contractors. Household surveys administered by federal agencies or private organizations are a major source of information. These surveys vary considerably in the types of questions that are asked, the periods of time for which work activities are queried, and how respondents are selected and contacted (online or by telephone). Perhaps the best known and most widely used in the United States are the Current Population Survey (CPS), which provides monthly estimates on the number of workers who are self-employed in primary and secondary jobs, and the Contingent Worker Supplement (CWS) to the CPS, which directly measures the number of workers who are independent contractors on their main job. The CWS has been fielded six times since 1995, most recently in 2017, and has consistently estimated that some 6–7 percent of workers are independent contractors, with these being disproportionately White and higher paid (Abraham and Houseman 2020). Many other household surveys, however, find higher levels of self-employment or independent contractor work, likely because of differences in how the questions about self-employment and informal work are asked.

Tax data provide another source of information on self-employment or independent contracting.

Individuals earning self-employment income generally are required to file a Schedule SE and Schedule C with their federal tax returns, while businesses that pay independent contractors for services rendered generally must file a Form 1099 with the IRS. Researchers have relied on federal tax data or comparable forms filed with states to estimate the number of self-employed or independent contractors. By merging responses to the Annual Social and Economic Supplement to the CPS with tax data for the respondents of this survey, researchers have been able to directly compare estimates of self-employment from this CPS supplement with those from tax data. Notably, studies have found that self-reported levels of self-employment are consistently lower in the CPS data than in the tax data, despite the fact that IRS data are known to miss a sizable share of self-employment income (Abraham et al. 2021; Abramowitz 2023).

Focus Groups

To better understand why independent contractor work may not be fully captured in many existing household surveys, including leading government surveys, we began our research by convening a series of focus groups. We sought to understand how individuals who are independent contractors think and speak about their work, and what their answers suggest about how they would respond to typical survey questions regarding work arrangements.

We conducted six in-person focus groups in and around a Midwestern U.S. city, with participants who ranged in age from their early 20s through their mid-60s and had worked as independent contractors. The groups included people of varying education levels, races and ethnicities, and urban and rural residences. In our focus groups,

participants typically described themselves as *working for* their clients even when, upon prompting, they readily acknowledged they were in fact independent contractors. This was particularly the case when participants worked only for one or a few organizations and did not think of themselves as finding their own customers, a distinction sometimes made in surveys asking about independent contractor work. Other participants associated the term “contractor” with skilled trades and construction, and the phrase “gig work” with musicians; rather than using those terms, several participants used terms like “side hustle” or “odd job” to describe their nonemployee work. For these reasons, as well as the variety of work arrangements that participants had, often mixing employee and nonemployee work, most household surveys likely miss much independent contracting activity, either because respondents answer as if they are employees or don’t think of the work as a job at all.

Gallup Module

We used insights from previous studies and our focus groups to design a new questionnaire module to improve the information available on contract employment by asking questions that address the miscoding and underreporting problems with standard household survey questions. In particular, we asked questions specifically meant to identify individuals who might think of themselves as working for an employer but who actually are independent contractors. We also probed for contract work on secondary jobs.

Partnering with Gallup, we included a module on their Education Consumer Pulse Survey. Similar to the CWS, this is a large, nationally representative telephone survey that asks about work activity over a reference week. Gallup fielded our

module to individuals aged 18–80 in four waves between the late spring of 2018 and winter of 2019. Across the four waves, we collected information on about 61,000 individuals, more than any household survey other than the CWS that has investigated related topics.

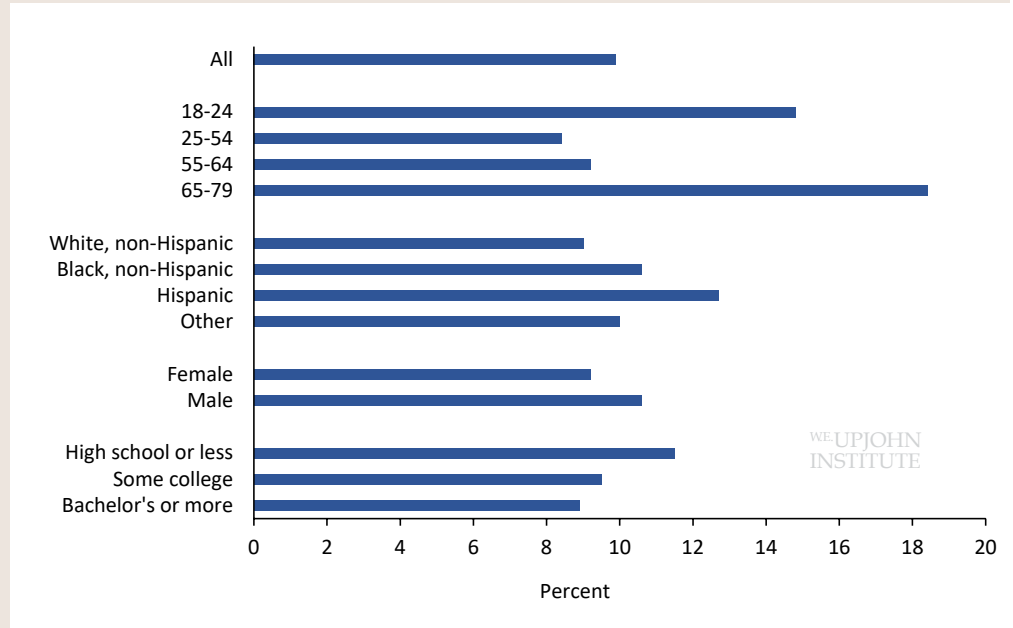
Findings

A prime focus of our study is identifying workers who are independent contractors but may be coded as employees in household surveys because they respond that they are “employed by an employer.” By asking these workers follow-up questions about contractor work, we find that, among workers working for an employer on one or more jobs, approximately 1 in 10 is in fact an independent contractor on at least one of those jobs (Figure 1).¹ The youngest and oldest workers are more likely to be miscoded, as are Black and Hispanic workers, men, and workers with less education. Although not shown in the figure, the problem is especially pervasive among workers holding multiple jobs or working few hours.

As shown in Figure 2, accounting for these miscoded employees substantially changes the share of workers who are independent contractors on their main job. Overall, we estimate this share to be 15 percent in the Gallup module, compared to 7 percent in the 2017 CWS (first pair of bars). Most of the gap between the Gallup and CWS estimates is due to adjusting for miscoded employees (second pair of bars). This is true even when we restrict the sample to individuals working at least 15 hours per week.

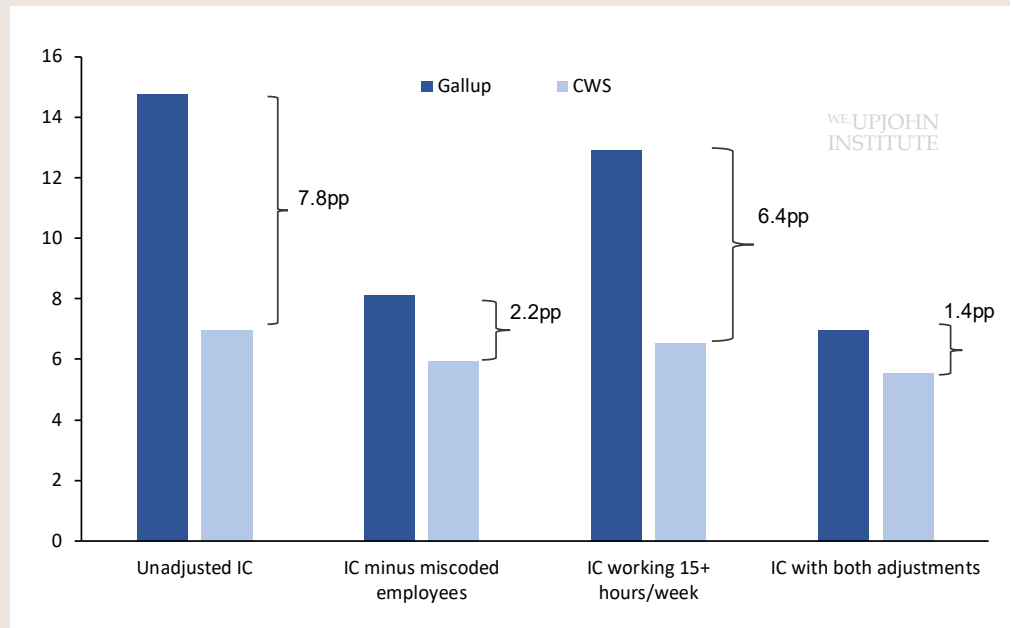
As indicated in Figure 3, adjusting for miscoding matters more for certain demographic groups. When we do not account for miscoding (dark blue bars), both the Gallup module and the CWS indicate that contract work is more prevalent

Figure 1 Share of Workers “Employed by an Employer” Who Are Independent Contractors



NOTE: Estimates are share of those who report being “employed by an employer” on any job who indicate when asked a probing question that they are an independent contractor on at least one job with an employer. See the working paper for details.
 SOURCE: Authors’ tabulations of Gallup Contract Work module data.

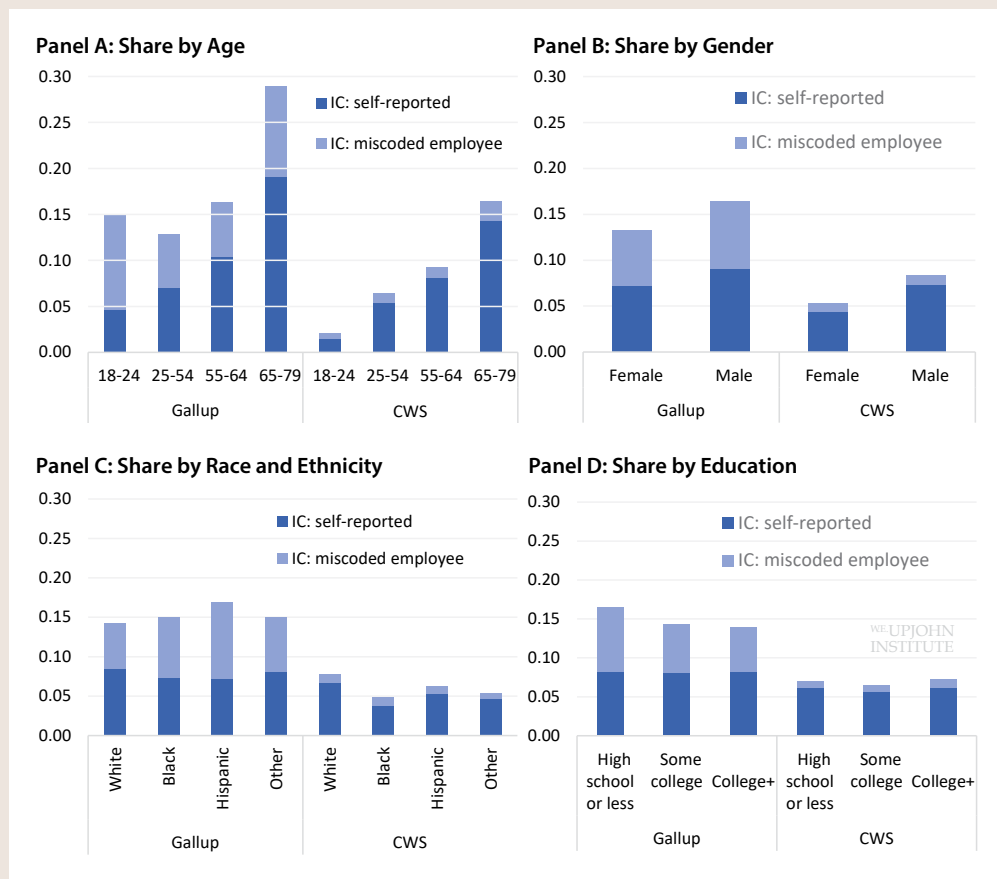
Figure 2 Independent Contract Work on Main Job, Gallup vs. CWS



NOTE: “Gallup” refers to the Gallup Contract Work module described in the text. “CWS” refers to the May 2017 Contingent Worker Supplement to the Current Population Survey. “IC” is independent contractor. The vertical axis shows the percentage of workers classified as ICs in each data source under different sets of restrictions. See the working paper for details.
 SOURCE: Authors’ analysis of Gallup Contract Work module data and May 2017 CWS data.

How Many Independent Contractors Are There and Who Works in These Jobs?

Figure 3 Share of Workers Who Are Independent Contractors, by Demographics, Gallup vs. CWS



NOTE: "Gallup" refers to the Gallup Contract Work module described in the text. "CWS" refers to the May 2017 Contingent Worker Supplement to the Current Population Survey. "IC" is independent contractor. White is White non-Hispanic, and Black is Black non-Hispanic. The vertical axis shows the share of workers who are independent contractors, either self-reported or employees who are miscoded.

SOURCE: Authors' analysis of Gallup Contract Work module data and May 2017 CWS data.

among White and male workers and that its prevalence increases with age. Once we account for miscoded workers (light blue bars), however, these patterns change substantially, with Black and Hispanic workers more likely than White workers to be contractors, and the less-educated more likely than college graduates to be contractors. Additionally, the high incidence of miscoding among workers younger than 25 means that independent contracting no longer rises uniformly with age.

Conclusion

Our research addresses why standard household surveys may

miss much of the independent contractor workforce and tests these ideas through a Gallup survey module administered in 2018 and 2019. We learned from focus groups that independent contractors often think of themselves as working for an organization, particularly if they have only a few clients, and thus may not think of themselves as being self-employed. Standard household surveys generally distinguish whether a worker is an employee or self-employed by asking whether the worker is employed by an organization or is self-employed. In our survey, nearly half of independent contractors are miscoded as

employees based on asking this sort of question. Adding questions that probe for clarification on a worker's employment arrangement, as well as the presence of low-hours work, is critical for accurately measuring independent contractor work.

Note

1. As described in the [full paper](#), we randomize participants to receive different versions of these questions to see how much wording matters for response. For simplicity we present the pooled response in this article, but responses for each question version are available in the paper.

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What Happens to Residents Evicted under California's Ellis Act?

Brian J. Asquith

Thirty-seven years after its enactment, the Ellis Act continues to generate controversy and conflict in California politics. The Ellis Act empowers landlords to withdraw their housing units from the rental market by evicting *all* of the building's tenants, even if the tenants are lease compliant. One estimate is that over 32,000 tenants have been evicted from their apartments under the Ellis Act in San Francisco and Los Angeles alone since 1994 (Schneider 2022). In spite of its infamous reputation, few studies have examined its general impacts, and none have focused on how tenants fare after being evicted. In this article, I highlight findings from my recent working paper, "[The Effects of an Ellis Act Eviction on Neighborhood Socioeconomic Status](#)," which investigates whether "Ellis'd" tenants move to neighborhoods with higher or lower socioeconomic status after the eviction.

My study finds that Ellis Act evictees move into poorer neighborhoods compared to the control group of non-Ellis-evictees, and the gap between the two groups only grows over time. A similar pattern emerges when I

look at neighborhood Opportunity Atlas income, which measures the average predicted income at age 35 for children who grow up in a given neighborhood. This implies that Ellis'd children may make less money as adults than non-Ellis'd children. My results thus confirm that policymakers are right to be concerned about the fate of Ellis evictees.

I also look at outcomes by race. Whites and Hispanics experience downward neighborhood income mobility similar to the sample average, but because Whites initially have the highest neighborhood median household incomes—as well as children's predicted adult incomes—the overall negative impact on them is less severe. Evicted Asians and Pacific Islanders initially move into better neighborhoods by both measures, but eventually the neighborhood income measures of the evicted and the nonevicted converge, suggesting their Ellis Act effect is largely transitory. Evicted Black adults experience persistent upward neighborhood income mobility, but the neighborhoods in which they eventually locate

nonetheless have poorer predicted incomes for their children.

How to Measure Ellis Evictions

While municipal policymakers cannot ban Ellis Act evictions, policymakers would benefit from more information on how evictees fare. For example, are Ellis Act evictees able to stay in the area thanks to the relocation assistance? Are they able to find housing in neighborhoods comparable to their original one?

To answer these questions, I start by using Ellis evictions from San Francisco and Los Angeles spanning 2000–2007, and define my sample as people who were living in a rent-controlled apartment with five or more units in either city in 1999. I study how people fare after being Ellis'd by using individual address histories from Infutor Data Systems, a proprietary dataset that uses a mix of private and public sources to longitudinally track U.S. residents' migration histories. I focus on buildings with five or more units because landlords of large buildings are unlikely to be using the Ellis Act to target individual tenants. This ensures that I am better measuring the impact of the "true" intent of the Ellis Act—a landlord's right to withdraw all units regardless of whether individual tenants are in compliance with the lease—instead of capturing small landlords using the Ellis Act to target one or two tenants they cannot get rid of by other means. The 2000–2007 period coincides with a large wave of these evictions, covering 651 buildings and 11,470 people I was able to link from the Infutor histories to the affected buildings. I compare these individuals to a control group of San Francisco and Los Angeles residents who in 1999 were living in buildings with at least five units and who were *not* Ellis'd during the 1999–2007 time period; this amounts to 36,258 buildings and 907,465 individuals identifiable in Infutor.

ARTICLE HIGHLIGHTS

- *California's Ellis Act, which allows landlords to withdraw buildings from the rental market by evicting all their tenants, has led to over 30,000 household evictions in San Francisco and Los Angeles since 1994.*
- *I examine how being "Ellis'd" affects tenants' subsequent neighborhood income mobility compared to that of similar nonevicted tenants.*
- *Ellis'd tenants are more likely to move each year for at least the next 12 years, suggesting greater residential instability.*

What Happens to Residents Evicted under California’s Ellis Act?

While the Infutor data measure individual address histories reasonably well, it unfortunately lacks comparably good data on income and employment. I thus use neighborhood of residence (as captured by 2010 Census tracts) as a proxy for how adults fared after being Ellis’d. For example, if the evicted group’s average neighborhood-level income is higher than the nonevicted group’s some years later, the average evictee was probably able to live in a better-off location, perhaps with the money they saved by having had rent control. Municipal policymakers might then conclude that existing evictee assistance programs are working satisfactorily. Conversely, if the evicted group’s average neighborhood-level income is lower, it would imply that tenants undergo downward neighborhood income mobility as they seek rents comparable to those they were paying for their old apartments.

The Impact of Ellis Evictions

My first finding is that people who were Ellis’d become substantially

more likely to move during a given year than nonevicted individuals, even up to 12 years later. This is not equivalent to finding that the Ellis Act increases homelessness, but it confirms that the evictees experience greater residential turnover than those who were not evicted.

When I next look at changes in average neighborhood income, I find strong evidence that Ellis Act evictees not only wound up living in lower-income neighborhoods than their nonevicted peers immediately after their eviction, but also that this discrepancy grew over time. Figure 1 plots the Ellis treatment effect starting from 2 years before the eviction ($t = -2$) to 12 years afterward ($t = 12$), first for the whole sample and then separately by race. These treatment effects can be interpreted as the percentage difference between the median household income in the neighborhoods where evictees live relative to that where nonevictes live.

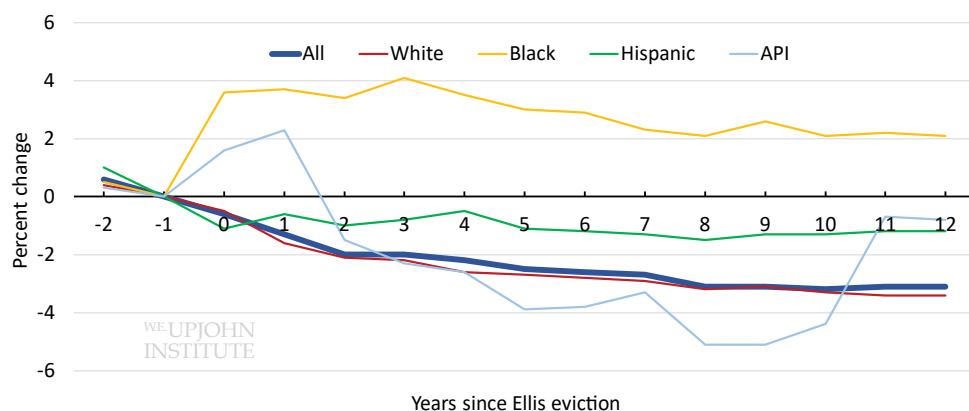
The thick blue line shows the results for the whole sample. The percentage difference in

neighborhood incomes between the two groups was very small (and not statistically different) 2 years prior to eviction, but a gap emerges at the eviction year ($t = 0$) and then grows such that, 12 years posteviction, the Ellis’d group on average live in neighborhoods with 3.1 percent lower median household income than the nonevicted.

Beneath these headline findings, there are interesting differences in the results by race. Ellis Act evictions clearly leave affected Whites and Hispanics living in poorer neighborhoods than their nonevicted peers even 12 years later. Asians and Pacific Islanders, as well as Blacks, show a different pattern, however. Evicted members of the former group initially move into neighborhoods with 2 percent *higher* median household income than their nonevicted peers, but this then quickly reverses, so that by 9 years out evicted Asians and Pacific Islanders are living in neighborhoods with 5 percent lower median household income than the nonevicted. Even more interestingly, this gap then disappears after 11 years, so that the average neighborhood income of the two groups is about equal. The most likely explanation is that the Ellis Act prompts Asians and Pacific Islanders to move into the better-income neighborhoods that they were planning to move to anyway, perhaps a little earlier than intended, but in the long run the nonevicted catch up.

In contrast, evicted Blacks appear to move into higher-income neighborhoods, and this effect persists (although weakly) through the end of the study period. Blacks are the smallest subgroup in the sample, so these results are somewhat imprecise, but the most likely explanation is that Blacks are more likely than other groups to relocate out of the San Francisco and Los Angeles areas entirely, meaning that they may have been able to successfully translate their savings

Figure 1 How Ellis Act Evictions Affect the Median Household Income of Former Tenants’ Subsequent Neighborhoods



NOTE: The lines show estimates, for each racial group, of how an Ellis Act eviction affects the median household income of the neighborhoods in which former tenants subsequently reside, by years since the eviction occurred. For example, the thick blue line shows that the median household income of the neighborhood in which an evicted person resides, two years after the Ellis eviction, is 2 percent less than the neighborhood of the building from which they were evicted.

SOURCE: Ellis Act evictions from Los Angeles and San Francisco, Infutor Data Systems, and author’s calculations.

from having had rent control into upward mobility.

What about the impact of the Ellis Act on kids? While the Infutor data do not track children’s address histories, one can proxy for how an Ellis eviction may have affected children by looking at a measure called the Opportunity Atlas (OA) income. The OA income measure was created by Chetty et al. (2020) and uses tax data to estimate for each 2010 Census tract the average income by age 35 of the children who grew up there (regardless of where they later live), both overall and by race. Thus, it may be that some adults move to neighborhoods with lower median household incomes but higher OA incomes. Think, for example, of certain immigrant or ethnic enclaves where the adults are a bit poorer than average because most are English second-language speakers, but the children go on to outperform their native peers.

Figure 2 shows the results for OA income. Like the results for average neighborhood median household income, the average OA income among evictees persistently declines relative to that of nonevictes, so that 12 years after eviction there is a gap of 1 percent between the two. The same pattern holds for Whites (more strongly) and Hispanics (less strongly). Opportunity Atlas incomes for evicted Asians and Pacific Islanders initially rise relative to their nonevicted peers, as they did for neighborhood median household income, but this difference then shrinks to a statistical zero after five years. This pattern reinforces the finding that an Ellis eviction accelerates the upward mobility trajectories of Asians and Pacific Islanders but doesn’t permanently change them, as the nonevicted eventually catch up when they (voluntarily) begin their own moving out process from their rent-controlled apartments.

Lastly, evicted Blacks’ average OA incomes are little different than those of their nonevicted peers, which is striking because adult neighborhood incomes are *higher* for the evicted. This should raise concerns about why Black evictees were apparently unable to translate their gains from rent control (if that is what allowed the adults to move to better neighborhoods) into better outcomes for their children.

Conclusion

Current Ellis Act assistance programs do not seem to prevent tenants from experiencing downward neighborhood mobility: the average evictee 12 years afterward is living in a neighborhood with 3.1 percent lower household income and 1 percent lower predicted adult income for the children who grow up there than the nonevictes. These negative effects are most heavily concentrated among Whites and Hispanics, but Whites are likely less harmed because

they start off in significantly better-off neighborhoods. Black evictees move to neighborhoods with higher adult incomes but slightly lower predicted adult outcomes for children.

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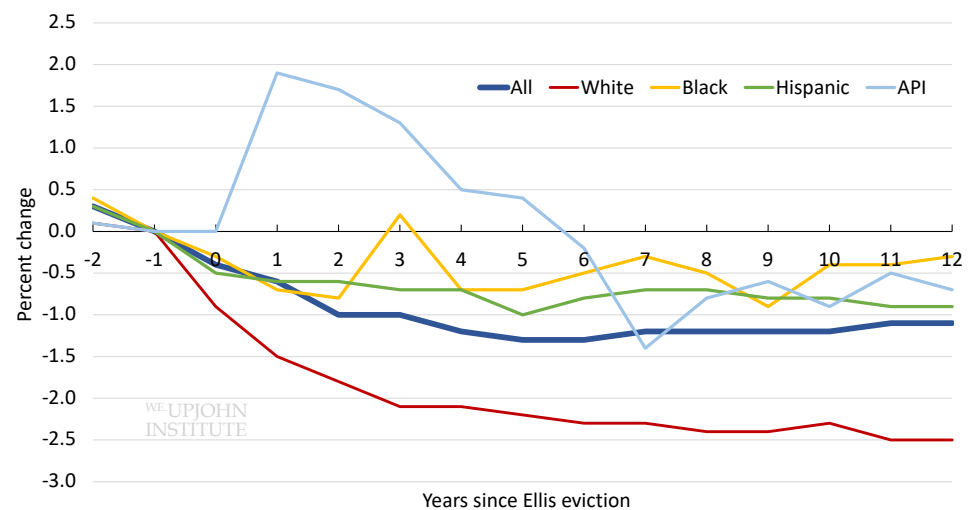
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For additional details, see the full working paper at https://research.upjohn.org/up_workingpapers/22-374.

Brian J. Asquith is an economist at the Upjohn Institute.

Figure 2 How Ellis Act Evictions Affect the Opportunity Atlas Income of Former Tenants’ Subsequent Neighborhoods



NOTE: The lines show estimates, for each racial group, of how an Ellis Act eviction affects the Opportunity Atlas income of the neighborhoods in which former tenants subsequently reside, by years since the eviction occurred. The Opportunity Atlas Income measures the average predicted adult income (at age 35) for children who grow up in a given neighborhood, regardless of where they live as adults.

SOURCE: Ellis Act evictions from Los Angeles and San Francisco, Infutor Data Systems, Opportunity Atlas, and author’s calculations.

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