



Noncustodial Parents and the GIG Economy

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This brief describes how the Census Bureau characterizes the gig workforce and summarizes research findings on the size of the gig workforce. It also presents findings on the prevalence of gig work among noncustodial parents, using the 2017 U.S. Census Bureau's Current Population Survey-Contingent Workforce Survey.

Highlights from the brief:

- Gig work is most associated with the following four work arrangements: independent contractors, on-call workers, working for a temporary agency, and working for a contract company.
- Gig work tends to be short-term and often conducted outside of the traditional employee-employer relationship, making it difficult to enforce child support orders.
- According to the Census Bureau, 10% of the U.S. workforce had one of the four work arrangements associated with gig work as their main job in 2017, and 70% of these were Independent Contractors.
- Other research has tended to find more gig workers than the Census Bureau, ranging as high as 29% of the workforce engaged in gig work as their main job. However, these other estimates are not as reliable as those of the Census Bureau. Nonetheless, they suggest that the Census Bureau estimates are a lower bound on the prevalence of gig work as a worker's main job.

STORY BEHIND THE NUMBERS



Through a deeper understanding of the trends in child support program data and other data that affects the program, the Story Behind the Numbers series aims to inform policy and practice and strengthen program outcomes.

- A key limitation of the Census Bureau data is that it only counts persons as gig workers if gig work is their main job. This approach misses a considerable amount of gig work.
- This study finds that gig work is more prevalent among noncustodial parents than other workers. In 2017, 1 in 7 working noncustodial parents were performing gig work as their main job, and 1 in 10 were working as Independent Contractors as their main job. Since these estimates rely on the same survey used by the Census Bureau, these estimates should be viewed as lower-bound estimates on the prevalence of gig work among noncustodial parents.
- Gig work for noncustodial parents is highly concentrated in two sectors of the economy – construction, and professional and business services.

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Introduction

There is a lot of talk about the “gig economy” and the growing number of people who work in it. Much of this discussion is spurred by the rapid changes in technology that have made it easier for companies to use gig workers, such as the proliferation of on-demand platforms that consumers use daily.

But what is gig work? The most common definition of gig work focuses on the work arrangement.¹ Individuals provide their services to companies on a short-term, temporary basis. They typically work on a specific task or for a certain amount of time. Once the task or shift is complete, the gig is up, and the worker moves on. The term originated in the music industry to describe the work of musicians but is now used to describe a wide range of short-term and temporary jobs, such as traveling nurses and doctors, substitute teachers, and freelance workers.

Some observers have been concerned about the rise of gig work.² While gig work may increase flexible work opportunities, gig workers may not have the same protections and benefits that traditional employees have. Gig work is often associated with low pay, no benefits, and employment instability. In addition, most of these workers are not covered by social insurance programs or employment and labor laws.

The gig economy also makes it more difficult to enforce child support orders. Federal law requires employers to provide basic information on new employees to the child support program. States collect this information in their State Directory of New Hires and forward it to the National Directory of New Hires.³ It's used to issue income withholding orders for noncustodial parents who are recently employed and owe child support. The new hires reporting process is one of the main ways that child support programs implement income withholding orders to collect child support. In most states, this system does not extend to workers outside of the traditional employee/employer relationship.⁴

Another way in which gig work further complicates collecting child support is that gig work is usually short term. If a noncustodial parent has a steady job, child support can become a reliable source of income for custodial families via income withholding. The cost of collecting child support under these conditions is minor for the child support program. On the other hand, if the noncustodial parent is working short-term gigs for different companies, it is less likely the parent will pay child support consistently, and issuing income withholding orders is more labor intensive and costly for the child support program.

The purpose of this brief is to summarize the latest research on the size of the gig workforce and describe the extent to which noncustodial parents participate in it.

How many gig workers are there?

Recognizing the need to measure the changing nature of the labor market, the Bureau of Labor Statistics developed a survey called the Contingent Worker Supplement (CWS) in the early 1990s. This survey is a supplement, or add-on, to the Current Population Survey (CPS), a survey conducted by the Census Bureau each month to measure the unemployment rate. The CPS interviews about 60,000 households each month. The CWS was first conducted as a supplement to the CPS in 1995 and has been conducted periodically since then, most recently in 2017.⁵ The CWS measures whether people's jobs are temporary or contingent in nature. It also measures the following four work arrangements associated with gig work:

- Independent contractors, independent consultants, and freelancers
- On-call workers
- Working for a temporary agency
- Working for a contract company

According to the latest CWS, there were 153.3 million adults (age 16+) who were working for pay or profit in May 2017, and 15.5 million of them, or 10% of the workforce, worked in one of the four work arrangements listed above as their main job.⁶ Independent contractors comprised the largest alternative work arrangement, representing 7% of the workforce.⁷

According to the CWS, the percent of the workforce engaged in the gig economy as their main job has remained relatively stable over time. For example, in 1995, the first year the CWS was conducted, 10% of the workforce was employed in one of these four work arrangements, and independent contractors represented 7% of the workforce, the same figures as in 2017.⁸

Since the development of the CWS, many other household surveys have used these four work arrangements to describe the gig workforce. Probably the most widely cited study was conducted by Gallup in 2018.⁹ It defined gig work using these four work arrangements and concluded that 36% of all workers in the U.S. had one of these four work arrangements and 29% of all workers had one of these work arrangements as their primary job. Other studies have also found more workers in these four work arrangements than the CWS, although not as many as the Gallup study.¹⁰

The Gallup survey and most other household surveys that have examined the gig workforce have used survey designs that result in samples that are less representative of the workforce than the one conducted by the Census Bureau. For example, Gallup conducted its household survey using random digit dialing to identify respondents, which research shows produces fewer representative samples than address-based probability sampling used by the Census Bureau.¹¹ In addition, Gallup asked survey respondents to complete an online survey about their work arrangements and did not offer any other option for completing the survey. Unfortunately, online surveys can lead to biased results since not everyone in the U.S. has access to the internet, and there are significant demographic differences between those who have access and those who don't.¹²

The General Social Survey (GSS) has also examined the size of the gig workforce, estimating most recently in 2018 that about 21% of workers were working in one of the four aforementioned work arrangements as their main job and that 13% were working as independent contractors as their main job.¹³ The GSS uses a rigorous sampling methodology similar to that used by the Census Bureau, but its survey response rate is significantly lower and its sample size is much smaller than that of the CWS. The GSS response rate in 2018 was 60% and its sample size for the question about work arrangements was 1,408 adults.¹⁴ In contrast, the CWS has a considerably higher response rate and it asked over 60,000 adults its questions about work arrangements.¹⁵

Other data besides household surveys have been used to examine the size of the gig workforce, including tax data, banking records, and business surveys.¹⁶ Most of this research suggests that the gig workforce is larger than the estimates provided by the CWS. The main reason these other estimates are larger is because they are examining gig work regardless of whether it represents the worker's main job.

At this point, while the CWS is a large and reliable survey, other research suggests that it provides a lower-bound estimate on the number of workers who perform gig work as their main job. In addition, the CWS does not capture the extent to which workers are working in the gig economy beyond their main job, which is a clear limitation that results in underestimating the full impact of gig work on the U.S. workforce. Fortunately, important research has been conducted on ways to improve the CWS.¹⁷ Thus, going forward, it should provide better estimates of the gig workforce.

How many noncustodial parents are gig workers?

Despite the limitations of the CWS, it has one clear advantage for this analysis because it can be merged with data that identifies noncustodial parents. The Current Population Survey asks the following question as part of the Annual Social and Economic (ASEC) Supplement, which is conducted in March: Does anyone in this household have any children who lived elsewhere with their other parent or guardian at any time during the prior year? If the respondent answers yes, the individuals in the household who have children living elsewhere are identified. I use this information to identify noncustodial parents.

As noted above, the most recent CWS was conducted as a supplement to the CPS in May 2017. Given the sampling structure of the CPS, roughly one half of the households interviewed in March are also interviewed in May. Thus, I merge the surveys conducted in March and May of 2017 to describe noncustodial parents' participation in the gig workforce and compare their participation to that of other workers. As I explained earlier, the CWS appears to provide lower-bound estimates on the number of workers who work in the gig economy as their main job. Thus, the results presented below about the percent of working noncustodial parents who perform gig work as their main job should also be viewed as lower-bound estimates.

I find that 14% of noncustodial parents who were working as of May 2017 had an alternative work arrangement associated with gig work as their main job compared to 9% of other workers, a statistically significant difference.¹⁸ This shows that gig work is quite prevalent among noncustodial parents – representing about 1 in 7 working noncustodial parents.

The most common alternative work arrangement for noncustodial parents was working as an independent contractor. About 9.5% of working noncustodial parents reported that they had this work arrangement as their main job. Independent contractors are self-employed. The companies that hire them provide the individuals and the IRS with 1099 tax forms indicating the amount they were paid. As noted above, federal law does not require companies to provide information to the child support program about these work arrangements, which makes it more difficult to collect child support. However, as of fall 2021, 17 states and territories have enacted laws that require companies to provide information to the child support program about their independent contractors.¹⁹

About 2.4% of working noncustodial parents reported that they were working on-call or as day laborers as their main job. Another 2% were working for a temporary help agency as their main job. About 3% reported that they were self-employed as their main job and did not have one of these alternative work arrangements, and 83% said they were employed as regular employees as their main job and did not have one of these alternative work arrangements.

| Table 1. Work Arrangements for Working Noncustodial Parents and Other Workers in 2017 | | |
|--|-------------------------------------|--------------------------|
| Work Arrangement | Working Noncustodial Parents | All Other Workers |
| Traditional Work Arrangement | 86.0% | 90.6% |
| Wage and Salary Worker | 83.0% | 86.4% |
| Self-Employed | 3.1% | 4.1% |
| Alternative Work Arrangement | 14.0% | 9.4% |
| Independent Contractors | 9.5% | 6.5% |
| On Call Workers | 2.4% | 1.5% |
| Work for Temporary Help Agency | 2.0% | 0.8% |
| Workers Provided by Contract Firm | 0.1% | 0.6% |
| Source: Author's analysis of merged 2017 ASEC/CWS. | | |

As noted above, alternative work arrangements are only examined for a worker's main job, which leads one to ask: what percent of noncustodial parents have two or more jobs? The CPS asks this question each month and in May 2017, about 8% of working noncustodial parents indicated that they had more than one job in the week prior to the survey compared to 5% of other workers, a statistically significant difference. Among noncustodial parents who said they had more than one job, the median number of hours actually worked on those other jobs in the week prior to the survey was 12 hours.

Having multiple jobs at the same time creates further challenges for the child support program. It requires child support staff to determine whether it should issue one or multiple income withholding orders. If it sends only one order, it must decide to which company it should send the income withholding order. If it sends multiple orders, it must decide the amount of each income withholding order. These additional tasks add to the complexity and cost of issuing income withholding orders.

The CWS asks respondents what industry they work in, and this information is reported in Table 2 for noncustodial parents overall and by their work arrangement. It shows that noncustodial parents with traditional work arrangements are not heavily concentrated in any particular industry, but noncustodial parents with alternative work arrangements are heavily concentrated in two industries – construction, and professional and business services. About 1 in 5 noncustodial parents with traditional work arrangements work in these two industries, whereas over half of noncustodial parents with alternative work arrangements work in these two industries.

| Table 2. Industrial Sector for Working Noncustodial Parents by Work Arrangement in 2017 | | | |
|--|--------------|-------------------------------------|-------------------------------------|
| Industry | Total | Traditional Work Arrangement | Alternative Work Arrangement |
| Agriculture | 0.7% | 0.8% | 0.2% |
| Mining | 1.6% | 1.5% | 1.7% |
| Construction | 12.4% | 10.7% | 22.5% |
| Manufacturing | 16.0% | 18.0% | 3.6% |
| Wholesale and Retail Trade | 13.2% | 14.0% | 8.2% |
| Transportation and Utilities | 5.6% | 2.1% | 0.3% |
| Information | 1.9% | 2.1% | 0.3% |
| Financial Activities | 6.1% | 5.8% | 7.9% |
| Professional and Business Services | 12.4% | 9.6% | 29.3% |
| Education and Health Services | 16.5% | 17.6% | 10.0% |
| Hospitality | 5.3% | 5.9% | 1.3% |
| Other Services | 5.0% | 4.4% | 8.9% |
| Public Administration | 3.4% | 4.0% | 0.0% |
| Source: Author's analysis of merged 2017 ASEC/CWS. | | | |

Endnotes

- 1 For a summary of the different approaches to defining gig work, see: <https://www.gigeconomydata.org/basics/what-gig-worker>
- 2 Government Accountability Office. (2015). Contingent Workforce: Size, Characteristics, Earnings, and Benefits. G O-15-168R Contingent Workforce. <https://www.gao.gov/assets/gao-15-168r.pdf>
- 3 For further information about new hire reporting, see: <https://www.acf.hhs.gov/css/employers/employer-responsibilities/new-hire-reporting>
- 4 For information about which states require companies to report independent contractors to their State Directory of New Hires, see: <https://ocsp.acf.hhs.gov/irg/irgpdf.pdf?geoType=OGP&groupCode=EMP&addrType=NHR&addrClassType=EMP>
- 5 The Contingent Worker Supplement has been administered six times: in 1995, 1997, 1999, 2001, 2005, and 2017.
- 6 U.S. Bureau of Labor Statistics. (2018). "Contingent and Alternative Employment Arrangements-May 2017." <https://www.bls.gov/news.release/pdf/conemp.pdf>. A person's main job is the one in which they worked the most hours. The BLS added four questions to the CWS in 2017 to measure electronically mediated work, defined as short jobs or tasks that workers find through websites or mobile apps that both connect them with customers and arrange payment for the tasks. However, BLS determined that these questions did not work as intended. BLS did examine verbatim responses to these questions. Based on this analysis, BLS estimated that electronically mediated workers accounted for 1.0 percent of total employment in May 2017. See: Current Population Survey Staff. (2018). "Electronically mediated work: New questions in the Contingent Worker Supplement." Monthly Labor Review, September. Washington, DC. <https://www.bls.gov/opub/mlr/2018/article/electronically-mediated-work-new-questions-in-the-contingent-worker-supplement.htm#top>
- 7 For more information on the difference between an independent contractor and an employee see: <https://www.acf.hhs.gov/css/training-technical-assistance/whats-difference-between-independent-contractor-and-employee>
- 8 U.S. Bureau of Labor Statistics. (1995). "Contingent and Alternative Employment Arrangements." Report 900. https://www.bls.gov/news.release/history/conemp_082595.txt
- 9 Gallup. (2018). "Gallup's Perspective on The Gig Economy and Alternative Work Arrangements." <https://www.gallup.com/workplace/240878/gig-economy-paper-2018.aspx>.
- 10 Lawrence F. Katz and Alan B. Krueger. (2019). "Understanding Trends in Alternative Work Arrangements in the United States." RSF: The Russell Sage Foundation Journal of the Social Sciences 5(5): 132-146. <https://www.rsfjournal.org/content/rsfjss/5/5/132.full.pdf>; Katharine G. Abraham, Brad Hershbein, and Susan Houseman. (2018). "Independent Contract and Informal Work: Preliminary Evidence on Developing Better Measures in Household Surveys." Paper presented at the Allied Social Science Association meetings, Atlanta, Georgia, January 2019. <https://www.aeaweb.org/conference/2019/preliminary/paper/kGEn73Ns>
- 11 Bonnie E Shook-Sa, Douglas Curriivan, David Roe, and Lauren Klein Warren. (2016). "Random Digit Dialing versus Address-Based Sampling Using Telephone Data Collection" Survey Practice 9(3):1-9. <https://www.surveypractice.org/article/2811-random-digit-dialing-versus-address-based-sampling-using-telephone-data-collection>
- 12 For a discussion of the weaknesses of internet surveys see: <https://www.pewresearch.org/politics/methodology/collecting-survey-data/internet-surveys/>
- 13 Author's analysis of the 2018 General Social Survey retrieved from: <https://gssdataexplorer.norc.oregon.edu/>

- 14 For more information about the GSS response rate, see: Stephen L. Morgan. (2020). “Response Rates and Representativeness: A Benchmark Comparison of the General Social Surveys to the American Community Surveys, 2012–2018.” GSS Methodological Report No. 13.
<https://gss.norc.oregon.edu/Documents/reports/methodological-reports/MR131%20Response%20Rates.pdf>
- 15 For more information about the CWS response rate, see: Current Population Survey, May 2017, Contingent Work File, Technical Documentation, CPS–17.
<https://www2.census.gov/programs-surveys/cps/techdocs/cpsmay17.pdf>
- 16 For a more in-depth review of the latest research on the size of the gig workforce see: Katharine G. Abraham and Susan N. Houseman. (2021). What Do We Know about Alternative Work Arrangements in the United States? A Synthesis of Research Evidence from Household Surveys, Employer Surveys, and Administrative Data.
https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/Alternative_Work_Arrangements_Abraham_Houseman_Oct_2021_508c.pdf
- 17 National Academies of Sciences, Engineering, and Medicine 2020. Measuring Alternative Work Arrangements for Research and Policy. Washington, DC: The National Academies Press. <https://doi.org/10.17226/25822>.
- 18 The noncustodial parent population in March 2017 is not as large as the custodial parent population as measured in April 2018, nor does it have the same sex, race, and order status distribution as the custodial parent population. I reweighted the March 2017 data to reflect the size and characteristics of the custodial parent population and found that the results presented in this brief are not significantly different than the reweighted results. Given the similarity in the results, I only present the results using the original population weights supplied by the 2017 CWS. Reweighted results are available from the author.
- 19 See footnote 4.