

Made in the City  
*Urban Industry in the Digital Age*

Fighting Neighborhood Decay  
*From Blight to Bright*

Gig and Independent Work  
*A New Frontier for Economic Development*

Opportunity Zones  
*How to Maximize Your Community's Investment Potential*

The Industrial Economy as a Key to  
Equitable Growth  
*Lessons Learned from Duluth, Minnesota*

Workforce Development – Facing a Shortage of  
Skilled Labor  
*Rethinking Vocational Education*



## IT PAYS TO BE A MEMBER

The savings that membership brings on conference attendance, publications and member services more than covers the cost of membership. Member dues are prorated according to the organization or company type. Don't miss out on the value and savings of becoming an IEDC member. Join the premier economic development association today.

Call IEDC TODAY to sign yourself up as a member or to receive further membership information: (202) 223-7800. Or visit our homepage at [www.iedconline.org](http://www.iedconline.org).



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

## INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

### ABOUT IEDC

The International Economic Development Council (IEDC) is the premier international association dedicated to leadership and excellence in economic development. IEDC can equip you with the tools and resources that are helping to shape economic development throughout the country and around the world. Our services include:

- *ED Now*, a twice-monthly newsletter
- *Economic Development Journal*, a quarterly publication
- Improved access to resources and information
- Enhanced educational choices
- Stronger advocacy and access at the Federal level
- Expanded networks and alliances
- Industry-leader publications
- Expanded research and technical assistance
- An international presence

## THE IEDC Economic Development Journal

International Economic Development Council  
734 15th Street, NW Suite 900 • Washington, DC 20005 • [www.iedconline.org](http://www.iedconline.org)

Chair: Tracye McDaniel

President & CEO: Jeffrey A. Finkle, CEcD

Editor: Jenny Murphy

Editorial Board: Ronnie Bryant, CEcD, FM, HLM, chairman; William Beyers, Ph.D.; J. Vann Cunningham; Gerald Gordon, Ph.D.; Donald Haider, Ph.D.; Rick Loessberg; Phillip D. Phillips, Ph.D., CEcD; Karin Richmond, Ph.D., FM; Ronald Swager, Ph.D.; Mark D. Waterhouse, CEcD, FM, HLM; and Charles H. Wood, CEcD

Manuscripts are invited and should be addressed to the editor. Articles contained in *Economic Development Journal* represent the authors' views and not necessarily those of IEDC. No articles may be reproduced without permission from IEDC. Copyright (c) 2019, the International Economic Development Council (202) 223-7800. Fax: (202) 223-4745. [mail@iedconline.org](mailto:mail@iedconline.org). ISSN 1539-1922 (print). ISSN 2168-5800 (online).

Subscriptions \$60 per year; for individual issues – \$20. Advertising is available. Contact IEDC for details.

#### OFFICERS AND BOARD OF DIRECTORS

##### Officers

Tracye McDaniel  
*Chair*  
Craig J. Richard, CEcD, FM  
*Immediate Past Chair*  
Kenny McDonald, CEcD  
*Vice Chair*  
Tom Kucharski, CEcD  
*Secretary/Treasurer*  
Amy J. Clickner, CEcD, CFRM  
Todd Greene, CEcD  
Jonas Peterson, CEcD  
Jeffrey A. Finkle, CEcD  
*President & CEO*

##### Board of Directors

Marva Bryan, CEcD, EDFP  
Chris Camacho  
Robert J. Camoin, CEcD  
Danielle Casey, CEcD, EDFP  
Michael Catsi, CEcD  
Barbra Coffee, CEcD, EDFP  
James Collard, PhD, FM  
Rodney Crim, CEcD, EDFP  
Calandra Cruickshank  
Bryan Daniels, CEcD  
Linda DiMario  
Lara Fritts, CEcD  
Gynii A. Gilliam, M.S.  
Cecilia Harry, CEcD

Gregory Hitchin, CEcD  
Molly Howey, CEcD  
Clarence L. Hulse  
Ean Johnson, CEcD  
Jeffrey Kaczmarek  
SeonAh Kendall  
Eloisa Klementich, CEcD, PhD  
Maureen Donohue Krauss  
Heather Lalonde, CEcD, EcD  
Allison Larsen, CEcD  
Carol Kraus Lauffer  
David Leezer, CEcD, FM  
Penny Lewandowski  
Regina Lindsey, CEcD  
Scott Martinez, CEcD  
Brian P. McGowan  
Bethany Miller, CEcD  
Rodrick T. Miller  
Mary Ann Moon, CEcD, FM, HLM  
Jonathan Morgan, PhD  
Mike Neal, CCE, CEcD, HLM  
Tracey Nichols  
Mark O'Connell  
Diane Palminteria  
Suzanne Pegg  
Courtney Pogue, CCIM, CEcD,  
LEED, AP  
Lyneir Richardson  
Janis Rogers  
Gilberto Salinas  
John B. Sternlicht, Esq, JD, CEcD,  
FM

Michael J. Taylor  
Martin K. Vanags, CEcD  
Ben Wright

##### PAST CHAIRS

William E. Best, FM  
Thomas D. Blanchard, Jr., HLM  
M. Ross Boyle, CEcD, FM, HLM  
Ian Bromley, MA, MBA, FM,  
FRSA  
Ronnie L. Bryant, CEcD, FM, HLM  
Steven J. Budd, FM, HLM  
Robert B. Cassell, CEcD, FM, HLM  
Kurt Chilcott, CEcD, FM, HLM  
John P. Claypool, HLM  
Dennis G. Coleman, CEcD, FM,  
HLM  
Gary Conley, HLM  
James A. Covell, CEcD, FM, HLM  
JoAnn Crary, CEcD, FM, HLM  
Walter D'Alessio, HLM  
James A. Devine, CEcD, FM, HLM  
Donald G. Dunshee, CEcD, FM,  
HLM  
Murray A. Elder, HLM  
Harry G. Foden, CEcD, FM, HLM  
Jay A. Garner, CEcD, CCE, FM,  
HLM  
James A. Garver, CEcD, FM, HLM  
Victor S. Grgas, HLM  
James W. Griffin, CEcD, FM, HLM  
James H. Gullyes, HLM

James C. Hankla, HLM  
Robin Roberts Krieger, FM, HLM  
Paul Krutko, FM  
Ronald C. Kysiak, HLM  
F. Michael Langley, FM  
Robert E. Leak, Sr., CEcD, HLM  
Marilyn Swartz Lloyd, HLM  
Joseph A. Marinucci, FM, HLM  
Barry Matherly, CEcD, FM  
William J. McDermott, CEcD,  
FM, HLM  
Jay C. Moon, CEcD, FM  
John D. Morand, CEcD, FM, HLM  
Ioanna T. Morfessis, Ph.D., HLM  
Edward A. Nelson, Jr., CEcD,  
FM, HLM  
D. Kenneth Patton, HLM  
Craig J. Richard, CEcD, FM  
James O. Roberson, CEcD, FM,  
HLM  
Judie A. Scalise, CEcD, FM, HLM  
Bill R. Shelton, CEcD, FM, HLM  
William C. Sproull, FM  
Wayne Sterling, CEcD, FM, HLM  
David C. Sweet, Ph.D., FM, HLM  
Rick Thrasher, CEcD, FM, HLM  
Mark D. Waterhouse, CEcD, FM,  
HLM  
Rick L. Weddle, FM, HLM  
April Young, Ph.D., HLM

# gig and independent work

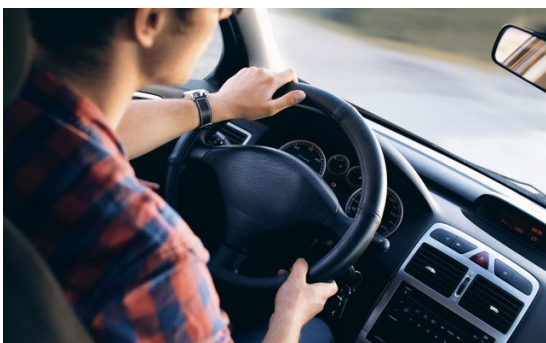
By Ellen Harpel, Ph.D.

The gig economy and independent work arrangements receive much national attention, but their role in regional economies is not well understood. In communities across the country, growing numbers of people are working outside of full-time, covered employment positions, and businesses are increasingly incorporating contract, independent, and freelance workers into their operations. Economic developers can stay ahead of the curve by understanding the scope of gig and independent work in their economies and assessing how it will affect their residents' and companies' future prospects.

## WHAT IS GIG AND INDEPENDENT WORK?

Gig and independent work is often defined by what it is not: it is not a full-time job with a single employer covered by unemployment insurance, nor is it traditional part-time work. This means it is often not included in the labor market information we use to understand state and local economies.

Gig and independent work includes a variety of full-time and part-time activities for earning income outside of an employer-employee relationship. This



Gig and independent work is much more than driving for Uber or Lyft.

Source: Pexels <https://www.pexels.com/photo-license/>

## TAKEAWAYS

Learning more about the changing nature of work, including gig and independent work, is a business and economic imperative.

Gig and independent work includes a variety of full-time and part-time activities for earning income outside of an employer-employee relationship.

Gig and independent work is a growing and substantial part of the economy, affecting the competitiveness of our industries and income-earning opportunities for our residents.

Preparing for independent work is becoming a career imperative as increasing numbers of individuals will find themselves engaged in gig and independent work at some point in their careers.

Forward-thinking economic development leaders will incorporate gig and independent work into their strategic plans and program portfolios.

work is often temporary or project-based, involves different customers and colleagues, and likely does not occur in the same way every day. It is frequently self-directed and often requires the individual to play the role of employer as well as employed. “Gig and independent” suggests positive connotations of freedom, flexibility, ownership, and self-reliance but also implies downsides, such as insecurity and unpredictability.

Gig and independent work is much more than driving for Uber or Lyft. This work encompasses many types of people working in diverse ways for different purposes. For example, the term can include:

- Freelancers, such as writers or graphic designers;
- Professionals starting a side business in their field, such as consultants;
- Seniors or those with second-act careers seeking to stay active and earn income but with greater control and schedule flexibility;
- Workers seeking to supplement inadequate or unpredictable income through temporary or “gig” activities;

Ellen Harpel, Ph.D., is president of Business Development Advisors and Smart Incentives. ([eharpel@businessdevelopmentadvisors.com](mailto:eharpel@businessdevelopmentadvisors.com))

This article is adapted from the 2018 report, “Gig and Independent Work in the Washington Region’s Economy,” prepared by Dr. Ellen Harpel for The Stephen S. Fuller Institute at the Schar School of George Mason University.

## A NEW FRONTIER FOR ECONOMIC DEVELOPMENT

Data show that gig and independent work is substantial and growing. It is increasingly part of the way work is done in many industries and across all types of organizations. This article argues that learning more about the changing nature of work, including gig and independent work, is a business and economic imperative. Economic developers can stay ahead of the curve by understanding the scope of gig and independent work in their economies and forward-thinking leaders will increasingly incorporate it into their strategic plans and program portfolios.

- Individuals who can't find employment and do gig jobs or temporary work to get by;
- Workers classified as independent contractors, often engaged in sales, construction, or professional occupations;
- Contract, on-call, or temporary workers;
- Entrepreneurs initiating a business idea;
- People who see greater career and income potential as an independent rather than an employee but don't seek to grow a business;
- Students, parents, and caregivers who wish to earn extra income but need to set their own schedule in order to meet other commitments; and
- Individuals pursuing the money-making potential of a personal interest or hobby, such as photography or personal fitness

Studies indicate that gig and independent work is a positive phenomenon for most individuals because it provides greater control, flexibility and/or income potential than traditional jobs. For others, however, it reflects a necessity rather than a choice. Some gig and independent workers wish to have a regular full-time job, but find themselves in gig, temporary or on-call work that provides neither the desired level of income nor any control. The data we have examined also suggest that many of these workers fall into low-income categories, and it is not clear if this is a welcome source of additional income, reflects a lack of other quality work opportunities, or both.

### GIG AND INDEPENDENT WORK IS SUBSTANTIAL AND GROWING

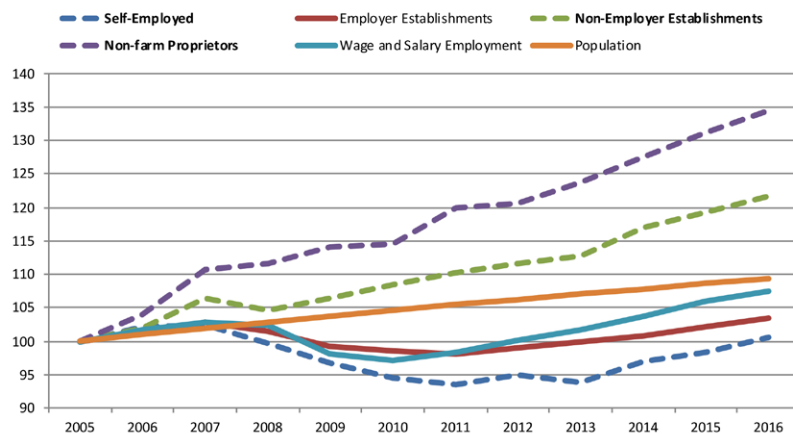
There is no single data source to describe gig and independent work. In our research, we have combined information on non-employer establishments, proprietors, self-employment, alternative and contingent workers, and tax filings on business or professional income to create a picture of gig and independent work in the US and state and local economies.

Figure 1 summarizes growth trends for several of these gig and independent work measures for the US and compares them to population and wage and salary employment trends. Non-employer establishments and nonfarm proprietorships are increasing at a much faster

There is no single data source to describe gig and independent work. In our research, we have combined information on non-employer establishments, proprietors, self-employment, alternative and contingent workers, and tax filings on business or professional income to create a picture of gig and independent work in the US and state and local economies.

FIGURE 1.

### Change in Gig and Independent Work, Employee Work, and Population, US, 2005-2016 (2005=100)



Source: US Census Bureau (Nonemployer Statistics, County Business Patterns, American Community Survey) and Bureau of Economic Analysis. (NOTE: Gig and independent work = self-employed, nonfarm proprietors, and non-employer establishments.)

rate than either the population or wage and salary employment. Full-time self-employment is growing again but continues to lag all other measures.

The data behind Figure 1 show some measures of gig and independent work have grown, while others, especially self-employment, have not. Similarly, some prominent national studies indicate gig and independent work is large and growing, while others suggest the impact is actually quite small and declining. Which is it? The answer depends on what exactly is being measured. We have summarized findings from several sources to explain.<sup>1</sup> (See Box 1)

#### BOX 1.

A rough rule of thumb is that 1 percent of all workers are engaged in online platform work, which tends to be supplemental to other income sources (think Uber, Task-Rabbit, Airbnb); about 10 percent have gig or independent work (or other "alternative employment arrangements" such as temporary or contract work) as their full-time job; and an estimated 30-40 percent of workers currently are or have freelanced or worked independently, either as a primary or secondary "job." The latter figure shows that gig and independent work is becoming a more common part of the work experience for individuals.

#### Online platform economy

The term gig economy sometimes refers to the entire category of non-employee work, but it can also mean a much narrower set of activities performed in conjunction with an online platform, such as Uber, Lyft, Airbnb, and many others. Although growing, the online platform economy segment still comprises a small portion of the overall economy – generally around 1 percent.



*Freelancers and professionals account for a substantial portion of gig and independent work.*

Source: Pexels <https://www.pexels.com/photo-license/>

These workers do not necessarily resemble the overall workforce. They tend to be younger, are more likely to be male, and work fewer hours than the overall workforce. One analysis suggests that online platform work accounts for an average of \$6,400 in annual earnings and likely involves less than 20 or even 10 hours per week.<sup>2</sup>

### **Gig and independent work as a primary job**

The self-employed and independent contractors are whom we often think of when we consider “independent” workers. Data from the Bureau of Labor Statistics (BLS) show that 10.1 percent of US workers (15 million people) were self-employed in 2015, but that the self-employment rate has been declining for the past two decades.<sup>3</sup>

Independent contractors<sup>4</sup> are not the same as the self-employed though there is overlap. BLS survey findings on Contingent and Alternative Employment Arrangements in 2017 indicate:

- Independent contractors account for 6.9 percent of total employment.<sup>5</sup>
- 3.8 percent of workers were considered contingent (did not expect their employment to continue past one year).
- 10.1 percent were considered to have alternative arrangements, including independent contractors, on-call workers, temporary help agency workers, and workers provided by contract firms.

Many observers were surprised that the 2017 survey found fewer workers in contingent and alternative employment arrangements compared to 2005, the last time the survey was conducted.<sup>6</sup> A slower than expected evolution in the changing nature of work, a stronger economy with more traditional jobs available, and the nature of the survey questions (which could be confusing to respondents) have been offered as possible explanations for the unexpected survey findings.

### **Gig and independent work as a business activity**

By contrast, the Office of Tax Analysis (OTA) in the Department of the Treasury found that a “rising share of

American workers are earning income outside of traditional employee-employer relationships” through self-employment and business ownership. In 2014, nearly 25 million individuals filed tax returns reporting the operation of a nonfarm sole proprietorship – a 34 percent increase from 2001 and 15.4 percent of all filers with earnings included a Schedule C form indicating earnings from a business or professional practice.<sup>7</sup>

Similarly, the Bureau of Economic Analysis and US Census have used tax data to report that there were 41.8 million nonfarm proprietors in the US in 2016, a 77 percent increase since 1997<sup>8</sup> and a 60 percent increase in non-employer establishments.<sup>9</sup> These expansion rates far exceed the growth of employer businesses and the population as a whole.

### **Participation in gig and independent work**

Finally, consulting firms, policy organizations and industry groups release their own reports examining gig and independent work that primarily rely on surveys and use different definitions and means of measuring activity. These reports tend to identify much higher levels of gig and independent work than the other sources. For example:

- The 2017 Freelancing in America<sup>10</sup> survey determined that 36 percent of the US workforce (57 million people) is freelancing, with 30 percent doing so full-time. The report suggests freelance work grew three times faster than the US workforce since 2014, yielding \$1.4 trillion in earnings.
- The 2018 State of Independence in America report based on an online survey indicated 41.8 million people in the US are independent workers, a 2.2 percent increase over 2017, generating \$1.3 trillion of revenue for the US economy (6.7 percent of GDP). The report states, “47% of the US adult workforce reports either currently working or having worked as an independent contractor at one time during their career.”<sup>11</sup> A separate report from the same source estimates independents as 32 percent of the US workforce.<sup>12</sup>
- A Gallup study released in August 2018 and based on a survey of working adults estimates that “36% of US workers are in the gig economy.”<sup>13</sup> Examining both primary and secondary jobs, their definition includes online platform workers, freelancers, contractors, and temporary workers.

Finally, consulting firms, policy organizations and industry groups release their own reports examining gig and independent work that primarily rely on surveys and use different definitions and means of measuring activity. These reports tend to identify much higher levels of gig and independent work than the other sources.

## GIG AND INDEPENDENT WORK AFFECTS ALL INDUSTRIES

Gig and independent work occurs in all industries, but it is most substantial and prominent in the professional and business services, other personal services, real estate, construction, and healthcare sectors.

Figure 2 shows business establishments by sector and compares the differences between the sectors in which non-employer establishments and employer establishments are active. The top five sectors in which gig and independent workers are found nationally when measured by non-employer establishments are other services (typically personal services such as personal training or salon services), professional services (such as consultants), real estate (brokers and agents), construction, and administrative and support services. The last sector includes temporary help agencies and staffing services. Gig and independent workers also play a substantial role in the transportation and warehousing (hello, Uber drivers) and arts, entertainment and recreation sectors.

Figure 3 shows a similar distribution for self-employment compared to wage and salary employment. The self-employed are more concentrated in professional and business services, construction, other services, real estate, and agriculture compared to the overall workforce.

Gig and independent work is not just concentrated in these industry sectors, it comprises a substantial portion of all work conducted in those sectors. For example, 26 percent of all workers in Other Services and 18 percent of all workers in Professional and Business Services are self-employed.

## GIG AND INDEPENDENT WORK MATTERS TO COMMUNITIES

Gig and independent work also has several wide-ranging social and economic implications for state and local economic developers:

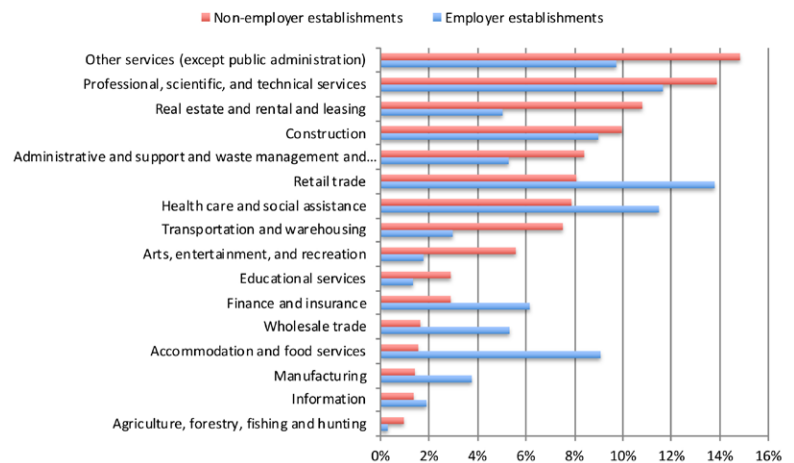
**New opportunities for work:** Because it offers low barriers to entry and schedule flexibility, gig and independent work may provide new opportunities for individuals who do not have a wage and salary job or for whom conventional work arrangements pose access or schedule challenges.

**Effect on income distribution:** Examinations of earnings among gig and independent workers show a barbell effect, with concentrations at both the low end and high end of the income spectrum. It is not clear if gig and independent work exacerbates or ameliorates income disparities.

Because it offers low barriers to entry and schedule flexibility, gig and independent work may provide new opportunities for individuals who do not have a wage and salary job or for whom conventional work arrangements pose access or schedule challenges.

FIGURE 2.

### Industry Distribution for Non-Employer and Employer Establishments, US, 2016



Source: US Census Bureau (Nonemployer Statistics, County Business Patterns. (NOTE: This figure shows, for example, 15 percent of non-employer establishments are in Other services compared to 10 percent of employer establishments.)

FIGURE 3.

### Industry Distribution for Self-Employed and Total Working Population, US, 2013-2017



Source: American Community Survey, Industry Class of Work (NOTE: This figure shows, for example, 22 percent of the self-employed are in professional and business services, compared to 11 percent of the total working population.)

**Quality of work and income stability:** Economists and policy makers are concerned about income and job stability in both the traditional job market and among gig/independent workers. Forty-one percent of individuals experience more than a 30 percent change in income on a month-to-month basis.<sup>14</sup> Again, it is not clear if gig and independent work eases or worsens this situation.

**Changing employment models:** Businesses and governments are increasingly using a combination of traditional employees and gig and independent workers in their operations. One industry study found that 44 percent of workforce spending among surveyed companies goes to the external workforce including non-payroll workers (contractors, consultants, temporary labor), outside service providers, and on-demand freelancers.<sup>15</sup> These types of reports don't carry the same weight as fed-

Much of the recent growth in gig and independent work is about generating labor income, not building a business. However, there remains a segment of gig and independent workers who fit more closely with our ideas of entrepreneurship.

eral statistics, but they are useful indicators of current business thinking on gig and independent work.

The trend is not limited to big companies. A 2017 survey of US small business owners identified a 37 percent increase in the hiring of gig workers over the past six months compared to a 13 percent increase for full-time employees. Nearly 20 percent reported replacing employees with contractors over that same period.<sup>16</sup> State and local governments are following a similar pattern. A 2018 survey found 45 percent had hired contract or temporary employees in the past year.<sup>17</sup> Even “non-employers” use gig and independent workers: 47 percent reported doing so for an average of 3.2 workers per firm.<sup>18</sup>

**Lack of a social safety net:** While some individuals earn high incomes from gig and independent work,<sup>19</sup> in general they earn less and are less likely to have health insurance coverage or have a retirement account than wage and salary workers.<sup>20</sup> Most gig and independent workers are not eligible for unemployment insurance.

**Nascent entrepreneurship:** Much of the recent growth in gig and independent work is about generating labor income, not building a business. However, there remains a segment of gig and independent workers who fit more closely with our ideas of entrepreneurship. MBO Partners reports that 12 percent of full-time independents and 18 percent of millennials intend to build a larger business.<sup>21</sup> There is also evidence that some people engaged in online platform work see it as a “middle ground between working as an employee and starting one’s own business.”<sup>22</sup>

**Worker flexibility:** Gig and independent workers tend to value work and schedule flexibility—when they get to control the terms of that flexibility. Studies of the independent workforce consistently find that freedom and flexibility are top drivers of the decision to work independently, especially among those working full-time.<sup>23</sup> Older workers and millennials frequently indicate a desire for a flexible work schedule. Many women value flexibility and cite the ability to control their schedule as an important reason to work as an independent, though these characteristics are important to both men and women.<sup>24</sup> Demographic trends suggest that growing numbers of people will be seeking work flexibility through gig and independent activities.

## TAKEAWAYS FOR STATE AND LOCAL ECONOMIC DEVELOPMENT LEADERS

This article argues that learning more about the changing nature of work, including gig and independent work, is a business and economic imperative. Economic developers need to understand that gig and independent work is a substantial and expanding element of the US economy and it is increasingly part of the way work is done for growing numbers of residents and businesses.

Studies consistently show that high proportions of gig and independent workers are satisfied with their work and strongly value the control and flexibility it provides them. Demographic and business trends both suggest that the supply of and demand for these workers will increase over time. More individuals will want to work this way, and more establishments will want to engage talent in this way.

However, the work can also be less secure and more unpredictable than individuals would like. There is no safety net since gig and independent workers are not covered by unemployment insurance, and they are less likely to have health insurance or a retirement plan than other workers. Policymakers and thought leaders are examining steps that could mitigate the negative effects of gig and independent work. At the same time, gig and independent work can give individuals more earnings opportunities that can tide them over or supplement income as needed in a volatile economic environment in which even traditional jobs are insecure. And they can do so now with less risk, less cost, and lower barriers to entry and exit than ever before. (See Box 2)

Whether we’re interested in the future of the overall economy, the competitiveness of our industries, or work and income opportunities for our residents, gig and independent work is affecting all of the above. Steps economic development leaders can take to stay ahead of the curve are:

### BOX 2.

National, state, and local policy organizations are examining a range of policy changes in response to the rise of gig and independent work and other ongoing economic transformations. For example, the Aspen Institute’s Future of Work Initiative is taking a broad look at the effects of the changing nature of work and proposing policy directions in response, including modernizing worker benefits and protections, which are often tied to traditional, full-time work. Proposed options include creating a system of portable benefits, expanding paid leave, limiting non-competes and no-poach agreements, and updating unemployment insurance.

<https://www.aspeninstitute.org/publications/future-of-work-initiative-state-policy-agenda-february-2019/>

1. **Get the data.** Look beyond basic labor market information sources since gig and independent work can be invisible within the primary economic data we typically rely on. Data on non-employer establishments, self-employment, contract and temporary work, and proprietors can provide insight into the quantity and quality of gig and independent work in your area.
2. **Discuss with your local employers.** The data show that gig and independent work likely plays an important role in several of your region's leading industries. Establishments of all types (including small businesses and government) are using gig and independent workers more frequently to supplement their wage and salary workforce.
  - a. Incorporate intelligence-gathering on gig and independent work into business retention and expansion programs in order to understand the upsides and opportunities presented by this type of work, as well as any negative effects that might merit greater economic development attention.
  - b. Address the issue with your industry councils or local trade and professional associations to learn how employers are using gig and independent workers in your area. Look beyond the leading sectors for gig and independent work to include manufacturers, logistics and distribution, and healthcare groups that use substantial numbers of temporary or contract workers who may be less visible in the statistics.
3. **Raise the issue with your regional workforce system.** Gig and independent work can provide new opportunities for work and earnings, especially for individuals who face barriers to full-time employment or need to balance work with school, family or caregiving commitments. Our analysis also suggests that increasing numbers of individuals will find themselves engaged in gig and independent work at

Look beyond basic labor market information sources since gig and independent work can be invisible within the primary economic data we typically rely on. Data on non-employer establishments, self-employment, contract and temporary work, and proprietors can provide insight into the quantity and quality of gig and independent work in your area.

some point – or multiple points – in their careers. Preparing for independent work is becoming a career imperative.

- a. Have a conversation with workforce system leaders to learn how gig and independent work might be incorporated into their placement and training activities. The options may be limited given the current focus on credentialing and placement in full-time employment but may still provide a worthwhile avenue for some populations. The Samaschool in San Francisco provides an example of a program designed to engage with the workforce system to help low-income job seekers benefit from independent work.
  - b. Share data on gig and independent work in your region with career and technical education, community college, and university leaders to assess whether courses or programs addressing tax implications, financial management, career planning, marketing, and contracting skills should be developed to help individuals benefit from independent work.
4. **Engage in the policy discussion.** Determine if your state government is considering changes to worker benefits and protections that could affect your residents and businesses. Help incorporate gig and independent workers into policy conversations around topics such as the tax system and health insurance changes that have substantial effects on their wellbeing.

As the changing nature of work continues to evolve within state and local economies, forward-thinking economic development leaders will increasingly incorporate gig and independent work activities into their strategic plans and program portfolios. 🌐



Businesses and governments increasingly use a combination of traditional employees and gig and independent workers in their operations. Source: Pexels <https://www.pexels.com/photo-license/>



## ENDNOTES

- <sup>1</sup> Federal and private sector reports citing labor, business, and income statistics provide insights into different aspects of gig and independent work, but none offer a complete picture because each uses different definitions and draws from different pools of data using different methodologies. For this reason, the numbers and the baselines can't be added together.
- <sup>2</sup> Thomas, Kathleen DeLaney. 2017. "Taxing the Gig Economy." 166 U.P.A.L Rev.
- <sup>3</sup> Hipple, S., and L. Hammond. 2016. "Self-Employment in the United States." *US Bureau of Labor Statistics Spotlight on Statistics*.
- <sup>4</sup> "Independent contractors are those who are identified as independent contractors, consultants, or freelance workers in the supplement, regardless of whether they are identified as wage and salary workers or self-employed in the basic CPS labor force status questions." *Contingent and Alternative Employment Arrangements - May 2017*. 2018. News Release, Bureau of Labor Statistics.
- <sup>5</sup> Ibid.
- <sup>6</sup> "America's gig economy is smaller now than before Uber existed, official data show," Washington Post 6/7/18; "The US government is seriously underestimating how much Americans rely on gig work," MIT Technology Review 6/7/18; "No one agrees on the size of the gig economy, and here's why that matters," Inc., 6/11/18; "Was the gig economy overblown?" Wall Street Journal, 6/7/18.
- <sup>7</sup> Schedule C (Form 1040) is used to report income or loss from a business that the filer operated or from a profession practiced as a sole proprietor.
- <sup>8</sup> Bureau of Economic Analysis, US Economic Profile. 2016.
- <sup>9</sup> US Census Non-Employer Statistics and County Business Patterns. 2016.
- <sup>10</sup> Freelancing in America: 2017, Edelman Intelligence commissioned by Upwork and the Freelancers Union.
- <sup>11</sup> *State of Independence 2018*. Independent workers include consultants, freelancers, contractors, and temporary or on-call workers.
- <sup>12</sup> *Looking forward: What will the independent workforce look like in 2027?* 2017. MBO Partners.
- <sup>13</sup> <https://www.gallup.com/workplace/240929/workplace-leaders-learn-real-gig-economy.aspx>, citing *The Gig Economy and Alternative Work Arrangements*, 2018. Gallup.
- <sup>14</sup> Farrell, Diana, and Fiona Greig. 2016. "Paychecks, Paydays, and the Online Platform Economy." JPMorgan Chase & Co. Institute.
- <sup>15</sup> *External Workforce Insights 2018: The Forces Reshaping How Work Gets Done*. Oxford Economics for SAP Fieldglass.
- <sup>16</sup> *The Megaphone of Main Street: Small Business Jobs Report*. 2017. SCORE.
- <sup>17</sup> *Survey Findings. State and Local Government Workforce: 2018 Data and 10 Year Trends*. 2018. Center for State & Local Government Excellence.
- <sup>18</sup> *Megaphone 2017*.
- <sup>19</sup> *The State of Independence in America. 2018: The New Normal*. 2018. MBO Partners.
- <sup>20</sup> Jackson, Emilie, Adam Looney, and Shanthy Ramnath. 2017. "The Rise of Alternative Work Arrangements: Evidence and Implications for Tax Filing and Benefit Coverage." Working Paper 114. OTA Working Papers Series. Office of Tax Analysis, The Department of the Treasury.
- <sup>21</sup> *State of Independence 2018*.
- <sup>22</sup> Thomas 2017.
- <sup>23</sup> *Freelancing in America: 2017*. 2017. Edelman Intelligence.
- <sup>24</sup> *State of Independence 2018*.

WASHINGTON D.C.  
IEDC  
FED FORUM  
APRIL 26-28, 2020

WHAT'S NEW IN  
WASHINGTON, DC?

FIND OUT APRIL 26-28 AT  
THE 2020 IEDC FED FORUM

Register now at [iedconline.org/FEDForum](http://iedconline.org/FEDForum) #IEDCFEDForum