

# Contract Work at Older Ages

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# Motivation

- Committee asked about who is self-employed at older ages and nature of their self-employment work
  - Running a business
  - Working as an independent contractor, consultant or freelancer
  - Doing occasional informal work, e.g. through a mobile app or online platform
- Committee asked about motivations for self-employment work
  - Control over hours and tasks performed (path to partial retirement)?
  - Financial versus other motivations?
- Data from new Gallup telephone survey module sheds light on these topics
  - Work carried out jointly with Brad Hershbein and Susan N. Houseman
  - Survey provides more detailed information about self-employment arrangements than available from other data sources

# Gallup survey module

- 14 questions on contract work on Gallup Education Consumer Pulse Survey
  - Nightly phone survey
  - Respondents age 18-80
  - Four waves of data collection beginning May, August and November 2018, February 2019, each lasting about one month
  - Roughly 15,000 completed responses in each wave, 61,000 responses in total
  - Survey also collects basic demographic and employment information
- One goal for survey: Test alternative questions for asking about contract work
  - For 4 sets of questions, respondents randomly assigned to alternative versions
  - Results reported here pool across versions
- Second goal for survey: Provide a more comprehensive picture of self-employment and contract work
  - Particular focus on self-employment and contract work at older ages

# Gallup employment questions

- Standard Gallup question about work for an employer:
  - “Thinking about your WORK SITUATION over the past 7 days, have you been employed by an employer—even minimally like for an hour or more—from whom you receive money or goods? (This could be for one or more employers.)”
- Standard Gallup self-employment question (asked of everyone on days when our module was in the field)
  - “Again, thinking about the last 7 days, were you self-employed, even minimally like for an hour or more? This means working for yourself, freelancing, or doing contract work, OR working for your own or your family’s business. Self-employment also includes fishing, doing farm work, or raising livestock for either your own or your family’s ranch.”
- Basic survey also includes questions about hours

# Module: Identifying independent contractors

- Those reporting work for an employer asked
  - “Were you an employee on this job or were you an independent contractor, independent consultant, or freelance worker?” OR
  - “Did this employer take any taxes out of your pay?”
  - Answers identify independent contractors miscoded as employees
- Those reporting self-employment told to exclude work they had previously reported, then asked
  - “Was any of this self-employment done as an independent contractor, independent consultant or freelance worker?”
  - Answers distinguish independent contractors from other self-employed individuals
- Note two paths to being identified as an independent contractor

# Module: Informal work

- All respondents asked
  - “Did you do anything else in the last 7 days that you have not already mentioned for which received (or expect to receive) payment?” OR
  - Augmented version of same question that adds “Examples might include babysitting or eldercare, cleaning, maintenance work, data entry tasks, driving for a car service, or making and selling handcrafts.”
- Answers identify informal work activity

# Module: Use of mobile apps/online platforms

- Those reporting any self-employment (including miscoded employees and those with informal work) asked
  - “For any of the work you did in the last 7 days, did you connect directly with new customers or clients through a mobile app or online platform?” OR
  - Augmented version of same question that adds “For example, you might have given rides to people using a ridesharing app; used an app to find people looking for cleaning, delivery or handyman services; or used an online platform where people can bid on data entry or other tasks.”
- For 3<sup>rd</sup> and 4<sup>th</sup> waves, second question added
  - Did the customer pay you directly, or did they pay the mobile app or online platform which then pays you?
- Answers to these questions used to construct a measure of mobile app and online platform work

# Module: More information about independent contractors age 50 plus

- Asked independent contractors whether working for a former employer
  - Two versions of question for miscoded employees
  - Separate question for self-employed
- Main reason for doing independent contractor work
  - Earn income
    - Main source of income
    - Supplement to income on main job
    - Supplement to retirement income
  - Stay active, connect with others
  - Pursue interest or hobby
  - Only type of work I could get
  - Other



# Gallup data: Employment arrangements by age

Employment arrangement on main job

Specific self-employment arrangement:

	Share of pop. with any work	Employee	Self- employed	Self- employed, not IC	Self- employed, IC	IC, miscoded as employee	Informal work
18-30	77.9	81.2	18.8	4.5	4.6	8.3	1.4
30-49	81.5	80.4	19.6	6.1	7.1	5.7	0.7
50-54	74.8	77.6	22.4	7.8	8.9	5.4	0.4
55-59	69.1	74.8	25.2	9.5	8.9	5.8	1.0
60-64	55.8	70.4	29.6	10.6	12.1	6.0	0.9
65-69	37.1	54.5	45.5	18.2	16.4	9.0	1.9
70-74	26.0	40.3	59.7	25.7	21.3	9.1	3.6
75-79	18.6	32.5	67.5	29.1	21.2	11.4	5.8

# Employment rates (employment as share of population) by age, Gallup data versus CPS data

	Gallup	CPS
50-54	74.8	77.4
55-59	69.1	70.7
60-64	55.8	56.4
65-69	37.1	33.0
70-74	26.0	19.4
75-79	18.6	11.9

Note: CPS ests for Gallup survey months

# Self-employment rates (share of employed who are self-employed) by age, Gallup data versus CPS data

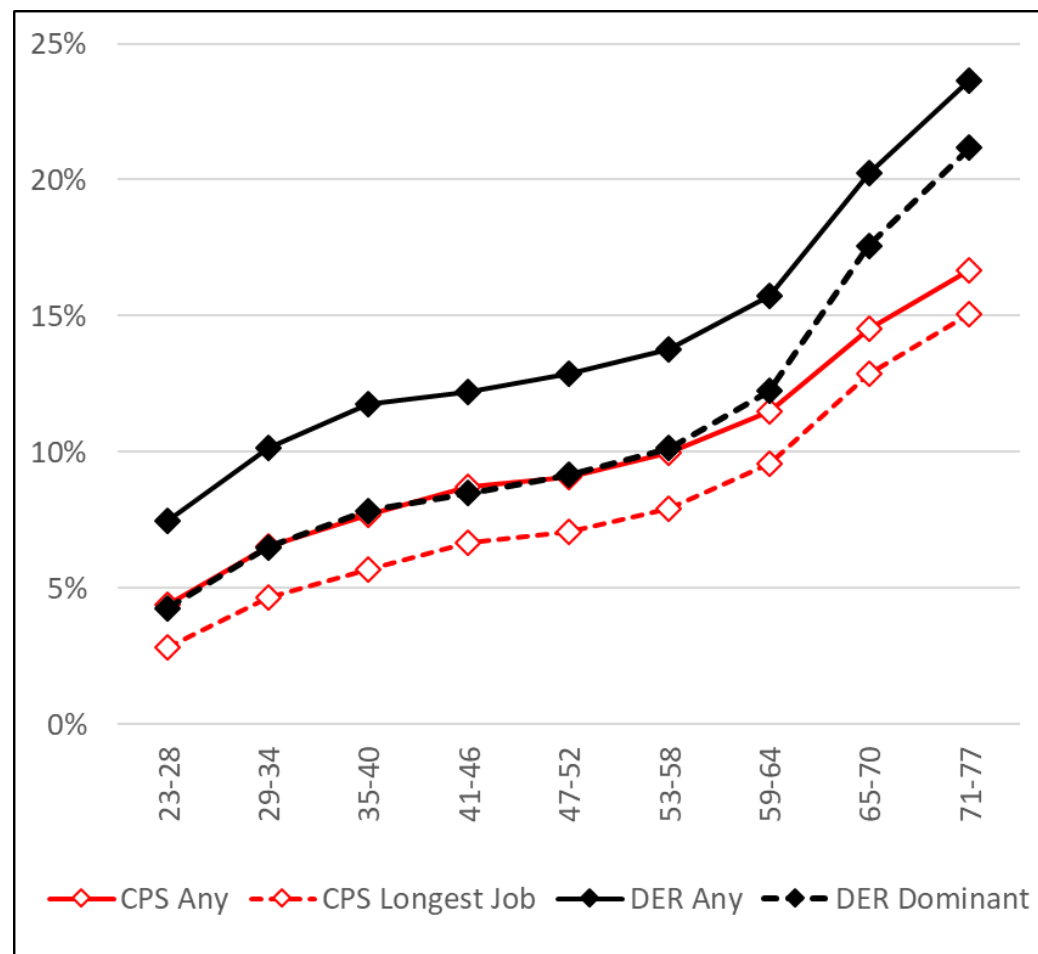
	Gallup	CPS
50-54	22.4	12.1
55-59	25.2	13.0
60-64	29.6	14.7
65-69	45.5	20.4
70-74	59.7	26.5
75-79	67.5	29.2

Note: CPS ests for Gallup survey months

# What explains Gallup versus CPS differences?

- Gallup data capture more low-hours work
  - Restricting attention to people working 15 plus hours per week makes Gallup and CPS employment and self-employment rates more similar
- Some of those counted as employees in CPS may in fact be self-employed independent contractors and CPS may not fully capture informal work
  - Excluding these two groups from Gallup self-employment counts makes Gallup and CPS self-employment rates more similar

## Aside: Self-employment by age, CPS-ASEC versus tax data



- Both CPS-ASEC data (red) and tax data (black) show rising self-employment rate with age
- In both sources, self-employment rate higher if count *any* self-employment (solid lines) as opposed to *primary* self-employment (dotted lines)
- Primary self-employment rate in tax data is higher and rises more rapidly after age 53-58

Source: Abraham, Haltiwanger, Hou, Sandusky and Spletzer (2018)

# Gallup data: Part-time work among those working for pay, by age

	Part-time (<30 hrs/wk) by arrangement on main job		
	All	Among employees	Among self- employed
18-30	25.0	19.4	49.3
30-49	12.5	7.3	33.4
50-54	12.3	7.2	30.3
55-59	15.8	8.5	37.3
60-64	23.6	14.0	46.7
65-69	42.8	29.3	59.0
70-74	58.0	45.6	66.4
75-79	66.0	57.0	70.4

# Gallup data: Multiple job holding and use of mobile apps/online platforms among those working for pay, by age

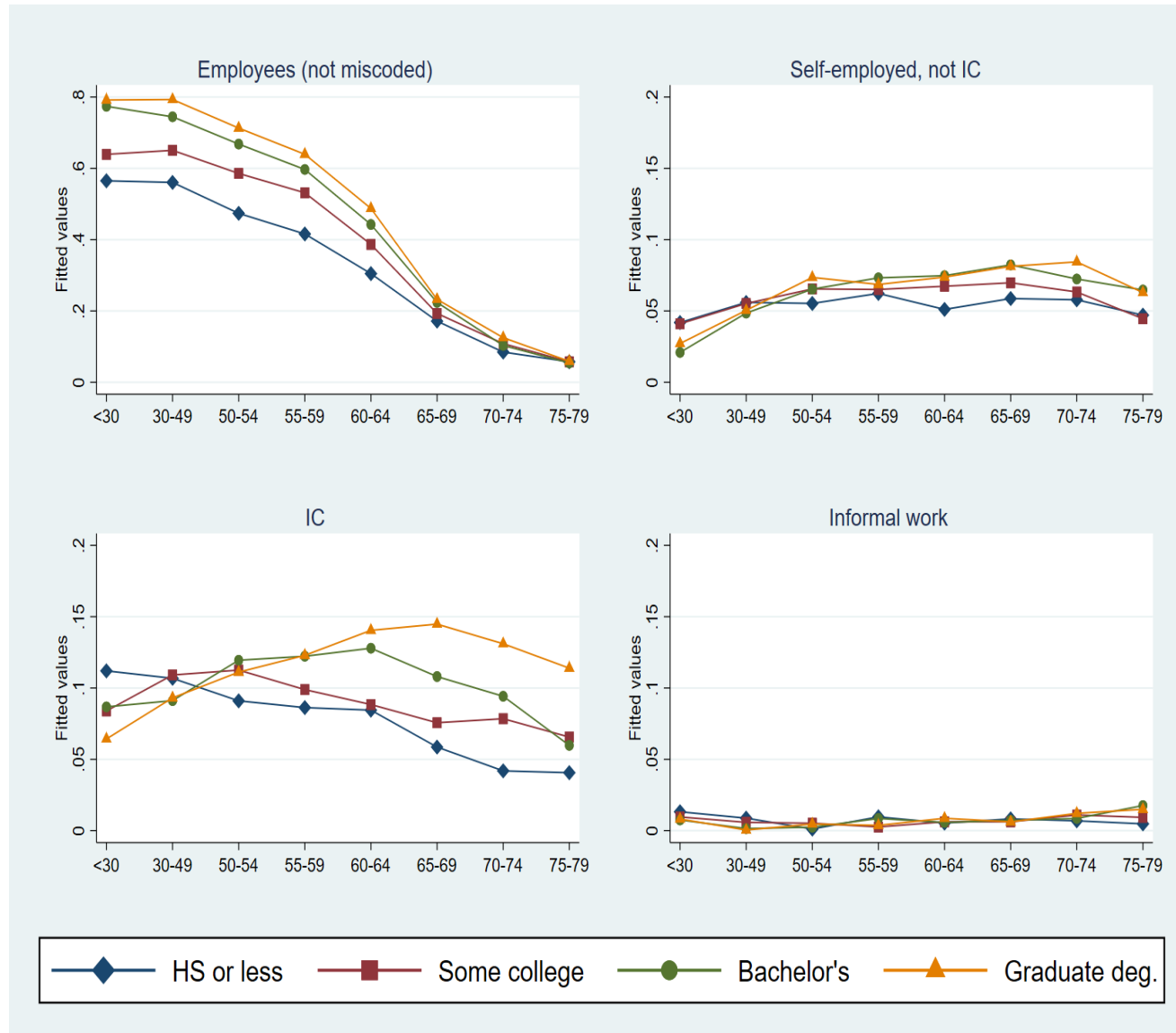
	Multiple jobholders, as share of all workers		Participates in platform work, as share of all workers
	Multiple jobs	Of which, both EE and SE work	
18-30	24.7	14.8	3.8
30-49	20.2	14.5	3.4
50-54	19.5	14.8	2.1
55-59	20.1	14.7	2.7
60-64	17.8	12.7	1.6
65-69	16.4	12.7	2.6
70-74	15.8	11.4	2.1
75-79	17.6	11.2	2.0

# Descriptive regressions: Age, education and work under different arrangements

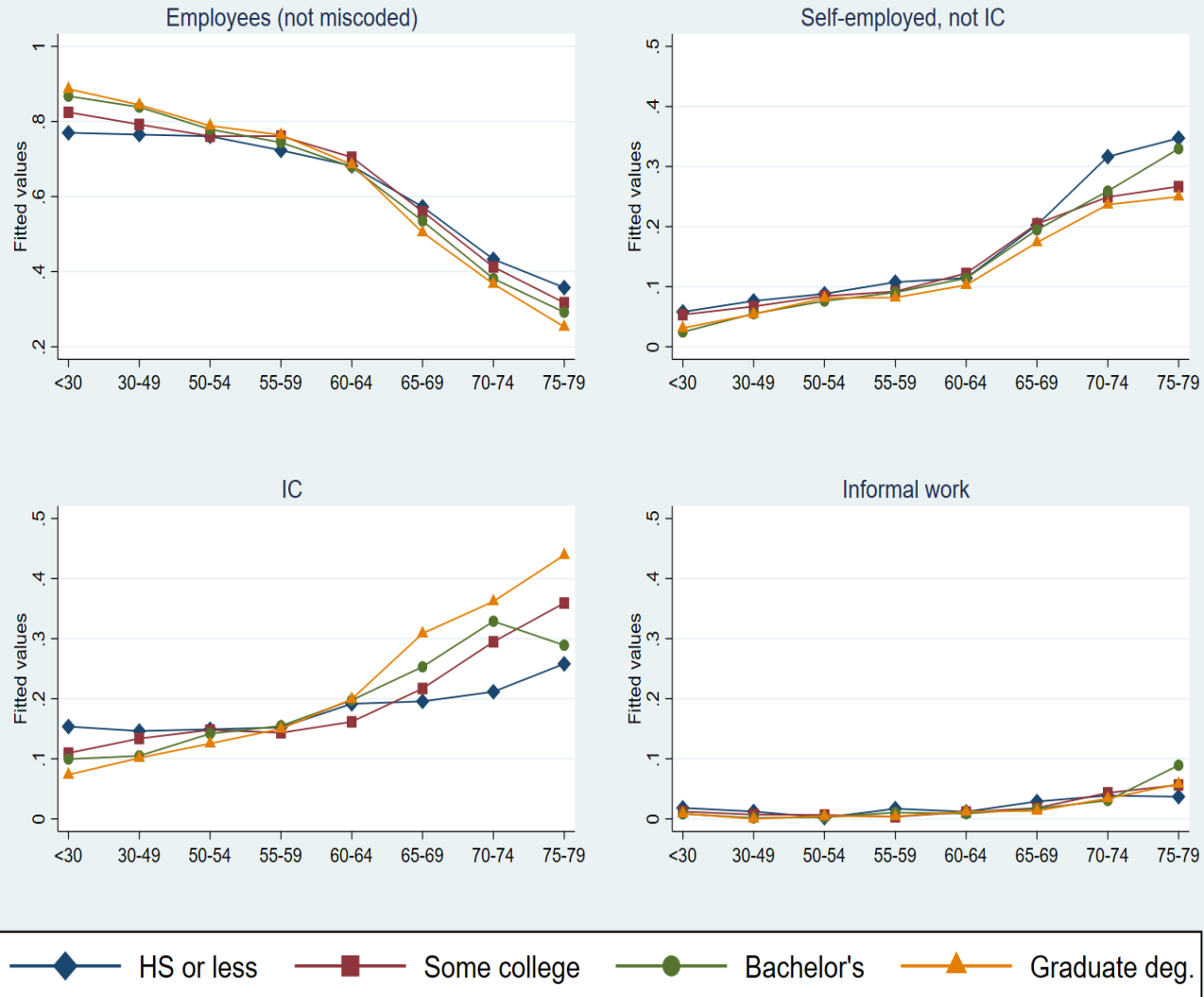
- Probability of work in all arrangements falls with age, but decline less rapid for more highly educated workers
  - This includes any work, self-employment, work as an independent contractor, informal work and app/platform work
- Conditional on working, at older ages, highly educated workers are:
  - Less likely to be working as an employee on main job
  - More likely to be self-employed on main job and especially to work as an independent contractor
  - More likely to have informal work as main job, though overall percentages are low



# Employed share of population by employment status on main job, by age and education



# Share of Workers by Employment Status on Main Job, by Age and Education



# Gallup data: Independent contractor work at older ages

Of those with IC work:			
	Share of pop. with any IC work	IC work a 2nd job	Work for prior employer
50-54	14.7	27.5	24.8
55-59	13.9	27.1	24.2
60-64	12.3	18.3	22.6
65-69	10.6	11.0	23.8
70-74	8.6	8.5	24.0
75-79	6.5	6.9	24.1

# Gallup data: Reasons for independent contractor work at older ages

	<u>Of those working to earn income:</u>				Main reason for IC work to stay active, connect with others	Main reason for IC work to pursue interest or hobby	Main reason for IC work only type of work could get
	Main reason for IC work to earn income	IC work main source of income	IC work supp. income from main job	IC work supp. ret. income			
50-54	65.3	41.3	14.7	2.7	9.4	9.3	3.8
55-59	59.7	39.0	9.7	5.4	12.6	11.2	2.7
60-64	54.9	34.6	7.4	10.8	17.7	10.8	2.0
65-69	45.6	18.2	4.6	20.1	25.5	12.1	2.2
70-74	37.8	10.7	2.1	22.7	34.4	12.8	0.5
75-79	33.6	8.3	0.9	22.6	39.2	12.2	1.4

# Some takeaways

- Self-employment at older ages higher in Gallup than CPS
  - Suspect that many standard data sources miss some low-hours work and miscode some independent contractors as employees
- Considerable variety in self-employment arrangements at older ages
  - Work as independent contractor most prevalent
  - Even in oldest age group, see workers combining wage and salary work with self-employment
  - About one quarter of independent contractors work for a former employer; would like to know if this is “push” or “pull”
- At older ages, fewer independent contractors work for financial reasons, but income still important to many
- Robust finding that all types of self-employment less prevalent for less educated older adults

# Some unanswered questions

- Can the ongoing collection of information about work activity on surveys such as the CPS be improved?
- Are older people working as independent contractors for a former employer doing so by choice or because they were pushed into these arrangements?
- Why are less-educated older people less likely to be working as independent contractors? Could barriers to such work for these people be lowered?

# References

Abraham, Katharine G., John C. Haltiwanger, Claire Hou, Kristin Sandusky, and James R. Spletzer. 2018. “Self-employment in the Transition to Retirement,” unpublished working paper.

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