THE FUTURE OF WORK

Alastair Fitzpayne
Executive Director, Aspen Institute Future of Work Initiative
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INDEPENDENT WORK: PRIMARY VS. SUPPLEMENTAL INCOME

ESTIMATES OF INDEPENDENT WORKFORCE AS PERCENTAGE OF U.S. WORKFORCE

**PRIMARY AND SUPPLEMENTAL WORKERS**

<table>
<thead>
<tr>
<th>Source</th>
<th>Primary Workers</th>
<th>Supplemental Workers</th>
<th>Primary &amp; Supplemental Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freelancers</td>
<td></td>
<td></td>
<td>32%</td>
</tr>
<tr>
<td>McKinsey Global Institute</td>
<td></td>
<td></td>
<td>27%</td>
</tr>
<tr>
<td>GAO/GSS</td>
<td></td>
<td></td>
<td>24.2%</td>
</tr>
</tbody>
</table>

**PRIMARY WORKERS ONLY**

<table>
<thead>
<tr>
<th>Source</th>
<th>Primary Workers</th>
<th>Supplemental Workers</th>
<th>Primary &amp; Supplemental Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAND/Princeton (main job)</td>
<td></td>
<td></td>
<td>15.8%</td>
</tr>
<tr>
<td>McKinsey Global Institute (more than half of income)</td>
<td></td>
<td></td>
<td>13%</td>
</tr>
<tr>
<td>BLS CWS (main job)</td>
<td></td>
<td></td>
<td>10.1%</td>
</tr>
</tbody>
</table>

**ONLINE PLATFORMS ONLY**

<table>
<thead>
<tr>
<th>Source</th>
<th>Primary Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dept. of Treasury</td>
<td>0.7%</td>
</tr>
<tr>
<td>Katz/Krueger</td>
<td>0.5%</td>
</tr>
<tr>
<td>JPMCI</td>
<td>0.5%</td>
</tr>
</tbody>
</table>
ON-DEMAND ECONOMY

SOME ESTIMATES SHOW THAT ROUGHLY 50 PERCENT OF INDEPENDENT WORK IS SUPPLEMENTAL
INDEPENDENT CONTRACTOR ECONOMY
# Social Contract: Employee vs. Independent Contractor

## Standard Benefits & Protections

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Traditional Employee (W-2)</th>
<th>Independent Contractor (1099)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Medicare</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Unemployment Insurance</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Workers’ Compensation *</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Minimum Wage, Overtime, Collective Bargaining</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Antidiscrimination &amp; Sexual Harassment Protections</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Employer-Provided Health Care **</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Affordable Care Act</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

## Optional Employer-Provided Benefits

- Employer-Provided Retirement
- Employer-Provided Education/Training
- Paid Leave

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* Except Texas  ** Per the ACA, employers with 50 or more employees must provide coverage or pay a fine
FEDERAL TAX SUBSIDIES SUPPORT EMPLOYER-BASED BENEFITS MODEL

- Retirement: $198.7 billion
- Healthcare: $297 billion
- Other (cafeteria, education assistance, transportation, childcare, miscellaneous): $59.1 billion

Source: Joint Committee on Taxation/Congressional Budget Office
INCOME VOLATILITY AND FINANCIAL PLANNING ARE KEY CHALLENGES FOR MANY INDEPENDENT WORKERS, WHOSE INCOME OFTEN FLUCTUATES MONTH-TO-MONTH.

Mean monthly change in labor income for median income earners: $475

Source: Paychecks, Paydays, and the Online Platform Economy, JPMorgan Chase Institute, 2016
What can we do to address these challenges?
PORTABLE BENEFIT LEGISLATION ACROSS THE U.S.

WASHINGTON
PORTABLE BENEFIT LEGISLATION RE-INTRoudCED

CALIFORNIA
PORTABLE BENEFIT LEGISLATION INTRODUCED

NEW YORK
GOVERNOR FORMED TASK FORCE TO PROVIDE PORTABLE BENEFITS

NEW JERSEY
PORTABLE BENEFIT LEGISLATION INTRODUCED

WASHINGTON, DC
BIPARTISAN FEDERAL LEGISLATION INTRODUCED TO TEST AND EVALUATE INNOVATIVE PORTABLE BENEFIT DESIGNS
FEDERAL PORTABLE BENEFIT MODELS & LEGISLATION

AFFORDABLE CARE ACT (ACA)
- Government-run exchanges allow independent contractors to purchase health care benefits
- 1 in 5 of those who receive coverage through the ACA are small businesses or self-employed individuals

PORTABLE BENEFIT INNOVATION FUND
- Bipartisan, bicameral legislation introduced to create Department of Labor seed fund to incentivize state and local innovation
- Introduced by Sens. Warner (VA) & Young (IN); Rep. DelBene (WA)

LIFELONG LEARNING & TRAINING ACCOUNTS
- Bipartisan, bicameral legislation introduced to create portable accounts that help workers finance education and training opportunities throughout their career
- Introduced by Sens. Klobuchar (MN) & Sasse (NE); Reps. Kilmer (WA) & Thompson (PA)
STATE PORTABLE BENEFIT MODELS & LEGISLATION

BLACK CAR FUND (NEW YORK) – WORKERS’ COMPENSATION
• 2.5% consumer surtax to finance workers’ compensation benefit for Uber, Lyft and black car drivers
• Recent expansion of benefits includes vision insurance and telemedicine

OREGONSAVES (OREGON) – RETIREMENT SAVINGS
• Requires employers that don’t provide retirement benefits to automatically enroll their workers in a portable retirement benefit; funded through voluntary employee contributions

SECURE SAVINGS PLAN (COLORADO) – RETIREMENT SAVINGS
• Public-private partnership to offer workplace retirement savings plans for private sector workers who lack them

PORTABLE BENEFITS (WASHINGTON) – WORKERS’ COMPENSATION
• Requires mandatory contributions from companies that hire independent contractors to fund benefits managed by third-party administrator
• Workers’ compensation would be required, other benefits provided are subject to worker input
MUNICIPAL MODELS

FREELANCE ISN’T FREE ACT (NEW YORK CITY)

• Provides basic protections for New York City freelancers, including the right to a written contract, timely and full payment, and protection from retaliation

SAMASCHOOL (SAN FRANCISCO)

• In partnership with San Francisco’s Office of Economic and Workforce Development, Samaschool helps prepare low-income populations to succeed as independent workers

DOMESTIC WORKERS (SEATTLE)

• Entitles house cleaners and other domestic workers in Seattle to minimum pay, rest breaks and representation on a special board
PRIVATE SECTOR/NON-PROFIT MODELS

ALIA / NATIONAL DOMESTIC WORKERS ALLIANCE

• Online platform created to help house cleaners access benefits through client contributions
• Cleaners can purchase benefits including: paid time off; disability, accident, critical illness, and life insurance

CARE.COM

• Benefits platform offering caregivers access to medical and dental insurance plans
• Families can contribute to caregiver’s benefits just as traditional employers do for employees

THE WORKERS LAB & THE ROCKEFELLER FOUNDATION

• Design Sprint for Social Change to design ways to provide independent contractors access to $1,000 when needed for unexpected expenses
CONTACT INFORMATION

Alastair.Fitzpayne@aspeninstitute.org
@Afitzpayne  @AspenFutureWork
www.aspeninstitute.org/futureofwork