

**United States Government Accountability Office** 

Report to the Ranking Member, Subcommittee on Taxation and IRS Oversight, Committee on Finance, U.S. Senate

September 2017

# WORKFORCE TRAINING

DOL Can Better Share Information on Services for On-Demand, or Gig, Workers

Accessible Version

## GAO Highlights

Highlights of GAO-17-561, a report to the Ranking Member, Subcommittee on Taxation and IRS Oversight, Committee on Finance, U.S. Senate

### Why GAO Did This Study

In 2015, GAO reported that millions of workers do not have standard work arrangements. Some barriers to selfemployed gig work have been reduced by online platforms, and while the public workforce system is accessible to all job seekers, it is unclear how the system is helping gig workers obtain the necessary skills and training to be successful. GAO was asked to review the skill and training supports needed by gig workers.

GAO examined (1) what is known about the characteristics of gig workers and the work they perform, including its benefits and downsides, (2) the nonoccupational skills and training that stakeholders indicate are needed by gig workers and how they are provided, and (3) the challenges that selected federal agencies and workforce development boards cite in providing supports for gig workers. GAO conducted a literature review and interviewed officials at federal agencies and a nongeneralizable sample of 8 state and 11 local workforce boardslocations selected based on the likelihood of a large number of gig workers, among other factors-and gig company officials, gig workers, researchers, and other stakeholders. GAO also reviewed relevant federal laws, regulations, and guidance.

### What GAO Recommends

GAO recommends that DOL take steps to help workforce boards find and share information on promising practices related to serving gig workers. DOL agreed with GAO's recommendation.

View GAO-17-561. For more information contact Cindy S. Barnes at (202) 512-7215 or brownbarnesc@gao.gov.

## WORKFORCE TRAINING

### DOL Can Better Share Information on Services for On-Demand, or Gig, Workers

### What GAO Found

Studies GAO reviewed suggest that workers who engage in on-demand, or "gig" work, differ in their characteristics and types of work performed, but each of these defined these workers differently. There is no universally accepted or official definition of gig workers; but, for its report, GAO has identified their characteristics as follows: self-employed individuals providing labor services and completing single projects or tasks on demand for pay. Gig work can be obtained or performed either offline or online. According to the three quantitative studies GAO reviewed, up to about 40 percent of workers earning money through online gig work (i.e., applications or websites that connect workers with customers) were 34 years old or younger. They worked in a variety of occupations ranging from providing legal services to moving furniture. According to stakeholders GAO interviewed, benefits of gig work included flexibility in scheduling and autonomy, while downsides included a lack of financial security and benefits, such as health and unemployment insurance.

According to stakeholders, gig workers need soft skills and business skills, many of which can be provided by the Department of Labor's (DOL) existing programs. Soft skills include customer service, time management, and self-motivation, and business skills include marketing and financial literacy and management. In addition, gig workers need an understanding of legal matters (e.g., contracts) associated with gig work. The nation's public workforce system, including workforce boards, which DOL oversees, and other partners can provide some of these self-employment skills based on local area needs. Officials at the local workforce boards GAO interviewed said they served gig workers either directly, for example, through recruitment events and by providing career services, or indirectly, such as through general self-employment services. For instance, the Chicago board recruited drivers for a ridesharing company and the San Francisco board helped gig workers in the media and visual arts develop their portfolios and build their networks.

Officials from selected state and local workforce boards cited two broad challenges in providing supports for gig workers: a lack of information on promising practices related to gig workers and difficulties in reporting their employment-related outcomes. Officials from all 19 state and local boards GAO interviewed expressed interest in other boards' efforts to serve gig workers. DOL shares promising practices through its searchable online portal, but has not fully linked "gig" and related terms to relevant information on self-employment. Helping boards easily find and share promising practices relevant to gig workers would allow boards that want to help gig workers to do so more fully and efficiently. State and local board officials also explained that it is challenging to verify employment and earnings outcomes for the self-employed as they are required to do under the Workforce Innovation and Opportunity Act (WIOA). Because these outcomes for gig workers may be difficult to verify, a board's performance under WIOA may be negatively affected and result in penalties. Consequently, DOL officials said workforce boards had asked for guidance on collecting outcome information. In June 2017, DOL issued clarifying guidance to boards on how to collect information that can be used to report outcomes required under WIOA.

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Performing or Seeking Gig Work

### Figure

### Figure 1: Selected Workforce Boards' Services for Those Performing or Seeking Gig Work

### Abbreviations

/	
BLS	Bureau of Labor Statistics
Census	U.S. Census Bureau
DOL	Department of Labor
Education	Department of Education
Federal Reserve	Board of Governors of the Federal Reserve System
IFTF	Institute for the Future
JPMorgan	JPMorgan Chase Institute
Pew	Pew Research Center
SBA	Small Business Administration
SBDC	Small Business Development Center
WBC	Women's Business Center
WIA	Workforce Investment Act of 1998
WIF	Workforce Innovation Fund
WIOA	Workforce Innovation and Opportunity Act

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W. Washington, DC 20548

September 26, 2017

The Honorable Mark R. Warner Ranking Member Subcommittee on Taxation and IRS Oversight Committee on Finance United States Senate

Dear Senator Warner:

In 2015, we reported that millions of workers do not have standard work arrangements—permanent jobs with traditional employer-employee relationships.<sup>1</sup> Some of these nontraditional workers are "gig" workers. There is no official definition of gig work.<sup>2</sup> For the purposes of this report, we identify the characteristics of gig workers as follows:

- Self-employed and performing single projects or tasks on demand;
- Providing labor services rather than capital goods or assets;<sup>3</sup>
- Working for pay (not providing services in-kind);
- Obtaining their work or performing services either offline or online through applications or websites, also known as digital or online platforms, which connect workers with jobs;<sup>4</sup> and
- Performing gig work either part-time or full-time.

<sup>1</sup>GAO, Contingent Workforce, Size, Characteristics, Earnings, and Benefits, GAO-15-168R (Washington, D.C.: April 20, 2015).

<sup>2</sup>This type of work can also be referred to as on-demand work, work in the sharing or 1099 economy, or micro-preneurship, among other terms. Various definitions of these terms may overlap with our characteristics of gig work, but they may not be synonymous.

<sup>3</sup>Workers may provide capital assets or goods through, for example, renting a room in their home or selling their used or personally created items. Individuals who provide labor services differ in some ways from those who provide capital goods or assets, according to some of the researchers we interviewed.

<sup>4</sup>Gig work may occur in various online and offline combinations, according to officials we interviewed. For example, it can be obtained and performed offline, such as asking your neighbor's landscaper to do work in your yard. Gig work can also be obtained online and then performed in-person, or offline, such as when an individual provides services through a ridesharing application. In addition, gig work can be both obtained and performed online, such as when an individual obtains work through a professional services online platform and then provides the final product to the customer electronically.

Gig workers are not new to the workforce. In the past, gig workers may have been known as freelancers or independent contractors. More recently, however, companies offering work through online platforms have made gig work more accessible, lowering the entry and operating costs for workers who want or need to supplement or replace more traditional work. For example, in the past a freelancer might have needed to build a client base through advertising or referrals, but now online platforms can facilitate this process with workers beginning a project or task very quickly. While gig work may bring new opportunities, it may also bring challenges. Because gig workers are self-employed, they might not receive employer-provided benefits, such as retirement or health insurance, or be covered by other safeguards, such as job-protected leave under the Family and Medical Leave Act of 1993.<sup>5</sup>

With this new ease of entry into gig work, it is unclear whether workers have the appropriate skills and training to be successful. The federal government funds a number of employment and training programs for job seekers. In particular, the Departments of Labor (DOL) and Education (Education) oversee the public workforce system, with state and local workforce boards. The system's focus has been on providing services that help job seekers move into work that is defined by a traditional relationship between an employer and an employee, rather than the more temporary relationship between consumers and providers that is present in gig work. It is unclear how the workforce development system along with other federal programs may respond to any issues associated with gig work.

You asked us to provide information on the non-occupational skills and training that could help workers be successful in gig work.<sup>6</sup> In this review, we examined:

<sup>6</sup>By "non-occupational" we mean non-technical skills rather than the technical skills needed to work in a specific industry or occupation.

<sup>&</sup>lt;sup>5</sup>While retirement, health insurance, and other benefits for gig workers are important policy issues, we did not consider them within the scope of this report other than the extent to which stakeholders identified them as areas where workers need skills or as benefits or downsides of gig work. Concerns have also been raised about how workers are classified—either as employees or independent contractors. See GAO, *Employee Misclassification: Improved Coordination, Outreach, and Targeting Could Better Ensure Detection and Prevention*, GAO-09-717 (Washington, D.C.: Aug. 10, 2009). Also see Harris, Seth D. and Krueger, Alan B. *A Proposal for Modernizing Labor Law for Twenty-First-Century Work: The "Independent Worker."* The Hamilton Project. Discussion Paper 2015-10, December 2015.

- 1. What is known about the characteristics of gig workers and the work they perform, including its benefits and downsides?
- 2. What non-occupational skills and training do stakeholders indicate are needed by gig workers, and how are they provided?
- 3. What challenges, if any, do selected federal agencies and workforce development boards cite in providing supports for gig workers?

To address our objectives we reviewed relevant federal laws and regulations, including the Workforce Innovation and Opportunity Act (WIOA),<sup>7</sup> which brought changes to many of the programs in the workforce development system, and DOL and Education regulations and guidance on its implementation. We also searched DOL's technical assistance website portal, WorkforceGPS,<sup>8</sup> using terms related to gig work and reviewed federal internal control standards<sup>9</sup> to assess how information related to gig workers was being communicated to workforce boards.

We reviewed the literature and interviewed federal agency officials, researchers, and other stakeholders to identify key government, industry, and academic studies examining the gig workforce. Because our focus was on skills and training, we selected specific studies that analyzed gig workers who were providing labor services and were self-employed. Therefore, we did not review studies that included information about workers providing goods or capital assets or where the information on workers providing labor services could not be broken out separately from those providing goods or capital assets.<sup>10</sup> To assess their methodological

<sup>7</sup>Pub. L. No. 113-128, 128 Stat. 1425 (2014). WIOA repealed the Workforce Investment Act of 1998 (WIA), Pub. L. No. 105-220, 112 Stat. 936.

<sup>8</sup>Resources available on this website include research reports and evaluations as well as other resources, such as advisories, webinars, guides, and podcasts. Information is organized by program, target population, geographic location, and industry sector.

<sup>9</sup>GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

<sup>10</sup>Workers may provide capital assets or goods through, for example, renting a room in their home or selling their used or personally created items. Individuals who provide labor services differ in some ways from those who provide capital goods or assets, according to some of the researchers we interviewed. Specifically, one researcher said his research group considered the distinction between capital and labor when describing the platform companies they included in their study. For example, individuals driving for ridesharing companies were defined as providing labor services because those individuals were being paid for driving customers, not only for owning a car. quality, we reviewed the evaluation methodology for each study. Through this process, we identified and reviewed four key studies that met our topical and methodological criteria.

We interviewed officials at DOL, Education, the Department of Commerce (Commerce), and the Small Business Administration (SBA) to examine programs that might serve gig workers.<sup>11</sup> We also interviewed numerous stakeholders to determine what skills and training are needed by gig workers and the benefits and downsides of such work. Among these stakeholders were:

- Nine researchers, identified through our literature review and recommendations from experts and internal stakeholders;
- Twenty-one associations and organizations that may represent, advocate for, or share information with gig workers, including associations and bloggers, to obtain a range of perspectives on gig workers; and
- Officials at gig companies, including six online platform gig companies, reflecting a range of services provided by gig workers, such as transportation, food and goods delivery, and professional services.

In addition, we interviewed senior officials at 11 local workforce boards to identify efforts to serve gig workers.<sup>12</sup> Local boards were selected based on a range of criteria, including information collected during initial interviews with DOL and local board officials and industry groups, a private sector report with information on cities with the largest percentages of workers with income from online platforms,<sup>13</sup> and other relevant documents, including our past work on local workforce boards.<sup>14</sup>

<sup>11</sup>We did not conduct a comprehensive review of all federal programs that might serve gig workers by providing training, employment, or entrepreneurship services, but focused on those that appeared most likely to provide relevant services.

<sup>12</sup>In addition, we interviewed the San Diego workforce board about a November 2016 report it prepared on gig workers. That interview was limited to the report's methodology and recommendations, and unlike the other workforce board interviews, did not address issues related to the skills and training needs of gig workers, or the benefits and downsides of gig work.

<sup>13</sup>See JPMorgan Chase Institute, *The Online Platform Economy: Who Earns the Most?* May 5, 2016.

<sup>14</sup>GAO, Workforce Investment Act: Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs, GAO-12-97 (Washington, D.C.: Jan. 19, 2012).

Selected boards were located in San Francisco and Sunnyvale, California; Denver, Colorado; Gainesville and Miami, Florida; Atlanta, Georgia; Chicago, Illinois; New York City, New York; Dallas, Texas; Vienna, Virginia; and Seattle, Washington.<sup>15</sup> We also interviewed state workforce boards in those same states.<sup>16</sup> The results of these interviews cannot be generalized to the larger population of all state or local workforce boards.

We visited 5 of the 11 boards—San Francisco and Sunnyvale, California; Gainesville, Florida; Chicago, Illinois; and Vienna, Virginia—where we also interviewed American Job Center directors<sup>17</sup> and held discussion groups with a total of 15 gig workers, who were identified by the workforce boards, based on criteria we provided. See appendix I for more information on our scope and methodology.

We conducted this performance audit from February 2016 to September 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Background

Currently there is no universally accepted or official definition of the gig economy or gig workers. The characteristics of gig workers that we focus on in this report (self-employed individuals who perform single projects or tasks on demand for pay) share some characteristics with selfemployment as it is understood by other federal agencies, but our

<sup>&</sup>lt;sup>15</sup>For the purposes of this report, we are identifying each workforce board by city or region. For the names of each workforce board, see appendix I.

<sup>&</sup>lt;sup>16</sup>The New York State workforce board was not available for an interview.

<sup>&</sup>lt;sup>17</sup>Local development boards select entities to run American Job Centers, formerly called one-stop centers, which provide employment and training services to job seekers.

characterization does not directly align with those agencies' views.<sup>18</sup> Although other definitions have been used to measure the number of gig workers, our focus was on the non-occupational skills and training needed by workers who participate in gig work. We characterized gig workers as being self-employed and who participate in gig work part-time or full-time. However, not all self-employed individuals are gig workers.<sup>19</sup> For example, we did not consider self-employed individuals who own their own storefront business, such as a restaurant owner, as gig workers because they do not generally work on a project basis. However, our characterization would include a caterer who works on a project basis with multiple clients. At the same time, however, we excluded projectbased workers who are not self-employed, such as those who are employees of a staffing agency.

### The Public Workforce Development System

As the centerpiece of the federal government's workforce system, the purposes of WIOA include the following: (1) provide individuals, particularly those with barriers to employment, increased access to and opportunities for employment, education, training, and support services to succeed in the labor market; (2) provide America's workers with the skills and credentials necessary to secure and advance in employment with family-sustaining wages; and (3) provide activities through the state and local workforce development systems to increase the employment, retention, earnings, and economic self-sufficiency of participants; among other purposes. Programs administered by DOL and Education provide services such as job search assistance, career counseling, occupational skills training, classroom training, and on-the-job training. In addition,

<sup>19</sup>Some of the self-employed may own a stable incorporated business, pay themselves a salary, and enjoy relatively predictable hours and earnings due to a well-established clientele. Others, however, may operate as unincorporated sole proprietors who earn money by performing a series of one-time jobs for which they are paid agreed sums, but who cannot count on continuing employment and whose hours and earnings may be volatile. See Abraham, Katharine G., Haltiwanger, John C., Spletzer, James R., and Sandusky, Kristin, *Measuring the Gig Economy: Current Knowledge and Open Issues*, March 2, 2017.

<sup>&</sup>lt;sup>18</sup>For example, the Bureau of Labor Statistics generally considers self-employed workers as those who are unincorporated. It counts incorporated self-employed workers as wage and salary workers because BLS considers them to be employees of their own businesses. The Internal Revenue Service generally considers self-employed workers to be those who (1) carry on a trade or business as a sole proprietor or an independent contractor; (2) are a member of a partnership that carries on a business or trade; or (3) are otherwise in business for themselves.

WIOA provides for a workforce system that is accessible to all job seekers to make it easier for them to access the services they need to obtain skills and employment. Basic career services include eligibility determinations, initial skill assessments, and program referrals. WIOA also provides for state workforce development boards (state boards) to help oversee a system of over 550 local workforce development boards (local boards) that, in turn, deliver services through a network of over 2,400 American Job Centers. Under WIOA, state and local boards have the flexibility to respond to the needs of their local labor markets, which they do, in part, through the analysis of local labor market information.

Federal funding under WIOA for core programs is allocated to states using statutory formulas that, in part, generally reflect state and local unemployment data.<sup>20</sup> According to DOL, in program year 2017, total appropriated funding for activities related to Adult and Dislocated Worker programs and Wagner-Peyser Employment Services was more than \$2.7 billion. Local boards may also leverage other funding sources, such as DOL discretionary grants and state and local government funding, among other sources.

WIOA included new performance measures for states and local areas generally related to participants who exit WIOA programs. These include the percentage of participants employed in unsubsidized employment in the second and fourth quarters after program exit, and median earnings in unsubsidized employment in the second quarter after exit, among other measures. Generally, performance outcome targets are negotiated between DOL's regional offices and state workforce boards and take into consideration the characteristics of the job seekers being served as well as the local labor market conditions. Both states and local areas are subject to certain consequences for failing to achieve their negotiated targets.<sup>21</sup> To support performance outcomes, states must use, consistent with state law, quarterly wage records to verify participants' employment

<sup>20</sup>WIOA designated six programs as core programs. Four of these programs are administered by DOL: Title I Adult, Title I Dislocated Worker, Title I Youth, and Wagner-Peyser Employment Service. Two of these programs are administered by Education: Adult Education and Family Literacy Act, and State Vocational Rehabilitation Services.

<sup>21</sup>One of these possible consequences in the event that the local area fails to meet its goals in each of 3 consecutive years is the appointment and certification of a new local board. If a state fails to meet its performance measures for 2 consecutive years, the funding reserved by the Governor in the following program year is reduced by five percent until DOL or Education, as appropriate, determines that the state's performance meets its goals.

and earnings.<sup>22</sup> States typically satisfy this requirement by using their Unemployment Insurance (UI) wage record data. Earnings from selfemployment, however, are generally not included in state UI wage records because self-employed workers are not considered to be in employment that is covered by the unemployment insurance system.<sup>23</sup> In these cases, boards are allowed to use supplemental wage information for example, case management notes, administrative records, and surveys of participants, among other things—to support employment and earnings outcomes.

DOL has long encouraged workforce boards to provide entrepreneurship and self-employment training by funding several projects and grants to demonstrate the role of the workforce development system in this area (see table 1).

Time frame	Name of Effort	Purpose	
1995 - ongoing	Self-Employment Assistance (SEA) Programs	To permit Unemployment Insurance (UI) claimants to receive SEA allowances in lieu of UI compensation while pursuing self-employment activities full time rather than the regular UI work search requirements.	
2003 - 2005	Growing America Through Entrepreneurship (Project GATE)	To pilot entrepreneurship training in three states.	
2006	Self-Employment Technical Assistance, Resources, and Training (START-UP)	To pilot strategies to support self-employment for workers with disabilities in three states.	
Started in 2012	Workforce Innovation Fund (WIF) Grants	To spur innovative service delivery strategies in self-employment, among other areas.	
2013 - ongoing	Self-Employment Training (SET) Demonstration	To test a model in which self-employed workers have ongoing access to advisors and customized support in addition to capital grants totaling \$1,000.	

### Table 1: Key Department of Labor Efforts to Support Entrepreneurship and Self-Employment

Source: GAO analysis of Department of Labor documents. | GAO-17-561

DOL also provides technical assistance to workforce boards through online training, other training events, and its WorkforceGPS website. WorkforceGPS is an interactive online platform designed to build the capacity of the public workforce system through knowledge sharing. It

<sup>22</sup>29 U.S.C. § 3141(i)(2).

<sup>23</sup>Unemployment insurance programs are generally funded by federal and state payroll taxes levied on employers. See GAO, *Unemployment Insurance: States' Customer Service Challenges and DOL's Related Assistance*, GAO-16-430 (Washington, D.C.: May 12, 2016).

offers resources, peer-to-peer connections, and supplements other technical assistance efforts.

SBA Programs That Provide Assistance to the Self-Employed, Including Gig Workers

SBA also has programs that provide support and training to selfemployed workers, including the following:

- Small Business Development Centers (SBDCs) SBDCs, with more than 900 service delivery points, provide training and technical assistance to current or prospective business owners.
- SCORE Association SCORE is a nationwide, nonprofit organization of working and retired business executives who donate time to counsel and provide workshops for small business owners.
- Women's Business Centers (WBCs) WBCs are a national network that provides educational resources to help women start and grow successful small businesses.

Studies of Gig Workers Suggest They Differ on Multiple Characteristics, and Stakeholders Describe Key Benefits and Downsides to Gig Work

Studies of Gig Workers and the Types of Work They Perform Suggest They Differ on Multiple Characteristics

Because there is no universally accepted definition of gig work, characteristics of individuals engaging in this work and the types of work they perform depend on how this population is studied. Each of the three quantitative studies we reviewed defined their population of workers, type of work performed, and time frames of work performed differently.<sup>24</sup> Therefore, each study provides a snapshot of this emerging area, and their results are not directly comparable (see table 2).<sup>25</sup>

<sup>&</sup>lt;sup>24</sup>The way in which these studies define gig work is not always synonymous with how we characterized gig workers in this report.

<sup>&</sup>lt;sup>25</sup>We also reviewed a fourth study, "*The Rise and Nature of Alternative Work Arrangements in the United States, 1995-2015*" by Lawrence F. Katz and Alan B. Krueger (2016), but the raw data were not available in time for us to analyze and include in this report. This study examined four different types of alternative work arrangements: independent contractors or freelancers, on-call workers, temporary help agency workers, and workers provided by contract firms.

### Table 2: Methodology and Findings of Quantitative Studies Examining Online Gig Work

Study Name and Research Entity	Exploring Online and Offline Informal Work: Findings from the Enterprising and Informal Work Activities (EIWA) Survey (Board of Governors of the Federal Reserve System) <sup>a</sup>	<i>Gig Work, Online Selling and Home Sharing</i> (Pew Research Center) <sup>b</sup>	Paychecks, Paydays, and the Online Platform Economy: Big Data on Income Volatility (JPMorgan Chase Institute) <sup>c</sup>
Methodology Used	Survey	Survey	Analysis of data on bank customers who were primary account holders.
Time Frame of Work Performed	Past 6 months	Past year	October 2012 through September 2015
Population Studied	Adults participating in occasional, multiple, serial, and informal paid work.	U.S. adults who earned money through technology-enabled gig work (i.e., websites or mobile applications). <sup>b</sup>	260,000 JPMorgan Chase customers with a checking account that had at least five outflows in every month during the study period and who received income at least once from 1 of 30 online platform companies. <sup>d</sup>
Age - Findings	Of adults completing online tasks through websites, an estimated: 41 percent were 18-29 years old; 33 percent were 30-44 years old; 17 percent were 45-59 years old; and 9 percent were 60 years old or older.	Of U.S. adults having earned money in the last year from online gig work, an estimated: 42 percent were 18-29 years old; 39 percent were 30-49 years old; 15 percent were 50-64 years old; and 4 percent were 65 years old or older. The median age was 32.	Of those checking account holders who participated in online labor platforms: 7 percent were 18-24 years old; 36 percent were 25-34 years old; 25 percent were 35-44 years old; 17 percent were 45-54 years old; 9 percent were 55-65 years old; and 6 percent were 65 years old or older.
Gender - Findings	Of adults completing online tasks through websites, an estimated: 55 percent were men, and 46 percent were women.	Of U.S. adults having earned money in the last year from online gig work, an estimated: 45 percent were men, and 55	Of those checking account holders who participated in online labor platforms: 67 percent were men, and 33 percent were women.

Income - Findings	Of adults completing online tasks through websites, an estimated: 19 percent had a family income of less than \$25,000; 9 percent had a family income of \$25,000 - \$39,999; 26 percent had a family income of \$40,000 - \$74,999; 21 percent had a family income of \$75,000 - \$99,999; and 24 percent had a family income of greater than \$100,000.	Of U.S. adults having earned money in the last year from online gig work, an estimated: 49 percent had an annual family income of less than \$30,000; 35 percent had an annual family income between \$30,000 and \$74,999; and 14 percent had an annual family income of \$75,000 or more.	Checking account holders who participated in online labor platforms had lower monthly median income (\$2,514) than sample participants who were in the labor force (\$3,351).
Education - Findings	Of adults completing online tasks through websites, an estimated: 15 percent had less than a high school diploma; 21 percent had a high school diploma; 29 percent had some college; and 34 percent had a bachelor's degree or higher.	Of U.S. adults having earned money in the last year from online gig work, an estimated: 42 percent had a high school diploma or less; 37 percent had some college; and 21 percent had graduated from college or had post-graduate education.	The study did not include information on education.

Source: GAO analysis of government and industry studies. | GAO-17-561

Notes: The studies we reviewed that describe characteristics of gig workers rely on respondent use of online surveys and/or bank accounts. To the extent characteristics of those surveyed or observed differ from gig workers overall, these studies have the potential to report different characteristics than what is present in the gig worker population (online and offline) as a whole. Also, the way in which these studies define gig work is not always synonymous with how we characterized gig workers in this report. Percentages may not equal 100 due to rounding.

<sup>a</sup>Robles, Barbara, and Marysol McGee (2016). "*Exploring Online and Offline Informal Work: Findings from the Enterprising and Informal Work Activities (EIWA) Survey*," Finance and Economics Discussion Series 2016-089. Washington: Board of Governors of the Federal Reserve System, https://doi.org/10.17016/FEDS.2016.089. We analyzed and present Federal Reserve Board data specific to survey respondents who indicated they completed online tasks through websites. The margin of error for the age, gender, income, and occupation variables in this dataset was a maximum +/-7.6 percentage points at the 95 percent level of confidence.

<sup>b</sup>Smith, Aaron, *Gig Work, Online Selling and Home Sharing.* Pew Research Center. Nov. 17, 2016. See www.pewinternet.org/2016/11/17/gig-work-online-selling-and-home-sharing/. We included study results for gig workers providing labor services only. The Pew Research Center considered an individual a technology-enabled gig worker if they earned money in the last year from websites or mobile applications that: connected workers directly with people who wanted to hire them, required workers to create a profile in order to find and accept work assignments, and coordinated payments once the task or job was completed. The unweighted sample size of gig workers was 298. The margin of error for this group was +/-9.2 percentage points at the 95 percent level of confidence.

<sup>c</sup>JPMorgan Chase Institute, *Paychecks, Paydays, and the Online Platform Economy: Big Data on Income Volatility*, Feb. 2016. See www.jpmorganchase.com/corporate/institute/report-paychecks-paydays-and-the-online-platform-economy.htm. Because the unit of analysis in this study was bank accounts rather than individual workers, results could describe income earned from other household members sharing that account (i.e., joint account holders). The study states that its base sample is skewed slightly in favor of 25-54 year olds; includes a high proportion of men as there may be a tendency for men to be named primary account holders on joint accounts; is biased geographically to Chase bank's footprint, which slightly favors the West; and is skewed in favor of higher-income individuals because these individuals are more likely to have a bank account.

<sup>d</sup>This study defined the online labor platform economy as economic activities involving online intermediaries that are marked by four characteristics: (1) they provide an online platform that connects workers directly to customers; (2) they allow people to work when they want; (3) they pay on a "piece-rate" basis for a single task at a time; and (4) they intermediate or facilitate payment for the service.

### Worker Characteristics

According to the studies we reviewed, up to about 40 percent of workers engaging in online gig or informal work were 34 years old or younger. The JPMorgan Chase Institute (JPMorgan Chase) study found that 43 percent of account holders participating in online labor platforms were 18-34 years old.<sup>26</sup> The Pew Research Center study found that an estimated 42 percent of gig workers were 18-29 years old, whereas 19 percent of participants were 50 years old or older.<sup>27</sup> Similarly, the Federal Reserve Board (Federal Reserve) found that an estimated 41 percent of those completing tasks through online platforms were under age 30.<sup>28</sup>

The JPMorgan Chase and Pew Research Center studies found online gig workers to have relatively lower incomes. Specifically, the JPMorgan Chase study found that their bank account owners who earned income through online labor platforms from October 2012 through September 2015 had lower median monthly incomes (\$2,514) than the JPMorgan

<sup>27</sup>Smith, Aaron, *Gig Work, Online Selling and Home Sharing*. Pew Research Center. Nov. 17, 2016. See www.pewinternet.org/2016/11/17/gig-work-online-selling-and-home-sharing/. The unweighted sample size of gig workers was 298. The margin of error for this group was +/-9.2 percentage points at the 95 percent level of confidence.

<sup>28</sup>Robles, Barbara and Marysol McGee (2016). "*Exploring Online and Offline Informal Work: Findings from the Enterprising and Informal Work Activities (EIWA) Survey*," Finance and Economics Discussion Series 2016-089. Washington: Board of Governors of the Federal Reserve System, https://doi.org/10.17016/FEDS.2016.089. The Federal Reserve surveyed individuals on both online and offline informal work. Our presentation of the Federal Reserve's data, however, only includes specific percentages for individuals who completed tasks through online platforms.

<sup>&</sup>lt;sup>26</sup>JPMorgan Chase Institute, *Paychecks, Paydays, and the Online Platform Economy: Big Data on Income Volatility*, Feb. 2016. See

www.jpmorganchase.com/corporate/institute/report-paychecks-paydays-and-the-onlineplatform-economy.htm. Because the unit of analysis in this study was bank accounts rather than individual workers, results could describe income earned from other household members sharing that account (i.e., joint account holders). The study states that its base sample is skewed slightly in favor of 25-54 year olds; includes a high proportion of men as there may be a tendency for men to be named primary account holders on joint accounts; is biased geographically to Chase bank's footprint, which slightly favors the West; and is skewed in favor of higher-income individuals because these individuals are more likely to have a bank account.

Chase study population labor force at large (\$3,351).<sup>29</sup> The Pew Research Center study had similar results with an estimated 49 percent of online gig workers making a family income of \$30,000 or less annually, whereas only 14 percent of those made \$75,000 or more. On the other hand, the Federal Reserve estimated that almost half (about 45 percent) of those completing online tasks through websites had an annual family income greater than \$75,000.

Some individuals who participate in gig work are also engaged in other employment or are students. According to the Pew Research Center study, an estimated two-thirds of online gig workers indicated that they were employed either full- or part-time in another position, and 23 percent were enrolled as either full- or part-time students. The Federal Reserve study estimated that approximately half of those performing online tasks through websites reported that they were also paid employees, with about an additional 10 percent reporting that they were self-employed.

### Types of Work

According to the studies we reviewed, gig work is performed in a range of occupations, and at various skill levels.<sup>30</sup> The Pew Research Center study reported that the types of work found through online platforms varied between physical tasks, simple online tasks, or relatively complex tasks. For example, according to the Pew Research Center, the estimated 8 percent of Americans who earned money in the last year through online job platforms performed at least one of the following tasks:<sup>31</sup>

- online tasks through digital job platforms, such as data entry or taking surveys (an estimated 5 percent);
- ride-hailing services (an estimated 2 percent); and shopping for or delivering household items, or by cleaning or doing laundry for a client (an estimated 1 percent each); and

<sup>29</sup>The JPMorgan Chase study defined the labor force as all individuals who received any labor income during the 36 months of its study.

<sup>30</sup>We were not able to describe the types of online platform work conducted by account owners in the JPMorgan Chase study because it did not include information about the 30 platform companies for which it tracked payments.

<sup>31</sup>Respondents could provide more than one task in response to this question; therefore, respondents may be counted in multiple task categories.

other types of work taken on through online platforms (an estimated 2 percent). This work ranged from relatively basic tasks, such as moving furniture or working as a parking lot attendant, to more highly-specialized work, such as providing legal services, manuscript editing, or IT consulting.

According to three researchers we interviewed, recent attention has been paid to online gig work, but a larger number of individuals are participating in offline gig work. The Federal Reserve examined characteristics of survey respondents who engaged in various types of online and offline gig work.<sup>32</sup> Online gig work included completing tasks that were identified or mediated through online platforms. Offline gig work included house cleaning, house painting, yard or landscaping work; babysitting and/or child care services; and personal services such as picking up dry cleaning, providing moving assistance, and dog walking; among other services.

### Worker Motivations

Workers' motivations for engaging in gig work included filling gaps in income and accommodation of work schedule preferences, according to the two studies for which we obtained survey results.<sup>33</sup> The JPMorgan Chase study reviewed the bank deposits of individuals in the months that they were actively participating in online platform work. This analysis found that earnings from online labor platforms tended to offset dips in other sources of income; therefore, the researchers suggested that individuals used earnings from the online labor platforms to substitute for reductions in other sources of earnings and in periods where workers were between jobs. Although JPMorgan Chase found that online gig work sometimes substitutes for other income sources, it also noted that these deposits contributed a sizeable portion of their income—on average, 33 percent of total monthly income in months they were active on the platform-but were secondary to other income sources deposited to their accounts. The study noted that although the number of people participating in online gig work has increased, workers' reliance on

<sup>&</sup>lt;sup>32</sup>The Federal Reserve asked screener questions to identify its population of qualified survey respondents. These questions asked respondents if they had been paid for specific online and offline activities.

<sup>&</sup>lt;sup>33</sup>The Federal Reserve study also asked survey respondents about their motivations for engaging in informal work. However, the raw data were not available in time for us to analyze and include in this report.

income from this work has remained stable over time both in terms of the fraction of months when workers participated and total income earned.

The Pew Research Center study found that providing workers with something to do in their spare time and filling in gaps in income were top motivations for online gig workers. About 42 percent of gig workers said they use online platforms for fun or something to do in their spare time, whereas about 37 percent said this work helps fill in gaps or fluctuations in income.

The Pew Research Center study also estimated that income earned from online platforms was essential or important to approximately half of workers, and these workers tended to have lower levels of household income and education.<sup>34</sup> Of the estimated 8 percent of survey respondents who said that they earned money in the last year from online platforms, approximately 56 percent reported the income was essential or important to their overall financial situation. Of those, an estimated 45 percent said that they use online platforms because they need to be able to control their schedule due to school, child care, or other obligations. About a quarter also said they use online platforms because it is fun or for something to do (about 28 percent), because there is a lack of other jobs where they live (about 25 percent), or to gain work experience they can take to other jobs (about 24 percent).

Another study, conducted by the Institute for the Future (IFTF), provides a different perspective on the characteristics of online gig workers using a qualitative analysis of interview responses to develop profiles of gig workers and their motivation.<sup>35</sup> From those interviews, IFTF developed seven archetypes to describe different types of gig workers, such as

<sup>35</sup>Lueck Avery, Miriam; Baskin, Cindy; Falcon, Rod; Gentry, Eri; Goldman, Alex; Hamamoto, Ben; Skvirsky, Sara; and Vian, Kathi. *Voices of Workable Futures: People Transforming Work in the Platform Economy.* Institute for the Future. Palo Alto, Calif, 2016. See www.iftf.org/voices/. In 2015 the IFTF interviewed a total of 31 individuals, sets of business partners, and families who were using the platform economy or had recently used it. Because this qualitative analysis was based on a relatively small number of interviews, the results cannot be generalized to the larger group of gig workers. Even though some of the seven archetypes included workers using capital platforms, we considered all seven archetypes because they included at least one example of a worker providing labor services through an online platform.

<sup>&</sup>lt;sup>34</sup>The Pew Research Center survey asked respondents which of the following statements best described the income earned from online gig work or ride-hailing: (1) it is essential for meeting my basic needs; (2) it is an important component of my budget, but not essential; (3) it is nice to have, but I could live comfortably without it; or (4) No answer.

workers wanting to build their own business and maximizing online platforms to do so; those navigating a life transition; or those optimizing income on a day-to-day basis (see app. II).

## Different Stakeholder Groups Described Many of the Same Key Benefits and Downsides to Gig Work

### Key Benefits

The different stakeholder groups we interviewed described many of the same benefits to participating in gig work. All stakeholder groups mentioned the following:<sup>36</sup>

- flexibility (e.g., to work around other responsibilities, such as childcare);
- autonomy (e.g., ability to set own hours and be "own boss");
- income (e.g., supplemental or to fill in between jobs); and
- the ability to help build a business, a resume, or experience.

Most stakeholder groups also mentioned the following:

- low barrier to entry; and
- the ability to pursue a passion.

All of the gig companies we interviewed said flexibility or autonomy, or both, were benefits. Specifically, one company official said gig workers have the opportunity to be self-starters, determining when and where they want to work. Another company official said that the income provides workers the freedom to leave another job or make ends meet if they are laid off. Workers in three of our discussion groups also mentioned the benefits of flexibility and autonomy. Specific benefits mentioned by workers included being able to work on their own schedule, having control on pricing their services, and working from where they want.

<sup>&</sup>lt;sup>36</sup>We categorized the stakeholders we interviewed into six groups: local workforce boards, local workforce board service providers or partners, gig companies, gig workers, worker associations and advocates, and researchers. A stakeholder group was considered to have mentioned a specific benefit if it was mentioned by at least one interviewee in the group.

## Flexibility and Autonomy Are Benefits of Gig Work

"I have a young family and need the extra cash. I find using an online platform more convenient than word of mouth. [I] would like to use [the] opportunity to become [an] entrepreneur. I want to be my own boss 24 hours a day."

Source: GAO interview with workers in Gainesville, FL.  $\mid$  GAO-17-561

According to local workforce board officials we interviewed, the flexibility and autonomy of gig work may be especially beneficial for some types of workers. For example, officials from 8 of the 11 workforce boards said workers who might benefit most from gig work include those who need flexible schedules, such as students who are going to school or are enrolled in training, and those with care-taking responsibilities.

Gig work can also help workers develop job-seeking skills, provide work experience, or fill in gaps in resumes, according to officials from 10 of the 11 local workforce boards we interviewed. Specifically, a local board official said traditional companies do not like to see employment gaps; therefore, the board encourages its clients to pursue consulting or volunteer work so that there are no gaps on their resumes. The official added that gig work through short-term contracts is often viewed by traditional employers as valid employment and could provide the necessary work experience to help individuals secure more permanent, full-time work if desired. Moreover, another board official said that certain types of gig work could help workers enhance their capabilities—for example by helping them better understand how a business runs and become more entrepreneurial with better self-employment skills.

According to 9 of 11 local workforce board officials we interviewed, gig work could also be beneficial for people for whom traditional work may present challenges, such as individuals with disabilities, ex-offenders, low-income workers, or those who are unemployed or underemployed.<sup>37</sup> For example, officials from one local board said gig work benefits harder-to-serve populations because it allows them to earn income while going to school and by working from home.

### Key Downsides

The different stakeholder groups we interviewed also described many of the same downsides to participating in gig work. All stakeholder groups mentioned the following:<sup>38</sup>

<sup>&</sup>lt;sup>37</sup>Income from gig work could affect eligibility for government assistance programs that are restricted to families or individuals who meet specified financial requirements (i.e., meanstested programs). These federal programs include Medicaid, Supplemental Security Income, and Temporary Assistance for Needy Families.

<sup>&</sup>lt;sup>38</sup>A stakeholder group was considered to have mentioned a specific downside if it was mentioned by at least one interviewee in the group.

- lack of financial security;
- lack of benefits; and
- increased risk that arises from increased liability and high rate of failure in self-employment, among other reasons.

Many stakeholders also mentioned the following:

- lack of stability; and
- challenges to running a business that include not understanding the responsibilities of being self-employed or the length of time it can take for a new business to become profitable, or not finding the necessary capital.

Officials from 10 of the 11 local workforce boards we interviewed said that a lack of financial security was a downside to gig work. Specifically, workers may have difficulty earning enough to achieve self-sufficiency, have unpredictable or low income, or experience a high rate of failure with self-employment. Further, officials from one board that works with shortterm contractors in the information technology field said it can be challenging for U.S. workers to make sufficient pay from work obtained through professional online platforms because workers face global competition from those in other countries who are willing to do the same work for less pay. Similarly, lack of financial security was a concern among workers in three of our four discussion groups who said low or unpredictable income was a downside, and this factor was also mentioned by two of the gig companies we interviewed.

Other factors related to financial security that stakeholder groups mentioned are the risk of not being paid for work performed or poor customer ratings diminishing the availability of future work. Gig workers in three of our four discussion groups said the risk of not being paid for work performed is a downside. Moreover, workers in three of our discussion groups said customer complaints or rating systems were a downside because a poor customer rating could result in canceled payments for work performed or could significantly affect future work opportunities. The Pew Research Center study<sup>39</sup> estimated that 29 percent of online gig

<sup>&</sup>lt;sup>39</sup>Smith, Aaron, *Gig Work, Online Selling and Home Sharing*. Pew Research Center. Nov. 17, 2016.

### **Risk of Not Being Paid for Gig Work**

"You may not get paid and the available recourse depends on [the] amount of money owed. If it is a small amount, \$500 or even \$5,000, it might not be worth going to court so you may eat [the] cost and not sue. It will be a lesson learned not to work for that client again." – Gig worker who provided consulting services

"Clients get savvy and cancel on the work. [You] clock in and out on your mobile device but if a customer complains the company will cancel payment from that job. Do a 4-hour job and then not get paid because [the] customer complained that some task did not get done." — Gig worker who arranged to perform housekeeping services through an online gig company

Source: GAO interviews with gig workers in Gainesville, FL, and San Francisco, CA.  $\mid$  GAO-17-561

### Lack of Benefits for Gig Workers

"Lack of health insurance possibly keeps workers who want to be in the on-demand economy in a job they do not like. This lack of available health insurance hinders the entrepreneurial spirit and has an effect on workers' risk tolerance."

Source: GAO interview with organization that provides services to entrepreneurs.  $\mid$  GAO-17-561.

workers said they have performed work using an online platform for which they did not receive payment.<sup>40</sup>

All stakeholder groups we interviewed said the lack of employer-provided benefits—such as health insurance, unemployment insurance, vacation pay, and sick pay, among other benefits—was a downside to gig work. Specifically, one official who provides training to entrepreneurs said it is difficult for gig workers to project how much their health care will cost and consequently how much they need to work to cover those costs.

Four of the six stakeholder groups we interviewed said a lack of knowledge about running a business was a challenge to working in the gig economy. This knowledge is important because according to one stakeholder we interviewed, drivers for ridesharing companies are building their own business, but some do not realize the consequences of engaging in this type of work. Further, officials from one local workforce board said because barriers to engaging in gig work are low, workers may enter into this type of work before knowing how to manage their selfemployment or understanding its ramifications. Officials at two other local workforce boards also said gig workers may not understand that they may face a longer period of time than expected to become successful entrepreneurs or face challenges obtaining capital needed for their business.

As previously mentioned, gig work can benefit some harder-to-serve populations; however, there may be additional downsides for gig workers who lack technical skills needed to successfully execute the work or those who are low income or urgently in need of a job, according to many stakeholders. Specifically, officials from one local workforce board said there is a difference between gig work for low-skilled workers and higherskilled workers. They said gig work is not as viable in the long run for workers who do not have the necessary technical skills. As a result, they could remain caught in lower-skilled gig work even though their ultimate goal might be to develop a career. An official from a gig company that provides professional services said workers are less likely to be successful in gig work without a specialized skill that is in demand. In

<sup>&</sup>lt;sup>40</sup>On November 16, 2016, the New York City Mayor's office announced signing into law enhanced protections for freelance workers. According to a New York City Council document, the law specifically addresses the right to a written contract when the contract has a value of \$800 or more, the right to be paid timely and in full, and the right to be free of retaliation.

addition, an official from an organization that offers information for workers providing ridesharing services said that type of gig work helps workers get by, but does not provide them with future pay raises or a career.

Federal Programs and Other Sources Offer Training in Self-Employment Skills That Stakeholders State Gig Workers Need

Gig Workers Need Self-Employment Skills Such as Customer Service, Marketing, Digital and Financial Literacy, and Legal Skills, According to Stakeholders

Stakeholders we interviewed said that gig workers need various selfemployment skills. In particular, stakeholders identified soft skills, which include

- customer service orientation,
- time management,
- self-motivation/self-direction,
- professionalism,
- ability to communicate well, and
- other traits such as entrepreneurial spirit, tolerance of risk and uncertainty, common sense, and ethics, among others.<sup>41</sup>

In addition to soft skills, stakeholders said that gig workers need business skills. These skills help them manage the functions that employers generally provide for their employees, according to one workforce board official. Business skills mentioned by stakeholders include the following:

- marketing/branding/having skills in the "business of you;"
- financial literacy/management including how to

<sup>&</sup>lt;sup>41</sup>In the past, we reported soft skills as nontechnical skills that workers need to function in a job. These soft skills included competencies related to problem-solving, oral communication, personal qualities, work ethic, and teamwork skills. See GAO, *Workforce Investment Act: Substantial Funds Are Used for Training, but Little Is Known Nationally about Training Outcomes*, GAO-05-650 (Washington, D.C.: June 29, 2005).

- pay taxes,
- obtain benefits, and
- estimate costs and price services;
- digital literacy; and
- understanding legal rights and obligations including how to write and read contracts.<sup>42</sup>

Some of the stakeholders we interviewed said that gig workers need to understand their tax responsibilities. In more traditional employment, employers are generally responsible for withholding employment taxes such as income tax and Social Security and Medicare taxes—for their employees. According to the Internal Revenue Service, however, gig workers, by virtue of being self-employed, must track their income and expenses, determine if they must pay quarterly estimated taxes.<sup>43</sup> and know how to file their annual return.<sup>44</sup> However, not understanding the responsibilities of their self-employed status could mean that gig workers will not be compliant with tax law. In the past, we reported a lower level of tax compliance by self-employed individuals than by employees.<sup>45</sup> Even workers who understand that they need to pay their own taxes but then fail to plan appropriately could face paying a large amount in taxes at the end of the year. One official at a gig company said that someone earning \$60,000 to \$80,000 a year, with no taxes withheld, may find it challenging to pay those taxes when they are due.

<sup>43</sup>According to the Internal Revenue Service, quarterly estimated tax is the method used to pay Social Security and Medicare taxes and income tax for self-employed individuals because they do not have an employer withholding these taxes.

<sup>44</sup>The Internal Revenue Service has guidance on its website to assist self-employed individuals, including gig workers, with filing taxes. See Internal Revenue Service Self-Employed Individuals Tax Center at https://www.irs.gov/businesses/small-businesses-self-employed/self-employed-individuals-tax-center.

<sup>&</sup>lt;sup>42</sup>The Workforce Innovation Fund grant evaluation report for the TechSF Workforce Innovation Partnership stated that survey respondents in freelancer workshops reported being interested in the tax implications of working as a freelancer and how to prepare taxes accordingly; business strategies for freelancers, such as strategies for finding work and setting prices; and establishing and negotiating client agreements.

<sup>&</sup>lt;sup>45</sup>See GAO-09-717 and GAO, *Tax Gap: A Strategy for Reducing the Gap Should Include Options for Addressing Sole Proprietor Noncompliance*, GAO-07-1014 (Washington, D.C.: July 13, 2007).

In addition, some gig workers might not be aware of these responsibilities because they consider themselves employees of the gig company, according to two stakeholders. For example, a gig company official said that some of its gig workers have asked to speak to the company's human resources manager when they have an issue even though the company considers them to be self-employed business owners. The official said the company has to remind these workers that they are not represented by the company's human resources department. Further, the Pew Research Center study found that an estimated 26 percent of gig workers who used online platforms considered themselves to be employees of the platform they used to find work.<sup>46</sup> Moreover, the study found that workers who reported that income from gig work was 'important' or 'essential' were much more likely to view themselves as employees.

Some stakeholders also said marketing was an important skill. According to a gig company official, marketing helps workers grow their business to the point where they can spend more time engaged in income-generating work than trying to find additional clients. Gig workers need to understand they are selling their skills, or, in other words, are in the "business of you," and how they present themselves online can affect their opportunities, said one official from an organization that helps low-income workers navigate the gig economy. Accurate cost estimating and pricing were also considered to be important. A gig company official said that pricing is a skill that involves including all expenses, while leaving room for profit and accounting for some risk.

Not all workers may be suited for gig work even when provided training in these skills, according to officials from one workforce board. Using a DOL Workforce Innovation Fund grant, this board provided a program to help workers become self-employed and engage in gig work. Board officials said about 30 to 50 percent of the participants leave the program because they decide that this type of work is not for them. These officials said they consider this a positive outcome because the training helps participants recognize the challenges of self-employment before taking steps that might have long-term consequences, such as using their life savings to start a business.

### Importance of Cost Estimating and Pricing in Gig Work

"If someone called me now for [a] job at a fixed amount, I would negotiate for hourly pay now that I have the experience. It would help a lot if people knew how to price services. That would be a good skill." –Gig worker who provided information technology services Source: GAO interview with gig workers in Chicago, IL | GAO-17-561

<sup>&</sup>lt;sup>46</sup>Smith, Aaron, *Gig Work, Online Selling and Home Sharing*. Pew Research Center. Nov. 17, 2016.

Selected Workforce Boards and SBA Programs Provide Self-Employment Skills and Training for Gig Workers Based on Perceived Local Area Needs

The 11 local workforce boards we interviewed all served gig workers in some way. In some cases, local workforce boards directly provided services to gig workers, and in other cases they indirectly provided services to gig workers through efforts that more broadly targeted workers in specific sectors or who were engaged or interested in self-employment (see fig. 1).<sup>47</sup> Direct services ranged from recruitment to career services, including providing job coaching and workshops on finding gig work and developing self-employment skills.<sup>48</sup> Overall, officials from 9 of the 11 boards described these efforts as responses to perceived needs in their local labor markets.<sup>49</sup>

<sup>49</sup>In two cases, board officials identified other reasons for their efforts to serve gig workers. In one case, board officials said that they were approached by a gig company, and in the other case, board officials identified the effort to serve gig workers as a leadership priority.

<sup>&</sup>lt;sup>47</sup>Sector strategies are partnerships with employers within one industry that bring government, education, training, economic development, labor, and community organizations together to focus on the workforce needs of an industry within a regional labor market. See Lindsey Woolsey and Garrett Groves, *State Sector Strategies Coming of Age: Implications for State Workforce Policymakers* (Washington, D.C.: Woolsey Group LLC and National Governors Association, n.d.).

<sup>&</sup>lt;sup>48</sup>Most boards that provided direct services targeted those who were self-employed, but one board developed an initiative that targeted gig workers who were employees of staffing firms. The Atlanta workforce board worked with a local union to develop an initiative to help gig workers obtain short-term work, with film crews on projects that typically last about 6 weeks each. Because these workers were employees, we excluded this initiative from our analysis of programs to assist gig workers.

## Figure 1: Selected Workforce Boards' Services for Those Performing or Seeking Gig Work

### Direct support for gig workers



### Recruitment

Chicago and Dallas recruited gig workers for a ridesharing company, and San Francisco held a recruitment event for multiple online platform companies.



### Coaching

Chicago provided counseling and coaching on interviewing skills to those seeking short-term IT gig work, and San Francisco facilitated feedback on the portfolios of those seeking gig work in the media and visual arts.<sup>a</sup>



#### Workshop

Gainesville (Florida), New York, San Francisco, and Sunnyvale (California) provided workshops on topics such as marketing and financial management for those seeking gig work.



### Networking

San Francisco provided networking opportunities for those seeking gig work in the media and visual arts.

### Indirect support for gig workers



### Self-employment

Gainesville (Florida), Northern Virginia, and Seattle provided self-employment services that did include or could have included gig workers, according to officials.<sup>b</sup>



#### **Sector Initiative**

Miami provided work readiness training, transportation support, legal assistance, and occupational training through a construction sector initiative that targeted ex-offenders seeking to reenter the workforce, some of whom may engage in gig work, according to officials.

Source: GAO interviews with local workforce board officials. | GAO-17-561

Note: For the purposes of this report, we are identifying each workforce board by city or region.

<sup>a</sup>These services were provided by American Job Centers that are dedicated to specific sectors. In addition, the Chicago board refers clients seeking financial management skills to a non-profit community-based organization.

<sup>b</sup>The Seattle board has provided ongoing workshops on self-employment, offered in collaboration with the Small Business Administration. The Gainesville board developed a self-employment initiative, known as Start-Up Quest, which targeted high-skilled unemployed and dislocated workers, according

to officials, and has also developed a self-employment initiative for low- and middle-skilled clients who seek to perform gig work, such as child care. The Gainesville board also makes available digital gig platforms, such as the independently-developed OwnForce, to help gig workers manage their self-employment. The Northern Virginia board's self-employment initiative has targeted underemployed, unemployed, and dislocated workers.

Among the selected boards that offered workshops, several covered similar information related to self-employment. The most common topics included (1) marketing strategies, such as the use of social media; (2) financial management, including pricing and tax implications; and (3) the basics of contracting. In addition, one of New York City's workshops provided information on the legal aspects of participating in gig work,<sup>50</sup> and Gainesville's provided information on obtaining work through online platforms.

Selected boards also provided indirect support services that were not specifically targeted to gig workers but served populations that could include them. For example, Miami's construction sector initiative did not specifically train workers for gig work, but the skills it supported could be applied to gig work in the construction industry, according to officials.<sup>51</sup> The Seattle board provided self-employment workshops on starting or growing a small business and marketing that were not specifically designed for gig workers but could help them obtain gig work, or involved skills that are transferable to gig work, according to board officials. Furthermore, Seattle has a tool that can help individuals determine how much income is needed to be self-sufficient in their local area, which could also be helpful for individuals engaging in gig work.<sup>52</sup>

The selected boards' activities varied in the degree to which they focused on those enrolled in WIOA programs. Some board activities, such as

<sup>51</sup>According to the Bureau of Labor Statistics (BLS), day laborers in construction have long been working in the U.S. economy. These types of workers would likely be classified among the self-employed, according to BLS officials. In 2016, BLS found that those in construction occupations, at 15.1 percent, had the highest unincorporated self-employment rate compared to 6.3 percent of all workers.

<sup>52</sup>The Workforce Development Council of Seattle-King County uses a tool called the selfsufficiency calculator that can help gig workers understand how much income they need to be self-sufficient. This tool, available to all jobseekers, shows the income needed to support a family of a given composition (from a one-person household to a large family) without any public or private assistance. See https://www.thecalculator.org/

<sup>&</sup>lt;sup>50</sup>For example, the workshop that New York City's board offered was designed to address the formation of business entities, as well as insurance and liability issues. According to New York City board officials, the city agency that designs and implements services is the New York City Department of Small Business Services.

recruitment events for ride-sharing services in Chicago and Dallas, were open to the community, including WIOA participants.<sup>53</sup> In Chicago, the workforce board recruited job seekers for a ridesharing company, and some of them then used this work as an income source while they received WIOA services, scheduling it around their WIOA training activities, according to board officials. In Northern Virginia, by contrast, all participants in the board's self-employment initiative were enrolled in WIOA.<sup>54</sup>

Boards varied in their practices for listing gig work at job centers. Officials from five local boards said that their job centers could list opportunities with gig companies, but they were not always sure if the job centers did so. State and local board officials in two states, however, cited federal and state provisions as the reason why they required a traditional employer-employee relationship to list jobs at their job centers.<sup>55</sup> DOL officials said that the department does not set requirements for the types of jobs that states can post in their job centers, other than certain nondiscrimination requirements.<sup>56</sup> They said that states might impose

<sup>53</sup>Recruitment events, such as job fairs, whether for a single employer or multiple employers, are generally open to the community.

<sup>54</sup>Northern Virginia's self-employment initiative was funded through a DOL Workforce Innovation Fund grant.

<sup>55</sup>In one state, officials said that job center listings are limited to those with an employeremployee relationship. In the other state, officials cited state policy and noted that Wagner-Peyser services are funded via employer unemployment insurance taxes and expressed the view that allowing gig companies to list their opportunities would be inconsistent with this funding mechanism. The Wagner-Peyser Act, as amended, required the establishment of a nationwide system of labor exchange services. Regulations promulgated under the Act define "employer" as "a person, firm, corporation, or other association or organization which currently has a location within the United States to which U.S. workers may be referred for employment, and which proposes to employ a worker at a place within the United States and which has an employer relationship with respect to employees under this subpart as indicated by the fact that it hires, pays, fires, supervises and otherwise controls the work of such employees." 20 C.F.R. § 651.10.

<sup>56</sup>For information on nondiscrimination requirements, see Training and Employment Guidance Letter (TEGL) No. 31-11 Update on Complying with Nondiscrimination Provisions: Criminal Record Restrictions and Disparate Impact Based on Race and National Origin; TEGL No. 37-14 Update on Complying with Nondiscrimination Requirements: Discrimination Based on Gender Identity, Gender Expression and Sex Stereotyping are Prohibited Forms of Sex Discrimination in the Workforce Development System; TEGL No. 11-14 Update on Complying with Nondiscrimination Provisions: Credit History Restrictions and Possible Disparate Impact Based on Race, National Origin, Sex, and Disability; and TEGL No. 10-14 Update on Complying with Nondiscrimination Provisions: Unemployment Status Restrictions and Possible Disparate Impact Based on Race, National Origin, Sex, and Disability. their own limitations, but most states aim to increase the number of businesses listing jobs with their job centers.

While officials from all local boards that we interviewed said they provided services to gig workers either directly or indirectly, some nonetheless raised concerns about placing job seekers in gig work, questioning the appropriateness of this type of work under WIOA. Specifically, officials from some local boards said they saw their primary mission under WIOA as helping job seekers with barriers to employment find traditional work rather than task- or project-based work that may lack benefits or job security. Additionally, an official from one local board said that using WIOA training funding for services for gig workers would not be a good use of taxpayer dollars because the ultimate goal for job seekers is permanent employment. In addition, officials from five local boards noted that their staff may not be prepared to share information about gig work opportunities or may be uncomfortable doing so. Because of these concerns, officials from one state and one local board said that serving self-employed workers would require a change in "mindset" on the part of the workforce system as local boards may be cautious about offering such services.

Officials from other boards, some of which were not included in our analysis of board services for gig workers, expressed interest in studying the gig economy. For example, in November 2016, the San Diego board published a report examining opportunities and challenges associated with the gig economy, including skill and training needs and the potential role workforce boards could play.<sup>57</sup> Furthermore, state boards are also interested in issues facing gig workers. In response to this interest, the National Governor's Association has convened a group of states interested in the gig economy, including officials from several state boards, according to an association official.

<sup>&</sup>lt;sup>57</sup>San Diego Workforce Partnership, *Gig Economy: Special Report* (San Diego, California: November 2016).

The SBA also provides self-employment services for workers, including those who engage in gig work.<sup>58</sup> SBA serves the self-employed through its SCORE mentoring program, Small Business Development Centers, and Women's Business Center program. A SCORE association official said that the association is developing personal branding webinars that could appeal to gig workers, reflecting a potentially growing need for services. Officials at two Small Business Development Centers and a Women's Business Center said that the centers provide workshops, counseling, and referrals at no or low cost and are serving gig workers. The workshops cover topics such as: business plan development; marketing; financial management, including taxes; and social media.

Nongovernmental Sources Such as Worker Organizations and Some Gig Companies Also Provide Information on Self-Employment

In addition to governmental programs, information on self-employment skills for gig workers is provided through self-employment workers' associations and some gig companies. Specifically, officials from an association for self-employed workers said that they provide their members with information on non-occupational skills. They said that they also host experts on topics such as how to manage episodic income, file taxes, market their services, and negotiate with clients. Officials from another group serving self-employed workers said their efforts mostly focus on filing taxes and the information is provided through webinars and in-person seminars. Concern over the tax challenges of self-employed workers prompted the group to partner with a university-based tax policy center to study the issue.<sup>59</sup>

Three of the six online gig companies we interviewed also said that they provide some information on non-occupational skills to their gig workers.

<sup>59</sup>Bruckner, Caroline, *Shortchanged: The Tax Compliance Challenges of Small Business Operators Driving the On-Demand Platform Economy*. American University, Kogod School of Business and Kogod Tax Policy Center, Washington, D.C., n.d.

<sup>&</sup>lt;sup>58</sup>We did not identify every federal program that supports self-employment. We reviewed SBA programs that were most likely to work with local workforce boards at the service delivery level. See also GAO, *Entrepreneurial Assistance: Opportunities Exist to Improve Programs' Collaboration, Data-Tracking, and Performance Management*, GAO-12-819 (Washington, D.C.: Aug. 23, 2012) and Andrew Reamer, *Federal Efforts in Support of Entrepreneurship: A Reference Guide,* working draft, (Washington, D.C.: George Washington University, March 9, 2017).

For example, an official at one company said that their online platform has a learning center to help gig workers offering services through the platform understand common business issues, such as marketing. This learning center also includes a forum where gig workers can post questions, share advice, and network with each other. Officials at an online platform company that allows professional gig workers to access and perform projects said that they provide information on pricing and tax filing as well as a suite of business tools to help these gig workers track tax payments and number of hours billed. Company officials said that they provide this service to address gaps in information that hindered these workers in the past, such as documenting a steady income for the purposes of obtaining a mortgage. An official at a ridesharing company said that it has partnered with other organizations to provide information to help drivers, for example, by helping them understand their tax filing obligations and save for retirement. Nongovernmental organizations have also played other roles in supporting training for gig workers. For example, in New York City's initiative, partners such as the Writer's Guild of America, East and Brooklyn Workforce Innovations helped recruit writers for the board's training programs. These programs integrated workshops on financial management, marketing and sales, as well as the legal aspects of gig work for workers in the media and entertainment sector, according to local board officials.

Federal Agencies Are Collecting Data on the Gig Workforce, but Information on Promising Practices Is Not Readily Available

Federal Agencies Are Collecting Information, but DOL Has Not Fully Incorporated Gig Work into Its Promising Practices Database

Several federal agencies responsible for data on the workforce and the economy have ongoing efforts to collect and study data about gig work as part of their respective missions. These efforts include:

Bureau of Labor Statistics (BLS): For the first time since 2005, BLS conducted a survey of contingent workers in May 2017<sup>60</sup> in an attempt to better understand workers engaging in alternative forms of work. In addition to the questions asked in previous years, the survey added four new questions on whether workers performed short, paid tasks in the previous week that were arranged through an online platform.<sup>61</sup> While the 2017 survey data are expected to provide a more refined picture of such work arrangements than was previously possible, BLS officials said that those data will not be available at the state and local level because of the small sample size. In addition, BLS has a Career Outlook website on gig work that provides information about the prevalence of gig workers and their occupations, among other information.<sup>62</sup>

<sup>62</sup>For the website, see https://www.bls.gov/careeroutlook/2016/article/what-is-the-gig-economy.htm.

<sup>&</sup>lt;sup>60</sup>This survey was conducted as a supplement to the May 2017 Current Population Survey.

<sup>&</sup>lt;sup>61</sup>According to BLS officials, the 2017 Contingent Worker Supplement collected data on whether workers who engaged in short, paid tasks arranged through an online platform did so for their main job, a second job, or for additional work for pay. In addition, the survey collected information on whether workers whose jobs were arranged through an online platform were in one of four alternative employment arrangements (independent contractors, on-call workers, temporary help agency workers, or workers provided by contract companies). Information on workers' demographics (including age, race, and gender), work hours, occupations, household income, and household composition will also be available.
- Department of Commerce: The Commerce Department also issued a report on online platforms that allow gig workers to access projects or tasks.<sup>63</sup> The report used publicly available data to assess the size and scope of platform transactions and examine the potential effect on consumers and workers.
- Census Bureau: Within the Commerce Department, Census Bureau (Census) officials collaborated with researchers from the University of Maryland to study the gig economy by comparing Internal Revenue Service (IRS) self-employment tax data and BLS self-employment household survey data from 1996 through 2012.<sup>64</sup> According to Census officials, they are undertaking this research to better understand why IRS data suggest long-term growth in selfemployment while BLS data suggest little or no growth.
- Federal Reserve Board: As discussed previously, the Federal Reserve Board studied online and offline informal work that took place over a 6-month period to examine participant motives and attitudes.<sup>65</sup> Federal Reserve officials indicated they will continue to annually monitor the enterprising and informal work activities of the U.S. adult population in the Survey of Household Economics and Decisionmaking (SHED) publication and public data posting.

Despite these efforts to better understand gig work at the national level, selected state and local workforce board officials said that they lacked local labor market data on gig workers and that it would be helpful if DOL shared information about other boards' efforts to serve these workers.<sup>66</sup> Officials from all of the state boards we interviewed said that they lacked

<sup>63</sup>Rudy Telles Jr., *Digital Matching Firms: A New Definition in the 'Sharing Economy' Space*, ESA Issue Brief #01-16 (Department of Commerce, Economics and Statistics Administration, Office of the Chief Economist, June 3, 2016).

<sup>64</sup>Katharine G. Abraham, John C. Haltiwanger, Kristin Sandusky, and James Spletzer, *Measuring the Gig Economy: Current Knowledge and Open Issues* (March 2, 2017).

<sup>65</sup>Barbara Robles and Marysol McGee, "*Exploring Online and Offline Informal Work: Findings from the Enterprising and Informal Work Activities (EIWA) Survey*," Finance and Economics Discussion Series 2016-089. Washington, D.C.: Board of Governors of the Federal Reserve System, October 2016, https://doi.org/10.17016/FEDS.2016.089.

<sup>66</sup>A DOL advisory group, the Workforce Information Advisory Council, has identified the lack of accurate and reliable labor market information for such workers as a challenge. According to the Council, which was established under WIOA to advise the Secretary of Labor on, among other things, labor market information, the nation needs a way to "define, measure, and assess the impact" of such work. See Workforce Information Advisory Council, *Challenges and Opportunities in Workforce and Labor Market Information* (February 2017).

labor market information on gig workers.<sup>67</sup> An official with one local workforce board said that getting good, reliable data about who is looking for gig work is a challenge. If boards do not have these data, it could be difficult for them to determine the prevalence of gig workers in the local labor market and to design services for them. Officials from the local workforce boards that undertook specific efforts to serve gig workers said that they did so because they perceived that gig workers were important to the local labor market (e.g., technology workers in San Francisco<sup>68</sup> and media and entertainment workers in New York City) or because the local area faced high levels of unemployment and under-employment (e.g., Gainesville, Florida).<sup>69</sup> Officials from most local boards we interviewed said that their job centers had not necessarily seen much interest in gig work,<sup>70</sup> which, in their opinion, could be a reflection of the fact that clients

<sup>69</sup>The efforts in Gainesville, Florida and Northern Virginia started in June 2012. The Gainesville, Florida, effort was based on a pilot in 2011, funded by the state workforce board, according to board officials. The Northern Virginia effort included two other workforce boards in the state. For an evaluation of the Northern Virginia effort, see Sonam Gupta, Mithuna Srinavasan, Carolyn Corea, Hautahi Kingi, and Luke Patterson, *Evaluation of the Virginia Employment Through Entrepreneurship Consortium (VETEC) Program, Final Report* (Columbia, Maryland: IMPAQ International, June 30, 2017). For an evaluation of the Gainesville, Florida, effort, see Neha Nanda, Carolyn Corea, Bruno Gasperini, Ann Middleton, and Andres Romualdo, *Evaluation of CareerSource North Central Florida's Workforce Innovation Fund Grant: Startup Quest* ®, *Final Evaluation Report* (Columbia, Maryland: IMPAQ International, April 28, 2017). For an economic impact assessment of the Gainesville, Florida, effort, see J. Antonio Villamil, Horacio Soberon-Ferrer, Haydee M. Carrion, and Jose Antonio Villamil IV, *A Comprehensive Impact Assessment of CareerSource North Central Florida* (Coral Gables, Florida: The Washington Economics Group, Inc., March 25, 2016, revised October 14, 2016).

<sup>70</sup>Local small business development centers we interviewed also said that they currently serve a small number of gig workers, but that the percentage seeking services could be growing. Specifically, the director of the Small Business Development Center (SBDC) in San Francisco estimated that gig workers represented no more than about 5 percent of its clients, but said that they are not tracked separately from other clients. This official, however, noted that gig workers' awareness of the center's services appears to be growing. The San Francisco Women's Business Center estimated that about 15 percent of its clients were gig workers.

<sup>&</sup>lt;sup>67</sup>The New York state board was not available for an interview.

<sup>&</sup>lt;sup>68</sup>According to a San Francisco board official, other rationales for the board's efforts to serve gig workers related to helping them secure income in short-term contract work as a stepping stone to traditional employment, helping individuals who prefer self-employment for reasons such as flexibility in scheduling, and helping businesses meet their talent needs.

are typically seeking traditional employment,<sup>71</sup> are unaware of the gig economy, or may not see job centers as the appropriate place to obtain gig work, among other reasons. DOL officials that said gig work may be part of "in-demand" jobs in multiple sectors and BLS is considering how to quantify this work; however, to date, data in this area are limited.<sup>72</sup> Given these challenges, officials at all state and local boards we interviewed said that it would be helpful if DOL shared information about other boards' efforts to serve these workers.

DOL disseminates information on promising practices, but boards may not be readily able to find information related to gig workers. Federal internal control standards state that agency management should analyze information related to achieving agency goals and communicate that information to external parties.<sup>73</sup> To communicate with the public workforce system and develop its capacity to implement innovative approaches, DOL uses a portal, known as WorkforceGPS, which includes information from program evaluations and communities of practice for those interested in specific topics, among other resources.<sup>74</sup> However, finding information in WorkforceGPS that is relevant to gig workers requires multiple searches and does not consistently yield relevant

<sup>71</sup>Officials of two boards said that they serve some gig workers who are seeking traditional employment. Sunnyvale board officials said that, apart from short-term contractors, the gig workers they see are generally seeking to leave gig work and enter traditional employment. Additionally, Seattle board officials said that career pathways services— sequenced training that leads to career advancement—would be available to gig workers seeking traditional employment.

<sup>72</sup>"In-demand" industry sectors are those that have a substantial current or potential impact on the state, regional, or local economy and that contribute to the growth or stability of other supporting businesses, or the growth of other industry sectors. DOL officials said local workforce boards rely on more information than national statistics when setting policies and priorities. For example, boards might conduct employer job vacancy surveys or review "real-time" labor market information, which is gleaned from large numbers of online job postings.

#### <sup>73</sup>GAO-14-704G.

<sup>74</sup>WorkforceGPS includes a resource library, information about specific programs, competitive grants, communities of practice on various topics, such as workers with disabilities, and online training, among other features, for the workforce system overall; see https://www.workforcegps.org/. DOL has described a previous version of this portal as an "online community focused on system innovation" and has encouraged applicants for competitive grants, such as the WIF grants, to consult it. For example, a resource on WorkforceGPS relevant to gig workers is a webinar on the gig economy. See "21st Century Job Centers: A Practitioner's Guide," slides and transcript retrieved from https://www.workforcegps.org/events/2016/05/03/08/22/21st\_Century\_Job\_Centers-A Practitioner-s Guide.

results. When we conducted a search of the portal, we found relevant documents under terms such as "self-employment" and "entrepreneurship," but did not consistently find those same documents under search terms such as "gig," "on-demand," and other related terms.<sup>75</sup> Given that online gig work is an emerging area for researchers and policymakers and there is no universally-accepted definition or term used to describe it, some workforce boards may not associate gig work with self-employment and know to search for information under that term unless a specific reference is provided. Linking "gig" and related terms to self-employment may be particularly important because DOL officials indicated that recent and soon-to-be issued evaluations from selfemployment initiatives funded through the Workforce Innovation Fund grants may yield information relevant to gig workers. Furthermore, although WorkforceGPS includes several communities of practice, it does not currently include one on gig workers. Helping workforce boards easily find and share promising practices relevant to gig workers would allow them to fully and efficiently be able to help individuals who want to engage in this type of work.

<sup>&</sup>lt;sup>75</sup>In March 2017, we searched WorkforceGPS using the following terms: "gig," "ondemand," "freelance," "contractor," "self-employ" to capture both "self-employed" and "selfemployment," "unincorporated self-employed," "project-based," "non-employer," "sharing economy," "platform economy," "1099 economy," and "entrepreneur."

### Workforce Boards Said They Face Challenges in Reporting and Documenting Performance Outcomes for Gig Workers

Documenting employment and earnings outcomes for gig workers may be challenging for workforce boards. When participants are enrolled in WIOA programs, workforce boards are required to document and report participants' employment and earnings outcomes.<sup>76</sup> However, unlike Unemployment Insurance (UI) wage record data used to verify outcomes for those placed in traditional employment under WIOA, supplemental wage information, used to verify these outcomes for gig workers, may be challenging for boards to obtain.<sup>77</sup>

WIOA and DOL guidance address providing training for self-employed workers, such as gig workers,<sup>78</sup> but officials from 7 of the 11 boards we interviewed<sup>79</sup> said that obtaining supplemental information to verify outcomes for these workers could be resource-intensive because staff must follow-up with workers individually, and there is no guarantee that they will provide the requested information.<sup>80</sup> Moreover, of the three local boards that used Workforce Innovation Fund grants to support services

<sup>77</sup>Supplemental wage information can include the use of case management notes, administrative records, and surveys of participants.

<sup>78</sup>See, e.g., Training and Employment Guidance Letter No. 12-10 *Supporting Entrepreneurial and Self Employment Training through the Workforce Investment System,* (Washington, D.C.: November 15, 2010).

<sup>79</sup>We interviewed boards during the transition from performance reporting required under WIA to reporting required under WIOA.

<sup>80</sup>An evaluation of San Francisco's gig worker initiative found challenges related to following up with workers to obtain employment and earnings documentation. Specifically, participants were reluctant to provide supporting documentation for their new gig jobs due to privacy and tax concerns. Additionally, the evaluation found it was difficult to capture outcomes reflecting multiple employment placements for the same person, reflecting a labor market in which workers obtain multiple successive and sometimes overlapping short-term contracts through leads provided by workforce staff. See Leela Hebbar, Lisa Le Fevre, Ursula Bischoff, Stacy Wendt, Marie Broek, and Kim Austin, *Evaluation of the TechSF Workforce Innovation Partnership* (San Francisco: WestEd, July 31, 2015).

<sup>&</sup>lt;sup>76</sup>Boards may provide certain services for any worker, including gig workers, without enrolling them in a WIOA program. For example, the provision of labor market information and information on in-demand sectors, occupations, or nontraditional employment, does not require enrollment in a WIOA program and, therefore, does not trigger inclusion in reporting under the performance measures.

#### Difficulty in Documenting Workforce Innovation and Opportunity Act Performance Outcomes for Self-Employed Workers

"Freelancers and independent contractors have a different mindset from other workers and do not want to provide personal information, including wage data, because it is essentially providing information on their business." — American Job Center Director

"The entrepreneurial nature and spirit of these self-employed individuals is one that is independent and resists follow up and verification as they are busy sustaining their new enterprise and focused on 'making a go of it." No real incentive for them to continue to follow up with public systems." —Workforce Board Official

"Some people want to remain off the grid."— Workforce Board Official

Source: GAO interviews and correspondence with an American Job Center Director in San Francisco and local workforce board officials in Seattle and Dallas. | GAO 17 561. for gig workers, two have secured or are exploring sources of funding outside of WIOA to sustain the services now that the grants have expired and because of the difficulty of obtaining supplemental information to verify outcomes.<sup>81</sup> Officials from seven local boards that provided services for gig workers and three state boards also said that the requirements to document employment and earnings outcomes are a disincentive to serving those workers.<sup>82</sup> In addition, officials from three state boards said that, because of the challenges in obtaining supplemental information, outcomes of self-employed workers, including gig workers, are not included in the performance reports that their states forward to DOL, with officials from one state specifically pointing to cost and data reliability issues.<sup>83</sup>

In December 2016, DOL issued additional guidance stating that under WIOA, states may continue to support outcomes using supplemental wage information.<sup>84</sup> However, if states use supplemental wage

<sup>81</sup>Through the Workforce Innovation Fund grants, DOL supported the implementation of innovative approaches to the design and delivery of services, particularly for workers such as dislocated workers and the unemployed, and required independent evaluations of grantees' projects. As a result, grantees were free to consider alternative performance metrics. In Northern Virginia's case, the project focused on outcomes related to self-employment.

<sup>82</sup>These challenges are not new. In a 2013 report submitted to DOL on self-employment as an option for workers with disabilities, the authors noted: "Current federal performance measures for the public workforce system do not account for activities at a state or local level that encourage and support self-employment outcomes. If self-employment is not a stated and measured outcome, agencies are not likely to give it priority and visibility." U.S. Department of Labor, Office of Disability Employment Policy, *Self-Employment for People with Disabilities* (Washington, D.C.: December 2013).

<sup>83</sup>The potential for undercounting self-employed workers in the public workforce system has been identified in a previous report. In 2012, researchers examining workforce development initiatives in Texas cautioned that the reported outcomes likely understated actual employment and earnings levels in truck driving and construction because they were "two industries with large shares of self-employed or independent contractors who do not contribute to [unemployment insurance] and are therefore not included" in the data. See Tara C. Smith, Christopher T. King, and Daniel G. Schroeder, *Evaluation of Local Workforce Demonstration Projects: Travis County's REM and GEM Projects* (Austin, Texas: Ray Marshall Center for the Study of Human Resources, Lyndon B. Johnson School of Public Affairs, January 2012).

<sup>84</sup>DOL Training and Employment Guidance Letter (TEGL) No. 10-16, *Performance Accountability Guidance for the Workforce Innovation and Opportunity Act*, (Washington, D.C.: December 19, 2016). According to DOL officials, under WIA the use of supplemental wage information was allowed under limited circumstances but under WIOA the departments included more explicit language about the use of supplemental wage information in the Joint WIOA Final Rule.

information to verify employment, they must also use it to verify earnings outcomes, a change from prior DOL policy. DOL officials said they did not believe the new supplemental wage information requirements would limit boards in serving self-employed workers. Rather, using supplemental wage information to verify employment and earnings outcomes holds boards accountable while allowing them to receive credit for assisting self-employed workers, according to DOL officials. They also said that workforce boards asked for updated guidance on using supplemental information on serving self-employed workers, which would include gig workers. In June 2017, DOL issued guidance on the use of supplemental wage information,<sup>85</sup> which stated that worksheets, signed and attested to by program participants, is one acceptable type of documentation for self-employed workers.<sup>86</sup>

### Conclusions

While gig work is not a new phenomenon, the advent of online platforms has made this type of self-employment more readily accessible, possibly for the first time, for many individuals who are seeking new career opportunities or supplemental income. On the one hand, this newfound access to gig work can help individuals across many industries, skill levels, and motivations seek and earn extra sources of income. On the other hand, some of these individuals may not be aware of its risks, such as financial insecurity and lack of benefits, and responsibilities, such as tax implications.

Easier online access to gig work is relatively new, but federal agencies such as DOL and SBA have had ongoing programs designed to assist people with the challenges of self-employment, such as marketing, pricing, and tax implications. In recent years, DOL has funded several grants and programs to gather information specific to improving selfemployment programs. However, DOL's system for receiving and sharing data with workforce boards, WorkforceGPS, does not consistently link relevant resources for these workers to terms that are currently being used to describe the gig economy, such as "gig." Although there is no

<sup>&</sup>lt;sup>85</sup>DOL Training and Employment Guidance Letter (TEGL) 26-16, *Guidance on the Use of Supplemental Wage Information to Implement the Performance Accountability Requirements under the Workforce Innovation and Opportunity Act*, June 1, 2017.

<sup>&</sup>lt;sup>86</sup>These worksheets can reflect earnings net of expenses.

universally accepted term or definition for this type of work, WorkforceGPS's organization of information under topical headers does not capture the connection between gig work and self-employment, making this information less readily available. Therefore, local boards that want or need to help gig workers may have limited knowledge of how or where to find federal resources or may not know that they exist. Further, boards could benefit from other boards' experiences in this area. Crossreferencing common terms for gig work with existing promising practices related to self-employment or establishing a community of practice could help boards share relevant information. This is especially important now that evaluations from DOL's Workforce Innovation Fund grants on selfemployment have been recently released and could be instructive. In addition, while helping individuals obtain gig work is not the mainstay of the nation's workforce system, some local boards have nonetheless attempted to serve these job seekers as the gig economy continues to evolve and in instances where such workers are a salient feature of the local labor market. For these particular boards, promising practices on documenting employment outcomes, for example, could lessen the challenges they face in reporting performance outcomes for gig workers served.

### **Recommendation for Executive Action**

The Assistant Secretary, Employment and Training Administration, should take steps to help workforce boards readily find and share information on promising practices related to serving gig workers by, for example, cross referencing promising practices on self-employment and other relevant practices in WorkforceGPS with terms commonly used to describe the gig economy, by creating a community of practice on this topic, or other mechanisms, as appropriate. (Recommendation 1)

## Agency Comments

We provided a draft of this product to the Department of Labor (DOL) for comment. In its comments, reproduced in appendix III, DOL agreed with our recommendation. The department stated that it will continue to explore the dynamics of the gig economy and make resources available to the workforce system, employers, workers, researchers, policymakers, and others. DOL also provided technical comments, which we incorporated as appropriate. We also provided a draft of this product to the Departments of Commerce and Education and the Small Business Administration, but they did not have comments. In addition, we provided relevant report sections to the authors of the studies included in our report for their technical comments.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies of this report to the appropriate congressional committees; Secretaries of the Departments of Commerce, Education, and Labor and the Administrator of the Small Business Administration; and other interested parties. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or brownbarnesc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.

Sincerely yours,

Cinder S. Barnes

Cindy S. Barnes Director Education, Workforce, and Income Security

# Appendix I: Objectives, Scope, and Methodology

We examined (1) what is known about the characteristics of gig workers and the work they perform, including its benefits and downsides; (2) the non-occupational skills and training stakeholders indicate are needed by gig workers and how they are provided; and (3) the challenges, if any, that select federal agencies and workforce development boards cite in providing supports for gig workers.

To address our research questions, we:

- 1. reviewed relevant federal laws, regulations and guidance;
- 2. conducted a review of relevant literature;
- reviewed DOL's technical assistance website and federal internal control standards that address communication with external parties;<sup>1</sup> and
- 4. conducted interviews with federal agencies, state agencies, local workforce boards, gig workers, gig companies, and researchers and other stakeholders.

We conducted this performance audit from February 2016 to September 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Review of Federal Laws, Regulations, and Guidance

We reviewed the Workforce Investment Act of 1998 (WIA) and the Workforce Innovation and Opportunity Act (WIOA) to identify changes in performance accountability requirements between the two laws. We also

<sup>&</sup>lt;sup>1</sup>GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

reviewed regulations from the Departments of Labor (DOL) and Education implementing WIOA and DOL Training and Employment Guidance Letters related to performance measures and selfemployment,<sup>2</sup> to determine outcome information reporting requirements and the guidance DOL has provided to assist boards in submitting documentation.

## Literature Review

To address our first and second research questions, we conducted a literature review to identify key government, industry, and academic studies examining the gig workforce, which we characterized for the purposes of this report as single projects or tasks that a self-employed individual performs on demand for pay. Our characterization included both online and offline gig work. We searched relevant databases, such as ProQuest Research Library, Academic OneFile, Scopus, and SocSci Search to identify reports, dissertations, web references, working papers, and journal and magazine articles studies from 2010 to the present. In order to identify a wide range of studies, we used search terms including: gig economy, 1099 economy, on-demand economy, sharing economy, and informal work.

Our literature searches generated 383 references. In addition to the sources identified through literature searches, we also reviewed studies recommended by federal agencies, experts and internal and external stakeholders. We excluded from our review a total of 330 studies that were published prior to 2010 or did not pertain to our scope, such as those that primarily (1) examined worker classification issues or worker benefits and protections; (2) did not examine gig workers who were self-employed or included workers providing goods or capital assets where the information on workers providing labor services could not be broken

<sup>&</sup>lt;sup>2</sup>DOL Training and Employment Guidance Letter (TEGL) No. 17-05 *Common Measures Policy for the Employment and Training Administration's (ETA) Performance Accountability System and Related Performance Issues*, (Washington, D.C.: February 17, 2006); TEGL No. 12-10 *Supporting Entrepreneurial and Self Employment Training through the Workforce Investment System*, (Washington, D.C.: November 15, 2010); and TEGL No. 10-16, *Performance Accountability Guidance for the Workforce Innovation and Opportunity Act*, (Washington, D.C.: December 19, 2016).

out separately from those providing goods or capital assets;<sup>3</sup> (3) included non-U.S. workers; or (4) focused on too narrow of a subset of the gig worker population (i.e. immigrants or workers only in a particular geographic region or occupation).

We conducted detailed reviews of the nine studies that met these initial screening criteria. Our reviews involved an assessment of each study's research methodology, including its data quality, research design, and analytic techniques, as well as a summary of each study's relevant findings and conclusions. We also assessed the extent to which each study's data and methods were appropriate to support its findings that we included in our report. In addition, we conducted interviews with the studies' authors, as necessary, to gain a better understanding of their methodology and findings. Through this process, we identified and reviewed four key studies that met our topical and methodological criteria.<sup>4</sup>

<sup>4</sup>JPMorgan Chase Institute, *Paychecks, Paydays, and the Online Platform Economy: Big Data on Income Volatility*, Feb. 2016, see

www.jpmorganchase.com/corporate/institute/report-paychecks-paydays-and-the-onlineplatform-economy.htm.; Lueck Avery, Miriam; Baskin, Cindy; Falcon, Rod; Gentry, Eri; Goldman, Alex; Hamamoto, Ben; Skvirsky, Sara; and Vian, Kathi. *Voices of Workable Futures: People Transforming Work in the Platform Economy.* (Palo Alto, Calif.: Institute for the Future, 2016), see www.iftf.org/voices/; Robles, Barbara and McGee. Marysol (2016). "*Exploring Online and Offline Informal Work: Findings from the Enterprising and Informal Work Activities (EIWA) Survey*," Finance and Economics Discussion Series 2016-089. Washington: Board of Governors of the Federal Reserve System, https://doi.org/10.17016/FEDS.2016.089; and Smith, Aaron, *Gig Work, Online Selling and Home Sharing.* (Washington, D.C.: Pew Research Center. Nov. 17, 2016), see www.pewinternet.org/2016/11/17/gig-work-online-selling-and-home-sharing/.

<sup>&</sup>lt;sup>3</sup>Workers may provide capital assets or goods through, for example, renting a room in their home or selling their used or personally created items. In our review, we included only gig workers providing labor services because our engagement was focused on skills and training, which we believed was most relevant to those providing labor services, and some of the researchers we interviewed indicated that gig workers providing labor services had distinct characteristics from those providing capital assets or goods. Specifically, one researcher said his research group considered the distinction between capital and labor when describing the platform companies they included in their study. For example, individuals driving for ridesharing companies were defined as providing labor services because those individuals were being paid for driving customers, not only for owning a car.

## Search of DOL Technical Assistance Website

To address our third objective, in March 2017 we searched DOL's technical assistance website portal, WorkforceGPS,<sup>5</sup> using terms related to gig work and reviewed federal internal control standards<sup>6</sup> to assess how information related to gig workers was being communicated to workforce boards. Specifically, we searched the WorkforceGPS portal for terms related to gig work to determine if those searches would result in documents that could help workforce boards serve gig workers (e.g., documents related to self-employment). We searched on the following terms: "gig," "on-demand," "freelance," "independent contractor," "selfemployed," "self-employment," "contractor," "unincorporated selfemployed," "project-based," "nonemployer," "sharing economy," "platform economy," "digital economy," "1099 economy," and "entrepreneurship." We selected these terms because they reflect common terms used within literature and by researchers and other stakeholders we interviewed to describe gig work. We reviewed the results of these searches and documented those that did not return any documents. We also reviewed the communities of practice list within WorkforceGPS.

### Interviews and Site Visits

### **Federal Agencies**

To address all objectives, we conducted interviews with officials at DOL, including officials of the Employment and Training Administration headquarters and regional staff—and the Bureau of Labor Statistics; the Department of Education; the Department of Commerce, including the Census Bureau; and the Small Business Administration. We also interviewed officials of the Federal Reserve Board about related research efforts.

<sup>6</sup>GAO-14-704G.

<sup>&</sup>lt;sup>5</sup>Resources available on this website include research reports and evaluations as well as other resources, such as advisories, webinars, guides, and podcasts. Information is organized by program, target population, geographic location, and industry sector.

### State and Local Workforce Development Boards

We conducted semi-structured interviews with officials at 11 local workforce development boards in 9 states to identify efforts to serve gig workers (see table 3). Local boards were selected based on a range of criteria, including information collected during initial interviews with DOL and local board officials and industry groups, a private sector report with information on cities with the largest percentages of workers with income from online platforms,<sup>7</sup> and other relevant documents, including our past work on local workforce boards.<sup>8</sup> Of the 11 local workforce boards we interviewed, we visited five-Chicago, Illinois; Gainesville, Florida; San Francisco and Sunnyvale, California; and Vienna, Virginia. Overall, in selecting the boards that we visited in person, we considered factors such as the potential volume of gig workers in the local area; the range of board services provided to gig workers; the opportunity to learn about different forms of gig work (i.e., both online and offline gig work); the role that DOL grants may have played in supporting boards' efforts to serve gig workers; and opportunities to interview gig workers and gig companies.<sup>9</sup> In these locations, we also interviewed American Job Center directors to examine issues related to gig workers at the service delivery level. In our interviews with local boards, we asked about relevant services for gig workers, non-occupational skills and training, and the benefits and downsides of gig work. Our findings from these interviews cannot be generalized to all state or local workforce boards.

<sup>&</sup>lt;sup>7</sup>See J.P. Morgan Chase Institute, *The Online Platform Economy: Who Earns the Most?* May 5, 2016.

<sup>&</sup>lt;sup>8</sup>GAO, Workforce Investment Act: Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs, GAO-12-97 (Washington, D.C.: Jan. 19, 2012).

<sup>&</sup>lt;sup>9</sup>Not all of these factors were relevant to all of the locations that we visited.

### Table 3: Name and Location of Local Workforce Boards Interviewed

	Name and Location of Local Workforce Boards		
California	Workforce Investment San Francisco	San Francisco	
	NOVA Workforce Board	Sunnyvale	
Colorado	Denver Workforce Development Board	Denver	
Florida	Alachua Bradford Local Workforce Development Board, also Gainesville known as CareerSource North Central Florida		
	The South Florida Workforce Investment Board, also known as CareerSource South Florida	Miami	
Georgia	WorkSource Atlanta	Atlanta	
Illinois	Chicago Cook Workforce Partnership	Chicago	
New York	New York City Workforce Development Board	New York City	
Texas	Workforce Solutions Greater Dallas Dallas		
Virginia	SkillSource Group	Vienna	
Washington	Workforce Development Council of Seattle-King County	Seattle	

Source: GAO interviews. | GAO-17-561.

In addition, we interviewed another workforce board, the San Diego Workforce Partnership, about a report it prepared on gig workers, *Gig Economy: Special Report* (San Diego, California: Nov. 2016). That interview was limited to the report's methodology and recommendations and did not address issues related to the skills and training needs of gig workers or the benefits and downsides of gig work.

In addition, in almost all states where we interviewed local workforce boards, we conducted phone interviews with state workforce boards, state workforce agencies, or both.<sup>10</sup> In our interviews with state agencies, we asked about issues associated with reporting performance outcomes for gig workers and sources of labor market information related to gig workers, among other things.

### **Gig Workers**

In four of the locations we visited—Chicago, Illinois; Gainesville, Florida; and San Francisco and Sunnyvale, California—we held discussion groups with gig workers to obtain their perspectives on gig work. The discussion groups included gig workers—a total of 15 workers across all groups—who had obtained work through online platforms, as well as

<sup>10</sup>Of the nine states selected for interviews, officials in one (New York state) were not available for an interview.

those who provided gig services offline. The services they offered varied from housecleaning, household repair, delivery, and ridesharing, to professional services such as consulting and software development. In each location, we provided participant selection criteria to local board officials who then recruited workers for the groups. Specifically, we requested that the workers be participating in or seeking gig work and be current or recent clients of the workforce board.

The discussion groups, which we conducted from July through October 2016, involved structured small-group discussions designed to gain more in-depth information about specific issues that could not easily be obtained from another method, such as a survey or individual interviews. Our discussions included multiple groups with varying characteristics but some similarity on one or two homogeneous characteristics, in this case, experience in the gig economy.

### **Gig Companies**

Additionally, we conducted interviews with select companies that hire gig workers. These companies included both online platform companies and companies and organizations that hired gig workers offline. We selected online platform companies from a private-sector database of such companies and interviewed the database creator to assess the process used to compile it. We interviewed online platform companies that reflected a range of services that gig workers provide, such as in the areas of transportation, food and goods delivery, and professional services. The offline companies and organizations we interviewed included those in food services, construction, a manufacturing incubator, and non-profits that serve ex-offenders and workers with disabilities. We interviewed gig companies about the non-occupational skills and training needed by gig workers, and the benefits and downsides of gig work.

### **Researchers and Other Stakeholders**

We also conducted interviews with 30 non-federal researchers and other stakeholders. We identified these interviewees through our literature review and recommendations from experts and internal stakeholders. We interviewed these researchers about studies they had conducted on gig workers and about gig work in general, specifically the non-occupational skills and training needed by gig workers, and the benefits and downsides of gig for workers. The individual researchers and research organizations we interviewed included:

- Alan B. Krueger, Professor of Economics and Public Affairs, Princeton University;
- Andrew Reamer, Research Professor, The George Washington University;
- Annette Bernhardt, Senior Researcher, Center for Labor Research and Education, University of California, Berkeley;
- Aspen Institute, Future of Work Initiative;
- Emergent Research;
- JPMorgan Chase Institute;
- Lawrence Katz, Professor of Economics, Harvard University;
- Marina Gorbis, Executive Director, Institute for the Future; and
- Penn Schoen Berland.

We also interviewed other stakeholders to obtain a range of perspectives on gig work, and to supplement the information obtained through our gig worker discussion groups by obtaining the perspectives of other entities, some of which represent, advocate for, and share information with gig workers. The other stakeholders we interviewed included:

- American Association of Community Colleges;
- Beyond Jobs;
- Center for Regional Economic Competitiveness;
- Economic Policy Institute;
- Freelancers Union;
- Institute for Work and the Economy;
- Labor Market Information Institute;
- National Association for the Self-Employed;
- National Association of State Workforce Agencies;
- National Association of Workforce Boards;
- National Employment Law Project;
- National Governors Association;
- Renaissance Entrepreneurship Center, Women's Business Center, San Francisco;
- Samaschool;

- SCORE Association;
- Small Business Development Center of San Francisco;
- The Gig Work Project;
- The Rideshare Guy blog;
- The Workers Lab;
- Walter & Elise Haas Fund; and
- Washington State University, Washington Small Business Development Center.

## Appendix II: Archetypes of Online Gig Workers as Described by the Institute for the Future, 2016

#### Table 4: Archetypes of Online Gig Workers as Described by the Institute for the Future, 2016

Name of Archetype	General Motivations and Strategies for Engaging in Gig Work through Online Platforms	
Entrepreneur	Work and earn money for themselves; value creative freedom; thrive on thinking up new opportunities and ways to grow; take a long-term view; take risks or nontraditional approaches	
Freelancer	Get paid what they know they are worth in business transactions; enjoy freedom and work-life balance; orient their strategic goals around personal development	
Full-time gig worker	Successfully navigate a life transition; maximize income for minimum effort; achieve a sense of stability; find fulfillment in the workspace	
Hustler	Seek alternatives to conventional jobs; require short-term flexibility; optimize income day-by-day, week-by-week; accept inconsistent rhythms of work	
Part-time pragmatist	Supplement conventional income; use as a stop-gap measure between jobs; support creative pursuits; and provide some certainty or resilience if primary income source dissolves	
Re-entry worker	Make immediate progress toward goals; enjoy flexibility to take time to nourish well-being; avoid stress and triggers; build healthy routines; demonstrate independence; ramp up for future business	
Savvy consultant	Maintain an upper-middle class lifestyle or higher income; be their own boss and run a sustainable business; achieve a quality of life that includes taking vacations when they want or living internationally; and pursue growth opportunities and scale up their online enterprise	

Source: Lueck Avery, Miriam; Baskin, Cindy; Falcon, Rod; Gentry, Eri; Goldman, Alex; Hamamoto, Ben; Skvirsky, Sara; and Vian, Kathi. Voices of Workable Futures: People Transforming Work in the Platform Economy. Institute for the Future. Palo Alto, Calif. 2016. See www.ifff.org/voices/. | GAO-17-561

Note: In 2015 the Institute for the Future interviewed a total of 31 individuals, sets of business partners, and families who were using the platform economy or had recently used it. Because this qualitative analysis was based on a relatively small number of interviews with individuals, sets of business partners, and families who were currently or recently engaged in the platform economy, the results cannot be generalized to the larger group of gig workers. Even though some of the seven archetypes included workers using capital platforms, we considered all seven archetypes because they included at least one example of a worker providing labor services through an online platform.

# Appendix III: Comments from the Department of Labor



ETA agrees with GAO's recommendation that ETA should continue to improve its online technical assistance to the workforce system, as we learn more about the gig economy and identify best practices. We are reviewing options for making these resources more easily searchable and useful on Workforce GPS, ETA's online knowledge sharing and peer-to-peer learning platform, and hope to implement them in the future. Thank you for the opportunity to respond. Sincerely, 1 Byron Zuidema Deputy Assistant Secretary Employment and Training Administration U.S. Department of Labor

# Appendix IV: GAO Contact and Staff Acknowledgments

## GAO Contact

Cindy S. Barnes, brownbarnesc@gao.gov, (202) 512-7215

## Staff Acknowledgments

In addition to the contact named above Andrew Sherrill (Director), Clarita Mrena (Assistant Director), Meeta Engle (Assistant Director), Amy Anderson, Christopher Morehouse, Derry Henrick, Amy Sweet, Holly Dye, Philip Farah, Alexander Galuten, Kirsten Lauber, Serena Lo, Anna Maria Ortiz, and Mimi Nguyen made significant contributions to this report. In addition, key support was provided by Nora Boretti, Elizabeth Curda, Julianne Cutts, Clifton Douglas, Adam Gomez, Charlie Jeszeck, Yvonne Jones, Michael Kniss, Benjamin Licht, Karen O'Conor, William Shear, Almeta Spencer, Tom Short, and Ariel Vega.

## Appendix V: Accessible Data

## Data Table

Data for Figure 1: Selected Workforce Boards' Services for Those Performing or Seeking Gig Work

	Activity	Location
Direct support for gig workers	Recruitment	Chicago and Dallas recruited gig workers for a ridesharing company, and San Francisco held a recruitment event for multiple online platform companies.
	Coaching	Chicago provided counseling and coaching on interviewing skills to those seeking short- term IT gig work, and San Francisco facilitated feedback on the portfolios of those seeking gig work in the media and visual arts. <sup>a</sup>
	Workshop	Gainesville (Florida), New York, San Francisco, and Sunnyvale (California) provided workshops on topics such as marketing and financial management for those seeking gig work.
	Networking	San Francisco provided networking opportunities for those seeking gig work in the media and visual arts.
Indirect support for gig workers	Self-employment	Gainesville (Florida), Northern Virginia, and Seattle provided
		self-employment services that did include or could have included gig workers, according to officials. <sup>b</sup>
	Sector Initiative	Miami provided work readiness training, transportation support, legal assistance, and occupational training in construction through a sector initiative that targeted ex-offenders seeking to reenter the workforce, some of whom may engage in gig work, according to officials.

## Agency Comment Letter

Text of Appendix III: Comments from the Department of Labor

Page 1

Ms. Barbara Bovbjerg Mana gin g Director Education. Workforce,

and Income Security Issues

U.S. Government Accountability Office 441 G. Street, NW

Washington, DC 20548 Dear Ms. Bovbjerg:

Thank you for the opportunity to review and comment on the Government Accountability Office's (GAO) draft report titled, "Workforce Training: DOL Can Better Share Information on Services for On-Demand, or Gig, Workers." We understand that GAO performed this work pursuant to its authority under 31 U.S.C. 717, after receiving a request from Ranking Member Mark R. Warner of the Senate Finance Subcommittee on Fiscal Responsibility and Economic Growth.

The Department appreciates GAO's work to provide information and context, and to define for purposes of the study, the "gig economy" and "gig workers ." As the report recognizes, the nature of the "gig economy" is continuing to evolve, and the definition of "gig economy" is not yet settled. Also, the gig economy and gig work present both opportunities and challenges for job seekers.

For years, the Employment and Training Administration (ETA) has provided information and guidance on self-employment and entrepreneurship, which are relevant to the characteristics of work in the gig economy, to support the workforce system to provide such services. These programs are designed to connect individuals to jobs in demand occupations and industries, and states and local workforce areas are able to provide for self-employment and entrepreneur ship services as part of their services. The Bureau of Labor Statistics has recently completed a

contingent worker survey that will significantly contribute to the understanding of this segment of the economy. The Department will continue to explore the dynamics of the gig economy, and make resources available to the workforce system, employers, workers, researchers, policy makers, and others.

### Page 2

ETA agrees with GAO's recommendation that ETA should continue to improve its online technical assistance to the workforce system, as we learn more about the gig economy and identify best practices. We are reviewing options for making these resources more easily searchable and useful on Workforce GPS, ETA's online knowledge sharing and peer-topeer learning platform, and hope to implement them in the future.

Thank you for the opportunity to respond. Sincerely,

Byron Zuidema

**Deputy Assistant Secretary** 

**Employment and Training Administration** 

U.S. Department of Labor

## **Related GAO Products**

*Contingent Workforce: Size, Characteristics, Earnings, and Benefits.* GAO-15-168R. Washington, D.C.: April 20, 2015.

*Workforce Investment Act: Local Areas Face Challenges Helping Employers Fill Some Types of Skilled Jobs.* GAO-14-19. Washington, D.C.: December 2, 2013.

*Entrepreneurial Assistance: Opportunities Exist to Improve Programs' Collaboration, Data-Tracking, and Performance Management.* GAO-12-819. Washington, D.C.: August 23, 2012.

*Workforce Investment Act: Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs.* GAO-12-97. Washington, D.C.: January 19, 2012.

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