

The Economic Impact of Contingent Work on Women and their Families

Since the mid 1980s, many labor market researchers have become increasingly convinced that the U.S. is witnessing a restructuring of the labor market. As a result, the economy has been experiencing a growth in temporary, part-time, and contingent jobs which offer little security, lower pay, or fewer benefits.

In a new study, IWPR investigates the relationship between contingent work and the gendered division of labor and assesses the financial consequences for workers and their families and the costs contingent work imposes on taxpayers through public assistance to the workers in these jobs. According to the IWPR study, by 1990, more than 19 million workers, or one out of six, were contingent workers.

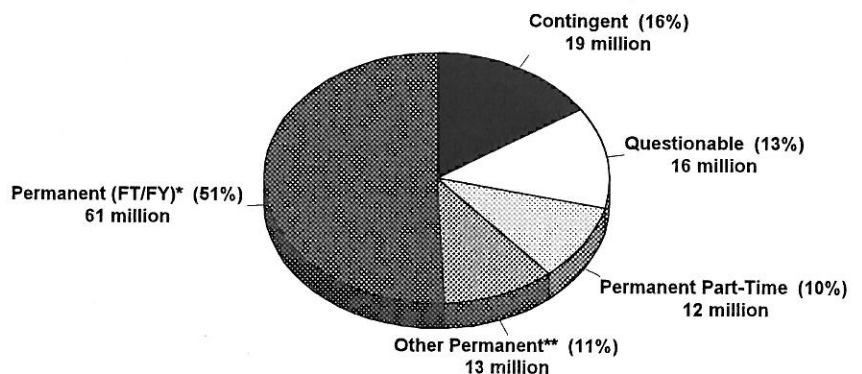
Scope of Contingent Work

Using data from the U.S. Bureau of the Census' Survey of Income and Program Participation (SIPP), IWPR's study classified workers as "contingent," "permanent," or "questionable" for both 1987 and 1990. Although no "perfect" data set currently exists to measure the extent of contingent work, researchers have identified three defining elements of contingent work: a temporary or unpredictable work schedule, low pay and few or no fringe benefits, and a tenuous relationship between employers and employees. In IWPR's study, contingent workers are defined as those who worked part-time/part-year, regardless of the number of employers; those who worked full-time/part-year for more than one employer; and those who worked part-time/full-year while mixing self-employment with wage or salary work. Permanent workers are those who do work a full-time/full-year schedule, even if for more than one employer, plus those who work part-time throughout the year but for only one employer. The latter are likely to have stable relationships with their employers and are classified as "permanent part-time." The work relations of the remaining workers could not be categorized as either permanent or contingent and were categorized as questionable. Included in IWPR's study were workers up through age 65,

who worked at least 200 hours per year. The analysis excluded teenagers living with parents, but included those living on their own.

Analysis of the SIPP data set, using IWPR's definitions, shows that, between 1987 and 1990, the number of contingent workers grew by five percent, more than the workforce as a whole, which grew by four percent. The number of permanent workers grew by somewhat less than four percent, or by less than the workforce as a whole.

Figure 1.
All Workers Grouped by Work Relation, 1990
(millions of workers)



* This group of permanent workers consists of full-time/full-year wage or salary workers with a single employer and full-time/full-year self-employed workers with only one business during the year.

** Other Permanent consists of workers who work full-time/full-year schedules, but who hold multiple jobs or work at more than one business, mix wage and salary work with self-employment, or change jobs.

Source: IWPR calculations based on the U.S. Census Bureau Survey of Income and Program Participation, 1990 Panel.

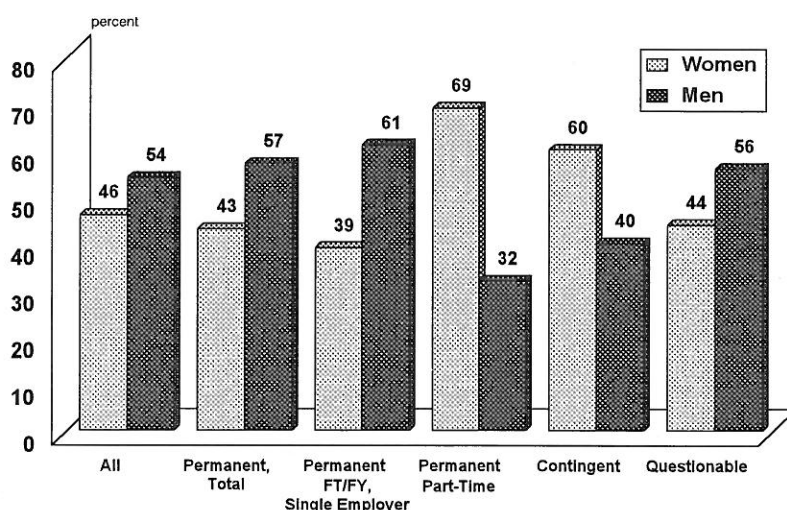
Contingent Work and the Gendered Division of Labor

In 1990, three-quarters of male workers held permanent jobs compared to two-thirds of female workers. Between 1987 and 1990, women's share of permanent jobs grew slightly while their share of contingent jobs fell slightly. The rate of women's participation in permanent work grew by six percent, while the rate of men's participation grew by only two percent. During the same period, women's rate of participation in contingent work grew by only three percent, while men's rate of participation grew by seven percent. Despite these minimal shifts, women still bear an unequal share of these temporary work arrangements. Women still hold 60 percent of contingent jobs.

The Financial Consequences of Contingent Work

In 1990, contingent work was the least financially rewarding type of work for both men and women. The median hourly wage for contingent work was \$4.89 for women and \$5.61 for men. Not surprisingly, men and women earned the highest hourly wages in permanent

Figure 2.
Percent of Women and Men in Each Permanent and Contingent Work Relation, 1990

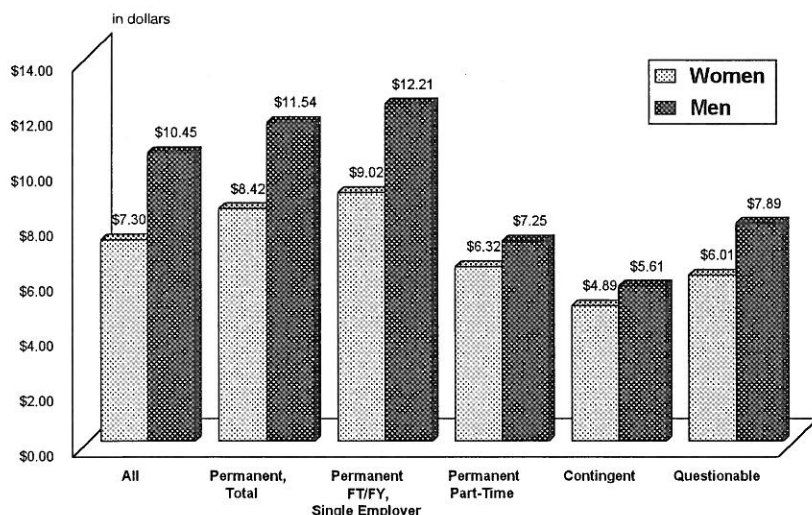


Source: IWPR calculations based on the U.S. Census Bureau, Survey of Income and Program Participation, 1990 Panel.

full-time/full-year jobs with a single employer, with women earning \$9.02 per hour and men earning \$12.21 per hour. Although permanent jobs are more financially rewarding for both men and women, the gap between men's and women's earnings is the greatest in these jobs. Women in permanent jobs earn 73 cents for every dollar earned by their male counterparts. In contrast, women in contingent jobs earn 87 cents for every dollar earned by male contingent workers. The female-to-male earnings ratio for permanent part-time workers is also 87 percent. The data show that among contingent workers, who also earn the lowest wages, the wage gap is smaller -- a situation we refer to as "negative equity," or "equality at the bottom."

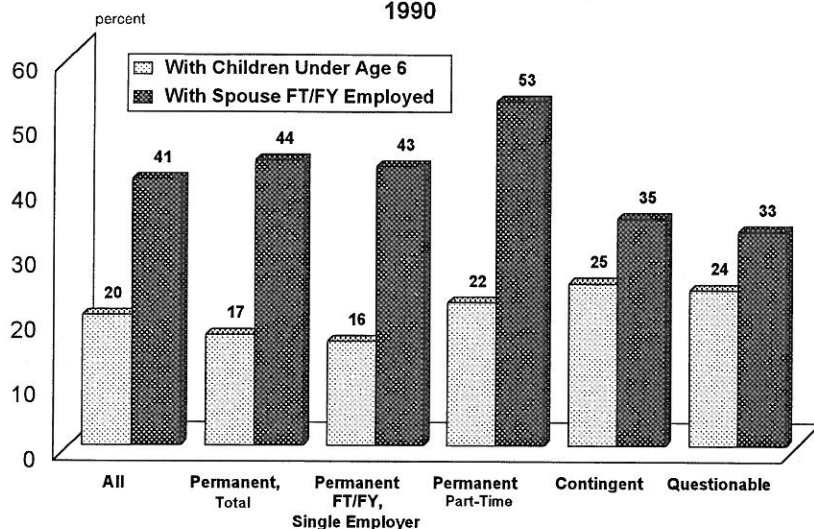
As a group, workers in contingent jobs are the least likely to have health insurance. Men in contingent jobs reported having only three out of 12 months of direct employer-based health insurance, on average. Women contingent workers reported having health care coverage for only two out of every 12 months, and are the least likely to have direct health insurance out of all the major work categories. Men in full-time/full-year jobs for a single employer are the most likely to have direct coverage, with 10 of 12 months, on average.

Figure 3.
Median Hourly Wages of Permanent and Contingent Workers by Gender, 1990



Source: IWPR calculations based on the U.S. Census Bureau, Survey of Income and Program Participation, 1990 Panel.

Figure 4.
Percent of Women Workers in Permanent and Contingent Work Arrangements
with Children Under Age Six and with a Spouse Employed Full-Time/Full-Year,
1990



Source: IWPR calculations based on the U.S. Census Bureau, Survey of Income and Program Participation, 1990 Panel.

Although the growth in contingent work may be the result of changing employer demand or restructuring of the labor market, some women do appear to choose contingent work as a means of spending more time with their families. In fact, 44 percent of contingent workers cited this as a motivation for choosing contingent work in a 1994 survey by the National Association of Temporary and Staffing Services.¹ However, 78 percent reported that they were using contingent work to provide a foot in the door for a full-time job.

IWPR's study shows that women employed as contingent workers do have significant child care obligations; they are more likely to have young children than women employed full-time/full-year by a single employer (25 percent versus 16 percent). Women permanent part-time workers are also relatively likely to have young children (22 percent do). In contrast, men who are contingent workers are less likely to have young children (12 percent) than men employed full-time/full-year for a single employer (22 percent).

These data suggest that women employed as contingent workers may be trading time off to care for their children and families for lower pay and less stable work arrangements. However, in order to support their families financially, this trade-off requires additional sources of income. Women employed in permanent part-time jobs are the group most likely to have their earnings supplemented by those of a primary breadwin-

ner (53 percent do). In contrast, only 35 percent of women contingent workers have access to the income of a male breadwinner with a permanent job. Among women with permanent jobs, who have among the highest earnings of all women, 44 percent have access to the income of a male worker who also has a permanent job. Similarly, men in full-time/full-year permanent jobs with a single employer, who enjoy the highest earnings of all workers, are the most likely among male workers to have spouses who also have full-time/full-year incomes (data not shown). Thus, for many women employed as contingent workers,

the idealized model of trade-offs, in which men specialize in market work and women specialize in family care, does not appear to work in practice. Contingent workers, who most need such income supplements, lack access to earnings from male breadwinners.

Contingent Workers and Public Programs: Costs to Taxpayers

If women in contingent jobs are, on average, the group of workers who are the most likely to have young children, but are also the least likely to have access to the earnings of an additional breadwinner, how do they support themselves and their children? According to IWPR data, one out of seven women employed as contingent workers use income from means-tested benefits (including Aid to Families with Dependent Children, food stamps, and WIC) to supplement their earnings, and likely as a source of income between jobs. On average, 14 percent of women in contingent work arrangements rely on means-tested benefits as compared to three percent of all women with permanent work patterns and six percent of permanent part-time women workers. In contrast, male workers are less likely to receive means-tested benefits than their female counterparts. Even in contingent work categories, men tend to earn more than women in similar work relations, and need support less often because male contingent workers are

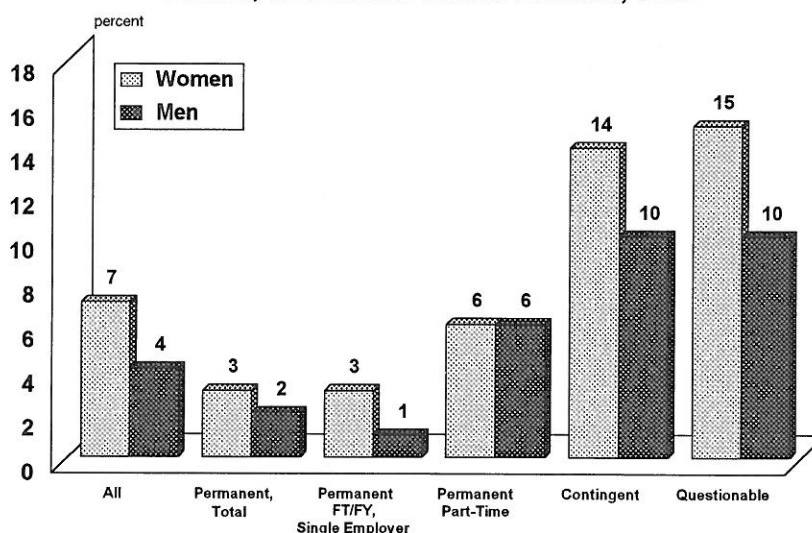
less likely than their female counterparts to have young children. Still, men in contingent jobs are five times as likely as men in permanent jobs to rely on means-tested benefits. These findings indicate that government welfare programs serve as a source of support for the low-wages and tenuous work relations of contingent workers. Employers who offer jobs that fail to provide a "living wage" may be imposing costs on society and taxpayers.

Policy Implications

The situation of contingent workers could be improved through labor market policies designed to improve the bargaining position, pay, and benefits of such workers. Such policies would include raising the federal minimum wage, implementing labor standards that create pay and benefit parity between permanent and contingent workers, and decreasing barriers to union representation of such workers. Alternatively, the government could implement a set of policies designed to improve the predicament of contingent workers directly, by compensating for their low wages and lack of benefits through public programs. This would involve expanding the benefit level of and eligibility for such existing programs as the Earned Income Tax Credit, Unemployment Insurance, and Aid to Families with Dependent Children, as well as funding universal health care and universal child care. Policies such as these may make flexible work less costly to the workers who do it.

In the current political climate, policies such as these are likely to be labelled as unwarranted federal intrusions that will raise the cost of doing business or as expensive government handouts. So far, policymakers have been able to ignore the situation of contingent workers because the majority are women, since many business owners and policymakers persist in viewing women as secondary workers who need, want, or deserve contingent work. However, as the percentage of men in these contingent jobs increases and they earn the same low wages and limited benefits that women do

Figure 5.
Percent of Permanent and Contingent Workers, by Gender, with Means-Tested Benefits, 1990



Source: IWPR calculations based on the U.S. Bureau of the Census, Surveys of Income Program Participation, 1990 Panel.

in these jobs, and as society begins to accept the reality of women as breadwinners, policymakers will have to deal with the implications of contingent work for families and for taxpayers.

¹ National Association of Temporary and Staffing Services (NATSS). 1994. 1994 Profile of the Temporary Workforce. Alexandria, VA: NATSS.

This fact sheet is based on the IWPR discussion paper, "Contingent Work: Its Consequences for Economic Well-Being, the Gendered Division of Labor, and the Welfare State," by Roberta Spalter-Roth and Heidi Hartmann, available from IWPR for \$8.00 (Item #C327). The paper is forthcoming as a chapter in Contingent Work: From Entitlement to Privilege, edited by Kathleen Barker and Kathleen Christensen. This "Research-in-Brief" was prepared by Jackie Chu, Sonya Smallets, and Jill Braunstein in September 1995. The Institute for Women's Policy Research (IWPR) is an independent, nonprofit research institute dedicated to conducting and disseminating research that informs public policy debates affecting women. Members of the Institute receive regular mailings including fact sheets such as this. Individual memberships begin at \$40.00. Organizational memberships are also available. Contact the Institute for further information.