

# Contingent Workers Bolster California Work Force

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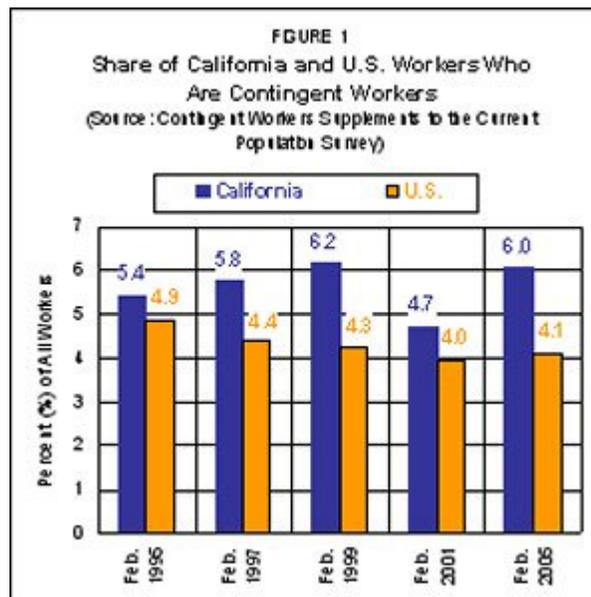
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## Introduction

Individuals working in flexible work arrangements provide a vital part of California's workforce, especially during tight labor markets. In California, when the unemployment rate goes down, the demand for people willing to work in temporary jobs and/or flexible work hours seems to go up.

This occurrence indicates a tighter labor market, as employers try to find qualified workers for jobs that offer only short-term employment. Flexible work arrangements provide employers with a way to identify and evaluate trainable workers prior to hiring them on a permanent basis. They also create opportunities for less experienced and less skilled workers to break into the workforce and develop job skills. Data collected by a supplement to the Current Population Survey (CPS) indicates that the need for this type of flexible work arrangement (also called "contingent work") is consistently greater in California than in the nation (see Figure 1).



Several factors explain why California has a greater percentage of contingent workers than the nation. These factors include:

- Youthful population
- Significantly higher proportion of foreign-born residents
- Abundant supply of workers that have less than a high school education
- Industry mix that requires a considerable amount of seasonal type work

## Who are the Contingent Workers?

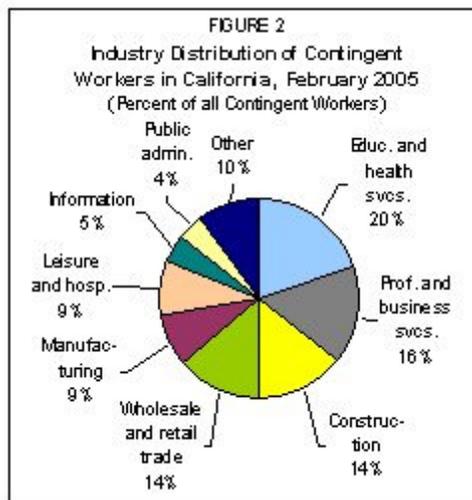
Contingent workers are more likely than permanent workers to be young (under the age of 25), female, Hispanic, and single. In the most recent survey, in 2005, nearly one out of every three (30 percent) contingent workers was less than 25 years old, 56 percent were less than 35 years of age, and 53 percent were single. Women and Hispanics were more likely to work contingent jobs than permanent jobs (48 versus 44 percent for women and 37 versus 30 percent for Hispanics). The lower one's educational attainment, the higher was the incidence of contingent work. Nearly half (48 percent) of contingent workers had a high school diploma or less, compared to 35 percent of permanent workers. One out of every six (17 percent) contingent workers had not attended any high school.

## Contingent Job Characteristics

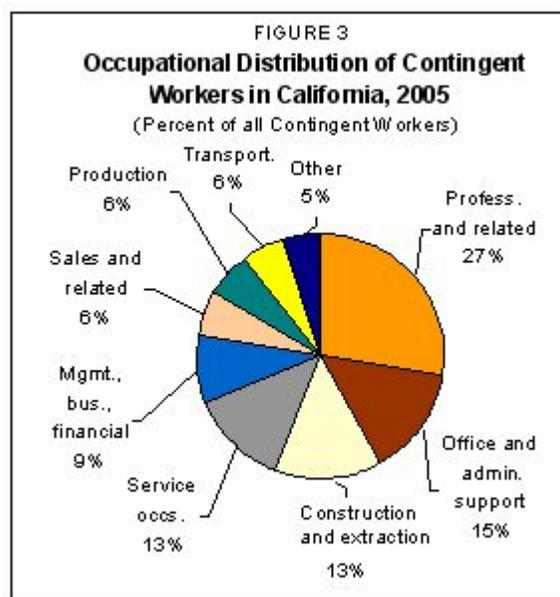
In February 2005, nearly two-thirds of California's contingent workers were employed in four industry sectors:

- Educational and health services
- Professional and business services
- Construction
- Wholesale and retail trade

One out of every five contingent workers worked in the educational and health services industry (see Figure 2).



Within these industries (not shown), construction, information, and professional and business services were the industry sectors that had the highest percentage of contingent workers in their workforce. The financial activities, other services, and manufacturing sectors had the lowest prevalence of contingent work.



More than one-quarter (27 percent) of contingent workers were employed in professional and related occupations. Three occupational groups—office and administrative support, service, and construction and extraction—accounted for two out of every five (41 percent) contingent workers. Construction and extraction occupations had the highest concentration of contingent workers. One out of every eight persons in construction and extraction occupations worked on a contingent basis (see Figure 3).

### Hours and Earnings

Contingent workers in California worked an average of 27.6 hours a week in February 2005. This was close to one-third fewer hours than those that held permanent jobs. Contingent workers were twice as likely to work part-time as permanent workers, even though nearly two-thirds of them would prefer a permanent, full-time job.

A large percentage of contingent workers were from low-income households and were twice as likely as permanent workers to report household/family income as less than \$25,000 a year (27 percent versus 13 percent).

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To read an analysis of national trends regarding the contingent workforce, see [www.bls.gov/news.release/conemp.toc.htm](http://www.bls.gov/news.release/conemp.toc.htm).