COS to asst sec for voc ed & training

Tamara Momsott 401-3000
~~6~~ 205-5451

Phone Conversation w/ Sara Horowitz 11.99

We don't take an active role in terms of organizing
we support labor mgmt relations + partnership
activities + recognized employee reps

hands off approach

once union is est'd

enter into partnerships w/ unions:
OPM is rep'd by a local of AFGE
our director + union president will engage in
partnerships - promote pos labor relations

Jeff Sumberg

Gives Perkins $ to community colleges
the

$10,000 tax credit for helping pay/yr

Contingent does N describe group N cnnx'd to employer in full time way. The new deal attached to full time employees

18% P/T :
- BLS or DOL

10% ind cont

2% temp agency ~~ogs non stand jobs~~

30%

Useful statistics : Lisa or Lydia

HI

~~Forgets~~ ~~orgs cond.~~

- let unions

National Writers Union - N w/in NLRA

Should be able to provide 401-K so that more will be covered

tax brks for orgs, temps

The rate at which employers offering is ↑, but takeup is ↓.

Stay w/ indiv + prorated ERISA needs

We're looking at contingent wkrs we got a portable pen fund - deliv sys for this wkfc. ~~one thing~~ should n matter what type of wkr you are.

ERISA sets ur regs

Edie Rasel at EPI

pensions - getting indus access but letting grp sponsor

→ tax credit

→ grp 401Ks, ERISA allowing for continuity of employment

1/3 of wkfc inelig for UI unemployment - no provision for unempl benefits - even putting match $ to unemployment
no self help strategies

Kennedy + Torch looking for the contingent bill - rts

GAO
Abby
Frank

"Guilds of the 21st Century" Laubascher + Malone

middclass - one feeling the most crunch

WORKING TODAY

Your voice in the policy debate

In the manufacturing era, it may have made sense to draw distinctions between employees and independent contractors, but with the shift toward more flexible arrangements, many independent contractors closely resemble workers in the actual tasks they perform and in their relationship to employers. This means that nearly one-third of the US workforce is actually working under the same labor conditions that our forebears faced in the 1890s!

Working Today's advocacy agenda is focused on developing a new labor infrastructure that responds to the changing organization of work and supports the mobile workforce. In this new structure, benefits, legal protections and government regulations should not be tied exclusively to the employer. Instead, we argue they should remain with individuals as they move from job to job, bringing their portable system of benefits, legal protections, and "safety net" with them. This new structure would not only protect the workforce but also encourage workers to join together to devise self-help and mutual aid strategies. Our agenda includes advocacy for a fair tax structure for independent workers, a portable system of benefits, and major changes in the legal structure that defines terms of employment in the United States.

Fair Tax Policies

deduction isn't enough to get more [illegible] the coverage [illegible]

Independent contractors suffer from an extremely heavy tax burden. Because they are treated like small businesses under the law, independent workers pay the employer's social security payment in addition to their own. (Instead of paying 7.5% of their wages for FICA as employees do, they pay 15%.) On top of double taxation for social security, some state and local governments levy additional taxes on people who work on their own, like New York's Unincorporated Business Tax. And although independents are treated like small businesses in some respects, they do not enjoy the tax advantages of an employer and cannot write off 100% of their health insurance or pension costs as companies do when they provide benefits for their employees. Senator Bond led passage of a recent law that will make health insurance costs 100% deductible for independent contractors beginning in 2007. While this law clearly represents an advance, it will not cover the millions of independent workers who aren't considered small business people.

HC premiums coverage

Portable Benefits

Currently, health insurance group rates are limited to employers, with very narrow exceptions for professional associations and trade groups. The insurance companies' rationale is that adverse selection is minimized because employers hire workers for a job and then provide health insurance to all. In contrast, individuals may purchase insurance individually or through an association only when they need it and then drop it when they do not. State laws strictly limit association plans, making them virtually impossible to create in some states (including New York).

SAS?

In terms of pension laws, the problem rests in the requirement that they be connected to an employer with vesting requirements. Pension plans and even 401(k)s typically have a vesting period for the employer's contribution. Pension regulations only allow a pre-tax advantage for "groups" of employees when they are employed by one employer. Only individuals who meet the legal definition of independent contractor may put away pre-tax dollars, but then only on an individual basis. Other contingent workers and employees whose employer does not provide a pension plan are excluded from any pre-tax advantage whatsoever.

A portable system of health insurance and pension benefits would not be tied to any employer and it would allow individuals to accumulate their benefits whether they work on short-term projects or long-term assignments. Workers would be able to form associations with other workers in a shared risk pool whose funds they would control, subject to government regulation. Instead of having employers keep track of benefits, these associations, unions, or nonprofits would collect and invest their accrued benefits.

Workers would be able to place pre-tax dollars into these funds no matter how long they worked on a job, or in what capacity. In this way, the five-sixths of all workers who are not vested in a pension at any given time could piece one together from a series of jobs rather than waiting to vest in any one job.1 Employers could continue to make contributions to these plans as a way to retain valued workers, but this fund would particularly benefit independent workers. So instead of replacing the current system, which works well for millions of traditional employees, this new system would simply provide an alternative for those without coverage. (A policy paper outlining our portability model is available to anyone interested in learning the details of the proposal. To receive the policy paper, please email us, indicating in the email that you would like a copy.)

Notions of health insurance and pension portability already exist, but none in such a comprehensive form. The Kennedy-Kassebaum law passed in 1996 is very limited. It prohibits insurance companies from dropping people due to pre-existing conditions and would allow employees to keep their group health insurance after leaving their job, but only if they pay the out-of-pocket costs. While 401(k) plans are considered portable because the recipient may keep it from job to job, portability ends if the next employer does not have a 401(k) plan.

Working Today's concept of portability makes sense in the context of shrinking confidence in the Social Security Administration's ability to pay out in the future and the increased political pressures to privatize the system. Individuals in their 20s and 30s entering the workforce are the most vulnerable to political attacks on the Social Security system and they need means to secure their retirement. A portable system would encourage retirement planning for the vast majority of Americans who have no pensions whatsoever.

While our model is ambitious, it is not untried. A few such portable models already exist. In the unionized film and building trades, individuals work on many projects and get benefit credits for each period they work. Universities across the country have TIAA-CREF where employees can take their pensions with them. Working Today seeks to make such portable benefits available to the entire workforce.

We have begun to reach out to policymakers interested in health and benefit issues to refine Working Today's portability model and to look for organizational allies to build support for greater portability. We are an active member of the Pension Portability Coalition, which includes the Pension Rights Center and other employee associations and organizations.

Portable Employment Protections

In the US, the principal forms of labor protection come from the Fair Labor Standards Act (hour and wage standards), the National Labor Relations Act (right to unionize), the Civil Rights Act (protection from race and gender discrimination) and the Americans with Disabilities Act (protection from disability discrimination). These rights and standards protect "employees" only -- independent workers, including freelancers, consultants, and contingent workers are excluded.

As noted above, it may have made sense to draw distinctions between employees and independent contractors in the manufacturing era, but with the shift toward more flexible arrangements, independent contractors often resemble workers in the tasks they perform and in their relationship to employers. This means that nearly one-third of the US workforce is actually working under the labor conditions of the 1890s.

Portable Regulatory Protections

Despite recent political rhetoric urging people to become more self-reliant, the government's current regulatory structure either prevents independent workers from participating in self-help activities or excludes them altogether, particularly in the areas of unemployment and disability insurance. A new safety net would remove government impediments to independent action, and articulate a broader vision of how people work in the new economy.

Currently, only 30% of the workforce is entitled to unemployment insurance due, in large part, to the definition of "employees." One solution would be to expand the definition of employee to allow those who have no income at the end of a project to become eligible to collect temporary assistance. Another solution would be to allow independent workers to put their own pre-tax dollars away to pay for periods of unemployment or little work.

Disability insurance, both long and short-term, is also largely unavailable to workers outside the traditional employer-employee relationship. Short-term insurance, which is typically state-funded, covers employees but excludes independent contractors.
Long-term disability insurance, much like health insurance, cannot be purchased collectively by groups other than employers because state laws prohibit it. So for individuals seeking their own disability insurance, it is both difficult to get coverage and extraordinarily expensive due to theory of adverse selection.

A regulatory structure that affords no temporary safety net whatsoever for a very large number of workers seems both inhumane and foolish from a policy standpoint. Given the now widely recognized erosion of wages, workers at the low end of the wage scale often cannot afford to put savings away for a "rainy day," particularly when 50% of families in the US have net assets of $1,000 or less. Working Today advocates both regulatory relief and inclusion of contingent workers in existing temporary insurance programs.

Making flexibility fair

By SARA HOROWITZ

These days, everyone wants flexibility -- whether it's to have more time for our families, civic involvement, or just to have fun. And companies want it in order to compete in an increasingly global economy. But so far, companies are generally achieving their goals, while too many workers are experiencing flexibility as a euphemism for jobs with no benefits or security. The answer to this inequality is to make flexible jobs good jobs -- not to say flexibility is bad and try to return to the way t hings used to be.

Workers at all levels of skill and education want flexibility. For independent workers with less education, "flexibility" can mean working several low-wage jobs at once. For skilled workers who create their own jobs as freelancers, consultants, or small business people, flexibility brings many more advantages, but it also brings uncertainty. People take a risk when they strike out on their own, and they're no longer covered by unemployment insurance or protected by labor, race, gender, or age discrimina tion laws.

And when it comes to finding health insurance or investing in a pension, independent workers of all skill and education levels are in the same boat. Actually, they're each in their own boat. They have no pre-tax advantages for retirement savings. Their h ealth insurance costs are not fully deductible as they would be for an employer. All of the risk and costs fall on their shoulders.

Despite these hurdles, many people still want flexibility. A recent report by the Economic Policy Institute in Washington, D.C., estimates that 76% of those working in non-traditional jobs prefer them to standard work arrangements. And fully 92% of self -employed people prefer working on their own to what they were doing before.

Working Today, a national nonprofit membership organization that promotes the interests of America's independent workforce, wants to help make flexibility fair. To serve our members, we are pushing government to modernize its old-fashioned idea of how peo ple work. We argue that people working on their own need (and, by rights, should have):

access to group-rate, portable health and pension plans tied to the individual, not the employer;
tax incentives to invest in health insurance and pensions;
relief from double taxation for Social Security; and
updated unemployment coverage and recognition under anti-discrimination and labor laws.

If you support these goals and would like to know more about our advocacy work, read on about our specific proposals in our political agenda, and consider becoming a member of Working Today for an annual fee of only $25.

Working Today

P.O. Box 1261 Old Chelsea Box Station, New York, NY 10113Error! Bookmark not defined.

Fax

To:	Ruby Shamir	**From:**	Lydia
Fax:		**Pages:**	
Phone:		**Date:**	11/23/99
Re:		**CC:**	

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

Hi, I am sending some statistics on the number of independent contractors in the workforce. I cannot send the ERISA study because we do not have a copy in our office. If you have any questions, please contact me at 212-366-6066 x 11. Thanks,

Economic Policy Institute
"Nonstandard Work, Substandard Jobs" Flexible work arrangements in the U.S. (1997)

EXECUTIVE SUMMARY

For the past two decades, employment arrangements in the United States have been undergoing fundamental changes. In the past, the typical career paradigm was characterized by lifetime employment with a single employer, steady advances up the job ladder, and a pension upon retirement. But this pattern is becoming less the norm, while nonstandard work arrangements (NSWAs)—independent contracting, working for a temporary help agency, contract or on-call work, day labor, self-employment, and regular part-time employment—are growing more and more common. In 1995, 29.4% of all jobs were in nonstandard work arrangements, with 34.3% of female workers and 25.3% of males working in nonstandard jobs. (Because the data analyzed in this report are from the first nationally representative survey that questioned respondents about all types of work arrangements, we cannot assess historical trends—see the Appendix for a discussion of the growth in nonstandard work arrangements.)

In 1995, 29.4% of all jobs were in nonstandard work arrangements.

The growth in nonstandard work is not inherently bad if these jobs are just as good as regular full-time jobs in terms of wages, benefits, job security, and other characteristics. We find, however, that typically all types of nonstandard jobs are inferior to regular full-time work. Nonstandard jobs pay less than regular full-time jobs to workers with similar characteristics, are less likely to provide health insurance or a pension, and are more likely to be of limited duration.

While nonstandard workers receive lower wages than regular full-time workers with similar personal characteristics and educational qualifications, wage comparisons among standard and nonstandard workers that take into account not only personal characteristics but also occupation or industry, union status, and fringe benefits reveal somewhat smaller disadvantages for nonstandard workers. When these factors are considered, wage penalties shrink and some nonstandard workers actually receive wage premiums. These findings indicate that the wage differentials among nonstandard workers with similar personal and educational characteristics are largely due to the industry, occupation, or general quality of the jobs typical of these types of work arrangements. In other words, nonstandard workers are disadvantaged by (1) their work arrangement, and (2) the preponderance of low-quality jobs because they are more likely than regular full-time workers to be employed in low-quality jobs (e.g., working in low-wage industries and occupations that lack union representation or fail to provide health insurance and pension benefits).

In addition to paying lower wages, all types of nonstandard jobs are much less likely to provide health insurance or a pension than is regular full-time employment, are more likely to be of limited duration, and are poor ways to move to regular full-time employment, at least within a particular firm. Based on these indicators of job quality, all types of nonstandard jobs, on average, are of lower quality than standard jobs. However, there are great differences among the types of NSWAs regarding each of these dimensions of job quality.

Using wages to distinguish among the various types of NSWAs, we categorize nonstandard jobs into three groups. Group 1 jobs (which employ 58.2% of all non-standard workers and 80.8% of all women in nonstandard work) are of the lowest quality; workers in this group are paid less than regular full-time workers with similar personal and job characteristics. Group 3 jobs (which employ 37.4% of nonstandard workers and 62.8% of men in nonstandard work) are the highest quality nonstandard jobs: workers are paid more than regular full-time workers with similar personal and job characteristics. Wages in jobs in Group 2 (where 4.4% of all nonstandard workers are employed) are similar to those of regular full-time workers with similar personal and job characteristics.

Nonstandard jobs, on average, are of lower quality than standard jobs.

Group 1 includes

- regular part-time workers,
- female on-call workers,
- women who are self-employed, and
- male temps.

Group 2 includes

- female temps
- male on-call workers

Group 3 includes

- contract workers
- independent contractors
- men who are self-employed.

Workers' personal characteristics, especially sex and race/ethnicity, are important determinants of the type (i.e., quality) of NSWA in which they are employed. Women, more often than men, work in NSWAs, and women of all races and ethnic groups are highly concentrated in the lowest-quality types of nonstandard work. As a whole, men who do nonstandard work are concentrated in the higher quality types of work. However, nonwhite men are over-represented in low-quality nonstandard jobs and under-represented in high quality jobs.

As would be expected, workers in lower-quality nonstandard jobs express higher preferences for standard work; the greatest preferences for standard work were among part-time workers, temps, on-call workers, and day laborers.

Given that a large and growing share of the labor force is employed in non-standard work, and the majority of these workers are in the lowest-quality jobs, public policies are needed to improve job quality and provide greater workplace protections for these workers. These policies should:

- prohibit discrimination in pay based on full-time/part-time status,
- pro-rate benefits for part-time workers,
- make child care affordable and available,
- encourage employers to offer more flexible schedules to full-time workers,
- expand family and medical leave,
- maintain affirmative action and equal employment opportunity policies,
- reform labor law to ensure nonstandard workers have an effective right to organize,
- expand the earned income tax credit to raise incomes and reduce poverty, and
- expand eligibility for unemployment compensation.

1995 Statistics on Contingent Workers

Type of Employed Worker	***Number***	***Percent of total Employed***
Total Employed in 1995	125.0 million	100%
Part-time	**21.8 million**	**18.3 %**
Voluntary Part-Time	17.4 million	
Involuntary Part-Time	4.4 million	
Alternative Employment	**12.0 million**	**10.0 %**
Independent Contractors	8.3 million	6.7 %
Agency Temp Workers	1.2 million	1.0 %
Direct-Hire Temps ("on-call")	2.0 million	1.7 %
Contract Workers (workers provided by contract firms)	0.6 million	0.5 %

CWA Education Department
Source: BLS 1996

RESEARCH: LABOR MARKET CHANGES (CONT.)

- Feb 1997 CPS Supplement,
  - 23.9M part time workers
  - 10.3M self employed
  - 8.5M Independent Contractors
  - 2.0M On Call
  - 1M temporaries
  - 0.8M leased employees
- Nonstandard employment is 36% of the total employed (126,742,000).
- In 1989, nonstandard employment was projected to be between 25% and 30% of the workforce.