

Working on the Margins

California's Growing Temporary Workforce

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Foreword by

Amy B. Dean

January 2001

Center on Policy Initiatives

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Acknowledgements

Sundari Baru received her Ph.D. in Economics from the University of Michigan, Ann Arbor. Her research focused on the impact of the import of intermediate goods on skilled labor employment in the United States. She is currently the research director at the Center on Policy Initiatives. She is the co-author of the CPI report *Planning for Shared Prosperity or Growing Inequality: An In-Depth Look at San Diego's Leading Industry Clusters*.

CPI would like to thank Bob Brownstein, Ed Chiera, Ellen Dannin, Rebecca Davis, Jordan Einbinder, Mary Grillo, Robert Horwitz, Edie Rasell, Jean Ross, Cathy Ruckelshaus, and Nik Theodore for their thoughtful comments on earlier drafts of the paper.

The author would particularly like to thank Edie Rasell and the research staff at the Economic Policy Institute in Washington, D.C. for analyzing Census Bureau data for California. Dr. Rasell's expertise in this area and her advice helped make for a clearer presentation of the paper. We also appreciate the knowledge of the data shown by the staff at the Labor Market Information Division of the California Employment Development Department in San Diego and Sacramento and the promptness with which they provided the data.

This report benefited greatly from the advice and guidance provided by Donald Cohen, president of the Center on Policy Initiatives. The author would like to also thank the entire staff of CPI for their patient readings of and suggestions on various drafts of the report.

This report was made possible by the financial support of the Rosenberg Foundation. We also offer thanks to the Rockefeller Foundation, Unitarian Universalist Veatch Program at Shelter Rock, the French American Charitable Trust, Solidago Foundation, ARCA Foundation, Bauman Foundation, New World Foundation, Annie E. Casey Foundation, McKay Foundation and Christopher Reynolds Foundation.

Foreword

In his most recent book, *The Fourth Great Awakening*, Nobel Prize-winning economist Robert William Fogel observed that “political realignments are set in motion by the lag between new technologies and the human capacity to cope with the ethical and practical complexities that these new technologies entail.” This latest report by the Center on Policy Initiatives, *Working on the Margins: California’s Growing Temporary Workforce*, is a part of the realignment that is developing in California and around the world in response to the New Economy’s impact on the lives of millions of working families.

During the last few decades, extraordinarily rapid advances in information technology have produced what can seriously be described as a new industrial revolution. Under the economic realities of this evolving era, the survival of a corporation depends primarily on its ability to innovate and its ability to bring the products spawned by innovation to commercial markets at a breathtakingly rapid pace. In order to respond to this wildly changing and unstable environment, firms have sought to utilize different kinds of workforce arrangements — particularly forms of nonstandard or contingent labor. By employing contingent labor, corporations are able to focus management’s attention on product innovation and development and often lower costs at the same time.

CPI’s report clearly documents the scope and directions of these trends. It reveals the demographic composition of California’s temporary work force, and it suggests that the unprecedented growth in the temporary employment sector is likely to continue into the future. To its credit, the report does more than compactly present these facts. It also demonstrates that the use of these forms of contingent work are in fact mechanisms through which corporations shift the costs of the New Economy’s instability away from their own bottom line. The victims of this shift are the temporary workers themselves.

Temporary work is characterized by income instability, low wages, a lack of health insurance, limited access to training, and an absence of employer-supported retirement programs. The increased flexibility for the firm has been secured by constraining the opportunities for a decent life on the part of contingent employees.

The political realignment of which Professor Fogel wrote will require the kind of analysis and evidence that the Center on Policy Initiatives is producing.

It will also depend on the development of public policy proposals that can maintain the vitality of the New Economy while sharing its prosperity and protecting workers from its excesses. In particular, government action can provide the framework to allow new forms of workforce organization to emerge. These forms can be designed to meet the needs of workers – for stability, for health care, for upward mobility – at the same time that they allow corporations to compete successfully.

The tasks noted above are the ones that have been accomplished by every Social Contract that eventually brings socio-economic stability to industrial revolutions. The last structural economic upheaval in the United States produced such a contract through the legislative agenda of the New Deal. Many of those laws and institutions have been rendered ineffective by the dynamics of the New Economy. For those who value equity and social justice, it is time to head back to the drawing boards. Fortunately, organizations like the Center on Policy Initiatives are already there, laying the groundwork for a coming generation of organizing and activism.

No one can say precisely what all of the components of this Social Contract for the New Economy will be. What we can say with confidence is that it will be constructed. The New Economy with all of its entrepreneurship and openness and vitality is unthinkable outside of a democratic political context. Democracy demands – sooner or later – that economic systems produce widespread benefits. With this report, the Center on Policy Initiatives is taking one of what will be many necessary steps to assist the New Economy to reconstruct the American Social Contract and meet the requirements of a democratic social order.

Amy B. Dean
Executive Officer, South Bay AFL-CIO Labor Council
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Executive Summary

The United States is experiencing unprecedented economic prosperity. Unemployment rates are at historic lows, inflation appears to be curbed, and new millionaires are being created almost daily. However, this prosperity has not guaranteed job security for all workers. In fact, we are seeing a dramatic rise in what can be seen as “non-secure” employment, or nonstandard work arrangements that do not provide the stability and benefits of regular, full-time work.

These nonstandard arrangements, including independent contractors, on-call workers, contract company workers and part-time workers, have all been increasing at high rates. The most astounding rate of growth has been in the number of workers hired through a Temporary Help Agency (THA). This report analyzes state and county data for THA workers in California. Throughout this report, we refer to THA workers as “temporary workers” or “temps.” The work done by THA workers will be referred to as “temporary work” and employment obtained through THAs will be referred to as “temporary employment.”

Researchers at the Economic Policy Institute found that in 1997, 28.7% of the United States workforce was employed in nonstandard work arrangements. Researchers at the Bureau of Labor Statistics found that between 1995 and 1997, total employment in the U.S. grew by 2.8%, while temporary employment grew by 10%. The American Staffing Association, the trade association that represents the temporary help industry, estimates that its members placed over 3 million workers a day in 1999, increasing from 1.2 million a day in 1990, a 150% rate of growth.

The growth in temporary work raises serious issues for workers, including that of income security, health and pension benefits and career advancement. Research has shown that temporary workers earned lower wages than other workers with similar characteristics and were less likely to have medical and pension benefits. Only 7% of temporary workers in the United States had health insurance through their employer while 3.7% had pension coverage through their employer. Additionally, temporary workers typically get little, or any, on the job training, restricting the opportunity for career and wage advancement.

Temporary employment is often justified by the staffing industry on the grounds that it provides flexibility for today’s workers. However, a 1997 survey of temporary workers showed that 59% of temps would prefer to be in a “tradi-

Only 7% of temporary workers in the United States had health insurance through their employer while 3.7% had pension coverage through their employer.

tional” work arrangement. It is more likely that the corporations utilizing temporary workers are the ones seeking more flexible arrangements. The use of temporary workers gives firms an essentially expendable workforce, one that does not need to be provided with medical and pension benefits. Although a recent National Labor Relations Board ruling has made it easier for temporary workers to join the unionized bargaining unit at their worksites, it is difficult for temporary workers to form new bargaining units because they do not stay at one location or with one employer for long.

To begin addressing these issues, this paper focuses on temporary employment in California and its 15 most populous counties. Of California’s 58 counties, these counties together account for 83% of the population. We examine current trends in temporary employment, as well as projections for the future direction of growth. The analysis of the demographics of temporary workers employed data from the U.S. Census Bureau for the years 1997-1999. Our analysis of individual California counties used data from the California Employment Development Department for the years 1991-1998.

The shares of temporary jobs in all counties stayed fairly steady through the recession years of the early 1990s, but they increased tremendously during the booming mid and late 1990s.

What we found to be particularly remarkable is that the shares of temporary jobs in all counties stayed fairly steady through the recession years of the early 1990s, but they increased tremendously during the booming mid and late 1990s. This runs counter to our expectations that the uncertain economic climate during the recession would have spurred the creation of temporary jobs and that the low unemployment rates of the late 1990s would have reduced the supply of workers willing to take on jobs with uncertain duration and few benefits. This is, perhaps, an indication that the share of temporary jobs is not dependent on the business cycle but is, in fact, part of an ongoing structural change in the way we work.

Findings

1. The number of temporary jobs has grown in all regions of California. In the majority of counties there has been an increase of over 100%.
 - The number of jobs in the temporary help industry in California more than doubled between 1991 and 1998, from 156,000 jobs to 334,000 jobs. During the same period, the number of jobs in all industries grew by just 10%, from 12.7 million jobs to 14 million jobs.
 - Between 1991 and 1998, 11 of the 15 counties studied doubled or more than doubled the percentage of total jobs that were temporary.
 - Riverside County more than tripled the share of temporary jobs, the largest proportional increase of all the counties in this analysis. San Francisco County experienced the smallest percentage increase, about 27%.

2. Temporary workers' hourly wages were less than that of traditional, full-time workers with similar personal and job characteristics.
 - Controlling for personal characteristics such as race, age, urban status and education, male temporary workers earned 13.5% less than their permanent, full-time counterparts, and female temporary workers earned 5.4% less than their permanent, full-time counterparts.
 - Controlling for the above characteristics, as well as job characteristics such as industry and occupation, male temporary workers still earned 8.8% less than their permanent, full-time counterparts, and female temporary workers earned 6.7% less than their permanent, full-time counterparts.

3. In California, the temporary workforce had higher proportions of women and Blacks than the regular, full-time workforce. Additionally, workers were more likely to be younger and less-educated.
 - 57.7% of temporary workers were women, compared to 41.1% of workers in the permanent, full-time workforce.
 - 12.4% of temporary workers were Black, compared to 6.6% of workers in the permanent, full-time workforce.
 - 20.4% of temporary workers were between 18 and 24 years old, compared to 10.8% of workers in the permanent, full-time workforce.
 - 38% of temporary workers had either completed a few years of College or had an Associate degree, compared to 30% of permanent, full-time workers. A slightly smaller percentage (18%) of temporary workers had their BA degree - compared to 21% of permanent, full-time workers.
 - 42.2% of female temporary workers worked in Administrative Support occupations, compared to 24.8% of women in the traditional workforce.
 - Among male temporary workers as well, Administrative Support occupations employed the largest fraction of workers (24%) compared to 7.8% among male permanent, full-time workers. A close second was Laborer occupations which employed 22.9% of male temps, compared to 5.8% of males in the regular, full-time workforce.

4. Temporary jobs in both high-skilled and low-skilled occupations in the 15 counties studied are projected to increase between 1995 and 2002.
 - Overall, the 15 largest counties in California are projected to experience a 43% growth in the number of temporary jobs between 1995 and 2002.
 - The largest percentage growth, nearly 60%, is projected to be in Production, Construction and Material Handling Occupation.
 - The second fastest growth is expected in the high-skilled Managerial and

Administrative Occupation.

- In 2002, the largest number of temporary jobs is still expected to be in Clerical and Administrative Support occupations.
- Central Valley Counties are expected to see the lowest rate of growth in temporary jobs, while the Bay Area and Inland Empire Counties are expected to experience the fastest growth.
- San Francisco County is expected to have the fastest rate of growth in temporary jobs at a rate of growth of 124.8%. Alameda County is expected to have the slowest rate of growth in temporary jobs, growing by 15.4% between 1995 and 2002.

Conclusions

As companies in today's New Economy increasingly come to rely upon the use of temporary workers, it is clear that these workers need protection to weather the uncertainties that come from temporary work. Solutions should focus on providing greater economic security to temporary and other non-standard workers, rather than completely eliminating their use. The dramatic growth of non-standard work – from temp agencies to independent contracting and sub-contracting – requires a broad rethinking of employment law at all levels of government and employment practices in American business and government. The following are some of the policy and institutional reforms that advocates across the country are pursuing to meet the challenges of the new American workplace. We list some policy and legal solutions that would level the playing field for all workers.

1. *Review impact of existing laws on non-standard workers and recommend changes in the law.*

Several states have passed or are considering passage of laws requiring studies to evaluate wages, benefits and other workplace protections available to contingent workers relative to the wages, benefits and protections for regular, full-time workers.

2. *Extend all workplace rights to non-standard workers.*

Different categories of contingent workers (i.e. temporary and leased workers, part-time, independent contractors) are treated differently under state and federal employment laws such as the Fair Labor Standards Act (FLSA), Family Medical Leave Act (FMLA), and unemployment and workers compensation laws. Extending equal workplace rights to all workers would prevent discrimination against temporary workers.

3. *Ensure equal treatment of temporary and contingent workers.*

Equal treatment policies require that temporary and contingent workers be paid the same wages, offered the same benefits and have the same workplace protections as traditional, full-time workers doing the same job at that worksite.

4. *“Right to Know” for Temp Workers.*

Right to Know policies would require temp agencies to disclose wage rates, client rates and conversion fees to temporary workers so they can choose temporary agencies that provide the greatest opportunities for wages, benefits and career advancement.

5. *Use public dollars to create secure jobs with benefits.*

Taxpayer dollars, through direct hiring of public employees, contracting for services or economic development incentives create large numbers of jobs at the local, state and national level. The jobs created with taxpayer dollars should be full-time, permanent jobs with full benefits.

6. *Establish Codes of Conduct for temporary agencies.*

Having temporary help agencies abide by a set of rules in conducting their business will ensure that common abuses do not occur. The National Alliance for Fair Employment (NAFFE), an alliance of organizations that focus attention on contingent work, lists a code of conduct for temp agencies (www.fairjobs.org).

7. *Create non-profit and worker-centered agencies.*

Union hiring halls in seasonal or ‘project-based’ industries such as construction or hotels have developed mechanisms to provide worker security, training and decent wages and benefits in inherently insecure jobs. In addition, a new generation of non-profit temporary agencies, such as Working Partnerships Staffing Services in Silicon Valley, is setting new standards for paying living wages, providing portable benefits and occupational training to expand opportunities for workers.

California Policy Recommendations

We make four policy recommendations for California policy makers specifically aimed at the rapid growth of temporary work in the state.

1. *Study the impact of and review all employment, benefit and workplace law*

California should charge the appropriate state agencies with the task of studying the changing structure of work in California and reviewing all California employment, workplace and benefit laws and regulations to deter-

mine which should be updated to address economic security and career development issues for contingent workers.

2. *Establish standards for public dollars to create permanent jobs*

We urge the State of California and public bodies across the state to establish standards for all public spending in the use of temporary and contingent workers. These standards would apply to public agencies and contractors doing business with local or state agencies and include:

- Limits on the number and tenure of temporary workers
- Wage and benefit parity for all temporary and non-standard workers
- Minimum wage and benefit standards for temporary and non-standard workers
- Protections against the displacement of permanent jobs with temporary jobs
- Codes of conduct for temporary help agencies

3. *Establish equal pay and benefits for non-standard workers*

California should require equal pay and benefits for temporary and non-standard workers doing the same work as permanent employees.

4. *Disclosure and accountability*

California should require labor intermediaries such as temporary and leasing agencies to disclose payment rates, client rates, conversion fees, training programs and tenure statistics for agency employees.

These policies represent some efforts to deal with the insecurities arising from temporary work. In addition, we support the development of similar policies that will address worker insecurity in other forms of contingent labor such as independent contractors, subcontracted work and employee leasing.

This report has demonstrated that the structure of work is changing rapidly and that it limits opportunity for many working people. An equally rapid and vigorous response will ensure that vibrant economic growth will be accompanied by greater security and prosperity for California's working families.

I Introduction

Since the end of World War II, the United States has experienced a dramatic transformation in its economy. The industrial structure has changed and along with it, the nature of work. The twenty years after the War saw the rise of the military-industrial complex and big corporations.¹ As consolidation and mechanization eliminated rural jobs, workers leaving rural and agricultural jobs found employment in large corporations. Despite an increasing supply of workers, however, unions and growing prosperity combined to ensure lifetime employment for the workers, with family-supporting wages and health and retirement benefits.

In the 1970s, technological innovations and the increasing use of machines to do jobs once performed by skilled workers eliminated many jobs that had been union jobs with good pay and benefits. Companies moved their sub-assembly operations and, in some cases, state-of-the-art manufacturing facilities first to the southern states and then abroad, where labor was abundant and cheap. This “outsourcing” increased the pressure to lower wages here in order to keep jobs in the country.

Job security and well-paying jobs were further eroded in the 1980s with the deregulation of industries and increased foreign competition. Industries with high unionization rates, such as automobile manufacturing and steel, faced low-priced competition from abroad and began to lay off workers, while those workers lucky enough to have jobs faced lower wages. Entire functions, such as payroll administration, were outsourced in order to minimize costs. Even white-collar workers were “downsized” as large corporations adopted the “lean and mean” strategies that were rewarded by Wall Street.

In the unprecedented boom of the mid- and late-1990s, there has been an acceleration towards building a lean corporate structure. Rapidly changing technology has required corporations to move more nimbly to meet the challenges of the marketplace.

The skill-sets that a corporation requires of its workers have diverged. On the one hand, some functions now require higher degrees of skill, and more complex skills than were once needed. Workers with the requisite skills for these tasks are being richly rewarded.

¹ “Who Built America: Working People and the Nation’s Economy, Politics, Culture and Society, Volume 2,” American Social History Project, Pantheon Books, New York, 1992.

On the other hand, some tasks have become standardized and corporations have responded by re-engineering their operations. “Teams” of workers performs jobs that are defined into units of work that require little skill to perform. In addition, “flexibility” in responding to changing demand for a corporation’s products has led to changes in the institutional structure of the corporation.

The New Corporate Structure

The last seismic shift in the way work was organized came with the Industrial Revolution and the perfection of the assembly-line production method. In the years when the manufacturing sector was larger in the U.S. economy, the worker was assured of rising wages that came from climbing up a well-defined career ladder. The rungs in the ladder were clearly marked and the ladder was accessible to all, although gender and racial discrimination determined how far up one could climb. The corporate structure was symbolized by a pyramid; the solid foundation was provided by the workers, who reported to a smaller number of supervisors, who in turn reported to a smaller number of their supervisors, and so on until there was only one Chief Executive Officer at the top of the pyramid. For those who wanted the pyramid to flatten out, their dream has come true.

The corporation in the New Economy, according to sociologist Robert Parker, is a series of concentric circles.² In his opinion, the new structure provides the corporation with the functional, numerical and financial flexibility that they seek to achieve in their efforts to retain competitiveness and increase profitability.

- The inner “core” consists of the upwardly mobile executives and technicians who provide the functional flexibility by allowing themselves to be transferred between plants or within a division.
- The next ring, the “inner periphery,” consists of full-time jobs but the career path is less clear, leading to high turnover. Jobs in this periphery include clerks, assemblers and supervisors – jobs that provide security but are dead-end jobs. This allows for a high degree of numerical flexibility, i.e., flexibility in the number of employees that a corporation has on its payroll.
- The next ring, the “second periphery,” consists of part-time workers, job-sharing arrangements and workers on short-term contracts. These workers, like workers in the inner periphery, also provide numerical flexibility, i.e., the flexibility to hire or lay-off workers as the business cycle fluctuates.

- Finally, there are the “externals,” temporary workers and sub-contractors, who can provide functional, financial and numerical flexibility to the corporations. The “second periphery” of workers and the “externals” are workers with “non-standard work arrangements” (NSWAs).

Among the non-standard work arrangements, that of temporary work is the main focus of this report. In general usage, temporary work can be taken to mean work that is of limited duration. In some instances, the term “temporary work” has also been used to describe part-time work. Throughout this report, we use the term “temporary workers” or “temps” to describe workers hired through and paid by Temporary Help Agencies (THAs).

Temporary work has experienced phenomenal growth in the 1990s, growing faster than overall employment. Between 1995 and 1997, according to researchers at the Bureau of Labor Statistics, total employment grew by 2.8% while temporary employment grew by 10%. According to the American Staffing Association, the average number of temporary workers that its members placed daily increased by 150% in the 1990s. Researchers have also shown that temporary workers earned lower wages than other workers with similar characteristics and were less likely to have medical and pension benefits.

According to the American Staffing Association, the average number of temporary workers that its members placed daily increased by 150% in the 1990s.

This report studies the issue of temporary employment in California and its 15 most populous counties, grouped into 4 regions. We examine the demographics of temporary workers in California and the trends in temporary employment in these 15 counties. We also examine the future growth projections by occupation in temporary jobs.

Section II below defines the various non-standard work arrangements.

Section III details the reasons for the growth in temporary employment in the United States and the results of other research on temporary employment in the United States.

Section IV provides a snapshot of the demographics and wages of temporary workers in California.

Section V shows the growth in temporary jobs in 4 regions of California and the projections for growth.

Section VI lists our conclusions and recommendations.



Contingent and Non-Standard Work Arrangements

Contingent Work and Non-Standard Work Arrangements Defined

Contingent Work

The Bureau of Labor Statistics (BLS) defines contingent work as “any job in which an individual has no explicit or implicit contract for long-term employment.” The BLS uses three measures of contingent work, with varying degrees of restrictions regarding the current duration of the job and expected job tenure.³ In the least restrictive measure, a worker was counted as contingent if, regardless of how long they had worked at their current job, they did not expect to keep their job for long. Under this interpretation of the term, a regular, full-time worker who has been on the job for, say, five years, but who does not expect her job to last would qualify as a contingent worker. However, a temporary worker who expects to be continuously employed through the temporary help agency, even if she moves from one assignment to another, does not qualify as a contingent worker.

A work arrangement that would fall under BLS’s definition of contingent work is that of the direct-hire temp, a temporary worker who is hired by a firm for short-term employment. Seasonal workers, such as those hired during the Christmas shopping season or at amusement parks in the summer, are typically direct-hire temporary workers.

In popular jargon, however, contingent work has come to mean any work in which the worker is not employed by the company that uses her services, and any work that is not full-time work. We follow the BLS definition of contingent work and refer to work that is not regular, full-time work as a Non-Standard Work Arrangement (NSWA).

Non-Standard Work Arrangements

The BLS defines work arrangements that are made through an intermediary, such as a temporary help agency, or work whose time, place, and quantity are unpredictable, as “alternative” work arrangements.⁴ Included in this term are four categories of workers: independent contractors, workers whose services are provided through contract companies, workers paid by temporary help agencies, and on-call workers.

³ Anne E. Polivka, “Contingent and Alternative Work Arrangements, Defined,” *Monthly Labor Review*, October, 1996.

⁴ *Ibid.*

The Economic Policy Institute broadens the scope of work arrangements that are not the regular, full-time jobs and uses the term Non-Standard Work Arrangement to describe them.⁵ We list below all classifications of work that can be described as being non-standard.

- *Independent Contractors* – These are workers who obtain customers on their own to provide a service or a product. In essence, the independent contractor's work contract is with herself. A common example of an independent contractor is a computer programmer or consultant who works on a specific product for a client for a flat fee; or a free-lance writer for a magazine who generates occasional articles for publication. An independent contractor's continued employment depends on her ability to find clients willing to pay her for her work. The independent contractor works with no instruction or training from the client, no financial investment from the firm in the worker's equipment, and no benefits such as health insurance, pension plans, and workers compensation from the client. Further, no permanence in the relationship between the contractor and the client can be expected.
- *Contract Company Workers* – These workers are employed by a company that provides a service to a client firm, and the workers typically work at the client's work-site. Contract companies contract for services such as janitorial work and landscaping. The jobs of these workers depend upon the ability of the contract company to win contract bids for its service.
- *Temporary Help Agency Workers (or Temporary Workers or Temps)* – These workers are hired and paid by a temporary help agency, which supplies their services to a client company. The most common tasks performed by temps have been secretarial and clerical work, although this has been changing, as this report will show. The agency's ability and willingness to place her at a client site determine the temporary worker's paid employment. While the jobs are typically of short duration, there is an increasing awareness of cases of perma-temps, or long-term temporary workers, most visibly the recent case at Microsoft (see box on page 11), and the King County, WA, case (see box on the next page).
- *Leased Workers (or Payrolling)* – Leased workers are hired by a company that then puts them on the payroll of a leasing company to relieve itself of administrative and benefit costs. Leasing is generally done through intermediaries called Leasing Agencies or Professional Employers organization (PEOs).

⁵ This section follows closely the definitions from Arne L. Kalleberg, Edie Rasell, et.al., "Nonstandard Work, Substandard Jobs: Flexible Work Arrangements in the U.S.," Economic Policy Institute, Wash., D.C. and Women's Research and Education Institute, 1997.

- *On-Call Workers* – These workers belong to a pool, such as a union hiring hall, and are called to work only as needed. But when called, they may work for several weeks or days. Examples are substitute teachers, nurses, and union construction workers.
- *Day Labor* – As the name suggests, a person is hired for a day to perform a task. This type of NSWA has workers receiving work either through a labor agency or from the street corner. Light industrial work and other blue-collar work is typically done through a labor agency, which places workers for a day at a time at a client’s work-site. Most workers are hired for blue-collar/construction work, and more commonly for farm labor, from a street corner where they wait for employers to pick them up and transport them to the work-site. It is these workers, who wait at a place to be picked up by employers to work for the day, that were included in the Bureau of Labor Statistics’ Contingent Workers Supplement to the Current Population Surveys.
- *Self-Employment* – As the name suggests, these are workers who report being self-employed, for example, as shop or restaurant owners.
- *Regular Part-Time Workers* – The workweek for part-timers is fewer than 35 hours. They do not belong to any of the other work arrangements described above. They are hired by the firm that uses their services, but the firm arranges their work schedule such that they are not occupied full-time. Common examples include Retail Salespersons and Cashiers, and Office Administrative Assistants.

Analyzing data from the February 1995 Current Population Survey (CPS), researchers at the Economic Policy Institute found that 29.4% of the United States workforce was employed in these Non-Standard Work Arrangements.⁶ In a study of Silicon Valley, Chris Benner estimated that between 27% and 40% of the Santa Clara County workforce belonged to these work arrangements.⁷

All the NSWAs described above, with the exception of Regular Part-Time Work, are characterized by the lack of an explicit direct or a long-term relationship

King County, Washington’s Perma-temps

This case involved county workers who were put on the payroll of temporary agencies even though they worked for the county. By hiring them through a temporary help agency, the client firm was not obligated to pay for health and retirement benefits. Other “perks” such as sick leave and vacation pay were also denied to these workers.

Six King County workers filed a lawsuit on behalf of themselves and a large class of workers (more than 125), some of whom had been temps for five years. Evidence showed that King County set the pay for the workers and also trained, supervised and evaluated the workers.

However, since they were paid through outside agencies, the county did not consider them eligible for benefits. The lawsuit was settled in June 2000, and the class members were compensated for past benefits based on their length of employment.

Part of the settlement amount also went into retirement credit and future benefits. The county also agreed to create 55 new positions and to convert 11 of the “provisional” positions held by the class members to career service jobs.

Class members will also receive vacation and sick leave that were accrued during their years of service. Some of the workers, whose career as “contract worker” was not considered in setting their wages, will also receive back pay.

⁶ Ibid.

⁷ Chris Benner, “Shock Absorbers in the Flexible Economy: The Rise of Contingent Employment in Silicon Valley,” Working Partnerships USA, 1997.

between the workers and the principal entity that uses their services. This relationship is marked by the presence of a labor market intermediary such as a temporary help agency. The Independent Contractor has an employment relationship with herself, by virtue of having to independently obtain work. Contract workers, temporary agency workers, and leased workers, and day laborers are paid through a labor market intermediary, although they may be hired by the client firm to deliver goods or services. On-call workers and direct-hire temporary workers are hired and paid by the end-user, although the employment relationship may be of short duration. As we discuss below, the loosening of direct ties between the corporation and its employee has had other consequences for workers and families.

Forty-nine percent of female temps and 42% of male temps earned too little to raise a family of four out of poverty.

While H-1B visa workers fall outside the purview of the current discussion on non-standard work, this arrangement can also be considered to be temporary work. These workers are typically employed in high-tech companies and their numbers have been on the rise. The H-1B visa allows a worker to work in the United States for a three-year period and can be extended for another three years, at the end of which the worker is required to leave the country. The U.S. Congress has recently approved increasing the number of these workers to 195,000 per year for the next three years. Companies that use these workers claim a shortage of qualified workers, but opponents accuse the companies of using these visas to hold down the wages of American workers (see box on next page). These visas are also used by temporary help agencies to bring in qualified workers whom they place on assignments with their clients. Although the H-1B workers are typically bachelor's degree holders, they are paid less than similarly qualified workers in the United States. It is alleged that this arrangement has held down the pay of U.S. workers who have to compete with the visa holders for jobs. (See box on next page.)

The Consequences of Nonstandard Work

1. *The Lowering of Wages:* Research done at the Economic Policy Institute found that, nationally, non-standard workers were “more likely than regular workers to receive low and poverty-level wages.”⁸ Forty-nine percent of female temps and 42% of male temps earned too little to raise a family of four out of poverty if they worked full-time all year round. This compares to 23% of women and 15% of men in the regular workforce who earned poverty-level wages.

When compared to regular, full-time workers with similar personal and job characteristics, nonstandard workers had lower earnings. For example, female temps earned 4% less than female regular full-time workers with similar characteristics, while male temps earned 1% more than their counterparts in regular, full-time jobs. Regular part-time women and men had a 6% and 8% wage gap respectively when compared to regular full-time workers. Independent contractors, on the other hand, earned a premium over regular full-time workers; the wage premium for females was 13% and for males, 20%. However, they are responsible for paying payroll taxes as well as purchasing health insurance and pension plans on their own, which may explain their wage premium.

Using Unemployment Insurance data from Washington State, researchers at the Federal Reserve Bank, Chicago found that the temps earned 10% below what they might have earned in non-temporary situations.⁹

On a macroeconomic scale, Katz and Krueger¹⁰ found that states that had a higher share of temporary employment in total employment in the late 1980s had lower than expected wage growth in the 1990s. They found that a 0.25 percentage point increase in the share of temporary workers slowed wage growth by 0.2% a year.

The H-1B Visa

The H-1B visa is a visa that allows professionals to work in the United States. The visa is issued for a period of 3 years and can be renewed for a further period of 3 years. The visa requires (a) "theoretical and practical application of a body of highly specialized knowledge, and (b) attainment of a bachelor's or higher degree in the specific specialty, or its equivalent."

In the absence of a bachelor's degree, the rule of thumb has been to require 3 years of work experience for each year of the bachelor's degree. A person with a high school diploma, for example, would require 12 years of work experience to qualify for a H-1B visa.

High-tech jobs account for the majority of H-1B visas issued, and hence have acquired the name "high-tech" visas. Oracle Corp., Cisco Systems Inc. and Intel Corp. are some of the biggest sponsors of these "high-tech" visas.

In September 2000, the U.S. Senate approved an increase in the number of H-1B visas to 195,000 each year for the next 3 years. It has been alleged that the visas have been used by companies to get cheaper labor from abroad. While the companies are required to pay the "prevailing wage" to these visa holders, there are few enforcement mechanisms and few other requirements such as proving a shortage of U.S. workers.

A Department of Labor report from 1996 found that 19% of these visa holders were not being paid the wage they had been promised ("High Tech's Passport to Nowhere," Los Angeles Times, Sept. 21, 2000). Complaints from these workers have been few because of their dependence on their employer to continue working in the United States. The Los Angeles Times also quotes a manager who claims to pay a consultant with an H-1B visa less than half the wage that he pays to an American consultant doing the same job.

Temporary help agencies sponsor H-1B visas in order to find high-tech workers for their clients. The plight of these workers is similar to that of a temporary worker being paid less than others doing comparable work and living in fear of being laid-off. Unlike temporary workers, however, these high-tech visa holders are most often provided health coverage as well as a pension plan.

Opponents of the visa say that, despite claims of a labor shortage by the high-tech industry, there are American workers available who can take the job with minimal training. They claim that while the workers are brought in at the prevailing wage, pay raises are lower than that for the permanent workforce. This also dampens the wage for American workers who have the training and qualifications to do the same job.

⁹ Lewis M. Segal and Daniel G. Sullivan, "Wage Differentials for Temporary Services Work: Evidence from Administrative Data," Federal Reserve Bank of Chicago Working Paper Series, No. WP-98-23, December 1998.

¹⁰ Lawrence F. Katz and Alan B. Krueger, "The High Pressure U.S. Labor Market of the 1990s," Brookings Papers on Economic Activity, 1999:1, pp. 1-87.

Help for the Independent Contractor

Working Today, a non-profit membership organization based in New York City, was founded to aid the growing numbers of contingent workers in the United States.

Apart from education and advocacy on behalf of the contingent workforce, they provide members access to health care as well as dental and alternative care. They also offer free consumer-oriented legal, tax and retirement planning advice.

Their Portable Benefits Plan provides New York's new-media freelancers access to health insurance, dental discounts and retirement plans. By bringing workers together to diversify their risk-pool, they provide a safety net that is affordable as well as portable.

Temporary workers had the lowest access to medical and pension coverage among workers in nonstandard arrangements.

Our analysis for California (see Table 3.1) also finds that temps earn less than regular, full-time workers with similar personal and job characteristics.

2. *Low Access to Medical and Pension Benefits:* Temporary workers had the lowest access to medical and pension coverage among workers in nonstandard arrangements.¹¹ Only 7% of temps enrolled in medical coverage provided by their employer, while 26% of them were eligible for such employer-provided coverage. The low enrollment rate in employer-provided coverage may be the result of the high cost of purchasing it, or of the temps having other sources of coverage. Only 46.4% of temps had any kind of health coverage (for example, through a spouse), compared to 83% of regular full-time workers.

Almost 20% of on-call workers and over 50% of contract company workers had medical coverage provided by their employer, compared to 71% of full-time traditional workers that had employer-provided health coverage. Independent contractors are responsible for purchasing medical insurance for themselves and for investing for retirement. This is a plausible explanation for their relatively higher wages. (See box this page for an innovative approach to providing benefits for independent contractors in New York).

Only 3.7% of temps had pension coverage, although 10.5% were eligible for employer-provided pension plans. Nineteen percent of on-call workers, 36% of contract company workers and 57% of regular full-time workers had pension coverage.

3. *Ineligibility for Employee Stock Purchase Plans:* A "New Economy benefit" that many companies have started to offer in order to attract the talent they need, has been the Employee Stock Purchase Plan. Under this plan, an employee on the company's payroll has the right to purchase her company's shares at a discount. Nonstandard workers are typically ineligible for this benefit, since they are not directly on the payroll of the company in which they are placed. A ruling in the class-action suit filed by Microsoft's contingent workers, using the common-law definition of an employee, gave temps a right to this benefit (see box next page).

¹¹ Sharon R. Cohany, "Workers in Alternative Employment Arrangements: A Second Look," Monthly Labor Review, Vol 121:11, November 1998.

4. *Exemptions and Loopholes in Labor Laws:* Laws that govern the workplace, including Unemployment Insurance laws, ERISA, FMLA, and anti-discrimination laws, either do not explicitly cover non-standard workers or can be selectively applied only to regular, full-time worker. This allows employers to preclude non-standard workers from coverage for such benefits as company 401(k) plans or leave to care for a sick family member.

Other perks that corporations provide their payroll employees in the normal course are not analyzed here for lack of data. These include sick leave, paid vacation time, and seniority in promotions. Temporary workers receive little, if any, job training and are also kept off the corporate ladder that is vital to career development and wage growth. Nonstandard workers have to contend with all of these disadvantages in their quest for a secure livelihood.

Microsoft's Perma-temps

At its heart, the case of *Vizcaino vs. Microsoft* is concerned with defining employment relationships. The case began when Microsoft misclassified workers as "independent contractors," thus ridding itself of the obligation of paying payroll taxes. The IRS began to examine this broad-based tax evasion. In reparation, Microsoft gave the option to the workers to either convert to temps or lose their jobs. Once converted to temporary employees, these workers were paid through a payroll agency. This ensured that payroll taxes were indeed being paid, but still denied the workers the benefits and perks that were available to Microsoft's regular employees, some of whom were being supervised by the "payrolled" workers.

The class, said to number more than 10,000 workers, sued for pension benefits and the right to participate in the Employee Stock Purchase Plan (ESPP). The U.S. Ninth Circuit Court of Appeals ruled that the class was entitled to the ESPP that had been denied them and determined that Microsoft was indeed their employer. The Court's used a five-factor test that considered recruitment, training, duration of employment, the right to assign additional work, and control of the relationship between the agency and the worker. The class included not only those ordered re-classified by the IRS, but those that Microsoft voluntarily reclassified as temps.

In December 2000, Microsoft settled the lawsuit for \$97 million, which covers compensation to class members, attorneys' fees and the expenses of litigation. The Settlement Agreement states: "Since 1997, Microsoft has made important changes in its staffing and worker classification practices.

In its most recent fiscal year, Microsoft hired over 3,000 Class Members as its W-2 employees entitled to participate in its employee benefit plans and programs. It has adopted practices to ensure the proper classification of independent contractors, temporary agency employees, and other staff, including a comprehensive review of practices regarding independent contractor classifications which took place in 1997. It has conducted reviews of ongoing work and has instituted practices designed to limit the length of temporary agency employees' assignments for Microsoft."

<http://techlawjournal.com/courts/vizcaino/19990512.htm>
and <http://www.bs-s.com/msoft.htm>.



The Rise in Temporary Employment in the United States

Temporary employment embodies some of the greatest disadvantages among non-standard work arrangements. While there are highly skilled, higher-paid temps, it is generally a low-paying employment opportunity, where workers earn less than comparable regular, full-time workers doing the same job. Temps also have low rates of medical and pension coverage. This work arrangement has been growing rapidly in the last decade. According to Michael D. Yates, the use of temps has grown three times faster than total employment since 1982.¹² Researchers at the Bureau of Labor Statistics found that between 1995 and 1997, total employment increased by 2.8% while temporary agency employment increased by 10% (from 1.18 million to 1.3 million).¹³

Polivka estimated that there were 3.3 million direct-hire temps, more than three times the number of Temporary Help Service (THS) temps.

The rate of growth in temporary employment is much larger if we use data reported by the American Staffing Association (ASA), the trade association that represents the staffing industry. The ASA estimates that its members placed over 3 million workers a day in the fourth quarter of 1999, increasing from 1.2 million a day in 1990, a 150% rate of growth.

While the rise in temporary employment has been astonishing, it has been shown that there could be larger numbers of temporary help agency workers in the future.¹⁴ Using data from the February 1995 Contingent Workers Supplement to the Current Population Survey, Anne Polivka estimated that there were 3.3 million direct-hire temps, more than three times the number of Temporary Help Service (THS) temps. Her research showed that if the wage mark-ups of temporary help agencies equals the search and contracts costs to the user firm, more of these firms would use Temporary Help Agencies to obtain temps for occupations that required fewer years of schooling. For occupations that require more education, an improvement in the ability of Temporary Help Agencies to obtain such high-skilled workers would lead to more temps being hired through a temporary help agency. She concludes that substitution between THS temps and direct-hire temps is likely to be occurring and could occur in the future. In other

Awareness of the growth in non-standard work has increased among the American public. A poll conducted for the National Alliance for Fair Employment (NAFFE) found that 61% of the general public has either worked as or known someone who in the past 10 years had worked in a non-standard position (www.fairjobs.org).

More than two-thirds said they believed it was unfair that part-time, temporary, and contract workers are paid lower hourly wages than regular employees doing the same job.

Sixty percent said they would be willing to vote for a Congressional candidate who supported legislation requiring parity in pay and benefits between part-time, temporary and contract workers and regular, full-time workers doing the same job.

¹² Michael D. Yates, "Longer Hours, Fewer Jobs: Employment and Unemployment in the United States," Monthly Review Press, New York, 1994, pp. 45.

¹³ From data reported in Sharon R. Cohany, "Workers in Alternative Employment Arrangements," Monthly Labor Review, October 1996 and Sharon R. Cohany, "Workers in Alternative Employment Arrangements: A Second Look," Monthly Labor Review, November, 1998.

¹⁴ Anne E. Polivka, "Are Temporary Help Workers Substitutes for Direct Hire Temps? Searching for an Alternative Explanation of Growth in the Temporary Help Industry," paper presented at the Society of Labor Economists Conference, May 3-4, 1996.

Changing State Unemployment Insurance Requirements

In Washington State, the temporary staffing agencies have suggested changes in Unemployment Insurance (UI) rules that will affect the number of temporary workers that can qualify for it.

One suggestion is that temporary workers call the temporary agency first, as soon as an assignment has terminated, prior to applying for UI benefits. Another suggested change is that temporary workers call their agency every week in order to maintain benefit eligibility.

These two changes will place an additional burden on temporary workers, a burden that is not placed on "traditional" workers when they apply for unemployment insurance.

Similar legal changes have passed successfully in 19 states. The difficulty in qualifying for UI makes it harder for a temp to break out and get into the traditional workforce, since she may not have the resources to pay her bills while looking for full-time employment.

words, corporations can be expected to increasingly outsource the function of hiring temporary workers to temp agencies.

Reasons for the Rise in Temporary Employment

There have been several explanations given for the rise in temporary employment and what has been making Temporary Help Agency workers increasingly attractive to businesses in the United States over the last decade. The changing corporate structure, resulting from technological changes and competitive pressures, has combined with legal changes and the economics of Wall Street to spur the rise in temporary employment. While no definitive causal links to the rise in temporary employment have been established, the reasons listed below indicate probable causes.

- Firms cite flexibility as an important ingredient in company operations.¹⁵ That flexibility comes from having an essentially expendable workforce — the temps. The competitive pressures that arise from having interconnected global markets are given as a reason for the importance of flexibility in the workforce.
- Another commonly cited reason, and one that has been corroborated in interviews with firms, is that they can save on medical and pension costs that they would otherwise have to provide to permanent, full-time workers.
- The firm is absolved of Unemployment Insurance (UI) costs in the event of layoffs. When the employment relationship between the company and the temporary workers is terminated on completion of the specified task, the temporary help agency is legally responsible for UI benefits. In several states, temporary help agencies have lobbied successfully to pass bills that make it very difficult for a temporary worker to claim UI benefits. For example, if a temp turns down what the temporary help agency deems to be a "suitable" placement, she is denied UI benefits (see box this page).
- Other laws that govern the workplace, such as the family and medical leave act (FMLA), anti-discrimination laws and workplace safety laws, to name a few, do not apply to temporary workers. The client company is not required to apply these laws to temps since they are not included among the company's employees.

¹⁵ Lewis Segal and Daniel Sullivan, "The Growth of Temporary Services Work," Federal Reserve Bank of Chicago Working Paper Series (WP-96-26), December 1996. This paper provides a very good debate of several of the items in this list.

- Temps have been used to inhibit unionization among a company's workforce due to the fact that the National Labor Relations Act (NLRA) had made it very hard for temps to unionize. Therefore, by hiring temps to work alongside its regular workforce, companies could inhibit the latter from unionizing. A recent ruling by the National Labor Relations Board has changed the landscape by making it easier for temps to join the collective bargaining unit at their worksite.¹⁶ (See box on this page). However, temporary workers may still find it difficult to form new collective bargaining units since they do not stay with one employer or in one location for long; and they are easily dismissed if a union organizing campaign begins in a workplace.
- Standardization and de-skilling in technical fields has made firm-specific knowledge less important, making room for temporary workers who can move easily from one firm to another. For example, standardization and widespread use of computer software such as Excel has made firm-specific knowledge of accounting systems less relevant.
- Simultaneously, technological advances have necessitated the acquisition of very narrow skills. Small firms, and perhaps even some large firms, are not able to keep such skilled workers occupied full-time. Temporary agencies are then called on to provide such skilled workers as and when they are needed.¹⁷
- Temporary workers are paid through a temporary help agency and therefore do not appear on the payroll (or "headcount") of the client firm. This often results in artificially high productivity numbers. Temps also reduce a firm's labor costs. These two factors combine to keep investors happy and the company's stock prices up on Wall Street.
- Having a flexible workforce obviates the necessity for layoffs, which lower morale among the regular workforce and are a psychologically difficult task for managers.

The National Labor Relations Board Ruling

In two separate rulings, one in 1973 (Greenhoot) and one in 1990 (Lee Hospital), the National Labor Relations Board (NLRB) ruled that temporary workers attempting to join a union would have to get the consent of all their employers, i.e., the temporary help agency (the supplier company) as well as the employer using their services (the user company).

The NLRB found that there was a joint employer relationship in the situation where a temporary help agency provided workers to the user company.

In deciding the cases of M.B. Sturgis, Inc. and Textile Processors, Service Trades, Health Care, Professional and Technical Employees International Union Local 108, Petitioner, and Jeffboat Division, American Commercial Marine Service Company and T.T.&O. Enterprises, Inc. and General Drivers, Warehousemen & Helpers Local Union 89, affiliated with the International Brotherhood of Teamsters, AFL-CIO, Petitioner, the NLRB found that the case of Lee Hospital had been incorrectly decided.

They found that in a unit that includes work performed by the user's direct employees alongside with workers from a supplier company, all of the work is being performed for the user employer.

Therefore, they conclude that there is no joint employer relationship, and that "a unit of employees performing work for one user employer is an 'employer unit'." This paves the way for temporary workers to join the bargaining unit at the user company at which they are placed.

¹⁶ M.B. Sturgis, Inc. and Textile Processors, Service Trades, Health Care, Professional and Technical Employees International Union Local 108, Petitioner, and Jeffboat Division, American Commercial Marine Service Company and T.T.&O. Enterprises, Inc. and General Drivers, Warehousemen & Helpers Local Union 89, affiliated with the International Brotherhood of Teamsters, AFL-CIO, Petitioner. Cases 14-RC-11572, and 9-UC-406.

¹⁷ Lewis Segal and Daniel Sullivan, "The Growth of Temporary Services Work," Federal Reserve Bank of Chicago Working Paper Series (WP-96-26), December 1996.

52% worked temp jobs because they were the only jobs that they could find or out of the hope that the jobs would lead to permanent employment.

With all the benefits, especially the financial ones that result from hiring temporary workers, it is no surprise that their numbers have increased. Temporary employment is often justified by the staffing industry on the grounds that it provides the flexibility prized by workers. However, 59% of temps in the BLS Contingent Workers Supplement in February 1997 said they would prefer to be in the “traditional” work arrangement.

Temporary Workers in the United States

The Bureau of Labor Statistics (BLS) obtained information on the extent of non-standard work through a Supplement to its Current Population Surveys (CPS) in February of 1995, 1997 and 1999. The BLS defined four classes of alternative workers, namely, Independent Contractors, On-call Workers, Temporary Help Agency Workers, and Contract Company Workers. The demographics of temporary workers in the United States are given below in Tables 3.1-3.4. The tables are taken from a paper published by BLS researchers, analyzing the 1997 supplement.¹⁸ (See Table 3.1 on the next page.)

Their analysis showed that there were 1.3 million temporary help agency workers in the United States in 1997, about 1 percent of the total workforce (Table 3.1). More than half (53%) of temporary help agency workers were between 16 and 34 years old, compared to about 40% of workers with traditional work arrangements. More than 30% of all temporary workers were between 25 and 34 years old, equally divided between men and women, compared to 25.4% of traditional workers. Fifty-five percent of temporary workers were women, while among traditional workers, just over 47% were women.

The “Kelly girl” is no longer a married woman working part-time for “pin money.” Men comprise almost 45% of the temporary workforce.

The temporary workforce has a higher proportion of women, minorities, and younger workers than the traditional workforce does. Most temporary workers work full-time, and less than one-third are likely to be employed in clerical or administrative support occupations.

Blacks are over-represented among temporary workers, while Whites formed a lower proportion of temporary workers than the traditional workforce (Table 3.1). While 10.9% of the traditional workforce was Black, 21.3% of temporary workers was Black. The over-representation among temporary workers for Hispanics was lower than that for Blacks - 12.3% of temps and 9.6% of traditional workers were of Hispanic origin. (See Table 3.2 on the page 18.)

Of male temporary workers between 25 and 64 years of age, 23.5% had a college degree, compared to only 20.6% of female temporary workers (Table 3.2). While these proportions are lower than in the regular

¹⁸ “Workers in Alternative Employment Arrangements: A Second Look,” Sharon R. Cohany, Monthly Labor Review, November, 1998.

Table 3.1

Employed persons in the United States with alternative and traditional work arrangements, by selected characteristics, February 1997 [Percent distribution]		
Characteristic	Temporary help agency workers	Workers with traditional arrangements
Age and Sex		
Total, 16 years and older (thousands)	1,300	114,199
Percent	100.0	100.0
16 to 19 years	6.0	5.0
20 to 24 years	16.5	9.8
25-34 years	30.3	25.4
35-44 years	21.5	27.7
45-54 years	16.2	20.4
55 to 64 years	6.7	9.2
65 years and older	2.8	2.5
Men, 16 years and older		
Percent	44.7	52.7
16 to 19 years	2.8	2.5
20 to 24 years	9.6	5.1
25-34 years	15.2	13.7
35-44 years	6.9	14.6
45-54 years	6.2	10.5
55 to 64 years	2.2	4.9
65 years and older	1.8	1.4
Women, 16 years and older		
Percent	55.3	47.3
16 to 19 years	3.2	2.4
20 to 24 years	6.9	4.7
25-34 years	15.2	11.7
35-44 years	14.5	13.1
45-54 years	10	9.9
55 to 64 years	4.5	4.3
65 years and older	1.1	1.1
Race and Hispanic Origin		
Percent	100.0	100.0
White	75.1	84.8
Black	21.3	10.9
Hispanic Origin	12.3	9.6
Source: Sharon R. Cohany, "Workers in Alternative Arrangements: A Second Look", Monthly Labor Review, Nov. 1998.		

workforce, the proportion with some college was significantly higher among temporary workers. In this group, 37.2% of women and 35.1% of men had some college education. This indicates that in this high-tech world, a college degree is required in order to reduce the incidence of temporary work and that having a college degree does not necessarily protect one from having to work in a temporary job. (See Table 3.3 on the page 19.)

Forty-one percent of male temporary workers were employed as Operators, Fabricators and Laborers (Table 3.3), more than twice the proportion in the traditional workforce. Among women, 50.3% of temporary workers were employed in Administrative Support and Clerical Occupations, twice the proportion in the traditional workforce. As the occupations suggest, male temporary workers worked mainly in Manufacturing industries (38.2%), while

Table 3.2

Employed persons in the United States with alternative and traditional work arrangements, by educational attainment and sex, February 1997 [Percent distribution]		
Characteristic	Temporary help agency workers	Workers with traditional arrangements
Educational attainment and sex		
Total, 25 to 64 years old (thousands)	97.0	94,424
Percent	100.0	100.0
Less than a high school diploma	11.1	9.7
High school graduate, no college	30.7	32.8
Less than a bachelor's degree	36.3	28.0
College graduate	21.9	29.5
Men, 25 to 64 years old (thousands)	397	49,873
Percent	100.0	100.0
Less than a high school diploma	13.9	11.3
High school graduate, no college	27.5	31.9
Less than a bachelor's degree	35.1	26.4
College graduate	23.5	30.4
Women, 25 to 64 years old (thousands)	573	44,551
Percent	100.0	100.0
Less than a high school diploma	9.2	7.9
High school graduate, no college	33.0	33.8
Less than a bachelor's degree	37.2	29.8
College graduate	20.6	28.5

Source: Sharon R. Cohany, "Workers in Alternative Arrangements: A Second Look", Monthly Labor Review, Nov. 1998.

women were predominantly employed in Services (50.9%). (See Table 3.4 on the page 20.)

The Contingent Workers Supplement also provided evidence that temporary workers had long tenures in their work arrangement and had also worked on one assignment for a long period of time. While median tenure in the temporary work arrangement was 6 months in 1997, almost 25% had worked as temps for more than a year. Thirty-five percent had been on the current assignment for less than 3 months, but almost 25% had been on the assignment for more than a year. The median tenure in an assignment was 5 months.

Access to health and pension benefits was also found to be low for temporary workers. Only 7% had health insurance through their employer and only 3.7% had pension coverage through their employer.

In summary, the data showed that the “traditional” picture of a temporary worker being a woman with a family, working part-time no longer holds true. While women comprised more than half the temporary workforce, a significant proportion were men. Blacks were significantly over-represented among temporary workers, as were younger workers. A surprisingly high proportion of temporary workers had a college degree. The report also found that almost half the female temporary workers were raising children, a smaller proportion than among tradi-

Table 3.3

Employed persons in the United States with alternative and traditional work arrangements, by occupation and sex, February 1997 [Percent distribution]		
Occupation and Sex	Temporary help agency workers	Workers with Traditional arrangements
Total, 16 years and older (thousands)	1,300	114,199
Percent	100.0	100.0
Executive, administrative, and managerial	6.9	14.1
Professional specialty	6.6	15.3
Technicians and related support	5.8	3.4
Sales occupations	1.7	11.7
Administrative support, including clerical	34.1	15.3
Service occupations	9.1	13.5
Precision production, craft, and repair	5.1	10.3
Operators, fabricators, and laborers	29.1	14.3
Farming, forestry, and fishing	1.6	2.2
Men, 16 years and older (thousands)	581	60,180
Percent	100.0	100.0
Executive, administrative, and managerial	4.6	14.4
Professional specialty	9.5	13.4
Technicians and related support	8.1	3.2
Sales occupations	1.5	10.8
Administrative support, including clerical	13.9	6.3
Service occupations	7.9	10.5
Precision production, craft, and repair	10.3	17.8
Operators, fabricators, and laborers	41.1	20.4
Farming, forestry, and fishing	2.9	3.3
Women, 16 years and older (thousands)	719	54,019
Percent	100.0	100.0
Executive, administrative, and managerial	8.8	13.8
Professional specialty	4.3	17.5
Technicians and related support	3.9	3.6
Sales occupations	1.7	12.7
Administrative support, including clerical	50.3	25.3
Service occupations	9.9	16.8
Precision production, craft, and repair	1	1.8
Operators, fabricators, and laborers	19.5	7.6
Farming, forestry, and fishing	0.6	0.9
<i>Source: Sharon R. Cohany, "Workers in Alternative Arrangements: A Second Look", Monthly Labor Review, Nov. 1998.</i>		

A surprisingly high proportion of temporary workers had a college degree.

tional workers. Eighty percent of temporary workers and 82% of traditional workers worked full-time.

Table 3.4

Employed persons in the United States with alternative and traditional work arrangements, by industry and sex, February 1997 [Percent distribution]		
Industry and Sex	Temporary help agency workers	Workers with Traditional arrangements
Total, 16 years and older (thousands)	1,300	114,199
Percent	100.0	100.0
Agriculture	—	14.1
Mining	0.7	15.3
Construction	2.5	3.4
Manufacturing	31.8	11.7
Transportation and public utilities	6.1	15.3
Wholesale and retail trade	8.4	13.5
Finance, insurance, and real estate	8.5	10.3
Services	42	14.3
Public Administration	—	2.2
Men, 16 years and older (thousands)	581	60,180
Percent	100.0	100.0
Agriculture	—	14.4
Mining	—	13.4
Construction	3.5	3.2
Manufacturing	38.2	10.8
Transportation and public utilities	9.2	6.3
Wholesale and retail trade	11	10.5
Finance, insurance, and real estate	6.8	17.8
Services	31.3	20.4
Public Administration	—	3.3
Women, 16 years and older (thousands)	719	54,019
Percent	100.0	100.0
Agriculture	—	1.1
Mining	1.3	0.2
Construction	1.6	1.1
Manufacturing	26.6	11.5
Transportation and public utilities	3.5	4.3
Wholesale and retail trade	6.3	21.2
Finance, insurance, and real estate	9.8	8.2
Services	50.9	47.8
Public Administration	—	4.5

Source: Sharon R. Cohany, "Workers in Alternative Arrangements: A Second Look", *Monthly Labor Review*, Nov. 1998.

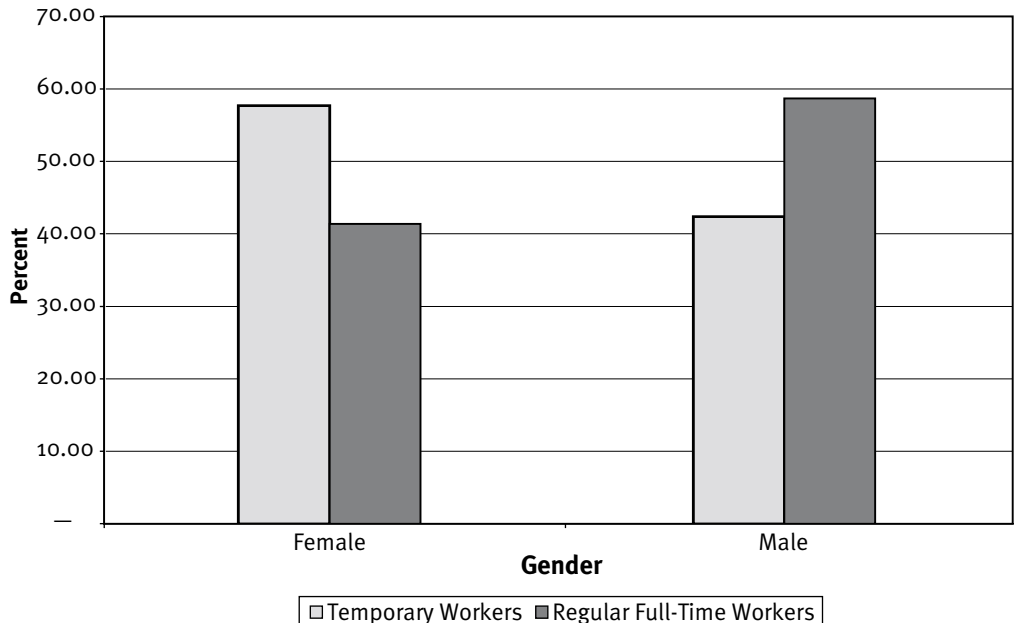
IV Temporary Workers in California

Temporary Workers in California - A Snapshot

The Contingent Workers Supplement to the Current Population Surveys does not provide a sufficiently large sample size for California. In order to examine temporary workers in this state, we combined and analyzed three years of data (1997-1999) from the Census Bureau's Current Population Survey (CPS) Earnings File (See Appendix A for Data Methodology).

In the Current Population Surveys, the industry in which the respondent is employed is identified by a 3-digit code. The Industry Code that includes Temporary Help Agencies is 731, Personnel Supply Services. In the following analysis, we refer to workers classified under Industry Code 731 as “temporary workers,” and compare them to full-time workers who are not in that industry, i.e. the “traditional workforce.”¹⁹

Figure 4.1
Gender Distribution of Temporary and Regular Full-Time Workers in California



Source: Economic Policy Institute analysis of CPS-ORG data

The gender distribution of temporary workers in California was similar to that in the United States, with 57.7% of temporary workers being female. In the traditional full-time workforce, 41.4% were female, leaving a significant over-representation of females in the temporary workforce. Among men, the propor-

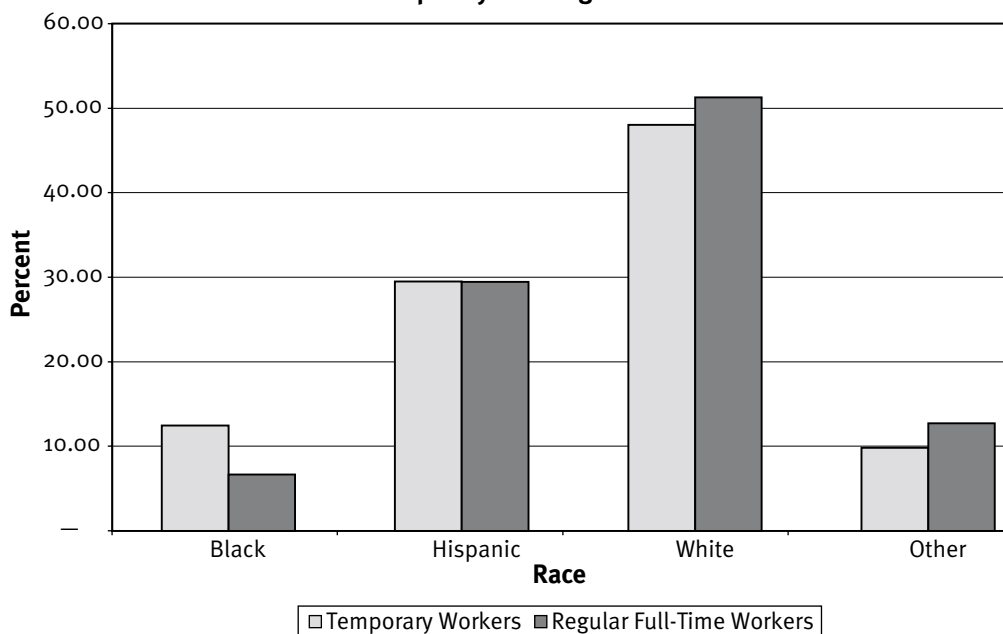
¹⁹ Since there is no direct method of separating the workers working at the temporary help agency from those placed by the agency, we include in these numbers workers hired to work at the temp agency. However, we do not believe that these numbers are large enough to significantly alter the findings.

tion in the traditional full-time workforce (58.6%) was significantly higher than in the temporary workforce (42.3%).

As in the United States, Blacks in California were over-represented among temporary workers.

The over-representation of women among temps may be explained by the fact that they are more likely to have child-care and other considerations that prevent full-time employment. For women who are unable to take on full-time work this work arrangement provides the flexibility that they desire. The fact that men make up a significant proportion of temps may have a couple of plausible explanations. One, they are taking on jobs that were traditionally done by women and that were temporary in nature. An example of such an arrangement is that of administrative or clerical work, which was traditionally done by female temps, but which is now also done by men. Second, temporary work is becoming common in occupations dominated by men, such as construction and production occupations.

Figure 4.2
Racial Distribution of Temporary and Regular Full-Time Workers in California

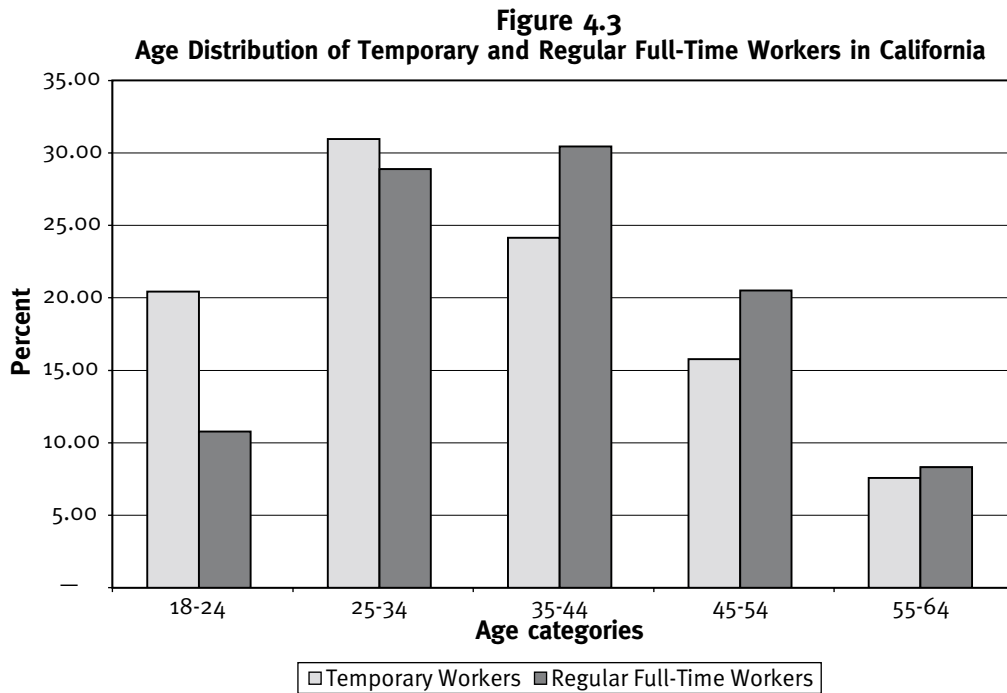


Source: Economic Policy Institute analysis of CPS-ORG data

As in the United States, Blacks in California were over-represented among temporary workers. While 6.6% of regular, full-time workers were Black, 12.4% of temporary workers in California were Black. Whites and Other Races were under-represented among the temporary workforce. Hispanics comprised just under 30% of both the temporary and the traditional full-time workforce.

The over-representation of Blacks among temps may indicate that they are more likely to work in occupations that are staffed by temporary workers. The

high proportion of Blacks among temps may also reflect the fewer opportunities that they have for finding permanent, full-time employment.



Source: Economic Policy Institute analysis of CPS-ORG data

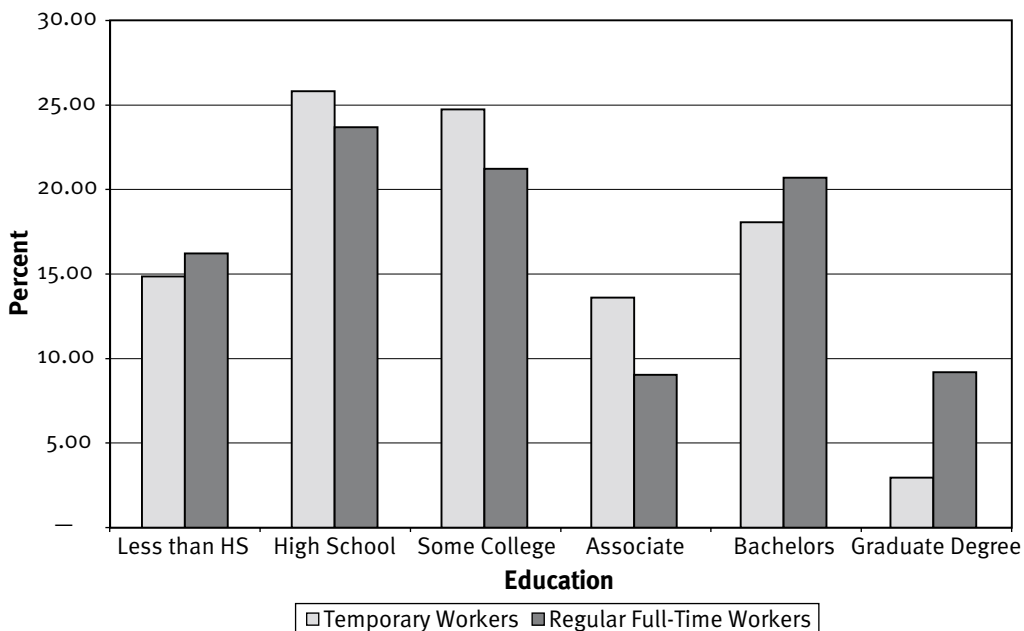
A higher proportion of temporary workers are in the early years of their working lives compared to traditional full-time workers. One out of five temps is between 18 and 24 years old, while only about one in ten workers in the traditional workforce are in this age category. The largest proportion of temporary workers (31%) is between 25 and 34 years old. More than 50% of temporary workers are between 18 and 34 years old, compared to 40% of traditional workers.

Temporary workers between 18 and 24 years of age are possibly using the opportunity while in school or college to earn a little spending money. For younger workers for whom temporary work is a summer-time work opportunity, there are probably few drawbacks to this arrangement. On the other hand, for younger workers between 25 and 34 years old, working as temps early in their careers is a disadvantage if it makes it increasingly difficult for them to move into regular, full-time positions, or delays their entry into a clear career path.

There is no significant difference in the proportions of temporary workers (41%) and traditional workers (40%) with a high school education or less. (See Figure 4.4 on the next page.) A higher proportion of temps has either Some College or an Associate Degree (38%) than traditional workers (30%). The traditional workforce betters the temporary workforce only in the propor-

The largest proportion of temporary workers (31%) is between 25 and 34 years old.

Figure 4.4
Educational Attainments of Temporary and Regular Full-Time Workers in California



Source: Economic Policy Institute analysis of CPS-ORG data

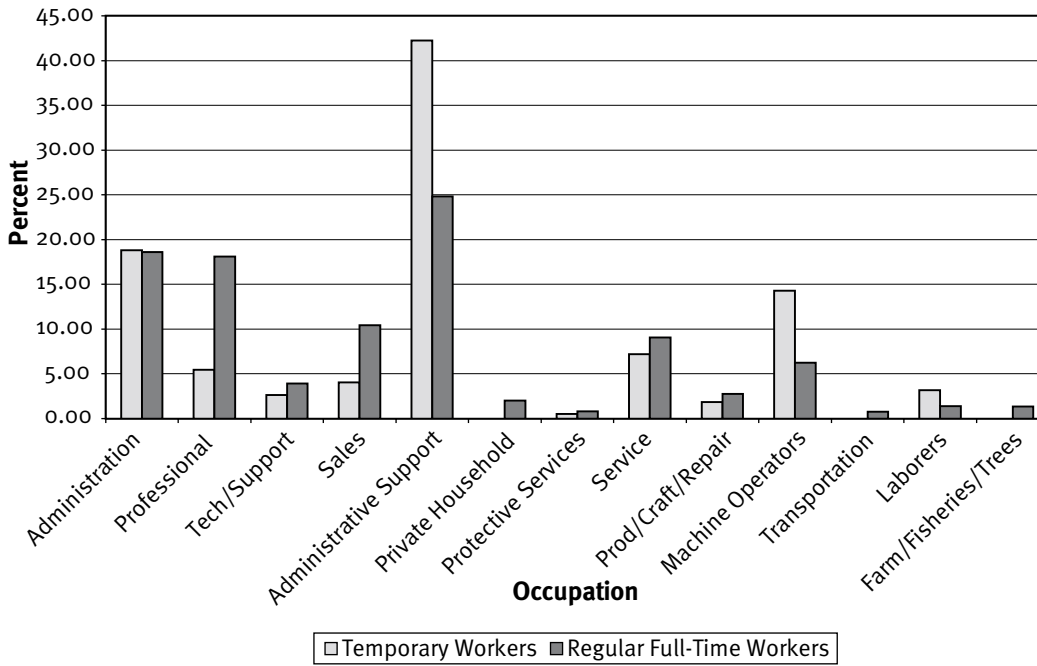
tion of workers with a bachelors or higher degree. Even there, the proportion of traditional workers with a bachelors degree (21%) is only slightly higher than that for temporary workers (18%).

In an economy that rewards college degrees, we would expect to see more temporary workers with less education than we would regular, full-time workers. However, a large proportion of temps has a college degree. This may mean that either more skilled jobs requiring college degrees are becoming temporary jobs, or that college degrees do not necessarily guarantee good jobs.

Women in both types of work arrangements were most likely to be in Administrative Support occupations, although a higher fraction of temporary workers was employed in this occupation (42%) than traditional, full-time workers (25%). (See Figure 4.5 on the next page.) The fraction of Machine Operators among temporary workers (14%) was more than twice as high as that among traditional workers (6%), while the proportion of Professionals and Sales workers was significantly lower among temps.

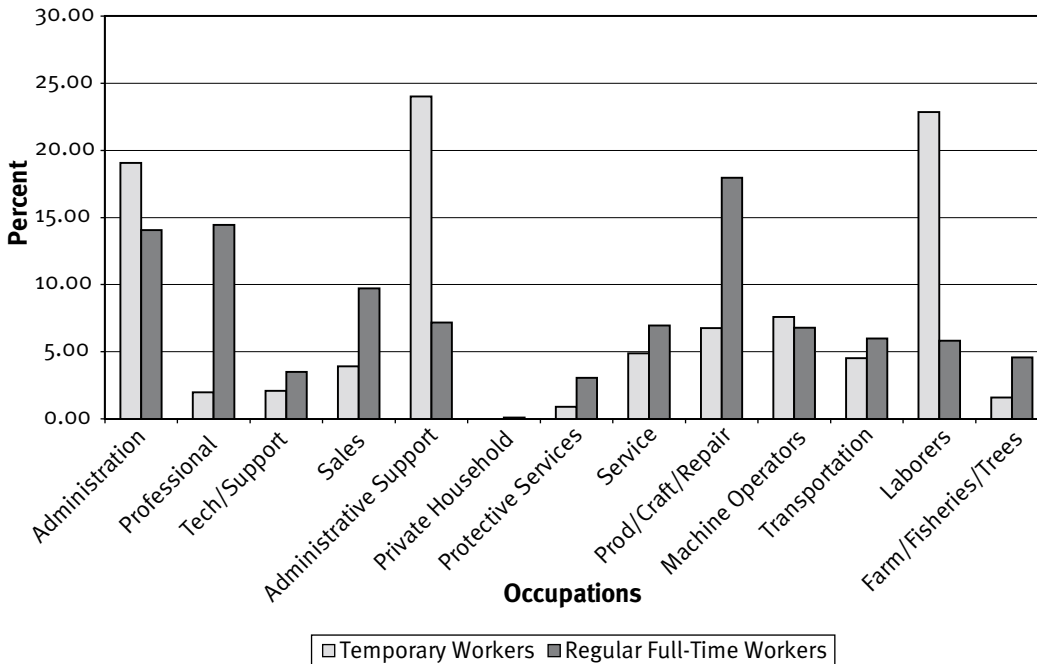
Administrative Support has traditionally been an occupation in which the majority of workers have been women. The high proportion of temporary female workers in this occupation points to an increased use of temps in these jobs.

Figure 4.5
Occupations of Female Temporary and Regular Full-time Workers in California



Source: Economic Policy Institute analysis of CPS-ORG data

Figure 4.6
Occupations of Male Temporary and Regular Full-Time Workers in California



Source: Economic Policy Institute analysis of CPS-ORG data

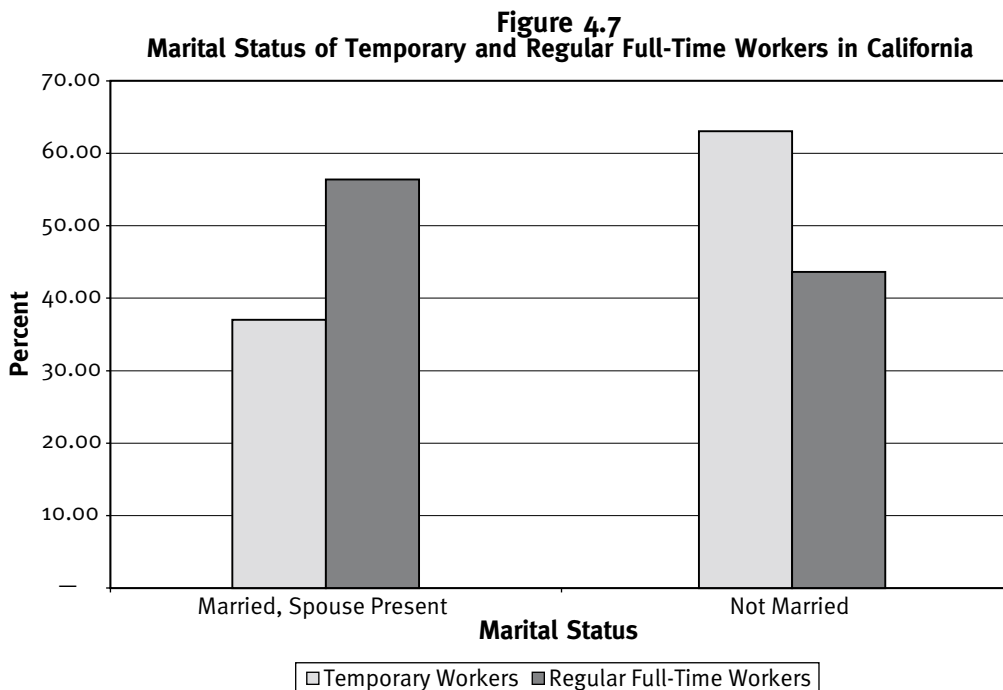
Administrative Support occupations employed the highest fraction (24%) of male temporary workers, more than three times the proportion in the traditional workforce. Almost 23% of male temporary workers were employed as

Laborers, four times the rate in the traditional workforce. As among female temps, the fraction of temporary workers who were employed as Professionals was much lower (2%) than among the traditional workers (14%).

As with the United States, we found that the temporary workforce in California is more likely to come from vulnerable populations. It is more likely to be non-White, female, younger, and with lower educational attainment than the traditional, full-time workforce.

Here again having almost one-fourth of male temporary workers in the Administrative Support Occupations could have two explanations. One, it is a reflection of the growing trend towards staffing this occupation with temps and two, it reflects the growing number of men who choose this occupation. Laborer occupations are more likely to consist of unskilled work that does not require training. This may be a reason for the large proportion of temporary workers in this occupation.

Within the temporary workforce, we found that women were more likely than men to be employed in Professional, Administrative Support and Operator occupations, while men were more likely than women to be employed as Laborers.



Source: Economic Policy Institute analysis of CPS-ORG data

Only 37% of temporary workers were married, compared to 56% of traditional workers. This is perhaps explained by the fact that a higher proportion of temps was below 35-years-old than those in the traditional workforce.

The demographics of temporary workers in California are similar to that in the United States. Women make up the majority of temps, while men are a significant minority.

Wages of Temporary Workers in California

Table 4.1

Wage Deficits for Temporary Workers in California		
Characteristics and Status	Men	Women
	Wage Deficit	Wage Deficit
Personal characteristics	-13.53%*	-5.37%
Personal and Job characteristics	-8.78%*	-6.66%*
Personal characteristics and Part-Time Status	-12.38%*	-5.80%
Personal and Job characteristics and Part-Time Status	-7.60%	-5.55%
An * indicates significance at the 5% level		
Source: Economic Policy Institute analysis of Census Bureau data.		

Our analysis showed that the median hourly wage for female temporary workers in California was \$10 and for male temps \$10.22. Female workers in the regular, full-time workforce in California earned a median hourly wage of \$12.50, while their male counterparts earned \$14.31. However, the level of median wages alone is not indicative of discrimination against temporary workers. Instead, one should examine the determinants of wages in order to conclude whether discrimination occurred. Educational attainment and the industry and occupation of the worker are important factors in wage determination. Work experience is also a determinant, with a worker's age standing in as a proxy for experience. Other factors in this society that can influence wage are race, union membership, marital status, and whether the worker lives in the center of the city. Using all these "explanatory variables," we assessed whether temporary workers did receive lower wages than their equally situated counterparts in the traditional, full-time workforce.

We found that male temporary workers' hourly earnings were 13.5% below that of male traditional, full-time workers of similar age, race, urban status and education, and that female temporary workers earned 5.4% less per hour than female workers with similar demographic characteristics who had traditional full-time jobs. When we compared people with similar demographics who worked in the same industry and occupation, we found that the wage difference persisted. Male temps earned 8.78% below their regular, full-time counterparts, while female temps earned 6.66% less than their counterparts.²⁰

While these differences may not seem large to some, there is also significant evidence that for the nation as a whole these workers have low access to med-

Male temporary workers' hourly earnings were 13.5% below that of male traditional, full-time workers. Female temporary workers earned 5.4% less per hour than female workers with similar demographic characteristics.

²⁰ These findings reverse the national data that show that once job characteristics are added, the pay penalties disappear.

ical and pension benefits and other perks such as paid vacations. When the monetary value of the missing benefits are included the earnings differential can be quite substantial.

We also included in our wage analysis the part-time status of workers. When part-time status is added, we found a loss of statistical significance in pay penalties. This is most likely a reflection of the pay discrimination faced by part-time workers, whether they are temporary workers or have traditional jobs.



Regional Analysis of Temporary Employment in California

Temporary employment in California in the 1990s

In order to perform a regional analysis of the extent of temporary work in California we used data from the California Employment Development Department. The data are reported by Standard Industrial Classification (SIC) code for the industry. The temporary help industry is classified under SIC 7363. In the following analysis when we refer to “temporary workers,” we are referring to workers employed in SIC 7363.

Table 5.1

Number of Temporary Jobs And Total Number of Jobs in All Industries in California in the 1990s						
Year		Total Number of Temporary Jobs		Total Number of Jobs In all Industries		Percent of All Jobs That Are Temporary
1991		156,309		12,701,000		1.23
1992		194,826		12,505,100		1.56
1993		177,519		12,407,600		1.43
1994		207,499		12,539,100		1.65
1995		235,906		12,795,700		1.84
1996		265,509		13,151,700		2.02
1997		296,457		13,542,800		2.19
1998		334,272		14,002,300		2.39
% Change 1991 – 1998		113.85		10.25		

The number of temporary jobs has grown tremendously in California in the 1990s (Table 5.1). The number of temporary jobs grew by 113% between 1991 and 1998, from 156,000 jobs to 334,000 jobs. In the same period, the total number of jobs in all industries grew by just 10.25%, from 12.7 million to 14 million jobs. The growth in temporary jobs was more than 10 times the growth in total jobs.

The number of temporary jobs grew by 113% between 1991 and 1998. In the same period, the total number of jobs in all industries grew by just 10.25%.

Temporary employment in the 15 Largest Counties in California

We analyze the trends in the number of temporary jobs for the 15 most populous counties in California for the years 1991 through 1998.²¹ Of California’s 58 counties, these 15 counties account for 83% of the population.

We group these counties by region, so that we form 4 regional groups of counties. The four regional groups and the counties that constitute them are:

- Bay Area - Alameda, Contra Costa, San Francisco, San Mateo and Santa Clara Counties

²¹ See Appendix A for Data Methodology

- Southern California - Los Angeles, Orange, San Diego and Ventura Counties
- Central Valley - Fresno, Kern, Sacramento and San Joaquin Counties
- Inland Empire - Riverside and San Bernardino Counties

Temporary jobs as a percent of total number of jobs in all industries

The following figures show the number of temporary jobs in each county as a percent of total jobs in that county.²² For comparison, we include in each chart the same data for California.

Between 1991 and 1998 eleven of the counties doubled or more than doubled the fraction of total jobs that were temporary.

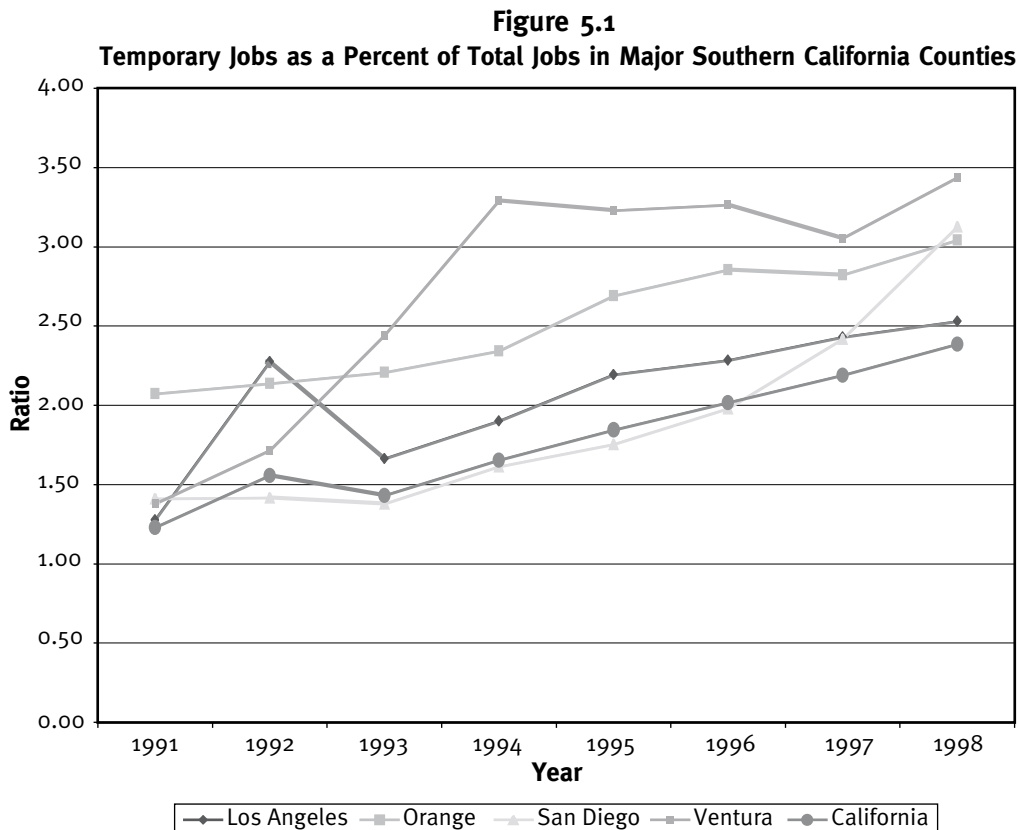
What we see is an almost steady increase in the proportion of temporary jobs in all 15 counties. Between 1991 and 1998 eleven of the counties doubled or more than doubled the fraction of total jobs that were temporary. Riverside County more than tripled the share of temporary jobs, the largest proportionate increase of all the counties in this analysis. San Francisco County experienced the smallest percentage increase, about 27%, in the share of temporary jobs.

Five counties, Los Angeles, Orange, Ventura, Santa Clara, and Contra Costa, consistently had a higher proportion of temporary jobs than California as a whole throughout the 1990s.

Three of the four counties, with the exception of San Diego, have had a higher percentage of temporary jobs than California as a whole during the 1990s. (See Figure 5.1 on the next page.) San Diego surpassed the California average in 1997 after tracking it almost perfectly from 1991 until 1996. By 1998, San Diego had the second highest percentage of temporary jobs among Southern California counties. Ventura County has had the largest percentage of temporary jobs in Southern California since 1993, and it stood at almost 3.5% in 1998, the third highest among all 15 counties in this analysis. In 1998, Los Angeles County had the lowest average among the four Southern California counties (2.5%).

Contra Costa and Santa Clara counties have had a higher percentage of temporary jobs in the 1990s than California as a whole. (See Figure 5.2 on the page 32.) In 1998 Contra Costa and Santa Clara had the highest and the second highest percentage of temporary jobs of the 15 counties in this analysis, respectively. Alameda and San Mateo counties have almost consistently been below the California average, while San Francisco has been below the

²² The data for SIC 7363 are from the establishment survey, in which each establishment reports the number of workers that are placed by them. If a temp worker was placed by 2 agencies, for example, two temporary jobs are reported although it was one person who held them both. Therefore, in order to normalize the data, we report the proportion of temps in relation to the total number of jobs.



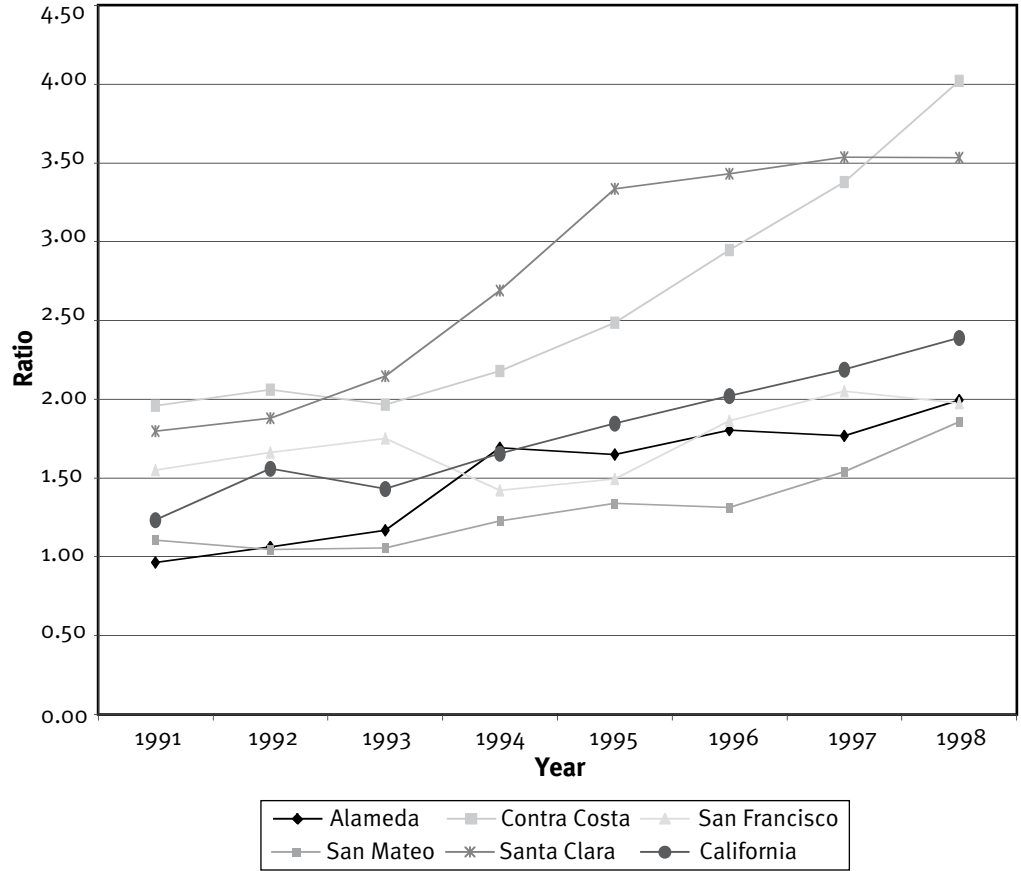
Source: Labor Market Information Division, California Employment Development Department

California average since 1994. Between 1991 and 1998 San Francisco had the slowest rate of growth of temporary jobs, which increased by only 31% in this time period. However, it is significant that in the biggest boom years ever experienced in the area Santa Clara County, the heart of Silicon Valley, has maintained a high percentage of temporary jobs. Temporary jobs accounted for 3.53% of the total number of jobs in the county.

Until 1995 all four counties in this region were below the California average of temporary jobs. (See Figure 5.3 on the page 32.) In 1996 Sacramento experienced a big jump in the percent of temporary jobs, increasing from 1.6% of total jobs in 1995 to 3.1% in 1996. In the Central Valley and in all 15 counties in our analysis Fresno County had the lowest percent of temporary jobs in 1998 at 1.1% of total jobs.

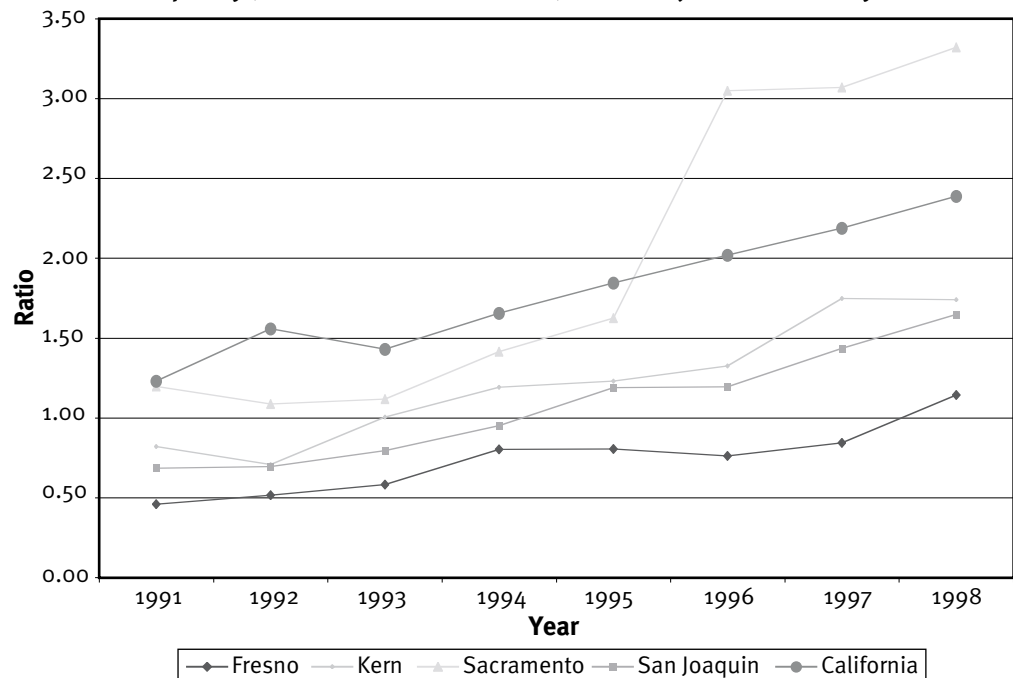
Both Riverside and San Bernardino counties had remained below the California average of temporary jobs until 1998, when San Bernardino County surpassed California. (See Figure 5.4 on the page 33.) While the share of temporary jobs in California was 2.39% in 1998, San Bernardino County's share was 2.71%. In Riverside County the share of temporary jobs in total jobs in the county increased from 0.6% in 1991 to 2.13% in 1998. The number of tempo-

Figure 5.2
Temporary Jobs as a Percent of Total Jobs in Major Bay Area Counties

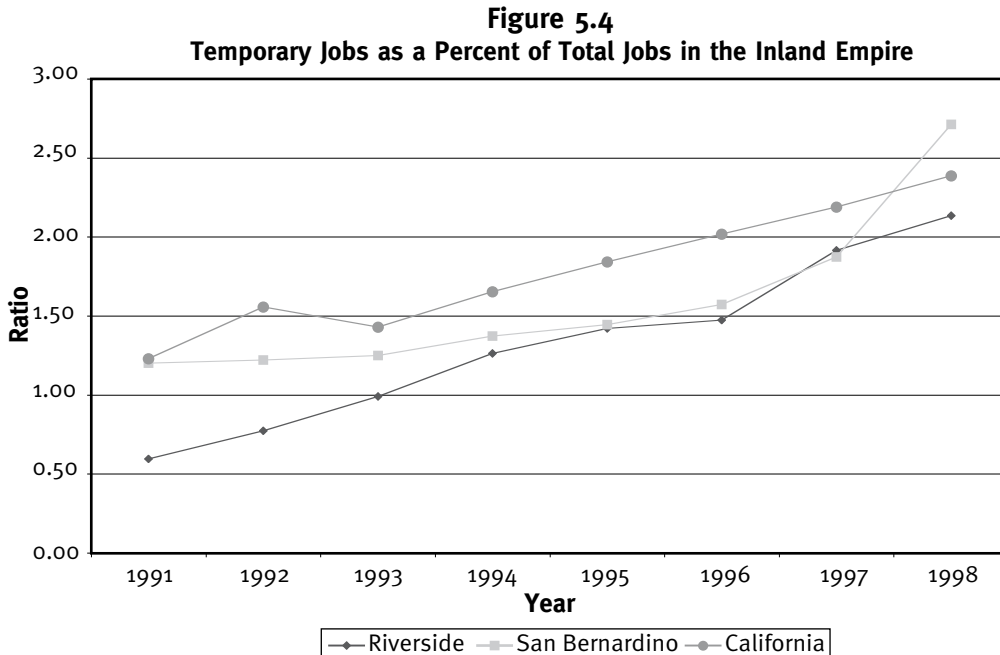


Source: Labor Market Information Division, California Employment Development Department

Figure 5.3
Temporary Jobs as a Percent of Total Jobs in Major Central Valley Counties



Source: Labor Market Information Division, California Employment Development Department



Source: Labor Market Information Division, California Employment Development Department

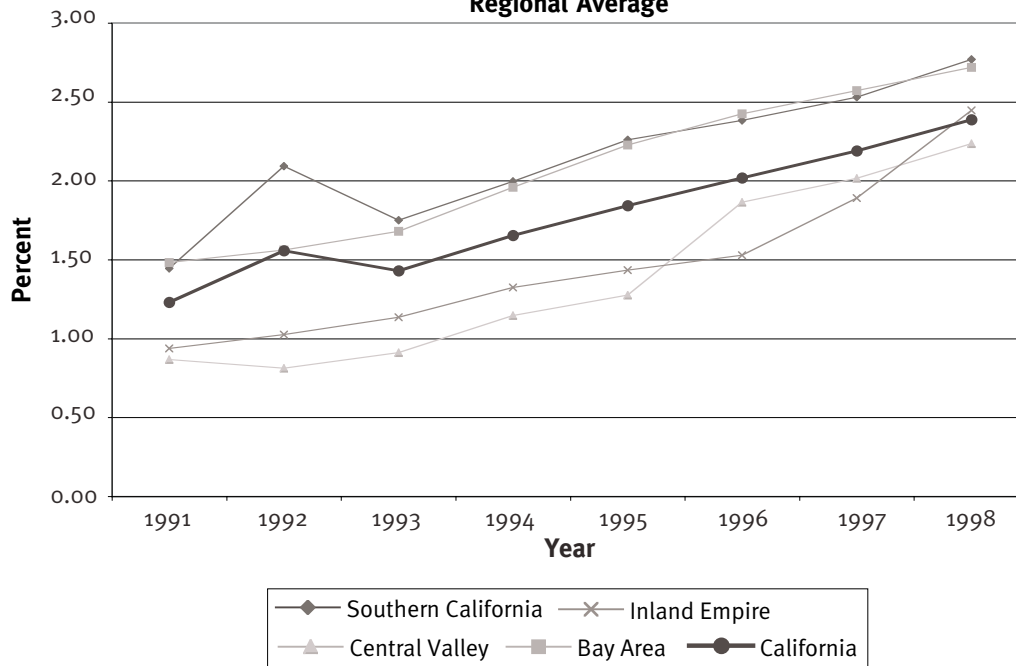
rary jobs increased 4.5 times between 1991 and 1998 in Riverside County.

What is remarkable is that the share of temporary jobs in all counties stayed fairly steady through the recession years of the early 1990s but increased tremendously during the booming mid- and late 1990s. This runs counter to our expectations that the uncertain economic climate during the recession would have spurred the creation of temporary jobs and that the low unemployment rates of the late 1990s would have reduced the supply of workers willing to take on jobs with uncertain duration and few benefits. This is, perhaps, an indication that the share of temporary jobs is not dependent on the business cycle but is part of an ongoing structural change in the way we work.

Looking at the regions as a whole we see that Southern California and the Bay Area had very similar patterns in the share of temporary jobs. (See Figure 5.5 on the next page.) The percentage of temporary jobs has increased almost in tandem from just under 1.5% in 1991 to over 2.7% in 1998 in both these regions. The Southern California counties had almost 2.5 times as many jobs as the Bay Area counties, but they have also had just as many more temporary jobs as the Bay Area counties. The majority of jobs in these regions are in the Service sector, which uses proportionally more temporary workers than the Manufacturing sector. Both regions have also experienced a tremendous economic upturn since 1994, which has spurred the growth of jobs, including temporary jobs.

The other two regions in our study have also had similar growth in temporary

Figure 5.5
Temporary Employment as a Percent of Total Employment in All Industries, Regional Average



Source: Labor Market Information Division, California Employment Development Department

jobs, increasing from under 1% in 1991 to 2.2% in the Central Valley and 2.4% in the Inland Empire. The Central Valley has a large proportion of Agricultural jobs. Farm labor is not included in the same SIC code as temporary help (SIC 7363) and instead is classified under SIC 0761. Since we do not include this industry in our analysis, we may be undercounting the true number of temporary jobs in this region. The average share of temporary jobs in California as a whole falls in the middle of the range of the four regions.

Occupational Projections for Temporary Jobs

The Employment Development Department (EDD) of the State of California produces occupational projections for seven-year periods for all industries, classified by their Standard Industrial Classification (SIC) code, including SIC 7363. We use the latest data available for 4-digit industries for the years 1995-2002 in our analysis. (See Appendix A).

The occupations are classified according to their Occupational Employment Statistics (OES) codes.²³ We have grouped the occupations into seven major occupational categories. These data are provided in the tables below, but we will also discuss finer occupational gradations that are not presented in the report in the interest of brevity.

²³ The Occupational Employment Statistics (OES) program is a survey conducted annually by the Bureau of Labor Statistics that provides estimates of employment and wages for more than 750 non-farm occupations.

The change in the nature of temporary work is apparent when we examine the occupational projections. Clerical and Administrative Support occupations employ the largest number of temporary workers, and those occupations are expected to be the largest users of temporary work in 2002. However, the second largest numerical growth and the fastest rate of growth is expected to be among Production, Construction, and Material Handling occupations. In all 15 counties combined, temporary jobs in Clerical and Administrative Support occupations are expected to increase by 39,740 jobs (or 35%), and Production, Construction and Material Handling jobs are expected to increase by 31,070 jobs (60%) between 1995 and 2002. The third largest numerical growth (11,300 jobs between 1995 and 2002) and third fastest rate of growth (42.7%) in temporary jobs is expected to be in Professional, Paraprofessional and Technical occupations, which include engineers, computer programmers, and nurses. Managerial and Administrative occupations are expected to grow by 55% but that amounts to an increase of just over 2,700 jobs.

In 2002 the largest number of temporary jobs is still expected to be in Clerical and Administrative Support occupations, but a significant share will be taken up by Production, Construction and Material Handling occupations. In 2002 50% of temporary jobs are expected to be in Clerical and Administrative Support occupations, declining from 53% in 1995. Production, Construction and Material Handling occupations are expected to comprise 27% of temporary jobs in the 15 counties, increasing from 24% in 1995; Professional occupations are forecast to hold steady at 12% of temporary jobs. The shift in the share of temporary jobs going to Production occupations is of concern since a large number of those jobs have been well-paying union jobs that provided training and benefits and which are now increasingly filled by temporary workers who will receive lower access to these perks.

The largest number of jobs is expected to be in Clerical and Administrative Support Occupations, with over 95,000 jobs in 2002.

Projections for Major Southern California Counties

In the Southern California counties that we analyze it is foreseen that temporary employment will grow by just over one-third to almost 180,000 jobs in 2002. (See Table 5.2 on the next page.) In this region among all temporary jobs Production, Construction and Material Handling Occupations are expected to be the fastest growing, increasing by almost 50% in the seven-year period between 1995 and 2002. The largest number of jobs is expected to be in Clerical and Administrative Support Occupations, with over 95,000 jobs in 2002.

Table 5.2

EMPLOYMENT PROJECTIONS FOR TEMPORARY JOBS AND ALL JOBS FOR MAJOR SOUTHERN CALIFORNIA COUNTIES				
COUNTY/OCCUPATIONS	1995	2002	Change	% Change
LOS ANGELES				
TEMPORARY JOBS				
Managerial and Administrative	1490	2230	740	49.66
Professional and Technical	8270	11660	3390	40.99
Sales	2380	3440	1060	44.54
Clerical and Administrative Support	49880	66380	16500	33.08
Service	3750	4880	1130	30.13
Agriculture	60	80	20	33.33
Production, Construction and Material Handling	14490	22530	8040	55.49
TOTAL TEMPORARY JOBS	80320	111200	30880	38.45
TOTAL ALL JOBS	3746500	4231800	485300	12.95
TEMPORARY JOBS AS PERCENT OF TOTAL	2.14	2.63		
ORANGE				
TEMPORARY JOBS				
Managerial and Administrative	640	890	250	39.06
Professional and Technical	3510	4460	950	27.07
Sales	910	1200	290	31.87
Clerical and Administrative Support	13020	15240	2220	17.05
Service	1720	2030	310	18.02
Agriculture	30	40	10	33.33
Production, Construction and Material Handling	7200	10060	2860	39.72
TOTAL TEMPORARY JOBS	27030	33920	6890	25.49
TOTAL ALL JOBS	1151700	1322600	170900	14.84
TEMPORARY JOBS AS PERCENT OF TOTAL	2.35	2.56		
SAN DIEGO				
TEMPORARY JOBS				
Managerial and Administrative	530	790	260	49.06
Professional and Technical	2770	3770	1000	36.10
Sales	650	910	260	40.00
Clerical and Administrative Support	7170	9000	1830	25.52
Service	1370	1720	350	25.55
Agriculture	30	30	0	0.00
Production, Construction and Material Handling	5090	7640	2550	50.10
TOTAL TEMPORARY JOBS	17610	23860	6250	35.49
TOTAL ALL JOBS	978600	1155800	177200	18.11
TEMPORARY JOBS AS PERCENT OF TOTAL	1.80	2.06		
VENTURA				
TEMPORARY JOBS				
Managerial and Administrative	160	230	70	43.75
Professional and Technical	940	1250	310	32.98
Sales	200	280	80	40.00
Clerical and Administrative Support	4160	4790	630	15.14
Service	360	420	60	16.67
Agriculture	10	20	10	100.00
Production, Construction and Material Handling	2340	3260	920	39.32
TOTAL TEMPORARY JOBS	8170	10250	2080	25.46
TOTAL ALL JOBS	237300	276600	39300	16.56
TEMPORARY JOBS AS PERCENT OF TOTAL	3.44	3.71		
TOTAL SOUTHERN CALIFORNIA				
TEMPORARY JOBS				
Managerial and Administrative	2820	4140	1320	46.81
Professional and Technical	15490	21140	5650	36.48
Sales	4140	5830	1690	40.82
Clerical and Administrative Support	74210	95370	21160	28.51
Service	7200	9050	1850	25.69
Agriculture	130	170	40	30.77
Production, Construction and Material Handling	29120	43490	14370	49.35
TOTAL TEMPORARY JOBS	133110	179230	46080	34.62
TOTAL ALL JOBS	6114100	6986800	872700	14.27
TEMPORARY JOBS AS PERCENT OF TOTAL	2.18	2.57		

Source: Labor Market Information Division, California Employment Development Department

The faster growing “blue-collar” occupations within the Production, Construction and Material Handling Occupations are expected to be Machine Setters and Operators. Numerically, the largest group of workers in the Production, Construction and Material Handling Occupations in 1995 was that of Helpers, Laborers and Material Movers, which includes construction helpers and freight movers.

Los Angeles County is expected to experience the fastest rate of growth in temporary jobs among all Southern California counties. Production, Construction, and Material Handling occupations are expected to grow the fastest by 55.49% in between 1995 and 2002. But Managerial and Administrative occupations are expected to experience close to a 50% rate of growth. These occupations require work experience and a bachelor’s degree or higher level of education, but are still expected to have an increasing number of temporary workers.

In Orange County, Clerical and Administrative Support occupations are expected to have a slow rate of growth (17.05%) and the largest growth is expected in Production, Construction and Material Handling occupations.

In San Diego County there is an expected 35% growth between 1995 and 2002 in all temporary jobs. The highest growth rate (50%) is expected to be in the Production, Construction and Material Handling occupations, which will grow to 7,650 jobs in 2002. A greater than 50% growth is expected in occupations that require a Bachelor’s degree, such as Electronic and Electrical Engineers, Computer Engineers, Computer Programmers, Systems Analysts, and Managers and Administrators.

Ventura County is expected to experience the slowest rate of growth in temporary jobs. While Managerial and Administrative occupations are predicted to grow the fastest, the largest numerical growth is foreseen in Production, Construction and Material Handling occupations.

Projections for the Bay Area

In the Bay Area counties that we analyze in this report Clerical and Administrative Support occupations had the highest employment among all temporary jobs in 1995, and it is expected to remain the largest occupational group in 2002. (See Table 5.3 on the next page.) This occupation is expected to grow by more than 50%, but the highest rate of growth is expected to be in Production, Construction and Material Handling Occupations, which is expected to grow by almost 82%, to 25,870 jobs in 2002. Each occupation

Table 5.3

EMPLOYMENT PROJECTIONS FOR TEMPORARY JOBS AND ALL JOBS FOR MAJOR BAY AREA COUNTIES				
COUNTY/OCCUPATIONS	1995	2002	Change	% Change
ALAMEDA				
TEMPORARY JOBS				
Managerial and Administrative	230	300	70	30.43
Professional and Technical	1430	1660	230	16.08
Sales	400	480	80	20.00
Clerical and Administrative Support	4520	4820	300	6.64
Service	730	800	70	9.59
Agriculture	10	20	10	100.00
Production, Construction and Material Handling	2530	3290	760	30.04
TOTAL TEMPORARY JOBS	9850	11370	1520	15.43
TOTAL ALL JOBS	605800	668500	62700	10.35
TEMPORARY JOBS AS PERCENT OF TOTAL	1.63	1.70		
CONTRA COSTA				
TEMPORARY JOBS				
Managerial and Administrative	210	400	190	90.48
Professional and Technical	1050	1750	700	66.67
Sales	310	560	250	80.65
Clerical and Administrative Support	3270	5350	2080	63.61
Service	600	1040	440	73.33
Agriculture	10	20	10	100.00
Production, Construction and Material Handling	1980	3870	1890	95.45
TOTAL TEMPORARY JOBS	7430	12990	5560	74.83
TOTAL ALL JOBS	291700	354100	62400	21.39
TEMPORARY JOBS AS PERCENT OF TOTAL	2.55	3.67		
SANTA CLARA				
TEMPORARY JOBS				
Managerial and Administrative	480	860	380	79.17
Professional and Technical	2880	4810	1930	67.01
Sales	810	1390	580	71.60
Clerical and Administrative Support	15740	24020	8280	52.60
Service	1160	1770	610	52.59
Agriculture	20	40	20	100.00
Production, Construction and Material Handling	6670	12180	5510	82.61
TOTAL TEMPORARY JOBS	27760	45070	17310	62.35
TOTAL ALL JOBS	831900	1025300	193400	23.25
TEMPORARY JOBS AS PERCENT OF TOTAL	3.34	4.40		
SAN FRANCISCO				
TEMPORARY JOBS				
Managerial and Administrative	200	480	280	140.00
Professional and Technical	870	2090	1220	140.23
Sales	240	590	350	145.83
Clerical and Administrative Support	3420	7120	3700	108.19
Service	550	1230	680	123.64
Agriculture	10	20	10	100.00
Production, Construction and Material Handling	2000	4860	2860	143.00
TOTAL TEMPORARY JOBS	7290	16390	9100	124.82
TOTAL ALL JOBS	513300	564400	51100	9.96
TEMPORARY JOBS AS PERCENT OF TOTAL	1.42	2.90		

Table 5.3 continued on the next page

group is expected to grow by more than 50% between 1995 and 2002.

In the Clerical and Administrative Support Occupations the largest occupation in all counties is that of Secretarial and General Office Occupations (not shown in the tables in this paper). The number of temporary workers in Manager and

Table 5.3 continued

EMPLOYMENT PROJECTIONS FOR TEMPORARY JOBS AND ALL JOBS FOR MAJOR BAY AREA COUNTIES				
COUNTY/OCCUPATIONS	1995	2002	Change	% Change
SAN MATEO				
TEMPORARY JOBS				
Managerial and Administrative	160	240	80	50.00
Professional and Technical	600	870	270	45.00
Sales	170	290	120	70.59
Clerical and Administrative Support	1800	2430	630	35.00
Service	450	720	270	60.00
Agriculture	10	10	0	0.00
Production, Construction and Material Handling	1040	1670	630	60.58
TOTAL TEMPORARY JOBS	4230	6230	2000	47.28
TOTAL ALL JOBS	303100	351700	48600	16.03
TEMPORARY JOBS AS PERCENT OF TOTAL	1.40	1.77		
TOTAL SILICON VALLEY				
TEMPORARY JOBS				
Managerial and Administrative	1280	2280	1000	78.13
Professional and Technical	6830	11180	4350	63.69
Sales	1930	3310	1380	71.50
Clerical and Administrative Support	28750	43740	14990	52.14
Service	3490	5560	2070	59.31
Agriculture	60	110	50	83.33
Production, Construction and Material Handling	14220	25870	11650	81.93
TOTAL TEMPORARY JOBS	56560	92050	35490	62.75
TOTAL ALL JOBS	2545800	2964000	418200	16.43
TEMPORARY JOBS AS PERCENT OF TOTAL	2.22	3.11		

Source: Labor Market Information Division, California Employment Development Department

Supervisor Occupations is expected to grow by more than 60% in all of the major occupational groups, except in the Agricultural Occupations group. Among the other occupations that are expected to grow substantially are the computer-related occupations that include programmers and systems analysts. This group is expected to grow by 128% between 1995 and 2002. What we are seeing is the expected rise in professional and technical occupations, which are higher paying than the clerical occupations that are predominant in temporary jobs.

The largest growth in temporary jobs within the Production, Construction and Material Handling Occupations will be seen in occupations of First-Line Supervisors and Managers, while the occupation of Machine Setters, Operators and Tenders is expected to almost double in number. Most of these occupations have traditionally been union jobs, where pay has been high with health and retirement benefits. The rise of temporary jobs in this area, with its uncertainties and lower pay, is beginning a race to the bottom in these occupations as well.

Alameda County is expected to have the slowest rate of growth in temporary jobs among the 15 counties in our analysis. It is not expected to experience significantly greater than 30% growth in any occupation.

Table 5.4

EMPLOYMENT PROJECTIONS FOR TEMPORARY JOBS AND ALL JOBS FOR MAJOR CENTRAL VALLEY COUNTIES				
COUNTY/OCCUPATIONS	1995	2002	Change	% Change
FRESNO				
TEMPORARY JOBS				
Managerial and Administrative	80	110	30	37.50
Professional and Technical	390	490	100	25.64
Sales	80	110	30	37.50
Clerical and Administrative Support	980	1220	240	24.49
Service	170	190	20	11.76
Agriculture	0	0	0	—
Production, Construction and Material Handling	1050	1460	410	39.05
TOTAL TEMPORARY JOBS	2750	3580	830	30.18
TOTAL ALL JOBS	243500	273150	29650	12.18
TEMPORARY JOBS AS PERCENT OF TOTAL	1.13	1.31		
KERN				
TEMPORARY JOBS				
Managerial and Administrative	90	120	30	33.33
Professional and Technical	450	610	160	35.56
Sales	120	140	20	16.67
Clerical and Administrative Support	1150	1490	340	29.57
Service	220	280	60	27.27
Agriculture	0	0	0	—
Production, Construction and Material Handling	640	1010	370	57.81
TOTAL TEMPORARY JOBS	2670	3650	980	36.70
TOTAL ALL JOBS	172800	201100	28300	16.38
TEMPORARY JOBS AS PERCENT OF TOTAL	1.55	1.82		
SACRAMENTO				
TEMPORARY JOBS				
Managerial and Administrative	210	270	60	28.57
Professional and Technical	1220	1490	270	22.13
Sales	300	380	80	26.67
Clerical and Administrative Support	3350	3830	480	14.33
Service	560	640	80	14.29
Agriculture	10	10	0	—
Production, Construction and Material Handling	3040	4230	1190	39.14
TOTAL TEMPORARY JOBS	8690	10850	2160	24.86
TOTAL ALL JOBS	479100	561100	82000	17.12
TEMPORARY JOBS AS PERCENT OF TOTAL	1.81	1.93		
SAN JOAQUIN				
TEMPORARY JOBS				
Managerial and Administrative	70	100	30	42.86
Professional and Technical	360	420	60	16.67
Sales	60	80	20	33.33
Clerical and Administrative Support	820	1030	210	25.61
Service	240	300	60	25.00
Agriculture	0	0	0	—
Production, Construction and Material Handling	740	1050	310	41.89
TOTAL TEMPORARY JOBS	2290	2980	690	30.13
TOTAL ALL JOBS	160300	190200	29900	18.65
TEMPORARY JOBS AS PERCENT OF TOTAL	1.43	1.57		
TOTAL CENTRAL VALLEY				
TEMPORARY JOBS				
Managerial and Administrative	450	600	150	33.33
Professional and Technical	2420	3010	590	24.38
Sales	560	710	150	26.79
Clerical and Administrative Support	6300	7570	1270	20.16
Service	1190	1410	220	18.49
Agriculture	10	10	0	—
Production, Construction and Material Handling	5470	7750	2280	41.68
TOTAL TEMPORARY JOBS	16400	21060	4660	28.41
TOTAL ALL JOBS	1055700	1225550	169850	16.09
TEMPORARY JOBS AS PERCENT OF TOTAL	1.55	1.72		

Source: Labor Market Information Division, California Employment Development Department

Contra Costa County is predicted to have an additional 1,890 temporary jobs in Production, Construction and Material Handling occupations, while Managerial and Administrative occupations are expected to grow by 90% or 190 additional temp jobs.

Santa Clara County, the heart of Silicon Valley, is forecast to have a high rate of growth in Production, Construction and Material Handling occupations which are expected to increase by 5,510 jobs. A large number of temporary jobs are also forecast in Professional and Technical occupations. Of the 1,930 additional temporary jobs forecast in these occupations, 730 are in Engineering and Related occupations, which includes Computer Engineers and Electrical and Electronic Technicians.

San Francisco County is forecast to have the fastest rate of growth in temporary jobs among the 15 counties in our analysis. With a growth of 9,100 jobs, the number of temporary jobs is expected to more than double between 1995 and 2002. Every occupational category is expected to double or more than double in number. While Clerical and Administrative Support occupations are expected to have the largest numerical growth (3,700 new temp jobs), Production, Construction and Material Handling occupations are expected to grow significantly, adding 2,860 new temporary jobs.

San Mateo County is predicted to have a more modest growth rate of 47.28%, with Sales occupations expected to have the fastest growth. Production, Construction and Material Handling occupations, along with Clerical and Administrative Support occupations, are predicted to have the largest numerical growth.

Projections for Major Central Valley Counties

Among the four regions in our study the slowest overall growth in temporary employment is expected in these four Central Valley counties, with a growth rate of 28% between 1995 and 2002. (See Table 5.4 on the previous page.) The fastest growth among temporary jobs is expected in Production, Construction and Material Handling Occupations, which is also numerically expected to be the largest occupational groups in 2002.

All the occupations within the Production, Construction and Material Handling Occupations group are expected to grow by over 25%, with the Managers and Supervisors occupations expected to double and Machine Setters and Operators expected to grow by more than 75%.

San Francisco County is forecast to have the fastest rate of growth in temporary jobs among the 15 counties in our analysis.

Table 5.5

EMPLOYMENT PROJECTIONS FOR TEMPORARY JOBS AND ALL JOBS FOR THE INLAND EMPIRE				
COUNTY/OCCUPATIONS	1995	2002	Change	% Change
RIVERSIDE				
TEMPORARY JOBS				
Managerial and Administrative	160	260	100	62.50
Professional and Technical	780	1250	470	60.26
Sales	190	310	120	63.16
Clerical and Administrative Support	2040	3030	990	48.53
Service	370	550	180	48.65
Agriculture	10	10	0	0.00
Production, Construction and Material Handling	1460	2700	1240	84.93
TOTAL TEMPORARY JOBS	5010	8110	3100	61.88
TOTAL ALL JOBS	338000	418100	80100	23.70
TEMPORARY JOBS AS PERCENT OF TOTAL	1.48	1.94		
SAN BERNARDINO				
TEMPORARY JOBS				
Managerial and Administrative	210	360	150	71.43
Professional and Technical	760	1160	400	52.63
Sales	250	430	180	72.00
Clerical and Administrative Support	2600	3930	1330	51.15
Service	530	770	240	45.28
Agriculture	10	20	10	100.00
Production, Construction and Material Handling	1870	3400	1530	81.82
TOTAL TEMPORARY JOBS	6230	10070	3840	61.64
TOTAL ALL JOBS	441900	537280	95380	21.58
TEMPORARY JOBS AS PERCENT OF TOTAL	1.41	1.87		
TOTAL INLAND EMPIRE				
TEMPORARY JOBS				
Managerial and Administrative	370	620	250	67.57
Professional and Technical	1540	2410	870	56.49
Sales	440	740	300	68.18
Clerical and Administrative Support	4640	6960	2320	50.00
Service	900	1320	420	46.67
Agriculture	20	30	10	50.00
Production, Construction and Material Handling	3330	6100	2770	83.18
TOTAL TEMPORARY JOBS	11240	18180	6940	61.74
TOTAL ALL JOBS	779900	955380	175480	22.50
TEMPORARY JOBS AS PERCENT OF TOTAL	1.44	1.90		

Source: Labor Market Information Division, California Employment Development Department

Table 5.6

TOTAL GROWTH IN TEMPORARY JOBS IN CALIFORNIA'S TOP 15 COUNTIES				
	1995	2002	Change	%Change
OCCUPATION				
Managerial and Administrative	4,920	7,640	2,720	55.28
Professional, Paraprofessional, and Technical	26,440	37,740	11,300	42.74
Sales and Related	7,070	10,590	3,520	49.79
Clerical and Administrative Support	113,900	153,640	39,740	34.89
Service	12,780	17,340	4,560	35.68
Agricultural, Forestry, Fishing, and Related	220	320	100	45.45
Production, Construction, and Material Handling	52,140	83,210	31,070	59.59
TOTAL ALL OCCUPATIONS	214,640	306,830	92,190	42.95

Source: Labor Market Information Division, California Employment Development Department

Fresno County is predicted to have an additional 830 temporary jobs in 2002, with the largest growth predicted in Production, Construction and Material Handling occupations.

Kern County is also expected to have the greatest numerical growth in Production, Construction and Material Handling occupations, with Clerical and Administrative Support occupations a close second.

Sacramento County, which experienced a surge in temporary jobs in 1998, is expected to have just under a 25% growth in temporary jobs between 1995 and 2002. By far the largest growth is forecast for Production, Construction and Material Handling occupations.

San Joaquin County is expected to have an additional 690 temporary jobs, with 45% of these in Production, Construction and Material Handling occupations.

Projections for the Inland Empire

In this region Production, Construction and Material Handling occupations again are expected to grow the fastest among all temporary jobs by over 80% between 1995 and 2002. (See Table 5.5 on the previous page.) With the exception of Service Occupations all other occupational groups are expected to grow by more than 50%.

15 largest counties in California are expected to experience a 42.95% growth in temporary jobs.

Numerically, the Helpers and Laborers are the largest “blue-collar” group, expected to grow by 82% to about 3500 in 2002. All occupations in the Production, Construction and Material Handling Occupations are expected to grow by over 70%. This region is expected to see an increase in the Engineering and Computer-related professional occupations as well.

Of the 3,100 new temporary jobs expected in Riverside County in 2002, 1,240 will be in Production, Construction and Material Handling occupations.

In San Bernardino County, Production, Construction and Material Handling occupations are forecast to have the largest growth, with Clerical and Administrative occupations a close second.

Projected Total Growth in all Occupations in all 15 Counties

Overall the 15 largest counties in California are expected to experience a 42.95% growth in temporary jobs. (See Table 5.6 on the previous page.) The largest percentage growth, almost 60%, is expected to be in Production, Construction and Material Handling Occupations. Surprisingly, the second fastest growth of 55% is expected in the relatively high-skilled Managerial and

Administrative Occupations. Clerical and Administrative Support Occupations are still expected to have the largest number of temporary jobs, with over 153,000 in 2002.

Projected Total Percent Change in Temporary Jobs

As the table shows there is a wide range in the expected rate of growth in temporary jobs. San Francisco County, 2% of whose total number of jobs was temporary jobs in 1998, is expected to have the fastest growth in temporary jobs by 2002. It is expected to more than double the number of temporary jobs between 1995 and 2002. Alameda County, 2% of whose jobs were also temporary in 1998, is predicted to have the slowest growth in the total number of temporary jobs. Three of the top five counties with the fastest expected rate of growth in temporary jobs are in the Bay Area. The other two counties in the top five are the Inland Empire counties of Riverside and San Bernardino.

Table 5.7

Percent Increase in Temporary Jobs Between 1995 and 2002, By County	
County	Percent Increase
Alameda	15.43
Sacramento	24.86
Ventura	25.46
Orange	25.49
San Joaquin	30.13
Fresno	30.18
San Diego	35.49
Kern	36.70
Los Angeles	38.45
San Mateo	47.28
San Bernardino	61.64
Riverside	61.88
Santa Clara	62.35
Contra Costa	74.83
San Francisco	124.82

Source: Labor Market Information Division, California Employment Development Department

Current Numbers and Projections

We compared the projections that were made for these counties to the employment numbers in March 1999. (See Table 5.8 on the next page.) The results show that in more than half the counties in our analysis the projections for 2002 had been exceeded by March 1999. For example, San Bernardino County had been expected to have about 10,000 temporary jobs in 2002. However, the number of jobs in this industry as early as March 1999 was at 19,000. San Diego County also exceeded employment expectations by 29%. It had been expected to have 23,860 temporary jobs in 2002, but in 1999 there were 33,794. By March 1999, all 15 counties together had exceeded the number of temporary jobs that they had been expected to have in 2002 by almost 19,000 jobs.

Table 5.8

NUMBER OF ACTUAL AND PROJECTED TEMPORARY JOBS IN MAJOR CALIFORNIA COUNTIES			
Region	2002 (projected)	March, 1999	Actual - Projected
Bay Area	85820	83959	-1861
Alameda	11370	15353	3983
Contra Costa	12990	12451	-539
San Francisco	16390	12883	-3507
San Mateo	0	9056	9056
Santa Clara	45070	34216	-10854
Southern California	179230	188052	8822
Los Angeles	111200	104216	-6984
Orange	33920	40781	6861
San Diego	23860	33794	9934
Ventura	10250	9261	-989
Central Valley	21060	29336	8276
Fresno	3580	3959	379
Kern	3650	3484	-166
Sacramento	10850	17551	6701
San Joaquin	2980	4342	1362
Inland Empire	18180	27833	9653
Riverside	8110	8799	689
San Bernardino	10070	19034	8964

Source: Labor Market Information Division, California Employment Development Department

The projections for 2002 were based on employment numbers in 1995 and on past rates of growth. We believe that the forecasters had not expected the tremendous growth in the number of temporary jobs that has occurred since 1995. We do not expect a decline in temporary employment to match the forecasts for 2002. On the contrary, based on the number of temporary jobs in existence in March 1999, we believe that the 2002 numbers are an underestimate and that all 15 counties will match or exceed their expected number of temporary jobs in 2002.

VI Discussion

The data presented above show that temporary employment is on the rise in all regions of California. It also shows that temporary workers earn less than their permanent counterparts and receive far fewer benefits. Temporary employment is expected to grow and cover occupations such as Managerial, Professional and Construction occupations.

The stereotype of a temporary worker – a married woman with children working to fill time and make a little “pin money” – is no longer true. While the largest number of temporary workers are in Clerical and Administrative Support occupations, there are a substantial number in Production and Construction occupations, where the fastest growth is expected to occur. Even the high-skilled Managerial and Administrative occupations are expected to experience a high rate of growth.

In the United States, while 30% of temporary workers preferred this work arrangement, the vast majority wants permanent jobs with secure futures. As companies increasingly come to rely on a flexible, and therefore expendable, workforce to weather the vagaries of the business cycle and international trade, it becomes clear that workers also need protection to weather the uncertainties that accompany the growth of non-standard work.

Employment laws at the federal and state level across the United States are currently based upon, and regulate, standard work arrangements - permanent jobs between a clearly defined employer and employee.

The vast majority of existing employment and benefits laws are structured to allow temp agencies, leasing firms and other intermediaries to shield their clients (the employers) from employment-related taxes, costs and rules such as unemployment insurance, occupational health and safety requirements and health care benefits. In the process they create greater instability and uncertainty for workers.

Shifting relationships between employees and employers and the ability of workers in non-standard work to be treated differently with respect to benefits and wages promotes misclassification and reclassification of workers to the least costly option for employers and the most insecure for workers.

The dramatic growth of non-standard work – from temp agencies to independ-

The stereotype of a temporary worker – a married woman with children working to fill time and make a little “pin money” – is no longer true.

ent contracting and subcontracting – requires a broad rethinking of employment law at all levels of government and employment practices in American business and government. Our laws and benefits must change as the structure of work changes for American workers and businesses.

Solutions and Recommendations

A new movement is beginning to address this fundamental restructuring of work and employment. Legislative, organizing, research and institution-building initiatives are developing new ways to create economic and career security for workers in an increasingly insecure workplace.

These solutions are not aiming to eliminate the use of temporary and contingent work, but rather to prevent the mistreatment of non-standard workers and to restitch the fabric of employment and benefit law for the new American workplace. These initiatives are addressing all aspects of the growth of non-standard work – including the misclassification of permanent employees as independent contractors, arresting the growth of perma-temps and ending discrimination of non-standard workers.

As illustration, we describe a few avenues that are being explored around the country to address the growth of temporary and other non-standard work. A more complete list of policy initiatives is available from the National Employment Law Project (www.nelp.org.)

1. Review impact of existing laws on non-standard workers and recommend changes in the law.

A number of states (Rhode Island, North Carolina, New Hampshire and Maine) have passed or are considering passage (Washington) of laws requiring studies of the impact of the shift to non-standard work on workers, families and regional economies.

These studies evaluate wages, benefits and other workplace protections available to contingent workers relative to the wages, benefits and protections for regular, full-time workers.

These studies identify potential reforms of state and federal employment and benefit laws to provide greater security for workers.

2. Extend all workplace rights to non-standard workers.

Different categories of contingent workers (i.e. temporary and leased workers, part-time, independent contractors) are treated differently under state

and federal employment laws such as the Fair Labor Standards Act (FLSA), Family Medical Leave Act (FMLA), and unemployment and workers compensation laws.

For example, under the Employee Retirement Income Security Act (ERISA) of 1974, temporary workers can be denied company benefits since they are not included in its definition of “employees.” Tightening these rules will ensure that a company does not “payroll” its employees so as to get out of its obligation to provide benefits to them.

Several states have made it hard for temps to qualify for Unemployment Insurance (UI) by placing restrictions on their eligibility. In fact, starting work as a temp seems to keep them in a permanent loop of temping and unable to break into permanent employment. Loosening eligibility for UI can make permanent employment easier to obtain by giving workers the flexibility to quit working as temps while they search for full-time jobs.

3. Ensure equal treatment of temporary and contingent workers.

As our research has shown, temps earn less and receive fewer health and pension benefits than regular workers with similar personal and job characteristics. Equal treatment policies require that temporary and contingent workers be paid the same wages, offered the same benefits and have the same workplace protections as traditional, full-time workers doing the same job at that worksite.

For example, the Massachusetts Workplace Equity Act prohibits discrimination in wages between full-time and part-time workers regardless of whether or not either the jobs or workers are permanent or contingent.

4. Right to Know for Temp Workers.

Temp agencies charge wage markups and client fees for the workers they place with employers. They also charge ‘conversion fees’ to client companies and temporary workers if the worker ‘converts’ to a permanent employee. These conversion fees can create disincentives for employers to promote temporary workers to permanent status.

Right-to-Know policies would require temp agencies to disclose wage rates, client rates and conversion fees to temporary workers so they can choose temporary agencies that provide the greatest opportunities for wages, benefits and career advancement.

Equal treatment policies require that temporary and contingent workers be paid the same wages, offered the same benefits and have the same workplace protections as traditional, full-time workers doing the same job at that worksite.

For example, Rhode Island passed the Temporary Employee Protection Act which requires temporary agencies to provide written notice of job descriptions, pay rates and work schedules to their temporary workers.

5. Use public dollars to create secure jobs with benefits.

Taxpayer dollars, through direct hiring of public employees, contracting for services or economic development incentives create large numbers of jobs at the local, state and national level. The jobs created with taxpayer dollars should be full-time, permanent jobs with full benefits.

State and local governments are increasingly attaching job quality standards to the use of public dollars. Public agencies should establish policies to prevent displacement of permanent positions with temporary workers, require equal wage and benefit rates between temporary and permanent employees and limit the use of 'perma-temps.'

Public agencies should establish policies to prevent displacement of permanent positions with temporary workers.

For example, the Massachusetts Workplace Equity Act includes standards to guide public agencies in their practices towards temporary and other types of non-standard workers. The Bill puts a cap on the percentage of non-standard jobs and on the percentage of payroll that can be used to hire workers for non-standard jobs by any contractor who receives more than \$25,000 per year in funding or contracts from the Commonwealth of Massachusetts.

6. Establish Codes of Conduct for temporary agencies.

Having temporary help agencies abide by a set of rules in conducting their business will ensure that common abuses do not occur. The National Alliance for Fair Employment (NAFFE), an alliance of organizations that focus attention on contingent work, lists a code of conduct for temp agencies (www.fairjobs.org).

The Bergen Employment Action Project (Bergen County, New Jersey Labor Council) has created 24 principles of fair practice by temporary help agencies. It also provides potential temporary workers with its Consumer Guide to Best Practices Temp Agencies. The guide educates workers on law and their rights and also provides a code of ethics for temps. In addition, it lists the temp agencies that meet the Best Practice standards and provide the most support and stability to their workers. The wide distribution of this guide has put the pressure on temporary agencies to meet the Best Practices standards.

7. Create non-profit and worker-centered agencies.

Union hiring halls in seasonal or “project-based” industries such as construction or hotels have developed mechanisms to provide worker security, training and decent wages and benefits in inherently insecure jobs.

They have created employment intermediaries that can help meet needs of both workers and employers. While they offer stable employer-paid benefits and multi-employer job opportunities to workers, they also provide trained, experienced workers to employers with seasonal or temporary needs.

In addition, a new generation of non-profit temporary agencies is setting new standards for paying living wages, providing portable benefits and occupational training to expand opportunities for workers.

For example, Working Partnerships Staffing Service is a non-profit temporary help agency run by Working Partnerships USA in San Jose, California. Focusing on clerical workers, this agency provides placements at a minimum of \$10 per hour and also makes health insurance available to the worker. The agency partners with a local community college to provide training to the workers who are in need of the necessary skills. The agency also has a Code of Conduct that it abides by and asks employers to sign for the hiring of temporary workers. These best practices followed by the temporary agency will help it attract and retain a high caliber of workers.

California Policy Recommendations

We make four recommendations for California policy makers specifically aimed at the rapid growth of temporary work in the state.

1. Study the impact of and review all employment, benefit and workplace law

California should charge the appropriate state agencies with the task of studying the changing structure of work in California and reviewing all California employment, workplace and benefit laws and regulations to determine those that should be updated to address economic security and career development issues for contingent workers.

2. Establish standards for public dollars to create permanent jobs

Recently the Employment Training Panel (ETP), a state agency responsible for disbursing ETP funds for employer-specific job training programs, was asked to lift existing agency limits on granting temporary agencies state job training funds. ETP, at a September 2000 meeting in San Diego, rejected the proposal by

temporary agencies to lift the limit, opting instead for investing public training dollars on supporting employers that are providing permanent jobs.

We urge the State of California and public bodies across the state to establish standards for all public spending in the use of temporary and contingent workers. These standards would apply to public agencies and contractors doing business with (or receiving grants from) local or state agencies and include:

- Limits on the number and tenure of temporary workers
- Wage and benefit parity for all temporary and contingent workers
- Minimum wage and benefit standards for temporary and contingent workers
- Protections against the displacement of permanent jobs with temporary jobs
- Codes of conduct for temporary help agencies

3. Establish equal pay and benefits for non-standard workers

California should require equal pay and benefits for temporary and contingent workers doing the same work as permanent employees.

4. Disclosure and accountability

California should require labor market intermediaries such as temporary and leasing agencies to disclose payment rates, client rates, conversion fees, training programs and tenure statistics for agency employees.

These policies represent some efforts to deal with temporary work. In addition, we support the development of similar policies that will address worker insecurity in other forms of contingent labor such as independent contractors, sub-contracted work and employee leasing.

This report has demonstrated that the structure of work is changing rapidly and that it limits opportunity for many working people. An equally rapid and vigorous response will ensure that vibrant economic growth will be accompanied by greater security and prosperity for California's working families.

VII Appendix A

Data Methodology

Temporary Workers in California

The Contingent Workers Supplement to the Current Population Surveys does not provide a sufficiently large sample size for California. In order to develop a snap-shot of temporary workers in this state, we combined the CPS Outgoing Rotation Group (CPS-ORG) files for the years 1997, 1998 and 1999. The CPS Contingent Workers Supplement asked respondents to identify the type of work arrangement in which they belonged. However, this is not possible to do with the CPS sample. Instead, respondents identify the industry in which they are employed, identified by an Industry Code. The CPS classifies the Temporary Help Supply industry under the broader industry classification, Personnel Supply Services, which includes other Employment Agencies and Executive Placement Services as well as Temporary Help Agencies and Leasing Companies. The Industry Code 731 corresponds to the Standard Industrial Classification (SIC) code 736, which is used by state agencies as well as other federal agencies, such as the Bureau of Commerce, to classify industries. Temporary Help Supply agencies are classified under SIC 7363, along with employee leasing services, labor pools, fashion show model supply services, and office help supply services, among others.¹ The Census Bureau's statistics show that about 89% of those employed in Personnel Supply Services (SIC 736) were employed in the Temporary Help Supply Industry (SIC 7363). Therefore, data from CPS's industry 731 will primarily cover Temporary Help Agency workers. There is no reliable method to separate those employed by temporary help supply agencies from those employed in other types of personnel supply agencies under the same SIC code. Therefore, we use the entire sample in SIC 7363 for our analysis. We believe that using SIC 7363 to represent temporary workers is legitimate, since all the employment arrangements in SIC 7363 are temporary in nature.

Temporary Employment in the 15 Largest Counties in California

Data for each county was obtained from the Labor Market Information Division (LMID) of the California Employment Development Department (EDD) for the years 1991-1998. The data are classified by Standard

¹ Temporary Help Supply Services was classified under SIC 7362. It was merged into SIC 7363 in 1990.

Industrial Classification (SIC) codes. The Temporary Help Supply industry is classified under SIC 7363.

In the employment data provided online by the Labor Market Information Division, five counties were missing data on Total Employment in All Industries between 1991 and 1993. We filled in the missing numbers using a technique suggested by a consultant at the Labor Market Information Division. The Total Employment in All Industries was missing in 5 counties because they did not report Total Farm Employment data. However, this data was available for the PMSAs of which these counties were a part. For example, Total Employment was missing for Alameda and Contra Costa Counties for 1991 and 1992 because there was no data on Total Farm Employment. However, the Oakland PMSA, which comprises these two counties, reported Total Farm Employment for the missing years. We extrapolated the Total Farm Employment for Alameda and Contra Costa counties by assuming that each county's share of the Oakland PMSA's Farm Employment was the same in 1991 and 1992 as it was in 1993. Once we extrapolated the Farm Employment for each county with the missing data, we added it to the Total Non-Farm Employment to arrive at the Total Employment in All Industries. We rounded the numbers to the nearest 100 for consistency with LMID's data.

Occupational Projections for Temporary Jobs

The Employment Development Department (EDD) of the State of California produces occupational projections for seven-year periods for all industries, classified by their Standard Industrial Classification (SIC) code. The projections have been made by 4-digit SIC code for these industries. For example, the EDD uses occupational employment data that they have benchmarked for the year 1994 and apply forecasting models to project staffing patterns seven years hence, i.e., for the year 2001. However, the Bureau of Labor Statistics (BLS), which coordinates these efforts between all the states, has recently decided to produce estimates only for 3-digit industries. The current projections that are available for 1997-2004 only identify 3-digit industries, i.e., the data were available only for SIC 736, Personnel Supply Services. Although SIC 7363 is the dominant industry within SIC 736, we believed that it was more important to precisely identify the industry than to have greater currency of data. Therefore, we used the latest data available for 4-digit industries, for the years 1995-2002, in our analysis.

Current numbers and Projections

One word of caution on the comparability of the current employment data and the projections: current employment data are rounded to the nearest 100, while the occupational projections are rounded to the nearest 10. The comparability of these sets of rounded numbers should matter only on the margins and any errors that come from rounding should not matter at the county level.

VIII Appendix B

Types of Employment Agencies

- ***Temporary help supply companies***

Temporary help agencies are businesses that recruit, screen and dispatch workers, receiving privately controlled revenue in return. They “recruit” workers who can perform a variety of tasks and then sell their services for a fee.

These firms can be viewed as specialists in recruiting, screening and training workers in occupations in which firm-specific skills are relatively unimportant. Temporary help companies are employers; they are not employment agencies.

The agency is responsible for payroll and associated taxes, laws, and regulations. The client is responsible for workplace supervision.

- ***Payrolling service or employee leasing***

The payrolling concept involves an employer recruiting, screening and training a worker or workforce and then simply turning these workers over to the temporary firm’s payroll. This allows the employer to select the worker it wants at the outset while still being relieved of benefit costs and additional administrative burdens. Temporary firms typically offer discounted fees to employers under these arrangements because the agencies do not have to recruit workers themselves or incur related personnel expenses.

- ***Contract company***

A contract company takes on the function of an entire department that a company does not have. Examples include janitorial and building maintenance, data processing, security, landscaping and human resources. A contract company worker works for the contract company but the work-site is the customer’s office. A contract company worker may only work for one company at any given time. Contract companies whose workers are assigned to more than one customer include advertising agencies and lawyer offices.

This arrangement is similar to “Managed Services” or “outsourcing,” where a staffing service is provided by an agency that supplies workers for the ongoing management of a client’s facility or functions (such as a mail room or call center). The agency retains responsibility for the supervision of employees as well as accountability for the results of the facility or function that has been outsourced. The agency is the sole employer of these workers.

- ***Vendor-on-Premise Program***

A VOPP is a custom-designed program where an employer contracts with a staffing firm to assume operational responsibilities for the entire hiring process of all or part of its workforce. The employer provides office space at their facility, and the staffing firm assumes all costs and functions relating to the recruitment, screening, hiring, orientation, termination, safety training, drug screening, administration of job related injuries, unemployment claims, weekly payroll processing/paycheck distribution, dispute resolution, monitoring attendance, processing holiday/sick pay, W2/tax withholding administration, etc. Typically, the staffing firm will assign a full-time manager who is experienced in administering this program along with any needed support staff. Often the staffing firm will have multiple recruiting offices in the local area to supplement the recruiting effort of the on-site manager.

Many larger companies have long-term relationships with several “specialty” staffing firms for specific needs that most staffing firms do not recruit for – legal professionals, scientists, chemists, etc. An experienced VOP staffing firm can create a “Master Vendor” agreement for the client. This allows the staffing firm to “manage” all the other smaller staffing firms that the client may want to continue working with. The VOP staffing firm is now responsible for managing all the sub-vendors for the client.

A VOPP may be justified for a company that is in need of a flexible workforce or experiences high turnover rates, especially in specific department, such as customer service, data entry, help desk, call center, order processing/incoming sales, collections, production, manufacturing, etc.

- ***Placement Services***

Placement services are staffing services provided by agencies that match job seekers with employers for regular, full-time employment opportunities.

- ***Temporary-to-Permanent Services***

“Temp-to-Perm” services are staffing services through which an agency recruits workers seeking regular employment at a business client’s work-site and hires these workers as temporary workers for a trial period of employment. If the business client decides to hire the worker permanently, the worker is moved from the agency’s payroll to that of the client.

- ***Long-term Staffing***

Long-term staffing is the assignment of agency workers to business clients for long-term and indefinite periods of time.

IX Appendix C

Organizations and Resources

We list organizations that provide advocacy and support for non-standard workers regionally as well as nationally. For a more complete list contact NAFFE.

National Alliance For Fair Employment (NAFFE) is a network of organizations around the country that is working towards building an awareness of the problems faced by non-standard workers and to advocate for better pay and benefits for them. c/o Campaign on Contingent Work, 33 Harrison Avenue, 4th Floor, Boston, MA 02111. www.fairjobs.org.

National Employment Law Project (NELP) is a non-profit organization that advocates on behalf of low-wage workers and the unemployed through litigation, policy advocacy, public education and support for organizing. 55 John Street, 7th Floor, New York, NY 10038. 212-285 3025. www.nelp.org.

Working Partnerships USA is a non-profit organization dedicated to rebuilding the link between regional economic development and community well-being and developing state and national workforce development and employment policy that truly benefit working families. 2102 Almaden Road, San Jose, CA 95125. 408-269-0168. www.atwork.org.

Center for a Changing Workforce educates, analyzes public policy and advocates on behalf of “permatemps” and contingent workers. 309 27th Ave. E., Seattle, WA 98112. 206-622-0897. www.cfcw.org.

Bergen Employment Action Project is a resource for job hunters that publishes the “Consumer Guide to ‘Best Practices’ Temp Agencies,” a list of temporary help agencies that follow best practices for several New Jersey counties. 214 State Street, Hackensack, NJ 07601. (201) 489-7476.

9to5, National Association of Working Women is a national, grassroots membership organization that strengthens women’s ability to work for economic justice. 231 W. Wisconsin Ave., #900 Milwaukee, WI 53203-2308. 414-274-0925. www.9to5.org.

Washington Alliance of Technology Workers (WashTech) is an organization of high-tech workers and allies joining together to provide an effective voice in the legislative and corporate arenas and to advocate for improved benefits and workplace rights. 2900 Eastlake Ave. East, Suite 200, Seattle, WA 98102. 206-726-8580. www.washtech.org

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Center on Policy Initiatives

The Center on Policy Initiatives (CPI) was established in 1997 to promote higher standards of living for poor and moderate-income families through research, policy development, public education, and effective advocacy. CPI focuses on research and policy development that address structural factors and issues crucial for linking community and regional economic development.

CPI believes that a fair economy is one in which economic opportunities are universally accessible. Specifically, a healthy community is one that offers good jobs, democratic workplaces, affordable health care, quality childcare, affordable housing, and secure retirement benefits.

“Working on the Margins: California’s Growing Temporary Workforce” is the first in a series of CPI reports that seek to address the changing structure of work in California and its effects on workers. The reports aim to highlight key issues surrounding the state’s growing non-secure workforce and offer policy recommendations that achieve greater economic and career security for workers and their families.

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