

**Comments on “Informal Work and Official
Employment Statistics: What’s Missing?” by
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Survey of Informal Work Participation

- Important survey – thoughtful paper
- SWIP—administered as part of the NY Fed’s Survey of Consumer Expectations since 2015
- Probes for 16 types of informal work (e.g., babysitting, elder care, selling goods at consignment shops/on websites, rideshare driving, etc.)
 - One of the earliest surveys to explore informal/gig work
 - Asks consistent set of questions over time so can pool responses
- Unique feature of survey: asks CPS style questions first, then asks about informal work activities
 - can observe types of work and the people doing informal work who are missed in standard government surveys

Contributions

- Adds to body of literature indicating that CPS understates secondary work activities and misses some workers
 - E.g., Contract Work Module (Abraham et al. 2023) included a question about other informal work not reported in standard employment questions adds nearly 1 pp to employment rate—in line with SWIP “conservative” estimates
- Raises several provocative and important questions:
 - What should we count as work and a job?
 - Why do CPS questions miss informal work, and who’s work is missed?
 - How can we improve measures in future surveys?

Some caveats to SIWP

- Response rate – reported as 85% in paper – misleading
 - Conditional on answering the Survey of Consumer Expectations. Need to also know response rate for SCE (and Conference Board’s Consumer Confidence Survey).
- Selected sample—people who fill out online surveys may be more likely to engage in other types of informal work—especially online work.
 - Given this, greater emphasis on conservative estimates probably warranted
- Useful to report
 - Incidence of work by the 16 categories
 - Share who engage in multiple informal activities
 - Among those who report filling out surveys, the share and types of other informal work they also report—could give us as sense of potential bias

What should count as work or a job?

- Income often classified as being labor or capital generated—most household surveys focused on picking up labor income
- But much informal work falls on a continuum of labor and capital intensity.
 - E.g. platform work like Uber or Airbnb involves both labor and capital services (owning a car or a house)
- Survey shows that much informal work involves a mix of labor and capital services and illustrates the value of collecting information on both.

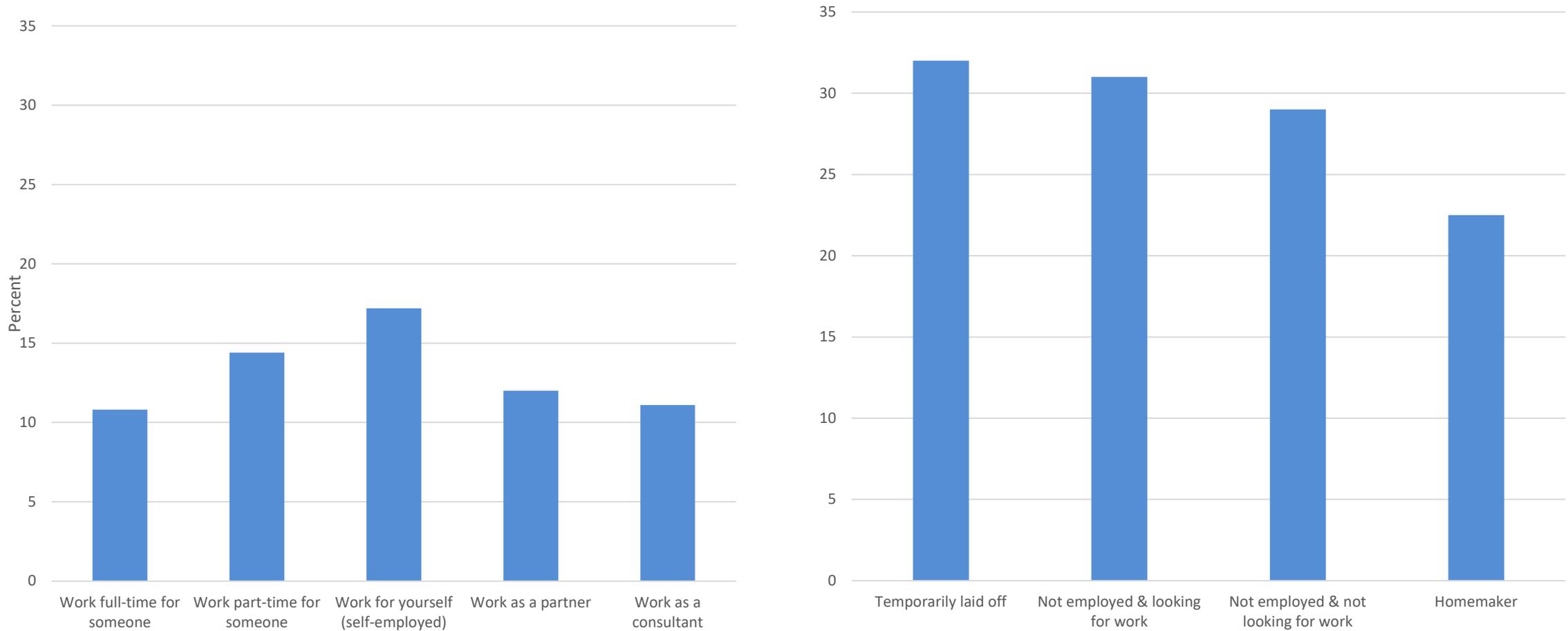
How much informal work missed by CPS questions?

- Depends on reference period used:
 - CPS reference period is one week
 - Two-week reference period used instead to reclassify some respondents who report doing informal work as employed—defended on grounds that the respondents consider themselves currently engaged in informal work—But, why not use longer reference period?
- Suggest exploiting information from the question: “When did you last engage in any of the informal paid activities or side jobs?”
 - Show how measures of the amount of “missing” informal work vary with length of reference period used
 - Informative about how people understand what it means to be “currently” doing informal work

Whose informal work is missed by CPS questions?

- Intensive margin—coded as employed but their informal work not captured
 - Disproportionately missing among highly educated, high earners, women, young, those reporting low hours gig work, and for hours not worked in the prior week
 - i.e., suggests respondents believed the work not appropriate to report, not important income source, or may not have thought it a job
- Extensive margin—coded as not employed
 - Disproportionately occurs among older workers, disabled, less educated, and retired
 - Would be valuable to explore these data more:
 - How important are these jobs in supplementing retirement income for some and for whom?
 - Or, in supplementing income for those experiencing unemployment or financial hardship? Supporting evidence in Farrell, Greig, and Hamoudi (2018); Koustas (2019); Jackson (2019); Abraham and Houseman (2019)

High prevalence of informal work among employees and self-employed – even higher among unemployed/NILF in SHED



Source: Survey of Household Economic Decisionmaking, 2015

Why do CPS-type questions miss much informal work?

- Key: Including questions that probe for all work, and providing examples affects how much (and types of) informal work captured.
- Example: Contract Work Module administered on a Gallup survey randomly assigned respondents to one of two question versions designed to capture work missed by regular survey questions:
 - V1: “Did you do anything else in the last 7 days that you have not already mentioned for which you received (or expect to receive) payment?”
 - V2: Added “Examples might include babysitting or eldercare, cleaning, maintenance work, data entry tasks, driving for a car service, or making and selling handcrafts.”
 - Responses significantly different: 2.06% in V1 v. 3.53% in V2

How can household surveys, like the CPS, be improved to better capture informal work?

- Above suggests adding more probes and examples.
- SIWP asks about 16 different types of informal work—but, there's a limit to how many options a survey can specify
- Need to study whether providing many examples increases misreporting
- Potentially promising avenue for future survey development is use of open-ended questions.
 - Respondents can explain the various income-generating activities they have done in the reference period
 - Modern machine learning techniques can make it cost-effective to code responses