Response of William W. Beach to the Following Question for the Record March 31, 2025

Question for the Record for William Beach Full Committee Hearing: "Unleashing America's Workforce and Strengthening Our Economy" February 26, 2025 10:15 a.m. Chairman Tim Walberg (R-MI)

Question: In 2017, the Bureau of Labor Statistics (BLS) published its Contingent Worker Supplement (CWS) which found that the number of workers in alternative work arrangements dropped from 2005 to 2017. These results were criticized because the survey only asked about workers whose main job was in an alternative work arrangement, even though most other data sources show that many individuals working as independent workers do so as a secondary job. What steps can BLS take in future surveys to ensure it has a more accurate understanding of individuals working as independent contractors?

Answer: The Bureau of Labor Statistics (BLS) undertook a comprehensive review beginning in 2018 of its Contingent Worker Survey (CSW). The criticisms mention in its 2017 report on platformed (work on computer software platforms) and contingent workers produced a number of critiques of the methods and definitions employed by BLS in developing its survey results. These critiques were coupled to more substantive concerns, principally on the sampling frame for the survey. Some economists suggested that more accurate results would be produced by using tax records as the source of sample for this survey rather than fielded survey instruments.

BLS turned to the Committee on National Statistics (CNStat) of the National Academies of Sciences, Engineering and Medicine to organize an expert panel. BLS paid for the panel using appropriated funds but had no role in selecting panel members or in conducting the panel's research and reporting on the survey. As mentioned, the CNStat panel began work on reviewing the CWS in 2018. It published its report in July of 2020, which contained several recommendations for changing the survey. Here is a link to the full report: <u>https://nap.nationalacademies.org/read/25822/chapter/1#vii</u> and here is a link to the high level summary, which contains the recommendations: <u>https://nap.nationalacademies.org/resource/25822/Contingent%20Workers%20Final.pdf</u>

BLS implemented many of the recommendations contained in the CNStat panel. The result was a resumption of the contingent worker survey report in November of 2024. This was the first report since the controversial publication of CWS results in 2017. Here is a link to the 2024 publication, which is based on the 2023 survey: <u>https://www.bls.gov/news.release/pdf/conemp.pdf</u>

In my view, BLS needs to continually assess the adequacy of its contingent worker definitions, if improvements are to be made to the CWS over time. This assessment should follow the guidelines laid out in the CNStat report. I would recommend that the House Committee on Education and Workforce use the guidelines contained in the CNStat report as the basis for its ongoing oversight of BLS's work on the contingent workforce.