



### **Foreword by the National Governors Association Center for Best Practices**

As governors and states address the challenges posed by the ever changing nature of work, they must account for the variety of relationships between workers and those who compensate them. New practices and technologies are challenging the way employment is described and defined. A growing body of research indicates as many as one in three Americans are engaged in these non-traditional work arrangements, which can be broadly described as on-demand work. Many of these workers value the flexibility that such work affords, yet many would also prefer their job provides a stable salary, benefits, and workplace protections. Further, evidence suggests some on-demand workers face economic instability, fewer pathways to economic security and lack access to many of the protections and benefits of formal employment. (Bartlett, Creticos, and Rahn 2020)

Given the increasing shift toward on-demand work and the vulnerabilities many of these workers face, Governors recognize the need to better understand these evolving realities and the underlying trends that brought them about to better prepare the workforce of the future. Yet, many data sources traditionally used to study workforce trends rely heavily on information from tax documentation tied to traditional forms of work - thereby excluding data on many on-demand workers. This lack of data makes it hard to understand the characteristics and needs of on-demand workers and calls to attention the need to collect better information on this sector of the workforce. This need has become even more acute in the context of the COVID-19 global pandemic. The pandemic has exposed the ways in which certain sectors of the economy rely on the on-demand workforce, as well as the extreme vulnerability this workforce faces during economic downturns and public health crises. (Bartlett, Creticos, and Rahn 2020)

To support states in pursuing this critical work, in 2018 the NGA Center for Best Practices and the Institute for Work and the Economy convened the State Collaborative Consortium to Understand and Support the On-Demand Workforce. Through this consortium, participating states explored key issues and policy considerations to help governors better understand and support the on-demand workforce in their states. The Colorado state team from this consortium initiated a collaboration between Colorado Department of Labor and Employment (CDLE) and Colorado State University (CSU) and the NGA Center for Best Practices to conduct focus groups on on-demand workers and businesses that rely on on-demand work. This report features the findings from these focus groups which have been a significant contribution to the work of this consortium. The NGA Center for Best Practices is proud to have aided in the development and execution of this project and is eager to support Colorado and other states as they use the findings outlined in this report to inform policies that better support on-demand workers.

—Madelyn Rahn, Policy Analyst, NGA Center for Best Practices



### **Introduction**

While non-traditional, contingent work relationships have long been prevalent in many sectors of the economy, recent growth in the “gig economy” driven by technological innovations that facilitate new forms of work has led to a heightened public awareness and interest in this sector of the economy. Also commonly referred to as the on-demand economy, the gig economy represents workers performing on-demand tasks or gigs directly for clients, outside of a formal employment relationship, often on a short-term basis. Economists have struggled to analyze this sector given limited data, as well as lack of consistency and clarity around job classifications, that would allow analysts to track gigs and gig workers. Understanding the on-demand economy requires consideration of several underlying drivers, such as technological change and disruption, intergenerational workplace preferences, the rising interest in and support for entrepreneurship, and most recently, broader COVID disruptions to the economy and workforce dynamics.

In a 2019 New York Times article, Jonathan Rothwell noted, “Even after a long economic expansion, America is still the land of the side hustle.” New evidence suggests that nontraditional work arrangements with multiple income sources are becoming more common. Around a quarter of workers rely on multiple sources of income, and about one-third of those say they do them out of financial necessity. Yet, the article notes policy makers are beginning to realize that, “regulating the so-called gig economy may want to consider another data point: About half of those with multiple jobs do it to earn extra money (48 percent) or for some other reason that suggests it is their preference.” So, before we begin to “fix” this market innovation, we should better understand the drivers behind it.

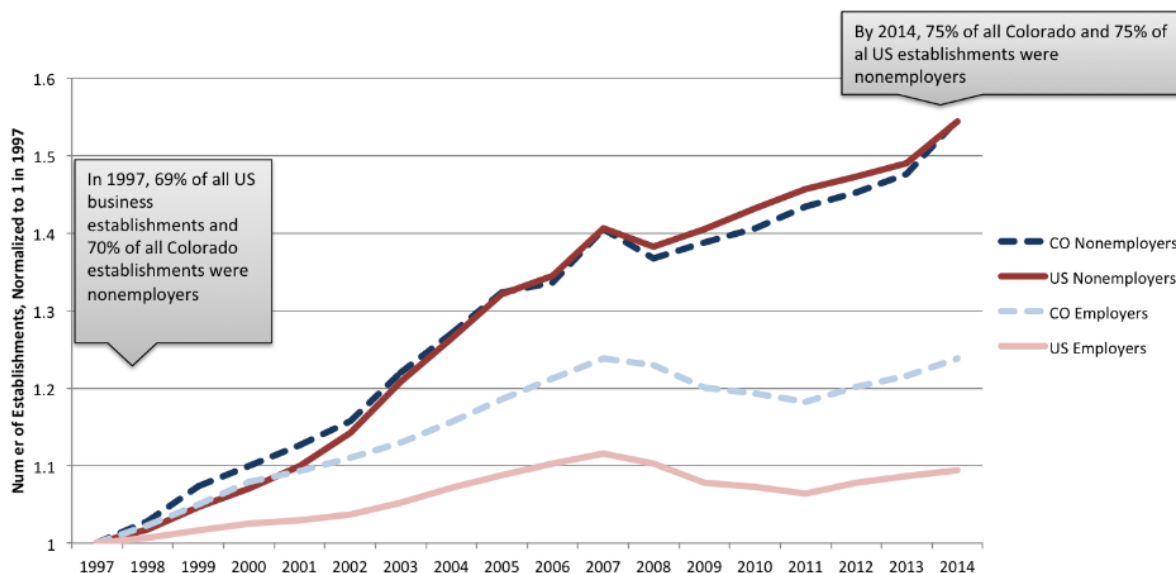
While some workers use gigs to supplement traditional wage income, others rely on this type of work to make a living. Some people choose to rely on gig work because they value the independence that it allows, but others rely on this work because they face personal life circumstances that prohibit traditional employment. Although the on-demand economy may provide opportunities for workers, like supplemental income and more flexible work schedules, policy makers should weigh those benefits with the safety and financial uncertainty and risk that comes along with this type of work.

Since gig workers are largely self-employed, data on nonemployer establishments can provide a sense of the trajectory of the gig economy. The Census Bureau defines a nonemployer establishment as a business that “has no paid employees, has annual business receipts of \$1000 or more ... and is subject to federal income taxes.”

Figure 1 illustrates the relatively high growth in nonemployer establishments relative to employer establishments. The data shows that Colorado trends for growth in nonemployer establishments closely follow national trends, making it a particularly interesting state in which to pilot focus groups on this sector. From 1997 to 2007, the national and Colorado growth rate of both employer and nonemployer establishments were steady. But the Great Recession clearly slowed the growth of employer establishments. Following the Great

Recession, the net increases of nonemployers have outpaced that of employer establishments. After 2008, nonemployer establishments increased by 54 percent in Colorado and in the US, while employer establishments increased by only 24 percent in Colorado and 9 percent nationally.

**Figure 1: Nonemployer and Employer Establishments, 1997-2014**

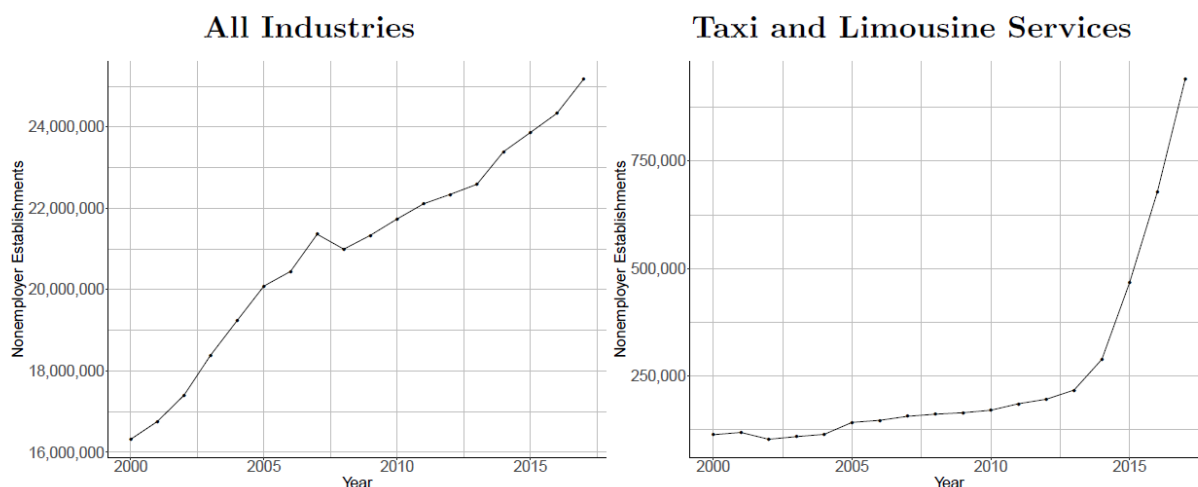


Source: Kacher and Weiler, 2017

Note: A nonemployer establishment can take the form of an individual proprietorship, a partnership, or a corporation, although most are more informally organized and remain unincorporated. In contrast, an employer establishment refers to a business or branch of a multi-unit business that employs at least one person aside from the owner(s).

In the most recent period, from 2010-2015, the growth of nonemployer establishments outpaced the growth of traditional employer establishments by a factor of 8 to 1, but in a 2019 study, Dr. Benjamin Glasner found just a few sectors were driving much of that growth, including taxi and limousine services as a function of the new online platforms engaging a new generation of on demand drivers (Figure 2). The growth in that sector topped 300 percent over that five-year period.

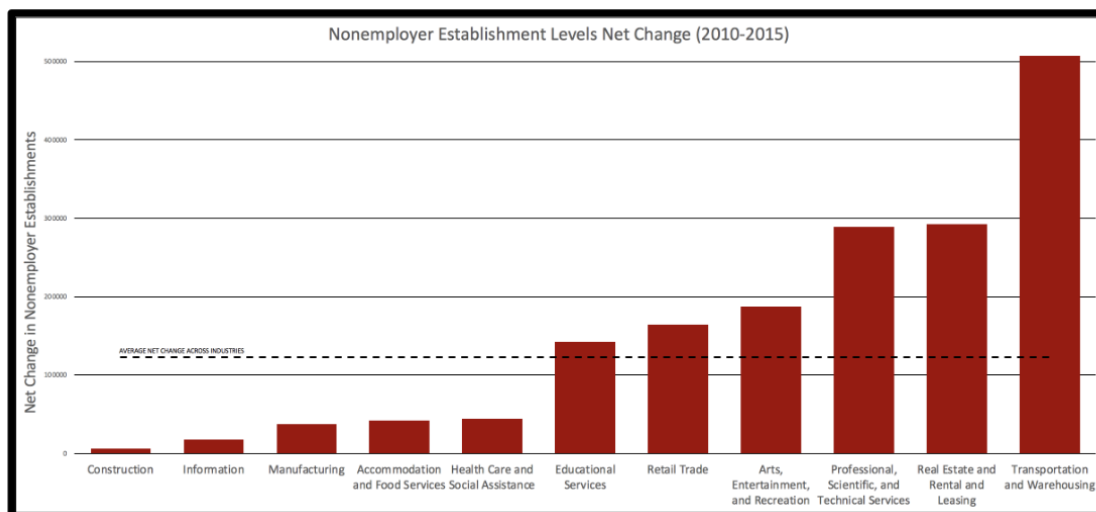
**Figure 2: Aggregate vs. Transportation Nonemployer Establishments, 2000-2017**



Source: Glasner, 2019

Similarly, in Colorado, most nonemployer establishment growth was reported by firms affiliating themselves with the Transportation and Warehousing sector, but there was also substantial growth among those reporting Real Estate, or Professional, Scientific, and Technical Services as a primary activity (Figure 3). The other sectors with above average growth in number of new entities were in the Arts, Entertainment, and Recreation, Retail Trade and Educational Service sectors. Colorado shows a diversity of these high growth sectors making Colorado an appropriate locale for a pilot set of focus groups exploring the on-demand economy.

**Figure 3: Nonemployer Establishment Net Change by Sector, 2010-2015**



Source: Moore, 2018

Still, the nonemployer labor market has remained largely underexplored, maintaining a potentially crucial gap in the labor field's understanding of the aggregate effects of workforce policies, particularly related to minimum wages and benefits. Between the rapid diffusion of nonemployer work across the labor force (Kacher and Weiler, 2017), and the systematic division in access to protection and support between those working in standard and nonstandard work arrangements, more insights on incentives and tradeoffs that employers and workers consider are needed.

To address the lack of place-based context needed to understand what drivers underlie trends in nonemployer work, the Colorado Department of Labor and Employment, in cooperation with Colorado State University and the National Governors Association Center for Best Practices, framed a pilot study using focus groups of workers and firms that rely on nonemployer work to better understand the on-demand economy in Colorado.

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### Background and our Approach

Beginning in Fall of 2018, the National Governors Association Center for Best Practices (the NGA Center) and the Institute for Work & the Economy convened a *State Collaborative Consortium to Understand and Support the On-Demand Workforce*. One goal of this consortium was to support participating states in exploring state policy solutions that minimize the risks of participating in the on-demand economy while preserving the positive aspects from which workers may benefit. In order to identify these policy solutions, states identified that it would first be critical to better understand the characteristics of on-demand workers.

First, the state consortium sought to respond to the question: How large is the on-demand economy?

- Most estimates and surveys indicate that approximately 25 to 30 percent of Americans engage with on-demand work in some capacity, often to supplement their incomes (McKinsey, Pew, Federal Reserve).
- Bureau of Labor Statistics data provide a floor for estimates on the proportion of workers who rely primarily on on-demand work, around 14 percent, though the percentage is likely higher in reality.
- The online platform economy is a smaller, but faster growing segment, with estimates from 4 to 7 percent of workers receiving jobs or tasks through digital platforms (Chase, Pew).

Then they considered: What are workers' experiences in the on-demand economy?

- A majority of participating workers report that their main reason for engaging in such work activities was to earn extra money, and many report high job satisfaction. (Pew, Federal Reserve).

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- When asked about motivations for engaging in on-demand work, flexibility in their work schedules is often at the top of the list. For others, it is used to gain experience, for fun, or due to a lack of other jobs where they live. (Pew)
- A large proportion (30 to 50 percent) would prefer a traditional job if they could find the right fit. (Pew, BLS)
- In one survey of on-demand workers, 57 percent of respondents said that the money that they earned through on-demand work was “essential” or “important” to their overall financial situations. (Pew)
- At least some types of on-demand work feature significant income volatility, with more than 50 percent of participants in the online platform economy encountering more than 30 percent month-to-month changes in income. (Chase)

Rothwell’s 2019 New York Times article shared that, “Altogether in 2017, 17 percent of tax filers submitted a form to the IRS indicating receipt of self-employment income ... up substantially from 10 percent in 1981 ... the evidence suggests such jobs are in many cases supplementing traditional employment, not replacing it, as just over half of these self-employed workers (55 percent) also receive a W2 from an employer.”

A 2019 Gallup survey finds that 28 percent of people hold multiple jobs, although the BLS estimates this number to be just 5 percent. Gallup’s higher estimate is likely a result of the methodology of the survey, which prompted respondents to think about their distinct sources of income and allowed them to judge whether that source was meaningful enough to qualify as a job or not. The resulting estimate was much closer to IRS data than the BLS estimates.

To investigate workers’ perceptions of job quality, the Gallup survey asked workers to rate their “employment situation” on a 0 to 10 scale, in which 0 is the worst possible employment situation and 10 is the best. Workers in the traditional one-job employee relationship rate their employment situation only slightly better than all other workers (65 percent give their situation a high rating, from 7 to 10, compared with 59 percent of all other workers). Self-employed workers with one job rate their employment situation better than those who are employees with one job — with 74 percent providing a high rating. Compared with workers in traditional relationships, those who are self-employed with one job are much more satisfied with their power to change things they don’t like about the job, and with their control over hours and their sense of purpose. They are also more engaged in their work — in that they more regularly report having opportunities to use their strengths and be creative. The reasons people give for working multiple jobs are strongly related to how they evaluate their employment situation. Most of those (64 percent) who say they work multiple jobs for some positive reason — they want to earn extra money; they enjoy what they do; or they see it as a hobby — rate their job situation a 7 or above, whereas those who work multiple jobs out of necessity view their work less favorably (41 percent rate their job a 7 or above). Most surprisingly, very few reported that they work multiple jobs because they cannot find a full-time job.

The findings of the Gallup survey show that the experiences of self-employed workers are multi-dimensional. Policies aimed to support on-demand workers should take into account both the benefits and challenges presented by this type of work (Bartlett, Creticos, and Rahn 2020).

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### **Literature Review**

The nonemployer labor market is a diverse set of employment arrangements, which includes the online gig economy, including workers from firms like Uber and Lyft (in the transportation sector), but also including those individuals who offer to share their assets or time to others on platforms such as Airbnb, The Food Corridor, TaskRabbit and Postmates. Still, the online gig economy is a relatively small share of the total nonemployer exempt labor market which includes all independent contractors, the self-employed, spot-market workers, and other nonstandard work arrangements. Much of the labor literature has focused on the division between exempt and nonexempt work, including tools like the minimum wage that are not designed to benefit the self-employed workers who are operating under multiple employers at a single point in time (Glasner, 2018).

Bracha and Burke (2016) explore why a significant share (37 percent) of working-age adults in the United States participates in nonstandard work arrangements using original survey data. Roughly 20 percent participated in informal income-generating activities that did not exclusively involve renting out their own property or selling their own goods. Individuals who are classified as working “part-time for economic reasons” have the highest participation rate in informal work and the highest average hours per month. This latter finding suggests that informal work embodies labor market slack, and we offer several pieces of evidence that support the thesis that workers engage in informal work as a way to compensate for weak labor demand and may therefore drop informal work as formal labor market conditions improve. At the same time, they also report that a significant share of informal work hours offer higher wages than what the same individuals earn in their formal jobs. This, together with research of others, may prove vital given the conclusions that the online gig economy is linked to part-time income smoothing mechanisms (Farrell and Greig, 2016; Hall and Krueger, 2018).

Glasner notes that the minimum wage remains an important component of the policies governing low wage labor in the U.S. as it intended as a tool for addressing a minimum standard of living, but there is too little known about the relationship between the minimum wage and worker engagement in the exempt labor market. His recent research highlights how the bundling of different organizational structures under the terms of nonstandard work, alternative work arrangements, 1099s, or contingent work will require more nimble policies and approaches to evaluate household earnings.

Glasner (2015) found that Uber, Lyft, Airbnb, TaskRabbit and Etsy all create a marketplace to match buyers and sellers and utilize new methods of lowering the cost of payment coordination, communication across buyers and sellers, and information sharing between consumers, which creates what we experience as the online gig economy. Included in this process of market creation is a streamlined system for buyers and sellers to participate in the internally organized marketplace. Firms have an incentive to reduce barriers to entry into their marketplace and attract a larger share of the market supply and demand in their given industry.

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### **Methods**

Given the goals of the project and the resources available to host pilot focus groups, the research team decided to host focus groups in three areas of Colorado:

- 1) Denver, the state's dominant metro area in terms of size and economic growth.
- 2) Pueblo, the southern edge of the Colorado metropolitan region, which is unique because its economic prosperity has lagged in a state that has otherwise outperformed the national economy.
- 3) Grand Junction, the only metro area on the West side of the state, but surrounded by rural areas, thereby allowing more active recruitment and participation from rural areas.

### **Recruitment Methods: Worker Focus Groups**

Focus group recruitment for on-demand workers was facilitated through CDLE and CSU networks in each of the focus group locations, including small business development offices, local Colorado State University Extension employees, through connections with the Small Business Development Centers and cooperative work locations (WeWork in Denver and Factory in Grand Junction), the CSU Department of Ag and Resource Economics' Facebook and LinkedIn pages (to recruit from among alumni) and several social media platforms that serve as an online community for on-demand workers.

There were significant challenges in securing RSVPs, so the team quickly assessed that potential participants perhaps did not see themselves as being part of the gig economy. To add some clarity to our recruitment process and partners, a one-page document describing the project and the benefits (see Appendix A) was given to our contacts to disperse to their local networks. The document shared a figure from Intuit to better represent the types of workers (and firms) we hoped to recruit.

These categories included:

- Platform Participants
  - 3rd party intermediary
  - Freelancers needing networks (negotiate fees/terms)
  - Side Giggers or Business Builders (platform as only marketing)
- Freelancers
  - Lease resources from intermediary
  - From home with no employees (or only family)
- Business Builders and Passionistas
  - Entrepreneur makers
  - Our team targeted outdoor economy, food, artisans and consumer products as target
- Side Giggers
  - Musician, actor, or other creative services
  - Business services for peers who cannot staff such services
- Substitutes
  - Day labor or temp agency as bridge for careers

Source: Intuit

In addition, the document directed potential participants to complete a short survey to determine their suitability for the focus groups (Appendix B) and gather baseline information on our participants. This survey also allowed us to track our RSVP numbers for each of the locations. There were three different “waves” of recruitment between October and mid-November, and the team still did not meet its recruitment goals; 18 participants filled out the survey and RSVPed to participate in the focus group. Of that number, a total of 13 participants participated across the three sites: three in Denver, four in Pueblo, and six in Grand Junction.

### Recruitment Methods: Business Focus Groups

The Denver Metro area is the largest in population yet provided the greatest struggle to identify and recruit businesses who use 1099 workers. To supplement the information in Denver, a second focus group was scheduled with recruitment targeting representatives from large businesses, such as Lyft and Uber. With four weeks to recruit and engage high level partners, the group failed to attract interest from a single business and the second focus group was cancelled.

The original concept for business recruitment had the business services staff in local workforce areas as the sole conduit for business recruitment. Business services managers at eight workforce local areas collaborated to recruit businesses. They leveraged personal contacts to identify businesses and encourage them to attend.

As it became apparent that identifying and encouraging 1099 businesses was a challenge for the workforce system, additional partners were sought to support business



recruitment. Representatives from the Small Business Development Centers (SBDC) were among the earliest to offer recruitment support. The SBDC's were most active in the Pueblo area and contributed all but one of the Pueblo business focus group participants. Several senior officials from Colorado government and national non-profit organizations personally approached large businesses, such as Uber and Lyft, but these businesses turned down the opportunity to attend either of the two Denver focus groups. Some partners sent emails but there was no personal follow up. Other partners, particularly those involved in sector partnerships or workforce training, distributed emails, and recruitment one-pagers (Appendix C) to their lists promoting the focus groups with no success. It is estimated that more than 6,000 business received emails. Several leaders from organized labor offered to promote the focus groups with no effect. Teams from health care, advanced manufacturing and IT sector partnerships assisted with recruitment; IT was the only industry sector that produced attendees at the Denver focus group.

The IRS was approached about providing lists of 1099 reporting firms with the list to include name, email, NAICS Code, and county. The IRS was willing to help but they require a lead time of several months on these kinds of requests so were not used for this project.

### **Worker Focus Group Methods**

Focus groups were digitally recorded and transcribed before being coded. The coding process began with open coding, which is designed to allow themes to emerge rather than beginning with a predetermined set of ideas or themes. This first stage of coding encourages variety and creativity in assigning codes to small units of text (Glaser 1978). Multiple codes for a single unit of text were used when appropriate to avoid early bias towards specific concepts or themes (Charmaz 2006). The next stage of coding, focused coding, zeroed in on specific codes that appear to be the most useful or relevant (Glaser 1978). After focused coding, the theoretical coding stage related codes that have remained relevant to each other (Charmaz 2006; Glaser 1978). According to Charmaz, theoretical codes are “integrative” and “lend form” to relevant codes (Charmaz 2006: 63).

Though grounded theory generally encourages coding to begin immediately after the first focus group (rather than waiting for all data to be collected), because our data collection all occurred in the same week, we did not begin coding until after all focus groups were complete. However, focus groups were still coded individually before considering themes across all three focus groups.

Focus groups were coded collaboratively by two researchers from the Institute for Research in the Social Sciences (IRISS) at CSU. Researchers conducted initial open coding individually; researchers then met to discuss and refine the coding architecture throughout the remainder of the coding process.

## **Exploring the Trade-offs Considered by On-Demand Workers**

### **Understanding the Landscape**

Among the 13 participants, two were considered platform participants, four were professional freelancers, and seven were business builders. Grand Junction was heavily populated with business builders (five out of six or 83 percent); Denver and Pueblo included more diverse types of employment.

Participants discussed work in a variety of industries, including:

- Artistic services (design, music) (2)
- Education and Training (online courses, workplace training) (2)
- Transportation (courier service, food delivery) (4)
- Business Development (marketing, web design, IT, consulting, life coaching) (7)
- Health and safety (massage, rescue services) (3)
- Retail food production (1)

Six participants provided services to other businesses, including safety consulting, marketing services, and graphic design services. Five participants provided products or services directly to individuals, including retail sales and food delivery. Two participants provided products and services to both individuals and businesses, often through different jobs or “gigs.” For example, one participant reported that they both provided business IT services and acted as a DJ for local events.

All participants had multiple jobs in one way or another. Some did this out of necessity to supplement income, others strategically to diversify projects and income sources. Most participants (10) identified their on-demand work as their main job or source of income; just three said their on-demand work provided supplemental income. It should be noted this is relatively aligned with the data presented earlier about those who did on demand work in addition to a more “regularized” employment status. Income generated was frequently the determining factor for which of their multiple jobs was their “main job,” but some participants also said the number of hours they worked or the benefits they received determined which was their “main job.” This aligns with the approach Gallup took in surveying workers, and letting those respondents choose how they frame the role of various jobs in their household.

Four participants (just under one-third) said they were currently mixing traditional and on-demand employment. One participant used traditional part-time hourly work to supplement his business income; three participants used on-demand work to supplement traditional employment. Others had previously used seasonal employment as a supplemental source of income.

The following are avenues that were mentioned for the sale of on-demand products or services:



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- Farmer's Markets/Craft Fairs (direct in-person sales)
- Online direct to consumer sales (business website, Shopify, Facebook Marketplace)
- Word-of-mouth/Networking
- Subcontracting
- Requests for proposals or bids
- On-demand including platforms and direct requests from a business or organization
- Long-term contracts (up to a year was mentioned)

Most of the individual gigs were shorter-term but some were long-term, and many participants were interested in establishing a greater share of longer-term commitments including contracts, subscriptions, or residual income opportunities. Limited information was available about the length of their participation in the on-demand economy. Participants did not consistently identify with or understand “gig economy” or “gig worker” but did more consistently identify as “on-demand workers.” Some identified with being “entrepreneurs” but also found the term a little intimidating.

### Pathways into the On-Demand Economy

Participants noted both “push” and “pull” factors that led them to join the on-demand economy. For a few, the push into the gig economy was financial. One participant was laid off; another was seeking supplemental income to meet financial needs. As one stated,

*“I haven't been able to find employment where I make high enough income ... in the field I want to work in. I have a degree, but I don't have experience, so I'm having a hard time getting a position.” (Renee, Pueblo)*

The two participants citing financial motivations identified as a freelancer and a platform worker; no business builders cited financial reasons for entering the on-demand economy.

More consistently, particularly among freelancers and business builders, participants pointed to “pull” factors that led them to choose on-demand work, including flexibility, discretionary income, and the ability to pursue work they are passionate about. One participant cited a health issue as the start of her journey into the on-demand economy; as she struggled to change her lifestyle to overcome her illness, she connected with others and identified a demand for specialized products. As she shared,

*“I just kept coming across more and more people that have [the same illness], and then I just kind of started sharing ... with people I would come across, and then it kind of turned into a little bit of this and a little bit of that, and so I'm trying to make a go of it. Last September, I quit my job ... which I'd been doing for about 15 years, and walked away from a really good, good, good income.” (Sheila, Grand Junction)*



### Benefits and Challenges of On-Demand Work

Conversations with participants about the challenges and benefits of their work frequently overlapped. Rather than outlining benefits and challenges separately, below we discuss key themes and tensions that participants identified in their on-demand work.

#### Flexibility

The flexibility of on-demand work was identified by participants as a key benefit. Participants across locations consistently shared that the flexible scheduling of on-demand work helped them achieve a more balanced and holistic approach to their life outside of work. For one platform worker, this meant the ability to both provide for and spend time with her child. As she shared,

*"I've always worked a side job, say, in the restaurant industry waiting tables if I had to, but this is way more convenient because ... I choose my own hours. I could take my child with me." (Renee, Pueblo)*

One business builder shared that he was able to modify his schedule around his wife's, meaning they were able to plan for quality time together each week.

This flexibility and control over scheduling necessitated a highly active role in time management; time and workload management were consistently noted as some of the top challenges associated with on-demand work.

Participants tracked time on a daily, weekly, monthly, and/or quarterly basis to manage their workload and income. All noted that projects and workload varied greatly. One business builder compared it to a river trip,

*"It's kind of flowing along at the certain CFS [cubic feet per second], and then, all of a sudden, you hit the rapids, and then you're in an eddy and you're going, when am I going to get out of this eddy? I really need out of here, and then you're back in the flow ..." (Adrienne, Grand Junction)*

During times of low workload, on-demand workers were frequently, as one Denver freelancer described, "very busy unemployed people." Participants focused on active networking and marketing to build their portfolio of projects. In both Pueblo and Grand Junction, some participants expressed a desire for more on-demand work. As one Pueblo platform worker noted:

*"I talk to other drivers, and they make good money. Up in [Colorado] Springs and Denver, there's always hours. There's not enough drivers, but in Pueblo, it's hard to get on any kind of schedule." (Renee, Pueblo)*

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In Grand Junction, one business builder added,

*"I'm only doing my business right now, but I do have a slow period ... last year, I took a secondary seasonal job, but, yeah, that part-time seasonal ended up as 40+ hours a week ... so I'm not doing it again this year, so really it's been a difficulty finding flexibility enough with various things that I can work it in, so that's why I'm not, but I would be doing more if I could find things to plug in." (Sheila, Grand Junction)*

Because of the ebb and flow of work some participants experienced, there were also periods of overexertion in their work,

*"I've done 50 hours this week between all three jobs and I still need either to complete a task, because on the consulting side we've got a deadline, or because I'm looking at that week as, okay I want to make X dollars this week for whatever reason." (Adam, Denver)*

Participants were very cognizant of this connection between their time and their income. As one freelancer in Denver noted,

*"I think once you commoditize your time, then it becomes hard not to sell it when you have the opportunity to, so in one way you're more flexible, but in another way, depending on where you are in the business cycle, I guess you're going to take the work when you can get it." (Elliot, Denver).*

Because most of the participants (all but one) were selling services rather than products, protecting and valuing their time was of the utmost importance. Participants consistently discussed the mental conversion of time into money. This was frustrating for platform workers who were frequently affected by the schedules of those around them. One platform worker noted,

*"Anything that costs me time costs me money, so if I ... get to the restaurant and they say, we're not going to have that ready for 20 minutes, well, you just cut my hourly wages in half, basically, because I don't make anything sitting and waiting for you." (Liam, Denver)*

Despite the challenges associated with changing workload, most participants embraced the flexibility and variety. As one participant noted,

*"...one of the benefits is that you have this variety of clients and variety of opportunity, so it's not like 9:00 to 5:00 you go to work and you're dealing with the same chuckleheads every single day." (Adrienne, Grand Junction)*



### Control and Independence

In addition to valuing flexibility, participants placed a high value on control of their schedules, business decisions, and incomes. Several mentioned feeling “stifled” by the rules and bureaucracy of traditional employment arrangements. One professional freelancer, discussing the variable demand for work, said,

*“I really embrace it. I feel like for me, that just fits my personality better. I would rather be crazy, crazy, crazy and have my family and friends know I’m not available for this week or these three days, but then after that, I have all kinds of time rather than have it metered out over someone else telling me when I’m available and when I’m not available. It’s way, way more worth it for me to just be crazy and work straight for a while to have the benefit of then having a lot of time available.” (Carmen, Grand Junction)*

Participants also liked the ability to control their income. Freelancers and business builders in particular liked the ability to increase their workload in preparation for travel or a big purchase. They embraced busy weeks because they could see a direct benefit in the income they received for their work. As one freelancer stated, as opposed to salary work,

*“...where on a busy week you end up working 60 hours instead of 45 is, in our case, that extra 15 hours is paid for vs. a salary position where you’re just there, and at the end of the month your paycheck looks the exact same as it did last time.” (Adam, Denver)*

Business builders discussed control and independence in their decision-making. One business builder in Grand Junction recalled her frustration with a job that discouraged innovation as a factor in her decision to quit her job and pursue her own business. Another expressed satisfaction in “being able to do things and make your own decisions and go the way you think is right ... [to] guide your own path.”

For one freelancer, this control was important from a personal and professional development standpoint. As he shared,

*“When you’re dependent on an employer you have to have the permission. Sometimes employers are really good, and they will say, ‘yes, do this training and we’ll pay for this and send you to do whatever you want to continue growing.’ But a lot of times it’s dependent on the company’s agenda or what their goal is, and it limits what you can do.” (Jack, Pueblo)*

For some participants, this control and independence was vital for emphasizing passion and purpose in their work. As one participant reflected,

*“Which one is it [the work]? Is it required action or inspired action? I want it to be all inspired action. I don’t want required action.” (Carmen, Grand Junction)*

### Support Systems



## Exploring the On-Demand Economy in Colorado

Participants were often not part of formal support networks. A few mentioned participating in interest groups with other consultants, or other professionals in the same industry. Many participants, business builders in particular, had interacted with the local small business development center (SBDC) to access resources. As one participant explained,

*"I have a group that I talk with weekly, and then I also have friends with the SBDC and other community projects we're in that I engage in when I have questions and looking at expanding. I don't always know the answers, but I am engaged with a lot of different people." (Selma, Pueblo)*

In the absence of formal or professional support systems, partners and families became essential. As one business builder in Grand Junction noted, "we marry our support networks." One business builder relied on his wife for accounting help. A freelancer relied on his partner for marketing and networking help. Some participants saw this blurring of personal and professional networks as a key element of their work. One business builder in Grand Junction valued the personal connections she made with her customers, saying,

*"It's each person individually, and here, think that's what gig, on-demand people really—we seem to share that, for sure, is that desire to have that personal connection of selling ourselves." (Sheila, Grand Junction)*

Another participant, a freelancer, shared,

*"For me, work-life are kind of really merged sometimes. They're not always so separate as you have the office, and then you have home. You have your co-workers and you have your family. Sometimes they kind of intermix. The people you work with or for also become friends, or can become close friends." (Jack, Grand Junction)*

Most participants were satisfied with the support networks that they created for themselves. Platform workers, however, were less enthused with the transparency and support provided by platform companies. Though participating platform workers had not personally experienced times when they needed support and it wasn't provided, some expressed mild concern with the availability of support in the case of real concerns. As one platform worker said,

*"I have often said working for the on-demand and delivery service is like working for the Wizard of Oz, because nobody knows who's behind the curtain, and nobody really can see what's going on behind the curtain. I guess my biggest thing would be, if I need to voice my opinion about something, there's not an office where I can go say, this is not the way it should be ... There's no physical person there, so it took me a while to make that transition of I don't have a boss to go say, hey, this is going on. What are we going to do about this? (Liam, Denver)*

Though competition for limited work was identified as a challenge by freelancers in Denver, and by platform workers across locations, most participants expressed a desire for more collaboration and connection with other on-demand workers. During the focus groups,



participants in the Pueblo area and Grand Junction offered recommendations to each other regarding strategies and tools to assist in their work.

In Grand Junction, participants expressed appreciation for the time and space to connect and network. As one participant stated,

*"I think this is really inspiring, and it reminds me how powerful it is to come together with like-minded people. Why don't we do that more? Why don't we spend more of time in our business doing this?" (Sheila, Grand Junction)*

### Health, Safety, and Risk

A major conversation in current literature on the on-demand economy centers around the lack of employer-provided benefits for on demand workers. Despite the prevalence of this in previous studies, benefits and insurance came up organically in only the Denver focus group. Two of the three participants there identified benefits as a challenge of their work. In Pueblo, facilitators asked probing questions about participants' access to benefits because it was not mentioned in conversations about the challenges of on-demand work. In that conversation, one business builder replied, "I have a spouse that I'm covered under, so I'm very fortunate to have that. If I didn't, I'd probably be in a regular 40-hour-a-week job." One participant did not currently have coverage; the remaining two received coverage through a spouse or through Medicaid. Health insurance was not mentioned in conversations with participants in Grand Junction. Insurance conversations more frequently centered on liability coverage (for freelancers) or car insurance (for platform workers).

Participants largely accepted and felt that they could manage the increased risk associated with on-demand employment. Citing it as an exercise in discipline and time management and the opportunity cost of their time, as any lost time or productivity is shouldered by the worker. The unpredictability around demand on the platforms creates additional risks for platform workers.

*"The economy itself and ... our business models are becoming more and more risky, and people are realizing that. They're like, 'well, I'm already in a risk situation here, so I could take it into my own hands and manage my risk myself rather than being at the behest of my job and worrying about losing my job.'" (Jack, Pueblo)*

Platform workers in particular noted increased risk related to driving. Platform participants noted a marked increase in demand during poor weather. As on platform participant in Denver shared, "any time there's any kind of inclement weather that people don't want to go out in, the business goes through the roof." Distracted driving was also mentioned by one platform participant, who said,

*"I have no choice but to deal with my phone while I'm doing this. My phone goes ding and you've got about 60 seconds to either accept or decline this job, so I have to look*

*at my phone. Okay, where is this? How many miles is it? Is it worth my time? That's all while I'm driving, and then you get customers texting you."* (Liam, Denver)

Participants expressed little concern around dealing with difficult clients. Freelancers and business builders largely considered any potential issues to be small enough that they could deal with them personally or refund the client. Platform participants shared that they had little recourse within the platform to manage difficulties, but also generally felt they could handle any troublesome occurrences.

### Finding Ideal Work

Most participants wanted to continue and/or increase their participation in the on-demand economy in the future. Three participants – two in Denver and one in Pueblo – stated that they would like to find a full-time position with benefits. All three stated that they would still want to keep elements of their on-demand work within or on top of that traditional employment relationship.

The remaining 10 participants were all interested in maintaining or expanding their role or participation in the on-demand economy. As one participant shared,

*"I foresee myself doing it as long as I possibly can because I enjoy it. It's not easy, but that's part of the enjoyment of it, I think, is the challenge of it. You can grow as much as you want."* (Jack, Pueblo)

Participants also generally desired increased stability in their on-demand work. This was expressed as a desire for more long-term clients, a desire for a more stable income, and, for some, a desire for passive income that would loosen the relationship between their time and their income. Two freelancers discussed using Patreon as a platform for this passive income. As one stated,

*"If I can get 1,000 people to pledge \$5 a month, which is supporting me and the spread of this information, well, now I have a base income that makes it so if I don't have a gig, a workshop, for however many months, it's okay, because the base is covered, and so it's kind of a balance ... the goal is to create the residual income and make it available to everyone for \$5, even \$1. I'd rather have 5,000 people have access to this for \$1 than to limit it to only the few in this room or in this world that can afford \$400, and travel, and room, to come to a workshop."* (Dmitri, Grand Junction)

## Exploring the On-Demand Economy in Colorado

Some participants were interested in growing their business and becoming employers. This brought up additional challenges related to workload.

*"We're at that point ... I'm out there all the time. I can't market. I can't grow. Now I've got to bring on more people in order to sit back and manage and still market to grow, and it's a weird challenge, because small businesses, to be honest with you, you can't hire full-time employees, for the most part. They're cost-ineffective. It'll kill you, especially in our cyclic industry that we've got. I can't afford to hire and treat them the way I would want them treated and take care of the employees as family, because, in the end, they cost too much for what we can do. There's probably scales at which it really makes sense, but to get from the level where I'm at to that level, even to go into it as a full-time job, obviously, it's not what I'm interested in, but to go even the next level, which is as a new employer, would be multiple leaps over chasms of death."*  
(Elliot, Denver)

### The Rural On-Demand Economy

Despite the importance of online platforms to much of their on-demand work, participants in Grand Junction discussed the importance of local networks and put an emphasis on their business serving a rural or small-town area.

Several business-builders tailored their work to rural audiences. For example, one participant provides design services to rural communities, in particular to promote rural tourism and agriculture; another provides IT services to rural business owners. As he stated,

*"What I do with my clients from a rural standpoint is I try to make sure they understand these tools and know how to use these platforms so that they can put themselves on a more even playing field with others. They can compete with a Denver-based company to a certain degree."* (Phil, Grand Junction)

Another Grand Junction participant discussed the local support she received, and the importance of relationships in helping her build her business. Despite using several online tools for selling product, she noted that,

*"People will go out of their way to find me at a local event or call me just with that relationship piece, so it's very interesting to me, because everything I hear about business and marketing, you have to get online, and everybody's wanting it this way, and that's not entirely what I'm finding. I think that people really like that small-town, one-on-one. It's your product, having that relationship and not just buying out of the box."* (Sheila, Grand Junction)

More research is needed to understand the specific benefits and challenges for on-demand workers in rural areas.



### Perspectives from Firms that Utilize On-Demand Workers

Focus groups of those employing on-demand workers were used to complement the themes explored in the worker focus groups. There was little disparity in response from business across Colorado, whether rural or urban. Many of the businesses interviewed fit in the small category and, as such, faced similar opportunities and concerns. The responses reflected more insights about business type than geography. Businesses represented organizations from among platform-based work, marketing, food service, health care, information and communications, construction trades, professional management, real estate and property management, and transportation. Interestingly, as with the workers there was confusion among on-demand firms as to where they fit and if they qualified as on-demand workers. Often the firms thought of themselves as both gig businesses as well as gig workers.

### Gig work as a strategic business model

Most businesses in the focus groups use a mix of 1099 and W2 workers/employees. Several businesses based their entire business model on 1099 workers. A computer and IT service entity have both types of workers based on their clients' needs and preferences. It is essentially a flexible company to company relationship (aligned with the standing B2B model that is common in the economy). Some niches are so narrow and light in supply that this type of relationship is needed. An overarching theme was that 1099 workers provide businesses with flexibility to adapt to ebb and flow of business.

Businesses also noted the need for on demand workers to fill in where there is a shortage of talent in the full-time worker pool. Key quotes helping to frame this theme include:

- *During busy periods, I call other electrical companies to contract their workers. Given the ups and downs, you need temp workers to fill in during the busy season.*
- *I use 1099 workers to fill the void as an affordable option, it is a benefit for smaller organizations to have workers when they need it.*
- *Certain expertise is needed for a project that won't be needed long term.*
- *We (health care organization) use them out of necessity. There is a need for providers for healthcare; there is a gap of qualified workers.*

Businesses described variability in need for workers as an issue that drove their decision to hire on demand; certain business models and industries require such flexibility in work arrangements. Companies on the Western slope expressed difficulty competing with Front Range worker demand, benefits and wages.

Businesses need consistency in their volume of work to keep workers busy, and several comments related to the challenge in planning and competing for current workers.

- *We can't even fill front office staff. It becomes a bidding war in the community. We can't compete with the salaries on the Front Range with our quality of life.*
- *Feast or famine. When you're busy, you need to scale up but when you're not busy, you can't afford to maintain all the employees at 40 hours a week.*

### Perceived Benefits of using on-demand workers

Businesses described benefits of hiring 1099 workers as less expensive and time consuming than hiring W2 workers since the business isn't responsible for taxes and excessive paperwork. Since 1099 workers are inherently term-limited, this gives both workers and businesses flexibility. Only one business in Pueblo described a bonus of using 1099 workers as limiting liability to the company. Businesses in Pueblo also described using 1099 workers with specific needed skill sets for a set amount of time and mentioned that these workers focus solely on the project at hand. An example of quotes shared by the group include:

- *Less paperwork is a plus.*
- *There is a big cost burden to the business for W2 employees: UI, fees, etc. For 1099 workers, the business doesn't have to cover these costs.*
- *On demand work gives more cash in hand for the workers. How workers manage that cash is not the firm's responsibility.*
- *Flexibility. You can tap into resources and expertise that you wouldn't have otherwise in your business.*
- *1099 workers are limited term; they don't have the same commitment to you and will make the most of the project in front of us.*
- *1099 workers are easier to find. They make themselves available instead of having to hunt for an employee.*
- *You can fire them and not use them again if they don't do good work.*

In summary, the overall benefits of more informal work relationships are the lower overhead and burden that it represents to the businesses, and in general, contractors tend to be lower maintenance in other ways as well.

### Challenges of using on demand workers

The changing reliability and productivity of workers was a key theme noted by firms, including how the landscape is changing in this regard. "Accountability" and "reliability" are the words most frequently used here. Businesses in Pueblo and Grand Junction mentioned that 1099 workers are less invested in the company's success as independent, temporary workers. This investment can impact company culture, and work product may suffer. Denver-based businesses did not mention this issue around investment, but this may be a

result of company structure and business model differences among the specific businesses. One Denver-based business mentioned that 1099 workers can offer a beneficial trial period for both the worker and the business, to see if a more permanent position might work, comparing on demand and traditional work to dating vs. marriage relationships. A sampling of the quotes related to this concern include:

- *[Platform transportation business...] there is no guarantee they're going to show up, although there's also no commitment for the business to continue using those 1099 workers. Bonuses are available through Uber/Lyft: but the algorithm seems to reward those who aren't close to receiving the bonus (100 rides in the first week \$1K bonus).*
- *They don't fly your flag.*
- *You don't control them.*
- *If you have a contractor working next to W-2 this can have both positively and negatively impact your culture.*
- *Turnover is variable, just like all businesses.*

Again, the discussion could be summarized as a concern that, with on demand workers, there is no recourse if workers don't want to show up. There is some incentivizing you can do if you want to encourage better labor supply participation, such as Uber does.

### Key factors in the decision to use on demand workers vs. traditional employees

Some businesses use 1099 workers because of the low skills needed to complete the job; others use on demand workers because skills are highly specialized and difficult to find (e.g. licensed electrical journeymen). Some of the thoughts shared by businesses include:

- *We use strictly 1099 to drive the cars. I have employed a few W2 (hourly) employees but on a slow day, the requirement to always use a standard pay rate can be challenging.*
- *We are a small company and don't have the time to get involved with the workers. It is difficult to find quality handymen.*
- *[Health care business] staff choose not to be 1099; they would rather have the professional liability coverage.*
- *Our decision point is: office space and how little time we need the worker on a weekly basis.*
- *Using 1099 workers was an easy entrance into getting employees to start in your business and work into having staff. Now 1099 seems to be the unsafe way to go.*

Beyond these traditional factors driving the decision of how to employ workers, there are new perspectives about the tradeoffs inherent in the decision. For instance, many businesses that previously hired 1099 workers are shifting away from that practice because of legal implications and rules/regulations. It is unclear if this shift has resulted in negative impacts to businesses, or if industry has been able to successfully pivot their approach.

Other businesses took the opposite approach, moving from W2 employees to on demand workers.

- *The difference between W2 and 1099 didn't matter in the past, this changed more and more due to legal concerns. Currently about one-third of the contractors placed are 1099, a decrease from the past. Five years ago, it was half and half W2 and 1099.*
- *I was looking to hire another person, took a class at the small business center, and realized I needed to make this person an employee not a 1099 worker. I didn't want to get in trouble. Sometimes I can't afford to pay payroll taxes, workman's comp, etc. I changed to 1099 workers because of education rather than business need.*

Multiple businesses mentioned a lack of reliability among 1099 workers recently hired, although one business in Pueblo noted that shifting to W2 employees doesn't always result in an increase in reliability. Start-up companies tend to begin with on demand workers.

### **Benefits offered by firms to on demand workers**

Another challenge noted by firms is the lack of understanding and availability around workplace-related benefits to those they employ. A disparity exists in understanding rules governing employer/employee relationships. For example, one business in Denver offers 401K participation, although without any business match, and the opportunity to purchase life insurance through a group plan, but find these benefits virtually unused. Businesses in Pueblo seemed surprised that anyone offered any benefits to 1099 workers, and mentioned that offering benefits of any kind, including training, would “muddy the waters” around whether these workers should be classified as 1099 or W2 workers/employees. Businesses in Grand Junction offer free classes and trainings without confusion around whether offering these benefits would require the business to reclassify these workers from their 1099 status.

Other discussion points related to “non-salary” benefits included:

- *Use of the car can be considered a benefit.*
- *Time flexibility comes in many forms ... time of day (driver) or time of year (taking whole summer off or work hard for some period of time and not at all other times of year).*
- *Health care within the clinic as a bartered trade out for in-house services.*
- *We offer access to 401K and life insurance but no business or employer contribution.*
- *Offering advice for writing off business expenses; some drivers have set up LLCs.*
- *We send out 1099s. It is not the responsibility of business to train contractors on taxes and filings.*

### The New Policy Environment for On Demand Businesses

Across the state, clarity around existing rules/regulations at the federal and state level arose as a challenge. Business in in Pueblo and Grand Junction voiced problems with clarity and transparency. Businesses do not welcome the possibility of additional governmental regulation on how businesses engage with their workers/employees. Some businesses did mention the need for additional education of both businesses and employees/workers; this education would center on existing regulations and best practices, e.g. 1099 workers tax burdens and how to prepare for tax season. Additionally, businesses expressed belief that there are enough laws on the books; those laws need better enforcement instead of passing new laws. Additionally, businesses expressed confusion from the lack of alignment of state and federal laws and rules. A sampling of the comments that informed this theme include:

- *FLSA, federal and state are not in alignment. Get the state of CO out of it, the Feds made rules – just use those.*
- *One of the hardest parts for contract workers is that businesses don't know which rules to use – Federal or State*
- *Guidelines around co-employment needs to be tightened. Project based businesses and 1099 workers needs to be able to use co-employment more freely. Companies build in break in service periods of about 3-6 months off. Contractors who want to employ 1099 workers need to have break in service periods to avoid classifying 1099 workers as W2 employees.*
- *Oversight agencies don't have enough skin in the game, (they) don't have teeth and aren't enforcing.*
- *Collectively everyone needs to report income and pay taxes the way that they should. Probably lots of 1099 workers aren't paying taxes.*
- *Educating 1099 workers, basic bookkeeping, and workers reporting on expenses from jobs but not reporting on income from 1099 jobs. They don't associate being a 1099 with being a small business.*
- *Government stifles when I pay workers and how. It should be between me and the person.*
- *When contractors become employees, they don't understand why their hourly rate is less. We don't have clear implementation communication that is easy to find and reference.*
- *I don't feel it's our responsibility to train a contractor on how they should be running their business.*

When presented with the new California labor law, businesses described the law as duplicative of existing federal regulations, unnecessary protections for W2 workers, and punishing businesses that are hiring 1099 workers legally. One business in Denver that works across multiple states mentioned that likely they would work less with workers and businesses in California because it wouldn't be “worth the headache” to comply with the new regulations. Businesses in Grand Junction mentioned worker choice: 1099 contractors

choose to work as on demand workers and should be aware of the benefits and pitfalls of the work structure when they first start employment. Several comments informed this discussion including:

- *We have clients in 20+ states ... Even if the profit is higher with these clients, they'll turn down business in CA because it's not worth the headache.*
  - *It is redundant. DOL has already stated these regulations very clearly.*
  - *If you have a certain number of employees. 15 employees or more, you're required to provide benefits. It's so expensive to provide benefits. It's a huge cost. Reason for the CA laws: businesses are trying to skirt around these regulations.*
  - *Overkill*
  - *Employment is at will; you don't have to be there.*
  - *Colorado law requires some control for W-2; this is not that much different.*
- 

### Conclusions

The on-demand economy is complex and expanding. Glasner notes that portions of the exempt labor market are growing to resemble traditional work arrangements in the nonexempt market due to organizational restructuring and technological change. The online gig economy has been the most visible aspect of this change and policy makers are still searching for strategies to manage it. The continued development of work arrangements which do not fit well into categories commonly used for labor protections and regulations creates opportunities for applied research and policy analysis.

The growth in these nontraditional forms of employment are important as these work arrangements can be a source of ideas and information, as workers are less directed by the corporate management structure, and such independence may spur innovation in the economy. In a sense, this trend indicates a growing number of micro-entrepreneurs, who are nimble and respond more quickly to local economic conditions. Roughly 10-20 percent of nonemployers eventually begin employing their own workers as well. Still, hiring workers is a major leap for a young company, but a crucial element of job creation in the United States, so opportunities to support new and small businesses in this transition are likely a good investment. The Census estimates that startup establishments created more than five million jobs in 2014, accounting for one of every three jobs created nationally.

However, the emergence of gigs also implies increased uncertainty in terms of hours and income flows with few benefits, so these workers are also accepting more risk alongside their greater work flexibility. Glasner's 2019 work on the interdependence of minimum wage laws and the gig economy implies that research into the minimum wage fails to account for the transition of workers between the exempt and nonexempt market which will produce biased estimates. This is particularly important in an era of growth in low-barrier marketplaces, such as is the case with the online gig economy, and specifically, platform transportation services.

Our focus groups indicated both push (entering on-demand employment out of necessity) and pull (entering on-demand employment as a choice) factors are driving this nontraditional employment in Colorado. For many, the push into nontraditional employment was financial. Meanwhile, several factors including flexibility, discretionary or supplemental income and the ability to pursue what they are passionate about that served to pull workers into nontraditional work arrangements. All of these on-demand or gig workers indicated that they had multiple jobs or gigs, sometimes a mix between traditional and nontraditional work arrangements and other times a mix of different on-demand work. Firms also indicated a variety of reasons for choosing to use nontraditional workers, and that the current legal environment is impacting businesses decisions to choose to employ on-demand workers.

In their 2020 white paper on the on-demand workforce, the NGA Center introduced a set of policy options states may leverage to better understand and support on-demand workers, including strategies that would also benefit all workers more broadly. Many of these strategies align with themes summarized from the Colorado focus groups. The strategies highlighted in the report include:

- **Support of human capital investment in on-demand workers.** States can expand programs such as the continuous learning tax credits and 529 savings accounts to include nontraditional workers.
- **Address barriers to job mobility.** Occupational licenses and non-compete agreements can create barriers that cause individuals to exit the formal economy in favor of on-demand work. They may also create market frictions within the on-demand economy. Reforming these practices can provide better options for workers.
- **Build community supports.** Consider extending social supports to on-demand workers that are available to help workers who are traditionally employed, such as entrepreneurship training, and access to childcare subsidies.
- **Develop portable benefits.** There are a growing number of examples and models for building benefits systems that follow a worker throughout their life.
- **Address worker classification.** In 2018 and 2019, five states established taskforces to investigate issues of classification in their state and to develop a strategy to address issues of misclassification.
- **Set clear tax reporting requirements.** Many on-demand workers struggle to track their earnings, and clearly report them to tax agencies. State can provide new guidance and support on this front.

- **Address privacy and equity concerns.** While there are few examples of how public policy has been used to increase transparency and equity in the on-demand economy, this is a clear area of concern and states can explore. (Bartlett, Creticos, and Rahn 2020)

Our Colorado business focus groups seemed to support the consideration of these policy changes as well. Businesses in Denver and Grand Junction described a lack of knowledge on the part of workers around tax implications of 1099 arrangements. Some discussion, especially in Grand Junction, centered on whether the business had a responsibility to educate their workers on how to manage tax withholdings. Many businesses in each region did try to educate workers but informally and without an official structure, perhaps to avoid potential liability. Multiple businesses, especially in Pueblo and Grand Junction, described a need for additional education of businesses around regulations of 1099/W2 workers. These businesses called for additional education multiple times throughout the discussion.

Education programs for businesses could also support this sector of the economy. Firms expressed concern that co-employment is inferred from needing to be on site, creating a gray area in contract employment. But this varies by the nature of the work. Some of the leniency can be earned by being a premium contractor. Education to reduce the uncertainty around guidelines for co-employment could be beneficial. While the above policy recommendations are intended to support nontraditional workers our focus groups illustrated that there is not one fit all solution. Even within the state of Colorado we found broad differences in firms and on-demand workers across geographies and even stronger differences across worker categories.

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### **Limitations**

The largest limitation of this research stemmed from recruitment difficulties in both businesses and workers. Interestingly, the most rural of the locations, Grand Junction, was the most successful for recruitment for both the business and worker focus groups. Because of this difficulty in recruitment, participants were not evenly broken out by category of employment with business builders overrepresented. Only the platform Door Dash was represented among platform workers and platforms had no representation among businesses. Given that there is a perception that many policies across the country that have impacted the way nontraditional business work have been targeted towards platform-based businesses, their lack of voice in this research is a large limitation.

The workforce system does not currently serve gig businesses, so in this case of recruiting those who hire workers, there were few relationships the system could lean into to support recruitment of study participants. Firms using cash-based transactions were not willing to talk about their business practices with the government, perhaps because of concerns

about sharing information that would be found to uncover compliance issues. Large businesses were not willing to attend focus groups either, and it remains unclear why. Another struggle was convincing small and medium business the return on investment of time away from their business was worth the effort.

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### **Future Research**

Future studies can build on the lessons learned from our challenges with recruitment. The language used is of crucial importance as we found many on-demand workers did not connect with the language we were using and thus did not think they were candidates for the focus groups. Once we changed our language, moving from “gig employment” to “on-demand” work, it became evident that this resonated better with potential participants. Future research should place a larger focus on the language in the recruitment efforts. In addition, future research would benefit from connecting with the IRS and state revenue departments to gather data on 1099 businesses in their states.

Not only was having the properly titled and “framed” categories of employment essential in the recruitment process, we found evidence that the push and pull factors drawing individuals to on-demand employment are likely connected to the category of on-demand work the worker is participating in. Future research exploring this connection is needed to understand and inform policy for these unique categories of workers. In addition, more research is needed to understand the locational differences in on-demand work and explore how support systems might be tailored to communities of different sizes.

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### Appendix A: Worker Focus Group Recruitment one-pager



## Exploring the Colorado On-Demand Economy (CODE)

To move towards a better understanding of the On-Demand Workforce, CSU is working with the Colorado Department of Labor and Employment and the National Governor's Association to conduct a series of in-state focus groups and interviews. The goal is to use qualitative information and insights from this process to enable state policymakers to move beyond anecdotes, with more evidence-based policy development. The lessons learned from these focus groups will:

- Help contribute to frame common attitudes and concerns among on-demand workers
- Be compiled alongside existing data on the on-demand workforce and perceptions of employers
- Support the development of public policy based on opportunities and challenges shared

### The Five Faces of the On-Demand Economy



qb intur QuickBooks Self-Employed



### What's in it for me?

**Your insights** will form and shape policy and programming to support new workforce models

**Group discussions** will create an opportunity for workers to discuss their shared perceptions about benefits and challenges to participating in the on-demand economy

**Compensation for your time** will be offered  
**\$50 for participants selected for the focus groups**

### Who is involved?

Government, University, community organizations and professional organizations interested in how to leverage the opportunities and address the challenges of new workforce trends.

### Engagement Opportunities

- **Denver:** Monday, November 18th, 3:30-5 pm, 888 E Iliff Ave, Denver, CO 80210
  - **Parking available at site**
- **Pueblo:** Tuesday, November 19th, 11-12:30 pm, 701 Court Street, Suite C, Pueblo, Colorado 81003
  - **Free parking available in city lot across the street**
- **Western Slope:** Thursday, November 21st, 10:30-noon, 3168 B 1/2 Road, Grand Junction, CO
  - Parking available at site: learn more at: <https://aes-wcrc.agsci.colostate.edu/>

[Volunteer to Participate in the Discussion!](#) (click link, we can recruit up to 12 participants per site)

(or type into your browser) the [https://colostate.az1.qualtrics.com/jfe/form/SV\\_8k2zaGPLe1VZPHn](https://colostate.az1.qualtrics.com/jfe/form/SV_8k2zaGPLe1VZPHn)

### The CSU Team: Dawn Thilmany (lead), [dawn.thilmany@colostate.edu](mailto:dawn.thilmany@colostate.edu)

- County Extension Offices and Community Partners
  - Pueblo, Denver, and Douglas Counties; Southern Colorado SBDC; CSU Western Research Center
- Office of Community and Economic Development
  - Dawn Thilmany and Becky Hill
- Institute for Research in the Social Sciences
  - Alyssa Stephens



## **Appendix B: Worker Focus Groups Pre-Survey**

### **New Economy Focus Groups Pre-Survey**

Thank you for your interest in sharing your experiences as a worker in the new economy. We appreciate your willingness to participate in our focus groups and would like to first ask you a few questions to determine your eligibility for focus group participation.

All questions in this survey relate to your work as an on-demand worker, in this context we are specifically interested in your work that is either:

- Self-employment
- in business for yourself, without paid employees, or
- are working for someone else but do not receive a W-2 (not a formal employee)

Examples of on-demand workers include independent contractors, day laborers, freelancers, consultants and gig workers.

This research is being conducted in collaboration between the Colorado Department of Labor and Employment and Colorado State University. All responses to this pre-survey will be kept confidential. If you have any questions, please contact our project lead Dr. Dawn Thilmany at [dawn.thilmany@colostate.edu](mailto:dawn.thilmany@colostate.edu)

Which of the following focus groups are you interested in attending?

- ☐ Denver - Monday, November 18th from 3:30 to 5:00 pm
- ☐ Pueblo - Tuesday, November 19th from 11 - 12:30 pm
- ☐ Western Slope - Thursday November 21st from 10:30 am - 12:00 pm

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Start of Block: Denver

Display This Question:

*If Which of the following focus groups are you interested in attending? = Denver - Monday, November 18th from 3:30 to 5:00 pm*

How important is the on-demand economy work you do to your household's economic situation?

- ☐ Slightly Important (for example, less than 5 percent of your household income or not a part of my planned budget)
  - ☐ Moderately Important (for example, between 5 and 25 percent of income and essential to discretionary purchases)
  - ☐ Very Important (for example, between 25 and 75 percent of income and part of the planned household spending)
  - ☐ Essential (for example, up to 100 percent of your household income and the primary source of household spending)
- 

Display This Question:

*If Which of the following focus groups are you interested in attending? = Denver - Monday, November 18th from 3:30 to 5:00 pm*

How many years have you been a worker in the on-demand economy (including years you may have also be in a traditional employment situation)? \_\_\_\_\_

---

Display This Question:

*If Which of the following focus groups are you interested in attending? = Denver - Monday, November 18th from 3:30 to 5:00 pm*

## Exploring the On-Demand Economy in Colorado

Which of the following best describes your independent work?

☐

Platform Participant - you work through a 3rd party intermediary (for example, Lyft or TaskRabbit) or you are a freelancer who uses a platform to gain a customer/client network

☐

Professional Freelancer - you may work from home and or lease resources from an intermediary to provide a business service- examples are graphic artists, cosmetologists, independent truck drivers, musicians, or other independent creative service providers

☐

Business Builder - you legally own your own business (but have no employees) and consider yourself an entrepreneur with a consumer-facing product or service you are bringing to market

☐

Family Business - you are employed in a household market enterprise without employees (you only employ family members) - some examples would be a farm or ranch, small retail business or a bed and breakfast.

☐

At-Will Worker - you are a day laborer who secures their own work from day-to-day or work with a temporary agency to gain access to short-term employment (90 days or less)

End of Block: Denver

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### Start of Block: Pueblo

#### Display This Question:

*If Which of the following focus groups are you interested in attending? = Pueblo - Tuesday, November 19th from 11 - 12:30 pm*

How important is the on-demand economy work you do to your household's economic situation?

- ☐ Slightly Important (for example, less than 5 percent of your household income or not a part of my planned budget)
  - ☐ Moderately Important (for example, between 5 and 25 percent of income and essential to discretionary purchases)
  - ☐ Very Important (for example, between 25 and 75 percent of income and part of the planned household spending)
  - ☐ Essential (for example, up to 100 percent of your household income and the primary source of household spending)
- 

#### Display This Question:

*If Which of the following focus groups are you interested in attending? = Pueblo - Tuesday, November 19th from 11 - 12:30 pm*

How many years have you been a worker in the on-demand economy (including years you may have also be in a traditional employment situation)? \_\_\_\_\_

---

### Display This Question:

*If Which of the following focus groups are you interested in attending? = Pueblo - Tuesday, November 19th from 11 - 12:30 pm*

Which of the following best describes your independent work?

- ☐ Platform Participant - you work through a 3rd party intermediary (for example, Lyft or TaskRabbit) or you are a freelancer who uses a platform to gain a customer/client network
- ☐ Professional Freelancer - you may work from home and or lease resources from an intermediary to provide a business service- examples are graphic artists, cosmetologists, independent truck drivers, musicians, or other independent creative service providers
- ☐ Business Builder - you legally own your own business (but have no employees) and consider yourself an entrepreneur with a consumer-facing product or service you are bringing to market
- ☐ Family Business - you are employed in a household market enterprise without employees (you only employ family members) - some examples would be a farm or ranch, small retail business or a bed and breakfast.
- ☐ At-Will Worker - you are a day laborer who secures their own work from day-to-day or work with a temporary agency to gain access to short-term employment (90 days or less)

End of Block: Pueblo

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### Start of Block: Western Slope

#### Display This Question:

*If Which of the following focus groups are you interested in attending? = Western Slope - Thursday November 21st from 10:30 am - 12:00 pm*

How important is the on-demand economy work you do to your household's economic situation?

- ☐ Slightly Important (for example, less than 5 percent of your household income or not a part of my planned budget)
- ☐ Moderately Important (for example, between 5 and 25 percent of income and essential to discretionary purchases)
- ☐ Very Important (for example, between 25 and 75 percent of income and part of the planned household spending)
- ☐ Essential (for example, up to 100 percent of your household income and the primary source of household spending)

#### Display This Question:

*If Which of the following focus groups are you interested in attending? = Western Slope - Thursday November 21st from 10:30 am - 12:00 pm*

How many years have you been a worker in the on-demand economy (including years you may have also be in a traditional employment situation)? \_\_\_\_\_

#### Display This Question:

*If Which of the following focus groups are you interested in attending? = Western Slope - Thursday November 21st from 10:30 am - 12:00 pm*

## Exploring the On-Demand Economy in Colorado

Which of the following best describes your independent work?

☐

Platform Participant - you work through a 3rd party intermediary (for example, Lyft or TaskRabbit) or you are a freelancer who uses a platform to gain a customer/client network

☐

Professional Freelancer - you may work from home and or lease resources from an intermediary to provide a business service- examples are graphic artists, cosmetologists, independent truck drivers, musicians, or other independent creative service providers

☐

Business Builder - you legally own your own business (but have no employees) and consider yourself an entrepreneur with a consumer-facing product or service you are bringing to market

☐

Family Business - you are employed in a household market enterprise without employees (you only employ family members) - some examples would be a farm or ranch, small retail business or a bed and breakfast.

☐

At-Will Worker - you are a day laborer who secures their own work from day-to-day or work with a temporary agency to gain access to short-term employment (90 days or less)

End of Block: Western Slope

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Start of Block: End of Survey

Thank you for your willingness to be a part of our New Economy Focus Group. We would love to have you participate. Please provide your name and email address below and we will send you more information by email:

☐ Name (First, Last) \_\_\_\_\_

☐ Email address \_\_\_\_\_

End of Block: End of Survey

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## Appendix C: Business Focus Group Recruitment One-Pager



Recently California passed a law changing the status of 1099 workers in some circumstances to full time employees. Do you have ideas about improving Colorado's access to the best 1099 talent? CDLE is part of a National Governors Association (NGA) task force investigating policy around the on-demand (gig) economy.

Join our focus groups to support what is important to you. **Only 10 slots are available at each location!**

- **Denver Metro Area**  
When: Monday, Nov. 18, 1:30 – 3:00 PM  
Where: 888 E Iliff Ave, Denver, CO 80210
- **Pueblo and Colorado Springs**  
When: Tuesday, Nov. 19, 8:00 – 9:30 AM  
Where: 701 Court Street, Suite C, Pueblo, Colorado 81003
- **Grand Junction**  
When: Thursday, Nov. 21, 10:30 – 12:00 PM  
Where: 3168 B 1/2 Road, Grand Junction, CO

This is a great opportunity to connect with other businesses and help Governors gain a better understanding of the way the gig economy is shaping your future workforce. Act now and please contact us to register:

Name:

Email:

