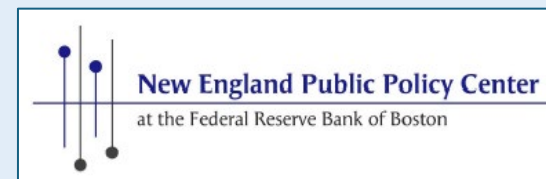
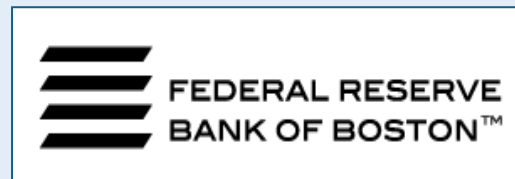


Informal Work Participation: What Does it Tell Us About Labor Supply?

Mary A. Burke, Federal Reserve Bank of Boston
66th NABE Annual Meeting
September 30, 2024

The views express here are those of the speaker and do not necessarily represent the view of the Federal Reserve Bank of Boston or the Federal Reserve System



Labor shortage over?

Unemployment rate approaching NROU (per CBO estimate).



V/U ratio and quits rate both back to normal levels

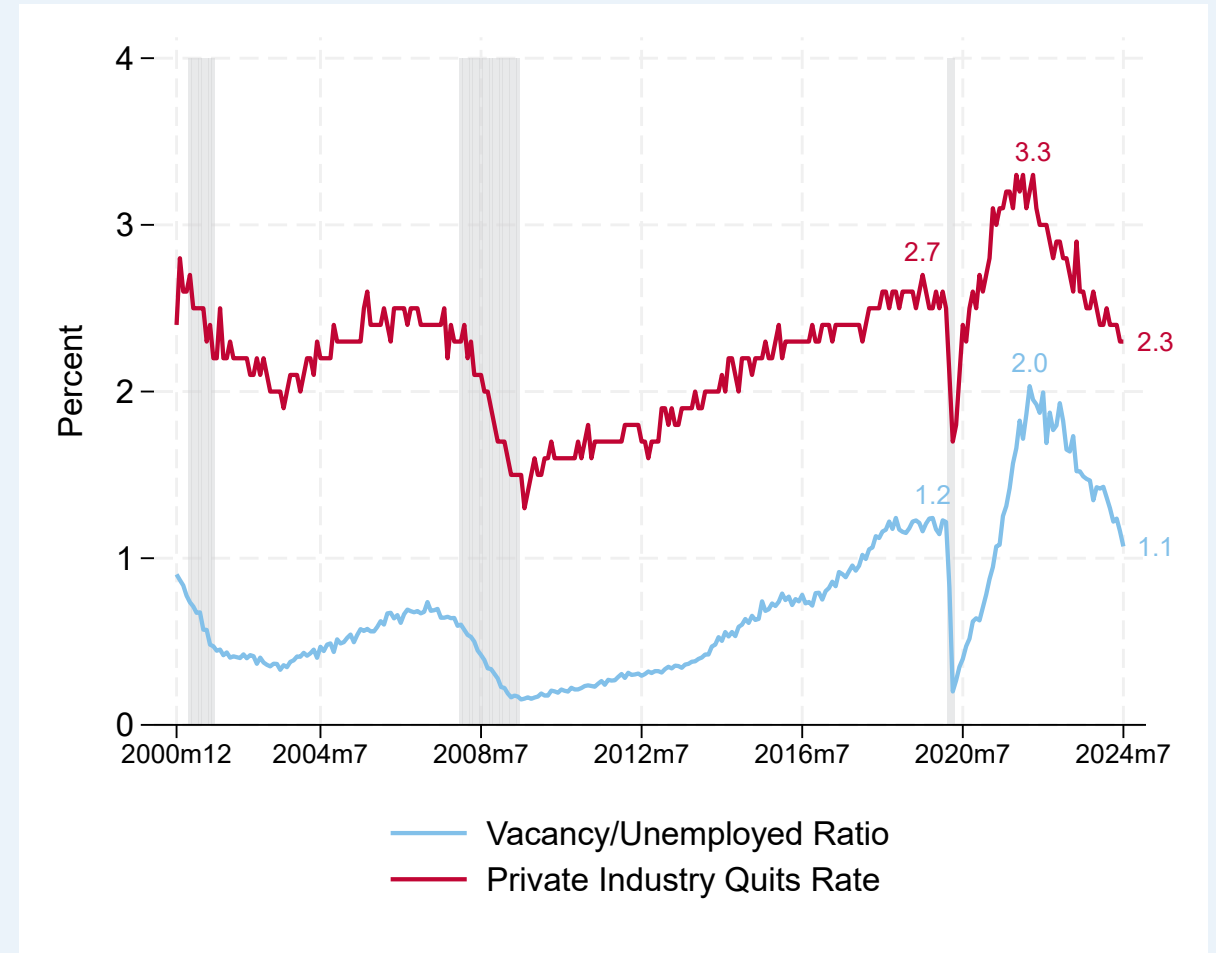
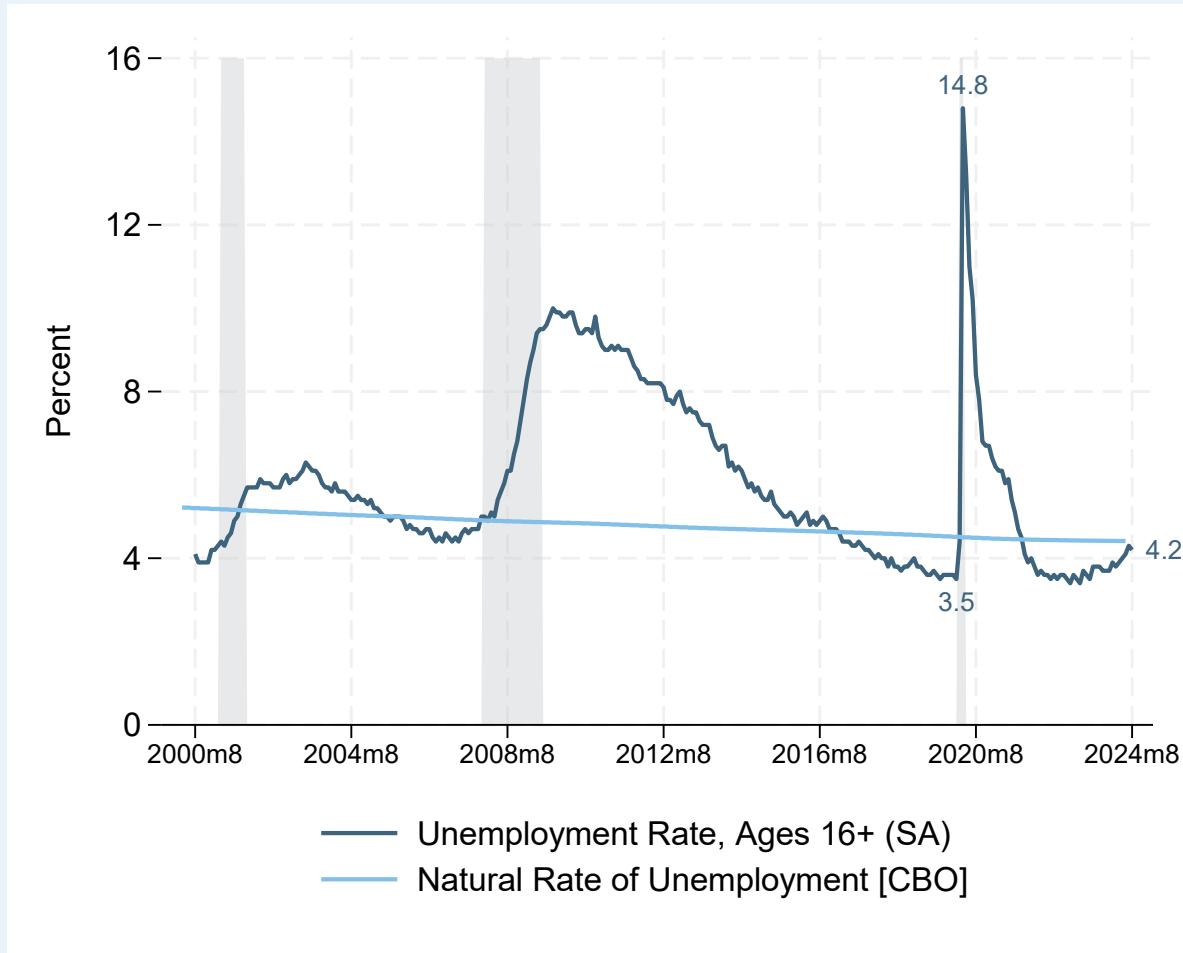


Participation rate consistent with (or above) long-run trend

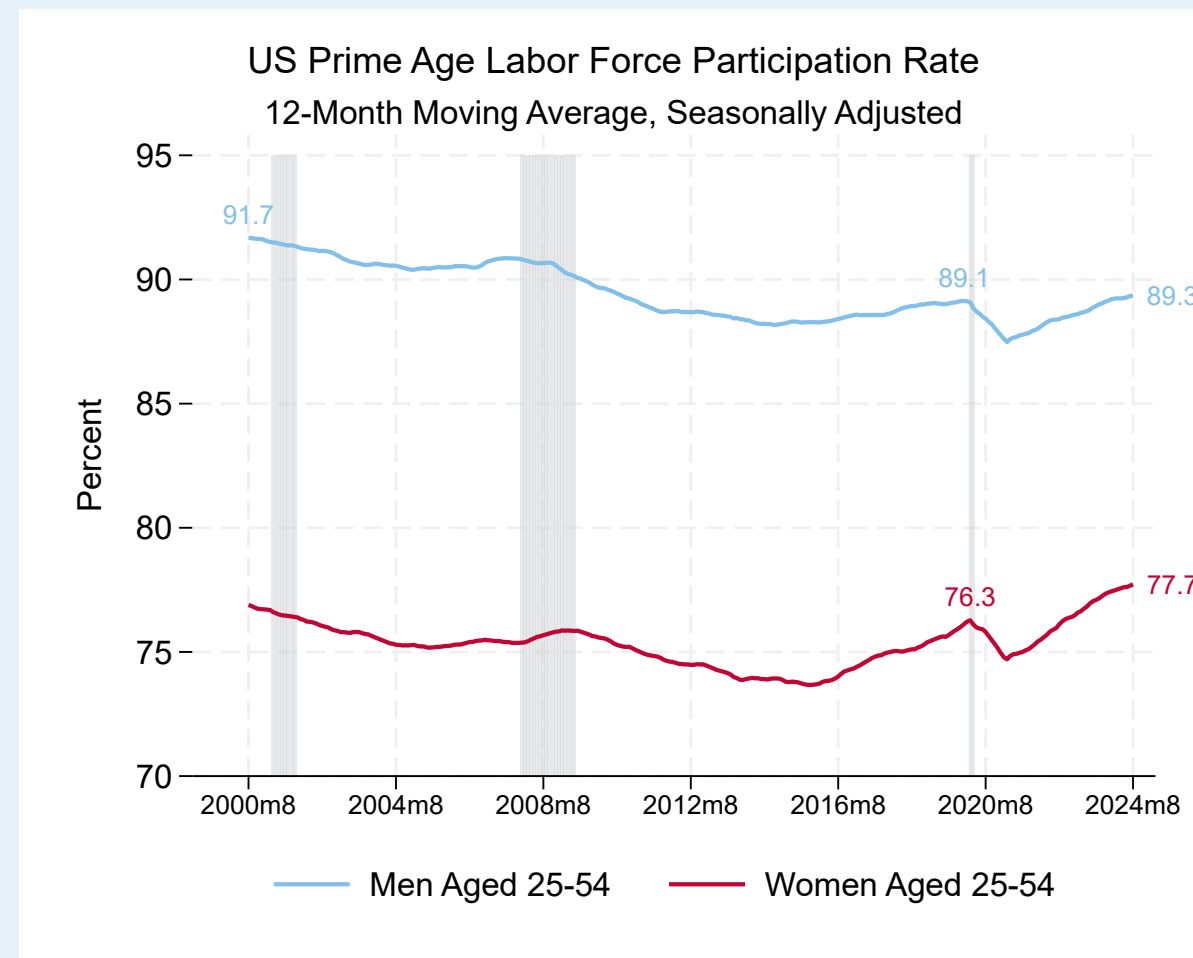
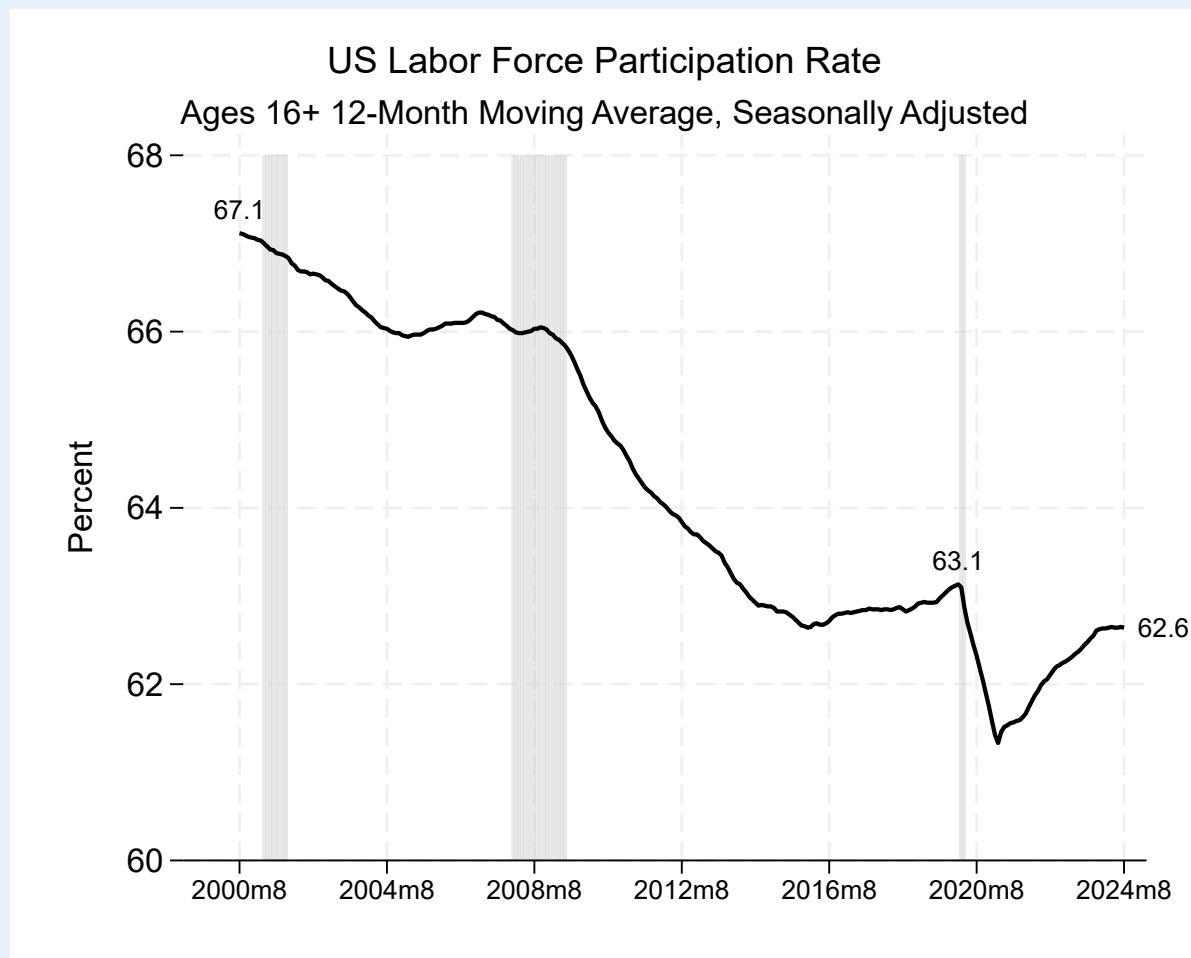


Prime-age participation historically high, esp. for women

Unemployment Approaching Natural Rate; Quits Below Pre-Pandemic Rate



Prime-Age Participation Recovered, on Surging Rates Among Women



Source: Bureau of Labor Statistics, National Bureau of Economic Research/Haver Analytics

NEA NEWS

School Bus Driver Shortage Persists

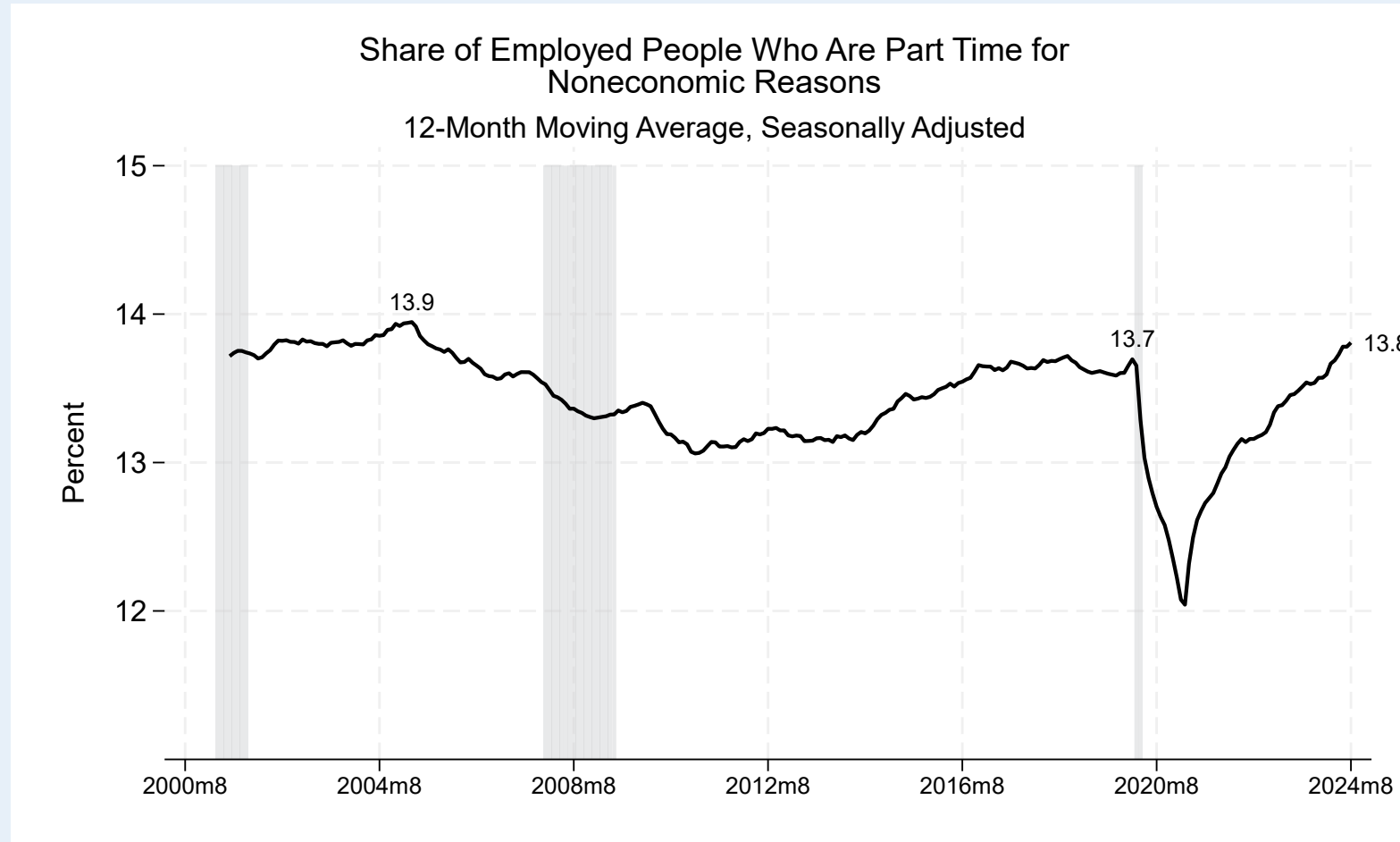
New research shows that the shortage remains severe across the country.

The US is suffering a healthcare worker shortage. Experts fear it will only get worse.

Food service and hospitality businesses struggle to retain workers

Sources: <https://www.nea.org/nea-today/all-news-articles/school-bus-driver-shortage-persists>; <https://thehill.com/changing-america/well-being/prevention-cures/4225960-the-us-is-suffering-a-healthcare-worker-shortage-experts-fear-it-will-only-get-worse/>; <https://www.uschamber.com/workforce/understanding-americas-labor-shortage-the-most-impacted-industries>

Watch the Intensive Margin: Voluntary Part-Time Work at 20-Year High



The Pandemic
Recession
Accelerated Structural
Changes Affecting
Labor Supply

Rise of remote work

- Boosted participation among disabled and mothers of young children
- Caused lasting scarcity of labor for in-person jobs
 - E.g. bus drivers, healthcare workers

Excess retirements

- Impact of aging population pulled forward in time
- Rural areas can't fill critical public service jobs

Many tried gig work and/or self-employment for first time

- Meets rising demand for flexible schedules, PT work
- Complicates assessments of labor supply

Current Population Survey Fails to Capture Some Informal and Gig Workers

Our survey (SCE-SIWP) elicits informal/gig work and includes CPS-style questions

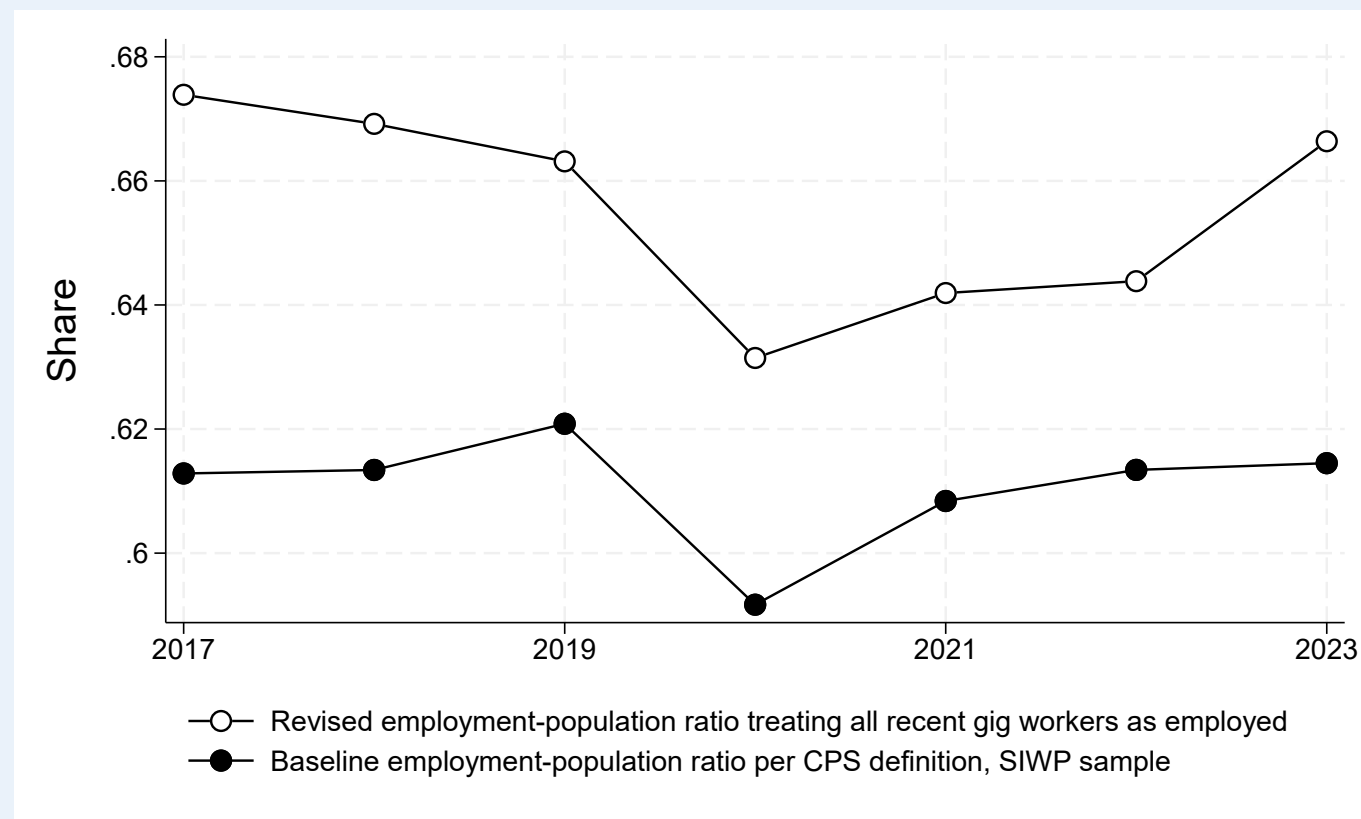
Most informal/gig workers **employed** under BLS definition; doing gig work part-time on the side

Some (~25 percent) classified as **unemployed** or **not in labor force**

Gig workers are **missing** if they classify as **not employed**, but did gig work for pay in past 2 weeks

Responses suggest certain paid activities not considered “work” or “a job”

Employment Rate Higher if “Missing” Informal and Gig Workers are Included



Source: Survey of Informal Work Participation within the Survey of Consumer Expectations (SCE-SIWP), ©2013--2023 Federal Reserve Bank of New York (FRBNY). The SCE-SIWP data are available without charge at <https://www.newyorkfed.org/microeconomics/databank> and may be used subject to license terms posted there. FRBNY disclaims any responsibility for this analysis and interpretation of Survey of Consumer Expectations data.

Notes: The baseline employment-population ratio is the percentage of respondents classified as employed based on the CPS-style questions. In the revised employment-population ratio, informal workers not initially classified as employed are reclassified as employed if they did any informal work in the preceding 14 days.

Is Labor Market Tighter than CPS Would Suggest, or Looser?

Tighter, if “missing” gig labor would be costly to recruit

“Missing” hours often entail non-labor-intensive work (renting property)

Many “missing” gig workers say they are retired

Other research (Ameriks et al. 2020) finds many retirees would return to work in part-time jobs with flexible hours

Looser, if “missing” gig labor would be cheap to recruit

Two-thirds earn less in gig work than in payroll job (of those who have both)

About half would prefer more hours at formal job, but with same flexibility

Workers want benefits of traditional jobs, with flexibility of gig work

Flexibility is currency in the post-pandemic job market

But could recede as labor demand weakens