

THE FUTURE OF WORK IS INDEPENDENT

PART 2: HOW LOW-INCOME JOBSEEKERS USE
INDEPENDENT WORK





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INTRODUCTION

Samaschool's mission is to equip people to earn a living wage through independent work.

Our flagship program is an 8-hour curriculum on how to succeed as a freelancer delivered to low-income jobseekers. While independent work has its limitations, it can also provide immediate income, build confidence, and create a bridge to full-time employment. We partner with organizations offering general or sector-focused job training - trainees receive our curriculum alongside other work readiness programming. Our training provides an overview of the risks and benefits of independent work and teaches critical independent work skills such as personal branding, navigating gig economy platforms and identifying offline work channels, and managing finances as a freelancer, as well as how to leverage independent work to meet professional and personal goals. For more information on independent work and the gig economy, please refer to Part 1 of this paper series.

In 2017, Samaschool launched its first survey of program alumni who engaged in independent work on a recurring basis as a result of our program. The survey aims to measure financial impact as well as to understand workers' experiences and opinions. This paper provides an overview of the people we served in 2017 and offers a deep dive into learnings from the alumni survey.

2017 TRAINEE OVERVIEW

In 2017, 546 trainees completed Samaschool's program in the San Francisco Bay Area and New York City, and reflected the following demographics:

FIGURE 1: AGE

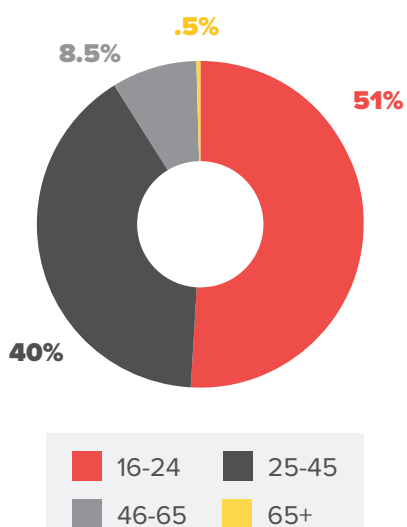


FIGURE 2: GENDER

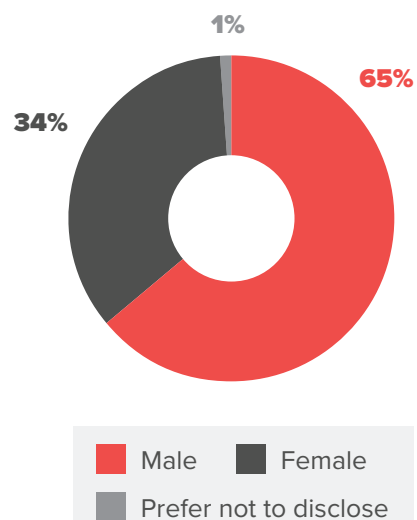


FIGURE 3: EMPLOYMENT

9 months

is the average length of unemployment prior to Samaschool training.

59%

of trainees were unemployed when beginning Samaschool training.

FIGURE 4: RACE & ETHNICITY

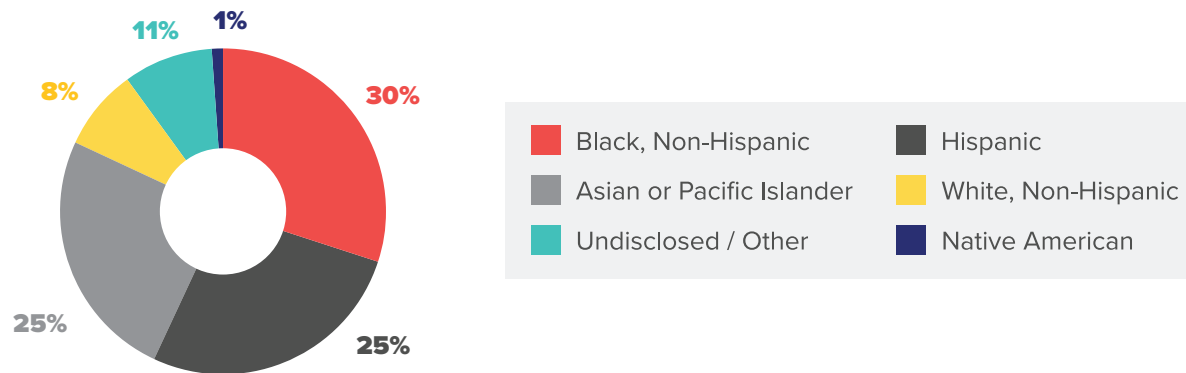


FIGURE 5: ANNUAL HOUSEHOLD INCOME

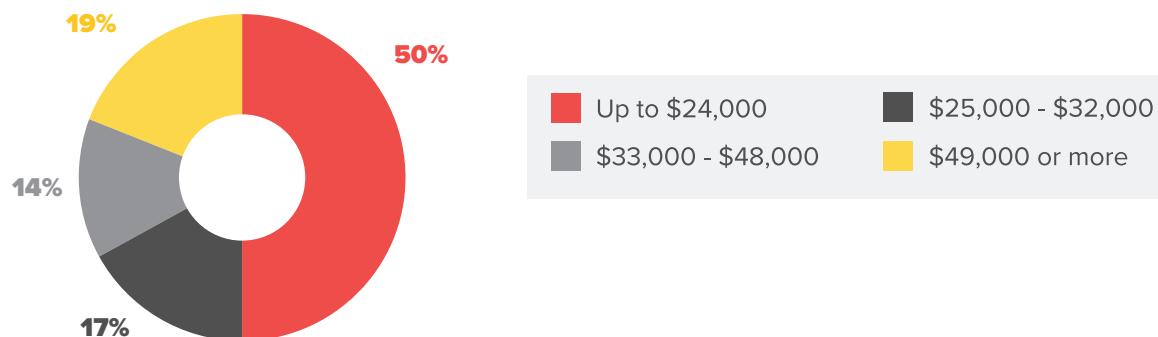


FIGURE 6: AWARENESS PRIOR TO TRAINING

48%

of incoming Samaschool trainees had never heard of popular online work platforms like TaskRabbit and Care.com, commonly used by freelancers.

94%

of the incoming Samaschool trainees who were familiar with online work platforms had never performed any work through these platforms.

FIGURE 7: WORK PREFERENCES PRIOR TO TRAINING

63%

of incoming Samaschool trainees preferred flexibility over a predictable schedule.

59%

of incoming Samaschool trainees preferred working independently over working in teams.



2017 ALUMNI SURVEY

The survey targeted Samaschool alumni known to have completed independent work, as well as alumni with a high expected probability of having done so (e.g., participated in our training at an agency where many participants go on to do independent work). In total, 88 alumni responded.

METHODOLOGY

Samaschool identified 241 alumni who were known to have completed independent work or who had a higher probability of having completed independent work. Alumni were contacted by surveyors for phone interviews and their responses were recorded via an online form. Data was collected from December 22, 2017 - January 30, 2018. With 88 respondents, we achieved a 37% response rate.

TYPES OF FREELANCERS AMONG SAMASCHOOL ALUMNI

A freelancer is defined as any respondent that reported earning income by conducting independent work — typically short-term, project- or contract-based work — in 2017. We further segmented freelancers into the categories described on the following page, with an alumni description to illuminate each freelancer type.

INDEPENDENT CONTRACTORS



Independent contractors do independent work exclusively. Charles is a student pursuing a degree that will prepare him to work as a software developer. His schedule varies and it's impossible for him to have a full-time job while in school. After taking Samaschool's training, he started working as a freelancer on Field Nation, a leading IT support platform. He has done 64 jobs for 13 different clients at the time of this writing and maintained high reviews, earning extra income while building experience in the IT field. "I love the flexibility," he says. "Sometimes I work more, sometimes I work less, but I know it's always there when I need it."

MOONLIGHTERS



Moonlighters have a full-time job and do independent work on the side. Although Clive secured full-time work after participating in job training and Samaschool's program, he continues to perform independent work on a weekly basis. He connects to gigs using multiple platforms doing two different jobs - Lyft as a driver and Field Nation as an IT tech. When asked what advice he would give to other aspiring gig workers, Clive says, "When it comes to gig work, it's all about your ratings and you have to build that foundation first. You have to have that patience and do what you have to do."

DIVERSIFIED WORKERS



Diversified workers have a part-time job and/or run a small business and do independent work on the side. Maria was pursuing a career in acting, but had difficulty finding jobs while taking care of an ill parent. In November of 2017, Maria's career trajectory shifted when she was accepted into a young adult internship program, where Samaschool was a partner. Maria was inspired to pursue acting again by utilizing the gig economy as a tool to pursue her dream. Ever since her discovery of GigSalad, Maria started making money and pursuing her passion for acting. She works four days a week as a mentor for high school students, and uses acting gigs and freelance writing to earn the rest of her income. Maria views gig work as a means to her full-time career in acting and is enthusiastic about continuing to act on the side to build her portfolio.

FIGURE 8: TYPES OF FREELANCERS

INDEPENDENT CONTRACTORS	MOONLIGHTERS	DIVERSIFIED WORKERS
Not employed traditionally	Traditionally employed full-time	Traditionally employed part-time or varied hours
Conduct gig, contract, or project-based work	Conduct gig, contract, or project-based work	Conduct gig, contract, or project-based work
Not a business owner	Not a business owner	Might operate personal business

01.

THE MAJORITY OF RESPONDENTS COMPLETED SOME FORM OF INDEPENDENT WORK, WHICH PROVIDED 71% OF THEIR INCOME.

Approximately 53% of respondents reported engaging with independent work and, of those, the majority earned their income exclusively from independent work contracts during this time period. Given Samaschool's model of partnering with workforce development organizations, all of our trainees were enrolled in some form of training lasting 5-20 weeks in 2017; this may explain why so many respondents relied on independent work as their sole source of income.

FIGURE 9: EMPLOYMENT BREAKDOWN FOR ALL RESPONDENTS

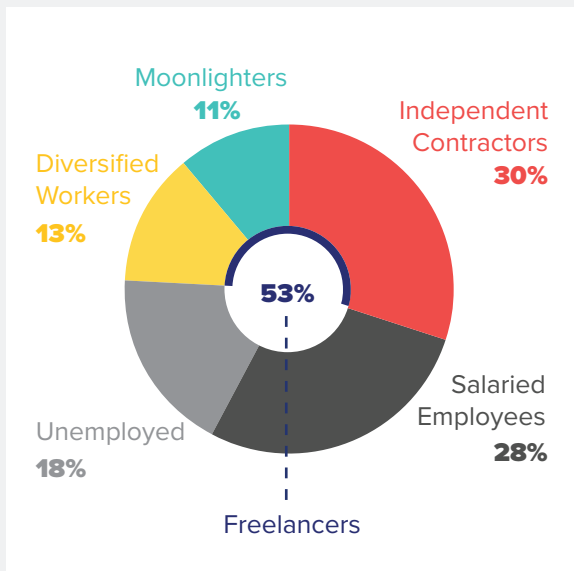


FIGURE 10: SHARE OF INCOME FROM INDEPENDENT WORK (ALL FREELANCER TYPES)

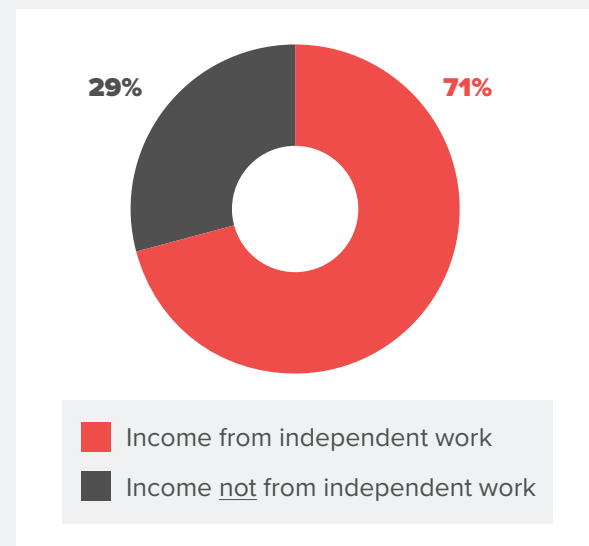
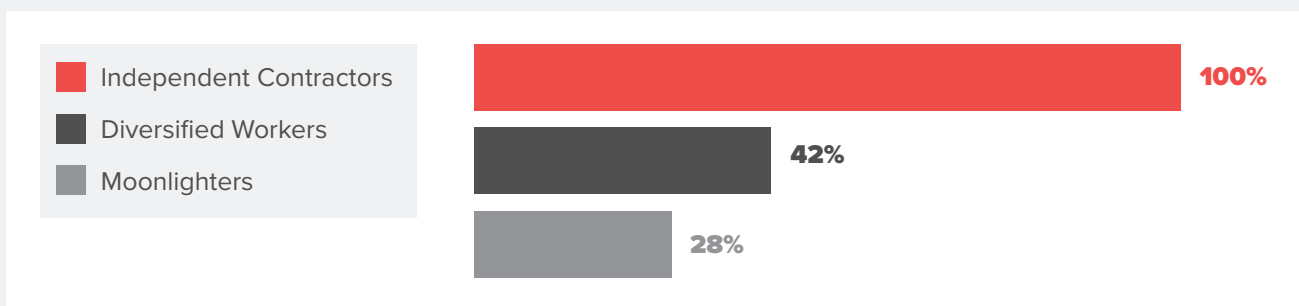


FIGURE 11: SHARE OF INCOME FROM INDEPENDENT WORK (BY FREELANCER TYPES)



02.

ALUMNI REPORTED EARNING AN AVERAGE OF \$9,000 THROUGH INDEPENDENT WORK.

The average time they engaged with this work was five months, so we estimate their average annual freelance earnings to be as high as \$22,000. With research showing that nearly half of Americans cannot afford a \$400 emergency¹, this finding suggests independent work might serve as a promising avenue to quickly secure income for unanticipated expenses.

FIGURE 12: INCOME FROM INDEPENDENT WORK OVER AN AVERAGE OF 5 MONTHS (BY FREELANCER TYPE)



FIGURE 13: POSSIBLE EXPENSES COVERED BY TRAINEE INCOME FROM INDEPENDENT WORK

What \$1,800/month buys you in New York City and the Bay Area:

NEW YORK CITY

- Monthly rent for a 1-bedroom apartment in Queens, the Bronx, or Brooklyn²
- Two months of tuition at a City University of New York four-year college³
- Unlimited public transportation for a year⁴

SAN FRANCISCO BAY AREA

- Three-quarters of the monthly rent for a 1-bedroom apartment in Oakland⁵
- Monthly tuition, books, and expenses to study at San Francisco State University⁶
- Public transportation costs for two years⁷

03.

AVERAGE GROSS HOURLY EARNINGS MET OR EXCEEDED LOCAL LIVING EARNING RATES.

Alumni engaging in multiple forms of work (moonlighters and diversified workers) earned average earnings that were significantly higher than the living earning rate (\$25/hour and \$24/hour, respectively), possibly because they have more skills and connections than their peers who are only doing independent work.

FIGURE 14: AVERAGE HOURLY EARNINGS (BY FREELANCER TYPES)

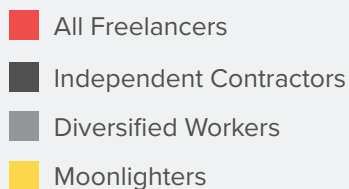
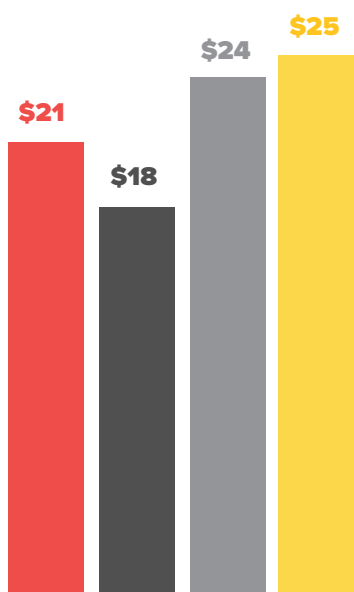
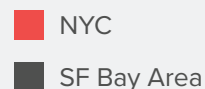
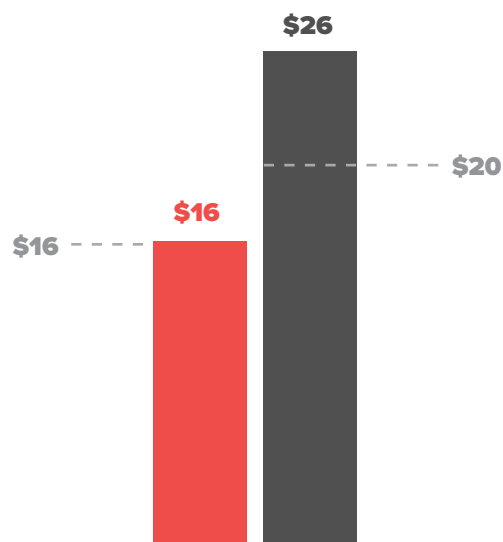


FIGURE 15: AVERAGE HOURLY EARNINGS COMPARED TO LOCAL LIVING EARNINGS

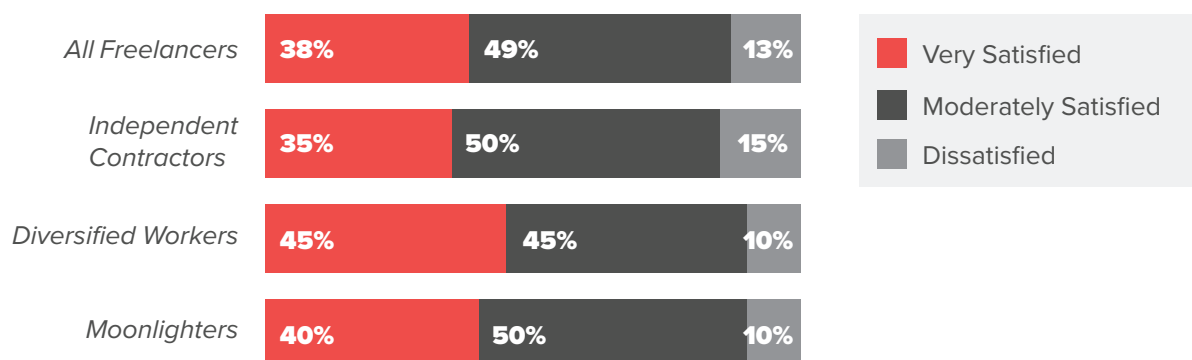


04.

MORE THAN 85% OF ALUMNI REPORTED BEING MODERATELY TO VERY SATISFIED WITH INDEPENDENT WORK.

Independent contractors, or those who rely solely on independent work for income, reported being the least satisfied.

FIGURE 16: SATISFACTION (BY FREELANCER TYPES)



SPOTLIGHT — KRISTY, SAN FRANCISCO BAY AREA



Only a year and a half after completing Samaschool, Kristy has completely transformed her work life. She left an ungratifying job as an office administrator to craft a career aligned with her priorities and values.

As she puts it, “I decided there were a few things I absolutely needed to be happy: developing a community, relationships with people, and being of service.” She has managed to do all these things through her contract work as a property manager and in-home caregiver. “I wake up happily fulfilled each day knowing that I’m making a difference by making others’ lives easier. Samaschool put the idea in my head and gave me the tools to make it happen.”

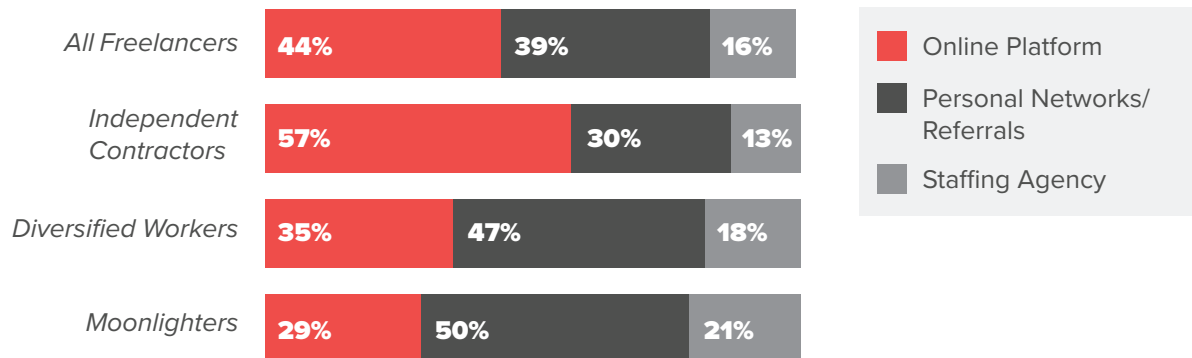
During her tenure as a freelancer, Kristy has managed to leverage her quality of service and level of experience to her benefit. She now makes the same amount with 2-3 gigs per day as she did initially with 5-6 gigs per day, earning an average of \$35/hour for her work.

05.

ALUMNI REPORTED MAKING ROUGHLY EQUAL USE OF ONLINE PLATFORMS AND THEIR PERSONAL NETWORKS TO SECURE INDEPENDENT WORK.

44% of respondents reported using online platforms such as Field Nation, TaskRabbit, and Postmates to acquire clients and 39% reported using referral networks. According to economists Katz and Krueger (2016), only .5% of contingent workers (including freelancers) use online platforms⁸. This suggests low-income jobseekers may be more likely to use online platforms to secure work, possibly as a substitute for high-powered and resource-rich networks to which they do not yet have access. Given that Samaschool's course provides exposure to a wide range of online platforms, it is also possible that education about and exposure to platforms drives workers to them.

FIGURE 17: SOURCE OF WORK (BY FREELANCER TYPES)



06.

WHILE 63% OF INDEPENDENT WORKERS NATIONWIDE ARE FREELANCERS BY CHOICE, ONLY 53% OF SAMASCHOOL ALUMNI INDICATED DOING INDEPENDENT WORK OUT OF CHOICE RATHER THAN NECESSITY.⁹

The findings suggest that low-income workers may be more likely to use the gig economy to fill gaps in necessary income than average workers. Moreover, financial considerations were the number one reason alumni reported turning to independent work.

FIGURE 18: FREELANCING FOR CHOICE VS NEED (BY FREELANCER TYPES)

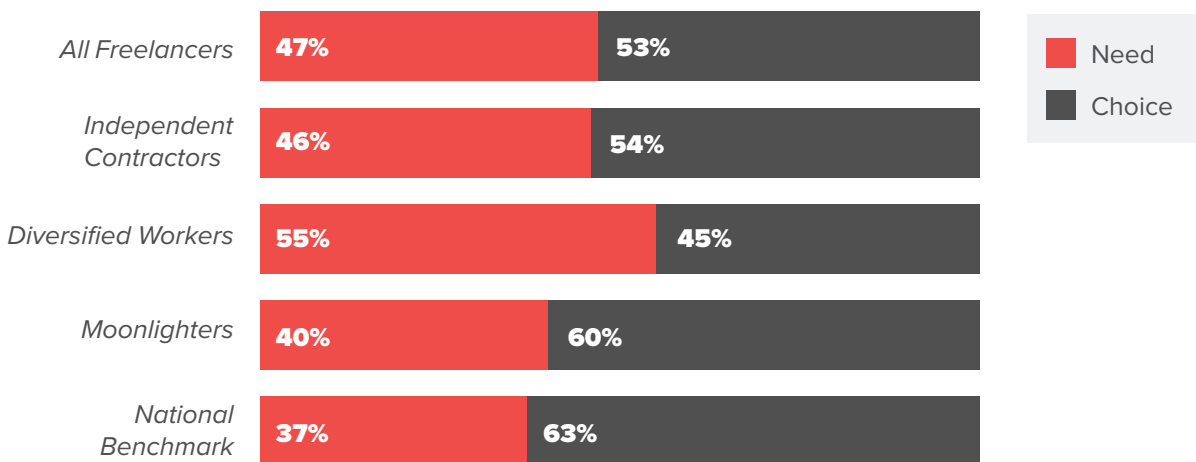
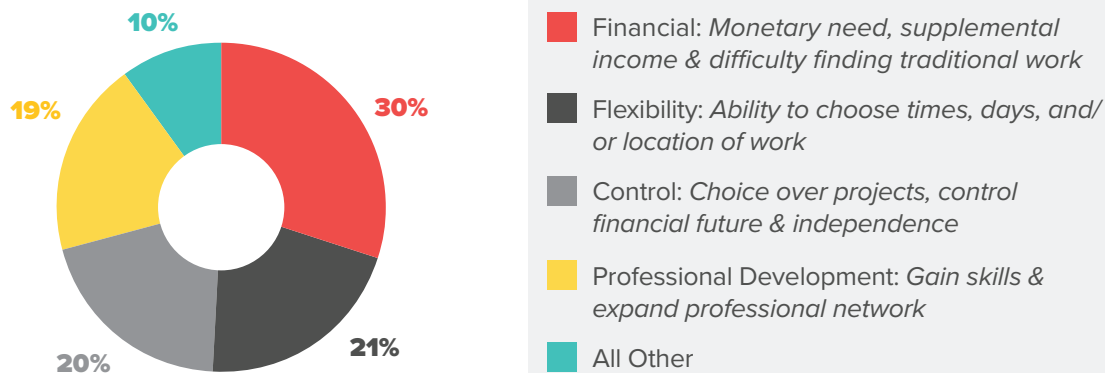


FIGURE 19: REASON FOR FREELANCING (BY FREELANCER TYPES)

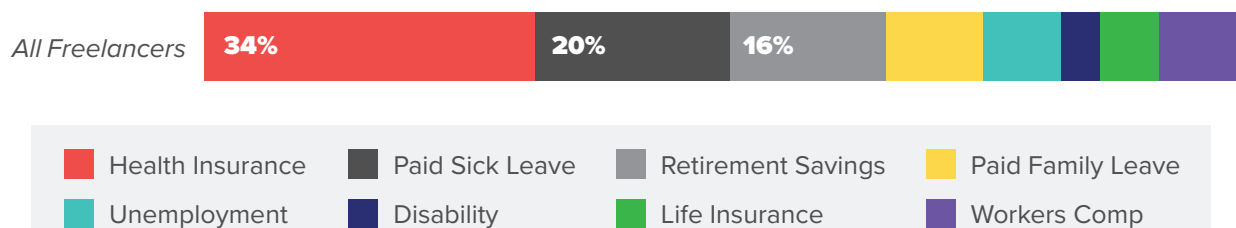


07.

ALUMNI REPORTED A NUMBER OF CONCERNS AND NEEDS RELATED TO INDEPENDENT WORK.

When asked to cite their top three concerns with independent work from a multiple choice list, the majority of respondents said 1) difficulty finding work and ensuring one has enough work, 2) inability to predict income, and 3) lack of benefits. When asked what benefits they would want, health care was at the top of the list. Nearly all alumni (98%) reported being in favor of government-sponsored portable benefits.

FIGURE 20: CONCERNS OF INDEPENDENT WORK

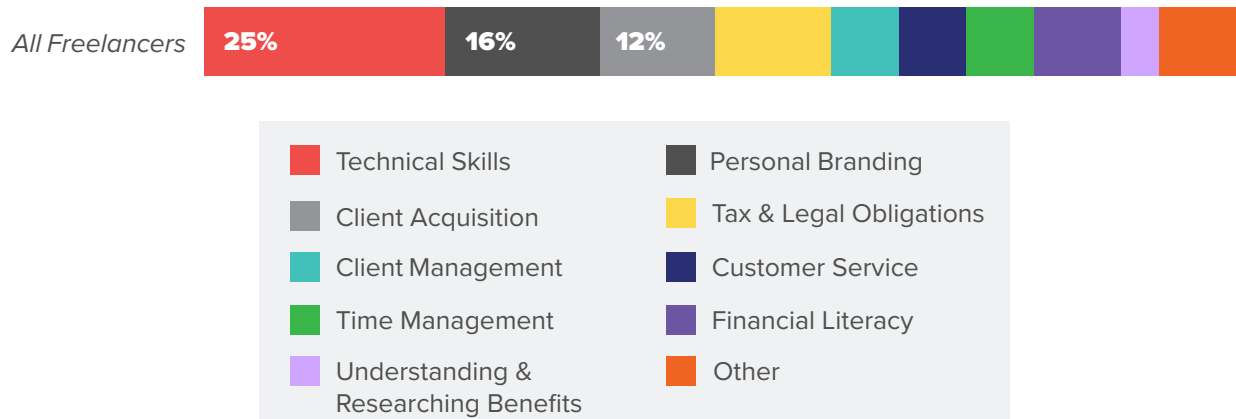


08.

THE MAJORITY OF ALUMNI WOULD LIKE MORE TRAINING IN HOW TO SUCCEED IN THE GIG ECONOMY.

Alumni reported wanting more training, with the largest interest in occupational, or job-specific, skills and applied learning experiences. Respondents also indicated an interest in learning more about topics that Samaschool covers, including personal branding and client acquisition.

FIGURE 21: CONCERNS OF INDEPENDENT WORK



SPOTLIGHT — KRISTOPHER, NEW YORK CITY



Kristopher had been a personal trainer for almost a decade when he started having trouble finding new clients. In 2017, he was 30 years old and only had a high school education. He was also responsible for three income dependents, supporting his household through SNAP benefits and unemployment insurance.

That same year, Kristopher reached out for support. An employment program gave him a personality quiz and his top recommended jobs were related to technology. He decided to enroll in an IT training program at Per Scholas, where he also received Samaschool's independent work training.

His IT training did not get off to a smooth start. Kristopher recalls feeling lost at first, overwhelmed by the new terms and concepts he was learning. It wasn't until some one-on-one chats with his instructor that the material began to feel within reach for him. In his own words, "...that really sparked an interest in me. I went home and I started taking things apart to see how everything worked."

Kristopher managed to take what he was learning through Samaschool and combine that with his love of fitness and computers to find work. He found contracts through two online work platforms: Field Nation and WorkMarket. He attributes the experience he gained through those initial gigs to getting his first major contract as a replay technical analyst with the NBA. The day after he signed his contract, he flew to California to start working. Shortly thereafter, Kristopher was hired by the NBA full-time.

Kristopher continues to perform independent work once or twice a week. He attributes his success to the experiences he received from both Per Scholas and Samaschool. When asked what advice he has for other independent workers, he says, "I definitely encourage people to do more independent work, instead of waiting for 'that job' to come. For the NBA, I got second and third call backs because I had that early experience [with Field Nation and WorkMarket]."

Kristopher's longer term professional goal is to continue working in the cybersecurity space, especially penetration testing, and he plans to continue doing independent work to support achieving his goal.



CONCLUSION

Samaschool's program aims to connect trainees to independent work that can be accessed immediately to help them earn income and gain resume-building experience

Based on the results of our 2017 survey, we found that alumni doing independent work are earning substantial income at or above the living wage rate and are generally satisfied with this form of work. At the same time, they have identified concerns, such as income volatility, and needs, including access to health insurance, retirement savings, and paid sick time. These survey results will drive Samaschool's work and priorities moving forward, including:

- Scaling our program to reach more people, given strong income results and favorable attitudes toward independent work, through partnerships with workforce systems, non-profit organizations, and academic institutions
- Continuing to collect data to build an understanding of the long-term implications of independent work among low-income jobseekers to inform workforce development systems and strategies
- Advocating for protections and supports for independent workers at the federal, state, and local levels

In the third paper in this series, we will elaborate on this final next step and outline a policy agenda to support low-income jobseekers and independent workers. Please contact us at any time with questions or to explore partnership opportunities.

ENDNOTES

- 1 <https://www.federalreserve.gov/2015-report-economic-well-being-us-households-201605.pdf>
- 2 <https://www.timeout.com/newyork/blog/map-of-average-rent-by-nyc-neighborhood-is-as-depressing-as-you-d-expect-082115>
- 3 <http://www2.cuny.edu/financial-aid/tuition-and-college-costs/tuition-fees/#1452179204200-d27abe14-99f4>
- 4 <http://web.mta.info/metrocard/mcgtreng.html>
- 5 <https://www.rentcafe.com/average-rent-market-trends/us/ca/san-francisco/>
- 6 <http://future.sfsu.edu/tuition-aid>
- 7 <http://www.expatisan.com/cost-of-living/san-francisco>
- 8 https://krueger.princeton.edu/sites/default/files/akrueger/files/katz_krueger_cws_-_march_29_20165.pdf
- 9 <https://www.upwork.com/i/freelancing-in-america/2017/>



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