

# How Do Workers Think About The Costs and Benefits of Freelance Work? New Evidence From a Survey Experiment

Ed Freeland  
Princeton

Andrew Garin  
Carnegie Mellon

Dmitri Koustas  
U. of Chicago

NBER/CRIW Conference on The Changing Nature of Work

- ▶ Most US workers are employees of firms, but a significant share work for firms as self-employed freelancers/independent contractors
  - ▶ Important trade-offs: self-employed contractors not covered by most labor laws (e.g. minimum wage, unemployment insurance)
  - ▶ Over 10% of US workforce (>1/2 are side jobs); Both high-end professionals and low-end jobs like warehouse, truckers, cleaners (Collins et al. 2019; Garin et al 2021)
  - ▶ Increased policy scrutiny in recent years (AB5 in CA, Biden DOL guidelines)
- ▶ **Q:** Why do workers enter gig arrangements?

- ▶ Most US workers are employees of firms, but a significant share work for firms as self-employed freelancers/independent contractors
  - ▶ Important trade-offs: self-employed contractors not covered by most labor laws (e.g. minimum wage, unemployment insurance)
  - ▶ Over 10% of US workforce (>1/2 are side jobs); Both high-end professionals and low-end jobs like warehouse, truckers, cleaners (Collins et al. 2019; Garin et al 2021)
  - ▶ Increased policy scrutiny in recent years (AB5 in CA, Biden DOL guidelines)
- ▶ **Q:** Why do workers enter gig arrangements?
  1. **Positive view:** Some workers value being own boss and flexibility of “gig” work
    - ▶ Despite challenges of self-employment, these perks are hard to find in other jobs
  2. **Negative view:** Firms hire workers as freelancers to cut costs, lower compensation in ways workers may not be fully aware of
    - ▶ Many costs are shifted to worker: 1/2 of payroll tax, many expenses, firms don't pay UI taxes/ workers' comp... and workers not covered by these

## **We conduct a survey experiment to study how workers perceive the trade-offs of freelancing**

- ▶ How do workers perceive their current work arrangements?
- ▶ How do amenities differ across work arrangements?
- ▶ How much do freelance workers make on net?
- ▶ Are workers aware of the differences in the expense and tax burdens on freelancers? (related: Chetty Looney Kroft 2009, Pires 2023)
- ▶ How sensitive are reported earnings to question framing? (related: Abraham, Hershbein, Houseman, Truesdale 2024)

1. Survey Design

2. Findings

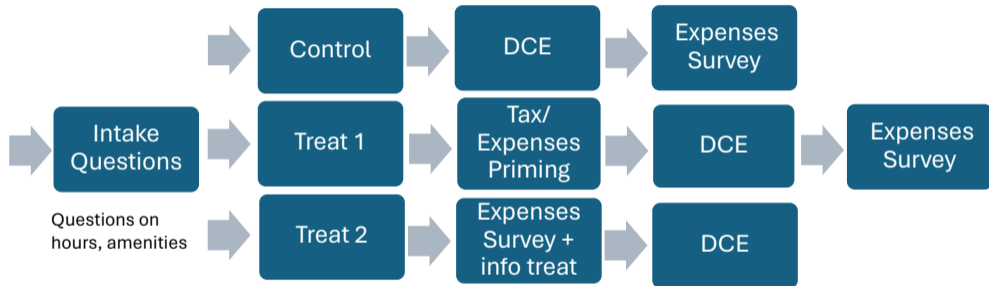
# Survey Overview

- ▶ Our survey was launched as a follow-on to 2024 wave of NORC EPOP
  - ▶ Invite 5,707 of the 9,568 EPOP respondents from Amerispeak probability sample who are currently working or looking for work (excluding employers)
  - ▶ Got 3,830 responses, 2,895 in final survey sample dropping pilot and low-attention responses
  - ▶ Composition of final sample similar to invited sample [▶ More](#)
- ▶ Survey Design
  1. Supplement EPOP questions with additional questions about work arrangements and amenities in *current main job*, standardized for all respondents
  2. Ask detailed questions about work-related expenses in current job
  3. Elicit expected (hypothetical) net earnings in freelance vs. traditional arrangements
  4. Discrete choice experiment to elicit valuations (examine in other work) [▶ More](#)
- ▶ We randomly altered the information environment for 3 and 4

# Experimental Design: Randomized Treatment Arms

- ▶ **CONTROL: No information, hypothetical questions not asked (holdout for DCE)**
  - ▶ Detailed expense module asked at end
- ▶ **INFO1: Give basic information about W2 employment versus 1099 freelancing before hypothetical expense questions, no quantitative information**
  - ▶ Detailed expense module asked at end
- ▶ **INFO2: Provide detailed information including customized estimates of expense and tax burden in each hypothetical arrangement**
  - ▶ Detailed expense module asked before hypothetical expense questions, used to calculate personalized estimates
  - ▶ Also provide example costs for each detailed item

# Basic Survey Flow



Questions on  
hours, amenities

Randomization

In Treat 2, the expenses  
survey is used to provide  
the individual a  
calculation of estimated  
taxes/expenses



# Follow-Up Expense Questions

*INFO2* group gets this before hypothetical expense Qs, all other groups at end

Please indicate which of the following are required for your MAIN job/work arrangement, AND whether you supply them at your OWN EXPENSE or if they are provided by an employer or client?

	Not required/ applicable	I supply myself	Provided by employer/client
Motor vehicle	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Business travel (airfare, hotel, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Computer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mobile phone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internet access	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Specialized software or web services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accessory hardware (headsets, cameras, tools, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supplies or materials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Licenses, certifications, subscriptions, etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liability insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Home office or coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Only *INFO2* group gets text in red box

You indicated that you use a motor vehicle for work purposes. Please (1) estimate the average expense for the motor vehicle you use solely for the purpose of work (that is, the expense you would avoid if a motor vehicle was not required for your work); then (2) separate the portion of this expense that is reimbursed by a client or employer and the portion that is not reimbursed.

For example, Edmunds.com estimates the total costs of gas, repairs, and depreciation for a 1-year old Toyota Camry are approximately \$4,000 per year, assuming 10,000 miles driven per year. Your costs may be higher or lower depending on your vehicle and usage.

Please tell us just the part of the expense covering your use of this item for your work. For example, if your total costs on this item are \$4,000 per year but 50% of the use of the item is for personal purposes, your expense for business would be \$2,000.

You can report your estimated expense on a weekly, monthly, or annual basis. Please indicate which basis you are using.

Reimbursed	\$	<input type="text" value="0"/>
Not reimbursed	\$	<input type="text" value="0"/>
Total	\$	<input type="text" value="0"/>

Weekly	Monthly	Yearly
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

# Follow-Up Expense Questions

## Only *INFO2* group gets text in red box

Please indicate which of the following are required for your MAIN job/work arrangement, AND whether you supply them at your OWN EXPENSE or if they are provided by an employer or client?

	Not required/ applicable	I supply myself	Provided by employer/client
Motor vehicle	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Business travel (airfare, hotel, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Computer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mobile phone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internet access	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Specialized software or web services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accessory hardware (headsets, cameras, tools, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supplies or materials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Licenses, certifications, subscriptions, etc.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liability insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Home office or coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

# Follow-Up Expense Questions

## Only *INFO2* group gets text in red box

You indicated that you use a motor vehicle for work purposes. Please estimate the additional expense you would need to incur to provide a motor vehicle yourself if it had not been provided by your employer or client.

For example, Edmunds.com estimates the total costs of gas, repairs, and depreciation for a 1-year old Toyota Camry are approximately \$4,000 per year, assuming 10,000 miles driven per year. Your costs may be higher or lower depending on your vehicle and usage.

Please tell us just the part of the expense covering your use of this item for your work. For example, if your total costs on this item are \$4,000 per year but 50% of the use of the item is for personal purposes, your expense for business would be \$2,000.

You can report your estimated expense on a weekly, monthly, or annual basis. Please indicate which basis you are using.

Amount \$	Weekly	Monthly	Yearly
<input type="text" value="0"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

# Basic Information (INFO1 and INFO2)

Both *INFO1* and *INFO2* see this and take comprehension quiz [▶ More](#)

People generally work for businesses either as a **1099 independent contractor** or as a **W-2 employee**, with the 1099 and W-2 forms being used by businesses to report earnings to the IRS for each kind of worker, respectively. The main differences between the two types of jobs are:

<i>Contract Type:</i> Work for a firm as a <b>1099 independent contractor</b>	<i>Contract Type:</i> Work for firm as a <b>W-2 employee</b>
<b>Not covered</b> by unemployment insurance, workers compensation insurance, overtime, or other employment laws	<b>Covered</b> by unemployment insurance, workers compensation insurance, overtime, and other employment laws
<b>You</b> are responsible for complying with any taxes and quarterly estimated tax payments	The <b>employer</b> will calculate and withhold payroll taxes and estimated federal income tax
In general, <b>you must provide</b> all necessary equipment and supplies at your own expense	In general, the <b>employer provides</b> all necessary equipment and supplies at no expense to you

Below, we will ask you a few questions to review the differences between these two types of jobs so that the distinction is clear in the remaining parts of the survey.

# INFO1: Collect Baseline Net/Gross Expectations

INFO1 is then asked to estimate net earnings for W2 and 1099 with same gross pay:

Now think about your current job, where you make \$1,200 per week.

Suppose you were offered two similar jobs, each with a weekly gross pay of \$1,200 before any taxes and expenses.

In your situation, what would you expect your weekly take-home earnings after taxes and expenses to be in each job, if one was a W-2 employee job and the other was a 1099 independent contractor job?

*Your best estimate is fine*

Your Estimated Net  
Weekly Earnings as a  
1099 Independent  
Contractor

Your Estimated Net  
Weekly Earnings as a  
W-2 Employee

# INFO2 Version with Additional Information

## INFO2 sees additional information based on answers to the expenses questions:

Now think about your current job, where you earn \$1,200 per week.

Suppose you were offered two similar jobs, each with a weekly gross pay of \$1,200 before any taxes and expenses. In one job, you would be hired as a 1099 independent contractor, and in the other, as a W-2 employee.

Below, we have provided estimates for weekly unreimbursed expenses and federal taxes for which you would be responsible, based on the job type. These estimates are based on what you have told us about your expenses in your current job, and the federal taxes that would apply to a single individual with no children for each type of job, assuming it were their sole income source for a full year.

<i>Contract Type:</i> Work for a firm as a <b>1099 independent contractor</b>	<i>Contract Type:</i> Work for firm as a <b>W-2 employee</b>
<i>Weekly Gross Pay:</i> \$1,200	<i>Weekly Gross Pay:</i> \$1,200
<i>Federal Income Taxes:</i> \$66.01	<i>Federal Income Taxes:</i> \$115.40
<i>Social Security and Medicare Taxes:</i> \$153.16	<i>Social Security and Medicare Taxes:</i> \$91.80
<i>Unreimbursed Expenses:</i> \$115.47	<i>Unreimbursed Expenses:</i> \$0
<i>Implied Net Weekly Take-home Pay:</i> \$865.35	<i>Implied Net Weekly Take-home Pay:</i> \$992.80

**For each job, the exact taxes you would owe and the unreimbursed expenses would depend on your personal circumstances.** You may owe additional taxes based on the state and municipality in which you live. This means the *actual* taxes and expenses you encounter may be higher or lower than those listed above.

Since our estimates might not accurately reflect your specific situation, please tell us what you expect your *actual weekly take-home earnings after taxes and expenses* would be for each job given your situation.

*Your best estimate is fine.*

Your Estimated Net Weekly Earnings as a 1099 independent Contractor

Your Estimated Net Weekly Earnings as a W-2 Employee

1. Survey Design

2. Findings



# Identifying Freelancers: Alternative Methods

## Infer freelance status in main job several alternative ways

1. Use EPOP identifiers: *In last week, is either main job...*
  - ▶ *Employee* **84.2%**
  - ▶ *Business owner* **4.8%**
  - ▶ *Other Freelance/Self-emp* **10.9%**
  
2. Ask if main job withholds taxes (per Abraham et al 2024)
  - ▶ *Employer takes taxes out of pay* **81.2%**
  - ▶ *Pay all taxes myself* **18.18%**
  
3. Ask if receive W2 or 1099 from main job
  - ▶ *W2* **83.8%**
  - ▶ *1099* **12.5%**
  - ▶ *No info reporting* **3.7%**

(Note: percentages are among non-missing values)

# Do People Answer Consistently?

Columns sum to 100 percent

<i>Share of group who report...</i>	<i>EPOP: In main job, respondent is...</i>				<i>Main job taxes are...</i>	
	Traditional Employee (1)	Self-Employed (2)	SE Business Owner (3)	SE Freelancer (4)	Withheld by employer (5)	Not withheld (6)
<i>Employer withholds taxes:</i>						
Yes	0.907	0.304	0.329	0.293	1	0
No	0.093	0.696	0.671	0.707	0	1
<i>Earnings reported on:</i>						
W-2 return	0.940	0.268	0.375	0.225	0.972	0.244
1099 return	0.054	0.522	0.354	0.589	0.025	0.572
No 3rd-party reporting	0.006	0.210	0.271	0.186	0.003	0.184

# Do People Answer Consistently?

Some people who self-identify as employees have no withholding...

<i>Share of group who report...</i>	<i>EPOP: In main job, respondent is...</i>				<i>Main job taxes are...</i>	
	Traditional Employee (1)	Self-Employed (2)	SE Business Owner (3)	SE Freelancer (4)	Withheld by employer (5)	Not withheld (6)
<i>Employer withholds taxes:</i>						
Yes	0.907	0.304	0.329	0.293	1	0
No	0.093	0.696	0.671	0.707	0	1
<i>Earnings reported on:</i>						
W-2 return	0.940	0.268	0.375	0.225	0.972	0.244
1099 return	0.054	0.522	0.354	0.589	0.025	0.572
No 3rd-party reporting	0.006	0.210	0.271	0.186	0.003	0.184

# Do People Answer Consistently?

...but goes both ways

<i>Share of group who report...</i>	<i>EPOP: In main job, respondent is...</i>				<i>Main job taxes are...</i>	
	Traditional Employee (1)	Self-Employed (2)	SE Business Owner (3)	SE Freelancer (4)	Withheld by employer (5)	Not withheld (6)
<i>Employer withholds taxes:</i>						
Yes	0.907	0.304	0.329	0.293	1	0
No	0.093	0.696	0.671	0.707	0	1
<i>Earnings reported on:</i>						
W-2 return	0.940	0.268	0.375	0.225	0.972	0.244
1099 return	0.054	0.522	0.354	0.589	0.025	0.572
No 3rd-party reporting	0.006	0.210	0.271	0.186	0.003	0.184

# Do People Answer Consistently?

...but goes both ways

<i>Share of group who report...</i>	<i>EPOP: In main job, respondent is...</i>				<i>Main job taxes are...</i>	
	<i>Traditional Employee</i>	<i>Self-Employed</i>	<i>SE Business Owner</i>	<i>SE Freelancer</i>	<i>Withheld by employer</i>	<i>Not withheld</i>
	<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
<i>Employer withholds taxes:</i>						
Yes	0.907	0.304	0.329	0.293	1	0
No	0.093	0.696	0.671	0.707	0	1
<i>Earnings reported on:</i>						
W-2 return	0.940	0.268	0.375	0.225	0.972	0.244
1099 return	0.054	0.522	0.354	0.589	0.025	0.572
No 3rd-party reporting	0.006	0.210	0.271	0.186	0.003	0.184

# Differences in Pay and Amenities

## Big differences in annual gross pay

<i>Worker type</i>	<b>Median Earnings (\$)</b>				<b>Share with Job Feature</b>			
	Annual (1)	Hourly (2)	Average Weeks / Yr (3)	Average Hours / Week (4)	Remote Work OK (5)	Control Schedule (6)	Control How Work Done (7)	Likely Job Ends in < (8)
<i>EPOP: Main job is...</i>								
...Traditional Employment	50000	26	44	37	0.320	0.540	0.689	0.024
...Self-employment	26000	20	38	33	0.443	0.890	0.917	0.056
...Owns business	26000	19	40	38	0.337	0.924	0.955	0.027
...Freelancer	26000	20	38	31	0.490	0.875	0.900	0.069
<i>Employer withholds taxes:</i>								
Yes	50180	26	44	38	0.325	0.535	0.683	0.026
No	19904	19	36	30	0.406	0.858	0.902	0.042
<i>Earnings reported on:</i>								
W-2 return	52000	26	45	38	0.338	0.528	0.686	0.020
1099 return	20800	19	36	31	0.426	0.870	0.871	0.042
No 3rd party reporting	15600	22	35	29	0.265	0.990	1.000	0.111

# Differences in Pay and Amenities

Some explained by lower hours among freelancers

<i>Worker type</i>	<b>Median Earnings (\$)</b>				<b>Share with Job Feature</b>			
	Annual (1)	Hourly (2)	Average Weeks / Yr (3)	Average Hours / Week (4)	Remote Work OK (5)	Control Schedule (6)	Control How Work Done (7)	Likely Job Ends in < (8)
<i>EPOP: Main job is...</i>								
...Traditional Employment	50000	26	44	37	0.320	0.540	0.689	0.024
...Self-employment	26000	20	38	33	0.443	0.890	0.917	0.056
...Owns business	26000	19	40	38	0.337	0.924	0.955	0.027
...Freelancer	26000	20	38	31	0.490	0.875	0.900	0.069
<i>Employer withholds taxes:</i>								
Yes	50180	26	44	38	0.325	0.535	0.683	0.026
No	19904	19	36	30	0.406	0.858	0.902	0.042
<i>Earnings reported on:</i>								
W-2 return	52000	26	45	38	0.338	0.528	0.686	0.020
1099 return	20800	19	36	31	0.426	0.870	0.871	0.042
No 3rd party reporting	15600	22	35	29	0.265	0.990	1.000	0.111

# Differences in Pay and Amenities

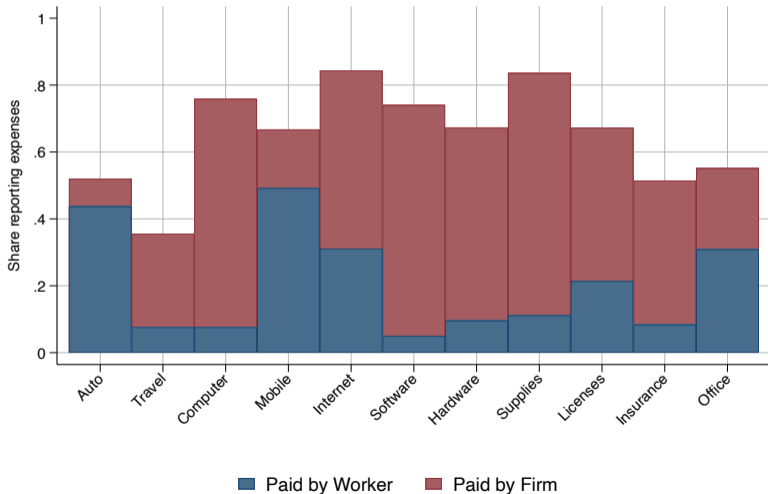
Freelancers have more control/flexibility, less stability

<i>Worker type</i>	<b>Median Earnings (\$)</b>		Average Weeks / Yr	Average Hours / Week	<b>Share with Job Feature</b>			
	Annual (1)	Hourly (2)			Remote Work OK (5)	Control Schedule (6)	Control How Work Done (7)	Likely Job Ends in < (8)
<i>EPOP: Main job is...</i>								
...Traditional Employment	50000	26	44	37	0.320	0.540	0.689	0.024
...Self-employment	26000	20	38	33	0.443	0.890	0.917	0.056
...Owns business	26000	19	40	38	0.337	0.924	0.955	0.027
...Freelancer	26000	20	38	31	0.490	0.875	0.900	0.069
<i>Employer withholds taxes:</i>								
Yes	50180	26	44	38	0.325	0.535	0.683	0.026
No	19904	19	36	30	0.406	0.858	0.902	0.042
<i>Earnings reported on:</i>								
W-2 return	52000	26	45	38	0.338	0.528	0.686	0.020
1099 return	20800	19	36	31	0.426	0.870	0.871	0.042
No 3rd party reporting	15600	22	35	29	0.265	0.990	1.000	0.111



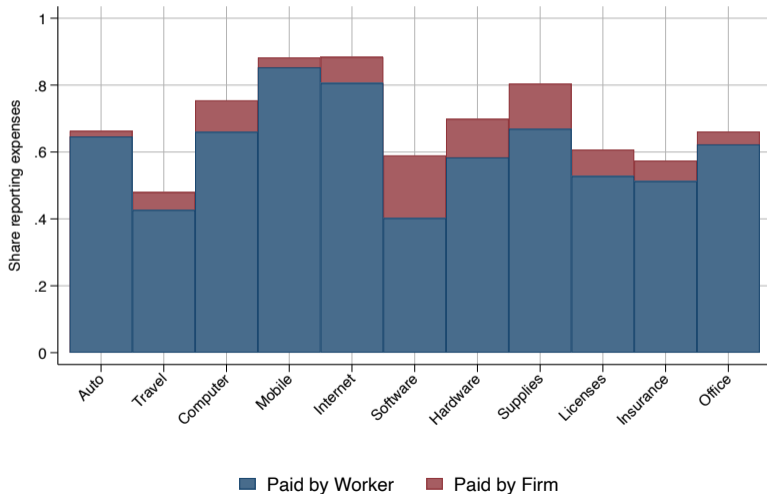
# Who Covers What Expenses?

## Workers with **withholding** in main job



# Who Covers What Expenses?

## Workers with **no withholding**



# How Much Do Totalled Expense Items Cost?

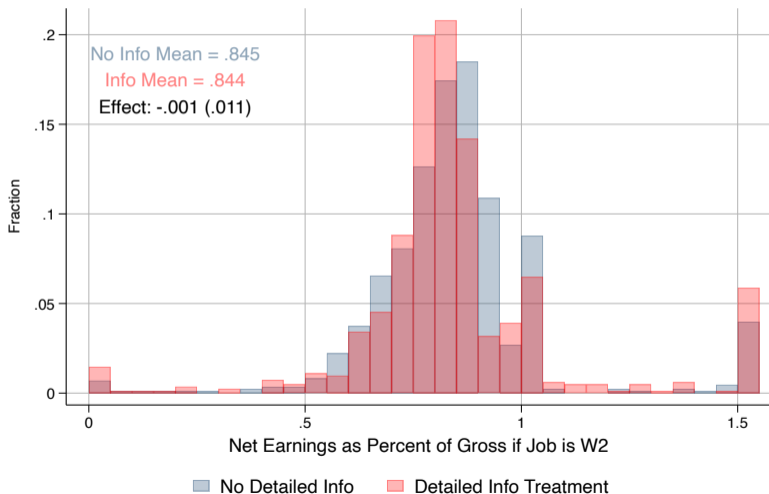
- ▶ **Employed workers (withholding)** say they spend 3% of gross pay on out of pocket expenses and estimate employer-provided items would cost an extra 5-8% of gross pay
  - ▶ Employee out of pocket is mostly car, home office [▶ Details](#)
- ▶ **Self-employed workers (no withholding)** say they spend 7-9% of gross pay on out of pocket expenses and estimate client-provided items would cost an extra 3-6% of gross pay
- ▶ All together, providing sample expense costs did not significantly shift totals of reported values [▶ Estimates](#)
  - ▶ We find some evidence of a negative effect on estimated cost of firm-provided items
  - ▶ No evidence of change in cost of out of pocket items

## How Salient are Differences in Take-Home Pay?

- ▶ A traditional job and a freelance job with the same posted gross pay may lead to different net earnings
  - ▶ Unreimbursed expenses
  - ▶ Different tax treatments (SECA tax, QBI deduction)
- ▶ We ask respondents in treatment arms 1 and 2: for *hypothetical* traditional and freelance jobs with your *actual* weekly gross earnings, what do you expect your **take-home pay after taxes and unreimbursed expenses** to be?
- ▶ Treatment arms vary information given before question
  - ▶ *INFO1*: Asked *before* any information provided or expense questions asked
  - ▶ *INFO2*: Asked *after* expense worksheet and information, including expected expense and tax burden based on answers
  - ▶ (Control group not asked, avoid priming before DCE)

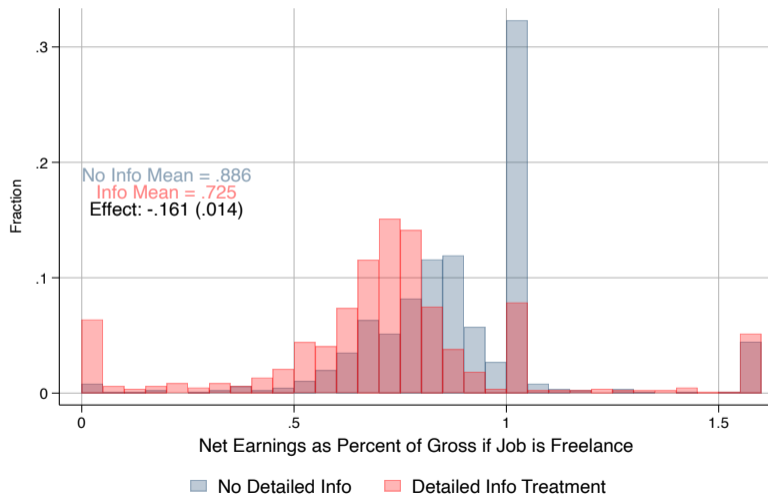
# Beliefs About Net Pay as Share of Gross Pay

Beliefs about net as % of gross if hired as **traditional W2 employee**



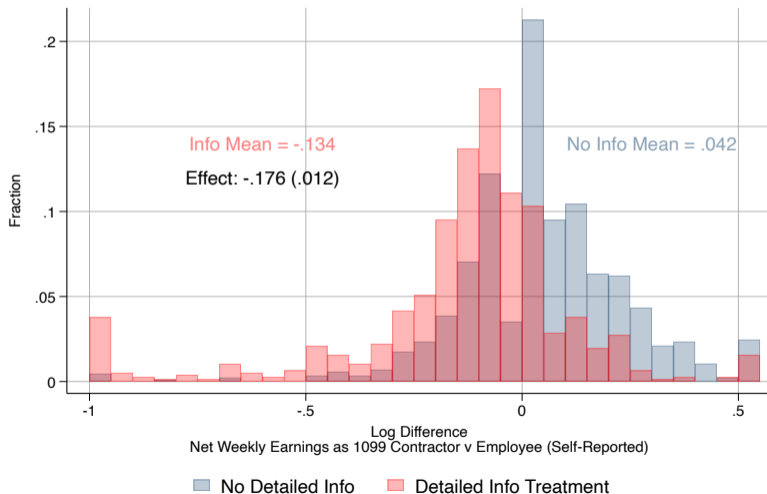
# Beliefs About Net Pay as Share of Gross Pay

Beliefs about net as % of gross if hired as **1099** freelancer



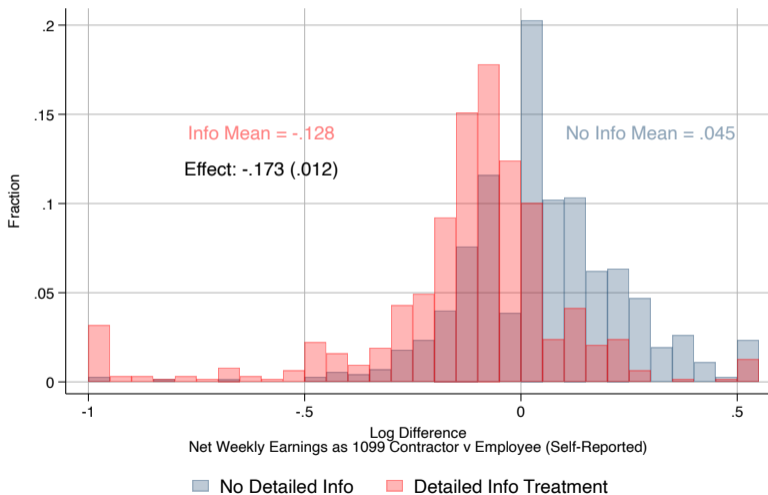
# Beliefs About Net Pay as Share of Gross Pay

Log(Freelance Net Pay) - Log(Employee Net Pay) for Same Gross Pay



# Beliefs About Net Pay as Share of Gross Pay

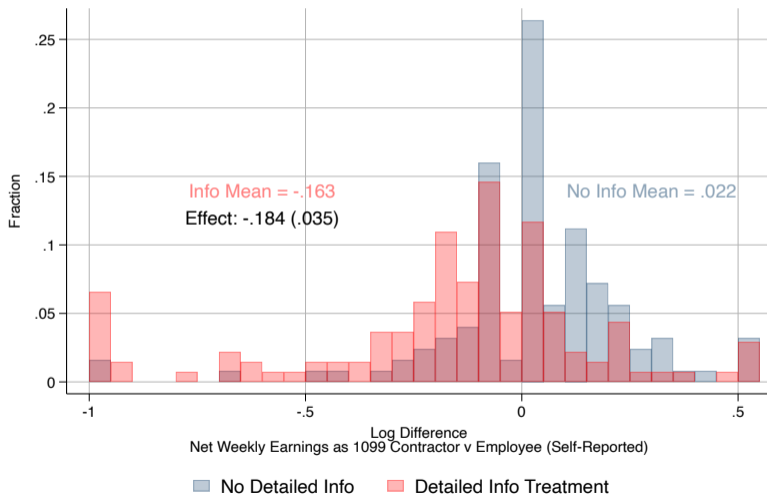
Beliefs held by **current employees** about 1099 versus W2...





# Beliefs About Net Pay as Share of Gross Pay

...are the same as beliefs held by **current freelancers!**



## Key findings:

- ▶ Freelance (SE) workers make less per hour than employees have greater control of when, where, and how they work
- ▶ SE workers spend an additional 5 to 8 percentage points of gross pay covering unreimbursed expenses
- ▶ Without giving information, people expect IC arrangements to yield higher net income, reverses with information
  - ▶ Not mitigated by experience—same effect regardless of current work arrangement
  - ▶ Not explained by differences in detailed expense items across groups [▶▶ more](#)
  - ▶ *INFO2* not just parroting back our estimates [▶▶ more](#)

## Implications:

- ▶ Workers may not fully anticipate tax and expense burdens of freelance work
- ▶ Initial DCE results suggest WTP for traditional employment doubles when given information [▶▶ Baseline](#) [▶▶ Effects](#)

Thanks!

## Appendix Slides

Inattention important correction in Mas and Pallais (2017)

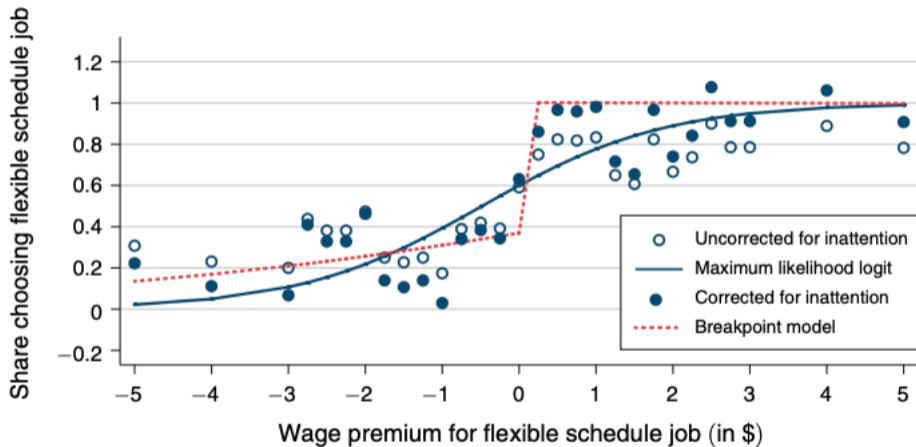


FIGURE 1. WTP FOR FLEXIBLE SCHEDULE

# Information Treatment (Both Treatment Arms)

Both treatment arms (but not control) must then take, and pass, a quiz: [▶▶ Back](#)

**Review Question:** Which type of job, 1099 independent contractor or W-2 employee, is eligible for unemployment insurance, workers' compensation, overtime pay, and covered by employment laws?

1099 independent contractor job

W-2 employee job

**Review Question:** In each job, who is responsible for providing and covering the costs of equipment and supplies?

	You	Employer/Client
1099 independent contractor job	<input type="radio"/>	<input type="radio"/>
W-2 employee job	<input type="radio"/>	<input type="radio"/>

**Review Question:** Imagine you have a **W-2 employee** job with weekly gross pay before taxes and expenses of \$1,000 per week.

Assume that your income tax is \$100 per week. You spend \$50 per week for a membership at a co-working space that is fully reimbursed by your employer.

What would your weekly take-home (net) earnings after taxes and unreimbursed expenses be?

900

1,000

850

**Review Question:** What would your answer to the question above be if you were a **1099 contractor** and your expenses for the co-working space were not reimbursed by an employer? (Assume the gross pay and taxes are the same for this example, though they may not be the same in real-world situations.)

1,000

900

850

<i>EPOP Characteristics</i>	Unweighted		Using Sampling Weights	
	Invited (1)	Final Sample (2)	Invited (3)	Final Sample (4)
<i>Main job is...</i>				
...Self-employment	0.177	0.160	0.177	0.158
...Owns business	0.060	0.052	0.057	0.048
...Freelancer	0.117	0.108	0.120	0.109
Has second job	0.208	0.209	0.218	0.212
Married	0.519	0.527	0.511	0.516
<i>Race</i>				
White	0.673	0.677	0.599	0.568
Nonwhite	0.327	0.323	0.401	0.432
<i>Education</i>				
HS or less	0.147	0.124	0.324	0.301
Some college	0.292	0.279	0.296	0.280
College graduate	0.346	0.363	0.220	0.247
Graduate degree	0.180	0.201	0.114	0.129
<i>Age</i>				
Under 30	0.137	0.141	0.240	0.252
30-44	0.381	0.408	0.318	0.337
45-64	0.369	0.359	0.351	0.343
65+	0.114	0.092	0.092	0.068
<i>Household income</i>				
Under \$50k	0.256	0.227	0.302	0.276
\$50k-\$100k	0.319	0.313	0.287	0.282
\$100k-\$200k	0.326	0.347	0.313	0.335
\$200k+	0.099	0.113	0.098	0.106
Total N	5707	2895	5707	2895

## DCE differs slightly across treatment arms: **Control**

Imagine you received two job offers with job characteristics and gross earnings (before any taxes and expenses) as displayed below.

The two jobs are identical in all aspects except those that are displayed. Which job would you prefer?

<i>Pay Amount:</i> <b>\$1,264 per week before any taxes and expenses</b>
<i>Contract Type:</i> Work for a firm as a <b>W-2 employee</b>
At the end of the year, earnings are reported to you on a W-2 information return
<i>Base Hours:</i> 40 hours/week
<i>Location Flexibility:</i> Job <b>must</b> be done <b>on-site</b>
<i>Control over Schedule:</i> <b>Schedule is fixed</b> , standard weekday hours
<i>Independence:</i> <b>You are told how</b> you do your work
<i>Job Security:</i> <b>Very low (5%) chance job ends</b> before 1 year No health or retirement plan offered

<i>Pay Amount:</i> <b>\$1,261 per week before any taxes and expenses</b>
<i>Contract Type:</i> Work for a firm as a <b>1099 independent contractor</b>
At the end of the year, earnings are reported to you on a 1099 information return
<i>Base Hours:</i> 40 hours/week
<i>Location Flexibility:</i> Job <b>must</b> be done <b>on-site</b>
<i>Control over Schedule:</i> <b>You can set your own schedule</b> , any dates, times
<i>Independence:</i> <b>You control how</b> you do your own work
<i>Job Security:</i> <b>Uncertain (50%) chance job ends</b> before 1 year No health or retirement plan offered



## DCE differs slightly across treatment arms: **Treatment 1**

Imagine you received two job offers with job characteristics and net take-home pay (after all taxes and expenses) as displayed below.

The two jobs are identical in all aspects except those that are displayed. Which job would you prefer?

<i>Pay Amount:</i> <b>\$1,747 per week after all taxes and expenses</b>
<i>Contract Type:</i> Agency provides clients/jobs, paid as a <b>1099 independent contractor</b>
Not covered by employment laws; self-pay taxes, no withholding; expenses not reimbursed
<i>Base Hours:</i> 40 hours/week
<i>Location Flexibility:</i> <b>Job can be done remotely</b>
<i>Control over Schedule:</i> <b>You can set your own schedule</b> , any dates, times
<i>Independence:</i> <b>You are told how</b> you do your work
<i>Job Security:</i> <b>Very low (5%) chance job ends</b> before 1 year
No health or retirement plan offered

<i>Pay Amount:</i> <b>\$1,243 per week after all taxes and expenses</b>
<i>Contract Type:</i> Agency provides clients/jobs, paid as a <b>W-2 employee of agency</b>
Covered by employment laws; employer handles tax withholding; firm covers required expenses
<i>Base Hours:</i> 40 hours/week
<i>Location Flexibility:</i> <b>Job must be done on-site</b>
<i>Control over Schedule:</i> <b>Schedule is fixed</b> , standard weekday hours
<i>Independence:</i> <b>You are told how</b> you do your work
<i>Job Security:</i> <b>Uncertain (50%) chance job ends</b> before 1 year
No health or retirement plan offered

## DCE differs slightly across treatment arms: **Treatment 2**

Imagine you received two job offers with job characteristics and gross earnings (before any taxes and expenses) as displayed below.

The two jobs are identical in all aspects except those that are displayed. Which job would you prefer?

<i>Pay Amount:</i> <b>\$1,293 per week before any taxes and expenses</b>
<i>Contract Type:</i> Agency provides clients/jobs, paid as a <b>W-2 employee</b> of agency
Covered by employment laws; employer handles tax withholding; firm covers required expenses
<i>Base Hours:</i> 40 hours/week
<i>Location Flexibility:</i> Job <b>must</b> be done <b>on-site</b>
<i>Control over Schedule:</i> <b>Schedule is fixed</b> , standard weekday hours
<i>Independence:</i> <b>You are told how</b> you do your work
<i>Job Security:</i> <b>Very low (5%) chance job ends</b> before 1 year
No health or retirement plan offered

○

<i>Pay Amount:</i> <b>\$1,274 per week before any taxes and expenses</b>
<i>Contract Type:</i> Agency provides clients/jobs, paid as a <b>1099 independent contractor</b>
Not covered by employment laws; self-pay taxes, no withholding; expenses not reimbursed
<i>Base Hours:</i> 40 hours/week
<i>Location Flexibility:</i> Job <b>can</b> be done <b>remotely</b>
<i>Control over Schedule:</i> <b>Schedule is fixed</b> , standard weekday hours
<i>Independence:</i> <b>You control how</b> you do your own work
<i>Job Security:</i> <b>Uncertain (50%) chance job ends</b> before 1 year
No health or retirement plan offered

○

## Estimated Expense Amount (\$) if Greater than Zero

	Auto (1)	Travel (2)	Computer (3)	Mobile (4)	Internet (5)	Software (6)	Hardware (7)	Supplies (8)	Licenses (9)	Insurance (10)	Office (11)
<b>Item Paid Out of Pocket</b>											
Mean, <i>CONTROL</i> and <i>INFO1</i>	1650	1415	592	717	668	632	261	438	295	505	957
Mean, <i>INFO2</i>	2495	1561	609	510	491	430	282	295	256	773	674
Difference (SE)	845 (328)	147 (687)	16 (145)	-208 (128)	-177 (152)	-202 (178)	21 (74)	-143 (115)	-39 (51)	268 (163)	-283 (263)
<b>Item Provided by Firm/Client</b>											
Mean, <i>CONTROL</i> and <i>INFO1</i>	3789	3213	1098	1236	722	1235	557	1069	717	2055	4214
Mean, <i>INFO2</i>	5819	4401	678	412	341	570	344	497	432	1052	1393
Difference (SE)	2029 (1745)	1188 (720)	-421 (77)	-824 (181)	-381 (203)	-664 (140)	-213 (109)	-572 (187)	-285 (110)	-1003 (409)	-2821 (1101)

	Full Sample (1)	<u>Main Job: Employer Withholds Taxes</u>	
		Yes (2)	No (3)
<b>Total Job Expenses</b>			
Mean, <i>CONTROL</i> and <i>INFO1</i>	0.110	0.096	0.175
Mean, <i>INFO2</i>	0.098	0.093	0.115
Difference	-0.012	-0.003	-0.060
(SE)	(0.016)	(0.018)	(0.046)
<b>Expenses Paid Out of Pocket</b>			
Mean, <i>CONTROL</i> and <i>INFO1</i>	0.025	0.011	0.092
Mean, <i>INFO2</i>	0.032	0.022	0.071
Difference	0.008	0.012	-0.021
(SE)	(0.006)	(0.004)	(0.027)
<b>Items Provided by Firm/Client</b>			
Mean, <i>CONTROL</i> and <i>INFO1</i>	0.076	0.079	0.061
Mean, <i>INFO2</i>	0.054	0.061	0.028
Difference	-0.021	-0.018	-0.034
(SE)	(0.011)	(0.013)	(0.021)

Important in Mas and Pallais (2017) but trivial in Maestas et. al (2018)  
In our setting, 97% choose correctly.

Below is a list of numbers. Please select the number seven.

7

5

9

1

3

11

12

▶ Back

Inattention important correction in Mas and Pallais (2017)

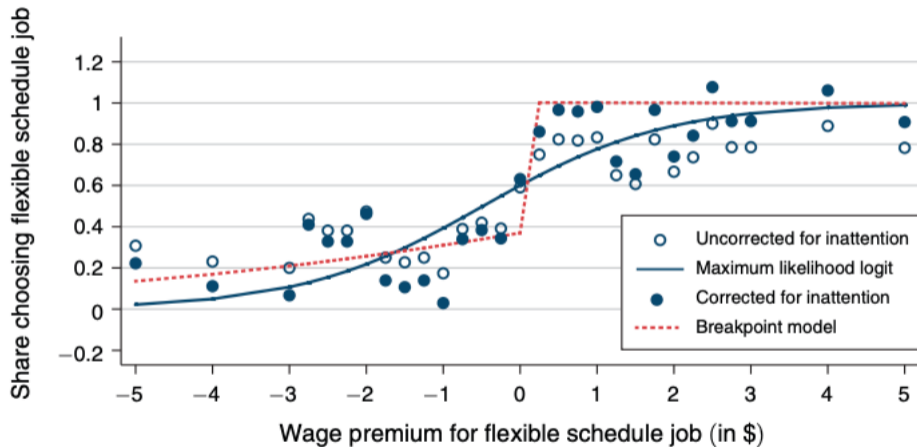
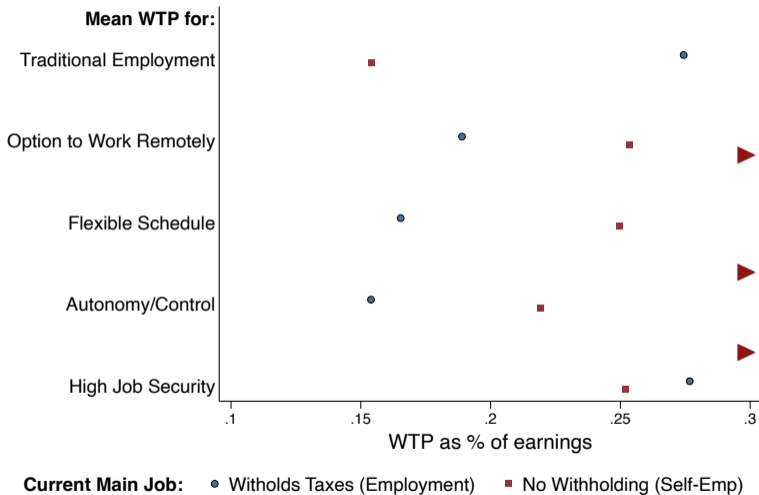


FIGURE 1. WTP FOR FLEXIBLE SCHEDULE

# Preliminary BACE Estimates



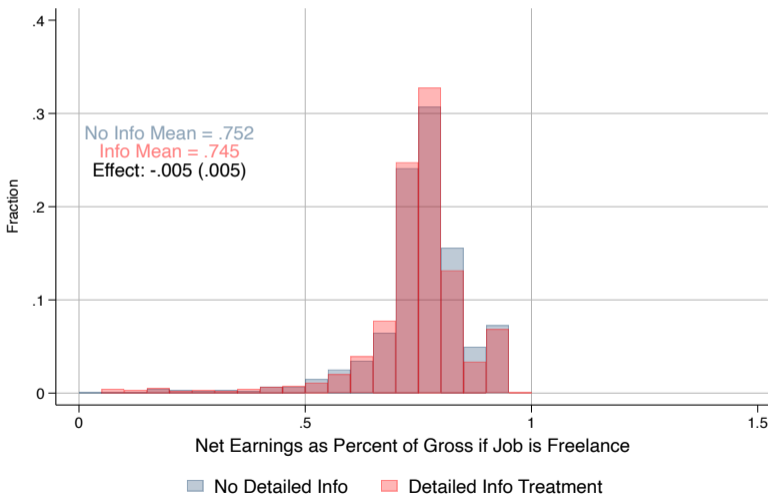
- ▶ BACE estimates follow similar qualitative pattern
- ▶ All WTPs shifted up by approx .15
- ▶ Still diagnosing!

Calculated net as % of gross, workers with **withholding in main job**

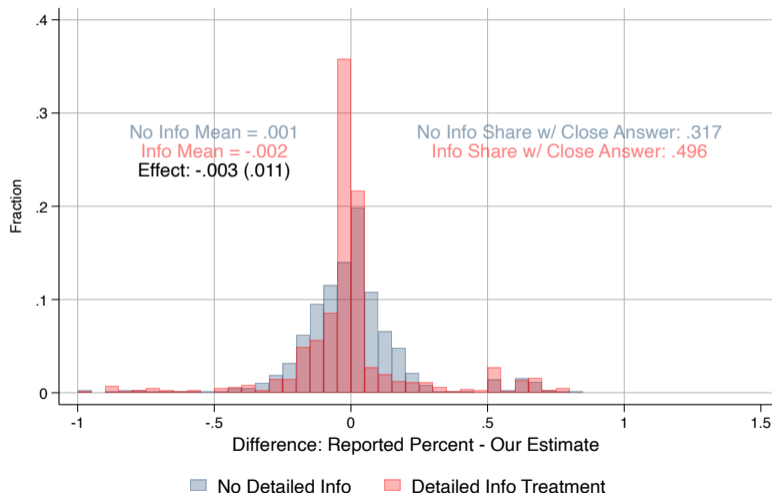




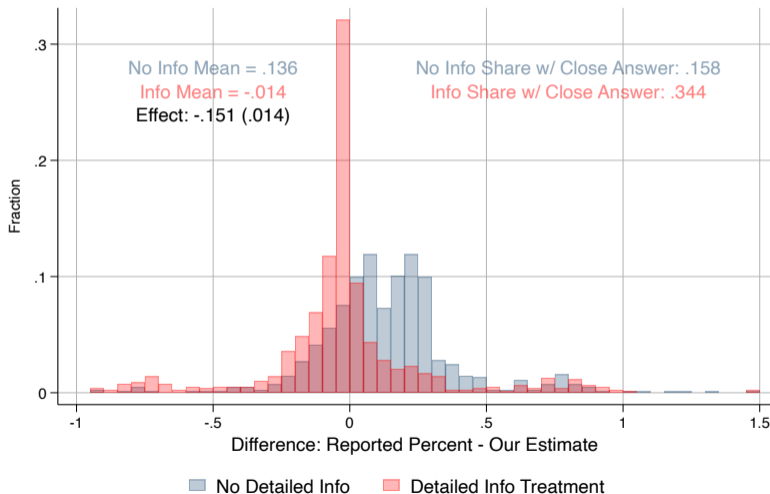
Calculated net as % of gross, workers with **no withholding**



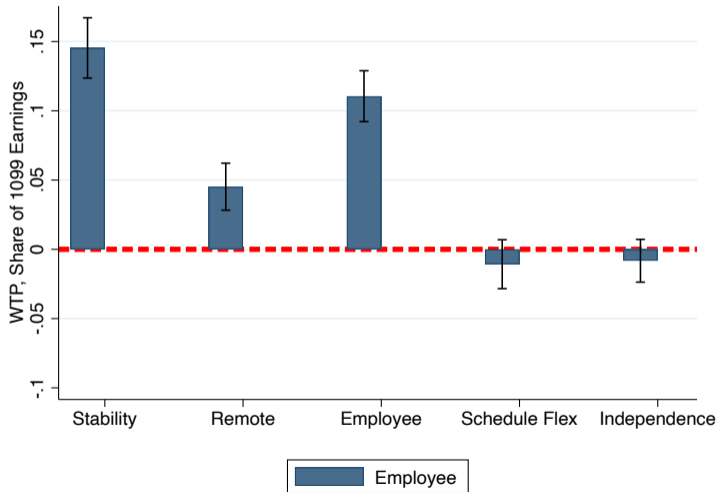
## Difference, Reported Net/Gross - Predicted Net/Gross **withholding in main job**



## Difference, Reported Net/Gross - Predicted Net/Gross **no withholding**



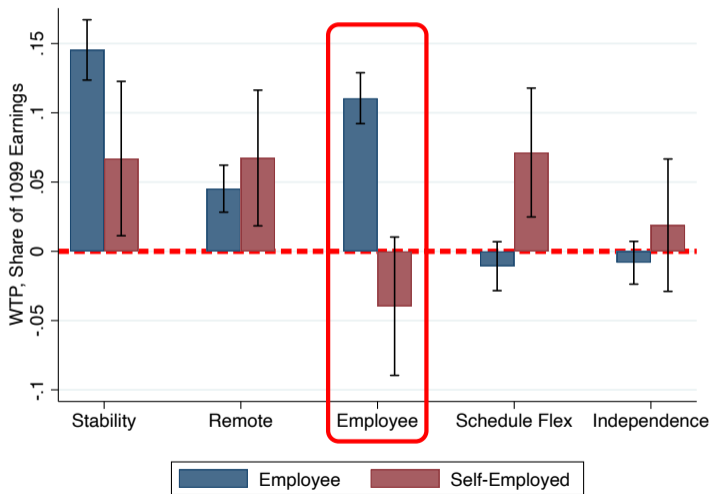
# Valuations (de-biased) of Employee v Other Amenities, Current Employee



Note: Logit estimate, Treatment Group 1 (Net Earnings) [▶ back](#)

# Valuations (de-biased) of Employee v Other Amenities, by Current SE

Valuations very different for self-employed. Negative valuation of employee status!

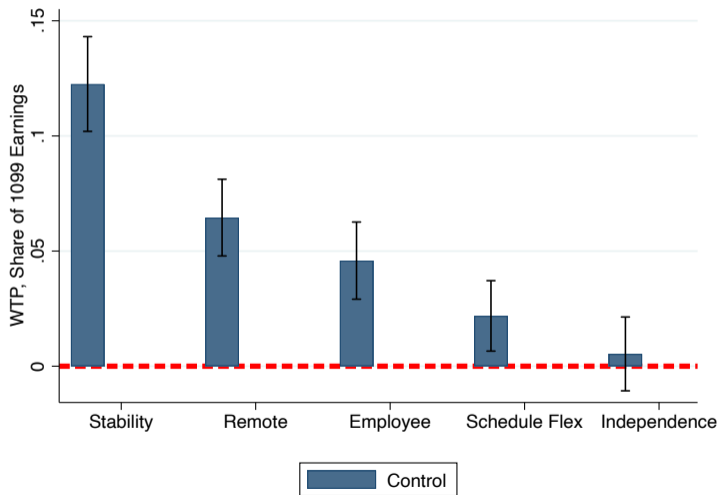


Note: Logit estimate, Treatment Group 1 (Net Earnings)

[back](#)

# Valuations of Employee v Other Amenities

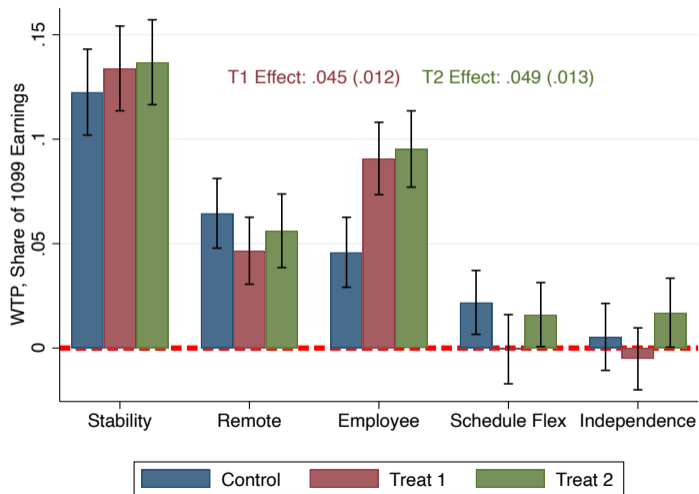
Employee contract valued at about 5% of earnings in control group



(Note: Logit estimate. [back](#))

# Valuations of Employee v Other Amenities: By Treatment

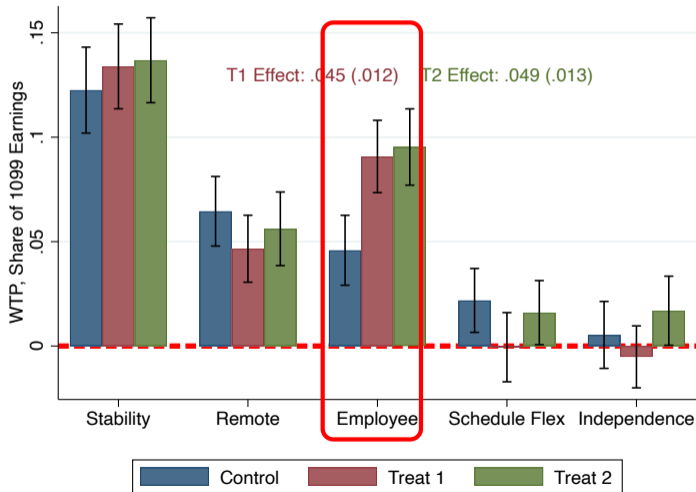
Treatment doubles valuation of employee. No effect on other amenity valuations.



(Note: Logit estimate. [back](#))

# Valuations of Employee v Other Amenities

Treatment doubles valuation of employee. No effect on other amenity valuations.



(Note: Logit estimate. [back](#))