

## Nonemployer Statistics—An Indicator of Virginia’s “Gig Economy”

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*Author’s Note: This article attempts to provide an indication of Virginia’s “gig economy”—a much discussed but hard to define sector of the economy. This analysis is not a comprehensive look at the “gig economy” and is based solely on nonemployer statistics from the Census. Nonemployer statistics are used to gain insight into this sector of the economy, as many gig workers fit the definition of nonemployers.*

### Introduction

The “gig economy” is a much talked about phenomenon. However, there is no official, agreed upon definition. And as such, there is no easy, direct way to collect data on this segment of the labor market and measure its economic impact. Gig workers are not easily identified or counted in the usual surveys of employment and earnings making it difficult to capture their impact.

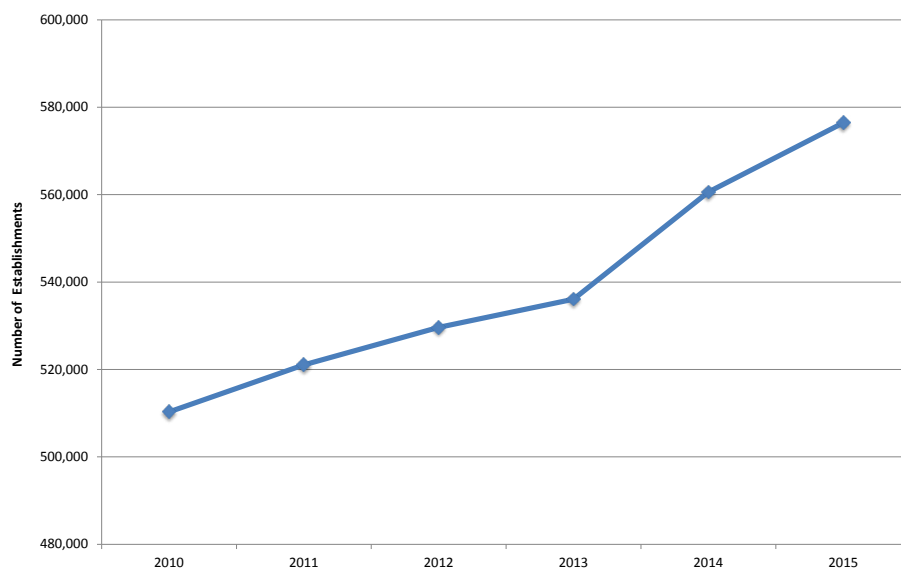
The Bureau of Labor Statistics describes a gig as “a single project or task for which a worker is hired, often through a digital marketplace, to work on demand.”<sup>1</sup> Workers often use a website or mobile app that helps to match them with customers who are interested in their particular products or services. Some gig workers enter into a formal agreement with an on-demand company, such as Uber, providing services to the company’s clients; most of these gig workers are viewed as independent contractors by the company. Other gig workers are hired on an on-demand basis for specific projects and paid accordingly.

As the economy and business climate changes and evolves, some employers and industries are shifting away from conventional full-time, salaried employment to gig workers or are supplementing their workforce with gig workers who are hired for specific tasks. While a comprehensive count of gig employment does not currently exist, nonemployer statistics data from the U.S. Census may provide some insight into this trend. The U.S. Census compiles the nonemployer statistics data using Internal Revenue Service (IRS) tax data. According to the U.S. Census “A nonemployer business is one that has no paid employees, has annual business receipts of \$1,000 or more (\$1 or more in the Construction industry), and is subject to federal income taxes. Most nonemployers are self-employed individuals operating very small unincorporated businesses, which may or may not be the owner’s principal source of income.”<sup>2</sup> Since this definition of nonemployers fits most gig workers, an examination of this data will provide useful information about gig employment, whether it’s through a digital marketplace or not.

### Nonemployer Establishments in Virginia, 2010-2015

The number of nonemployer establishments in Virginia rose over the 2010-2015 period. (See Figure 1.) According to the latest available data, Virginia had 576,446 nonemployer establishments in 2015, an increase of 66,149, or 13.0 percent, from 2010. In comparison, nonemployer establishments in the nation grew by 10.0 percent over this period. As a point of reference, Virginia payroll employment for all industries, as captured by the Quarterly Census of Employment and Wages (QCEW), increased by almost 200,000, or 5.6 percent, from 3.5 million to 3.7 million, over the five year period. So while Virginia’s nonemployer firms are growing by a significant amount, they remain smaller in number than traditional payroll employment as captured by QCEW.

**Figure 1**  
**Nonemployer Establishments Virginia**



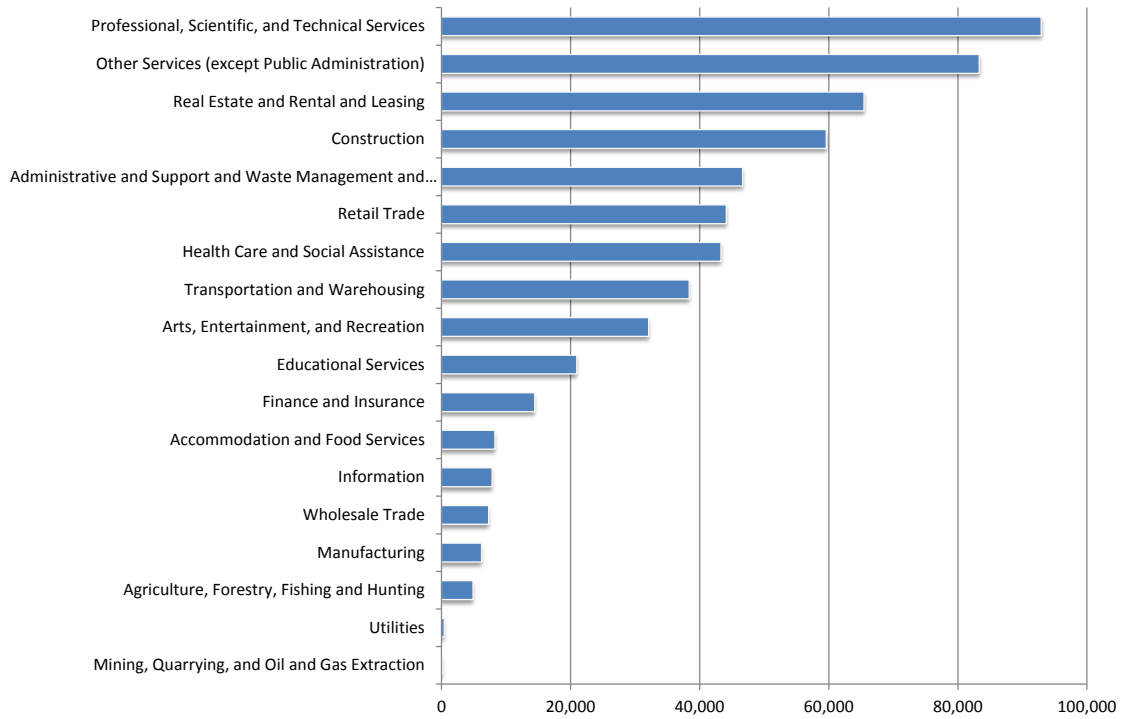
Source: U.S. Census Bureau, Nonemployer Statistics

<sup>1</sup> (Torpey and Hogan)

<sup>2</sup> <https://www.census.gov/epcd/nonemployer/view/define.html>

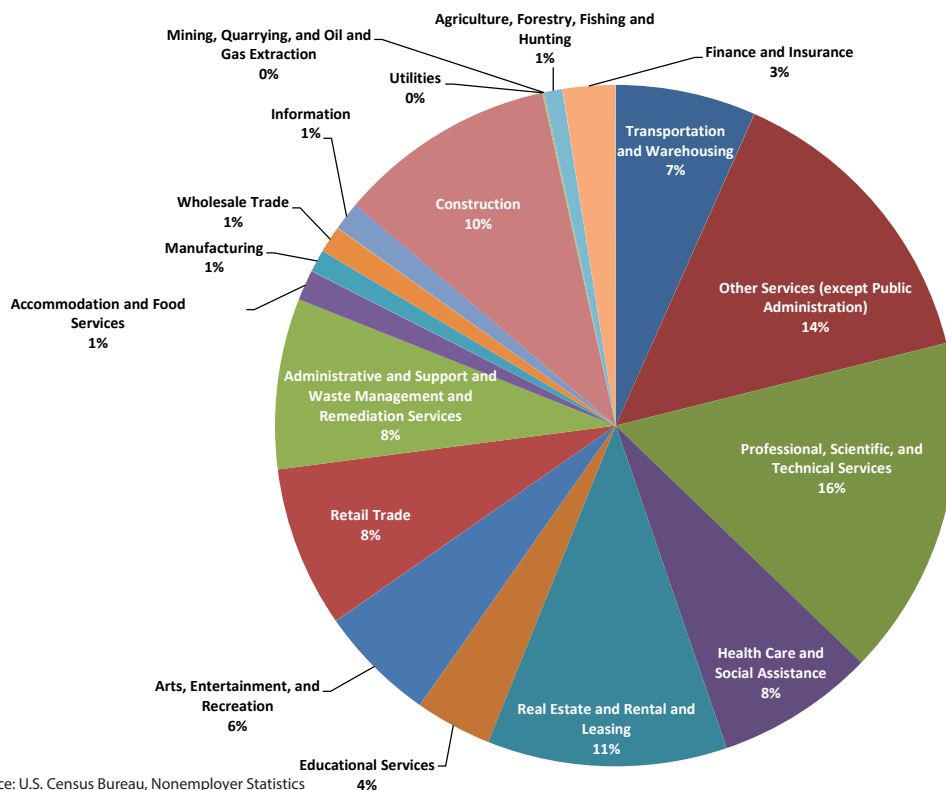
- In 2015, over half of the nonemployer establishments were concentrated in four of the 18 two-digit North American Industry Classification System (NAICS) categories. (See Figure 2.) The four sectors were: professional, scientific, and technical services (16 percent); other services (14 percent); real estate and rental and leasing (11 percent); and construction (10 percent). (See Figure 3.) The other services industry includes repair and maintenance, personal and laundry services, and religious, grantmaking, civic, professional, and similar organizations.

**Figure 2**  
**Nonemployer Establishments by Industry in Virginia, 2015**



Source: U.S. Census Bureau, Nonemployer Statistics

**Figure 3**  
**2015 Share of Nonemployer Establishments by Industry in Virginia**



Source: U.S. Census Bureau, Nonemployer Statistics

- ▶ In 2015, the top five two-digit NAICS sectors with the largest absolute gains in nonemployer establishments over the 2010-2015 period were: transportation and warehousing; other services; professional, scientific, and technical services; health care and social assistance; and real estate and rental and leasing (Table 1, pg. 5). Table 2 (pg. 6) shows the annual changes for these top five sectors.
- ▶ In 2015, the 12 three-digit NAICS sectors with gains over 1,000 in nonemployer establishments are shown in Table 3 (pg. 6). These sectors accounted for over 90 percent of the total increase in nonemployer establishments over the 2010-2015 period and encompassed service activities.

A detailed examination of the five two-digit NAICS sectors with the largest absolute gains in nonemployer establishments over 2010-2015 period follows. The gain in each of these two-digit NAICS sectors will be broken down further by three-digit and four-digit NAICS codes to provide as much insight as possible into the specific types of industries that are driving the growth in nonemployer establishments.

Nonemployer establishments in the transportation and warehousing sector registered the largest absolute gain in nonemployer establishments over the five year period, with an increase of 15,097, or 64.9 percent (Table 4, pg. 7). An examination of the more detailed three-digit NAICS industry data revealed that the majority of this increase occurred in transit and ground passenger transportation, where nonemployer establishments increased by 12,663, or 153.2 percent. And a further breakdown of the three-digit NAICS industry into the four-digit NAICS level showed that almost 90 percent of the 12,663 increase occurred in taxi and limousine service, which increased by 11,324, or 152.4 percent over the 2010-2015 period. The growth in this category of nonemployer establishments reflects the impact of ride-sharing services, such as Uber and Lyft, and provides an indicator of the growth of the gig economy in this particular sector. As a point of reference, Uber went live in San Francisco in 2010, and Lyft launched in San Francisco in 2012.

The next largest absolute gain in nonemployer establishments over the 2010-2015 period occurred in the other services sector. The number of nonemployer establishments increased by 11,276, or 15.7 percent (Table 5, pg. 8). Over 90 percent of the increase in the two-digit NAICS other services sector occurred in the personal and laundry services three-digit NAICS sector, which increased by 10,261, or 20.0 percent. A further breakdown of the three-digit personal and laundry services sector into four-digit NAICS detail showed that the majority of the growth occurred in personal care services and in other personal services. The personal care services sector consists of establishments, such as barber and beauty shops, that provide appearance care services to individual consumers, and includes occupations that are well suited to gig employment. Pet care services, excluding veterinary services, is one of the industries in the other personal services sector. Some of the work in the pet care services sector, which includes boarding, grooming, sitting, and training pets, also lends itself to gig employment.

The professional, scientific, and technical services sector experienced the third largest absolute gain in nonemployer establishments over the 2010-2015 period, increasing by 7,936, or 9.3 percent. As shown in the Table 6 (pg. 8), the professional, scientific, and technical services sector is comprised of a single three-digit NAICS subsector—professional, scientific, and technical services. A further breakdown of this sector into four-digit NAICS detail shows that almost three quarters of the increase is accounted for by two sectors. The other professional, scientific, and technical services sector, which includes such industries as marketing research and public opinion polling, photographic services, translation and interpretation services and veterinary services, increased by 3,804 or 14.5 percent and accounted for almost half of the total growth. Accounting for almost a quarter of the total growth in this sector, management, scientific, and technical consulting services, with services such as management consulting and environmental consulting, grew by 1,830 or 8.0 percent.

The health care and social assistance sector recorded the fourth largest absolute gain in nonemployer establishments over the 2010-2015 period. The number of nonemployer establishments grew by 6,045 or 16.2 percent (Table 7, pg. 9). Over 90 percent of this growth occurred in the ambulatory health care services three-digit NAICS sector, which increased by 5,527 or 32.1 percent. A further breakdown into four-digit NAICS sectors shows that over 50 percent of 5,527 increase in the three-digit ambulatory health care services sector occurred in home health care services sector, which increased by 3,201 or 72.7 percent. This sector encompasses establishments primarily engaged in providing skilled nursing services in the home as well as personal care services, homemaker and companion services, physical therapy, 24 hour home care, and occupational therapy, and is projected to grow rapidly and add many self-employed jobs over the decade.<sup>3</sup> The offices of other health practitioners four-digit NAICS sector accounted for almost 30 percent of the growth in the ambulatory health care services three-digit NAICS sector, increasing by 1,556 or 22.2 percent. This sector includes independent health practitioners such as chiropractors; optometrists; physical, occupational, and speech therapists; and audiologists, and excludes physicians and dentists.

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<sup>3</sup> (Torpey and Hogan)

The fifth largest absolute gain in nonemployer establishments over the 2010-2015 period occurred in the real estate and rental and leasing sector, which increased by 5,186 or 8.6 percent (Table 8, pg. 9). A breakdown of this sector into three-digit NAICS sectors shows that the growth occurred in the real estate sector. And a further breakdown into four-digit NAICS sectors revealed that over 80 percent of the growth in real estate occurred in lessors of real estate and in activities related to real estate. Lessors of real estate, which includes lessors of residential and nonresidential buildings as well as lessors of miniwarehouses and self-storage units, increased by 3,253 or 12.8 percent. The activities related to real estate, which includes real estate property managers among other real estate services, increased by 1,077 or 6.8 percent.

## Summary

Over the last several years the “gig economy” and its economic impact has generated much discussion and raised many questions. The impact of this sector is hard to gauge because there is no official definition of gig employment and consequently no comprehensive database on it or its geography. However, some insight may be gained by examining nonemployer statistics from the U.S. Census. Many gig workers fit the definition of nonemployers, which in most cases is a self-employed individual operating a very small unincorporated business with no paid employees. But the breadth of activities captured by the nonemployer statistics is wide-ranging, whether through a digital marketplace or not. As noted by the Census Bureau:

“Nonemployer businesses run the gamut from old-fashioned family-run corner stores to home-based bloggers,” said William Bostic Jr., the Census Bureau’s associate of for economic programs. “In some cases, the business may be the owner’s primary source of income, such as with real estate agents and physicians, but in other instances, they may operate the business as a side job, such as with babysitting and tutoring.”<sup>4</sup>

Over the 2010-2015 period, nonemployer establishments in Virginia increased by 66,149 or 13.0 percent, surpassing the national growth of 10.0 percent. While Virginia’s nonemployer firms are growing, they remain smaller in number and economic impact than traditional payroll employment, which increased by almost 200,000, or 5.6 percent. The largest gains in nonemployer establishments over the five year period occurred in transportation and warehousing; other services; professional, scientific, and technical services; and real estate and rental and leasing—all sectors that encompass service activities.

## References

“Nation Gains More than 4 Million Nonemployer Businesses Over the Last Decade, Census Bureau Reports.” Press Release CB15-96. May 27, 2015.

Torpey, Elka and Andrew Hogan. “Working in a gig economy.” Career Outlook. U.S. Bureau of Labor Statistics, May 2016.

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<sup>4</sup> (Nation Gains More than 4 Million Nonemployer Businesses Over the Last Decade, Census Bureau Reports)  
[Economic Information & Analytics](#)

**Table 1**  
**Nonemployer Establishments by Industry in Virginia, 2010-2015**

NAICS Code and Industry		Number of Establishments						Change 2010-2015	
		2010	2011	2012	2013	2014	2015	Number	Percent
48-49	Transportation and Warehousing	23,278	24,175	24,334	25,714	30,574	38,375	15,097	64.9
81	Other Services (except Public Administration)	72,023	75,913	77,114	78,461	81,863	83,299	11,276	15.7
54	Professional, Scientific, and Technical Services	84,971	85,678	86,799	87,225	91,085	92,907	7,936	9.3
62	Health Care and Social Assistance	37,256	39,043	39,472	40,527	42,254	43,301	6,045	16.2
53	Real Estate and Rental and Leasing	60,274	59,948	60,596	61,682	63,577	65,460	5,186	8.6
61	Educational Services	16,089	16,629	17,841	18,281	20,133	20,958	4,869	30.3
71	Arts, Entertainment, and Recreation	27,383	28,406	29,752	30,236	31,269	32,115	4,732	17.3
44-45	Retail Trade	39,836	40,898	41,989	41,746	43,214	44,125	4,289	10.8
56	Administrative and Support and Waste Management and Remediation Services	42,948	43,952	45,000	45,423	46,681	46,652	3,704	8.6
72	Accommodation and Food Services	6,894	7,394	7,306	7,517	8,103	8,290	1,396	20.2
31-33	Manufacturing	5,060	5,295	5,610	5,763	5,912	6,220	1,160	22.9
42	Wholesale Trade	6,699	6,841	6,996	7,017	7,110	7,325	626	9.3
51	Information	7,699	7,795	8,006	7,857	7,998	7,846	147	1.9
23	Construction	59,485	58,561	58,292	58,403	60,559	59,612	127	0.2
22	Utilities	402	387	395	424	446	436	34	8.5
21	Mining, Quarrying, and Oil and Gas Extraction	217	234	233	219	214	187	-30	-13.8
11	Agriculture, Forestry, Fishing and Hunting	4,986	5,001	5,027	5,004	4,991	4,897	-89	-1.8
52	Finance and Insurance	14,797	14,903	14,874	14,568	14,614	14,441	-356	-2.4
	<b>Total for All Sectors</b>	<b>510,297</b>	<b>521,053</b>	<b>529,636</b>	<b>536,067</b>	<b>560,597</b>	<b>576,446</b>	<b>66,149</b>	<b>13.0</b>

**Table 2**  
**Nonemployer Establishments by Industry in Virginia, 2010-2015**

NAICS Code and Industry		Number of Establishments						Change 2010-2015	
		2010	2011	2012	2013	2014	2015	Number	Percent
48-49	Transportation and Warehousing	23,278	24,175	24,334	25,714	30,574	38,375	15,097	64.9
	Percent Annual Change		3.9	0.7	5.7	18.9	25.5		
81	Other Services (except Public Administration)	72,023	75,913	77,114	78,461	81,863	83,299	11,276	15.7
	Percent Annual Change		5.4	1.6	1.7	4.3	1.8		
54	Professional, Scientific, and Technical Services	84,971	85,678	86,799	87,225	91,085	92,907	7,936	9.3
	Percent Annual Change		0.8	1.3	0.5	4.4	2.0		
62	Health Care and Social Assistance	37,256	39,043	39,472	40,527	42,254	43,301	6,045	16.2
	Percent Annual Change		4.8	1.1	2.7	4.3	2.5		
53	Real Estate and Rental and Leasing	60,274	59,948	60,596	61,682	63,577	65,460	5,186	8.6
	Percent Annual Change		-0.5	1.1	1.8	3.1	3.0		
	Total for All Sectors	510,297	521,053	529,636	536,067	560,597	576,446	66,149	13.0
	Percent Annual Change		2.1	1.6	1.2	4.6	2.8		

**Table 3**  
**Three-Digit Industries with Gains Over 1,000 in Nonemployer Establishments, 2010-2015**

NAICS Code and Industry		Number of Establishments						Change 2010-2015	
		2010	2011	2012	2013	2014	2015	Number	Percent
485	Transit and Ground Passenger Transportation	8,268	9,030	9,442	10,529	14,313	20,931	12,663	153.2
812	Personal and Laundry Services	51,198	54,673	55,653	56,920	59,876	61,459	10,261	20.0
541	Professional, Scientific, and Technical Services	84,971	85,678	86,799	87,225	91,085	92,907	7,936	9.3
621	Ambulatory Health Care Services	17,197	18,479	19,312	20,089	21,560	22,724	5,527	32.1
531	Real Estate	58,870	58,557	59,209	60,295	62,207	64,059	5,189	8.8
611	Educational Services	16,089	16,629	17,841	18,281	20,133	20,958	4,869	30.3
711	Performing Arts, Spectator Sports, and Related Industries	23,491	24,519	25,439	26,079	27,039	27,895	4,404	18.7
561	Administrative and Support Services	42,525	43,517	44,565	45,026	46,287	46,286	3,761	8.8
454	Nonstore Retailers	19,247	20,011	20,501	20,498	20,718	21,423	2,176	11.3
722	Food Services and Drinking Places	5,617	6,046	5,979	6,270	6,774	6,908	1,291	23.0
484	Truck Transportation	7,970	8,024	7,942	8,067	8,596	9,176	1,206	15.1
488	Support Activities for Transportation	2,052	2,089	2,145	2,288	2,726	3,184	1,132	55.2

Source: U.S. Census Bureau, Nonemployer Statistics

**Table 4**  
**Nonemployer Establishments for Transportation and Warehousing in Virginia, 2010-2015**

NAICS Code and Industry		Number of Establishments		Change 2010-2015	
		2010	2015	Number	Percent
48-49	Transportation and Warehousing	23,278	38,375	15,097	64.9
481	Air Transportation	433	407	-26	-6.0
483	Water Transportation	134	135	1	0.7
484	Truck Transportation	7,970	9,176	1,206	15.1
485	Transit and Ground Passenger Transportation	8,268	20,931	12,663	153.2
4851	Urban Transit Systems	25	40	15	60.0
4852	Interurban and Rural Bus Transportation	25	43	18	72.0
4853	Taxi and Limousine Service	7,431	18,755	11,324	152.4
4854	School and Employee Bus Transportation	54	76	22	40.7
4855	Charter Bus Industry	96	115	19	19.8
4859	Other Transit and Ground Passenger Transportation	637	1,902	1,265	198.6
486	Pipeline Transportation	D	8		
487	Scenic and Sightseeing Transportation	100	109	9	9.0
488	Support Activities for Transportation	2,052	3,184	1,132	55.2
492	Couriers and Messengers	4,149	4,178	29	0.7
493	Warehousing and Storage	166	231	65	39.2

D--Withheld to avoid data for individual companies; data are included in higher level totals.  
Source: U.S. Census Bureau, Nonemployer Statistics

**Table 5**  
**Nonemployer Establishments for Other Services in Virginia, 2010-2015**

NAICS Code and Industry		Number of Establishments		Change 2010-2015	
		2010	2015	Number	Percent
81	Other Services (except Public Administration)	72,023	83,299	11,276	15.7
811	Repair and Maintenance	14,697	15,569	872	5.9
812	Personal and Laundry Services	51,198	61,459	10,261	20.0
8121	Personal care services	23,604	29,813	6,209	26.3
8122	Death Care Services	343	338	-5	-1.5
8123	Drycleaning and Laundry Services	725	642	-83	-11.4
8129	Other Personal Services	26,526	30,666	4,140	15.6
813	Religious, Grantmaking, Civic, Professional, and Similar Organizations	6,128	6,271	143	2.3

Source: U.S. Census Bureau, Nonemployer Statistics

**Table 6**  
**Nonemployer Establishments for Professional, Scientific, and Technical Services in Virginia, 2010-2015**

NAICS Code and Industry		Number of Establishments		Change 2010-2015	
		2010	2015	Number	Percent
54	Professional, Scientific, and Technical Services	84,971	92,907	7,936	9.3
541	Professional, Scientific, and Technical Services	84,971	92,907	7,936	9.3
5411	Legal Services	5,694	6,033	339	6.0
5412	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	8,000	8,155	155	1.9
5413	Architectural, Engineering, and Related Services	4,945	5,193	248	5.0
5414	Specialized Design Services	4,665	5,127	462	9.9
5415	Computer Systems Design and Related Services	8,965	9,677	712	7.9
5416	Management, Scientific, and Technical Consulting Services	22,801	24,631	1,830	8.0
5417	Scientific Research and Development Services	995	1,112	117	11.8
5418	Advertising, Public Relations, and Related Services	2,641	2,909	268	10.1
5419	Other Professional, Scientific, and Technical Services	26,265	30,069	3,804	14.5

Source: U.S. Census Bureau, Nonemployer Statistics



**Table 7**  
**Nonemployer Establishments for Health Care and Social Assistance in Virginia, 2010-2015**

NAICS Code and Industry		Number of Establishments		Change 2010-2015	
		2010	2015	Number	Percent
62	Health Care and Social Assistance	37,256	43,301	6,045	16.2
621	Ambulatory Health Care Services	17,197	22,724	5,527	32.1
6211	Offices of Physicians	3,657	4,001	344	9.4
6212	Offices of Dentists	920	1,073	153	16.6
6213	Offices of Other Health Practitioners	6,994	8,550	1,556	22.2
6214	Outpatient Care Centers	232	387	155	66.8
6215	Medical and Diagnostic Laboratories	296	332	36	12.2
6216	Home Health Care Services	4,269	7,371	3,102	72.7
6219	Other Ambulatory Health Care Services	829	1,010	181	21.8
623	Nursing and Residential Care Facilities	1,199	1,674	475	39.6
624	Social Assistance	18,860	18,902	42	0.2

Source: U.S. Census Bureau, Nonemployer Statistics

**Table 8**  
**Nonemployer Establishments for Real Estate and Rental and Leasing in Virginia, 2010-2015**

NAICS Code and Industry		Number of Establishments		Change 2010-2015	
		2010	2015	Number	Percent
53	Real Estate and Rental and Leasing	60,274	65,460	5,186	8.6
531	Real Estate	58,870	64,059	5,189	8.8
5311	Lessors of Real Estate	25,402	28,655	3,253	12.8
5312	Offices of Real Estate Agents and Brokers	17,703	18,562	859	4.9
5313	Activities Related to Real Estate	15,765	16,842	1,077	6.8
532	Rental and Leasing Services	1,368	1,343	-25	-1.8
533	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	36	58	22	61.1

Source: U.S. Census Bureau, Nonemployer Statistics