

2021 in Review

A Year of Extreme Volatility in U.S. Contingent Labor Markets

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Key Findings

1. The U.S. contingent workforce is now 56% larger than it was before the pandemic
2. The demand for contingent workers drove up bill rates 2-8% across job categories in 2021
3. The number of contingent software developers at work is now double the pre-pandemic level
4. Software development, Agile, Java, and data-handling skills were most in demand for 2021 IT assignments
5. The time to find and start an IT contingent worker doubled over the course of 2021
6. 2021 IT assignment growth was strongest in secondary IT hubs like Raleigh, Atlanta, and Minneapolis
7. 2021 saw high local bill rate volatility for specific skills
8. 2021 was a (continued) roller coaster for contingent healthcare labor markets
9. Companies are increasingly turning to contingent workers to help recruit and manage their workforce

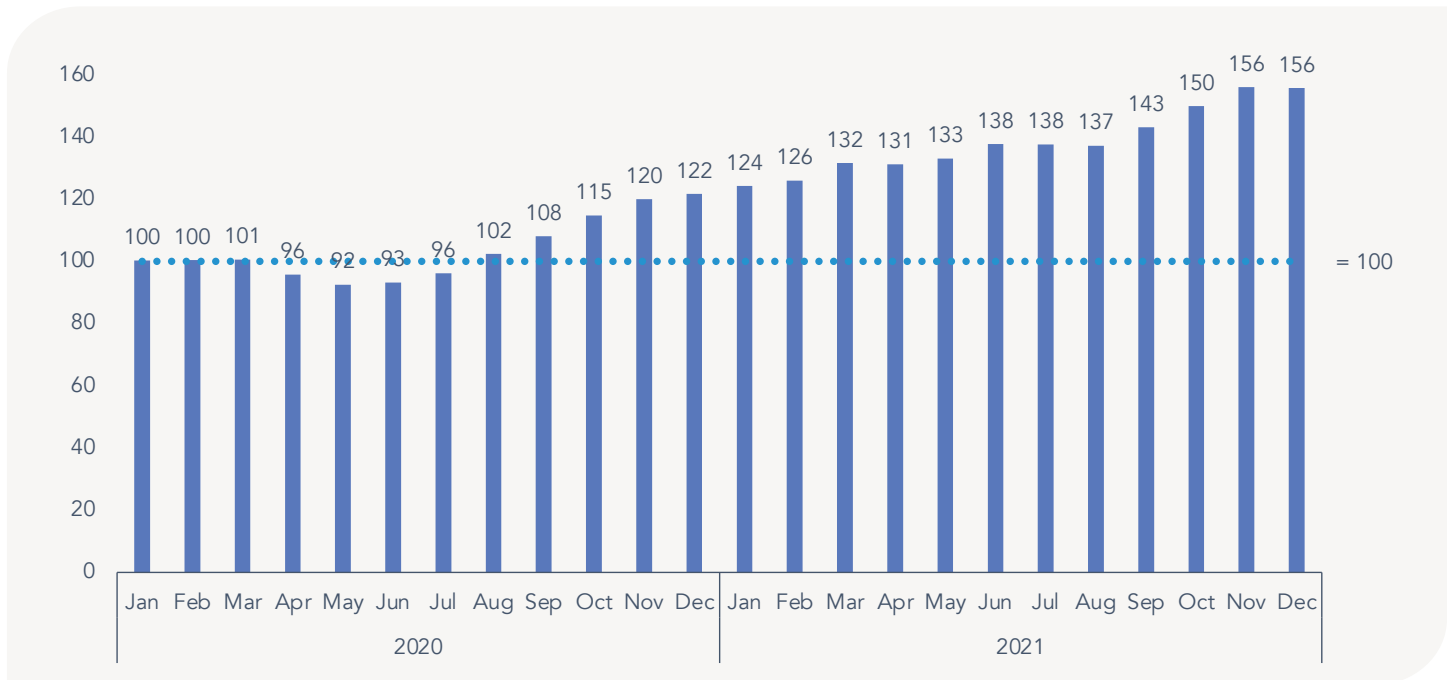
Introduction

2021 was an incredibly turbulent year for contract labor markets. The global Covid pandemic drove substantial changes in company, workforce supplier, and worker behavior. This edition of Brightfield's Extended Workforce Intelligence Report examines some of the largest trends in U.S. contingent labor markets in 2021.

The U.S. contingent workforce has grown to be 56% larger than it was before the pandemic. Over the course of 2021, companies struggled to fill openings for both employee positions and contingent openings. This increased the time to find and start contingent workers and put upward pressure on contingent worker bill rates. Companies became much more open to contingent workers in new locations, as work-from-anywhere became the norm and companies sought to tap into new pools of high-quality workers at reasonable bill rates, especially for IT assignments. At the same time, IT workers have been moving away from traditional IT hubs.

The changes in local contingent labor markets were especially pronounced in 2021. Companies without up-to-date data on local contingent labor markets for specific skillsets found themselves at a competitive disadvantage: paying too much or too little, not filling critical openings quickly as competitors, and being stuck with poor assignment success rates.

Figure 1: Active Contingent Workforce Index



Source: Brightfield TDX; U.S. Active Contingent Workforce Index Jan 2020 – Dec 2021; indexed to Jul 2019 – Dec 2019 monthly average=100; a worker is considered active if they worked any day in that month.

Findings

1. The U.S. contingent workforce is now 56% larger than it was before the pandemic

The spring of 2020 was the first major surge of Covid-19 in the U.S. At that point, Brightfield’s Active Contingent Workforce Index™ dropped eight points, meaning there were 8% fewer contingent workers on assignment than pre-pandemic. Since that low point in the spring of 2020, companies have been steadily bringing on additional contingent workers. Companies are now using 56% more contingent workers than they were before the pandemic (see Figure 1). The 2021 growth in contingent roles was split almost entirely between IT and other professional roles. The pattern of growth was quite different in 2020, when 39% of the net new contingent

assignments were Light Industrial, 16% were IT, and 23% were other professional roles (see Figure 2). In 2020, businesses were working to adapt to a Covid economy—bringing on large numbers of light industrial contingent workers to staff warehouses, run logistics, and fill in on manufacturing lines. In 2021, those demands stabilized, and

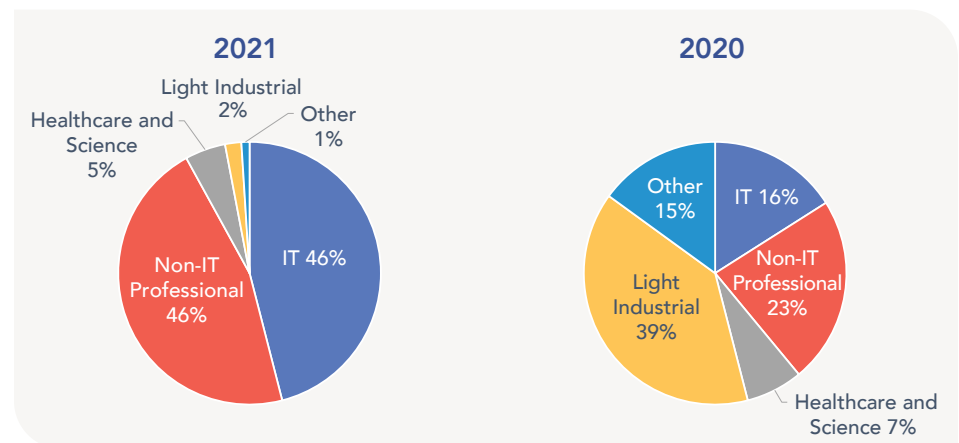
businesses turned to adding non-light industrial roles.

2. The demand for contingent workers drove up bill rates 2-8% across job categories in 2021

As has been well documented in the media, businesses struggled in 2021 to fill open positions.

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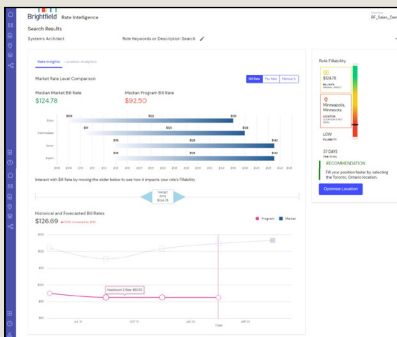
Figure 2: Distribution of Net Growth in Contingent Roles



Source: Brightfield TDX; Proportion of growth in Active Contingent Workforce Index Jan 2021 – Dec 2021 and Jan 2020 – December 2020 from each of the five major job classes we track.

How TDX Tracks Contract Labor Markets

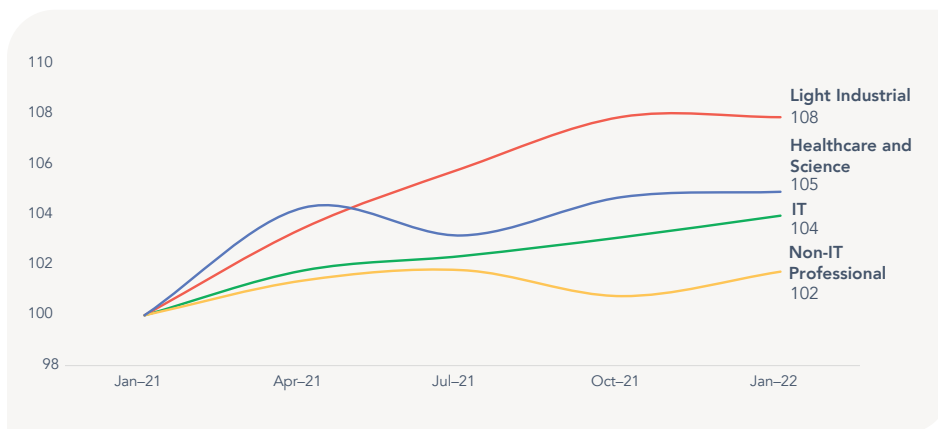
Each week, TDX receives fresh data on actual contract labor transactions around the world and uses this data to track how the markets for specific skills, locations, experience levels, etc. are changing over time. This data is from documented transactions, not from surveys of workers, nor job boards, nor workforce suppliers' rack rates. TDX tools put all this market intelligence at the fingertips of participants in the contract labor supply chain. Other parts of TDX allow users to analyze how much a company is spending on SOW workers and conduct a should-cost analysis for SOW workers based on current labor market conditions.



TDX's Rate Intelligence functionality allows you to:

- Look at current bill rates, pay rates, and supplier markets by Role, Skillset, Location, Experience Level, Contract Length, etc.
- Understand how changes to the bill rate may (or may not) speed up time to fill
- See what your company has been paying for this role over time, relative to market benchmarks
- See how long it will take to fill this assignment, and recommendations on alternative locations

Figure 3: Indexed Average Bill Rates, by Job Category



Source: Averages of median bill rates in the 50 U.S. MSAs with the largest numbers of contingent workers, with outliers removed. Indexed to January value=100, by Job Category.

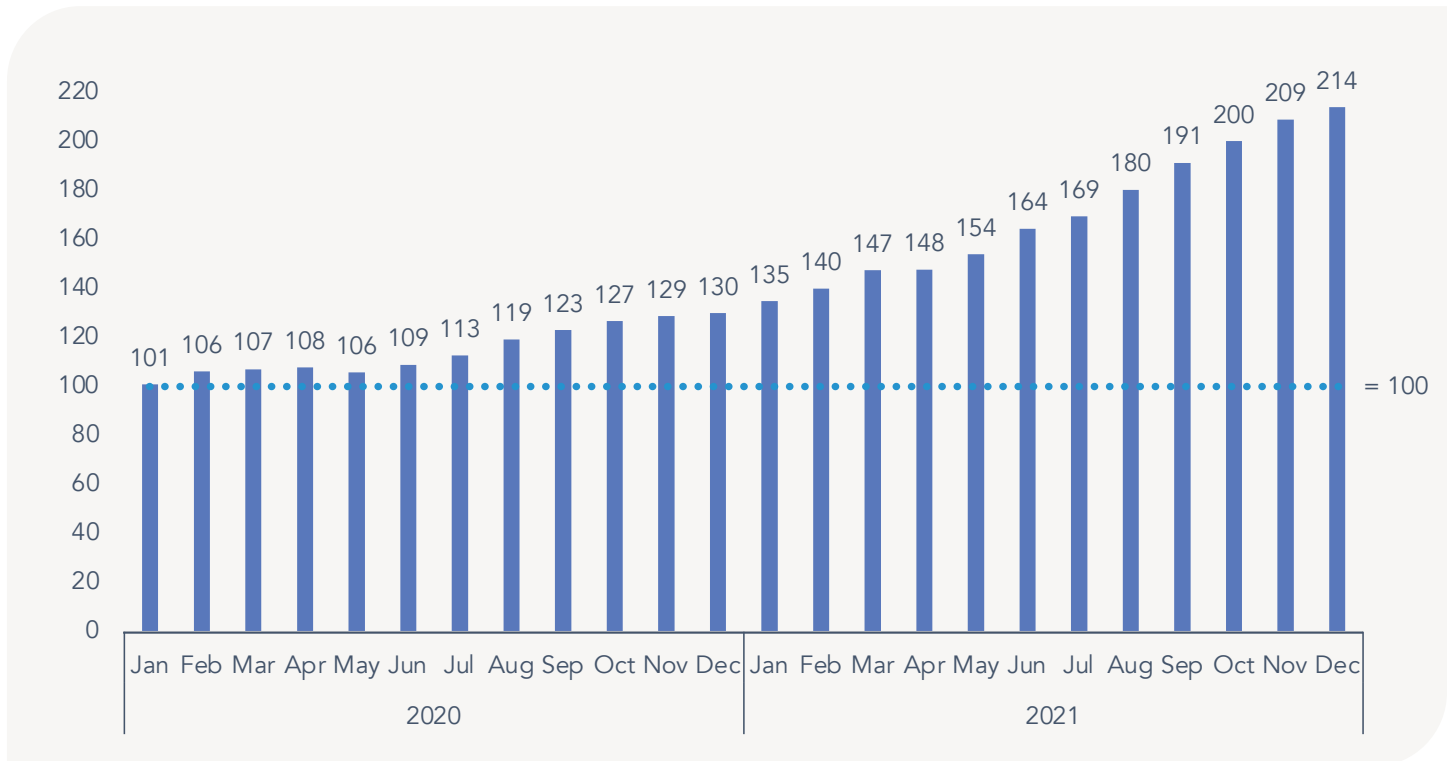
This is true for contingent openings as well as for employee openings. This has put upward pressure on wages and bill rates. The Bureau of Labor Statistics estimates that total compensation for all U.S. civilian workers increased [by 4% over the course of 2021](#). Our data show that average bill rates increased for U.S. contingent workers, too, over the course of 2021. Looking at the

four main categories of contingent assignments we track, light industrial roles showed the largest percentage growth in average bill rates (8%) and non-IT professional roles showed the smallest percentage growth in average bill rates (2%) (see Figure 3). Of course, these broad averages hide the volatility in local bill rates for specific skillsets (see *How TDX Tracks Contract Labor Markets* above).

3. The number of contingent software developers at work is now double the pre-pandemic level

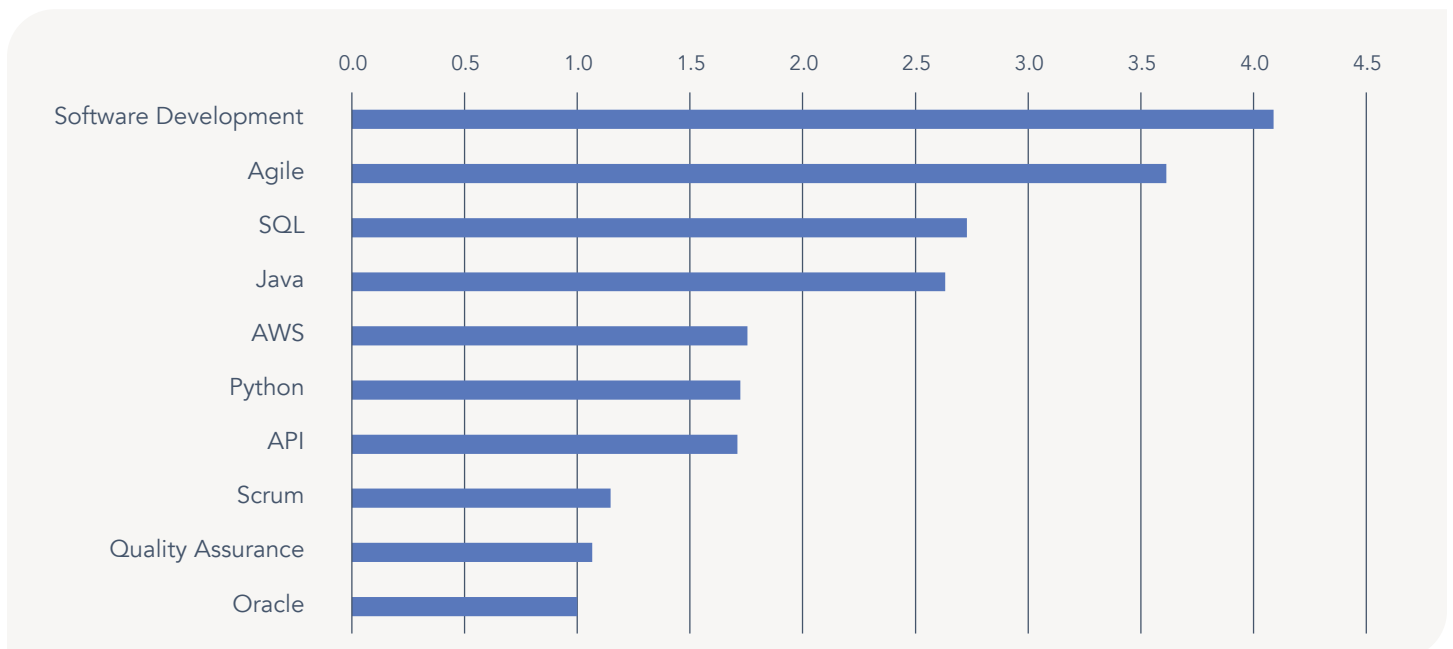
One area where companies did not pare back their use of contingent workers during the early throes of the Covid pandemic was in software development. Companies needed to adjust to the Covid-induced virtual economy, which required new digital connections to customers, suppliers, partners, and workers. Companies' appetite for contingent software developers has only grown since then. The Active Contingent Workforce Index for Software Developer Roles increased by 84 points from December 2020 to December 2021. The December 2021 reading is at 214, meaning there are 214% more contingent software developers on assignment than pre-pandemic (see Figure 4).

Figure 4: Active Contingent Workforce Index for Software Developer Roles



Source: Brightfield TDX; Active Contingent Workforce Index Jan 2020 – Dec 2021; indexed to Jul 2019 – Dec 2019 for Software Developer roles monthly average=100.

Figure 5: Most Prevalent Skills Requested for Contingent IT Assignments Started in 2021 (Prevalence Relative to Oracle Skills)



Source: Brightfield TDX; These are the skills mentioned most frequently across all the requests/descriptions of contingent IT assignments that started in 2021.

4. Software development, Agile, Java, and data-handling skills were most in demand for 2021 IT assignments

Companies are turning to contingent IT workers both to buttress the skill sets and capacity of employee IT teams, but also to run critical IT projects and operations outright. We

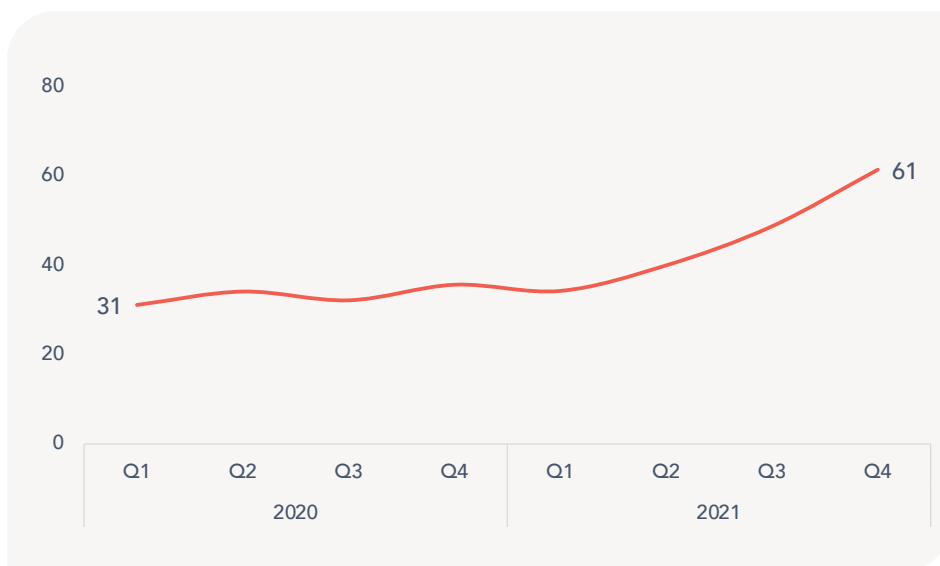
looked at all of the 2021 requests for IT contingent workers to see which skills were most often requested. Software development skill unsurprisingly topped the list, but the other skills in the Top 10 show what companies are most hungry for: workers comfortable in Agile methodologies (e.g., Scrum) and workers with niche data management

expertise (e.g., SQL, AWS, Python, API, Oracle) (see *Figure 5*).

5. The time to find and start an IT contingent worker doubled over the course of 2021

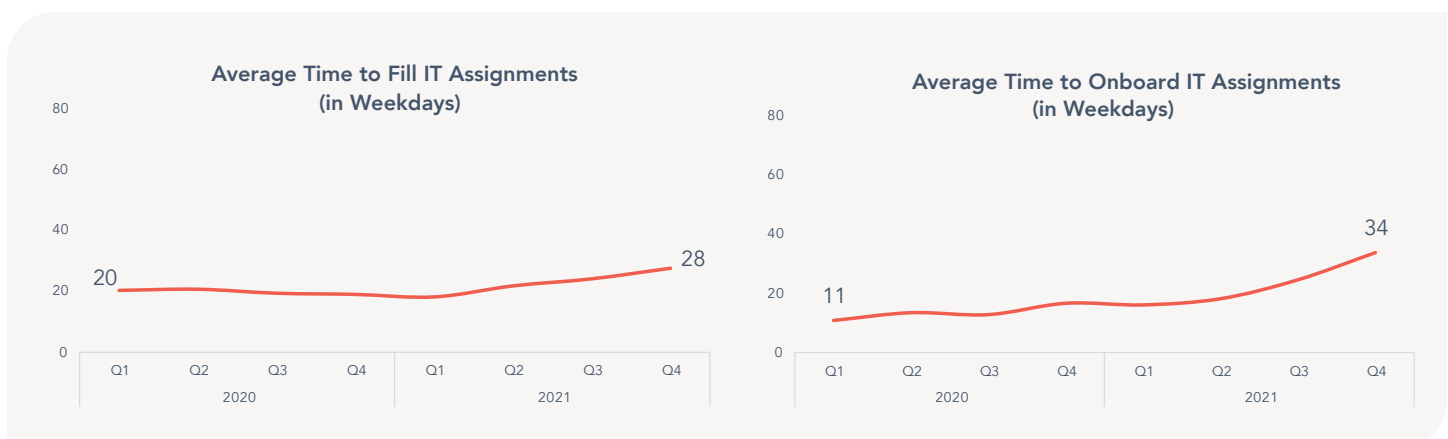
As companies have raced to add contingent IT workers, there has been a slowdown in the timelines to find and onboard those IT workers. At the beginning of 2020, it took 31 weekdays on average to find and onboard a contingent IT worker. By the end of 2021 that process has grown to 61 weekdays on average (see *Figure 6*). Interestingly, the first part of that process—finding the worker—has increased only eight weekdays, but the second part of that process—getting the selected worker onboarded and started—has lengthened more (by 23 weekdays) (see *Figure 7*). Our customers use Brightfield’s help to pinpoint where timelines are stretching (and why) and then to construct plans to shorten those timelines (see [our December 2021 report](#)).

Figure 6: Average Time to Start an IT Assignment (in Weekdays)



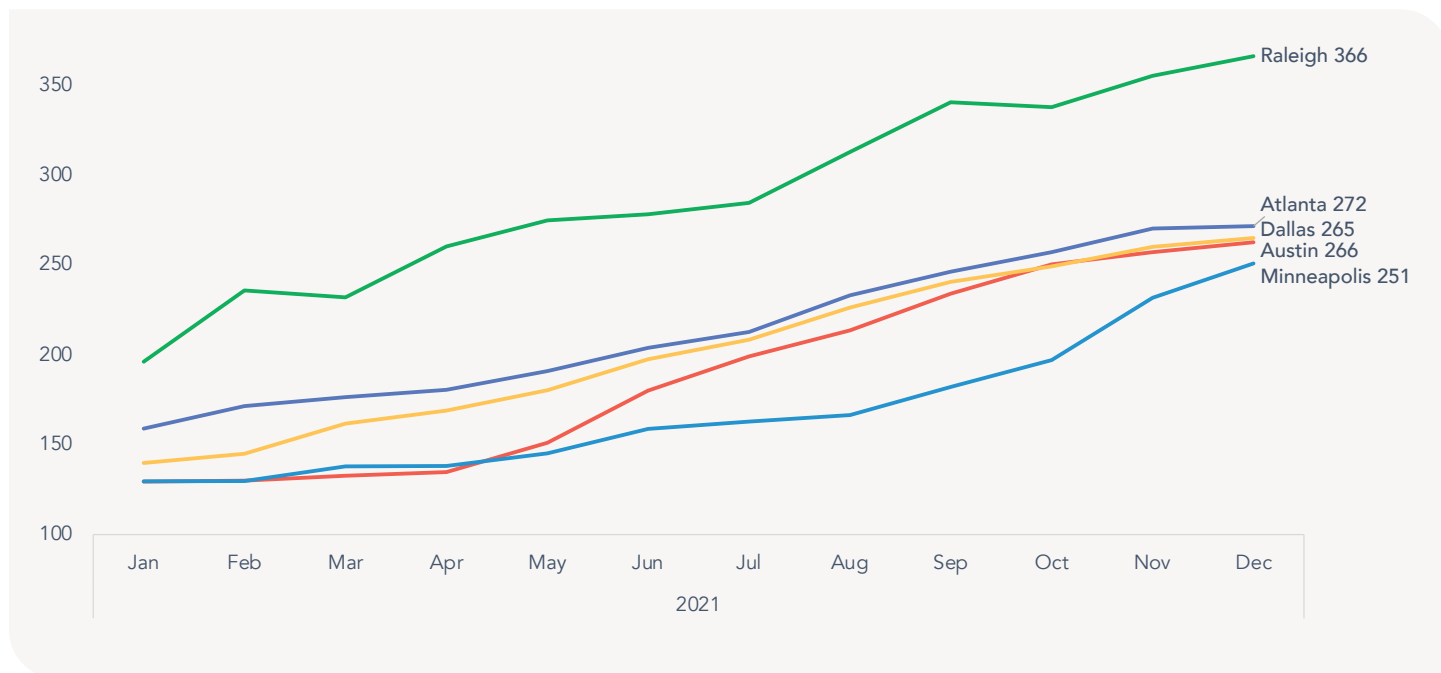
Source: Brightfield TDX; Time to Start is defined as the number of weekdays between when the request is released to suppliers and the assignment start date.

Figure 7: Average Time to Fill and Onboard IT Assignments (in Weekdays)



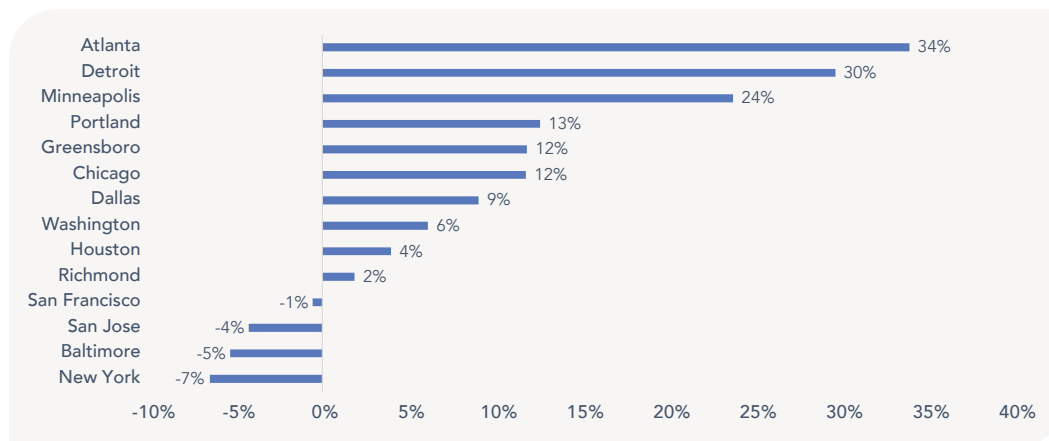
Source: Brightfield TDX; Time to Fill is defined as the number of weekdays between when the request is released to suppliers and when the candidate is approved by the supplier; Time to Onboard is defined as the number of weekdays between when the candidate is approved by the supplier and when the assignment starts.

Figure 8: IT Active Workforce Index at the Five MSAs With Strongest 2021 IT Role Growth



Source: Brightfield TDX; Active Contingent Workforce Index Jan 2020 – Dec 2021; indexed to Jul 2019 – Dec 2019 for each MSA monthly average=100 ; Shown here are the five MSAs with the largest growth in IT active worker count out of the 15 MSAs with the highest volume in IT active workers.

Figure 9: Percent Change in Average Senior Java Developer Bill Rates in 2021 (for Selected MSAs)



Source: Brightfield TDX.

6. 2021 IT assignment growth was strongest in secondary IT hubs like Raleigh, Atlanta, and Minneapolis

The Covid pandemic accelerated companies' openness to remote work for both their employee and non-employee workforces. Especially for IT assignments,

companies have been discovering that they can find high-quality workers often at lower bill rates by being open to contingent workers in places where they have may not historically had contingent workers. In fact, companies that are not open to remote IT workers will find themselves disadvantaged in finding

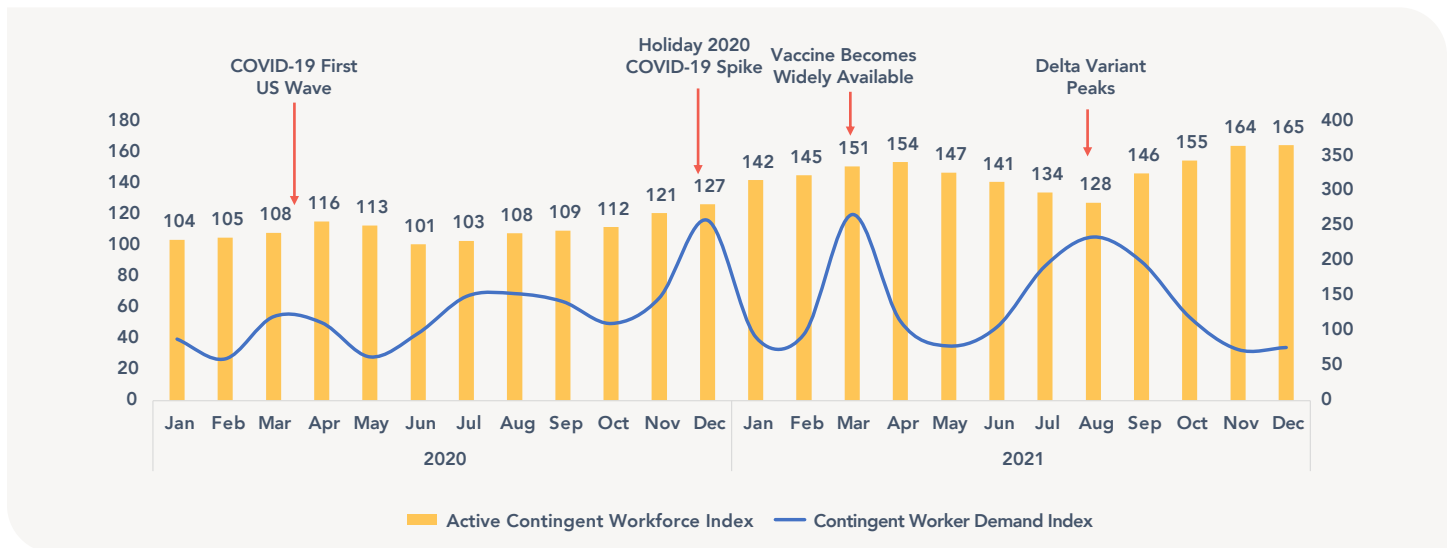
great IT workers. The five U.S. Metropolitan Statistical Areas (MSAs) with the largest 2021 increases in IT contingent assignments are not the usual suspect IT hub cities like San Jose, San Francisco, New York City, and Seattle. Instead, companies are sourcing the most IT workers in secondary hub cities such as Raleigh, Atlanta, and Minneapolis (see Figure 8). For example, the greater Raleigh (North Carolina) area now has over three times the number of contingent IT workers on assignment than before the pandemic.

7. 2021 saw high local bill rate volatility for specific skills

The shifting patterns in companies' purchasing of contract labor has caused high rates of volatility in local labor markets.

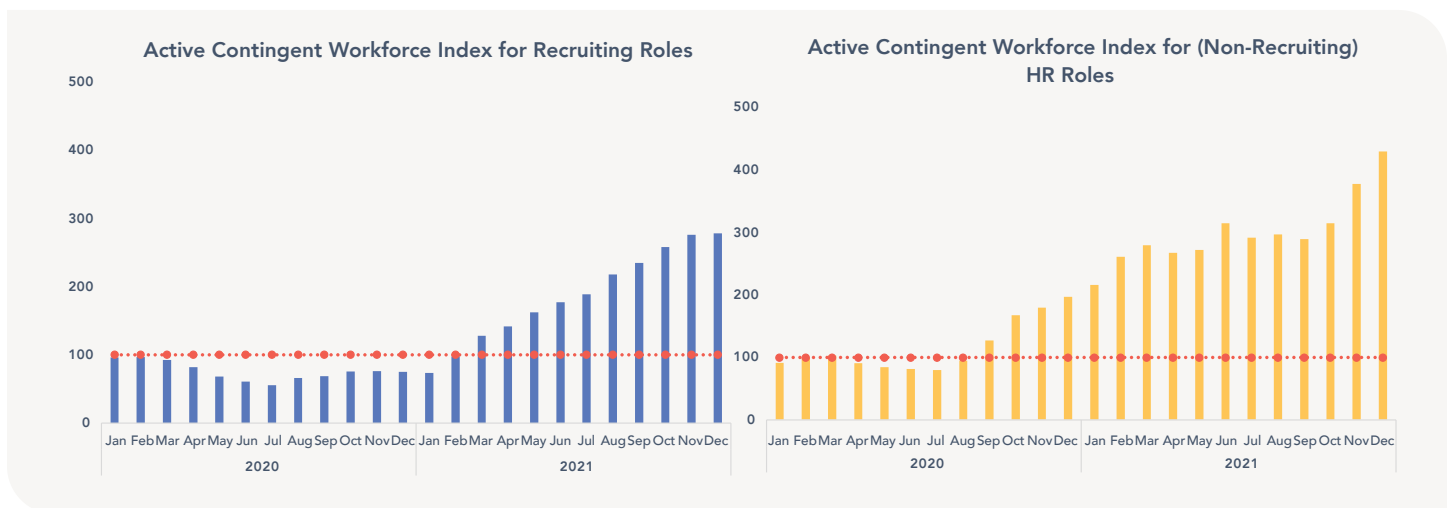
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Figure 10: Key Indices for Contingent Healthcare Roles



Source: Brightfield TDX; Brightfield Contingent Workforce Demand and Active Contingent Workforce Index Jan 2020 – Dec 2021 for Healthcare roles; indexed to Jul 2019 – Dec 2019 Healthcare Roles’ monthly average=100.

Figure 11: Active Contingent Workforce Index for Recruiting and Non-Recruiting HR Roles



Source: Brightfield TDX; Active Contingent Workforce Index Jan 2020 – Dec 2021; indexed to Jul 2019 – Dec 2019 for monthly averages=100; Recruiting Roles are Recruiter and Recruiting Coordinator; Non-Recruiting HR Roles are HR Coordinator and HR Generalist.

Companies that need increasing numbers of contingent light industrial workers in specific locations are seeing sizable increases in some locations; recall that bill rates for this category rose by 8% on average over 2021. Companies’ shifting of their contingent IT and professional roles to new cities are having impacts both on the legacy cities’ and the new cities’ contingent bill rates. As

an example, the percent changes in average bill rates over the course of 2021 for Senior Java Developers range from +34% in the Atlanta MSA (one of the growing IT hubs mentioned above) to -7% in the New York City MSA (see Figure 9). Without up-to-date information on how local labor markets are changing—bill rates, markups, times to fill, etc.—for specific skill sets, companies will

find themselves at a competitive disadvantage to the companies that do have this granular information (see *How TDX Tracks Contract Labor Markets* on page 3). Companies without easy-to-use market data on actual transactions will struggle to fill openings or overpay and/or be stuck with lower-quality workers.

8. 2021 was a (continued) roller coaster for contingent healthcare labor markets

As businesses, especially in the healthcare industry, worked to keep up with Covid, there was substantial turmoil in the market for contingent healthcare workers. Businesses put out new requests for additional contingent healthcare workers in waves across 2020 and 2021. These waves of new requests were often 1.5-2.5 times the size of pre-pandemic monthly averages. The waves are tracked by Brightfield's Contingent Worker Demand Index for Healthcare Roles. During these waves (usually prompted by specific developments in the Covid pandemic), businesses were simultaneously looking for large numbers of nurses and other

healthcare staff. The number of contingent healthcare workers on assignment is now 65% higher than pre-pandemic averages, as measured by the Active Contingent Workforce Index for Healthcare Roles (see *Figure 10*).

9. Companies are increasingly turning to contingent workers to help recruit and manage their workforce

As companies have battled to fill both employee and non-employee worker openings, they have increasingly turned to contingent HR workers to help. Over the course of 2021, the number of contingent recruiters on assignment has more than tripled. The Active Contingent Workforce Index for Recruiting Roles rose from 74 points

in December 2020 to 278 points in December 2021. At the same time, companies have added many contingent HR roles that are not specific to recruiting, such as HR Coordinators and HR Generalists. The Active Contingent Workforce Index for these roles rose from 95 points in August 2020 to 430 points in December 2021 (see *Figure 11*). This is more than a quadrupling of contingent non-recruiting HR roles over 16 months. Of course, these more generalist HR roles are likely involved in recruiting and onboarding new workers, too.

Where is All This Data From?

Brightfield has assembled the world's largest and richest dataset on the market for non-employee work as part of our TDX platform. Brightfield TDX combines anonymized workforce data from customer organizations and currently holds data on approximately \$400 billion in actual extended workforce transactions. These data expand every week and provide us an unrivaled view into patterns of change within this important segment of the labor market. On top of these data, Brightfield created a proprietary augmented analytics platform that allows users to optimize workforce management approaches to achieve key cost, quality, and risk management objectives. In order to examine how companies' use of contract labor is shifting over time, our reports focus on a broad (but fixed) panel of companies that have been contributing data to TDX continuously since 2019.



ABOUT THE AUTHORS

Steven Williams is a Senior Vice President (swilliams@brightfield.com), Josh Mader is a Senior Analyst, Rachel Spring, and Nicolas Lee are both Analysts at Brightfield. We welcome your suggestions on other potential items to analyze using TDX data and your interest in learning about how companies are using TDX to improve their businesses.