

The real economics of ridehail work

What it's like to work for Uber
and Lyft in Massachusetts

A new analysis of Uber and Lyft operational and compensation data confirms the experiences of many Massachusetts app-based ridehail drivers who are speaking out and calling for reform. Their experiences are commonplace within the industry and can no longer be ignored.

Key Findings

\$12.82 per hour

The median Massachusetts ridehail driver makes just \$12.82 per hour after counting all work time and expenses.



3 of 5 drivers make less than the minimum wage

Three of every five Massachusetts drivers (59.7%) make less than \$15 per hour minimum wage, after counting all work time and expenses.


53% of work time

In the Boston metro area, **53% of ridehail work time happens without a passenger in the car.** This includes activities like moving to and from pick ups, repositioning to meet demand in new areas, or holding in dispatch-ready status.



100% of pay is uncertain

With new upfront fare systems in place, 100% of driver compensation is now entirely variable. It's unstandardized and impossibly opaque to drivers.

 49%

Expenses cancel 49 cents of every dollar earned

Almost half (48.9%) of the typical driver's gross ridehail earnings are wiped out by driving expenses.



1 of 5 trips

Only a small share of ridehail work is performed by casual workers – those who work less than 10 hours per week. Less than one of every five trips (17%) are performed by these casual drivers.

“

We are single mothers; we have families. It is not fair to make us go so far for \$4 or \$5. What we most want is justice. Uber and Lyft are both abusing us.

We are demanding a union. We are tired, fed up with the abuse that Uber and Lyft are committing with us drivers.

— Altagracia Lenor, Uber and Lyft driver



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Executive Summary

This report examines the working conditions and economic realities of app-based ridehail drivers in Massachusetts.* It is based on interviews with Uber and Lyft drivers and an analysis of a representative dataset of more than one million Uber and Lyft compensation records.¹ It reveals a challenging landscape marked by stark discrepancies between promised earnings and actual compensation, extensive work hours, and unaddressed work-related expenses. These conditions are shown to be pervasive within the industry.

Sub Minimum Pay

Ridehail drivers in Massachusetts grapple with a harsh reality – promised earnings often fall significantly short of actual compensation. Drivers routinely discover their earnings to be substantially lower than expected, largely attributed to unaccounted-for work time and the substantial burden of work-related expenses. Analysis of ridehail data shows that the net earnings for a majority of drivers in the industry fall below the state's minimum wage.

Essential Work

Within the ridehail industry, a dedicated core of drivers shoulders the bulk of the workload, with their income often serving as a vital lifeline for their families. These drivers are not merely pursuing a side gig for supplemental income; rather, they rely on ridehail earnings as their primary source of livelihood. Their commitment to the job is underscored by the crucial role they play in providing transportation services to the Massachusetts public.

High Stress and Manipulative Practices

In addition to grappling with financial hardships, app-based drivers endure high levels of stress stemming from the demands of their work. They are required to juggle multiple roles simultaneously and the ever-evolving technology platform they work on adds to their stress. This environment, coupled with manipulative practices employed by ridehail companies, creates a daunting and emotionally taxing experience for drivers.

These challenges faced by app-based drivers demand immediate attention. The recommended policy interventions seek to address these issues and provide a path towards equitable working conditions, fair compensation, and improved quality of life for these essential workers.

* This report refers to Uber and Lyft as “ridehail” companies as opposed to “rideshare,” which implies an informal sharing of rides between individuals. “Ridehail” or “transportation network company (TNC)” are more precise and commonly accepted terms for describing firms that provide on-demand, commercial transportation services through a mobile app.



Warped Economics Leaves Workers Behind

To gain a comprehensive understanding of the challenges faced by Uber and Lyft drivers today, it is essential to revisit the unconventional origins of the ridehail industry and its subsequent transformation in recent years.

Turbulent Growth Of The Industry

Since their inception, Uber and Lyft have been embroiled in controversy, facing ethical concerns and, in Uber's case, allegations of fostering an "aggressive" and "unrestrained workplace culture."² Uber has been accused of engaging in questionable practices, such as deploying secret software to evade regulators and law enforcement in various cities.³ In a significant legal settlement in 2017, Uber paid \$20 million to resolve Federal Trade Commission charges of misleading potential drivers with inflated income claims about its platform.⁴

Painful Transition from Growth to Profitability

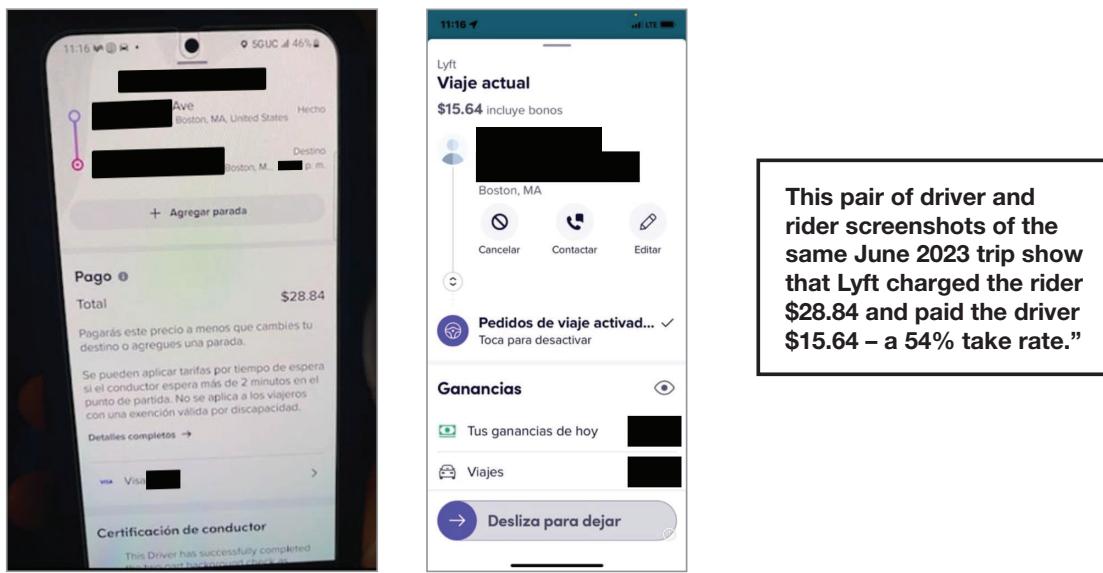
The birth and rapid growth of the ridehail industry was initially fueled by venture capital investments. Uber and Lyft, prioritizing aggressive expansion over profitability, attracted substantial funding during this period. Uber, in particular, amassed over \$20 billion in investor funding between 2010 and 2019.⁵

However, since going public, both companies now face mounting pressure from Wall Street investors to demonstrate profitability.⁶ The days of easy money and a "growth at all costs" mindset are over, placing the ridehail companies under intense pressure to finally turn a profit. As Uber CEO Dara Khosrowshahi said in an internal email about his company's investors, "Channeling Jerry Maguire, we need to show them the money."⁷

For ridehail workers, this new emphasis on corporate profitability puts their earnings at risk. Lyft reports a steady decline in revenue per driver, with a 5% drop over the past three years. As one journalist aptly states, "Lyft no longer wants fares to be determined by the market forces of demand and supply ... and it doesn't mind if its drivers keep on earning less on the platform in the process."⁸ In Uber's 2023 earnings report, positive earnings trends were attributed to a "meaningful reduction in driver supply investments."⁹

Increasing Company Take Rates

Amidst this backdrop of financial recalibration, another concerning trend is emerging: increasing company take rates. Drivers closely monitor the dynamics of the overall market, including company take rates, which represent the percentage of the fare that Uber and Lyft retain from each ride. It's not uncommon for drivers to engage in discussions with riders and uncover instances where these companies are now pocketing more than 50% of the trip fare, a noticeable increase from previous years.



While the companies themselves do not readily disclose much about their unit economics, industry watchers have been piecing together information that suggests a clear pattern of increasing take rates. One such observer noted, “the sketchy data Uber does disclose confirms that the company has been increasing its take rates over the past few years.”¹⁰ Furthermore, in regions where regulations mandate disclosure of such information, there is clear-cut evidence that substantiates the substantial hikes in company take rates. For instance, an analysis of New York City’s ridehail data conducted by UCLA found that the overall take rates of Uber and Lyft jumped from 9 to 21 percent between February 2019 and April 2022.¹¹ Ridehail drivers and industry observers are now witnessing an industry-wide surge in these take rates, and it’s sparking a considerable amount of discussion and concern.

High Stress: The Shadow Side Of Flexibility And Independence

From the outset, ridehail companies painted a rosy picture of gig work: flexibility, independence, and great pay. Yet, over time, these initial promises have given way to a high stress reality. As one expert says of the gig economy, “it’s gone from being the possibility of freedom to the certainty of insecurity.”¹²

In the realm of app-based gig work, the shadow side of flexibility and independence is high stakes pressure and massive stress. Uber and Lyft drivers are cast into a multitude of simultaneous roles: they are drivers, navigators, customer service representatives, fleet managers, business strategists, and entrepreneurs, all bundled into one demanding package.¹³

Furthermore, these ridehail workers are expected to operate within an ever-evolving technological landscape, where split-second decisions are required while navigating the unpredictable chaos of the road. At times, drivers have mere seconds to evaluate and accept incoming trip requests.

“So I get a trip and sometimes [you don’t have] much time to look at your phone. You only have like 5 seconds or so to check on the trip that you’re getting.”

**— Uber driver,
Marcelo Cordova**



“They send us notifications through emails, but when you’re driving and running the apps, it’s very hard to go back and also be checking your emails constantly. When I was just starting out, Lyft thought I didn’t get back to their emails on time, and they ended up deactivating me. Everybody started working for these apps or using them as a customer for one reason -- because they’re so flexible. But if you are an app company and flexibility is your main selling point, why can’t you be more flexible with the [drivers] when they have any issue using your complicated app? They don’t offer any education on operating them.”

— Lyft driver, Johnny Fernandes



This stress makes ridehail work a challenging profession. After getting in the car to see what it's like to be a driver, Uber's CEO discovered what workers have long known: "Driving is actually much more difficult than you would think."¹⁴

High Turnover

The relentless stress takes a toll, leading many drivers to quit. Consequently, the ridehail industry grapples with an astonishingly high turnover rate. A 2020 Stanford University study involving over a million ridehail drivers found a nationwide 6-month attrition rate that stands at a staggering 68.1%.¹⁵ In Massachusetts, this massive level of turnover persists into the current period – half the workforce (50.4%) has less than one year of experience.



A lot of the drivers have quit or have not worked as much as they used to. I know of many people who have quit.

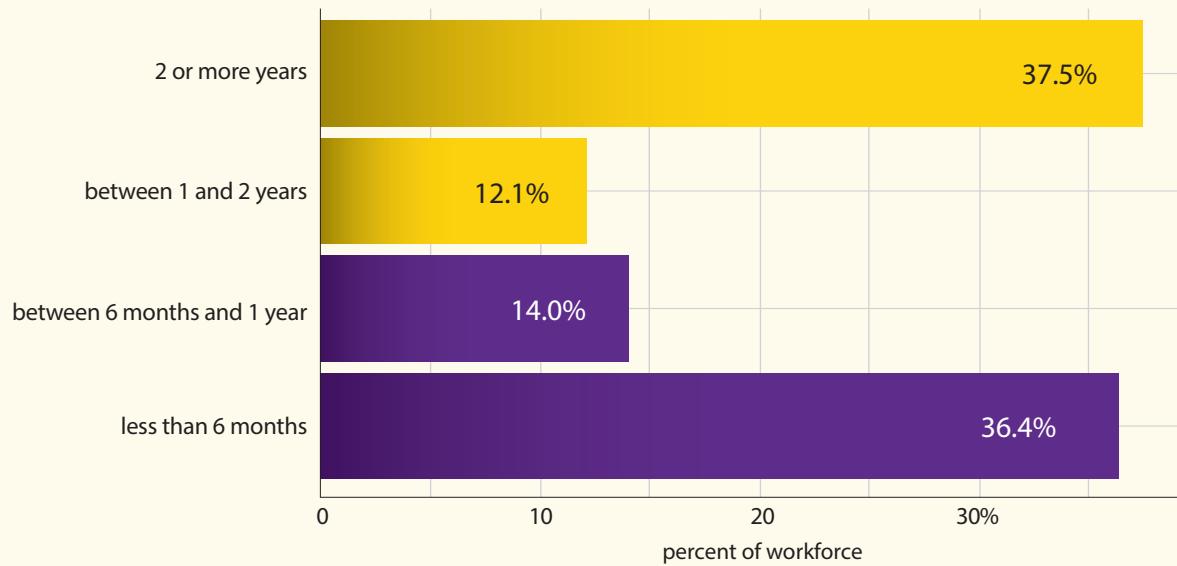


— Uber driver, Lisbeth Lopez



High turnover: half of drivers working for less than one year

Massachusetts workers by estimated length of service (2022-2023)



Source: Big Lake Data analysis of ridehail data.

More Than A Side Hustle

To downplay the need for industry reform, ridehail companies often depict the majority of drivers as using their platforms to “save up extra money.”¹⁶ Yet this hides a core truth about the industry: it’s actually fueled by serious drivers striving to earn a living.



I started driving for Lyft in 2014. One of my friends referred me to start working at Lyft. I worked very hard, over 10 hours every day. In the years I worked for Lyft I changed cars 5 times.

We work so hard to support our families. And our hard work ensures people can get around the city. We need our worker protections and our union now!

— Alan Deng, Lyft driver



A Dependable Core of Drivers Perform Most of the Work

Despite the industry’s challenges, including high stress and turnover, a consistent core of experienced drivers remains reliant on ridehail work to provide for their families. These dedicated individuals constitute the backbone of the industry, contributing the majority of the rides to the Massachusetts public.

Drivers can be grouped into three broad categories based on their work intensity:

Casual drivers: These drivers work less than 10 hours per week.

Dependent drivers: These drivers work between 10 and 35 hours per week. Uber or Lyft may be their second job, but they nevertheless depend on driving income to provide for their families.

All-in drivers: These drivers work 35 or more hours per week, with driving as their primary source of income. They tend to have more experience and often work across multiple gig platforms (“multi-apping”).

In Massachusetts, although casual drivers make up half of the workforce, they contribute only 17% of the total trips. In contrast, all-in drivers, who constitute just 13% of the workforce, perform more than one third (36%) of all trips.

Casual workers make up half the Massachusetts workforce, but perform less than 17% of the work.

	Hours per week	Share of drivers	Share of trips
Casual drivers	Less than 10 hours	50.7%	16.6%
Dependant drivers	10 to 35 hours	36.6%	47%
All-in drivers	35 or more hours	12.7%	36.4%

It is crucial to recognize that this core group of “all-in” and “dependent” drivers shoulder the majority of the rides for the people of Massachusetts. For these seasoned drivers, ridehail work is much more than a mere side hustle; it is the cornerstone of their livelihood.

Many of these drivers are particularly savvy. They constantly experiment with ways to improve their work efficiency and many switch between platforms on a monthly or even daily basis. In Massachusetts, these “multi-appers” make up 20% of the workforce. They typically work twice as much as other drivers, with more than half working more than 20 hours a week.

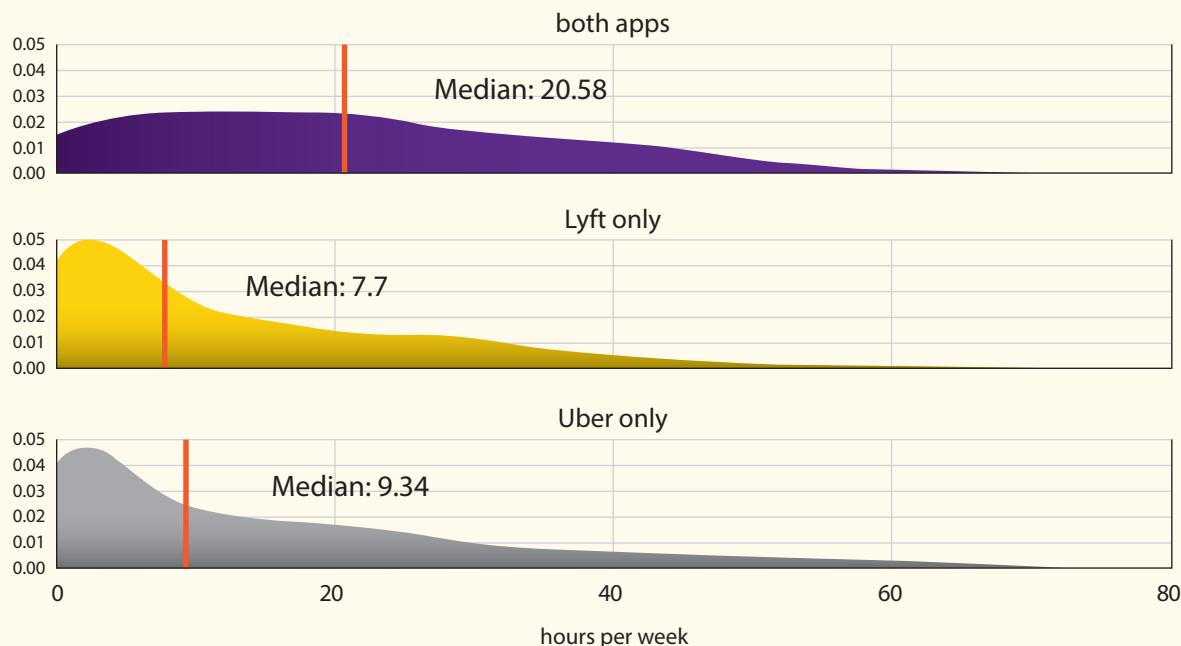
In order to cover my family's household expenses I have to work 65-70 hours, sometimes even more. I will go home sometimes when they shut me off after driving for 12 hours ... What concerns me are my kids are growing and they need me ...

— Bethlehem Tsegaye, Lyft driver



Most multi-appers work more than 20 hours per week

Frequency distribution of median total work hours per week (2022-2023)



Source: Big Lake Data analysis of ridehail data.

Imbalance of Power

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Companies frequently promote gig work as a flexible opportunity for people to set their own hours and work on their own terms. These companies often categorize their workers as independent contractors. Yet in practice these firms may tightly prescribe and control their workers’ tasks in ways that run counter to the promise of independence and an alternative to traditional jobs.

— U.S. Federal Trade Commission¹⁷

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When the companies control crucial aspects of work, workers have little independence. The idealized vision of drivers setting their own hours and working on their terms often clashes with the lived experiences of Uber and Lyft drivers. The real fear of deactivation, a term that euphemistically conceals arbitrary and devastating job loss, compels many drivers to accept rides they perceive as unsafe, eroding the very essence of independence.

This section delves deeper into the profound implications of this power imbalance, encompassing drivers' fears, risk-laden responsibilities, and the manipulation of work through gamification. This is underscored by the industry's devolution of understandable pay systems: from standardized mile and hour rates to highly variable and mysterious AI-driven compensation schemes.

Fear of Life-changing Deactivations

What was frustrating about it was that I keep going around in circles with customer service. I was calling for about a year without ever getting a reason about why I got disconnected [deactivated].

It's not the same when they're hearing a thousand people, 500 people, versus just a single person. So my message to other drivers is: let's unionize!

— Presell Polanco, Uber and Lyft driver



As an Uber or Lyft driver, the fear of losing our job is a major source of stress. Companies like Uber and Lyft can deactivate us without warning, leaving us with no income. On top of this, we face constant pressure through emails and text messages to comply with their terms or risk being deactivated.

— Cesar Ramirez, Uber and Lyft driver



“

[Lyft] unjustly deactivated my Lyft account... They don't care.
We don't have a voice that represents us.
We need a union that listens to us and
represents us.

— Yolanda Rodriguez, Uber and Lyft driver



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For any worker, the ultimate catastrophe is losing one's job. When ridehail companies terminate a driver, they don't use the term "fired." Instead, a driver may be "deactivated," which is essentially the same thing. Despite the devastating economic consequences – especially for those who drive to support their families – company decisions to deactivate workers are arbitrary and opaque.

“

I used to do Lyft for about 3 years. I had 4.96 stars. I received an email saying "poor customer experience." I was shocked as I was doing my job professionally, and every week I was receiving an email with compliments from riders. I had no idea about this and tried reaching them many times to understand what was happening and fix the issue. But they told me I couldn't do anything. They can eliminate your income without any reason.

The need of union is mandatory sooner than later to protect the drivers' rights.

— Omar Bououden, Lyft driver



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The real threat of deactivation is felt widely in the workforce. A recent national survey of ridehail drivers found that 59% of workers reported that they felt pressure to accept rides they believed to be unsafe because of the overwhelming fear of deactivation.¹⁸

The concept of independence is undermined by relentless pressure from the companies. For workers struggling to make ends meet, the benefits of flexibility are undermined by take-it-or-leave-it pay rates.

“

**Tons of harassment, I am numb to the harassment!”
They yell at you that you make them late, you’re
messing up their day, they will keep cursing
you throughout the ride. I have to shut my
ears because I am afraid to get deactivated.**

— Bethlehem Tsegaye, Lyft driver



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The companies sometimes threaten to deactivate workers who decline rides in a way that violates their terms of service. From a worker’s perspective, it makes sense to decline financially ruinous trips, but the companies sometimes construe this as refusing to work in certain neighborhoods.

Given the threat of deactivation, many drivers feel extreme pressure to accept rides that put their livelihood at risk.

Example of communication from Lyft threatening a driver with permanent deactivation without providing any supporting details about how the driver allegedly violated company policies.

A screenshot of a mobile phone message screen. The message is in Spanish and reads:

9:44 9:44 LTE Hi [REDACTED]

Se reportó tu cuenta de conductor debido a malas experiencias de los pasajeros. Revisa lo siguiente:

- **Cancelaciones demasiado frecuentes:** A menos que se trate de una emergencia o de una inquietud relacionada con la seguridad, deberías tratar de completar cada viaje que aceptes. [Conoce más sobre las cancelaciones.](#)

Estos ponen en riesgo tu cuenta de conductor e infringen los [Términos de servicio de Lyft](#). Recuerda que, en cualquier momento, puedes consultar los comentarios sobre ti en la [app de Lyft Driver](#). Valoramos tu aporte a nuestra comunidad y esperamos dejar de recibir estos informes. Sin embargo, si nada cambia, podríamos suspender tu cuenta o, incluso, desactivar tu cuenta de conductor de Lyft permanentemente.

Thanks again,
The Lyft Team

Contactar
548 Market St., P.O. Box 68514, San Francisco, CA 94104
© 2023 Lyft, Inc.
CPUC ID No. [REDACTED]

Risk And Liability Are Forced On Workers

City planners and transportation experts recognize that these companies command massive fleets of vehicles on public streets and highways.¹⁹ But unlike traditional transportation companies, the ridehail business model transfers all the costs, risks, and liability associated with vehicles to the backs of individual drivers. The companies still have near total control of their vehicle fleet, yet its individual workers are “saddled with inordinate risks” when delivering passengers from one location to another.²⁰



I'm frustrated with the way Uber treats people ...

We need protection ... because after all, it's our car, our gas, our tolls, our insurance

— Marcelo Cordova,
Uber driver



Last September I got into a major car accident while driving for Lyft. Another car hit me, and it destroyed my car, and seriously injured me. I contacted Lyft but never received any responses or support from them. Because of my injuries I was not able to continue driving and I lost the job. To this day I am undergoing treatment for the accident and suffering frequent headaches that make working in any job impossible right now. It has been more than a year since the accident happened and I have not been able to work or make any income. I have been taking out loans to support myself and my family.

— Alan Deng, Lyft driver



Manipulation and Gamification of Work

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[E]ven as Uber talks up its determination to treat drivers more humanely, it is engaged in an extraordinary behind-the-scenes experiment in behavioral science to manipulate [drivers] in the service of its corporate growth... Employing hundreds of social scientists and data scientists, Uber has experimented with video game techniques, graphics and noncash rewards of little value that can prod drivers into working longer and harder — and sometimes at hours and locations that are less lucrative for them.

— How Uber uses psychological tricks to push its drivers' buttons.
The New York Times. June 26, 2018.

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In the ridehail industry, the gamification of work has raised serious concerns among drivers and industry observers. Companies like Uber and Lyft have harnessed behavioral psychology techniques to manipulate drivers and influence the labor market.²¹ This manipulation often occurs through bonuses, incentives, and variable compensation models, leaving drivers feeling disempowered and exploited.

The ridehail companies proudly boast about their prowess in “supercharging A/B testing”²³ and their vast machine learning and artificial intelligence systems, which run real-time pricing experiments on both riders and drivers.²⁴ Yet, beneath the veneer of technological advancement lies a troubling reality. Much of this manipulation takes the form of bonuses and incentives, which can make up 30-40% of a driver’s earnings.

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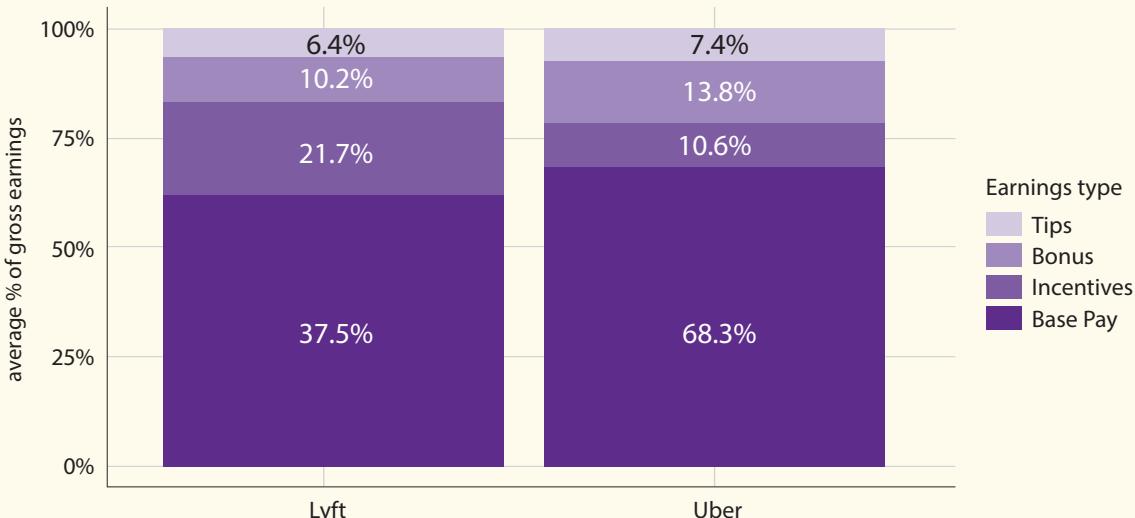
Hundreds of millions of real-time decisions are made each day at Lyft by online machine learning models. These model-based decisions include price optimization for rides, incentives allocation for drivers, fraud detection, ETA prediction, and innumerable others that impact how riders move and drivers earn.

— Lyft engineering blog²²

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Ridehail earnings are complex and variable

Compensation type as fraction of gross earnings, 2022 Boston MSA



Source: Big Lake Data analysis of ridehail data.



The apps manipulate drivers by offering bonuses for completing certain tasks, such as accepting all rides within a package of 60 rides. However, there is a poison pill involved. For example, a driver may be sent a ride from Boston to New York for only \$150, which would require a 10-hour investment of time. This ride is unlikely to be accepted by any driver, and when it is canceled, the bonus offered is lost. Thus, even if the driver completed 31 of the 60 rides as a part of the bonus package offer, the driver now has forfeited the bonus. This is a way for companies to exploit drivers and force them to work longer hours and accept less desirable rides. Obtaining bonuses is difficult because the algorithm is designed to generate profits for the company rather than for the drivers.

— Angel Cordero, Lyft driver



Drivers are constantly presented with invitations to pursue quests, bonuses, awards, streaks, challenges, and other game-like competitions.

One common tactic is to promote seemingly enticing bonuses, such as completing a package of 60 rides. However, within these packages lurk poison pills – rides that demand a substantial time investment for meager pay. Should a driver refuse such a ride, they forfeit the associated bonus. The result? Drivers are coerced into working longer hours and accepting less desirable rides, leaving them financially worse off and disenchanted.

Sometimes pay promotions are strategically designed to include long-distance rides among shorter ones, leaving drivers financially strained. Many workers see this as an exploitative tactic meant to lure drivers into working long hours and accepting financially harmful rides. These algorithmic systems prioritize company profits over driver well-being, eroding the human element from the gig economy.

The gamification of work in the ridehail industry is far from being a harmless game. It's a complex web of manipulation and exploitation that affects drivers' livelihoods and well-being. The industry's reliance on behavioral psychology techniques to optimize profits raises serious ethical questions about the treatment of gig workers. While these practices may be impressive to tech enthusiasts, the real-life consequences for workers are undeniable, and it's imperative that these concerns are addressed to create a more equitable gig economy.

From Rate Cards To Black Box Algorithms

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Uber has been an AI powered company for years and years and years. When you're routing your estimated time of arrival, whether we batch your delivery pricing, all of it is based on AI algorithms. By the way, there's strength and weaknesses to that. Sometimes it makes the system outputs less predictable, so you need better technology to be able to audit those system outputs. AI isn't like the perfect solve everywhere.

— Dara Khosrowshahi²⁶, Uber CEO

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Pay systems that initially were reliable and predictable have become more and more variable over time, leading drivers to have little understanding of what they can expect to make for a given type of ride. While, in the past, experienced drivers had come to expect that their incentive earnings could be highly variable, they had nonetheless developed a sense of predictability in their income because their base pay generally remained constant. For those who consistently provided the same types of rides, a sense of financial stability was maintained as they could reasonably anticipate earning a consistent amount day after day. This stability was reinforced by the widely practiced use of “rate cards” issued by ridehail companies. These rate cards essentially outlined the pay scales shared with all drivers across the company, varying from city to city but typically consisting of two fixed components: the base per-mile and per-minute rates for driver compensation. Although surges and other multipliers could augment these base rates, drivers had clear knowledge of their predetermined rates, enabling them to depend on this base compensation.

However, this reliable aspect of ridehail earnings has now also become unpredictable. In the past year, both Uber and Lyft have introduced “up-front” pricing and payment systems.²⁶ These new “price discrimination” systems have abandoned the concept of a uniform rate per mile or per minute and have instead led to the suspicion that the ridehail companies now employ algorithms that exploit vast amounts of individualized data to determine a rider’s “willingness to pay” or a driver’s willingness to accept a fare.²⁷ Perhaps this practice is what Uber CEO Dara Khosrowshahi was referring to when he recently announced that, “we essentially now have personalized AI algorithms that are looking at you,

[W]e essentially now have personalized AI algorithms that are looking at you, looking at your occasion, and determining what to put in front of you based on a personalized basis.

— Dara Khosrowshahi, Uber CEO³⁰

looking at your occasion, and determining what to put in front of you based on a personalized basis.

With base pay now calculated by complex mathematical models, drivers find it nearly impossible to understand how their pay is calculated – it is completely opaque. These models are sometimes described as “black box” algorithms because their actual inner workings are often unknown even to the data scientists that build them. This prevents workers from making meaningful comparisons and evaluations of their earnings from one ride to the next. In this new landscape, 100% of driver’ compensation – including bonuses, incentives, tips, and now base pay – is subject to unpredictable fluctuations, putting drivers in a perpetual state of financial uncertainty.

Disappearing Tips

A key role gig drivers must perform is that of customer service. For most ridehail passengers, their driver is the only face-to-face interaction they will ever have with Uber or Lyft. This customer relationship maintained by the driver is critical and that's why the companies encourage riders to give drivers performance ratings and tips.

Nevertheless, the personal connection between drivers and riders can be disrupted by the companies' glitchy pay technology and substandard support systems. Anticipated tips don't always materialize, and reaching out to customer support leaves drivers uncertain about whether they've received all the tips that riders awarded them. Expected tips may, at times, simply never appear, underscoring the exasperation and obstacles drivers encounter when attempting to collect tips via the app.

Sometimes, I won't get a tip after the rider gave one. This is especially prevalent after the pay period has closed and the concept of the disappearing tip is actually quite common.

— Marty Pitney, Uber driver



The app wouldn't let [the customer] tip \$100. All he was able to do was \$98. He grabbed this phone. He showed me in my face. He gave me \$98, he clicked 'submit'. So I waited. And I waited. And I waited. And I waited. And I never got the tip...I called Uber and the person in support said that the customer never tipped me. What am I supposed to do, chase down the customer to have him prove it?

— Marcelo Cordova, Uber driver



Worker Pay: Company Claims Don't Add Up

When it comes to pay, there is a significant gap in what the companies say they're paying and what drivers actually earn on a net hourly basis. To truly understand the economic landscape for ridehail workers, one must consider the three key components of ridehail income: gross pay, complete working time, and work-related expenses.

Gross Pay

This analysis captures all types of driver pay earned through their ridehail apps. This gross pay is typically broken down into different categories of earnings: "base" pay, bonuses, incentives, and tips. Because many bonus and incentive payments are awarded for the completion of many trips over multiple days, a trip-level analysis of compensation data would miss driver earnings not associated with particular trips. Instead, this report examines the components of worker income over the periods of months and years so as to not undercount the gross pay of ridehail workers.

Gross pay varies widely across the Massachusetts workforce, chiefly due to large variation in hours worked. Therefore, it's helpful to look at pay on an hourly basis, which leads to a discussion of how many hours drivers actually work.

Work Time Discrepancy

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The people get in my car, when I start the trip, [it] is [for] Dover, New Hampshire...That would have taken me almost two and a half hours because it was like around 5 p.m.rush hour to get to Dover, and two and a half hours back to Massachusetts, not knowing if I was going to get a trip back to Boston, or the area that I'm always in. So does it make sense for you to take a trip like that, that you're only getting \$63 for almost 5 hours driving? I don't think so.

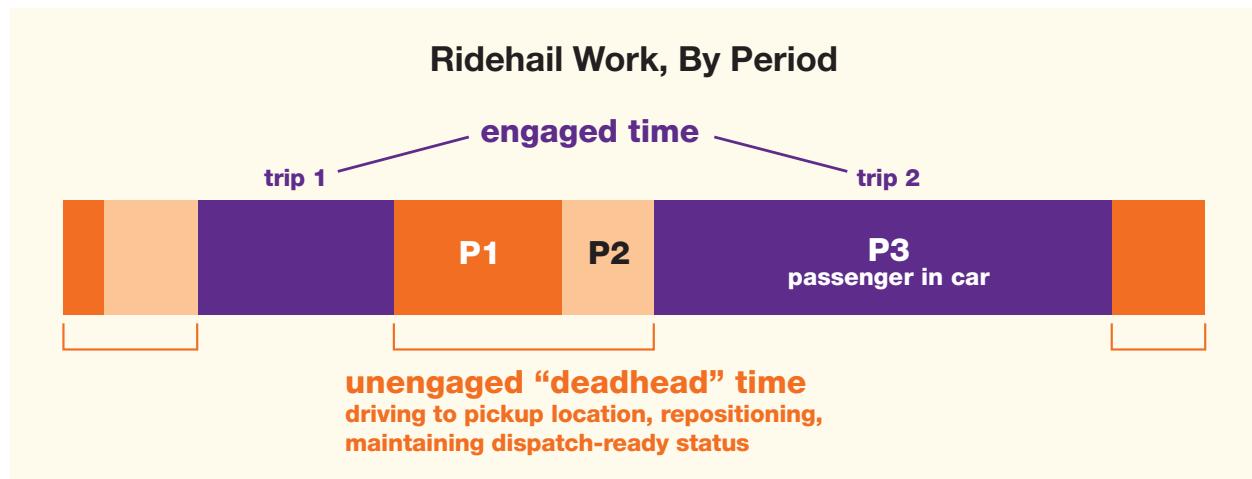
— Marcelo Cordova, Uber driver



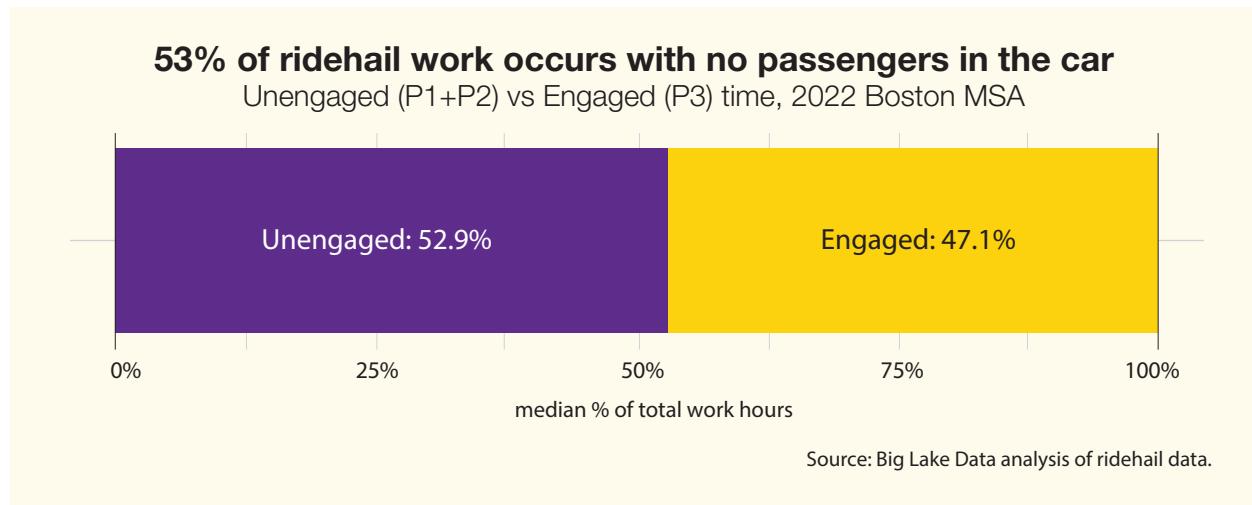
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Drivers work many more hours than the ridehail companies acknowledge. When the companies report hourly pay rates they often only count the time a driver spends with a passenger in the car. But it's critical to understand that this is only a fraction of a driver's total work time.

Essentially, all ridehail driver work can be divided into one of two states: "engaged" or "unengaged." Engaged status means the driver is transporting a passenger, while unengaged time usually includes activities such as traveling to and from customer pick-ups, repositioning to a new area, returning to a base area, or maintaining dispatch readiness between trips.³⁰



The transportation industry commonly gauges ridehail company efficiency by measuring the split between engaged and unengaged time – known as “utilization” rates. In the Boston area, median utilization rates for both Lyft and Uber are about 47%. This means that 47% of ridehail work time is spent transporting passengers, while the remaining 53% involves activities like traveling to pick-ups, repositioning, or maintaining dispatch readiness. In essence, more than half of ridehail work transpires without a passenger in the car.



Drivers sometimes refer to unengaged time as “deadheading.” Transportation has determined that nearly two-thirds (63%) of this deadheading time is spent repositioning to locations where customer demand is higher.³¹ For drivers, deadhead time is undesirable because it is usually unpaid and a state over which they have little control. A dreaded deadheading situation is when drivers spend time and miles traveling to a customer who eventually cancels the ride, ultimately leaving their effort uncompensated.

Enormous Work Expenses

The driving and vehicle expenses associated with app-based ridehail work (including depreciation, gas, maintenance, etc.) are enormous, and have skyrocketed since the pandemic disrupted the economy.³² Uber and Lyft do not compensate their drivers for these work-related expenses and the cost eats into workers’ bottom line.

In order to calculate the total driving expense, the total work miles traveled must first be estimated. This analysis relies on the best information available about rideshare utilization – the Fehr and Peers study of 2018 rideshare data.³³ That study found a 55.16% mileage-based utilization rate for the Boston market, meaning that for every 10 miles worked with a passenger in the car, another 8 miles were worked without a passenger in the car.

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Every other day, I have to pay \$50-60 on gas alone. That’s about \$350 a week. When I had my Lincoln, I would say about \$2,000 a month would be paid for car maintenance, gas, and car insurance.

— Bethlehem Tsegaye, Lyft driver



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Total work miles are then multiplied by the standard IRS mileage rate of 65.5 cents permile.³⁴ This is a conservative figure because the national IRS rate likely underestimates total work expenses for ridehail workers driving in Massachusetts. Actual vehicle expenses for common vehicle types used by ridehail drivers can be as much as 84 cents per mile.³⁵ Plus, the IRS standard rate does not include non-vehicle expenses such as the costs of smartphones and cellular data plans necessary for ridehail operations.

When taking into account driving expenses in this manner, this analysis finds that almost half of the median driver's gross earnings (48.9%) are wiped out by driving expenses.

Net Pay Is Subminimum For Most Workers

After accounting for total hours worked and driving expenses, the real net hourly pay for most drivers falls significantly below the Massachusetts minimum wage of \$15.00 per hour. In fact, from the second half of 2022 to the first half of 2023, the monthly net hourly pay of the typical Massachusetts driver was just \$12.82 per hour. Three of every five Massachusetts drivers (59.7%) have monthly net pay rates that are less than the minimum wage.

These net pay calculations do not take into account the cost of additional "employer side" payroll taxes for the self-employed. Because Uber and Lyft drivers are classified as independent contractors, they must pay an additional Social Security and Medicaid payroll tax of 7.65% on their income. If this tax is taken into account, an even greater share of the Massachusetts ridehail driver workforce would be effectively making less than minimum wage.

Net pay breakdown for the median Massachusetts driver

Monthly basis, 2022-2023

	Average per hour	Percent of gross earnings
Gross pay	\$25.11	100%
Driving expenses	- \$12.29	- 48.9%
Net pay	\$12.82	51.1%

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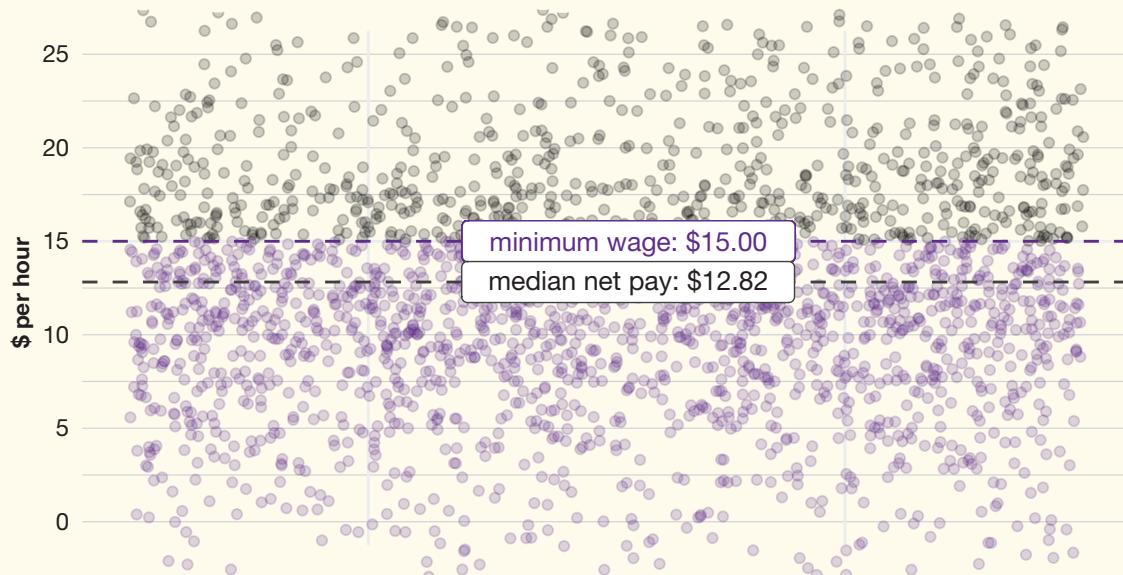
Pandemic disruptions drove the expenses associated with owning a car through the roof, creating a financial burden that many drivers didn't bargain for.

— How the Costs of Car Ownership Add Up. The New York Times. October 6, 2023

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59.7% of Massachusetts drivers make less than minimum wage

Hourly net pay per total working hour, monthly basis (2022-2023).

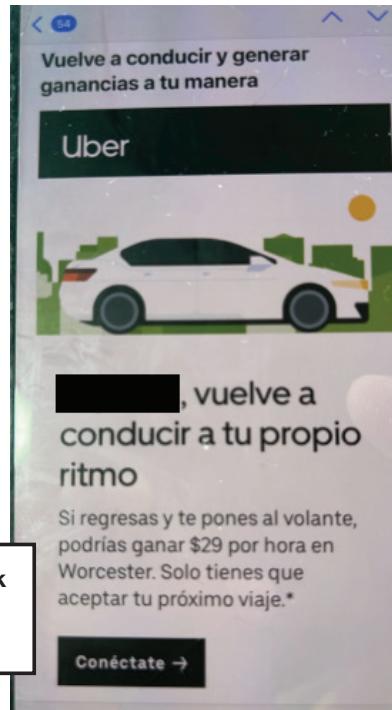


Source: Big Lake Data analysis of ridehail data.

The companies continue to recruit new drivers with the promise of high pay. Their calculations rarely, if at all, factor in total hours worked and driving expenses. A recent Uber advertisement, for example, promises \$29 per hour for work in Worcester, more than twice the net pay that a typical Massachusetts driver actually makes when total hours and driving expenses are taken into account.

Experienced workers understand that the math of ride-hail income doesn't work out like that at all. Nonetheless, they often feel pressure to accept rides that simply don't make financial sense because they don't have an alternative.

June 2023 promotion from Uber: "If you come back and get behind the wheel, you could make \$29 an hour in Worcester.



A Roadmap for Reform

A Union Voice To Fairly Balance The Market

There is a human cost to the way Uber and Lyft manage their workforce. Ridehail workers recognize the urgent need for a fairer, more equitable gig economy that recognizes the essential role of union representation in achieving this balance.

There is a direct relationship between workers' ability to take collective action and improvements in their working conditions. For example, after gig drivers organized and fought for the passage of a minimum compensation standard in New York City, their pay rose 8.8 percent within months of the new standard taking effect.³⁶

Things will not improve for gig drivers unless Massachusetts elected officials take action to level the playing field so the interests of the public and the workers can be fairly balanced with the ridehail companies. Gig drivers deserve a real chance to organize a union, a guaranteed minimum compensation, and other protections of state employment law.



We should have representation. We should have a method to bring our thoughts and views to Uber. They need us. This is a partnership between Uber and drivers.

— Daniel Cisneros, Uber driver



Massachusetts Rideshare Drivers Justice Bill



I know I am not alone. Thousands of Lyft and Uber drivers, like me, have been taking action to show their support for this bill. We work so hard to support our families. And our hard work ensures people can get around the city. We need our worker protections and our union now!

— Lyft driver, Alan Deng, speaking in support of the Massachusetts Rideshare Drivers Justice Bill



Ridehail workers and their allies have joined together in the Driver's Demand Justice coalition to bring balance and fairness to the industry. They are supporting the Massachusetts Rideshare Drivers Justice Bill, which advances the following reforms:

Union representation – Workers need a union voice to level the playing field. Drivers should be able to negotiate with employers on such subjects as pay, benefits, a process to review and resolve deactivations, and a labor-management committee to deal with, for example, city parking rules.

Minimum compensation standard – Ridehail companies should pay their drivers a family-sustaining living wage. Ridehail drivers should be paid for all hours worked and be fully reimbursed for their driving expenses.

Equal access to support programs – Basic workplace protections like unemployment insurance, workers compensation, paid leave, and discrimination protections should be extended to gig drivers.

Methodology

The data analysis and findings described in this report was conducted by Big Lake Data, a data consultancy with expertise analyzing gig workforce data.

The primary data source is a large, representative sample of trip-level ridehail data shared by ridehail workers through Gridwise, a helper app used by gig workers to track their work earnings and expenses and evaluate their productivity. This dataset includes more than one million detailed trip records performed by 1,929 drivers working on the Uber and Lyft platforms. These trips either originated or ended within the state of Massachusetts. They were sampled on a quarterly basis (second month of each business quarter). Unless otherwise noted, this analysis concerns the most recent twelve-month period for which quarterly trip data are available: July 2022 through June 2023.

Gridwise Analytics and Driver's Seat Cooperative also provided aggregate workforce and transportation metrics used in the analysis.³⁷ These reported key statistics at the national and Boston metropolitan statistical area level from January 2018 through July 2023. They were used to augment the trip-level data, enabling accurate estimates to be made of total hours worked and miles traveled by drivers performing ridehail work in Massachusetts.

Acknowledgements

We acknowledge the Uber and Lyft drivers who shared their real stories, screenshots, and data used throughout this report.



Stronger Together 团结就是力量
Mas fuertes juntos
Ansanm nou fò አንሳም ካኩነት ተጥናቸው
Mais Fortes Juntos
Juntu Nos E Mais Fórti معاً أقوى





About the Coalition

The Drivers Demand Justice coalition is committed to winning the passage of the Massachusetts Rideshare Drivers Justice Bill so drivers for Uber and Lyft can have the freedom to form a union, a base rate of pay, and basic protections that most Massachusetts workers already have. The coalition includes Local 32BJ of the Service Employees International Union, the International Association of Machinists, the Chinese Progressive Association, the True Alliance Center, the Merrimack Valley Project, the Massachusetts Budget and Policy Center, the Union of Minority Neighborhoods, and Latinos Unidos en Massachusetts. If signed into law, the bill would make Massachusetts the nationwide leader in defending and empowering drivers in the deeply exploitative app-based transportation industry.

<https://driversdemandjustice.org>



About Big Lake Data

Big Lake Data is a data consultancy that helps mission driven organizations build strong communities by delivering impactful data analysis, custom software, and strategic solutions. Its analytics team has more than three decades of combined professional experience conducting advanced data analysis and successfully implementing data science solutions in various settings.

<https://www.biglakedata.com>

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[Lyft] unjustly deactivated my Lyft account, leaving me with a debt of \$40,000. They don't care. We don't have a voice that represents us. We need a union that listens to us and represents us.

— Yolanda Rodriguez, Uber and Lyft driver

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Endnotes

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¹⁹ This is why Uber and Lyft are sometimes referred to as transportation network companies (TNCs).

²⁰ FTC Statement, ibid.

²¹ Ibid.

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²⁸ Uber CEO Dara Khosrowshahi, interview at Skift Global Forum, October 4, 2023 <https://skift.com/2023/10/04/uber-ceo-dara-khosrowshahi-super-apps-ai-and-uber-teens-full-video/>

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³⁰ Work periods can also be divided into three periods: "P3" is when a passenger is being transported, "P2" is when the driver is traveling to a confirmed pick up location, and "P1" is repositioning, returning to base, or otherwise maintaining dispatch readiness. Industry experts sometimes consider P2 to be engaged or utilized time.

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