

Research



How Much Do Uber Drivers Make? From \$2 Per Hour to \$472 Per Hour

WILL RINEHART | OCTOBER 25, 2017

How much do Uber drivers make? It is a tough question that could have important policy ramifications in municipalities across the United States. As [AAF has noted](#), converting the worker classification of those in the ride sharing industry—from their current status as independent contractors to employees—would curtail much of the flexibility and freedom that these jobs grant. It could also put the brakes on the growth of this industry and harm its workers. The degree of entrepreneurship in a job is a factor that regulators and policymakers consider when it comes to decisions about whether workers are classified as independent contractors or employees. Since the amount riders pay varies, that suggests that driver skill, efficiency, and similar factors play a role. Similarly, details about variability in what ride-sharing workers are paid can be an important consideration for agency and court decisions.

Using data collected from Reddit, our analysis found that driver payouts can vary dramatically from \$2 an hour to \$472 dollars per hour. The wide variation in the amount of pay suggests that Uber drivers exhibit one aspect of independent contractors. As the evidence suggests, a driver's skill and initiative can substantially influence their ability to return a profit.

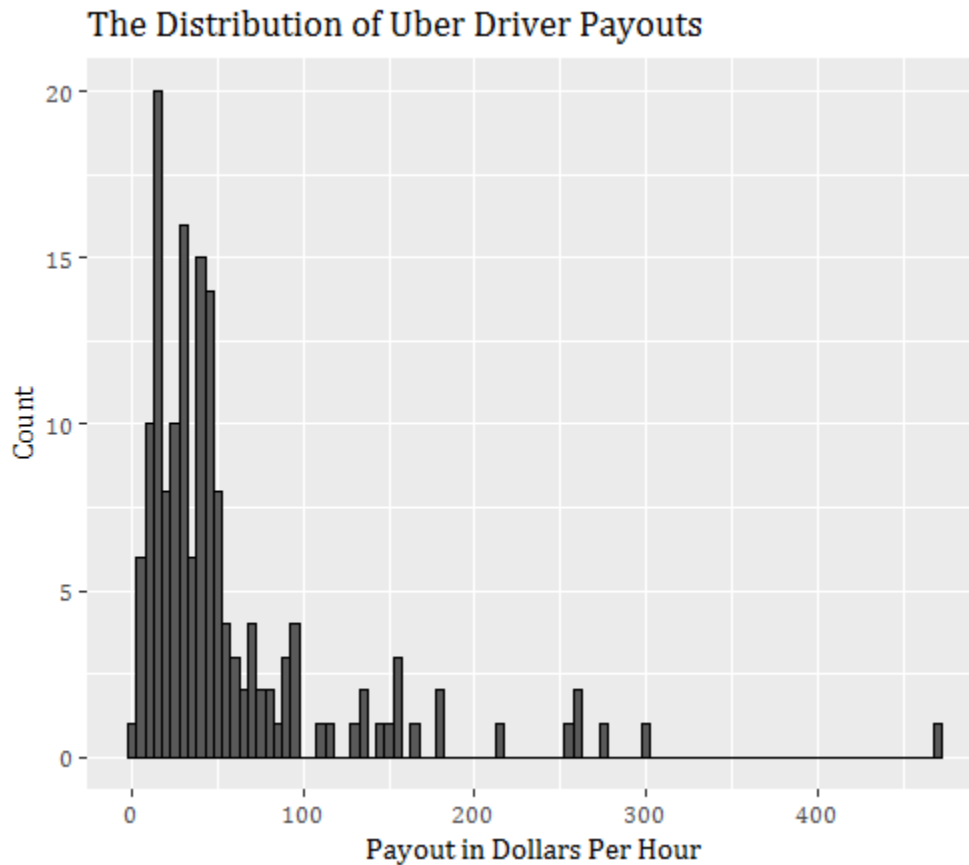
Across the United States, governments have begun to examine a tough question: Are drivers on ridesharing platforms like Uber and Lyft employees or independent contractors? Worker classification is notoriously unclear, as AAF has [noted before](#), but for taxi cabs and other transportation companies, courts and municipalities typically classify them as independent contractors. A [report](#) from the University of Missouri on the transportation industry in 2005 noted that “the use of the independent contractor drivers in the U.S. taxicab, limousine, paratransit and shuttle transportation modes (the private for-hire passenger vehicle industry) has become the standard business model.” Indeed, [about 85 percent](#) of taxi cabs are independent contractors. Under the Obama Administration, there was a concerted effort to change the law [dramatically](#) to favor less discretion. Ridesharing's issues with worker classification comes as a result of this shift.

Still, regulatory agencies are taking a fresh look at the issue, which means that they will be using a variety of tests. The Internal Revenue Service bases its classification on three factors, known as the common-law test, while the Department of Labor rests its determination on a six-part scheme, also called the economic realities test. At the municipal level, agencies will often use a hybrid of the two. In spite of the differences, one aspect common to all of the schemes is consideration of financial control, which aspires to understand the extent to which the worker can realize profit or loss. In short, is there entrepreneurship involved? Since worker classifications cases hinge on financial control, data on varying take-home pays can suggest entrepreneurship.

The [uberdrivers](#) subsection on Reddit, known as a subreddit, suggests that skill is present. In a number of posts, drivers share tips and tricks to [up their pay](#), [deal with consumers](#), and [understand the market](#). Uberdrivers isn't the only forum where this kind of conversation occurs, UberPeople also provides a space to understand taxes, insurance, licensing, and the regional market. However, the uberdrivers subreddit provides a unique data source

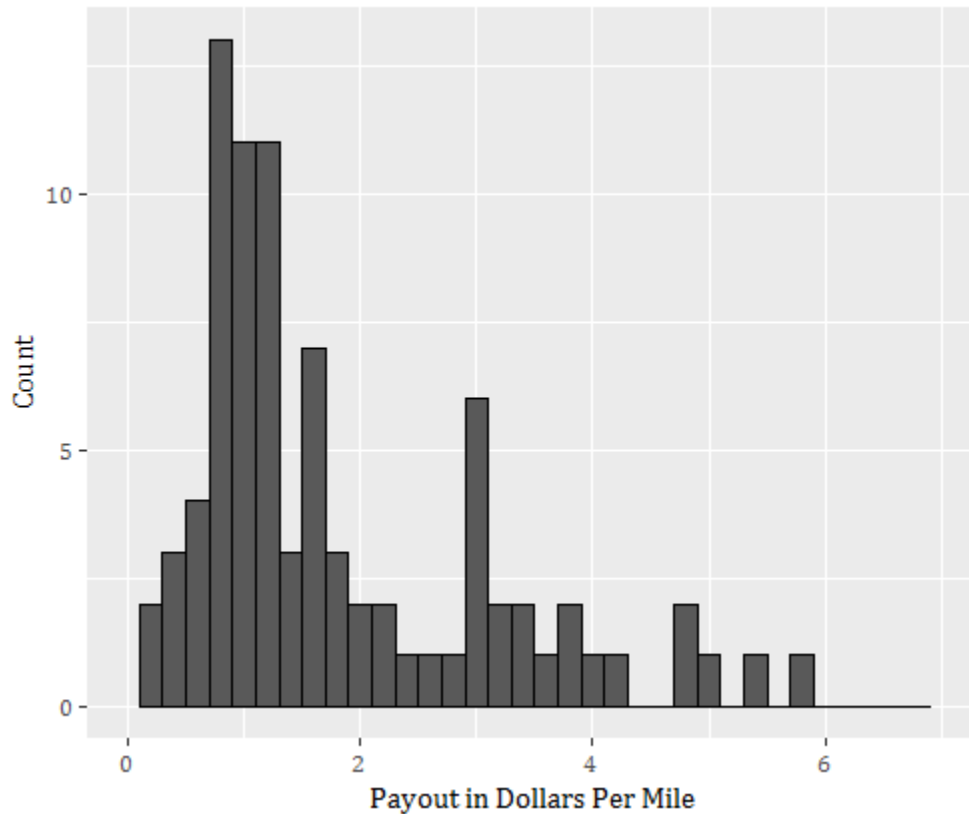
for determining driver payout information. Drivers often share screenshots of their weekly, daily, and single trip payout. Since every Reddit post is [archived on a monthly basis](#), we were able to collect all images that appeared from June of 2017 to July of 2016, 12 months of data in total. Of this data set, we were able to identify 159 instances where enough information was present to calculate an hourly payout.

In total, the median payout per hour after Uber's fees came out to \$37.98 with the mean at \$56.39. At the low end, one payout resulted in just \$2.23 per hour, while they could also top out at \$472.20, as one payout did. While payouts over \$100 per hour aren't common, they did occur. Still, the payouts tended to cluster around that \$37.98 mark. The histogram below charts these payouts in more detail.



Just like the chart above, the per mile payout is skewed to the right, with a median rate of \$1.42 and a mean of \$5.81, far higher than other estimates. The following chart displays the distribution of these per mile payouts. To make it more readable, the per mile payout has been cut off at \$10.

The Distribution of All Driver Payouts Per Mile



Since this dataset only includes those drivers who have self-selected to post their screenshot earnings on Reddit, our results are skewed. Indeed, a sizeable portion of posts that accompany these images boast high surge rates and big paychecks from single trips. Surge rates could only be counted in about half of all of the images. As for long trips, if all of the single trip snapshots were taken out of the dataset, then the median per hour payout drops to \$26.89.

How does this data compare to others? The RideSharingDriver [web site](#) has an open survey to collect this data, which suggests that the average driver makes \$15.73 per hour and \$0.83 per mile. Alvia, a site dedicated to on-demand drivers puts the average around \$19 per hour. In a similar vein, Hall and Krueger's study, which was published as a National Bureau of Economic Research [working paper](#), estimated the hourly average at around \$18 to \$19. [Buzzfeed's analysis of Uber summary](#) data from 2015 estimated the before expense at \$12.70 in Detroit, \$14.18 in Houston, and \$16.89 in Denver.

Why the disparity? For one, the majority of our data seems to come from the largest cities. Even though regions could not be determined for every screenshot, most of the payouts for which we could determine location were in Chicago, Philadelphia, Boston, and New York City. As [Glassdoor](#) data suggests, the per hour rate in these cities is higher than others. In New York City, for example, the per hour rate is around \$19 while the two salaries in Detroit suggest the going rate is \$5 per hour. However, the skill of the drivers on this subreddit should not be discounted. A median payout of \$26.89 suggests that this group of drivers is getting a 41 percent premium over the average New York pay. This additional income is not unreasonable considering that this group is especially active in understanding and reacting to the market.

While this dataset is hardly the last word on the topic, regulators should be aware of the variation in pay when considering classification regimes. Driver payouts can vary dramatically from \$2 an hour to over \$472 dollars

per hour. In part, the data suggest Uber drivers do exhibit some skill and initiative, both of which are important to worker classifications.