

Rideshare Wage Calculator

Methodology

Results

The Rideshare Wage Calculator estimates results using survey respondents' answers to questions on earnings, hours worked, miles driven, vehicle type, and expenses, based on the methodology outlined below.

Gross earnings per hour

[Weekly gross earnings] provided by survey respondent are divided by [weekly hours worked] to determine [gross earnings per hour].

Driving Costs per hour, after tax

Driving costs (including gas, maintenance, tires, oil, repairs, and depreciation) are estimated based on 2017 edition of AAA's "[Your driving costs: How much are you really paying to drive?](#)" Per mile driving costs are based on vehicle type identified by survey respondent, assuming 20,000 miles annually, not including costs of insurance, license registration & taxes, and finance charges.

Pre-tax driving costs per hour are calculated by multiplying [weekly miles driven] by [driving costs per mile] and dividing by [weekly hours worked].

Methodology for estimating after-tax driving costs is derived from the Economic Policy Institute's May 2018 study "[Uber and the Labor Market](#)," assuming a marginal tax rate of 25.3% (payroll tax of 15.3% and income tax of 10%), securing tax deductions using actual expenses.

Additional Costs per hour, after tax

Additional costs identified by survey respondent (including car cleaning, tolls, insurance, license and registration fees, traffic and parking tickets, etc.) are translated into yearly figures and divided by the number of weeks the driver expects to work during the year to determine an estimate for total weekly additional costs.

[Total weekly additional costs] are divided by [weekly hours worked] to determine [pre-tax additional hourly costs].

Methodology for estimating after-tax costs is extrapolated from the Economic Policy Institute's May 2018 study "[Uber and the Labor Market](#)," assuming a marginal tax of 25.3% (payroll tax of 15.3% and income tax of 10%), securing tax deductions using actual expenses.

Additional costs for Social Security and Medicare benefits per hour

Drivers pay employer portion of payroll taxes for Social Security and Medicare benefits at 7.65%.

Methodology for calculating additional per hour costs of employer-side payroll taxes is derived from Economic Policy Institute's May 2018 study "[Uber and the Labor Market](#)."

First, a figure for hourly compensation after expenses is estimated by subtracting [hourly driving costs] and [hourly additional costs] from [hourly gross earnings]. This figure is then multiplied by 7.65% to estimate additional costs of Social Security and Medicare benefits per hour.

Net Total Compensation per hour

Methodology is extrapolated from Economic Policy Institute's May 2018 study "[Uber and the Labor Market](#)."

[Gross earnings per hour] minus [driving costs per hour] minus [additional expenses per hour] minus [additional costs for Social Security and Medicare benefits per hour] equals [net total compensation per hour].

Cost of employer-paid benefits per hour

Part of the total compensation package for a typical employee is the cost of employer-paid benefits, including health care and retirement, as well as employer-paid taxes for public benefits like unemployment insurance and workers compensation.

Companies like Uber and Lyft do not pay these benefits to drivers, who must secure health care and retirement savings, as well as deal with the consequences of job loss (deactivation), and on-the-job injury through other means.

Consequently, accurately comparing hourly net total compensation to the hourly wage of a typical wage earner requires adjusting for the portion of total compensation that is paid in benefits by the typical employer.

Methodology is derived from Economic Policy Institute's May 2018 study "[Uber and the Labor Market](#)," using figures for private industry workers from the US Bureau of Labor Statistic's report "[Employer Costs for Employee Compensation – March 2018](#)" released in June 2018 (BLS ECEC).

[Cost of employer-paid benefits per hour] is estimated by multiplying [hourly net total compensation] by the BLS figures for the percentage of total compensation paid in benefits for the average private sector worker, including insurance (8%), retirement and savings (3.8%), and unemployment and workers compensation (2%).

Cost of employer paid time off

Similarly, part of the total compensation package paid to the typical worker is the cost of paid time off, including vacation, sick time, and holidays.

A driver for Uber or Lyft who gets sick, goes on a vacation, or takes another day off (including holidays or personal days), has to self-finance that time off either through working extra time, dipping into savings, or earning less.

Consequently, accurately comparing hourly net total compensation to the hourly wage of a typical wage earner requires an adjustment for the portion of total compensation that is paid in various forms of paid time off.

Methodology uses [March 2018 BLS ECEC figures](#) for private industry workers to estimate percentage of total compensation paid in paid time off for the typical worker.

[Cost of paid time off per hour] is estimated by multiplying [hourly net total compensation] by the BLS figures for the percentage of total compensation paid in vacation pay, holiday pay, and paid sick time (7%).

Hourly wage (compared to a W-2 employee)

Methodology for estimating hourly wage compared to a W-2 employee is extrapolated from the Economic Policy Institute’s May 2018 study “[Uber and the Labor Market.](#)”

[Net total compensation per hour] minus [cost of employer-paid benefits per hour] minus [cost of paid time off per hour] equals [hourly wage equivalent to a W-2 employee].

Comparisons

The Rideshare Wage Calculator compares net total compensation per hour of survey respondent with 1) average uber driver, 2) Seattle minimum wage worker, 3) average private sector worker, and 4) average union worker.

Comparison with the average Uber driver

Methodology compares estimated net total compensation per hour of survey respondent with an estimated average Uber driver’s total compensation per hour of \$10.87, based on Economic Policy Institute’s May 2018 study “[Uber and the Labor Market.](#)”

Comparison with a Seattle minimum wage worker

Methodology compares net total compensation per hour of survey respondent to total hourly compensation of a typical Seattle minimum wage worker using the following assumptions:

- Comparison worker works at company with more than 500 employees that does not provide health care, retirement, paid vacation, or paid holidays. [Comparison worker receives Seattle’s 2018 minimum wage of \\$15.45 per hour.](#)

- Comparison worker's employer spends 2% of total compensation on unemployment insurance and workers compensation, based on [March 2018 BLS ECEC average for all private sector workers](#).
- Comparison worker accrues 1 hour of sick leave for every 30 hours worked ($\$15.45 / 30 = \$0.515/\text{hr}$), following [Seattle's Paid Sick and Safe Time Ordinance](#).
- Comparison worker works the same number of hours as the survey respondent, with overtime hours paid at time and a half.

Comparison with the Average American Private Sector Worker

Methodology compares net total compensation per hour of survey respondent to total hourly compensation for average American private sector worker from [March 2018 BLS ECEC report](#), less hourly employer costs for Social Security and Medicare.

Comparison with the Average Union Worker

Methodology compares net total compensation per hour of survey respondent to total hourly compensation for average union worker from [March 2018 BLS ECEC report](#), less hourly employer costs for Social Security and Medicare.